HSBC Building
Level 19
580 George Street
Sydney NSW 2000
PO Box R41
Royal Exchange NSW 1225

Phone: 61 2 9693 0000
Fax: 61 2 9693 0093
www.apa.com.au

APA Group

Australian Pipeline Ltd
ACN 091 344 704

Australian Pipeline Trust
ARSN 091 678 778

APT Investment Trust
ARSN 115 585 441

APT Pipelines Ltd
ACN 009 666 700

ASX ANNOUNCEMENT

10 March 2015

**APT Pipelines Limited (ASX: AQH)**
**(also for release to APA Group (ASX: APA))**

# EURO MEDIUM TERM NOTE PROGRAMME DOCUMENTATION

APT Pipelines Limited (ASX:AQH) updated the Offering Circular in relation to its Euro Medium Term Note Programme, listed with the Singapore Exchange.

A copy of the update is attached.

**Mark Knapman**
Company Secretary
APT Pipelines Limited

**For further information please contact:**

**Investor enquiries:**
Yoko Kosugi
Telephone: (02) 9693 0049
Mob: 0438 010 332
Email: yoko.kosugi@apa.com.au

**Media enquiries:**
David Symons
Telephone: (02) 8306 4244
Mob: 0410 559 184
Email: media@apa.com.au

**About APA Group (APA)**

APA is Australia's largest natural gas infrastructure business, owning and/or operating in excess of $12 billion of energy infrastructure assets. Its gas transmission pipelines span every state and territory on mainland Australia, delivering approximately half of the nation's gas usage. APA has direct management and operational control over its assets and the majority of its investments. APA also holds minority interests in a number of energy infrastructure enterprises including SEA Gas Pipeline, Energy Infrastructure Investments and GDI.

APT Pipelines Limited is a wholly owned subsidiary of Australian Pipeline Trust and is the borrowing entity of APA Group.

For more information visit APA's website, www.apa.com.au

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR TO U.S. PERSONS

This announcement and the enclosed document does not constitute nor form part of any offer, solicitation or invitation to sell, issue or subscribe for securities of APT Pipelines Limited in the U.S. or any other jurisdiction. No securities have been or will be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any state of the U.S. or any other jurisdiction. No securities may be offered, sold or delivered in the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws. No public offering is being made in the United States or in any other jurisdiction where such an offering is restricted or prohibited or where such offer would be unlawful. Neither this announcement, the enclosed document nor any portion hereof or thereof may be sent or transmitted into the U.S. or any jurisdiction where it is unlawful to do so. Any failure to comply with these restrictions may result in a violation of the Securities Act or the applicable laws of other jurisdictions. No money, securities or other consideration is being solicited by this announcement, the enclosed document or the information contained herein and therein and, if sent in response to this announcement, the enclosed document or the information contained herein and therein, will not be accepted.

**OFFERING CIRCULAR**

# APT PIPELINES LIMITED

**(ABN 89 009 666 700)**

*(incorporated with limited liability in Australia)*

**U.S.$5,000,000,000**
**Euro Medium Term Note Programme**

**Irrevocably and unconditionally guaranteed by**
**Australian Pipeline Limited (ABN 99 091 344 704)**
**in its capacity as trustee and responsible entity of**
**Australian Pipeline Trust (ARSN 091 678 778)**
**and by certain other entities within the Group**
*(each incorporated with limited liability in Australia)*

On 20 October 2010, APT Pipelines Limited (the **Issuer**) established a U.S.$5,000,000,000 Euro Medium Term Note Programme (the **Programme**) and issued an offering circular on that date describing the Programme. An updated offering circular was subsequently issued on 16 November 2012. This Offering Circular supersedes any previous Offering Circular and any supplement thereto. Any Notes (as defined below) issued under the Programme on or after the date of this Offering Circular are issued subject to the provisions described herein. This does not affect any Notes issued prior to the date of this Offering Circular.

Under this Programme, the Issuer may from time to time issue notes (the **Notes**) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

The payments of all amounts due in respect of the Notes will be guaranteed pursuant to the terms of the guarantee (the **Guarantee**) contained in the Trust Deed (as defined below) by Australian Pipeline Limited in its capacity as trustee and responsible entity of Australian Pipeline Trust (in that capacity, the **Principal Guarantor**) and in its capacity as trustee and responsible entity of the APT Investment Trust and by certain other entities within the Group (each an **Initial Guarantor**, and together with the Principal Guarantor, the **Initial Guarantors**), subject to the terms of the Trust Deed. The Issuer may from time to time and in accordance with the terms of the Trust Deed and the terms and conditions of the Notes appoint or procure the appointment of any Subsidiary (as defined below) of the Principal Guarantor which is not an Initial Guarantor as an additional guarantor (each such guarantor, an **Additional Guarantor**) or obtain a release of the guarantee provided by an Initial Guarantor (other than the Principal Guarantor) or an Additional Guarantor in respect of the Notes. The Initial Guarantors together with any Additional Guarantors but excluding any such released guarantors are referred to herein as the **Guarantors**.

The Notes may be issued in bearer or registered form (respectively, **Bearer Notes** and **Registered Notes**) and will be constituted by an amended and restated trust deed dated 9 March 2015 between the Issuer, the Initial Guarantors and The Bank of New York Mellon (the **Trustee**) (the **Trust Deed**). The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed U.S.$5,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described below), subject to increase as described in the Programme Agreement.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Overview of the Programme*" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a **Dealer** and together the **Dealers**), which appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular to the **relevant Dealer** shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe for such Notes.

**An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "*Risk Factors*".**

Application has been made to the Singapore Exchange Securities Trading Limited (the **SGX-ST**) for permission to deal in and for the listing of and quotation for the Notes which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Offering Circular. There is no assurance that the application to the SGX-ST for the listing of the Notes will be approved. Admission to the Official List of the SGX-ST and the listing and quotation of any Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Guarantors, the subsidiaries and associated companies of the Issuer and the Guarantors, the Programme or such Notes. Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under "*Terms and Conditions of the Notes*") of Notes will be set out in a final terms document (the **Final Terms**) which, with respect to Notes to be listed on the SGX-ST, will be delivered to the SGX-ST before the date of listing of Notes of such Tranche.

The Programme provides that Notes may be listed, quoted or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not quoted or admitted to trading on any market.

Notes issued under the Programme may be rated or unrated. Where an issue of a certain series of Notes is rated, its rating will not necessarily be the same as the rating applicable to the Programme (if any) and (where applicable) such rating will be specified in the applicable Final Terms. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the **Securities Act**) and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (see "*Subscription and Sale*").

The Issuer and the Guarantors may agree with any Dealer and the Trustee that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event, in the case of listed Notes only and if appropriate, a supplemental Offering Circular will be published.

***Arrangers and Dealers***

**BNP PARIBAS** **The Royal Bank of Scotland**

The date of this Offering Circular is 9 March 2015.

**In making an investment decision, investors must rely on their own examination of the Issuer and the Guarantors and the terms of the Notes being offered, including the merits and risks involved. The Notes and the Guarantee have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Offering Circular or confirmed the accuracy or determined the adequacy of the information contained in this Offering Circular. Any representation to the contrary is unlawful.**

**To the best of the knowledge of the Issuer and the Principal Guarantor as at the date of this Offering Circular having made all reasonable enquiries, the information contained or incorporated in this Offering Circular is in accordance with the facts and there are no other facts the omission of which would make this Offering Circular or any of such information misleading. The Issuer and the Principal Guarantor accept responsibility accordingly.**

**Subject as provided in the applicable Final Terms, the only persons authorised to use this Offering Circular in connection with an offer of Notes are the persons named in the applicable Final Terms as the relevant Dealer or the Managers (as defined below), as the case may be. This Offering Circular and any other documents or materials in relation to the issue, offering or sale of the Notes have been prepared solely for the purpose of the initial sale by the relevant Dealers of the Notes from time to time to be issued pursuant to the Programme.**

**Copies of Final Terms in respect of Notes which are listed on a stock exchange will be available from the registered office of the Issuer and the specified office set out below of each of the Paying Agents (as defined below).**

**This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Offering Circular shall be read and construed on the basis that such documents are incorporated and form part of this Offering Circular.**

**None of the Arrangers, the Dealers, the Trustee, the Paying Agents, the Registrar or the Transfer Agents (each as defined below) has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made, nothing contained in this Offering Circular is, or shall be relied upon as, a promise or representation by the Arrangers, the Dealers, the Trustee, the Paying Agents, the Registrar or the Transfer Agents and no responsibility or liability is accepted by the Arrangers, the Dealers, the Trustee, any Paying Agent, the Registrar or the Transfer Agents as to the accuracy or completeness of the information contained or incorporated in this Offering Circular or any other information provided by the Issuer or the Initial Guarantors in connection with the Programme. None of the Arrangers, the Dealers, the Trustee, the Paying Agents, the Registrar or the Transfer Agents accept any liability in relation to the information contained or incorporated by reference in this Offering Circular or any other information provided by the Issuer or the Initial Guarantors in connection with the Programme. Advisers named in this Offering Circular have acted pursuant to the terms of their respective engagements, have not authorised or caused the issue of, and take no responsibility for, this Offering Circular and do not make, and should not be taken to have verified, any statement or information in this Offering Circular unless expressly stated otherwise.**

**In this Offering Circular, the Issuer and the Principal Guarantor rely on and refer to information and statistics regarding the industries in which the Group operates that have been obtained from independent industry publications or other publicly available information. In particular, the Issuer and the Principal Guarantor have referenced information published by certain Australian government sources, including BREE, AER and certain private sources, including EnergyQuest. Although the Issuer and the Principal Guarantor believe that these sources are reliable, neither they nor the Arrangers, the Dealers, the Trustee, the Paying Agents, the Registrar or the Transfer Agents have independently verified such information and neither the Issuer and the Principal Guarantor nor the Arrangers, the Dealers, the Trustee, the Paying Agents, the Registrar or the Transfer Agents make any representation as to the accuracy and completeness of this information.**

**This Offering Circular contains summaries believed to be accurate with respect to certain documents, but reference is made to the actual documents for complete information. All such summaries are qualified in their entirety by such reference. Copies of certain documents referred to herein will be made available to prospective investors upon request to the Issuer or the Guarantors.**

**The information set out in those sections of the Offering Circular describing clearing and settlement is subject to any change or reinterpretation of the rules, regulations and procedures of Euroclear and Clearstream, Luxembourg currently in effect. Investors wishing to use these clearing systems are advised to confirm the continued applicability of their rules, regulations and procedures. None of the Issuer or the Principal Guarantor will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, book-entry interests held through the facilities of any clearing system or for maintaining, supervising or reviewing any records relating to such book-entry interests.**

**No person is or has been authorised by the Issuer, the Initial Guarantors, any of the Dealers, the Arrangers, the Trustee, the Paying Agents, the Registrar or the Transfer Agents to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other information supplied by the Issuer or any Guarantor in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Initial Guarantors, any of the Dealers, the Arrangers, the Trustee, the Paying Agents, the Registrar or the Transfer Agents.**

**Neither this Offering Circular nor any other information supplied in connection with the Programme or any Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, the Initial Guarantors, any of the Dealers, the Arrangers, the Trustee, the Paying Agents, the Registrar or the Transfer Agents that any recipient of this Offering Circular or any other information supplied in connection with the Programme or any Notes should purchase any Notes. This Offering Circular does not take into account the objectives, financial situation or needs of any potential investor. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and/or the Initial Guarantors. Neither this Offering Circular nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer, the Initial Guarantors, any of the Dealers, the Arrangers, the Trustee, the Paying Agents, the Registrar or the Transfer Agents to any person to subscribe for or to purchase any Notes.**

**Neither the delivery of this Offering Circular (or any part thereof) nor the offering, sale or delivery of any Notes shall in any circumstances constitute a representation, or give rise to any implication, that there has been no change in the prospects, results of operations or general affairs of the Issuer and/or the Initial Guarantors or that the information contained herein concerning the Issuer and/or the Initial Guarantors is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers, the Arrangers, the Trustee, the Paying Agents, the Registrar and the Transfer Agents expressly do not undertake to review the financial condition or affairs of the Issuer or the Initial Guarantors during the life of the Programme or to advise any investor in the Notes of any information coming to their attention. Investors should review, *inter alia*, the most recently published documents incorporated by reference into this Offering Circular when deciding whether or not to purchase any Notes.**

**There are restrictions on the offer and sale of the Notes in the United Kingdom. All applicable provisions of the Financial Services and Markets Act 2000 (the FSMA) with respect to anything done by any person in relation to the Notes in, from or otherwise involving the United Kingdom must be complied with, see "*Subscription and Sale*".**

**This Offering Circular has not been, and will not be, lodged with the Australian Securities and Investments Commission and is not, and does not purport to be, a document containing disclosure to investors for the purposes of Part 6D.2 or Part 7.9 of the Corporations Act 2001 of the Commonwealth of Australia (the Corporations Act). It is not intended to be used in connection with**

**any offer for which such disclosure is required and does not contain all the information that would be required by those provisions if they applied. It is not to be provided to any "retail client" as defined in section 761G of the Corporations Act. None of the Issuer or the Initial Guarantors are licensed to provide financial product advice in respect of the Notes or the Guarantee. Cooling-off rights do not apply to the acquisition of the Notes.**

**This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Initial Guarantors, the Arrangers, the Dealers and the Trustee do not represent that this Offering Circular may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, unless specifically indicated to the contrary in the applicable Final Terms, no action has been taken by the Issuer, the Initial Guarantors, the Dealers, the Arrangers or the Trustee which is intended to permit a public offering of any Notes or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States, the European Economic Area (including the United Kingdom and Italy), Switzerland, Hong Kong, Japan, Singapore and Australia, see "*Subscription and Sale*". Recipients of this Offering Circular shall not reissue, circulate or distribute this Offering Circular or any part hereof in any manner whatsoever.**

**The Arrangers, the Dealers, the Trustee, the Paying Agents, the Registrar and the Transfer Agents have received, or will or may receive, fees from the Issuer in connection with their participation in the Programme or any issue of Notes under the Programme and may hold interests in the Notes for their own account.**

**All references in this document to *U.S. dollars* and *U.S.$* refer to the lawful currency of the United States of America, all references in this document to *Australian dollars* and *A$* refer to the lawful currency of the Commonwealth of Australia and all references in this document to *Singapore dollars* and *S$* refer to the lawful currency of Singapore. In addition, all references to *Sterling* and £ refer to pounds sterling and all references to *euro* and € refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.**

**All references in this document to the *Group* include each Guarantor and each of its Subsidiaries (as defined in the section entitled "*Terms and Conditions of the Notes*") and for the avoidance of doubt includes the Australian Pipeline Trust and the APT Investment Trust.**

## FORWARD-LOOKING STATEMENTS

Please refer to the section entitled "*Glossary*" for definitions of capitalised terms used but not otherwise defined in this Offering Circular.

This Offering Circular contains forward-looking statements including, without limitation, words and expressions such as **expect**, **believe**, **plan**, **intend**, **estimate**, **project**, **anticipate**, **may**, **will**, **would**, **could** or similar words or statements, in particular, in the sections entitled "*Description of the Issuer*" and "*Description of APA*" in this Offering Circular in relation to future events, the Issuer, each Initial Guarantor, each of their Subsidiaries for the time being and the Australian Pipeline Trust and the APT Investment Trust, the Group's prospects, its expected financial condition, its business strategies, the future developments of the Group's operations and industry and the future development of the general domestic, regional and global economy.

These statements are based on assumptions regarding the Group's present and future business strategy and the environment in which it expects to operate in the future. These matters and the Group's future results could differ materially from those expressed or implied by these forward-looking statements and, although these forward-looking statements reflect its current view of future events, they are not a guarantee of future performance or other matters. In addition, the Group's future performance may be affected by various factors and risks including, without limitation, those discussed in the sections entitled "*Risk Factors*" and "*Description of the Issuer*".

Should one or more of these or other risks or uncertainties materialise, or should any underlying assumptions prove incorrect, actual outcomes may vary materially from those indicated. Prospective investors should therefore not place undue reliance on any of these forward-looking statements.

In this Offering Circular, statements of, or references to, intentions of the Issuer or the Initial Guarantors or those of any of the directors of any of them are made as at the date of this Offering Circular. Any such intentions may change in light of future developments.

Each of the Issuer, the Initial Guarantors, the Arrangers and the Dealers expressly disclaim any obligation or undertaking to release, publicly or otherwise, any updates or revisions to any forward-looking statement contained herein to reflect any change in the Issuer's or any Initial Guarantor's or Subsidiary's expectations with regard thereto or any change in events, conditions, assumptions or circumstances on which any such statement was based or any change in the intentions of the Issuer, the Initial Guarantors or any of their respective Subsidiaries or directors.

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**In connection with the issue or distribution of any Tranche of Notes (other than in circumstances where such action would reasonably be expected to affect the price of the Notes traded within Australia or on a financial market, as defined in the Corporations Act, operated within Australia), the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.**

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated in, and to form part of, this Offering Circular:

(a) the audited consolidated annual financial statements of the Group for each of the last three financial years (as at the date hereof, for the financial years ended 30 June 2012, 30 June 2013 and 30 June 2014) (together with any audit or review reports prepared in connection therewith);

(b) the most recently published audited consolidated annual financial statements of the Group and, if published later, the most recently published unaudited consolidated interim financial statements of the Group (in each case, together with any audit or review reports prepared in connection therewith); and

(c) the unaudited consolidated financial statements of the Group for the six-month period ended 31 December 2014 (together with any audit or review reports prepared in connection therewith); and

(d) each supplement to or amendment of this Offering Circular issued by the Issuer from time to time.

Any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Circular.

**Any published unaudited interim financial statements of the Group which are, from time to time, deemed to be incorporated by reference in this Offering Circular will not have been audited by the auditors of the Group. Accordingly, there can be no assurance that, had an audit been conducted in respect of such financial statements, the information presented therein would not have been materially different, and investors should not place undue reliance upon them (see "*Risk Factors*").**

The Issuer will provide, without charge, to each person to whom a copy of this Offering Circular has been delivered in compliance with the terms hereof, upon the request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference unless such documents have been modified or superseded as specified above. Requests for such documents should be directed to the Issuer at its registered office as set out at the end of this Offering Circular. In addition, such documents will be available from the specified office in The Bank of New York Mellon, London Branch (the **Principal Paying Agent**) at One Canada Square, London E14 5AL, England.

## OVERVIEW OF THE PROGRAMME

***The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. The Issuer, the Guarantors and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions of the Notes, in which event, in the case of listed Notes only and if appropriate, a supplemental Offering Circular will be published.***

Words and expressions defined in "*Form of the Notes*" and "*Terms and Conditions of the Notes*" shall have the same meanings in this Overview.

| | |
|---|---|
| Issuer: | APT Pipelines Limited (ABN 89 009 666 700) |
| Principal Guarantor: | Australian Pipeline Limited (ABN 99 091 344 704) in its capacity as trustee and responsible entity of Australian Pipeline Trust (ARSN 091 678 778) |
| Other Guarantors: | Australian Pipeline Limited (ABN 99 091 344 704) in its capacity as trustee and responsible entity of the APT Investment Trust (ARSN 115 585 441) |
| | Trans Australia Pipeline Pty Ltd (ABN 94 006 699 378) |
| | AGEX Pty Ltd (ABN 82 008 458 580) |
| | APT Petroleum Pipelines Holdings Pty Limited (ABN 92 009 738 489) |
| | APT Petroleum Pipelines Pty Limited (ABN 39 009 737 393) |
| | APT Pipelines (NSW) Pty Limited (ABN 37 080 842 360) |
| | APT Pipelines (NT) Pty Limited (ABN 40 075 733 336) |
| | APT Pipelines (Qld) Pty Limited (ABN 49 080 382 387) |
| | APT Pipelines (WA) Pty Limited (ABN 75 066 343 584) |
| | APT Pipelines Investments (NSW) Pty Limited (ABN 51 065 070 966) |
| | APT Pipelines Investments (WA) Pty Limited (ABN 43 081 638 244) |
| | APT Management Services Pty Limited (ABN 58 091 668 110) |
| | East Australian Pipeline Pty Limited (ABN 33 064 629 009) |
| | Gasinvest Australia Pty Ltd (ABN 28 065 055 478) |
| | N.T. Gas Easements Pty Limited (ABN 46 051 412 643) |
| | Roverton Pty Ltd (ABN 68 011 071 917) |
| | SCP Investments (No. 1) Pty Limited (ABN 37 084 521 817) |
| | SCP Investments (No. 2) Pty Limited (ABN 68 084 521 951) |

SCP Investments (No. 3) Pty Limited (ABN 18 085 991 984)

Sopic Pty Ltd (ABN 81 010 851 288)

Southern Cross Pipelines (NPL) Australia Pty Limited (ABN 99 085 991 948)

Southern Cross Pipelines Australia Pty Limited (ABN 64 084 521 997)

APT Goldfields Pty Ltd (ABN 44 084 545 344)

APT Parmelia Pty Ltd both in its own right and in its capacity as trustee of the APT Parmelia Trust (a Cayman Islands trust) (ACN 078 902 397)

Western Australian Gas Transmission Company 1 Pty Ltd (ACN 081 780 387)

APT Parmelia Holdings Pty Ltd (ACN 115 930 768)

APT AM (Stratus) Pty Limited (ACN 124 754 374)

APT AM Employment Pty Ltd (ACN 124 754 356)

APT AM Holdings Pty Limited (ACN 124 754 383)

APT Facility Management Pty Limited (ACN 124 754 365)

APT O&M Holdings Pty Ltd (ACN 109 740 749)

APT O&M Services (Qld) Pty Ltd (ABN 13 112 358 595)

APT O&M Services Pty Ltd (ACN 112 358 586)

APT Pipelines (SA) Pty Limited (ACN 124 754 347)

APA Operations Pty Limited (ABN 79 123 090 933)

APA Operations (EII) Pty Limited (ABN 69 134 460 496)

APT (MIT) Services Pty Limited (ABN 82 117 635 677)

Central Ranges Pipeline Pty Limited (ABN 38 108 218 355)

APA Country Pipelines Pty Limited (ACN 108 218 346)

APA GasNet Australia (Operations) Pty Ltd (ABN 65 083 009 278)

APA GasNet Australia Pty Limited (ABN 79 096 457 868)

APA GasNet Australia Pty Limited as trustee of the GasNet Australia Trust (ABN 79 096 457 868)

APA GasNet Australia Pty Limited as trustee of the GasNet Australia Investments Trust (ABN 79 096 457 868)

APA GasNet Australia (NSW) Pty Ltd (ABN 14 079 136 413)

APA GasNet A Pty Ltd in its own right and as trustee of GasNet A Trust (ABN 17 087 673 907)

APA GasNet B Pty Ltd in its own right and as trustee of GasNet B Trust (ACN 083 009 303)

APA GasNet Australia (Holdings) Pty Ltd (ABN 68 104 581 142)

APA (NBH) Pty Limited (ABN 19 139 483 999)

APA Facilities Management Pty Limited (ACN 140 898 424)

APA Pipelines Investments (BWP) Pty Limited (ABN 86 091 258 418)

APA (BWF Holdco) Pty Ltd (ABN 68 149 677 627)

APA (EDWF Holdco) Pty Ltd (ABN 55 149 677 574)

APA Power Holdings Pty Limited (ABN 57 149 762 121)

(together with the Principal Guarantor, the **Initial Guarantors**); and

APA DPS Holdings Pty Ltd (ACN 153 498 910)

APA Power PF Pty Ltd (ACN 153 498 894)

EDWF Holdings 1 Pty Ltd (ACN 114 267 748)

EDWF Holdings 2 Pty Ltd (ACN 114 267 793)

EDWF Manager Pty Ltd (ACN 115 327 386)

Wind Portfolio Pty Ltd (ACN 114 267 695)

Griffin Windfarm 2 Pty Ltd (ACN 123 850 466)

N.T. Gas Distribution Pty Ltd (ACN 071 741 618)

APA AM (Allgas) Pty Limited (ACN 154 737 407)

APA (Sub No 3) International Nominees Pty Ltd (ACN 115 737 865)

APA (Sub No 3) International Holdings 1 Pty Ltd (ABN 95 112 844 505)

APA (Sub No 3) International Holdings 2 Pty Ltd (ABN 84 115 737 856)

APA EE Holdings Pty Limited (ABN 71 109 054 855)

APA East Pipelines Pty Limited in its own right and in its capacity as trustee of the Epic Energy East Pipelines Trust (ABN 83 091 883 368)

APA AIS Pty Limited (ABN 84 071 080 861)

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| | APA AIS 1 Pty Limited (ABN 28 099 145 981)<br><br>APA AIS 2 Pty Ltd (ABN 74 076 712 331)<br><br>APA Biobond Pty Limited (ABN 59 076 568 100)<br><br>APA EE Pty Limited (ABN 78 069 799 533)<br><br>APA (WA) One Pty Limited (ABN 39 090 954 484)<br><br>APA (Pilbara Pipeline) Pty Ltd (ABN 46 081 971 173)<br><br>APA EE Corporate Shared Services Pty Limited (ABN 76 069 799 588)<br><br>APA East One Pty Limited (ABN 39 090 954 420)<br><br>APA (NT) Pty Limited (ABN 28 076 917 961)<br><br>APA EE Australia Pty Limited (ABN 97 069 799 613)<br><br>APA (SWQP) Pty Limited (ABN 67 066 656 219)<br><br>Australian Pipeline Limited in its capacity as trustee and responsible entity of APA Sub Trust No 1 (ACN 091 344 704)<br><br>Australian Pipeline Limited in its capacity as trustee and responsible entity of APA Sub Trust No 2 (ACN 091 344 704)<br><br>Australian Pipeline Limited in its capacity as trustee and responsible entity of APA Sub Trust No 3 (ACN 091 344 704)<br><br>(together with any Subsidiary (as defined in Condition 11) of the Principal Guarantor which is appointed from time to time, as an additional or replacement Guarantor in accordance with the terms of the Trust Deed (as defined below) and the Terms and Conditions of the Notes (an **Additional Guarantor**), but excluding any such Initial Guarantor or additional or replacement Guarantor which has been released from the Guarantee, the **Guarantors** and each a **Guarantor**).<br><br>APA intends to add two subsidiaries related to the bidding process for the QCLNG Pipeline, APA HoldCo Pty Limited (ABN 84 603 054 404) and APA Bidco Pty Limited (ABN 54 603 054 717), to the Trust Deed as Additional Guarantors on or prior to settlement of any Notes issued under the Programme to fund the QCLNG Pipeline Acquisition or shortly thereafter.<br><br>See "*Guarantee*" and "*Guarantors*" below. |
| Description: | Medium Term Note Programme |
| Arrangers: | BNP Paribas<br><br>The Royal Bank of Scotland plc |
| Dealers: | BNP Paribas<br><br>The Royal Bank of Scotland plc<br><br>The Issuer may from time to time terminate the appointment of any Dealer under the Programme or appoint additional dealers either in |

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| | respect of one or more Tranches or in respect of the whole Programme. References in this Offering Circular to **Dealers** are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and all persons appointed as a dealer in respect of one or more Tranches. |
| Certain Restrictions: | Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale*") including the following restrictions applicable at the date of this Offering Circular.<br><br>**Notes having a maturity of less than one year**<br><br>Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the FSMA unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent (see "*Subscription and Sale*"). |
| Trustee: | The Bank of New York Mellon |
| Registrar: | The Bank of New York Mellon |
| Principal Paying Agent: | The Bank of New York Mellon<br><br>The Issuer may from time to time appoint additional or successor agents as paying agents in accordance with the Agency Agreement (such paying agents, together with the Principal Paying Agents, the **Paying Agents**). |
| Programme Size: | Up to U.S.$5,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuer and the Guarantors may increase the limit of the Programme in accordance with the terms of the Programme Agreement. The Programme Agreement provides for the U.S.$ equivalent of any Note denominated in another currency to be determined on or around the date agreement is reached to issue those Notes. |
| Method of Issue: | The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each, a **Series**) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each, a **Tranche**) on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in the applicable Final Terms. |
| Distribution: | Notes may be distributed on a syndicated or non-syndicated basis. |
| Currencies: | Notes may be denominated in euro, Sterling, U.S. dollars, Singapore dollars, Australian dollars and, subject to any applicable legal or regulatory restrictions, any other currency agreed between the Issuer and the relevant Dealer and specified in the applicable Final Terms. |

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| Redenomination: | The applicable Final Terms may provide that certain Notes may be redenominated in euro. The relevant provisions applicable to any such redenomination are contained in Condition 5. |
| Maturities: | The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer and specified in the applicable Final Terms, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency. |
| Issue Price: | Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par. |
| Form of Notes: | The Notes will be issued in bearer form or registered form as described in "*Form of the Notes*". Registered Notes will not be exchangeable for Bearer Notes and Bearer Notes will not be exchangeable for Registered Notes. |
| Fixed Rate Notes: | Fixed Rate Notes will bear interest at a fixed rate per annum at the rate specified in the applicable Final Terms. Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer (as indicated in the applicable Final Terms) and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer (as indicated in the applicable Final Terms). |
| Floating Rate Notes: | Floating Rate Notes will bear interest at a rate determined separately for each Series as follows:<br><br>(a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series);<br><br>(b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or<br><br>(c) on such other basis as may be agreed between the Issuer and the relevant Dealer.<br><br>The applicable method and the margin (if any) relating to such floating rate as may be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes will be specified in the applicable Final Terms. |
| Index Linked Notes: | Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as may be agreed by the Issuer and the relevant Dealer and specified in the applicable Final Terms. |

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| Other provisions in relation to Floating Rate Notes and Index Linked Interest Notes: | Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both.<br><br>Interest on Floating Rate Notes and Index Linked Interest Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer and specified in the applicable Final Terms. |
| Dual Currency Notes: | Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as may be agreed by the Issuer and the relevant Dealer and specified in the applicable Final Terms. |
| Zero Coupon Notes: | Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest other than in the case of late payment (as specified in the applicable Final Terms). |
| Redemption: | The applicable Final Terms will specify either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.<br><br>The applicable Final Terms may provide that Notes may be redeemable in two or more instalments of such amounts and on such dates as are specified in the applicable Final Terms. |
| Denomination of Notes: | The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer and specified in the applicable Final Terms, save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency (see "*Certain Restrictions — Notes having a maturity of less than one year*" above) and save that the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) (the **Prospectus Directive** which includes any relevant implementing measure in each relevant Member State of the European Economic Area) will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency). |
| Taxation: | All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction as provided in Condition 9 except as required by law where such withholding or deduction is required in respect of taxes. In the event that any such deduction is made, the Issuer or, as the case may be, the Guarantors will, save in certain limited circumstances provided in Condition 9, be required to pay additional amounts to cover the amounts so deducted. |

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| Negative Pledge: | The terms of the Notes will contain a negative pledge provision as further described in Condition 4. |
| Cross Acceleration: | The terms of the Notes will contain a cross acceleration provision as further described in Condition 11. |
| Status of the Notes: | The Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) at least equally with all other unsecured obligations of the Issuer from time to time outstanding. |
| Guarantee: | The payment of principal and interest in respect of the Notes and all other moneys payable by the Issuer pursuant to the Trust Deed will be unconditionally and irrevocably guaranteed on a joint and several basis by the Guarantors. The obligations of each Guarantor under the Guarantee will be direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of such Guarantor and will rank (save for certain obligations required to be preferred by law) at least equally with all other unsubordinated and unsecured obligations of such Guarantor from time to time outstanding.<br><br>The obligations of the Principal Guarantor (and of certain other Guarantors), have been or will be incurred solely in their capacity as trustee of a trust. In such circumstances, the liability of such Guarantor under the Guarantee is limited to the extent of the Guarantor's indemnification out of the assets of the trust in respect of that liability subject to certain exceptions as specified in Condition 3.5.<br><br>Guarantors which provided their guarantee in their capacity as trustee of a trust will be entitled to have access to the asset of that trust to satisfy that liability only to the extent such Guarantors have a right of indemnity out of the trust assets. See "*Risk Factors — Ranking of claims*". |
| Guarantors: | The Issuer must ensure that any Subsidiary of the Principal Guarantor that is a guarantor in respect of (or is otherwise a co-obligor or jointly liable with respect to) any Financial Indebtedness (as defined in Condition 11) of any Obligor (as defined in Condition 11) under any bank facility or debt instrument issued in the Australian domestic or international capital markets where the principal amount of such facility or debt instrument, when aggregated with all other facilities or debt instruments in respect of which such Subsidiary is a guarantor, exceeds A$50,000,000, is or becomes a Guarantor.<br><br>Such Subsidiary will be required to execute a Guarantor Accession Deed (as defined in the Trust Deed) by which it becomes a Guarantor under the Trust Deed, Agency Agreement and Programme Agreement (as defined below) (the **Programme Documents**) and undertakes for the benefit of each party to the Programme Documents to perform and comply with all the duties of a Guarantor under the Programme Documents.<br><br>The Issuer may at any time by notice to the Trustee, the Principal Paying Agent and the Noteholders procure the release from the Guarantee of any Guarantor that is (i) no longer a Subsidiary of the Principal Guarantor, or (ii) is not required to be a Guarantor in order to comply with Condition 3.3. If any Subsidiary of the Principal Guarantor that is a Guarantor |

specified in such notice has ceased or is to cease to be a Subsidiary of the Principal Guarantor as of a date specified in such notice, or is not or is to cease from a date specified in such notice to be required to be a Guarantor in order for the Issuer to comply with Condition 3.3 (*Additional Guarantors*), then, so long as the Notes have not been accelerated and remain unpaid following an Event of Default on the date such Subsidiary ceases to be a Subsidiary of the Principal Guarantor or ceases to be required to be a Guarantor in order for the Issuer to comply with Condition 3.3 (as the case may be) (or, if later, the date of the notice referred to in Condition 3.4), the relevant Subsidiary shall be immediately released as a Guarantor. Where the release occurs after the notice referred to in Condition 3.4, the Issuer shall promptly give notice of such Guarantor's release to the Trustee, each Paying Agent and, in accordance with Condition 15, the Noteholders. The Principal Guarantor and Australian Pipeline Limited as trustee and responsible entity of APT Investment Trust may not be released from the Guarantee at any time other than, in the case of Australian Pipeline Limited as trustee and responsible entity of APT Investment Trust, where the units of APT Investment Trust are no longer stapled to the units of Australian Pipeline Trust, in which case, Condition 3.4 shall apply to Australian Pipeline Limited as trustee and responsible entity of APT Investment Trust.

Rating:

Notes issued under the Programme may be rated or unrated. Where an issue of certain Series of Notes is rated, its rating will not necessarily be the same as the rating applicable to the Programme (if any) and (where applicable) such rating (or expected rating, as the case may be) will be specified in the applicable Final Terms. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

Listing and admission to trading:

Application has been made to the SGX-ST for permission to deal in and for quotation of the Notes which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. There is no assurance that the application to the SGX-ST for the listing of the Notes will be approved. For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes will be traded on the SGX-ST in a minimum board lot size of S$200,000 (or its equivalent in other currencies).

Application may be made for listing or quotation or admission to trading, as the case may be, of the Notes of any Series on any other stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue Notes not listed and/or Notes not quoted or admitted to trading, as the case may be, on any stock exchange or market.

For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, a Paying Agent in Singapore will be appointed and maintained in the event that the Notes are issued in definitive form. In addition, in the event that any of the Global Notes are exchanged for definitive Notes, an announcement of such exchange will be made through the SGX-ST. Such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the Paying Agent in Singapore.

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| | Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series and specified in the applicable Final Terms. Notes which are neither listed nor admitted to trading on any market may also be issued.<br><br>The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets. |
| Governing Law: | The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law. |
| Selling Restrictions: | There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area (including the United Kingdom and Italy), Switzerland, Hong Kong, Japan, Singapore and Australia and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes (see "*Subscription and Sale*").<br><br>Bearer Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986 (the **TEFRA D Rules**) unless (i) the applicable Final Terms state that Bearer Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986 (the **TEFRA C Rules**) or (ii) the Notes are issued other than in compliance with the TEFRA D Rules or the TEFRA C Rules but in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 (**TEFRA**), which circumstances will be referred to in the applicable Final Terms as a transaction to which TEFRA is not applicable. |

## RISK FACTORS

*Each of the Issuer and the Guarantors believes that the following factors may affect their ability to fulfil their obligations under Notes issued under the Programme which may in turn result in investors losing the value of their investment. Most of these factors are contingencies which may or may not occur and neither the Issuer nor any of the Guarantors is in a position to express a view on the likelihood of any such contingency occurring.*

*In addition, factors which the Issuer and Guarantors believe to be material for the purpose of assessing the market risks associated with the Notes issued under the Programme are also described below.*

*Each of the Issuer and the Guarantors believes that the factors described below represent the principal risks inherent in investing in the Notes issued under the Programme, but the inability of the Issuer or any of the Guarantors to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons which may not have been considered significant risks by the Issuer and the Guarantors based on information currently available to them or which they may not currently anticipate. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular (including any documents deemed to be incorporated by reference herein) and reach their own views prior to making any investment decision.*

*APA Group (**APA**) is the registered business name of Australian Pipeline Trust and APT Investment Trust, the units of which trade on the Australian Securities Exchange under the ticker symbol "APA" as a single "stapled" security. References to APA in this section are made in the context of the business in its entirety including the respective businesses of the Issuer, the Principal Guarantor and their controlled entities.*

*Please refer to "Description of APA" and the Glossary for definitions of capitalised terms used but not otherwise defined in this section.*

***Factors that may affect the Issuer's ability to fulfil its obligations under the Notes and the Guarantors' ability to fulfil their obligations under the Guarantee***

***Regulatory Risks***

*APA's business is highly regulated*

Gas transmission and distribution activities in Australia are highly regulated. A number of significant businesses of APA are subject to economic regulation, including regulation of prices APA is permitted to charge, or monitoring by the independent national energy regulator, the AER and the ERA of Western Australia. 34.9% and 38.6% of APA's revenues (excluding pass-through revenue and other interest income) for HY2015 and FY2014, respectively, were from its price regulated assets. Regulatory pricing periods generally run five years and reflect the regulator's determination of APA's gas demand forecasts, projected operating costs, projected capital expenditure, regulatory depreciation, regulatory tax payable and the projected WACC. Costs can change materially within a regulatory pricing period. Consequently, APA's profitability may deteriorate if it is unable to efficiently manage the operating costs and capital expenditures associated with APA's assets subject to price regulation or if the regulator's projection of APA's operating costs, capital expenditures and weighted average cost of capital at the outset of a pricing period is insufficient to meet APA's actual incurred costs or if the actual gas demand and therefore usage of APA's assets falls below the regulator's determination. In addition, a number of APA's assets are subject to "light-handed" regulation, which, among other things, requires it to publish its prices on its website.

The technical and compliance aspects of APA's businesses are also subject to Australian federal, state, territory and local laws, regulations and requirements. APA is also obligated to comply with health, safety and environmental laws and with conditions contained in various regulatory instruments, such as pipeline licences. Failure to properly comply with APA's regulatory obligations, including price regulation, may result in APA incurring losses, including losses arising from penalties, customer and third party damages claims, reputational damage (including injury to relationships with customers, third parties and regulators) and, in extreme cases, revocation of a pipeline licence or licences.

Decisions by the AER and the ERA under the NGL are subject to limited merits review. This regime allows decisions regarding regulated assets to be appealed to the Australian Competition Tribunal on limited grounds (factually erroneous, incorrect or unreasonable). The Tribunal must be satisfied that there is a materially preferable decision that contributes to the achievement of the national gas objective. If either the AER or ERA makes an adverse determination with respect to the price regulation of one or more of APA's assets, APA's ability to review such a determination would be limited, and its business, operations, profits and financial position could be negatively impacted.

All these factors could have a negative impact on APA's business, operations, profits and financial position.

***Changes in the regulatory environment governing gas transmission and distribution activities could adversely affect APA***

As the regulatory environment to which APA is subject evolves, new and amended laws and regulations that impact APA's operations may be implemented. Australian federal, state, territory and local governments may change existing laws, regulatory authorities may impose new requirements in the exercise of discretionary power or existing laws or regulations may be subject to new interpretations that could have adverse implications for APA's business.

The Council of Australian Governments Energy Council (**COAGEC**) is reviewing and developing government policy in relation to the Australian domestic gas market. COAGEC has tasked the Australian Energy Market Commission (**AEMC**) to undertake a review of the Australian east coast wholesale gas market and pipeline frameworks. The AEMC is approaching this task in two stages. Stage one is setting the direction for East coast gas markets, with a final report to be produced to COAGEC expected by June 2015. Stage two will address the medium to long term issues, with a draft report to be produced to COAGEC expected by December 2015. A final report is to be produced in 2016 following consultation. To the extent that any new policies result in changes to market design and regulatory environment, there is potential for impact on the revenues of APA's assets.

Any changes to laws or regulations may influence various components of APA's business, including:

- the tariffs that APA can charge for services;
- the types and extent of services APA may offer to customers;
- APA's operating terms;
- the construction, certification and operation of new pipelines and facilities;
- the maintenance, safety and security of pipelines (including the standards governing pipeline integrity, testing and in-line inspections) and facilities;
- the acquisition or divestment of assets (including pipelines and facilities), services or other businesses on terms advantageous to APA;
- reporting, disclosure and information posting requirements;
- the extent and manner of maintaining accounts and records; and
- APA's interactions and relationships with other companies involved in the natural gas and pipeline businesses.

APA may incur additional costs in complying with any new or modified legal and regulatory obligations. These additional costs may not be fully funded or recovered through APA's regulatory costs allowances or contractual arrangements with customers. Compliance with new or modified legal and regulatory obligations could thereby negatively impact APA's business, operations, profits and financial position.

***Changes in the regulatory treatment of certain parts of APA's businesses could increase costs and risks***

Certain businesses within APA are not currently subject to economic regulation or are subject only to "light-handed" regulation. Under the NGL, any person (including APA and customers seeking access to a pipeline) may make an application that a pipeline be subject to economic regulation. If such an application was made, and certain statutory criteria satisfied, the relevant pipeline may become subject to economic regulation. The new regulatory costs, pricing regulation and risks associated with such a change could adversely impact APA's business, operations, profits and financial position.

Similarly, certain businesses within APA are currently subject to "light-handed" economic regulation. Under the NGL, any person may make an application seeking that "light-handed" regulation be revoked and full price regulation be imposed. If such an application was made concerning one of APA's businesses, that business could be subjected to heightened regulatory costs and risks. Full price regulation would require Reference Services and Reference Tariffs and may limit APA's ability to negotiate tariffs and thereby potentially impair the profitability of those businesses. See "Industry/Regulatory Environment — Reference Tariffs".

***A change in tariff levels could adversely affect APA's revenue***

The operating results for APA's regulated businesses are dependent on tariff levels which are subject to price or allowable revenue controls set by the AER or the ERA (as applicable). All of APA's fully regulated assets will be subject to a price reset by the relevant regulator within the next 5 years. The price and allowable revenue controls for price regulated transmission and distribution businesses are based upon forecast gas demand, projected operating costs, projected capital expenditure, regulatory depreciation, regulatory tax payable and the projected WACC. Actual results can be significantly different from these projections over the course of a regulatory period (typically a five year term), as a result of changes in the costs of labour, equipment and capital inputs (including the costs of funding). Many of these changes are beyond APA's control, difficult to predict with certainty and subject to the regulator's determination. At a regulatory reset any downward revision in the transportation tariffs that APA is entitled to charge may negatively affect its revenues and, consequentially, adversely affect its business, operations, profits and financial position. In addition, APA's tariff levels may be influenced by changing regulatory practices or interpretations. Some recent regulatory decisions have seen regulators establishing rates of return below those adopted in earlier periods. There is no certainty that APA will be able to recover the amount of capital or operating expenditure required to operate the price regulated businesses through regulated revenues.

***APA's pipeline business depends upon the retention, renewal or grant of certain licences and permits***

In some instances, assets APA owns and/or operates are dependent on the granting and maintenance of appropriate licences, permits or regulatory consents. Although these authorisations may be renewed following expiry or granted (as the case may be), there can be no guarantee that authorisations will be renewed, granted or continued, or renewed, granted or continued on no more onerous terms. Moreover, these authorisations are potentially subject to loss or forfeiture in the event of material non-compliance. Any failure to obtain or maintain necessary authorisations may adversely affect APA's operations and/or financial position and performance.

***APA's investments and businesses are subject to review by the Australian Competition & Consumer Commission***

The ACCC has the primary responsibility for ensuring that businesses comply with Australia's federal competition and consumer protection laws including merger review. Acquisitions that may substantially lessen competition will be subject to review by the ACCC. Adverse reviews, actions or decisions by ACCC may prevent or limit APA's ability to pursue certain acquisitions. See "— Operational and Legal Risks — Dependency on successful execution of acquisitions, new developments and pipeline capacity expansions."

***Customer Related Risks***

*End-user demand can fluctuate significantly and influence APA's performance*

The performance of APA's energy infrastructure businesses, particularly in gas transmission and distribution, is partially dependent on the volume of gas transported through its pipeline networks. APA's gas transmission revenues (for all assets apart from those in Victoria) are substantially derived from long term pipeline capacity contracts with customers. APA typically contracts capacity of its price regulated and non-price regulated assets using "take-or-pay" contracts. For the most part, 75% to 95% of the revenue received under its "take-or-pay" contracts is in the form of a pipeline capacity reservation tariff payable irrespective of gas transmission volumes utilised by that customer, including the GTAs received upon completion of the QCLNG Pipeline Acquisition. See "Industry/Regulatory Environment" for more information regarding the regulation of APA's business.

The throughput is, in turn, affected by end-user demand and is subject to a range of variables, including economic and social conditions, competitive conduct, population and customer growth and relocation, the availability of competitively priced supplies of gas, industry issues, weather patterns (especially warm winters and cool summers), government policy and the availability and popularity of alternative fuels or energy sources. Any reduction of throughput in APA's businesses (and especially in the VTS) as a result of such variables could directly impact its revenues, perhaps materially.

Additionally, if demand for gas was such that certain assets ceased to contribute anything to the provision of services to customers, a regulator may require that the regulatory value of those assets be removed from the relevant regulated asset base until those assets again contribute to the provision of services which may impact the level of APA's regulated tariffs and could directly impact its revenues, perhaps materially.

*APA's long term contracts may fail to compensate for its increased cost and may expose APA to substantial market risk during contract renegotiation*

A substantial portion of APA's gas transmission revenues come from long term pipeline capacity contracts with customers. Under such long term contracts, it is possible that APA's costs to perform the contractual services could equal or exceed the revenues APA collects for its services. Such imbalance between APA's revenues and costs could significantly impair APA's business, operations, profits and financial position, especially if the imbalance was protracted over a period of months or years.

APA also faces substantial market risks at the time of expiration of its long term contracts. Due to a variety of factors, such as the amount of competition in the gas pipeline market, the demand or lack thereof for gas and the market's bias for or against long term contracts, many of which are beyond APA's control, APA could be compelled to enter into long term contracts on less favourable terms that it has previously obtained. Alternatively, APA could be unable to enter into new long term contracts at all, thereby subjecting its business to more frequent contract negotiations and lessened long term stability. These may have a negative impact on APA's business operations, profits and financial position.

*APA's revenue is materially dependent on certain significant customers and industries*

80% of APA's Energy Infrastructure transmission revenue for HY2015 and FY2014 was derived from APA's top ten customers. There can be no assurance that contracts with significant customers will continue or be renewed on their current terms and conditions or at all. If any significant customers terminate their contracts, or APA is only able to renew their contracts on less favourable terms, or APA is unable to obtain substitute contracts with new customers on comparable terms, there may be a negative impact on APA's business, operations, profits and financial position. In addition, approximately 90% of the revenue of APA's major price regulated and non-price regulated assets is derived from counterparties in the energy, utilities and mining sectors. While APA's exposure is representative of the concentrated nature of Australia's utility customer base, any downturn in either industry may have a negative impact on APA's business, operations, profits and financial position. The mining industry in particular is exposed to commodity prices which have

exhibited considerable volatility in recent years and have overall experienced a significant downward trend in the last 18 to 24 months.

***Risks Relating to the QCLNG Pipeline Acquisition***

*Each of the Issuer and the Guarantors believes that the factors described below represent the principal risks relating to the QCLNG Pipeline Acquisition. Prospective investors should also read the detailed information set out in "The QCLNG Pipeline Acquisition" for further details.*

*The counterparties to the GTAs, including the Foundation Shipper GTAs, may default on their obligations to APA*

As described in "The QCLNG Pipeline Acquisition", GTAs are the gas transportation agreements in place for the QCLNG Pipeline that APA will acquire as part of the QCLNG Pipeline Acquisition. There is a risk that the counterparties to the GTAs will not perform their obligations under the GTAs, including their payment obligations. If a counterparty to any GTA is unable or unwilling to meet its commitments to APA, whether in whole or in part, APA's anticipated future revenue would be reduced.

In particular, approximately 75% of the revenues from the GTAs involve contracts where a BG Group entity is the counterparty. Further, APA's exposure to BG Group may be further increased because the payment obligations under those GTAs and various indemnities provided by BG Group entities in connection with the QCLNG Pipeline Acquisition (see "Description of APA – Litigation and Disputes" and "The QCLNG Pipeline Acquisition") are in effect guaranteed by BG Energy Holdings Limited, the BG Group entity that has received ratings from the major credit rating agencies. If BG Group becomes unable or unwilling to meet these payment obligations, it may materially adversely affect APA's financial position and results.

*APA may not have identified all material issues related to the QCLNG Pipeline Acquisition in the course of its due diligence investigation and the QCLNG Pipeline may not achieve the results indicated by its analysis*

APA conducted a due diligence investigation in connection with the QCLNG Pipeline Acquisition. In particular, APA's engineering and operations personnel conducted site visits of the QCLNG Pipeline, reviewed the construction and operations processes and met with personnel from BG Group, the seller of the QCLNG Pipeline. APA also engaged external consultants to provide it with reports on certain due diligence matters. APA reviewed certain detailed information provided by or on behalf of BG Group and by the third party consultants APA engaged to assist it with its investigation. APA is not able to verify the accuracy, reliability or completeness of such information. In addition only limited contractual representations or warranties have been obtained from BG Group in respect of the adequacy or accuracy of the materials disclosed during the due diligence process. The most recent financial statements for PipeCo, are the audited financial statements of PipeCo for the year ended 31 December 2013. No more recent audited financial statements for PipeCo have been prepared by PipeCo. Neither BG Group nor PipeCo's independent auditors have assisted in the preparation of the information related to the QCLNG Pipeline contained herein, including with respect to the unaudited pro forma balance sheet for APA Group or any valuations of the QCLNG Pipeline contained therein, and neither BG Group nor PipeCo has verified such information. If any of the information provided by or on behalf of BG Group or third parties engaged by APA as part of the due diligence process is incomplete, incorrect, inaccurate or misleading, the actual performance of the QCLNG Pipeline (compared to the performance that APA expected based on APA's analysis and assessment of the QCLNG Pipeline Acquisition) may therefore have an adverse impact on APA's financial position and performance.

Additionally, it is possible that the analysis APA has undertaken in connection with the QCLNG Pipeline Acquisition resulted in APA making conclusions and forecasts which are inaccurate or which are not realised in due course, whether because of flawed methodology, misinterpretation of economic circumstances or otherwise. To the extent that the actual results achieved by the QCLNG Pipeline are weaker than those indicated by APA's analysis, there may be an adverse impact on APA's financial position and performance.

*APA may not complete the QCLNG Pipeline Acquisition*

Completion of the QCLNG Pipeline Acquisition is subject to the satisfaction by 15 June 2015 of two conditions precedent. These conditions precedent are:

- the occurrence of the Train 1 First Commercial Delivery Date, which is expected to happen during the second quarter of 2015; and

- obtaining consent to the PipeCo change of control resulting from the QCLNG Pipeline Acquisition from the relevant entity of CNOOC, as required by the agreement under which CNOOC transports gas through the QCLNG Pipeline. This condition precedent may be waived by BG Group provided it indemnifies APA against any liability or loss arising from the failure to obtain the consent.

See "The QCLNG Pipeline Acquisition" for further details. If either of these conditions are not met, completion of the QCLNG Pipeline Acquisition may be deferred or cancelled. The SPA may also be terminated or completion delayed in certain circumstances. If completion of the QCLNG Pipeline Acquisition does not occur, APA will need to consider alternative uses for, or ways to return the proceeds of, the transactions APA has engaged in to fund the QCLNG Pipeline Acquisition, including any Notes issued pursuant to the Programme. See "The QCLNG Pipeline Acquisition — Funding of the QCLNG Pipeline Acquisition" for further details. Failure to complete the QCLNG Pipeline Acquisition or any action required to be taken to return capital may have a material adverse effect on APA's financial performance, financial position and the price of APA's securities. In such circumstances, APA may incur significant costs and be exposed to material liabilities.

*APA may not be able to integrate the QCLNG Pipeline successfully into its business or may fail to achieve integration and synergy benefits*

There is a risk that the integration of the QCLNG Pipeline into APA may encounter unexpected challenges. In particular, the transition of information systems and data, technical, financial and legal information and resources may not proceed smoothly and may divert management's attention from managing APA's business. There is a risk that cash flows or operations could be disrupted or that costs associated with the transition may be greater than expected, which could adversely affect APA's financial condition and results of operation.

To date, APA has not had access to sufficient information to identify, confirm and quantify all available synergy benefits, or to assess any costs to be incurred to achieve synergies. Achievement of any synergies is not certain. There is a risk that any expected synergies may not be realised at all or not realised to their full extent, or that they may be realised over a longer period of time than anticipated.

There is also a risk that implementation and other one-off costs may be substantial or greater than reasonably anticipated. This could have a material adverse impact on APA's financial condition and results of operation.

*APA may not be able to refinance the QCLNG Pipeline Acquisition Bridge Facility incurred to fund the QCLNG Pipeline Acquisition*

See "The QCLNG Pipeline Acquisition — Funding of QCLNG Pipeline Acquisition" for further details about the equity transaction to fund the QCLNG Pipeline Acquisition. There can be no assurance that there will be sufficient investor demand for the offering of securities in the global debt capital markets. If APA is unable to obtain sufficient funding from the offering of securities in the global debt capital markets, APA may be required to draw on the QCLNG Pipeline Acquisition Bridge Facility. Given the QCLNG Pipeline Acquisition Bridge Facility has a relatively shorter term and APA may not be able to refinance the QCLNG Pipeline Acquisition Bridge Facility on acceptable terms or at all, such a funding arrangement may have an adverse effect on its operations and financial condition.

*There are certain operational risks related to the QCLNG Pipeline*

The QCLNG Project is the first coal seam gas/LNG project to become operational in Australia, and, the project proponents may encounter unexpected problems in operation of the project. For example, in the operational phase of the project, the project proponents may experience challenges in securing sufficient gas resources for the life of the project, coal seam gas may prove not to be a viable source for LNG export and the adequacy of the technology deployed for coal seam gas/LNG production may be deficient. To the extent any operational issues cannot be solved, the timing of production from the QCLNG Project may be delayed, which could have an adverse impact on the project proponents' financial condition and results of operation.

*Accounting requirements related to the QCLNG Pipeline Acquisition may adversely impact APA's financial performance*

APA's financial statements are prepared in conformity with A-IFRS and its current accounting policies. Under A-IFRS, property, plant and equipment and intangible assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an individual asset may not be recoverable. APA expects to recognise a large increase in property, plant and equipment and contract intangibles if the QCLNG Pipeline Acquisition is completed, which may need to be impaired if the QCLNG Pipeline does not perform well enough to justify the value of the assets. See "Unaudited Pro Forma Balance Sheet" for more information. Changes to the carrying amounts of the assets could have an adverse impact on APA's reported financial performance and financial condition.

*Accounting revisions may be required as a result of the QCLNG Pipeline Acquisition, and such revisions may be material, particularly in relation to APA's determination of the value of property, plant and equipment and other assets acquired*

APA is required to allocate the purchase price of the QCLNG Pipeline Acquisition. APA has estimated the allocation of value to property, plant and equipment based on an external desktop valuation. APA expects to complete its formal valuation, where it expects to be able to complete a physical and aerial inspection of assets, and have access to BG Group's technical and engineering personnel, using an independent valuer after completion of the QCLNG Pipeline Acquisition. Accordingly, APA's formal valuation may give rise to material differences in values allocated between property, plant and equipment and contract intangibles which may adversely impact these valuations on APA's balance sheet. See "Unaudited Pro Forma Balance Sheet" for more information.

*There are tax risks associated with the QCLNG Pipeline Acquisition*

APA has made assumptions and taken positions in relation to the income tax and stamp duty consequences of the QCLNG Pipeline Acquisition. In the event that the actual outcomes are different from those assumptions or they are not accepted by the relevant tax authorities, there may be an adverse impact on APA's financial position.

***Operational and Legal Risks***

***APA's energy infrastructure is subject to a wide variety of operational risks***

APA's energy infrastructure business, particularly its gas transmission and distribution operations, are subject to risks and hazards typically associated with such operations, including fire, explosions, leaks (including those resulting from corrosion and aging), blockages and pipeline faults. These risks could result in significant environmental pollution and damage to property and natural resources, especially if the hazardous event occurs near populated areas, industrial sites or commercial facilities. Gas supplied by shippers may be contaminated and so impact the quality of gas transmission and distribution services. If any of these risks or hazards occur, APA could be responsible for remedying any related damages and its reputation may be adversely impacted, which may have a negative impact on its business, operations, profits and financial position.

***Gas transmission and distribution networks have significant occupational health and safety risks that could expose APA to claims and increased regulatory costs***

Occupational health and safety is a key risk area in the operation and maintenance of gas transmission and distribution networks. Operational hazards, as well as the inherently hazardous nature of maintenance and construction work involving gas transmission and distribution facilities, are risks associated with APA's businesses. These risks could result in serious injury and loss of human life, both to APA's employees and third parties. APA's internal policy decisions on safety and the training provided to employees relating to accident prevention and awareness may not be effective and the risks of accidents or long term health impacts cannot be eliminated. Consequently, APA may receive employee, customer or public claims for health and safety related issues from time to time. Such claims could interrupt APA's operations, prove costly to resolve and injure APA's relations with employees and customers, as well as its public image.

In light of the occupational health and safety hazards of the industry, APA is subject to Australian health and safety regimes and is required to comply with Australian legislation concerning the protection of the health and welfare of employees and contractors. APA will incur compliance costs and any failure or lapses in its compliance may result in APA being exposed to fines, damages, and criminal or civil sanctions. If health and safety hazards occur unusually frequently in APA's business or in unusually severe fashions, APA could be subjected to additional and unanticipated compliance costs. These may have a negative impact on APA's business, operations, profits and financial position.

***APA's outsourcing of certain of APA's business operations may generate unintended adverse impacts on its operations***

APA outsources a number of its business operations, including network repair and replacement, construction of new facilities, specialised maintenance and inspection activities, operation of its security register and specialised advisory services. Failure by third party service providers to supply or manage business operations in accordance with their contractual obligations or in accordance with all applicable laws and regulations. Additionally, delayed communications, miscommunications and other human errors between APA and its third party service providers may have unintended adverse impacts on APA, especially considering the highly technical nature of its gas transmission and distribution network. APA's use of outsourcing thereby exposes it to risk to its business, operations, profits and financial position.

***APA relies upon its information technology to operate its business***

APA's business operations rely on a number of information technology systems, applications and business processes utilised in the delivery of business functions. APA's operating businesses depend on the continued operation of the relevant computer systems and network infrastructure for many of their critical functions. System interruptions may result from occurrences such as the replacement of systems, equipment failure, human error, natural disasters, sabotage (including hacking) and power outages. Such interruptions may result in the unavailability of services, erroneous processing of third party instructions regarding gas delivery or trading, and may reduce the relevant businesses' ability to maintain efficient operations. In turn, interruptions of APA's information technology systems may adversely influence APA's revenues and impair its relations with customers.

In particular, APA's technologies, systems and networks have been subject to, and may continue to be the target of, cyberattacks, computer viruses, malicious code, phishing attacks or information security breaches that could result in the unauthorised release, gathering, monitoring, misuse, loss or destruction of confidential, proprietary and other information of APA's, its employees or its customers, or otherwise disrupt APA's or its customers' or other third parties' business operations. Although to date APA has not experienced any material losses relating to cyberattacks or other information security breaches, there can be no assurance that APA will not suffer such losses in the future.

***APA's assets may be subject to unplanned outages stemming from extreme weather events, sabotage or terrorist attacks***

APA has experienced extreme weather events in the past that have caused damage to its assets. As a result of global climate changes, extreme weather events (including earthquakes, cyclones, wind, tornados, floods, tidal storm surges, heatwaves and dust-storms) of increasing intensity and frequency may occur. Extreme weather events may inhibit APA's operations by inflicting infrastructure damage on its network, including damage to pipelines, storage facilities, meters and wind turbines in which APA has interests. The occurrence of extreme weather events in the future may disrupt gas suppliers and their ability to supply gas to APA's pipelines and may also damage or destroy the facilities of its customers. Such extreme weather events, whether affecting APA's services, its suppliers or its customers, could have a material adverse effect on APA's business, operations, profits and financial position.

Sabotage of, and terrorist acts on, APA's transmission and distribution network assets could affect its ability to provide the necessary services required by its customers and could damage a third party's property to which the transmission or distribution network is connected. Repairs to correct any damage to assets could be costly and time-consuming and may result in substantial lost revenues during the period of such repairs. In addition, any service interruption or physical damage may cause loss or damage to customers or third parties who may seek to recover damages from APA, resulting in harm to APA's business, reputation and operational results.

Any delay in the availability of supplies, equipment or personnel necessary to remedy outages stemming from natural disasters, sabotage and terrorist attacks could compound the adverse effects on APA's business, reputation and operations.

***An environmental regime could subject APA to inspection, non-compliance and remediation costs***

APA is subject to an environmental regime applying to the sites, easements and facilities of its operations and is required to comply with legislation concerning the protection of the environment, including the use of natural resources (e.g. water), release of air emissions and waste water, and the generation, storage, handling, transportation, treatment and disposal of waste materials. In the ordinary course of business, APA's operations are subject to internal environmental policy and management procedures, environmental inspections and monitoring by governmental enforcement authorities. The costs associated with these procedures could increase as a result of new or heightened environmental concerns or if APA fails to comply with any of its environmental obligations.

APA may also experience increased costs for any failure to comply with environmental laws. These costs could include fines, damages, civil or criminal sanctions and interruptions in operations for actual or alleged breaches of any environmental law. Such costs are challenging to estimate and could stretch over many years for a single violation.

Costs may also be incurred for the remediation of sites, easements and facilities (both current and historical). Various materials and substances that are hazardous or environmentally sensitive such as oil, odorant, polychlorinated biphenyls, polyaromatic hydrocarbons or asbestos may have been used or contained in the facilities and sites involved in APA's current and historical businesses. While APA currently does not have any material remediation projects, construction and/or maintenance may be necessary in heritage or environmentally sensitive locations. Similarly, rehabilitation of pipeline easements following construction may require erosion and weed control over some years.

***APA faces competitive pressures from other entities***

Some of APA's assets, particularly the MSP and the PGP, currently face direct competition from assets owned and operated by APA's competitors. The competition occurs where transmission pipelines offer gas transportation services to the same end market serviced by existing pipelines, albeit from different gas sources. A new pipeline could offer an alternative gas transportation service to the markets currently served by a pipeline owned by APA or otherwise alter flow configurations to the detriment of these pipelines. In

addition, extension of electricity transmission lines and the growth of renewables over the long term may also compete with APA's pipelines.

Additionally, there is the potential for new gas development projects that principally supply export markets to directly compete with domestic markets for the supply of gas. For example, the development of major LNG gas projects directly linked to gas resources that are currently connected to APA's gas transmission assets could result in a reduction in the quantities of gas available for domestic markets thereby potentially reducing the demand for gas pipeline transportation services within Australia and APA's future revenue.

APA's asset management business operates in a competitive market that is subject to changes in market conditions. These asset management services are provided to a number of third parties and any changes or modifications to APA's relationship with these third parties could negatively affect its asset management business. Changes in market conditions, new market entrants and increased cost pressure, could impact APA's relationship with customers and have an adverse effect on its operations, profits and financial position.

***APA's business is exposed to a variety of gas market risks***

The relative price of gas and its competitive position with other energy sources (including electricity, coal, fuel oils, solar, wind and other alternative energy sources) may significantly change demand levels for APA's assets. APA cannot predict the competitive position of gas and could be subjected to adverse effects to its operations, profits and financial position if the market position of gas weakens.

A reduction in demand for transmission services may also arise if the use of gas swap contracts by customers increases. Gas swap contracts involves customers "swapping" gas at specified delivery and receipt points so as to reduce the distance gas needs to be transported. Increased usage of such contracts may adversely affect APA's future revenue. In addition, if APA's competitors or customers build gas storage facilities, this may increase the efficiency of gas use at a delivery point and, as a result, reduce the demand for gas transmission. For instance, AGL Energy is expected to commission a LNG gas storage facility at Newcastle in 2015.

Availability of gas reserves is essential for the ongoing use of gas transmission pipelines and distribution networks. The availability of competitively priced reserves is dependent on the gas producing companies and is outside the control of APA. If there is an unforeseen shortage in the availability of competitively priced gas, either as a result of gas reserve depletion or the unwillingness or inability of gas production companies to produce gas, APA's revenue may be materially adversely affected.

Generally, APA is not contractually exposed to force majeure events impacting natural gas producers. There is a risk, however, that APA could be financially exposed to a reduction in volume resulting from such an event. There is also a possibility that, despite APA's standard contractual position that the definition of force majeure excludes all risk upstream of the gas receipt point and downstream of the gas delivery point, a prolonged event impacting a gas producer could permit a shipper to terminate a gas transportation agreement with APA.

***APA depends upon the reliability of its pipeline network***

APA's business is materially dependent upon the reliability of its pipeline network. In order to keep the pipeline system operational, repairs and maintenance are necessary. In some cases, such repairs and maintenance may be expensive and capital intensive and may impair APA's operations going forward. For example, the MSP has experienced stress corrosion cracking since 1982, which has resulted in on-going management and significant repair costs for almost three decades due to coating degradation. APA cannot predict whether other unforeseen maintenance and repair issues may arise. If they do, such issues could cause APA to incur substantial capital expenditure and could have an adverse effect on APA's operations, profits and financial position.

***APA depends on land tenure***

APA's pipelines are primarily constructed and operated on land over which APA has easements, leases or other land tenure. In addition, if APA lost its land tenure rights or was otherwise required to relocate its pipelines, its operating business could be adversely affected. APA's business could also be negatively impacted if land access costs increase, including through rental increases, renewals of expiring agreements, prevention of easement encroachments or enforcement of APA's current land access rights.

***Dependency on successful execution of acquisitions, new developments and pipeline capacity expansions***

In addition to significant acquisitions of new pipelines and related assets, such as the QCLNG Pipeline Acquisition, APA's business strategy includes the development of gas-fired generation plants, development of gas storage facilities and the acquisition of gas transportation and storage infrastructure and energy generation assets. Integrating these various assets into APA's business could prove unsuccessful due to unexpected hindrances, such as unanticipated costs (including accounting, reporting, land access, environmental compliance and technology costs), failing to obtain necessary approvals, failing to retain key employees or assets or the inability of managers to properly supervise integration measures. APA's failure to identify prudent acquisitions or the unsuccessful integration of acquired or developed assets could prevent APA from obtaining anticipated operating advantages and cost savings (such as the elimination of redundancies), thereby harming APA's operations, profits and financial position. APA may also fail to consider the appropriate risks and potential costs associated with certain acquired or developed assets that are not part of APA's traditional gas infrastructure business. In addition, certain regulators, such as the ACCC, may prevent or limit APA's ability to pursue certain acquisitions.

Similarly, APA regularly works to expand its capacity in key areas of its pipeline network. These expansions, an example of which includes the ongoing A$100 million capacity expansion programme of the MSP and the A$150 million expansion of the GGP, could be impeded or halted entirely by a range of factors, including regulatory, technological, land access and climate considerations, employees or equipment shortages, higher than budgeted construction costs and project delays. Any delays to or termination of ongoing or planned expansions could have an adverse effect on APA's operations, profits and financial position.

***APA's insurance coverage may not provide coverage for all risks and liabilities***

APA believes that its insurance policies are appropriate and adequate to protect against major operating and other identified risks. However not all risks and liabilities are insurable or insured. The insurance coverage APA maintains may not extend to cover all insurable liabilities and losses. Combined with changeable insurance market conditions, APA cannot be certain that insurance cover for all potential liabilities and losses will be available in the future on commercially viable terms. APA may also elect to self-insure and/or carry larger deductibles. In the event APA experiences a loss or liability to third parties in the future, the proceeds of an applicable insurance policy may not cover the full actual loss incurred or related liabilities to third parties. Uncovered losses or the payment of a larger deductible may have a negative impact on APA's business, operations, profit and financial position.

***The retention of certain employees and skills is vital for its long term success***

APA's continued success is dependent, in part, on its ability to attract, engage, develop and retain the right employees. In the current market, APA faces a varying supply of skilled workers. When APA's operations expand or current employees leave, this supply pool could lead to an increase in labour costs or APA being unable to attract and retain the employees it needs. When new workers are hired, it may take a considerable period of training and time before they are equipped with the requisite skills to work effectively and safely on some of the inherently dangerous tasks associated with gas assets.

APA relies on the expertise and continued service of certain key executives. Although APA enters into employment and incentive arrangements to secure the services of key executives, however APA cannot guarantee the retention of such personnel. These key executives possess highly valuable institutional knowledge, without which APA's operations could be negatively affected.

***APA could be subjected to disruptions as a result of its partly unionised workforce***

The salary arrangements for approximately 40% of APA's employees at any point in time are covered by enterprise bargaining agreements negotiated with the employees, with union involvement. APA's partly unionised workforce could expose it to labour activism and unrest. APA's enterprise bargaining agreements are in the process of being renegotiated, and labour activism and unrest could increase during the renegotiation process or future renegotiation of enterprise bargaining agreements. Labour activism and unrest has recently increased in Australia and, if undertaken by APA's employees, could disrupt its operations and adversely affect its financial condition and operating results.

***APA could be required to provide additional funding to its legacy retirement benefit funds***

APA has legacy defined benefit superannuation funds that are funded through a combination of employer and employee contributions which are invested by third party/external superannuation funds managers in equities, bonds and other external assets and the liabilities for which reflect the latest salary levels. The values of such assets are dependent on, among other things, the performance of the equity and debt markets, which are volatile. Any shortfall in the funding obligations may require additional funding from the employing entities thus increasing the liabilities to APA. APA's superannuation funds had a deficit of A$26.5 million at 31 December 2014, for which APA has provisioned fully in its accounts to that date. See Note 37 of APA's consolidated financial statements for FY2014 incorporated by reference in this Offering Circular for more information.

***Customers and other counterparties may default on their obligations to APA or exercise rights consequent upon APA's default***

Credit risk results from the risk of default of customers. Also, in the case where APA transacts derivative financial instruments, such as with cross-currency swaps or fixed to floating rate swaps, it will be exposed to the risk of non-performance of contractual agreements on the part of the counterparty. APA also relies on insurance and so is exposed to the risk of non-performance of an insurer should a claim arise. While this credit risk is mitigated by entering into such contracts with parties of high credit standing, APA is unable to predict whether these parties will maintain such credit standing or default on their obligations.

In particular APA has material exposures to its large customers and, following completion of the QCLNG Pipeline Acquisition, its exposure to BG Group will be further increased. Should BG Group or other large customers default in their obligations to APA, its revenues would be decreased and APA's financial position and results may be materially adversely affected.

In addition, in the ordinary course APA enters into contracts with its customers and other counterparties under which those counterparties have rights to terminate the contracts if APA defaults on its obligations or if certain other events occur. If APA defaults on its obligations or such events occur and its contracts are terminated its financial position and results may be materially adversely affected.

***Litigation against APA could subject APA to costs or reputational harm***

Litigation risks made by or against APA include but are not limited to, commercial claims, contractual claims, customer claims, injury claims, native title claims, tenure disputes, environmental claims and prosecutions, claims related to compensation on easements and other land access issues, occupational health and safety claims, employee claims, and regulatory disputes. Even if APA is ultimately successful in defending claims against it (or in pursuing claims made by it), reputational harm may be inflicted and substantial legal and associated costs may be incurred that may not be recoverable from other parties.

PipeCo, which is not currently a subsidiary of APA but will become a subsidiary of APA provided the QCLNG Pipeline Acquisition is completed, is subject to certain claims as described in "The QCLNG Pipeline Acquisition — Claims against PipeCo".

***Financial Risks***

***Interest rates may increase and thereby increase APA's financing costs***

APA finances its activities and operations through a combination of borrowings (which may bear interest at floating or fixed rates), equity and cash from operations. Changes in interest rates will affect borrowings which bear interest at floating rates and future borrowings. As at 31 December 2014, 84.6% of APA's borrowings bore interest at fixed Australian interest rates or had been hedged to a fixed Australian interest rate. APA expects that, on the basis of certain assumptions, immediately following the completion of the QCLNG Pipeline Acquisition, approximately 38.8% of APA's borrowings will bear or be hedged to a fixed Australian interest rate and approximately 54.2% of APA's borrowings will bear or be hedged into a fixed US interest rate. Any increase in applicable interest rates will affect APA's costs of servicing unhedged borrowings and its hedges may prove ineffective, either of which circumstances may adversely affect its profit and financial position.

***APA has a substantial amount of indebtedness and its funding needs and sources could restrict its operations***

As at 31 December 2014, APA had A$4,064 million of indebtedness, which it has incurred under bank facilities and capital market debt instruments. APA's indebtedness is expected to increase significantly due to the QCLNG Pipeline Acquisition. See "QCLNG Pipeline Acquisition" and "Unaudited Pro Forma Balance Sheet". APA requires funds to meet its capital and operating expenditures for growth and maintenance of its assets and refinancing needs. APA may have difficulty in raising such funds.

APA's funding requirements may be met by way of additional debt financing. The terms of such debt financing may include restrictions which may:

(i) increase its vulnerability to general adverse economic and industry conditions;

(ii) limit its ability to pursue its growth plans (including acquisitions and construction);

(iii) require it to dedicate a substantial portion of its cash flow from operations to payments on its debt, thereby reducing the availability of its cash flow to fund capital expenditure and/or operating expenditure, working capital requirements and other general corporate purposes;

(iv) limit its flexibility in planning for, or reacting to, changes in its businesses and its industry; and/or

(v) place APA at a competitive disadvantage compared to its competitors with less debt.

***APA relies upon credit lines and financing activities access to which could be jeopardised by numerous factors, including its inability to service its debt***

APA uses credit lines with banks to cover liquidity needs, including refinancing of some maturing loan facilities. In this context, it depends on the willingness of banks to provide credit lines. Structural changes in the banking business and the impact of changes in local and global financial markets generally may impact the willingness or ability of banks to provide credit lines to APA.

In addition to bank credit facilities, APA intends to finance its activities and operations from time to time by the issuance of debt, principally in the global and domestic debt capital markets. Therefore, APA will be dependent on broad access to these capital markets and investors. Changes in demand for and supply of debt instruments in global or domestic debt capital markets could limit APA's ability to fund its activities and operations (including its capacity to acquire other entities or pipelines).

APA's ability to service its debt depends upon a variety of factors, including its future financial and operating performance, which are directly and indirectly affected by current economic, financial, business and regulatory conditions. Many of these conditions are beyond APA's control. If APA's operating results are insufficient to service its debt, APA may be forced to take remedial actions, such as reducing distributions, reducing or delaying its business activities (including acquisitions, investments and capital expenditures), selling assets or seeking additional debt or equity capital. APA may be unable to undertake these remedial actions on favourable terms or at all.

See "Annex — Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources" for details of APA's current debt facilities and finance policies.

*Currency fluctuations could adversely affect APA's operating profit*

APA is subject to currency fluctuations both in relation to the purchase, supply and installation of goods and services where the price is denominated in a currency other than Australian dollars and borrowings that are denominated in a currency other than Australian dollars. For instance, APA's USPP Notes (referred to in "Annex — Management's Discussion and Analysis of Financial Condition and Results of Operations") and outstanding Rule 144A Notes (referred to in "Annex — Management's Discussion and Analysis of Financial Condition and Results of Operations") were issued in U.S. dollars and have been swapped into fixed rate Australian dollar obligations. However, APA may not be able to effectively hedge its foreign currency exposure in the future, particularly in periods of significant currency volatility, which could, in turn, adversely affect its operating profit and financial position.

Further, after the completion of the QCLNG Pipeline Acquisition, the revenues earned on the QCLNG Pipeline will be denominated in U.S. dollar. APA will be exposed to movements in the foreign exchange rates and there is a risk that adverse U.S. dollar to Australian dollar exchange rate movements may affect APA's earnings.

*The assumptions and forecasts on which APA bases its investment decisions may not be realised*

From time to time, APA may acquire infrastructure and related assets or undertake additional or incremental investment in its existing assets. Any final investment decision places considerable reliance on many assumptions and forecasts.

These assumptions and forecasts (some of which may relate to time periods many years into the future) may ultimately not be realised. If these assumptions and forecasts are not realised or are realised only in part, this may adversely affect APA's financial position and performance. In addition APA may be unable to secure further appropriate infrastructure investments on suitable terms, thereby limiting APA's growth.

*Loss of APA's investment grade rating could increase the costs of financing and/or decrease the availability of financing*

The Issuer, with the credit support of the Guarantors, has an investment grade senior unsecured rating assigned by both Standard & Poor's Australia Pty Limited and Moody's Investors Service Limited based upon, among other things, guarantees provided by the Initial Guarantors.

Credit ratings are subject to revision, suspension or withdrawal at any time by the assigning rating agency. Ratings agencies may also revise or replace entirely the methodology applied to derive credit ratings. No assurances can be given that a credit rating will remain for any period of time or that a credit rating will not be lowered or withdrawn entirely by the relevant rating agency if in its judgement circumstances in the future so warrant or if a different methodology is applied to derive that credit rating.

Any downgrade could harm APA's ability to obtain financing or increase APA's financing costs and could have an adverse effect on the price of the Notes. A downgrade could also cause the instruments governing

any future debt to contain more restrictive covenants, which in turn could limit APA's ability to obtain additional financing or to respond to changes in business, economic or market conditions.

*Changes in the tax treatment of APA's businesses could adversely impact its financial position*

APA has made assumptions and taken positions in relation to its liability for income tax, stamp duty and goods and services tax across its businesses. In the event that the actual outcomes are different from expectations or they are not accepted by the relevant tax authorities, there may be an adverse impact on APA's financial position. Any adverse development, due either to changes in tax legislation or interpretation, could also have an adverse impact on its financial position.

Specifically, under the Australian rules governing the taxation of trusts in Division 6 of Part III of the Income Tax Assessment Act 1936, APTIT is not currently liable for Australian income tax, including capital gains tax, provided that members are presently entitled to the income of APTIT as determined in accordance with APTIT's constitution and Australian Taxation Office practice. If APTIT lost its Division 6 trust tax status due to the failure to satisfy the exclusions from the application of the provisions in Division 6B or 6C of Part III of the ITAA 1936, then it would be taxed at the corporate tax rate (currently 30%) of its net taxable income.

Following a review by the Australian Board of Taxation, the Australian Treasury is currently considering a number of proposed changes to the tax provisions which apply to managed investment trusts. One effect of these proposals may be to require changes to the terms of transactions between APTIT and the Issuer, with the result that APA's taxation liability is increased. The final form of the changes to the managed investment trust provisions is unknown and APA cannot provide any assurance that it may not be adversely affected by these changes.

*The value of APA's assets may be assessed to be less than their carrying value*

The Board regularly monitors impairment risk. Where the value of an asset is assessed to be less than its carrying value, APA is obliged to recognise an impairment charge in its profit and loss account.

Asset impairment charges may result from the occurrence of unexpected adverse events that impact APA's expected performance. Assets are tested for impairment annually or more frequently if events or changes in circumstances indicate that they might be impaired. This could result in the recognition of impairment provisions that could be significant and could have a material adverse effect on APA's financial condition and results of operations.

***Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme***

***U.S. Foreign Account Tax Compliance Withholding***

Whilst the Notes are in global form and held within the clearing systems, in all but the most remote circumstances, it is not expected that Section 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (**FATCA**) will affect the amount of any payment received by the clearing systems (see "Taxation — Foreign Account Tax Compliance Act"). However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and should provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more

detailed explanation of FATCA and how FATCA may affect them. The Issuer's and/or Guarantors' obligations under the Notes are discharged once they have paid the common depositary or common nominee for the clearing systems (as bearer or registered holder of the Notes) and therefore neither the Issuer nor the Guarantors have any responsibility for any amount thereafter transmitted through hands of the clearing systems and custodians or intermediaries.

***The Notes may not be a suitable investment for all investors***

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

***Reliance on the Guarantee***

The Notes are guaranteed pursuant to the Guarantee. The Issuer has minimal assets other than cash deposits and its investments in the Guarantors. If any or all of the Guarantors' financial condition deteriorates, it is possible that the Issuer may not have access to the resources or liquidity to pay the amounts required under the Notes and the Guarantors, individually or collectively, may not have the financial resources or liquidity to pay the amounts required under the Guarantee. Consequently, investors in the Notes may suffer direct and materially adverse consequences.

Potential investors should be aware that the subsidiaries of APA forming the Guarantor group may change in accordance with the Trust Deed and Subsidiaries may be added as Guarantors to ensure that Condition 3 of the Notes is complied with. Guarantors may also be released in circumstances where such release will not cause a breach of Condition 3 of the Notes. Those circumstances include where the Guarantor to be released is not a guarantor or co-obligor in respect of financial indebtedness of other Obligors in excess of A$50,000,000 or is no longer a Subsidiary (as defined in Condition 11 of the Notes) of the Principal Guarantor. All Guarantors satisfying the conditions for release may be released with the exception of the Principal Guarantor and, for so long as the units in APT Investment Trust are stapled to the units of the Australian Pipeline Trust, Australian Pipeline Limited in its capacity as trustee and responsible entity of APT Investment Trust. In the event that all other Guarantors satisfy the conditions of release, the Principal Guarantor would be the only entity guaranteeing the Notes.

***Ranking of claims***

The Notes are unsecured obligations of the Issuer and the guarantees of the Notes are unsecured obligations of the Guarantors.

Although the terms and conditions of the Notes restrict the Issuer and the Guarantors granting security to secure other capital markets indebtedness, there is no restriction on the Issuer or Guarantors granting security to secure other obligations. To the extent such security was granted, the obligations secured thereby would rank ahead of the Notes and guarantees provided by the Guarantors.

To the extent that assets are held by Subsidiaries that are not Guarantors, those assets would only be available to meet claims of Noteholders after the satisfaction of all liabilities of such subsidiaries and the return of any surplus assets as equity to the holding company of the Subsidiary that is a Guarantor (if any). There is no restriction on the liabilities that may be incurred by Subsidiaries that are not Guarantors, other than the requirements of Condition 3 of the Notes that a Subsidiary that guarantees or becomes a co-obligor in respect of financial indebtedness of other Obligors in excess of A$50,000,000 must become a Guarantor.

Certain Guarantors (**Trustee Guarantors**), including the Principal Guarantor and Australian Pipeline Limited in its capacity as trustee and responsible entity of APT Investment Trust, have entered into and provided their guarantees in their capacity as trustee of a specified trust. All or substantially all of the assets of such Guarantors (as reflected in the financial statements of the Group) are assets of the specified trust and are only available to meet liabilities in respect of which such Trustee Guarantors have a right to be indemnified out of such assets. The Trustee Guarantors will only have a right to be indemnified out of the assets of the specified trusts in respect of their liabilities under the Guarantee to the extent that such liabilities are properly incurred (although the board of directors of each Guarantor has resolved that the giving of such guarantee constitutes the proper performance of its obligations as trustee of the specified trust). Furthermore, a Trustee Guarantor's right of indemnity may be lost if it commits a breach of trust. In such circumstances the assets of the relevant trust may only be available to satisfy claims under the guarantee upon the relevant Trustee Guarantor first rectifying such breach of trust.

***Risks related to the structure of a particular issue of Notes***

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common features:

*Notes subject to optional redemption by the Issuer*

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

*Index Linked Notes and Dual Currency Notes*

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a **Relevant Factor**). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

(i) the market price of such Notes may be volatile;

(ii) they may receive no interest or less interest than expected;

(iii) payment of principal or interest may occur at a different time or in a different currency than expected;

(iv) they may lose all or a substantial portion of their principal;

(v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;

(vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable is likely to be magnified; and

(vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of an index should not be viewed as an indication of the future performance of such index during the term of any Index Linked Notes. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any Index Linked Notes and the suitability of such Notes in light of its particular circumstances.

*Partly-paid Notes*

The Issuer may issue Notes where the issue price is payable in more than one instalment. Any failure by an investor to pay any subsequent instalment of the issue price in respect of his Notes could result in such investor losing all of his investment.

*Variable rate Notes with a multiplier or other leverage factor*

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

*Inverse Floating Rate Notes*

Inverse Floating Rate Notes may have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

*Fixed/Floating Rate Notes*

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.

*Notes issued at a substantial discount or premium*

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-

bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

***Risks related to Notes generally***

Set out below is a brief description of certain risks relating to the Notes generally:

*Modification, waivers and substitution*

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Notes also provide that the Trustee may, without the consent of Noteholders and without regard to the interests of particular Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or the Trust Deed or (ii) determine without the consent of the Noteholders that any Event of Default shall not be treated as such where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders so to do, or (iii) any modification to the Notes or the Trust Deed which is of a formal, minor or technical nature or to correct a manifest error or an error which, in the opinion of the Trustee, is proven, or (iv) the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 16 (*Meetings of Noteholders and Modification, Waiver and Substitution*).

*EU Savings Directive*

Under EC Council Directive 2003/48/EC on the taxation of savings income (**Savings Directive**) requires Member States of the European Union (**EU Member States**) to provide to the tax authorities of other EU Member States details of payments of interest and other similar income paid by a person established within its jurisdiction to or for the benefit of an individual resident or to certain other types of entities established in that other EU Member State, except that Austria will instead impose a tax withholding system for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period it elects otherwise. The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above. Accordingly, to the extent that interest or other amounts are paid on the Notes by or through a person in the EU, these reporting or tax withholding (as applicable) provisions may apply.

The Council of the European Union has adopted a Directive (**Amending Directive**) which will, when implemented, amend and broaden the scope of the requirements of the Savings Directive described above. The Amending Directive will expand the range of payments covered by the Savings Directive, in particular to include additional types of income payable on securities, and the circumstances in which payments must be reported or paid subject to withholding. For example, payments made to (or for the benefit of) (i) an entity or legal arrangement effectively managed in an EU Member State that is not subject to effective taxation, or (ii) a person, entity or legal arrangement established or effectively managed outside of the European Union (and outside any third country or territory that has adopted similar measures to the Savings Directive) which indirectly benefit an individual resident in an EU Member State, may fall within the scope of the Savings Directive, as amended. The Amending Directive requires EU Member States to adopt national legislation necessary to comply with it by 1 January 2016, which legislation must apply from 1 January 2017.

If a payment were to be made or collected through an EU Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment pursuant to the Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or

introduced in order to conform to such Directive, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. Furthermore, once the Amending Directive is implemented and takes effect in EU Member States, such withholding may occur in a wider range of circumstances than at present, as explained above.

The Issuer is required to maintain a Paying Agent with a specified office in an EU Member State (to the extent that there is such a Member State) that is not obliged to withhold or deduct tax pursuant to any law implementing the Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000. However, investors should be aware that any custodians or intermediaries through which they hold their interest in the Notes may nonetheless be obliged to withhold or deduct tax pursuant to such laws unless the investor meets certain conditions, including providing any information that may be necessary to enable such persons to make payments free from withholding and in compliance with the Savings Directive, as amended.

*Change of law*

The Terms and Conditions of the Notes are based on English law in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Offering Circular and any such change could materially adversely impact the value of any Notes affected by it.

*Notes where denominations involve integral multiples: definitive Notes*

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination (as described in the applicable Final Terms) plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If such Notes in definitive form are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

*Trustee's actions*

In certain circumstances (including the giving of notice to the Issuer and the Guarantors pursuant to Condition 11 (*Events of Default and Enforcement*)), the Trustee may (at its sole discretion) request the Noteholders to provide an indemnity and/or security to its satisfaction before it takes actions on behalf of the Noteholders. The Trustee shall not be obliged to take any such actions if not indemnified and/or secured to its satisfaction. Even if the Noteholders agree to indemnify and/or provide security to the Trustee, the time taken to agree the indemnity and/or security may impact on when such actions are taken.

The Trustee may decline to take action requested by the Noteholders, notwithstanding the provision of an indemnity or security to it, where it is not satisfied that the action is permitted by the terms of the Trust Deed or applicable law.

***Risks related to the market generally***

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

*The secondary market generally*

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at

prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities.

*Exchange rate risks and exchange controls*

The Issuer will pay principal and interest on the Notes and the Guarantors will make any payments under the Guarantee in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer or the Guarantors to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

*Interest rate risks*

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

*Credit ratings may not reflect all risks*

One or more independent credit rating agencies may assign credit ratings to the Issuer, the Guarantors or the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

***Legal investment considerations may restrict certain investments***

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

***Risks relating to unaudited interim financial statements deemed incorporated by reference***

Any published unaudited interim financial statements of the Issuer (whether prepared on a consolidated or a non-consolidated basis) which are, from time to time, deemed to be incorporated by reference in this Offering Circular will not have been audited by the auditors of the Issuer. Accordingly, there can be no assurance that, had an audit been conducted in respect of such financial statements, the information presented therein would not have been materially different, and investors should not place undue reliance on them.

## FORM OF THE NOTES

The Notes of each Series will be issued in either bearer form, with or without interest coupons and talons for further coupons if appropriate attached, or registered form, without interest coupons attached, in each case as specified in the applicable Final Terms.

**Bearer Notes**

The following applies to Notes specified in the applicable Final Terms to be in bearer form.

Each Tranche of Notes will be in bearer form and will be initially issued in the form of a temporary global note (a **Temporary Global Note**) or, if so specified in the applicable Final Terms, a permanent Global Note (a **Permanent Global Note**) which, in either case, will be delivered on or prior to the original issue date of the relevant Tranche to a common depositary (the **Common Depositary**) for Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**). Notes in bearer form will be delivered and deliverable only outside the United States (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction).

Whilst any Note is represented by a Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of Notes will be made against presentation of the Temporary Global Note only outside the United States (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction) and only to the extent that customary certification to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person or any person within the United States (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction), as required by U.S. Treasury Regulations, has been received by Euroclear and/or Clearstream, Luxembourg, as applicable, and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the **Exchange Date**) which is 40 days after a Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) in whole or in part upon a request as described therein either for (a) interests in a Permanent Global Note of the same Series or (b) for definitive Notes of the same Series with, where applicable, receipts, interest coupons and talons for further coupons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Final Terms (which notice period shall not exceed 60 days)), in each case against customary certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for definitive Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made to Euroclear and/or Clearstream, Luxembourg, as applicable, against presentation or surrender (as the case may be) of the Permanent Global Note without any requirement for certification.

Holders of beneficial ownership interests must look solely to their nominee and/or applicable clearing system to receive such payment and none of the Issuer, the Guarantors, the Trustee, the Principal Paying Agent or any Paying Agent will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in Global Bearer Notes or for maintaining, supervising or reviewing any records relating to such interests.

The applicable Final Terms will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, receipts, interest coupons and talons attached upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default (as defined in Condition 11) has occurred and is continuing, (ii) if the Permanent Global Note is held on behalf of Euroclear and/or Clearstream, Luxembourg the Issuer has been notified that Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention

permanently to cease business or have in fact done so and, in any case, no successor or alternative clearing system is available or (iii) the Issuer or a Guarantor has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Global Note in definitive form and a certificate to that effect signed by two officers of the Issuer, or as the case may be, the relevant Guarantor, is given to the Trustee. The Issuer will promptly give notice to Noteholders in accordance with Condition 15 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (as applicable, and in any case acting on the instructions of any holder of an interest in such Permanent Global Note) may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent. No definitive Note delivered in exchange for a Permanent Global Note will be mailed or otherwise delivered to any location in the United States (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction) in connection with such exchange.

The following legend will appear on all Notes which have an original maturity of more than 365 days and on all receipts, interest coupons and talons relating to such Notes:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes, receipts or interest coupons.

Notes which are represented by a Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

**Registered Notes**

The following applies to Notes specified in the applicable Final Terms to be in registered form.

The Registered Notes of each Tranche offered and sold in reliance on Regulation S under the Securities Act (**Regulation S**), which will be sold to non-U.S. persons outside the United States, will initially be represented by a global note in registered form (a **Global Registered Note** and together with any Global Bearer Note, the **Global Notes**). Prior to expiry of the distribution compliance period (as defined in Regulation S), if any, applicable to each Tranche of Notes, beneficial interests in a Global Registered Note may not be offered or sold to, or for the account or benefit of, a U.S. person and may not be held otherwise than through Euroclear or Clearstream, Luxembourg and such Global Registered Note will bear a legend regarding such restrictions on transfer.

Global Registered Notes will be deposited with a common depositary for, and registered in the name of a nominee of, Euroclear and Clearstream, Luxembourg, as specified in the applicable Final Terms. Persons holding beneficial interests in Global Registered Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of Registered Notes in definitive form.

Payments of principal, interest or any other amount in respect of the Registered Notes in global form will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 7.4) as the registered holder of the Global Registered Notes. Holders of beneficial ownership interests must look solely to their nominee and/or applicable clearing system to receive such payment and none of the Issuer, the Guarantors, the Trustee, the Principal Paying Agent, any Paying Agent, any Transfer Agent or the Registrar will have any responsibility or liability for any aspect of the records relating

to, or payments or deliveries made on account of, beneficial ownership interests in the Global Registered Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 7.4) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Global Registered Note will be exchangeable (free of charge), in whole but not in part, for Registered Notes in definitive form without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default (as defined in Condition 11) has occurred and is continuing, (ii) if the Global Registered Note is held in Euroclear and/or Clearstream, Luxembourg and the Issuer has been notified that Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any case, no successor or alternative clearing system is available or (iii) the Issuer or a Guarantor has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Registered Notes in definitive form and a certificate to that effect signed by two officers of the Issuer, or as the case may be, the relevant Guarantor, is given to the Trustee. The Issuer will promptly give notice to Noteholders in accordance with Condition 15 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (as applicable, and in any case acting on the instructions of any holder of an interest in such Global Registered Note) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

**Transfer of Interests**

Interests in a Global Registered Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Global Registered Note in respect of the same Series. No beneficial owner of an interest in a Global Registered Note will be able to transfer such interest, except in accordance with the applicable procedures of Euroclear and Clearstream, Luxembourg, in each case, to the extent applicable.

**General**

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Notes*"), the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, Notes of such further Tranche shall be assigned a common code and International Securities Identification Number (**ISIN**), which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period (as defined in Regulation S), if any, applicable to Notes of such Tranche.

For so long as any Note is represented by a Global Note held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear and/or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg, as the case may be, as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear and/or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantors, the Trustee and their respective agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal, interest and any other amount payable on such nominal amount of such Notes, for which purposes the bearer of the relevant Global Bearer Note or the registered holder of the relevant Global Registered Note shall be treated by the Issuer, the Guarantors, the Trustee and their respective agents as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note, and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer, the Principal Paying Agent, the Trustee and, as applicable, the Registrar.

No Noteholder, Receiptholder or Couponholder shall be entitled to proceed directly against the Issuer or any of the Guarantors unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

## APPLICABLE FINAL TERMS

*Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme.*

[*Date*]

**APT PIPELINES LIMITED**
**(ABN 89 009 666 700)**

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]**
**Unconditionally guaranteed by**
**Australian Pipeline Limited (ABN 99 091 344 704)**
**in its capacity as trustee and responsible entity of**
**Australian Pipeline Trust (ARSN 091 678 778)**
**and by certain of its Subsidiaries**
**under its U.S.$5,000,000,000**
**Euro Medium Term Note Programme**

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the **Conditions**) set forth in the Offering Circular dated 9 March 2015 [and the supplemental Offering Circular dated [*date*]] ([together,] the **Offering Circular**). This document constitutes the Final Terms of the Notes described herein and must be read in conjunction with the Offering Circular. The full information that has been provided on the Issuer, the Guarantors and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular.

[*The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date*:

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the **Conditions**) set forth in the Offering Circular dated [*original date*] [and the supplemental Offering Circular dated [*date*]] ([together,] the **Offering Circular**)]. This document constitutes the Final Terms of the Notes described herein and must be read in conjunction with the Offering Circular, save in respect of the Conditions which are extracted from the Offering Circular dated [*original date*] and are attached hereto.]

[*Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms*.]

[*If the Notes have a maturity of less than one year from the date of their issue and the proceeds of issue are received in the United Kingdom, the minimum denomination must be £100,000 or its equivalent in any other currency.*]

| | | | |
|---|---|---|---|
| 1. | (a) | Issuer: | APT Pipelines Limited (ABN 89 009 666 700) |
| | (b) | Guarantors: | Each entity named under "Guarantors" on the signature pages hereto |
| 2. | (a) | Series Number: | [ ] |
| | (b) | Tranche Number: | [ ]<br>(*If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible*) |
| 3. | | Specified Currency or Currencies: | [ ] |

4. Aggregate Nominal Amount:

| | |
|---|---|
| Series: | [ ] |
| Tranche: | [ ] |

5. [(a)] Issue Price: [ ]% of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*if applicable*)]

   [(b)] Net Proceeds: [ ] (*include for listed issues if required by the relevant stock exchange on which the Notes are listed.*)

6. (a) Specified Denominations: [ ]

   (*Note — where multiple denominations above [€100,000] or equivalent are being used the following sample wording should be followed*:

   "*[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€100,000].*")

   (*N.B. If an issue of Notes is (i) NOT admitted to trading on an European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive, the [€100,000] minimum denomination is not required.*)

   (*In the case of Registered Notes, this means the minimum integral amount in which transfers can be made.*)

   (b) Calculation Amount: [ ]

   (*If only one Specified Denomination, insert the Specified Denomination.*

   *If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.*)

7. (a) Issue Date: [ ]

   (b) Interest Commencement Date: [*specify*/Issue Date/Not Applicable]

   (N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)

8. Maturity Date: [*Fixed rate — specify date/ Floating rate* — Interest Payment Date falling in or nearest to [*specify month*]]

9. Interest Basis: [[ ]% Fixed Rate]

   [[LIBOR/EURIBOR] +/- [ ]% Floating Rate]

   [Zero Coupon]

| | |
|---|---|
| | [Index Linked Interest]<br><br>[Dual Currency Interest]<br><br>[*specify other*]<br><br>(further particulars specified below) |
| 10. Redemption/Payment Basis: | [Redemption at par]<br><br>[Index Linked Redemption]<br><br>[Dual Currency Redemption]<br><br>[Partly Paid]<br><br>[Instalment]<br><br>[*specify other*] |
| 11. Change of Interest Basis or Redemption/ Payment Basis: | [*Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis*] |
| 12. Put/Call Options: | [Investor Put]<br><br>[Issuer Call]<br><br>[(further particulars specified below)] |
| 13. (a) Status of the Notes: | [Senior] |
| (b) Status of the Guarantee: | [Senior] |
| 14. Listing: | [SGX-ST/ Other (*specify*)/ None] |
| 15. Method of distribution: | [Syndicated/Non-syndicated] |

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

[*In the case of Instalment Notes and Partly Paid Notes consider whether it is necessary to modify the interest calculation provisions*]

| | |
|---|---|
| 16. Fixed Rate Note Provisions: | [Applicable/Not Applicable]<br><br>(*If not applicable, delete the remaining subparagraphs of this paragraph*) |
| (a) Rate(s) of Interest: | [ ]% per annum [payable [annually/semi-annually/quarterly/ other (*specify*)] in arrear]<br><br>(*If payable other than annually, consider amending Condition 6.1*) |
| (b) Interest Payment Date(s): | [[ ] in each year up to and including the Maturity Date]/[*specify other*]<br><br>(*N.B. This will need to be amended in the case of long or short coupons*) |

| | | |
|---|---|---|
| (c) | Fixed Coupon Amount(s): (*Applicable to Notes in definitive form.*) | [ ] per Calculation Amount |
| (d) | Broken Amount(s): *(Applicable to Notes in definitive form.)* | [ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ] |
| (e) | Day Count Fraction: | [30/360 or Actual/Actual (ICMA) or [*specify other*]] |
| (f) | [Determination Date(s): | [ ] in each year<br><br>(*Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon*<br><br>*N.B. This will need to be amended in the case of regular interest payment dates which are not of equal duration*<br><br>*N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA)*)] |
| (g) | Other terms relating to the method of calculating interest for Fixed Rate Notes: | [None/*Give details*] |
| 17. Floating Rate Note Provisions: | | [Applicable/Not Applicable]<br><br>(*If not applicable, delete the remaining subparagraphs of this paragraph*) |
| (a) | Specified Period(s)/Specified Interest Payment Dates: | [ ] |
| (b) | Business Day Convention: | [Floating Rate Convention [*N.B. for use with Specified Periods only*]/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[*specify other*]] |
| (c) | Additional Business Centre(s): | [ ] |
| (d) | Manner in which the Rate of Interest and Interest Amount is to be determined: | [Screen Rate Determination/ISDA Determination/*[specify other*]] |
| (e) | Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent): | [ ] |
| (f) | ISDA Determination: | |
| | (i) Floating Rate Option: | [ ] |
| | (ii) Designated Maturity: | [ ] |
| | (iii) Reset Date: | [ ] |

(g) Screen Rate Determination:

(i) Reference Rate: [ ]

(*Either LIBOR, EURIBOR or other, although additional information is required if other — including fallback provisions in the Agency Agreement (see Condition 6.2(b)(ii))*)

(ii) Interest Determination Date(s): [ ]

*(Second Business Day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)*

(iii) Relevant Screen Page: [ ]

(*In the case of EURIBOR, if not Reuters EURIBOR01, ensure it is a page which shows a composite rate or amend the fallback provisions appropriately*)

(h) Margin(s): [+/-] [ ]% per annum

(i) Minimum Rate of Interest: [ ]% per annum

(j) Maximum Rate of Interest: [ ]% per annum

(k) Day Count Fraction: [Actual/Actual (ISDA)

Actual/365 (Fixed)

Actual/365 (Sterling)

Actual/360

30/360

30E/360

30E/360 (ISDA)

Other]

(*See Condition 6.2(d) for alternatives*)

(l) Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [ ]

18. Zero Coupon Note Provisions: [Applicable/Not Applicable]

(*If not applicable, delete the remaining subparagraphs of this paragraph*)

(a) Accrual Yield: [ ]% per annum

| | | |
|---|---|---|
| (b) | Reference Price: | [ ] |
| (c) | Any other formula/basis of determining amount payable: | [ ] |
| (d) | Day Count Fraction in relation to Early Redemption Amounts and late payment: | [Condition 8.5(c) applies/*specify other*]<br>(*Consider applicable day count fraction if not U.S. dollar denominated*) |
| 19. Index Linked Interest Note Provisions: | | [Applicable/Not Applicable]<br><br>(*If not applicable, delete the remaining subparagraphs of this paragraph*) |
| (a) | Index/Formula: | [*give or annex details*] |
| (b) | Calculation Agent: | [*give name*] |
| (c) | Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Principal Paying Agent): | [ ] |
| (d) | Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable: | [*need to include a description of market disruption or settlement disruption events and adjustment provisions*] |
| (e) | Specified Period(s)/Specified Interest Payment Dates: | [ ] |
| (f) | Business Day Convention: | [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/*specify other*] |
| (g) | Additional Business Centre(s): | [ ] |
| (h) | Minimum Rate of Interest: | [ ]% per annum |
| (i) | Maximum Rate of Interest: | [ ]% per annum |
| (j) | Day Count Fraction: | [ ] |
| 20. Dual Currency Interest Note Provisions: | | [Applicable/Not Applicable]<br><br>(*If not applicable, delete the remaining subparagraphs of this paragraph*) |
| (a) | Rate of Exchange/method of calculating Rate of Exchange: | [*give or annex details*] |
| (b) | Party, if any, responsible for calculating the principal and/or interest due (if not the Principal Paying Agent): | [ ] |

(c) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [*need to include a description of market disruption or settlement disruption events and adjustment provisions*]

(d) Person at whose option Specified Currency(ies) is/are payable: [ ]

**PROVISIONS RELATING TO REDEMPTION**

[*In the case of Instalment Notes and Partly Paid Notes, consider whether it is necessary to modify the Early Redemption Amount calculation*]

21. Issuer Call: [Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

(a) Optional Redemption Date(s): [ ]

(b) Optional Redemption Amount and method, if any, of calculation of such amount(s): [[ ] per Calculation Amount/*specify other*/see Appendix]

(c) If redeemable in part:

(i) Minimum Redemption Amount: [ ]

(ii) Maximum Redemption Amount: [ ]

(d) Notice period (if other than as set out in the Conditions): [ ]

(*N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent or Trustee*)

22. Investor Put: [Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)

(a) Optional Redemption Date(s): [ ]

(b) Optional Redemption Amount and method, if any, of calculation of such amount(s): [[ ] per Calculation Amount/*specify other*/see Appendix]

(c) Notice period (if other than as set out in the Conditions): [ ]

(*N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent or Trustee*)

| | |
|---|---|
| 23. Final Redemption Amount: | [[ ] per Calculation Amount/*specify other*/see Appendix] |
| 24. Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 8.5): | [[ ] per Calculation Amount/*specify other*/see Appendix] |

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

| | |
|---|---|
| 25. Form of Notes: | [Bearer Notes: Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes only upon an Exchange Event]<br><br>[Bearer Notes: Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]<br><br>[Bearer Notes: Permanent Global Note exchangeable for Definitive Notes only upon an Exchange Event]<br><br>[Registered Notes: Global Registered Note ([ ]) nominal amount [exchangeable for Registered Notes in definitive form]]<br><br>*(Ensure that this is consistent with the wording in the "Form of the Notes" section in the Offering Circular and the Notes themselves. N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.*) |
| 26. Additional Financial Centre(s) or other special provisions relating to Payment Days: | [Not Applicable/*give details*]<br><br>*(Note that this paragraph relates to the place of payment and not Interest Period end dates to which sub-paragraphs 17(c) and 19(g) relate)* |
| 27. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): | [Yes/No. *If yes, give details*] |
| 28. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: | [Not Applicable/*give details. N.B. a new form of Temporary Global Note and/or Permanent Global Note may be required for Partly Paid issues*] |
| 29. Details relating to Instalment Notes: | |
| (a) Instalment Amount(s): | [Not Applicable/*give details*] |
| (b) Instalment Date(s): | [Not Applicable/*give details*] |

| | |
|---|---|
| 30. Redenomination applicable: | Redenomination [not] applicable<br><br>[(*If Redenomination is applicable, specify the applicable Day Count Fraction and any provisions necessary to deal with floating rate interest calculation (including alternative reference rates*))] |
| 31. Other final terms: | [Not Applicable/give details] |
| 32. Ratings for the Notes: | [Not Applicable/*give details*] |

**DISTRIBUTION**

| | |
|---|---|
| 33. (a) If syndicated, names of Managers: | [Not Applicable/*give names*] |
| (b) Stabilising Manager(s) (if any): | [Not Applicable/*give name(s)*] |
| 34. If non-syndicated, name of relevant Dealer: | [Not Applicable/*give name*] |
| 35. U.S. Selling Restrictions: | [Reg. S Compliance Category; TEFRA D/TEFRA C/TEFRA not applicable] |
| 36. Additional selling restrictions: | [Not Applicable/*give details*] |

**OPERATIONAL INFORMATION**

| | |
|---|---|
| (i) ISIN Code: | [ ] |
| (ii) Common Code: | [ ] |
| (iii) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* and the relevant identification number(s): | [Not Applicable/*give name(s) and number(s)*] |
| (iv) Delivery: | Delivery [against/free of] payment |
| (v) Name and address of Registrar (in the case of Registered Notes only): | [ ] |
| (vi) Names and addresses of additional Paying Agent(s) (if any): | [ ] |
| (vii) Name and address of Transfer Agent (if any): | [ ] |
| (viii) Name and address of Calculation Agent (if any): | [ ] |

**PURPOSE OF FINAL TERMS**

These Final Terms comprise the final terms required for issue and admission to trading on [Singapore Exchange Securities Trading Limited] [*or specify other relevant regulated market*] of the Notes described herein pursuant to the U.S.$5,000,000,000 Euro Medium Term Note Programme of APT Pipelines Limited.

**RESPONSIBILITY**

The Issuer and the Guarantors accept responsibility for the information contained in these Final Terms.

**Issuer**

Signed on behalf of APT Pipelines Limited (ABN 89 009 666 700):

By: _____
*Duly authorised*

**Guarantors**

Signed by *[insert name]*

for *[List each Guarantor (together with ACN/ARBN) at Issue Date]*

each by its duly authorised attorney:

*[insert name]*

## TERMS AND CONDITIONS OF THE NOTES

*The following except for the paragraphs in italics are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below), each Definitive Bearer Note (as defined below) and each Definitive Registered Note (as defined below), but, in the case of Definitive Bearer Notes and Definitive Registered Notes, only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such Definitive Bearer Note or Definitive Registered Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Form of the Notes" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.*

This Note is one of a Series (as defined below) of Notes issued by APT Pipelines Limited (ABN 89 009 666 700) (the **Issuer**) constituted by an Amended and Restated Trust Deed (such Amended and Restated Trust Deed as modified and/or supplemented and/or restated from time to time, the **Trust Deed**) dated 9 March 2015 made between the Issuer, Australian Pipeline Limited (ABN 99 091 344 704) in its capacity as trustee and responsible entity of Australian Pipeline Trust (ARSN 091 678 778) (the **Principal Guarantor**), each other Initial Guarantor (as defined in the Trust Deed) (Initial Guarantors together with any other entity appointed as a guarantor under and as defined in the Trust Deed, but excluding any entity released as a guarantor, the **Guarantors**) as guarantors and The Bank of New York Mellon, London Branch, in its capacity as trustee for the Noteholders, Receiptholders and Couponholders (as defined in the Trust Deed) (the **Trustee**, which expression shall include any successor as Trustee).

References herein to the **Notes** shall be references to the Notes of the Series of which this Note forms part and shall mean any of the following forming part of that Series:

(a) any Notes represented by a global Note (a **Global Note**) in bearer form (a **Global Bearer Note**) or, as the context requires, such Global Bearer Note;

(b) any Notes represented by a Global Note in registered form (each a **Global Registered Note**) or, as the context requires, such Global Registered Note;

(c) any definitive Notes in bearer form (**Definitive Bearer Notes** and, together with Global Bearer Notes, the **Bearer Notes**) issued in exchange for a Global Bearer Note; and

(d) any definitive Notes in registered form (**Definitive Registered Notes** and, together with Global Registered Notes, the **Registered Notes**) (whether or not issued in exchange for a Global Registered Note).

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an Amended and Restated Agency Agreement (such Amended and Restated Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 9 March 2015 and made between the Issuer, the Initial Guarantors, the Trustee, The Bank of New York Mellon, London Branch as issuing and principal paying agent and agent bank (the **Principal Paying Agent**, which expression shall include any successor principal paying agent) and the other paying agents named therein (together with the Principal Paying Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents), The Bank of New York Mellon, (Luxembourg) S.A. as registrar (the **Registrar**, which expression shall include any successor registrar) and a transfer agent and the other transfer agents named therein (together with the Registrar, the **Transfer Agents**, which expression shall include any additional or successor transfer agents).

Interest bearing Definitive Bearer Notes have interest coupons (**Coupons**) and, if indicated in the applicable Final Terms, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons.

Definitive Bearer Notes repayable in instalments have receipts (**Receipts**) for the payment of the instalments of principal (other than the final instalment) attached on issue. Registered Notes and Global Notes do not have Receipts, Coupons or Talons attached on issue.

The final terms for this Note (or the relevant provisions thereof) are set out in the Final Terms attached to or endorsed on this Note which supplement these Terms and Conditions (the **Conditions**) and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of this Note. References to the **applicable Final Terms** are to the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

The Trustee acts for the benefit of the holders for the time being of the Notes (the **Noteholders** or **holders** in relation to any Notes, which expression shall mean, in the case of Bearer Notes, the holder of the Bearer Notes and, in the case of Registered Notes, the persons in whose name the Registered Notes are registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below), (in the case of Definitive Bearer Notes) the holders of the Receipts (the **Receiptholders**) and the holders of the Coupons (the **Couponholders**, which expression shall, unless the context otherwise requires, include the holders of the Talons), in accordance with the provisions of the Trust Deed.

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the principal office for the time being of the Trustee being at One Canada Square, London E14 5AL, England and at the specified office of each of the Paying Agents and the Registrar. Copies of the applicable Final Terms are available for viewing at the registered office of the Issuer, the specified office of the Registrar (in the case of Registered Notes) and the specified offices of each of the Paying Agents (in the case of Bearer Notes) and copies may be obtained from those offices save that, if this Note is an unlisted Note of any Series, the applicable Final Terms will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer, the Trustee and the relevant Paying Agent or (in the case of Registered Notes) the Registrar as to its holding of such Notes and identity.

The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, and are bound by, all the provisions of the Trust Deed, the Agency Agreement and the applicable Final Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

Words and expressions defined in the Trust Deed and/or the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the Agency Agreement, the Trust Deed will prevail and, in the event of inconsistency between the Trust Deed or the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

## 1. FORM, DENOMINATION AND TITLE

The Notes are either in bearer form or in registered form, as specified in the applicable Final Terms and, in the case of Definitive Bearer Notes, serially numbered, in the Specified Currency and the Specified Denomination(s). Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination and Bearer Notes may not be exchanged for Registered Notes and vice versa.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, a Dual Currency Interest Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

This Note may be an Index Linked Redemption Note, an Instalment Note, a Dual Currency Redemption Note, a Partly Paid Note or a combination of any of the foregoing, depending upon the Redemption/Payment Basis shown in the applicable Final Terms.

Definitive Bearer Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in the Conditions are not applicable.

Subject as set out below, title to the Bearer Notes, Receipts and Coupons will pass by delivery and title to the Registered Notes will pass on registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer, the Guarantors, the Paying Agents, the Registrar (in the case of a Registered Note) and the Trustee will (except as otherwise required by law) deem and treat the bearer of any Bearer Note, Receipt or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank S.A./N.V. (**Euroclear**) and/or Clearstream Banking, société anonyme (**Clearstream, Luxembourg**), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantors, the Paying Agents, the Registrar (in the case of a Registered Note) and the Trustee as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Global Bearer Note or the registered holder of the relevant Global Registered Note shall be treated by the Issuer, the Guarantors, any Paying Agent, the Registrar (in the case of a Registered Note) and the Trustee as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly. In determining whether a particular person is entitled to a particular nominal amount of Notes as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer, the Principal Paying Agent and the Trustee.

## 2. TRANSFER OF REGISTERED NOTES

### 2.1 Transfers of interests in Global Registered Notes

Transfers of beneficial interests in Global Registered Notes will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. Notes represented by a Global Registered Note will, subject to compliance with all applicable legal and regulatory restrictions, be exchangeable for Notes in definitive form or for Notes represented by another Global Registered Note only in the authorised denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement. Transfers of a Global Registered Note registered in the name of a nominee for Euroclear or Clearstream,

Luxembourg shall be limited to transfers of such Global Registered Note, in whole but not in part, to another nominee of Euroclear or Clearstream, Luxembourg (as the case may be) or to a successor of Euroclear or Clearstream, Luxembourg (as the case may be) or such successor's nominee and will be subject to compliance with all applicable legal and regulatory restrictions and the terms and conditions of the Agency Agreement.

**2.2 Transfers of Registered Notes in definitive form**

Subject as provided in Condition 2.5 (*Closed Periods*), upon the terms and subject to the conditions set forth in the Agency Agreement and subject to compliance with all applicable legal and regulatory restrictions, a Definitive Registered Note may be transferred in whole or in part (in the authorised denominations set out in the applicable Final Terms). In order to effect any such transfer:

(a) the holder or holders must:

(i) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing; and

(ii) complete and deposit such other certifications as may be required by the relevant Transfer Agent; and

(b) the Registrar or, as the case may be, the relevant Transfer Agent must be satisfied with the documents of title and the identity of the person making the request.

Any such transfer will be subject to such regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 5 to the Agency Agreement). Subject as provided above, the Registrar, or as the case may be, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in Sydney, London and the city where the specified office of the Registrar, or as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office, to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Note in definitive form of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

**2.3 Registration of transfer upon partial redemption**

In the event of a partial redemption of Notes under Condition 8 (*Redemption and Purchase*), the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

**2.4 Costs of registration**

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer or the Transfer Agent shall require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration. No Agent will be liable for the loss of any Note in the course of delivery.

**2.5 Closed Periods**

No Noteholder may require the transfer of a Registered Note to be registered during the period of (i) 15 days ending on (and including) the due date for redemption of, or payment of any Instalment

Amount in respect of, that Note, (ii) 15 days before any date on which Notes may be called for redemption by the Issuer pursuant to Condition 8.3 *(Redemption at the option of the Issuer (Issuer Call))*, (iii) if a holder of a Registered Note elects to redeem its Registered Note pursuant to Condition 8.4 (*Redemption at the option of the Noteholders (Investor Put)*) in relation to that Noteholder only, at any time following the giving of notice of such redemption to the Issuer, and (iv) five business days ending on (and including) any Record Date.

**2.6 Exchanges and transfers of Registered Notes generally**

Holders of Definitive Registered Notes may exchange such Notes for interests in a Global Registered Note of the same type at any time.

**3. STATUS OF THE NOTES AND THE GUARANTEES**

**3.1 Status of the Notes**

The Notes and any related Receipts and Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4 (*Negative Pledge*)) unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) at least equally with all other unsecured obligations of the Issuer, from time to time outstanding.

**3.2 Status of the Guarantees**

The payment of principal and interest in respect of the Notes and all other moneys payable by the Issuer under or pursuant to the Trust Deed has been unconditionally and irrevocably guaranteed by the Guarantors in the Trust Deed on a joint and several basis (the **Guarantee**). The obligations of the Guarantors under the Guarantees are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4 (*Negative Pledge*)) unsecured obligations of each Guarantor and rank (save for certain obligations required to be preferred by law) at least equally with all other unsecured obligations of the Guarantors, from time to time outstanding, subject to the limitation on enforcement set out in Condition 3.5 (*Capacity of certain Guarantors*). The obligations of each Relevant Trustee under the Guarantee are incurred solely in its capacity as trustee (and, if applicable, responsible entity) for the Relevant Trust.

**3.3 Additional Guarantors**

The Issuer must ensure that any Subsidiary (as defined in Condition 11 (*Events of Default and Enforcement*)) of the Principal Guarantor that is a guarantor in respect of (or is otherwise a co-obligor or jointly liable with respect to) any Financial Indebtedness (as defined in Condition 11 (*Events of Default and Enforcement*)) of any Obligor (as defined in Condition 11 (*Events of Default and Enforcement*)) under any bank facility or under any debt instruments issued in the Australian domestic or international capital markets (either publicly or privately), in any case in a principal amount in excess of A$50,000,000 (in aggregate for all such amounts for which such Subsidiary is a guarantor, co-obligor or otherwise jointly liable with respect to) is or becomes a Guarantor.

**3.4 Release of Guarantors**

Subject to this Condition, the Issuer may at any time by notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 15 (*Notices*), the Noteholders procure the release from the Guarantee of any Guarantor that:

(a) is no longer a Subsidiary of the Principal Guarantor; or

(b) is not required to be a Guarantor in order for the Issuer to comply with Condition 3.3 (*Additional Guarantors*).

If any Subsidiary of the Principal Guarantor that is a Guarantor specified in such notice has ceased or is to cease to be a Subsidiary of the Principal Guarantor as of a date specified in such notice, or is

not or is to cease from a date specified in such notice to be required to be a Guarantor in order for the Issuer to comply with Condition 3.3 (*Additional Guarantors*), then, so long as the Notes have not been accelerated and remain unpaid following an Event of Default, on the date such Guarantor ceases to be a Subsidiary of the Principal Guarantor or ceases to be required to be a Guarantor in order for the Issuer to comply with Condition 3.3 (*Additional Guarantors*) (as the case may be) (or, if later, the date of the notice referred to in this Condition 3.4) such Subsidiary shall be immediately released as a Guarantor. Where the release occurs after the notice referred to in this Condition 3.4, the Issuer shall promptly give notice of such Guarantor's release to the Trustee, each Paying Agent and, in accordance with Condition 15 (*Notices*), the Noteholders. This Condition does not apply (i) in the case of the Principal Guarantor; or (ii) in the case of Australian Pipeline Limited in its capacity as trustee and responsible entity of APT Investment Trust (**APTIT**) for so long as the units in APTIT are stapled to the units of the Australian Pipeline Trust.

All Guarantors shall be deemed to be aware of and bound by the provisions of this Condition and any release pursuant to it. All Guarantors remaining following a release pursuant to this Condition shall continue to be bound by the terms of the Guarantee notwithstanding the release of any other Guarantor.

**3.5 Capacity of certain Guarantors**

The Trust Deed provides that each Relevant Trustee enters into the Trust Deed solely in its capacity as trustee (and, if applicable, responsible entity) of the Relevant Trust and that any liability of a Relevant Trustee arising in connection with the Trust Deed (including, without limitation, each Relevant Trustee's guarantee and agreement to comply with these Conditions insofar as they apply to it) is limited and can be enforced against that Relevant Trustee only to the extent that such Relevant Trustee is able to satisfy that liability out of the assets of the Relevant Trust out of which it is actually indemnified from the liability. Each Noteholder is deemed to have acknowledged and agreed that it may enforce its rights against each Relevant Trustee with respect to the non-observance of the Relevant Trustee's obligations, only to the extent necessary to enforce the Noteholder's rights, powers and remedies against the Relevant Trustee in respect of the assets of the Relevant Trust. However, this limitation does not apply to any obligation or liability of a Relevant Trustee to the extent that it is not satisfied because, under the Relevant Trust Deed or by operation of law, a Relevant Trustee is not indemnified, or there is a reduction in the extent of a Relevant Trustee's indemnification, out of the assets of the Relevant Trust as a result of the Relevant Trustee's fraud, negligence or wilful default (as provided in the Trust Deed).

In this Condition 3.5, the following expressions have the following meanings:

**Relevant Trust** means:

(a) in respect of Australian Pipeline Limited, the Australian Pipeline Trust and the APT Investment Trust;

(b) in respect of APA GasNet Australia Pty Limited, the GasNet Australia Trust and the GasNet Australia Investments Trust; and

(c) in respect of APT Parmelia Pty Ltd, the APT Parmelia Trust;

**Relevant Trust Deed** means:

(a) in respect of the Australian Pipeline Trust, the trust deed dated 18 February 2000 establishing the Australian Pipeline Trust (as amended);

(b) in respect of the APTIT, the trust deed dated 12 August 2005 establishing the APT Investment Trust (as amended);

(c) in respect of the GasNet Australia Trust, the trust deed dated 28 June 2001 establishing the GasNet Australia Trust (as amended);

(d) in respect of the GasNet Australia Investments Trust, the trust deed dated 23 May 2003 establishing the GasNet Australia Investments Trust (as amended); and

(e) in respect of the APT Parmelia Trust, the trust deed dated 1 May 1997 establishing the APT Parmelia Trust; and

**Relevant Trustee** means:

(a) in respect of the Australian Pipeline Trust and the APT Investment Trust, Australian Pipeline Limited;

(b) in respect of the GasNet Australia Trust and the GasNet Australia Investments Trust, APA GasNet Australia Pty Limited; and

(c) in respect of the APT Parmelia Trust, APT Parmelia Pty Ltd.

**4. NEGATIVE PLEDGE**

So long as any of the Notes remains outstanding:

(a) the Issuer will not create or have outstanding any mortgage, charge, lien, pledge or other security interest (each a **Security Interest**) (other than a Permitted Security Interest) upon, or with respect to, any of its present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness (as defined below), unless the Issuer, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

(i) all amounts payable by it under the Notes and the Trust Deed are secured by the Security Interest equally and rateably with the Relevant Indebtedness to the satisfaction of the Trustee; or

(ii) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided either (A) as the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Noteholders or (B) as is approved by an Extraordinary Resolution of the Noteholders; and

(b) each Guarantor will ensure that none of its Relevant Indebtedness will be secured by any Security Interest (other than a Permitted Security Interest) upon, or with respect to, any of the present or future business, undertaking, assets or revenues (including any uncalled capital) of it unless the Guarantor, in the case of the creation of the Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

(i) all amounts payable by it under the Guarantee are secured by the Security Interest equally and rateably with the Relevant Indebtedness to the satisfaction of the Trustee; or

(ii) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided either (A) as the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Noteholders or (B) as is approved by an Extraordinary Resolution of the Noteholders.

For the purposes of the Conditions:

**Extraordinary Resolution** has the meaning set out in the Trust Deed.

**Permitted Security Interest** means:

(a) any Security Interest existing at the Issue Date and any substitute Security Interest over the same present or future business, undertaking, assets or revenues (including any uncalled capital) in connection with the refinancing of any Relevant Indebtedness secured by such Security

Interest (provided that the principal amount of Relevant Indebtedness secured by any such substitute Security Interest is not increased without the approval of an Extraordinary Resolution);

(b) any Security Interest existing at the time of acquisition of any asset acquired by the Issuer or a Guarantor after the Issue Date and not created in contemplation of that acquisition and any substitute Security Interest created on that asset in connection with the refinancing of such Relevant Indebtedness secured on that asset (provided that the principal amount of Relevant Indebtedness secured by any such Security Interest is not increased without the approval of an Extraordinary Resolution); and

(c) any Security Interest over the assets of any entity becoming a Guarantor after the Issue Date which Security Interest existed at the time of such entity becoming a Subsidiary (other than any Security Interest created in contemplation thereof) and any Security Interest thereafter created by such Subsidiary in substitution for the aforesaid Security Interest over the assets whose value does not materially exceed the current value of the assets subject to such original Security Interest and any substitute Security Interest over the assets subject to such original Security Interest in connection with the refinancing of any Relevant Indebtedness secured by the existing Security Interest (provided that the principal amount of Relevant Indebtedness secured by such substitute Security Interest is not increased without the prior approval of an Extraordinary Resolution),

and for the purpose of this definition a reference to an "asset" includes present or future business, undertaking, assets or revenues (including any uncalled capital).

**Relevant Indebtedness** means (a) any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities which are for the time being quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market (excluding loan notes or similar interests in the bank syndicated market), and (b) any guarantee, indemnity or other assurance against financial loss in respect of any such indebtedness.

## 5. REDENOMINATION

### 5.1 Redenomination

Where redenomination is specified in the applicable Final Terms as being applicable, the Issuer may, without the consent of the Noteholders, the Receiptholders and the Couponholders or the Trustee, on giving prior notice to the Principal Paying Agent, the Trustee, Euroclear and Clearstream, Luxembourg and at least 30 days' prior notice to the Noteholders in accordance with Condition 15 (*Notices*), elect that, with effect from the Redenomination Date specified in the notice, the Notes shall be redenominated in euro.

The election will have effect as follows:

(a) the Notes and the Receipts shall be deemed to be redenominated in euro in the denomination of euro 0.01 with a nominal amount for each Note and Receipt equal to the nominal amount of that Note or Receipt in the Specified Currency, converted into euro at the Established Rate, provided that, if the Issuer determines, with the agreement of the Trustee and Principal Paying Agent (in the case of Bearer Notes) or the Trustee and Registrar (in the case of Registered Notes), that the then market practice in respect of the redenomination in euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, the stock exchange (if any) on which the Notes may be listed and the Paying Agents of such deemed amendments;

(b) save to the extent that an Exchange Notice has been given in accordance with paragraph (d) below, the amount of interest due in respect of the Notes will be calculated by

reference to the aggregate nominal amount of Notes held (or, as the case may be, in respect of which Coupons are presented for payment) by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01;

(c) if definitive Notes are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer (i) in the case of Relevant Notes in the denomination of euro 100,000 and/or such higher amounts as the Issuer may determine and notify to the Noteholders and any remaining amounts less than euro 100,000 shall be redeemed by the Issuer and paid to the Noteholders in euro in accordance with Condition 7 (*Payments*); and (ii) in the case of Notes which are not Relevant Notes, in the denominations of euro 1,000, euro 10,000, euro 100,000 and (but only to the extent of any remaining amounts less than euro 1,000 or such smaller denominations as the Trustee and Principal Paying Agent (in the case of Bearer Notes) or the Trustee and Registrar (in the case of Registered Notes) may approve) euro 0.01 and such other denominations as the Principal Paying Agent shall determine and notify to the Noteholders;

(d) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with effect from the date on which the Issuer gives notice (the **Exchange Notice**) that replacement euro-denominated Notes, Receipts and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes and Receipts so issued will also become void on that date although those Notes and Receipts will continue to constitute valid exchange obligations of the Issuer. New euro-denominated Notes, Receipts and Coupons will be issued in exchange for Notes, Receipts and Coupons denominated in the Specified Currency in such manner as the Issuer may specify and as shall be notified to the Noteholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Notes;

(e) after the Redenomination Date, all payments in respect of the Notes, the Receipts and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the Notes to the Specified Currency were to euro. Payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque;

(f) if the Notes are Fixed Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated:

(i) in the case of the Notes represented by a Global Note, by applying the Rate of Interest to the aggregate outstanding nominal amount of the Notes represented by such Global Note; and

(ii) in the case of definitive Notes, by applying the Rate of Interest to the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding; and

(g) if the Notes are Floating Rate Notes, the applicable Final Terms will specify any relevant changes to the provisions relating to interest.

Such other changes shall be made to this Condition as the Issuer may decide, after consultation with the Principal Paying Agent and the Trustee, and as may be specified in the notice, to conform it to the convention then applicable to instruments denominated in euro.

**5.2 Definitions**

In the Conditions, the following expressions have the following meanings:

**Established Rate** means the rate for the conversion of the Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Union regulations) into euro established by the Council of the European Union pursuant to Article 140 of the Treaty;

**euro** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty;

**Redenomination Date** means (in the case of interest bearing Notes) any date for payment of interest under the Notes or (in the case of Zero Coupon Notes) any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to Condition 5.1 (*Redenomination*) above and which falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union;

**Relevant Notes** means all Notes where the applicable Final Terms provide for a minimum Specified Denomination in the Specified Currency which is equivalent to at least euro 100,000 and which are admitted to trading on a regulated market in the European Economic Area; and

**Treaty** means the Treaty on the Functioning of the European Union, as amended.

**6. INTEREST**

**6.1 Interest on Fixed Rate Notes**

Each Fixed Rate Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date (or such earlier date as may be fixed for redemption in accordance with the Conditions).

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in the Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

(A) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or

(B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit

being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

**Day Count Fraction** means, in respect of the calculation of an amount of interest in accordance with this Condition 6.1 (*Interest on Fixed Rate Notes*):

(a) if "Actual/Actual (ICMA)" is specified in the applicable Final Terms:

(i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

(ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(b) if "30/360" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In the Conditions:

**Determination Period** means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on (but excluding) the first Determination Date falling after, such date); and

**sub-unit** means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

**6.2 Interest on Floating Rate Notes and Index Linked Interest Notes**

(a) **Interest Payment Dates**

Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date at the rate of interest (expressed as a percentage) equal to the Rate of Interest and such interest will be payable in arrear on either:

(i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or

(ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in the Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(A) in any case where Specified Periods are specified in accordance with Condition 6.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or

(B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

(C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

(D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In the Conditions, **Business Day** means a day which is both:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Sydney and London and any Additional Business Centre specified in the applicable Final Terms; and

(b) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (ii) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) is open.

(b) **Rate of Interest**

The Rate of Interest payable from time to time in respect of Floating Rate Notes and Index Linked Interest Notes will be determined in the manner specified in the applicable Final Terms.

(i) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (i), the **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent under an interest rate swap transaction if the Principal Paying Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

(A) the Floating Rate Option is as specified in the applicable Final Terms;

(B) the Designated Maturity is a period specified in the applicable Final Terms; and

(C) the relevant Reset Date is either (a) if the applicable Floating Rate Option is based on the London interbank offered rate (**LIBOR**) or on the Euro-zone interbank offered rate (**EURIBOR**), the first day of that Interest Period or (b) in any other case, as specified in the applicable Final Terms.

For the purposes of this subparagraph (i), **Floating Rate**, **Calculation Agent**, **Floating Rate Option**, **Designated Maturity** and **Reset Date** have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Final Terms, the Minimum Rate of Interest shall be deemed to be zero.

(ii) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

(A) the offered quotation; or

(B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate(s) which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (A) above, no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Final Terms.

(c) **Minimum Rate of Interest and/or Maximum Rate of Interest**

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(d) **Determination of Rate of Interest and calculation of Interest Amounts**

The Principal Paying Agent, in the case of Floating Rate Notes, and the Calculation Agent, in the case of Index Linked Interest Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Index Linked Interest Notes, the Calculation Agent will notify the Principal Paying Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same but at least three Business Days before the Interest Payment Date.

The Principal Paying Agent in the case of Floating Rate Notes, and the Calculation Agent, in the case of Index Linked Interest Notes, will calculate the amount of interest (the **Interest Amount**) payable in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to:

(A) in the case of Floating Rate Notes or Index Linked Interest Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or

(B) in the case of Floating Rate Notes or Index Linked Interest Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note or an Index Linked Interest Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

**Day Count Fraction** means, in respect of the calculation of an amount of interest in accordance with this Condition 6.2 (*Interest on Floating Rate Notes and Index Linked Interest Notes*):

(i) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(ii) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;

(iii) if "Actual/365 (Sterling)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(iv) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;

(v) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"$Y_1$" is the year, expressed as a number, in which the first day of the Interest Period falls;

"$Y_2$" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"$M_1$" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"$M_2$" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"$D_1$" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case $D_1$ will be 30; and

"$D_2$" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and $D_1$ is greater than 29, in which case $D_2$ will be 30;

(vi) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"$Y_1$" is the year, expressed as a number, in which the first day of the Interest Period falls;

"$Y_2$" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"$M_1$" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"$M_2$" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"$D_1$" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case $D_1$ will be 30; and

"$D_2$" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case $D_2$ will be 30;

(vii) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"$Y_1$" is the year, expressed as a number, in which the first day of the Interest Period falls;

"$Y_2$" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"$M_1$" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"$M_2$" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"$D_1$" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case $D_1$ will be 30; and

"$D_2$" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case $D_2$ will be 30.

(e) **Notification of Rate of Interest and Interest Amounts**

The Principal Paying Agent or, if applicable, the Calculation Agent, will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Guarantors, the Trustee, the Paying Agents and any stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and notice thereof to be published in accordance with Condition 15 (*Notices*) as soon as possible after their determination but in no event later than the fourth Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 15 (*Notices*).

(f) **Determination or Calculation by Trustee**

If for any reason at any relevant time the Principal Paying Agent or, as the case may be, the Calculation Agent defaults in its obligation to determine the Rate of Interest or the Principal Paying Agent defaults in its obligation to calculate any Interest Amount in accordance with subparagraph (b)(i) or subparagraph (b)(ii) above or as otherwise specified in the applicable Final Terms, as the case may be, and in each case in accordance with paragraph (d) above, the Trustee shall appoint an expert, at the cost of the Issuer, or, as the case may be, the Guarantors, to determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Final Terms), it shall deem fair and reasonable in all the circumstances or, as the case may be, the expert appointed by the Trustee shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Principal Paying Agent or the Calculation Agent, as applicable.

(g) **Certificates to be final**

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6.2 (*Interest — Interest on Floating Rate Notes and Index Linked Interest Notes*), whether by the Principal Paying Agent or, if applicable, the Calculation Agent, or, if applicable, an expert appointed by the Trustee, shall (in the absence of wilful default, fraud or manifest error) be binding on the Issuer, the Guarantors, the Principal Paying Agent, the Registrar (if applicable), the Calculation Agent (if applicable), the other Paying Agents, the Trustee and all Noteholders, Receiptholders and Couponholders and (in the absence of wilful default or fraud) no liability whatsoever to the Issuer, the Guarantors, the Noteholders, the Receiptholders, the Couponholders or any other party shall attach to the Principal Paying Agent or, if applicable, the Calculation Agent or the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

**6.3 Interest on Dual Currency Interest Notes**

The rate or amount of interest payable in respect of Dual Currency Interest Notes shall be determined in the manner specified in the applicable Final Terms.

**6.4 Interest on Partly Paid Notes**

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Final Terms.

**6.5 Accrual of interest**

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

(a) the date on which all amounts due in respect of such Note have been paid; and

(b) the seventh day after notice is given to the relevant Noteholder(s) (whether individually or in accordance with Condition 15 (*Notices*)) that the full amount (including interest as aforesaid) in the relevant currency in respect of such Note is available for payment, provided that upon further presentation thereof being duly made, such payment is made.

**7. PAYMENTS**

**7.1 Method of payment**

Subject as provided below:

(a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and

(b) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 9 (*Taxation)* and

(ii) any withholding or deduction required pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (the **Code**), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices in connection with any of the foregoing or adopted pursuant to any intergovernmental agreement between the United States and another jurisdiction to improve tax compliance or to implement any of the foregoing (collectively, **FATCA Requirements**).

**7.2 Presentation of Definitive Bearer Notes, Receipts and Coupons**

Payments of principal in respect of Definitive Bearer Notes will (subject as provided below) be made in the manner provided in Condition 7.1 (*Method of Payment*) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Definitive Bearer Notes, and payments of interest in respect of Definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Payments of instalments of principal (if any) in respect of Definitive Bearer Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in Condition 7.1 (*Method of Payment*) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in Condition 7.1 (*Method of Payment*) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Definitive Bearer Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the Definitive Bearer Note to which it appertains. Receipts presented without the Definitive Bearer Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any Definitive Bearer Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive bearer form (other than Dual Currency Notes, Index Linked Notes or Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 9 (*Taxation*)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 10 (*Prescription*)) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Dual Currency Note, Index Linked Note or Long Maturity Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A **Long Maturity Note** is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any Definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant Definitive Bearer Note.

### 7.3 Payments in respect of Global Bearer Notes

Payments of principal and interest (if any) in respect of Bearer Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to Definitive Bearer Notes or otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Global Note in bearer form, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Paying Agent to which it was presented and such record shall be *prima facie* evidence that the payment in question has been made.

None of the Issuer, the Guarantors, the Trustee, the Paying Agents, the Transfer Agents or the Registrar will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Global Bearer Notes or for maintaining, supervising or renewing any records relating to such beneficial ownership interests.

### 7.4 Payments in respect of Registered Notes

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the **Register**) (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business and a day on which it is a business day in Sydney and London) before the relevant due date, and (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located and a day on which it is a business day in Sydney and London) before the relevant due date. Notwithstanding the previous sentence, if: (i) a holder does not have a Designated Account, or (ii) the principal amount of the Notes held by a holder is less than U.S.$250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn in favour of such holder (or the first named of joint holders) on a Designated Bank (as defined below). For these purposes, **Designated Account** means the account (which, in the case of a payment in Japanese yen to a non resident of Japan, shall be a non-resident account) maintained by a holder (or the first named of joint holders) with a Designated Bank and identified as such in the Register and **Designated Bank** means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Registered Note (whether or not in global form) will be made by a cheque in the Specified Currency drawn in favour of such holder (or first named of joint holders) on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of the joint holders) of the Registered Note appearing in the Register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business and a day on which it is a business day in Sydney and London) before the relevant due date, and (ii) where in definitive form, at the close of business on the

fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the **Record Date**) at his address shown in the Register on the Record Date and at his risk. Upon application of the holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest or payment of instalment of principal in respect of a Registered Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) and instalments of principal (other than the final instalment) in respect of the Registered Notes which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Note on redemption and the final instalment of principal will be made in the same manner as payment of the principal amount of such Registered Note.

Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

None of the Issuer, the Guarantors, the Trustee, the Registrar, the Paying Agents or the Transfer Agents will have any responsibility or liability whatsoever for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Global Registered Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

**7.5 General provisions applicable to payments**

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer or, as the case may be, the Guarantors will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer or, as the case may be, the Guarantors to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Bearer Notes will be made at the specified office of a Paying Agent in the United States if:

(a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;

(b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

(c) such payment is then permitted under United States law without involving, in the opinion of the Issuer and the Guarantors, adverse tax consequences to the Issuer or the Guarantors.

If payment cannot be made in accordance with this Condition because appropriate account details have not been provided, the Issuer has no obligation to make the payment until the Paying Agent has received those details together with a claim for payment and evidence to its satisfaction of the entitlement of the payee. No interest or other amount will be payable in respect of the delay.

Except as provided in the Trust Deed, no person other than the Trustee shall be entitled to enforce any obligation of the Issuer or the Guarantors to make any payment in respect of the Notes.

### 7.6 Payment Day

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 10 (*Prescription*)) is:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

(i) in the case of Notes in definitive form only, the relevant place of presentation;

(ii) Sydney and London; and

(iii) each Additional Financial Centre specified in the applicable Final Terms; and

(b) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) or (B) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

### 7.7 Interpretation of principal and interest

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

(a) any additional amounts which may be payable with respect to principal under Condition 9 (*Taxation*) or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;

(b) the Final Redemption Amount of the Notes;

(c) the Early Redemption Amount of the Notes;

(d) the Optional Redemption Amount(s) (if any) of the Notes;

(e) in relation to Notes redeemable in instalments, the Instalment Amounts;

(f) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 8.5 (*Redemption and Purchase — Early Redemption Amounts*); and

(g) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 9 (*Taxation*) or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

## 8. REDEMPTION AND PURCHASE

### 8.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note (including each Index Linked Redemption Note and Dual Currency Redemption Note) will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date.

### 8.2 Redemption for tax reasons

The Issuer may fix as the date for redemption of the Notes in whole, but not in part, any date prior to the Maturity Date (if this Note is neither a Floating Rate Note, an Index Linked Interest Note nor a Dual Currency Interest Note) or any Interest Payment Date (if this Note is either a Floating Rate Note, an Index Linked Interest Note or a Dual Currency Interest Note), on giving not less than 30 nor more than 60 days' notice to the Trustee and the Principal Paying Agent (in the case of Bearer Notes) or the Trustee and the Registrar (in the case of Registered Notes) and, in accordance with Condition 15 (*Notices*), the Noteholders (which notice shall be irrevocable), if the Issuer satisfies the Trustee by giving the certificate described below immediately before the giving of such notice that:

(a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 9 (*Taxation*) or the Guarantors would be unable for reasons outside their control to procure payment by the Issuer and in making payment themselves would be required to pay such additional amounts, in each case as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 9 (*Taxation*)) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and

(b) such obligation cannot be avoided by the Issuer or, as the case may be, the Guarantors taking reasonable measures available to them,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Guarantors would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Trustee a certificate signed by two officers of the Issuer or, as the case may be, two officers of the Guarantors stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or, as the case may be, the Guarantors have or will become obliged to pay such additional amounts as a result of such change or amendment and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders, the Receiptholders and the Couponholders.

Notes redeemed pursuant to this Condition 8.2 (*Redemption for tax reasons*) will be redeemed at their Early Redemption Amount referred to in Condition 8.5 (*Early Redemption Amount*) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

### 8.3 Redemption at the option of the Issuer (Issuer Call)

If Issuer Call is specified in the applicable Final Terms, the Issuer may, having given:

(a) not less than 30 nor more than 60 days' notice (or such other period as is specified in the relevant Final Terms) to the Noteholders in accordance with Condition 15 (*Notices*); and

(b) not less than five business days before the giving of the notice referred to in (a) above, notice to the Trustee and to the Principal Paying Agent and, in the case of a redemption of Registered Notes, the Registrar,

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms.

In the case of a partial redemption of Definitive Bearer Notes or Registered Notes, the Notes to be redeemed (**Redeemed Notes**) will be selected individually by lot (in such place as the Principal Paying Agent, in the case of Definitive Bearer Notes, or the Registrar, in the case of Definitive Registered Notes, may approve and in such manner as the Principal Paying Agent, or as applicable, the Registrar, shall deem to be appropriate) not more than 30 days prior to the date fixed for redemption and a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 15 (*Notices*) not less than 15 days prior to such date fixed for redemption (such date of selection being the **Selection Date**).

In the case of partial redemption of Bearer Notes which are represented by a Global Bearer Note, the relevant Bearer Notes will be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg. If only some of the Notes then outstanding are to be so redeemed, the Optional Redemption Amount (after accounting for any interest accrued to (but excluding) the relevant Optional Redemption Date) shall be an amount that is (A) equal to or greater than the Minimum Redemption Amount and (B) equal to or less than the Maximum Redemption Amount. In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 15 (*Notices*) not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 8.3 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 15 (*Notices*) at least five days prior to the Selection Date.

***8.3A Special Redemption Event***

*In connection with any Tranche of Notes which is issued prior to the Acquisition Deadline Date and the proceeds of which are to be used to fund the QCLNG Pipeline Acquisition, the applicable Final Terms will include an option for the Issuer to redeem the Notes following a special redemption event, substantially in the following form.*

*If:*

*(a) the QCLNG Pipeline Acquisition is not consummated on or before the Acquisition Deadline Date; or*

*(b) the Share Purchase Agreement is terminated prior to the Acquisition Deadline Date other than in connection with the consummation of the QCLNG Pipeline Acquisition and is not otherwise amended or replaced,*

*(each such event, a **Special Redemption Event**), the Issuer may at any time thereafter, having given:*

*(i) not less than 15 nor more than 45 days' notice to the Noteholders in accordance with Condition 15 (Notices) (such notice, the **Special Redemption Notice**); and*

*(ii) not less than five business days before the giving of the notice referred to in (i) above, notice to the Trustee and to the Principal Paying Agent and, in the case of a redemption of Registered Notes, the Registrar,*

*(which notices shall be irrevocable and shall specify the Special Redemption Date), redeem all (but not less than all) of the Notes of the relevant Tranche then outstanding on the Special Redemption Date at the Special Redemption Price plus accrued and unpaid interest thereon to (but excluding) the Special Redemption Date.*

*If the Special Redemption Date falls on a day that is not a business day (being for the purpose of this Condition a day on which banks are open for general business in Sydney and London), the related payment of the Special Redemption Price shall be made on next business day as if it was made on the date such payment was due, and no interest shall accrue on the amounts so payable for the period from and after such date to the next business day.*

*If, following the occurrence of a Special Redemption Event, such Notes are not redeemed on or before 31 January 2016, the rate per annum at which each such Note bears interest on its outstanding nominal amount will increase by 1.00 per cent. from (and including) 1 February 2016.*

*In this Condition, the following expressions have the following meanings:*

***Acquisition Deadline Date** means 15 December 2015;*

***Group** means the Principal Guarantor, APT Investment Trust, the Issuer and their controlled entities;*

***QCLNG Pipeline Acquisition** means the acquisition by one or more members of the Group of the QCLNG Pipeline through the purchase of 100 per cent. of the shares in QCLNG Pipeline Pty Ltd;*

***Share Purchase Agreement** means the share purchase agreement entered into by one or more members of the Group and BG Group plc and/or one or more of its controlled entities pursuant to which a member of the Group will purchase 100 per cent. of the shares in QCLNG Pipeline Pty Ltd in connection with the QCLNG Pipeline Acquisition;*

***Special Redemption Date** means a date specified in a Special Redemption Notice for the redemption of the Notes (being a date not less than 15 nor more than 45 days after the date of the applicable Special Redemption Notice); and*

***Special Redemption Price** means 101 per cent. of the principal amount of Notes outstanding.*

**8.4 Redemption at the option of the Noteholders (Investor Put)**

If Investor Put is specified in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 15 (*Notices*) not less than 30 days' notice the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. Registered Notes may be redeemed under this Condition 8.4 in any multiple of their lowest Specified Denomination. It may be that before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable Final Terms.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) at any time during the normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be

sent subject to and in accordance with the provisions of Condition 2.2 (*Transfer of Registered Notes in definitive form*). If this Note is a Definitive Bearer Note, the Put Notice must be accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control.

If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and, if this Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the Principal Paying Agent for notation accordingly.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg given by a holder of any Note pursuant to this Condition 8.4 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and the Trustee has declared the Notes to be due and payable pursuant to Condition 11 (*Events of Default*), in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 8.4. A Noteholder may not give notice requiring the Issuer to redeem any Notes held by it after the Issuer has given notice that it will redeem the Notes under Condition 8.2 (*Redemption for tax reasons*) or Condition 8.3 (*Redemption at the option of the Issuer (Issuer Call)*).

**8.5 Early Redemption Amounts**

For the purpose of Condition 8.2 (*Redemption for tax reasons*) above and Condition 11.1 (*Events of Default*), each Note will be redeemed at its Early Redemption Amount calculated as follows:

(a) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;

(b) in the case of a Note (other than a Zero Coupon Note but including an Instalment Note and a Partly Paid Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in, or determined in the manner specified in, the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount; or

(c) in the case of a Zero Coupon Note, at an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

Early Redemption Amount = RP x $(1 + AY)^y$

where:

**RP** means the Reference Price;

**AY** means the Accrual Yield expressed as a decimal; and

$^y$ is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360,

or on such other calculation basis as may be specified in the applicable Final Terms.

**8.6 Instalments**

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to Condition 8.5 (*Early Redemption Amounts*).

**8.7 Partly Paid Notes**

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Final Terms.

**8.8 Purchases**

The Issuer, any Guarantor or any Subsidiary of the Issuer or a Guarantor may at any time purchase Notes (provided that, in the case of Definitive Bearer Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, resold or, in the case of the Issuer only, reissued, or, at the option of any such purchaser, surrendered to any Paying Agent or the Registrar for cancellation.

**8.9 Cancellation**

All Notes which are redeemed will be cancelled forthwith (together with, in the case of Definitive Bearer Notes, all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and cancelled pursuant to Condition 8.8 (*Purchases*) above (together with, in the case of Definitive Bearer Notes, all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

**8.10 Late payment on Zero Coupon Notes**

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 8.1 (*Redemption at maturity*), 8.2 (*Redemption for tax reasons*), 8.3 (*Redemption at the option of the Issuer (Issuer Call)*) or 8.4 (*Redemption at the option of the Noteholders (Investor Put)*) above or upon its becoming due and repayable as provided in Condition 11.1 (*Events of Default relating to Notes*) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 8.5(c) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

(a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and

(b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Note has been received by the Principal Paying Agent and notice to that effect has been given to the Noteholders in accordance with Condition 15 (*Notices*).

**9. TAXATION**

All payments of principal and interest in respect of the Notes, Receipts and Coupons by the Issuer or the Guarantors will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer or, as the case may be, the Guarantors will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have

been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

(a) presented for payment by or on behalf of a holder who is liable for such taxes or duties in respect of such Note, Receipt or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note, Receipt or Coupon;

(b) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 7.6 *(Payment Day)*);

(c) presented for payment where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive;

(d) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union;

(e) to the extent that the payee (i) is treated as a resident (for the purposes of the relevant double taxation agreement) in a jurisdiction having double taxation agreement with the relevant jurisdiction of the holder giving complete exemption from Taxes otherwise imposed by such jurisdiction on the payment and (ii) is not excluded from the benefit of such exemption;

(f) where presented for payment by or on behalf of a holder who is an associate (as that term is defined in section 128F of the Australian Tax Act) of the Issuer and the payment being sought is not, or will not be, exempt from Australian interest withholding tax because of section 128F(6) of the Australian Tax Act; or

(g) in respect of a payment to, or to a third party on behalf of, a holder who is a resident of Australia or a holder who is a non-resident of Australia carrying on business in Australia at or through a permanent establishment in Australia, in circumstances where such withholding or deduction would not have been required if the holder or any person acting on his behalf had provided to the Issuer an appropriate tax file number, Australian business number or details of an exemption from providing those numbers.

For the avoidance of doubt, no additional amounts will be required to be paid on account of any deduction or withholding pursuant to a FATCA Requirement (as defined in Condition 7.1).

As used herein:

(i) **Tax Jurisdiction** means the Commonwealth of Australia or any political subdivision or any authority thereof or therein having power to tax;

(ii) the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Trustee or the Principal Paying Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 15 (*Notices*); and

(iii) **Australian Tax Act** means the Income Tax Assessment Act 1936 of Australia.

## 10. PRESCRIPTION

The Notes, Receipts and Coupons will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 9 (*Taxation*)) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition 10 or Condition 7.2 (*Presentation of Definitive Bearer Notes, Receipts and Coupons*) or any Talon which would be void pursuant to Condition 7.2 (*Presentation of Definitive Bearer Notes, Receipts and Coupons*).

## 11. EVENTS OF DEFAULT AND ENFORCEMENT

### 11.1 Events of Default relating to Notes

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-fifth in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution, shall (subject in each case to being indemnified and/or secured to its satisfaction) (but if the event described in paragraph (b) below occurs, only if the Trustee shall have certified in writing to the Issuer and the Guarantors that such event is, in its opinion, materially prejudicial to the interests of the Noteholders), give notice in writing to the Issuer and the Guarantors that each Note is, and each Note shall thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest as provided in the Trust Deed if any of the following events (each, subject in the case of paragraph (b) below, to the giving of such certificate, an **Event of Default**) occurs and is continuing:

(a) (**failure to pay**): the Issuer fails to pay or repay any amount of principal or interest due in respect of the Notes when due and payable and does not remedy that failure:

(i) within five Business Days; or

(ii) if such non-payment is due solely to administrative error, whether by the Issuer, a Paying Agent, the Registrar (in the case of Registered Notes) or a bank involved in transferring funds to a Paying Agent, the Registrar or the Noteholders, within five Business Days after notice that the amount has not been paid is given to the Issuer by the relevant Paying Agent, the Registrar or the Noteholders;

(b) (**other failure**): an Obligor fails to perform an obligation it has under the Notes or the Trust Deed other than a provision requiring the payment of money as contemplated by Condition 11.1(a) and the Obligor does not remedy that failure within 20 Business Days after receipt by the Issuer of a notice from the Trustee specifying the failure and requiring it to be remedied;

(c) (**cross acceleration**): any Financial Indebtedness of an Obligor:

(i) becomes due and payable before the scheduled date for payment by reason of the occurrence of a default or event of default (however described); or

(ii) is not paid when due or within any applicable grace period,

except where the Obligor's liability to make the payment is being contested in good faith and provided that the aggregate of the Financial Indebtedness in respect of which one or more of the events mentioned above in this paragraph (c) have occurred exceeds A$100,000,000 (its equivalent in any other currency);

(d) (**Insolvency Event**): an Insolvency Event occurs in respect of an Obligor (and in the case of any such Insolvency Event in relation to a Subsidiary of the Issuer, such event has had or is likely to have a Material Adverse Effect);

(e) (**enforcement process**): a distress, attachment, execution or other legal process for a sum in excess of A$30,000,000 (or its equivalent in other currencies) is levied, enforced or taken on or against all or a substantial part of, the assets of an Obligor which:

(i) is not discharged or stayed within 60 days; and

(ii) where such action or process is in respect of a Subsidiary of the Issuer, such event has had or is likely to have a Material Adverse Effect;

(f) (**enforcement of Encumbrance**): any Encumbrance becomes enforceable or is enforced against all or a substantial part of the assets of an Obligor (and in the case of any such event in relation to a Subsidiary of the Issuer, such event has had or is likely to have a Material Adverse Effect);

(g) (**APT Trust**):

(i) the APT Trust Deed in respect of the Australian Pipeline Trust is amended in any way or revoked so as to:

(A) affect the power or authority of the Principal Guarantor to enter into and perform its obligations under the Notes or the Trust Deed; or

(B) restrict, except where required by law, the Principal Guarantor's right of indemnity under the APT Trust Deed;

(ii) the Principal Guarantor is removed as trustee or responsible entity of the Australian Pipeline Trust or retires; or

(iii) the Principal Guarantor's right of indemnity or subrogation is restricted or limited or derogated from (whether or not arising under the APT Trust Deed, except as expressly set out in the APT Trust Deed),

and, in any case, that has or is reasonably likely to have a Material Adverse Effect;

(h) (**nationalisation**): all or a substantial part of the assets of an Obligor are compulsorily acquired by, or by order of, a governmental, or any governmental authority orders the sale or divesting of all or a substantial part of the assets of an Obligor, and in any case such action has or is reasonably likely to have a Material Adverse Effect;

(i) (**change of control of Issuer**): the Issuer ceases to be a Subsidiary of the Principal Guarantor;

(j) (**vitiation**):

(i) if the Trust Deed or the Notes cease to be, or are claimed by the Issuer or any Guarantor not to be, in full force and effect; or

(ii) the Issuer or any Guarantor repudiates the Trust Deed or the Notes;

**11.2 Notice of Event of Default**

Promptly, and in any event within five Business Days of becoming aware of the existence of an Event of Default, the Issuer must give notice to the Noteholders in accordance with Condition 15 (*Notices*) specifying the event and any action being taken or proposed by the Issuer to remedy it.

### 11.3 Enforcement

At any time after any of the Notes have become immediately due and payable and have not been repaid, the Trustee may, at its discretion and without notice, take such proceedings against the Issuer and/or the Guarantors as it may think fit to enforce the provisions of the Trust Deed, the Notes, the Receipts and the Coupons, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed, the Notes, the Receipts or the Coupons unless (i) it shall have been so directed by an Extraordinary Resolution or so requested in writing by the holders of at least one-fifth in nominal amount of the Notes then outstanding and (ii) it shall have been indemnified and/or secured to its satisfaction.

No Noteholder, Receiptholder or Couponholder shall be entitled to proceed directly against the Issuer or the Guarantors unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

### 11.4 Definitions

For the purposes of the Conditions:

**APT Trust Deed** means the trust deed dated 18 February 2000 establishing the Australian Pipeline Trust (as amended).

**Australian Pipeline Trust** means the trust and registered scheme of that name having Australian Registered Scheme Number 091 678 778.

**Controller** means a receiver, receiver and manager, administrator, liquidator, official manager, controller (as defined in section 9 of the Corporations Act) or other similar official.

**Corporations Act** means the Australian Corporations Act 2001 (*Cth*).

**Encumbrance** means an interest or power:

(a) reserved in or over an interest in any asset, including any retention of title; or

(b) created or otherwise arising in or over any interest in any asset under a bill of sale, mortgage, charge, lien, pledge, trust or power,

by way of, or having similar commercial effect to, security for the payment of a debt, any other monetary obligation or the performance of any other obligation, and includes any agreement to grant or create any of the above.

**Financial Indebtedness** means any indebtedness in respect of moneys borrowed or in respect of any financial accommodation including, without limitation, under or in respect of:

(a) any liability under any finance lease;

(b) any liability under any bill of exchange, debenture, note or other security or under any acceptance credit facility;

(c) any guarantee or other assurance against financial loss; and

(d) any swap, option, hedge, forward, futures or similar transaction (a **Derivative Transaction**) entered into in connection with protection against or benefit from a fluctuation in any rate or price (and, when calculating the value of any Derivative Transaction, only the marked to market value shall be taken into account).

**Insolvency Event** means the happening of any of the following events in relation to a company:

(a) an order is made that the company be wound up (except for the purposes of a solvent reconstruction or amalgamation on terms which do not have or are not likely to have a Material Adverse Effect under paragraph (a) or (c) of the definition of that term);

(b) the company resolves to wind itself up or applies for or consents to an order that it be wound up (except in any case for the purposes of a solvent reconstruction or amalgamation on terms which do not have or are not likely to have a Material Adverse Effect under paragraph (a) or (c) of the definition of that term);

(c) an application is made for an order appointing a Controller to the company and the application is not set aside or dismissed within 60 days;

(d) a Controller is appointed over any substantial part of the assets of the company, unless the appointment is capable of being set aside and is set aside within 60 days of the appointment being made;

(e) except to reconstruct or amalgamate while solvent on terms which do not have or are not likely to have a Material Adverse Effect under paragraph (a) or (c) of the definition of that term, the company initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium), or enters into, resolves to enter into, or takes any steps to enter into or to consider entering into, a scheme or arrangement, deed of company arrangement or composition with, or assignment for the benefit of, all or any class of its creditors;

(f) the company suspends payment of its debts generally, admits in writing that it is unable to pay its debts (or any class of its debts) as they become due and payable, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is found by a court to be insolvent; or

(g) the company ceases or threatens to cease to carry on the whole or a substantial part of its business, save in circumstances which do not have or are not likely to have a Material Adverse Effect.

**Material Adverse Effect** means a material adverse effect on:

(a) the ability of the Obligors (taken as a whole) to perform their obligations under the Notes or the Trust Deed;

(b) the remedies or rights of the Trustee or the Noteholders under the Notes or the Trust Deed; or

(c) the condition (financial or otherwise), prospects, results of operations or business affairs of the Guarantors and their Subsidiaries (which for the avoidance of doubt includes the Australian Pipeline Trust and the APT Investment Trust) (taken as a whole).

**Obligor** means the Issuer and each Guarantor.

**Subsidiary** means in relation to a corporation or a trust (**entity**):

(a) if the entity controls the composition of the board of another entity which is a corporation — that other entity; or

(b) if the entity is in a position to cast, or control the casting of, more than one-half of the maximum number of votes that might be cast at a general meeting of shareholders or unitholders of another entity — that other entity,

and, in relation to the Principal Guarantor, is taken to include APTIT and Australian Pipeline Limited in its capacity as responsible entity and trustee of APTIT and each Subsidiary thereof (as the context requires) for so long as the units in APTIT are stapled to the units in Australian Pipeline Trust.

## 12. REPLACEMENT OF BEARER NOTES, RECEIPTS, COUPONS AND TALONS

Should any Bearer Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity (including security) as the Issuer may reasonably require. Mutilated or defaced Bearer Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

## 13. PAYING AGENTS AND REGISTRAR

The names of the initial Paying Agents and the Registrar and their initial specified offices are set out below.

The Issuer is entitled, with the prior written approval of the Trustee (such approval not to be unreasonably withheld), to vary or terminate the appointment of the Registrar or any Paying Agent or any Transfer Agent and/or appoint additional or other Paying Agents, Registrar and Transfer Agents and/or approve any change in the specified office through which any Paying Agent and/or Registrar and/or Transfer Agent acts, provided that:

(a) there will at all times be a Principal Paying Agent;

(b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority;

(c) there will at all times be a Registrar and a Transfer Agent which, so long as Registered Notes are listed on any stock exchange or admitted to listing by any other relevant authority, will have a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority;

(d) there will at all times be a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive (to the extent there is such a Member State); and

(e) so long as the Notes are listed on the Singapore Stock Exchange and the rules of the Singapore Stock Exchange so require, in the event that any of the Global Notes are exchanged for Notes in definitive form, there will at all times be a Paying Agent in Singapore. In addition, an announcement of such exchange will be made through the Singapore Stock Exchange. Such announcement will include material information with respect to the delivery of the definitive Notes, including details of the Paying Agent in Singapore.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 7.5 (*General provisions applicable to payments*). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 15 (*Notices*).

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and the Guarantors and, in certain circumstances specified therein, of the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Noteholders, Receiptholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

## 14. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 10 (*Prescription*).

## 15. NOTICES

All notices regarding the Bearer Notes will be deemed to be validly given if published in a leading English-language daily newspaper of general circulation in Australia, and for so long as the Notes are admitted to trading on, and listed on the Singapore Stock Exchange, a daily newspaper of general circulation in Singapore. It is expected that any such publication in a newspaper will be made in the *Australian Financial Review* in Australia and the *Business Times* in Singapore. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Bearer Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve.

All notices to holders of Registered Notes will be deemed validly given if mailed to their registered addresses appearing on the Register and will be deemed to have been given on the third day after the day on which it was mailed and, in addition, for so long as the Registered Notes are admitted to trading on, and listed on the Singapore Stock Exchange and the rules of that stock exchange so require, a daily newspaper of general circulation in Singapore. It is expected that any such publication in a newspaper will be made in the *Business Times* in Singapore. Any such notice will be deemed to have been given on the first date of such publication. In addition, for so long as any Notes are listed on a stock exchange and the rules of that stock exchange so require, a copy of such notices will be published in a daily newspaper of general circulation in the places required by those rules.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such mailing or publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the seventh day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the

Principal Paying Agent or the Registrar through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

## 16. MEETINGS OF NOTEHOLDERS AND MODIFICATION, WAIVER AND SUBSTITUTION

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer, the Principal Guarantor or the Trustee and shall be convened by the Issuer if required in writing by Noteholders holding not less than ten per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Conditions, the Notes, the Receipts, the Coupons or the Trust Deed (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes, the Receipts or the Coupons or modifying the provisions concerning the quorum required at any meeting of the Noteholders or the majority required to pass an Extraordinary Resolution), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at any meeting, and whether or not they voted on the resolution, and on all Receiptholders and Couponholders.

The Trustee may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or the Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default shall not be treated as such, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders so to do or may agree, without any such consent as aforesaid, to any modification to the Notes or the Trust Deed which is of a formal, minor or technical nature or to correct a manifest error or an error which, in the opinion of the Trustee, is proven. Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 15 (*Notices*) as soon as practicable thereafter.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or determination), the Trustee shall have regard to the general interests of the Noteholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Noteholders, Receiptholders or Couponholders whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders, Receiptholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder, Receiptholder or Couponholder be entitled to claim, from the Issuer, the Guarantors, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders, Receiptholders or Couponholders except to the extent already provided for in Condition 9 (*Taxation*) and/or any undertaking or covenant given in addition to, or in substitution for, Condition 9 (*Taxation*) pursuant to the Trust Deed.

The Trustee may, without the consent of the Noteholders, Receiptholders or Couponholders at any time agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute

under this Condition) as the principal debtor under the Notes (and, in the case of Definitive Bearer Notes, the Receipts, the Coupons) and the Trust Deed of another company, being a Subsidiary of the Principal Guarantor (the **Substituted Issuer**), subject to:

(a) no payment of principal, interest or other amount in respect of the Notes being overdue;

(b) the Substituted Issuer assuming all obligations of the Issuer under the Notes and the Transaction Documents and such obligations being legal, valid and binding upon it;

(c) the Notes being unconditionally and irrevocably guaranteed by the Guarantors (which shall be deemed to exclude such Substituted Issuer if it is a Guarantor);

(d) the Substituted Issuer having obtained all authorisations required in any jurisdiction in which the Substituted Issuer is organised or located for the Substituted Issuer to assume and perform the obligations of the Issuer in respect of the Notes;

(e) the Substituted Issuer being able, under the laws of any jurisdiction in which it is organised or located, to effect payment of all amounts necessary for the fulfilment of the payment obligations on or in connection with the Notes in the currency in which the relevant payment obligation is due without withholding or deduction for or on account of any Taxes;

(f) the opinions of lawyers of recognised standing in Australia and of lawyers of recognised standing in the jurisdiction in which the Substituted Issuer is organised or located to the effect that the matters referred to in paragraphs (b), (c), (d) and (e) above have been satisfied and delivered to the Trustee, Principal Paying Agent and Registrar;

(g) the Notes continuing to have a credit rating from an internationally recognised rating agency at least equal to the credit rating of the Notes immediately prior to the substitution and evidence of this having been delivered to the Register;

(h) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution; and

(i) certain other conditions set out in the Trust Deed having been complied with.

## 17. INDEMNIFICATION OF THE TRUSTEE AND TRUSTEE CONTRACTING WITH THE ISSUER AND THE GUARANTOR

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings unless indemnified and/or secured to its satisfaction.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer, the Guarantors and/or any of their respective Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders, Receiptholders or Couponholders and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

## 18. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders, the Receiptholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

## 19. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

## 20. GOVERNING LAW AND SUBMISSION TO JURISDICTION

### 20.1 Governing law

The Trust Deed, the Agency Agreement, the Notes, any Receipts, any Coupons and any non-contractual obligations arising out of or in connection with the Trust Deed, the Agency Agreement, the Notes, any Receipts and any Coupons are governed by, and shall be construed in accordance with, English law.

### 20.2 Submission to jurisdiction

The Issuer and each Guarantor irrevocably agree, for the benefit of the Trustee, the Noteholders, any Receiptholders and any Couponholders, that the courts of England and New South Wales are to jointly have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, the Notes, the Receipts and/or the Coupons (including a dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes, the Receipts and/or the Coupons) and accordingly submit to the exclusive jurisdiction of the English courts and New South Wales courts. In the event that the Issuer or any Guarantor commences any suit, action or proceedings (together referred to as **Proceedings**), such Proceedings shall be brought in either the courts of England or the courts of New South Wales but not both, whether concurrently or otherwise. Therefore, once Proceedings are commenced in the courts of England, Proceedings concerning the same dispute may not be commenced in New South Wales and vice versa.

The Issuer and each Guarantor waive any objection to the courts of England and New South Wales on the grounds that they are an inconvenient or inappropriate forum. The Trustee, the Noteholders, any Receiptholders and any Couponholders may take any Proceedings arising out of or in connection with the Trust Deed, the Notes, any Receipts and any Coupons (including any Proceedings relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes, any Receipts and any Coupons) against the Issuer or any Guarantor in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

### 20.3 Appointment of Process Agent

The Issuer and each Guarantor appoint King & Wood Mallesons at its registered office at 10 Queen Street Place, London, EC4R 1BE, United Kingdom as its agent for service of process in respect of Proceedings for which the courts of England are to have exclusive jurisdiction, and undertake that, in the event of King & Wood Mallesons ceasing so to act or ceasing to be registered in England, it will appoint another person approved by the Trustee as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

### 20.4 Other documents and the Guarantors

The Issuer and the Guarantors have in the Trust Deed and the Agency Agreement submitted to the exclusive jurisdiction of the English courts and New South Wales courts and, in respect of Proceedings for which the English courts are to have exclusive jurisdiction, appointed an agent for service of process in England on terms substantially similar to those set out above.

## USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer to refinance indebtedness of the Group, for capital expenditures and for general corporate purposes of the Group, unless otherwise disclosed in the relevant Final Terms.

## SUMMARY FINANCIAL INFORMATION

APA Group is the registered business name of APT and APTIT, the units of which trade on the ASX under the ticker symbol "APA" as a single "stapled" security. References to APA in this section are made in the context of the business of APA in its entirety including the respective businesses of the Issuer, the Principal Guarantor and their controlled entities.

The following information is a summary of selected consolidated financial information for APA for FY2012 through to FY2014 and the six months to 31 December 2013 and 2014. The summary consolidated financial information has been derived from APA's consolidated financial statements. APA's consolidated financial statements for financial years ending June have been audited, and for half years ending December have been reviewed, by Deloitte Touche Tohmatsu, independent auditors. APA's consolidated financial statements are prepared and presented in accordance with A-IFRS. Investors should read the summary consolidated financial information below in conjunction with the consolidated financial statements and the accompanying notes incorporated by reference in this Offering Circular.

**Income Statement**

| | Year ended 30 June | | | Half-Year ended 31 December (reviewed) | |
|---|---|---|---|---|---|
| **A$'000** | **2012** | **2013** | **2014** | **2013** | **2014** |
| Total Revenue | 1,060,661 | 1,272,267 | 1,395,992 | 711,405 | 740,101 |
| Total Revenue excluding pass-through revenue | 758,028 | 919,524 | 992,515 | 509,634 | 522,672 |
| Depreciation and Amortisation | (110,409) | (130,461) | (156,228) | (74,651) | (88,477) |
| Finance Costs | (240,643) | (302,613) | (326,226) | (164,668) | (155,061) |
| Profit Before Tax | 181,090 | 342,251 | 266,022 | 160,228 | 609,792 |
| Income Tax Benefit/(Expense) | (50,435) | (49,869) | 77,684 | (39,495) | (142,530) |
| Profit After Tax | 130,655 | 292,382 | 343,706 | 120,733 | 467,262 |
| EBITDA | 525,825 | 763,628 | 747,334 | 398,894 | 849,563 |
| EBIT | 415,416 | 633,167 | 591,106 | 324,243 | 761,086 |

**Balance Sheet**

| | As at 30 June | | | As at 31 December (reviewed) |
|---|---|---|---|---|
| **A$'000** | **2012** | **2013** | **2014** | **2014** |
| Total Current Assets | 584,511 | 280,381 | 203,368 | 1,113,589 |
| Total Non-Current Assets | 4,911,543 | 7,418,547 | 7,769,142 | 7,637,098 |
| **Total Assets** | 5,496,054 | 7,698,928 | 7,972,510 | 8,750,687 |
| Total Current Liabilities | 300,979 | 492,221 | 373,540 | 512,569 |
| Total Non Current Liabilities | 3,581,033 | 4,692,778 | 5,102,481 | 4,513,767 |
| **Total Liabilities** | 3,882,012 | 5,184,999 | 5,476,021 | 5,026,336 |
| **Net Assets** | 1,614,042 | 2,513,929 | 2,496,489 | 3,724,351 |
| **Total Equity** | 1,614,042 | 2,513,929 | 2,496,489 | 3,724,351 |

**Cash Flow Statement**

| A$'000 | Year ended 30 June 2012 | 2013 | 2014 | Half-Year ended 31 December (reviewed) 2013 | 2014 |
|---|---|---|---|---|---|
| **Net Cash Provided by Operating Activities** | 335,569 | 374,381 | 431,541 | 208,308 | 280,406 |
| **Net Cash Provided by / (used in) Investing Activities** | 180,563 | (317,361) | (571,298) | (199,300) | 571,643 |
| **Net Cash (used in) / Provided by Financing Activities** | (281,566) | (305,999) | 65,811 | (29,256) | 54,694 |
| Net Increase/(Decrease) in Cash and Cash Equivalents | 234,566 | (248,979) | (73,946) | (20,248) | 906,743 |
| Cash and Cash Equivalents at the Beginning of the period | 95,368 | 329,934 | 80,955 | 80,955 | 7,009 |
| **Cash and Cash Equivalents at the End of the period** | 329,934 | 80,955 | 7,009 | 60,707 | 913,752 |

**Non-IFRS financial measures**

EBITDA and EBIT as well as the related ratios presented in this Offering Circular are supplemental measures of APA's performance and its ability to service debt that are not required by, or presented in accordance with, International Financial Reporting Standards (**IFRS**). EBITDA and EBIT are not measurements of APA's financial performance or its ability to service debt under IFRS and should not be considered as alternatives to net income, operating income or any other performance measures derived in accordance with IFRS or as alternatives to cash flow from operating activities as a measure of APA's ability to service debt. In addition, EBITDA and EBIT are not standardised terms, hence a direct comparison between companies using such terms may not be possible.

APA believes that EBITDA and EBIT facilitates comparisons of operating performance from period to period and company to company by eliminating (as applicable) potential differences caused by variations in capital structures (affecting interest expense), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses), the age and booked depreciation and amortisation of assets (affecting relative depreciation and amortisation expense), extraordinary items and minority interests. APA also presents EBITDA and EBIT because APA believes that they are frequently used by securities analysts, investors and other interested parties in evaluating similar companies in APA's industry, many of whom present such non-IFRS financial measures when reporting their results. Finally, APA presents EBITDA and EBIT as a supplemental measure of its ability to service its debt.

Nevertheless, EBITDA and EBIT have limitations as analytical tools, and should not be considered in isolation from, or as a substitute for analysis of APA's financial condition or results of operations, as reported under IFRS. Because of these limitations, EBITDA and EBIT should not be considered measures of discretionary cash available to APA to invest in the growth of its business. APA compensates for these limitations by relying primarily on its IFRS results and using EBITDA and EBIT measures only supplementally. See APA's consolidated financial statements contained in this Offering Circular for more information.

**Pass-through Revenue and Costs**

Pass-through revenue is revenue on which no margin is earned. Pass-through revenue and costs arise mainly in the asset management operations in respect of AGN assets, and the assets of GDI (following the divestment of the Allgas Gas Network in December 2011). In the statement of comprehensive income in the reviewed consolidated financial statements of APT and its controlled entities for HY2015 and in the audited

consolidated financial statements of APT and its controlled entities for FY2014, FY2013 and FY2012, the line item "Other operating costs — pass-through" equates to an equivalent amount of revenue included in the "Revenue" line item. As APA measures its revenue performance by excluding pass-through revenue, APA primarily discusses revenue excluding pass-through revenue and also presents revenue excluding pass-through revenue separately in its presentation of revenue under "Summary Financial Information" and "Annex — Management's Discussion and Analysis of Financial Condition and Results of Operations".

**Ratio of Earnings to Fixed Charges**

The following table shows the ratio of earnings to fixed charges of APA and its controlled entities for HY2015, FY2014, FY2013, FY2012, FY2011 and FY2010. The ratios have been calculated based on data derived from APA's consolidated financial statements for the periods presented, which have been prepared in accordance with A-IFRS.

| | Year ended 30 June | | | | | Half-Year ended 31 December |
|---|---|---|---|---|---|---|
| | **2010** | **2011** | **2012** | **2013** | **2014** | **2014** |
| Ratio of earnings to fixed charges[1] | 1.96 | 1.89 | 2.13 | 2.34 | 2.16 | 5.31[2][3] |

(1) The ratio of earnings to fixed charges is calculated by dividing the amount of earnings by the amount of fixed charges. For the purposes of calculating this ratio, earnings consist of earnings before interest, tax, depreciation and amortisation less contribution from equity accounted investments plus distributions from equity accounted investments. Fixed charges consist of interest costs, both expensed and capitalised and amortised premiums, discounts and capitalised expenses related to indebtedness.

(2) HY2015 EBITDA includes one-off significant items of A$430 million net pre-tax profit on the sale of APA's equity interest in AGN and the one-off receipt of A$17.2 million relating to performance fees previously paid by HDF to Hastings Funds Management Limited being refunded to APA. See "Description of APA — Litigation and Disputes" for more information regarding the refund of the performance fees to APA. The ratio of earnings to fixed charges for HY2015 excluding one-off significant items was 2.60.

(3) Calculations do not include any earnings or fixed charges associated with the QCLNG Pipeline Acquisition.

## UNAUDITED PRO FORMA BALANCE SHEET

### Introduction

Set out below is an unaudited pro forma balance sheet of APA as at 31 December 2014, showing the effects of the QCLNG Pipeline Acquisition, including the QCLNG Pipeline Acquisition funding transactions, as if they had occurred on or prior to 31 December 2014. As the QCLNG Pipeline will not generate meaningful revenue until the Train 1 First Commercial Delivery Date has occurred, which is expected to be in the second quarter of the 2015 calendar year, APA has not included a pro forma statement of income or pro forma cash flow statements in this Offering Circular.

The pro forma balance sheet included in this Offering Circular has been derived from (i) APA's consolidated balance sheet as of 31 December 2014, which has been reviewed, and (ii) certain financial information of PipeCo as at 31 December 2013, which has been audited, (iii) unaudited balance sheet information of PipeCo as at 31 July 2014 and 31 October 2014, (iv) a desktop valuation on the QCLNG Pipeline provided by an external consultant and (v) APA's bid model. In respect of the values allocated to property, plant and equipment and contract intangibles contained in the unaudited pro forma balance sheet, APA's allocation of the purchase price is preliminary in nature. On completion of the QCLNG Pipeline Acquisition, APA expects to complete a formal valuation using an independent valuer where APA expect to also be able to complete a physical and aerial inspection of assets and have access to BG Group's technical and engineering personnel. The independent valuer is the same external consultant that previously undertook the desktop valuation. Access to these materials will enable APA to complete a formal valuation. Accordingly, APA's formal valuation may give rise to material differences in values allocated between property, plant and equipment and contract intangibles. However, this will not materially impact APA's profit after tax as both the property, plant and equipment and contract intangibles are amortised over the same period. Additionally, because the pro forma balance sheet is estimated as of the date of this Offering Circular, APA would expect the valuation to change based on differences in the exchange rates as of the date of this Offering Circular and as of the date that APA completes the QCLNG Pipeline Acquisition. Investors should note that neither BG Group nor PipeCo's independent auditors have assisted in the preparation of the QCLNG Pipeline pro forma balance sheet, including the PipeCo data contained therein, or verified such information. The QCLNG Pipeline pro forma balance sheet, and such PipeCo data has not been subject to audit or review or audited by any auditor.

In addition, all information contained in this Offering Circular relating to PipeCo and the QCLNG Pipeline is derived from the information APA obtained during the course of APA's due diligence investigation in connection with the QCLNG Pipeline Acquisition. The information provided to APA was provided by or on behalf of BG Group and by the third party consultants APA engaged to assist with APA's due diligence investigations and APA has not been able to verify the accuracy, reliability or completeness of such information.

**The unaudited pro forma balance sheet included in this Offering Circular does not purport to be indicative of what the APA Group's balance sheet would have been had the QCLNG Pipeline Acquisition, including the QCLNG Pipeline Acquisition funding transactions, actually taken place for the period, and as of the time, indicated. The presentation of the unaudited pro forma balance sheet is qualified in its entirety by reference to the description of the business and operations of the APA Group, including the QCLNG Pipeline Acquisition, and the other financial information contained in this Offering Circular. See "Annex — Management's Discussion and Analysis of Financial Condition and Results of Operations", "Description of APA", "The QCLNG Pipeline Acquisition" and the consolidated financial statements of the APA Group and the accompanying notes included in this Offering Circular.**

**Unaudited Pro forma balance sheet as at 31 December 2014**

| | As at 31 December 2014 | | | |
|---|---|---|---|---|
| **(in thousands)** | **A$** | **Pro forma Acquisition Balance Sheet** | **Pro forma Funding for Acquisition** | **Pro forma Combined Balance Sheet** |
| **Current assets** | | | | |
| Cash and cash equivalents | 913,752 | (6,504,451) | 5,620,699 | 30,000 |
| Trade and other receivables | 156,086 | — | — | 156,086 |
| Other financial assets | 18,982 | — | — | 18,982 |
| Inventories | 18,838 | — | — | 18,838 |
| Other assets | 5,931 | — | — | 5,931 |
| **Total current assets** | **1,113,589** | **(6,504,451)** | **5,620,699** | **229,837** |
| **Non-current assets** | | | | |
| Receivables | 101,103 | — | — | 101,103 |
| Other financial assets | 277,572 | — | — | 277,572 |
| Equity-accounted investments | 255,783 | — | — | 255,783 |
| Property, plant and equipment | 5,676,938 | 2,686,996 | — | 8,363,934 |
| Goodwill | 1,140,500 | — | — | 1,140,500 |
| Other intangible assets | 163,758 | 3,829,679 | — | 3,993,437 |
| Deferred tax assets | — | — | — | — |
| Other assets | 21,444 | — | — | 21,444 |
| **Total non-current assets** | **7,637,098** | **6,516,675** | **—** | **14,153,773** |
| **Total assets** | **8,750,687** | **12,224** | **5,620,699** | **14,383,610** |
| **Current liabilities** | | | | |
| Trade and other payables | 164,184 | (2,023) | — | 162,161 |
| Loans and borrowings | 149,491 | — | — | 149,491 |
| Other financial liabilities | 120,980 | — | — | 120,980 |
| Provisions | 67,583 | — | — | 67,583 |
| Other | 10,331 | — | — | 10,331 |
| **Total current liabilities** | **512,569** | **(2,023)** | **—** | **510,546** |
| **Non-current liabilities** | | | | |
| Trade and other payables | 3,463 | — | — | 3,463 |
| Borrowings | 4,125,059 | — | 4,763,673 | 8,888,732 |
| Other financial liabilities | 74,170 | — | — | 74,170 |
| Deferred tax liabilities | 237,432 | — | (7,009) | 230,423 |
| Provisions | 58,408 | — | — | 58,408 |
| Other | 15,235 | 14,247 | — | 29,482 |
| **Total non-current liabilities** | **4,513,767** | **14,247** | **4,756,664** | **9,284,678** |
| **Total liabilities** | **5,026,336** | **12,224** | **4,756,664** | **9,795,224** |
| **Net assets** | **3,724,351** | **—** | **864,035** | **4,588,386** |
| **Equity** | | | | |
| Issued capital | 3,336,490 | — | 864,035 | 4,200,525 |
| Reserves | (134,907) | — | — | (134,907) |
| Retained earnings | 522,716 | — | — | 522,716 |
| Other non-controlling interests | 52 | — | — | 52 |
| **Total equity** | **3,724,351** | **—** | **864,035** | **4,588,386** |

***APA Group pro forma adjustments***

The pro forma adjustments made in connection with the unaudited pro forma balance sheet are summarised below:

*Pro forma QCLNG Pipeline Acquisition Adjustments*

The pro forma adjustments made to reflect the estimated financial effect from the asset acquisition accounting for the QCLNG Pipeline Acquisition are illustrative only and are limited to property, plant and equipment and contract intangibles, as discussed in "Introduction" above. On completion of the QCLNG Pipeline Acquisition APA expects to complete a formal valuation. Accordingly, APA's formal valuation may give rise to material differences in values allocated between property, plant and equipment and contract intangibles. However, this will not materially impact APA's profit after tax as both property, plant and equipment and contract intangibles are amortised over the same period.

The allocation of the purchase price for the QCLNG Pipeline Acquisition may be summarised as follows:

| **A$'000** | |
|---|---|
| Property, plant and equipment | 2,514,247 |
| Contract intangibles | 3,829,679 |
| Rehabilitation provision | (14,247) |
| Total purchase consideration | **6,329,679**(1) |

(1) The purchase price of U.S.$5,000 million is equivalent to A$6,330 million using the hedged rate for the Entitlement Offer and the spot A$/U.S.$ exchange rate of 0.781, as at 4pm on 20 February 2015 for the debt-funded component of the QCLNG Pipeline Acquisition cost.

In addition transaction costs of A$173 million have been capitalised to property, plant and equipment.

The value allocated to property, plant and equipment was calculated using a desktop valuation and in accordance with Australian Accounting Standards Board (**AASB**) 116 *Property, Plant and Equipment*. The value allocated to contract intangibles was completed in accordance with AASB 138 *Intangible Assets*. Both AASB 116 and AASB 138 require an item of property, plant and equipment and intangible asset that qualify for recognition to be measured at cost. Cost includes the purchase price of the asset and any directly attributable cost of preparing the asset for use.

Costs of dismantling pipelines and restoring the sites on which the pipelines are located are included in the cost of property, plant and equipment at inception as a rehabilitation asset and the liability is required to be accounted for in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*. AASB 137 requires a provision to be recognised when there is a present obligation and it is probable that the rehabilitation costs will be incurred at a future date.

*Pro forma QCLNG Pipeline Acquisition Funding Adjustment*

The Entitlement Offer raised gross proceeds of A$1,838 million, of which A$958 million was raised in December 2014 and reflected in APA's balance sheet as of 31 December 2014 and A$880 million was raised in January 2015. Transaction costs of A$23 million (before tax) directly attributable to the Entitlement Offer have been offset against the proceeds of the Entitlement Offer.

Together, offerings of debt securities made on or about the date of this Offering Circular are expected to raise gross proceeds of A$4,801 million. Transaction costs directly attributable to those issuances, estimated at A$37 million (before tax) have been offset against the debt to be incurred.

Please refer to "Annex — Management's Discussion and Analysis of Financial Condition and Results of Operations" for a discussion and analysis of APA's financial condition and results. This discussion and analysis contains forward-looking statements that involve risks and uncertainties.

## DESCRIPTION OF THE ISSUER

### Incorporation

The Issuer was incorporated on 15 November 1948 with limited liability in Queensland, Australia. All of the shares in the Issuer are held by APL, the responsible entity (**Responsible Entity**) and the trustee of both APT and APTIT. APL holds all of the shares in the Issuer in its capacity as responsible entity and trustee of APT. The Issuer's registered address is located at Level 19, HSBC Building, 580 George Street, Sydney NSW 2000, Australia.

### Business Overview

The principal activities of the Issuer are to manage treasury activities (being the sole corporate borrower on behalf of APA), advancing borrowings to companies within APA and being the parent investment company for APT.

### Directors and Company Secretary

The following table sets out the members of the Board of Directors and the Company Secretary of the Issuer:

| Name | Position |
|---|---|
| Leonard Bleasel AM | Chairman |
| Michael McCormack | Managing Director and Chief Executive Officer |
| John Fletcher | Non-Executive Director |
| Russell Higgins AO | Non-Executive Director |
| Robert Wright | Non-Executive Director |
| Steven Crane | Non-Executive Director |
| Patricia McKenzie | Non-Executive Director |
| Mark Knapman | Company Secretary |

The members of the Board of APL and its Company Secretary are the same as those listed above of the Issuer. Brief profiles of the individuals are provided in the section of this Offering Circular entitled "Description of APA".

## OWNERSHIP STRUCTURE AND MANAGEMENT

### Legal Framework and Ownership Structure

APA comprises two trusts, APT and APTIT, which are registered managed investment schemes regulated by the Corporations Act, the Issuer and their respective controlled entities. Securities in APT were initially listed on the ASX on 13 June 2000. Units in APT are "stapled" to units in APTIT on a one-to-one basis so that one APT unit and one APTIT unit trade as a single stapled security on the ASX under the ticker symbol "APA".

APT and APTIT, as registered managed investment schemes, are required by the Corporations Act to have a Responsible Entity to operate the schemes and perform the functions conferred on the Responsible Entity by the scheme's constitutions and the Corporations Act. The Responsible Entity and trustee of both of APT and APTIT is APL.

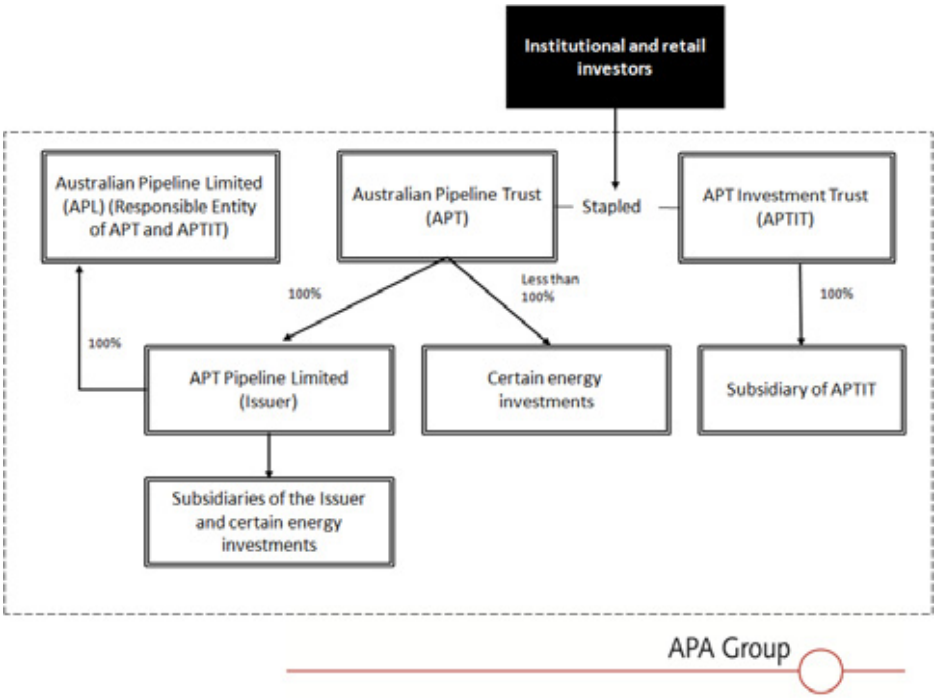
The Board of Directors of APL comprises seven Directors, six of whom (including the Chairman, Leonard Bleasel AM) are independent. Michael McCormack is the Managing Director and Chief Executive Officer of APA.

Under the Corporations Act, APL as Responsible Entity of each of APT and APTIT, and APL's officers, must act in the best interests of the security holders and, if there is a conflict between the security holders' interests and the interests of the Responsible Entity, give priority to the former. Chapter 5C of the Corporations Act details various other obligations that a Responsible Entity has in relation to registered managed investment schemes such as APT or APTIT and other aspects of the regulation of such schemes.

The character of distributions from the two trusts differs and that affords flexibility with respect to returns to security holders on their investment in APA. APT generally provides post-tax distributions whilst APTIT provides pre-tax distributions with a tax-deferred component. By nature of APTIT's taxation status, if income earned by APTIT is not distributed to security holders, tax may be payable by APL.

As at 27 February 2015, APA had approximately 1,114.3 million securities on issue with a market capitalisation of A$10.2 billion.

APA's ownership structure is outlined below:



**Significant Investors**

Based on publicly available information, as at 30 January 2015:

- the following entities had notifiable 'substantial holdings' under the Corporations Act of more than 5% of APA's stapled securities (a person's notifiable 'substantial holding' is the aggregate of the 'relevant interests' (broadly defined) in voting securities held by the person and by its 'associates' (also broadly defined)):
    - Unisuper 10.84%
- the following entities had registered holdings of more than 5% of APA's stapled securities:
    - National Nominees Limited 20.09%
    - HSBC Custody Nominees (Australia) Limited 17.85%
    - J P Morgan Nominees Australia Limited 8.29%
    - Citicorp Nominees Pty Ltd 6.55%

Neither notifiable 'substantial holdings' nor registered holdings precisely equate with beneficial holdings (beneficial holdings are generally not notifiable under Australian law). The 'substantial holding' notification requirements are based on 'relevant interests' (generally a broader concept than beneficial interests) as outlined above, and registered holdings reflect legal rather than beneficial ownership.

**Related Party Transactions**

For a discussion of related party transactions, see Note 47 to APT's financial statements for FY2014, FY2013 and FY2012, each of which is incorporated by reference in this Offering Circular.

**Board of Directors**

Brief profiles of the Directors of APL as at the date of this Offering Circular are as follows:

***Leonard Bleasel AM, Chairman***

Mr. Bleasel was appointed by the board of directors of APL as a Director on 28 August 2007 and was appointed Chairman of the Board on 30 October 2007. Mr. Bleasel started his career in AGL Energy in 1958 and worked in a variety of roles, culminating in the position of Managing Director and Chief Executive Officer from 1990 to 2001. His previous appointments have included Lead Non-Executive Director of QBE Insurance Group Limited, Chairman of Foodland Associated Limited, ABN AMRO Australia Holdings Pty Limited, Solaris Power, the Australian Gas Association, Natural Gas Corporation Holdings Ltd (New Zealand), Elgas Ltd, Auscom Holdings Pty Ltd, Industrial Pipe Systems Pty Ltd, East Australian Pipeline Ltd and the Advisory Council of CIMB Securities International Pty Ltd, and a director of St George Bank Limited and Gas Valpo (Chile). Mr. Bleasel is Chairman of the Taronga Conservation Society Australia.

***Michael McCormack, Managing Director and Chief Executive Officer***

Mr. McCormack joined APA at its inception on 13 June 2000 as General Manager Commercial and became Chief Executive Officer on 1 July 2005 and Managing Director on 1 July 2006. He has extensive senior management experience in the energy transmission sector in Australia, with particular focus on gas transmission pipelines, where he worked on the development of new and existing pipelines across Australia. Mr. McCormack is a director of the Australian Pipeline Industry Association.

***John Fletcher, Non-Executive Director***

Mr. Fletcher joined APL as a Non-Executive Director on 27 February 2008. He has over 35 years of experience in the energy industry and held a number of executive positions in AGL Energy prior to his retirement in 2003, including Chief Financial Officer. He has previously been a Director of Integral Energy, Natural Gas Corporation Holdings Ltd (New Zealand), Foodland Associated Limited, Sydney Water Corporation and Alinta Energy Group. Mr. Fletcher was previously an AGL Energy appointed Director of APL from 2000 to 2005.

Mr. Fletcher is the Chairman of the Remuneration Committee and a member of the Audit and Risk Management Committee.

***Russell Higgins AO, Non-Executive Director***

Mr. Higgins was appointed as a Non-Executive Director on 7 December 2004. He was Secretary and Chief Executive Officer of the Department of Industry, Science and Resources from 1997 to 2002 and Chairman of the Australian government's Energy Task Force from 2003 to 2004. He is a former Chairman of the Global Carbon Capture and Storage Institute, the CSIRO Energy Transformed Flagship Advisory Committee, the Snowy Mountains Council, and the Australian government's Management Improvement Advisory Committee, and a former Director of Leighton Holdings Limited, Ricegrowers Limited (trading as Sunrice), Australian Biodiesel Group Limited, Export Finance and Insurance Corporation, CSIRO, Austrade and the Australian Industry and Development Corporation, as well as a former member of the Australian government's Joint Economic Forecasting Group. In 2006 and 2007, Mr. Higgins was a member of the Prime Ministerial Task Group on Emissions Trading. Mr. Higgins is a director of Telstra Corporation Limited and Argo Investments Limited. Mr. Higgins is Chairman of the Health, Safety and Environment Committee and a member of the Audit and Risk Management Committee.

***Robert Wright, Non-Executive Director***

Mr. Wright was appointed as a Non-Executive Director on 11 February 2000. He has over 30 years of financial management experience, having held a number of Chief Financial Officer positions, including Finance Director of David Jones Limited. Mr. Wright is currently the chairman of Super Retail Group Limited and APA Ethane Limited, the responsible entity of Ethane Pipeline Income Fund, and was previously chairman of SAI Global Limited, Dexion Limited and RCL Group Limited.

Mr. Wright is the chairman of the Audit and Risk Management Committee and a member of the Health, Safety and Environment Committee.

***Steven Crane, Non-Executive Director***

Mr. Crane was appointed as a Non-Executive Director on 1 January 2011. He has over 30 years of experience in the financial services industry. He was previously Chief Executive Officer of ABN AMRO Australia (subsequently RBS Group Australia) from 1998 to 2003 and BZW Australia from 1996 to 1998. He also formerly served as chairman of Adelaide Managed Funds Limited and Investa Property Group Limited and as director of Bank of Queensland Limited, Transfield Services Limited, Adelaide Bank Limited, Foodland Associated Limited and APA Ethane Limited, the Responsible Entity of Ethane Pipeline Income Fund. Mr. Crane is currently the chairman of NIB Holdings Limited.

Mr. Crane is a member of the Audit and Risk Management Committee and the Remuneration Committee.

***Patricia McKenzie, Non-Executive Director***

Ms. McKenzie was appointed as a Non-Executive Director on 1 January 2011. She has considerable expertise and experience in energy market regulation and, as a qualified solicitor, extensive corporate legal experience. From 2001 to 2007 Ms. McKenzie was the Chief Executive Officer of Gas Market Company Limited, the market administrator for retail competition in the gas industry in New South Wales and the

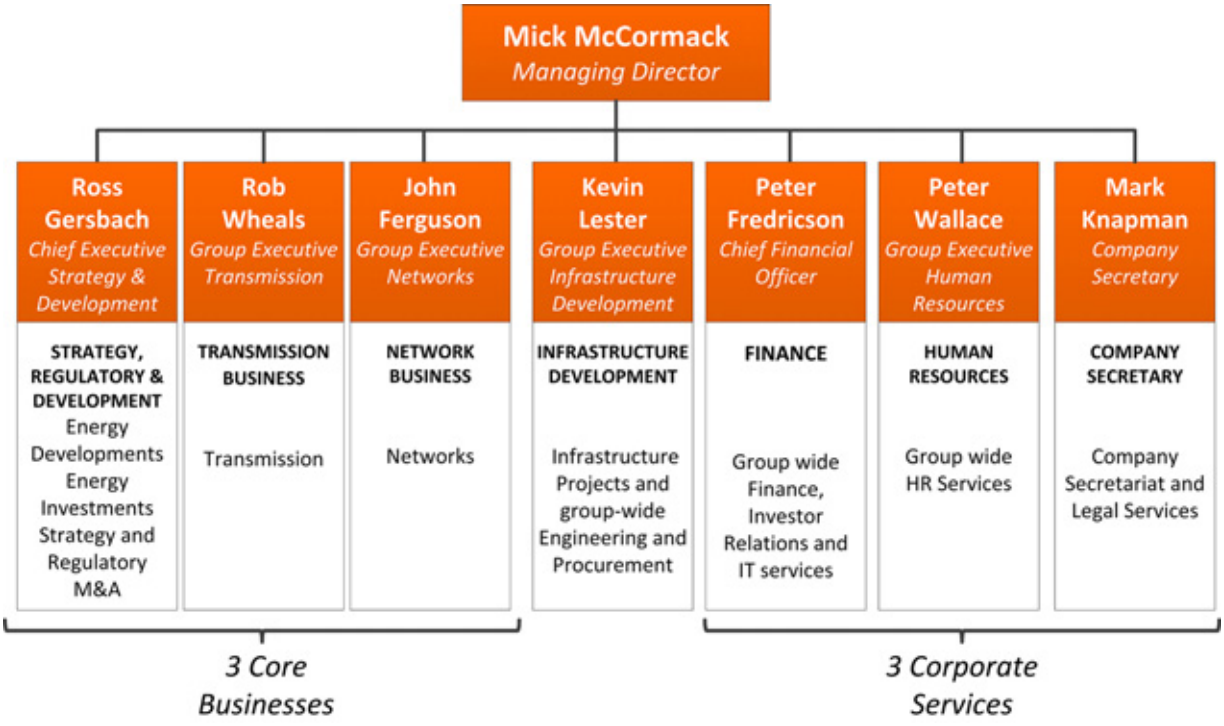
Australian Capital Territory. She was formerly a director of Australian Energy Market Operator Limited, the Australian national energy market operator for electricity and gas, and Macquarie Generation. Ms. McKenzie is currently a Director of Transgrid and Chair of Healthdirect (National Health Call Centre Network Limited).

Ms. McKenzie is a member of the Health, Safety and Environment Committee and the Remuneration Committee.

**Management Team**

The management team comprises executives and managers with extensive experience in the energy infrastructure business.

***APA Executive management team***




Brief profiles of the members of APA's Executive Management Team as at the date of this Offering Circular are as follows:

**Michael McCormack**

See "*Board of Directors*" above.

***Peter Fredricson, Chief Financial Officer***

Mr. Fredricson became Chief Financial Officer in June 2009. He has considerable expertise in the listed energy infrastructure sector and has over 20 years of further experience in senior financial roles in financial services and investment banking companies in Australia, Asia and the Pacific.

***Ross Gersbach, Chief Executive Strategy and Development***

Mr. Gersbach joined APA in February 2008. He has over 20 years of experience in senior positions across a range of energy related sectors, covering areas such as infrastructure investments, mergers and acquisitions

and strategic developments. He also has extensive commercial experience and has managed a portfolio of infrastructure assets in the electricity and natural gas distribution network sector. Mr. Gersbach was formerly Group Manager Commercial prior to being appointed to the role of Chief Executive Strategy and Development. He focuses on further enhancing APA's portfolio of assets that complement the value of its infrastructure, including its investments in gas-fired and wind power generation, and will oversee the operation and development of these assets. He is also responsible for energy investments, group strategy, regulatory and government affairs, environmental development and mergers and acquisitions.

***Rob Wheals, Group Executive Transmission***

Mr. Wheals joined APA in September 2008 and was formerly General Manager Commercial where he was responsible for managing APA's pipeline revenue contracts and customers on a national basis. This has included the organic expansion of the gas transmission and storage portfolio. Mr. Wheals joined APA from the telecommunications sector, where he had 15 years of experience in senior positions, both in Australia and internationally, covering areas such as corporate strategy, mergers and acquisitions, infrastructure investments, strategic developments and regulatory policy.

***John Ferguson, Group Executive Networks***

Mr. Ferguson joined APA in September 2008 and was formerly General Manager Networks. As Group Executive Networks, he maintains leadership of the operation of APA's gas networks businesses. Mr. Ferguson has over 38 years of experience in the gas infrastructure business, covering operations, network development and gas marketing.

***Kevin Lester, Group Executive Infrastructure Development***

Mr. Lester is responsible for engineering services and the delivery of APA Group's infrastructure expansion projects. This also includes primary responsibility for the operation, asset management, project development and technical regulation of all pipeline and related assets. Mr. Lester joined APA Group in August 2012, continuing a career in the management of major infrastructure projects, including energy infrastructure. He is a director and immediate Past President of the Australian Pipeline Industry Association.

***Peter Wallace, Group Executive Human Resources***

Mr. Wallace joined APA in April 2011. He has filled senior human resources roles in Australia as well as in the Asia-Pacific region and the United States, and has a strong background in business integration and business growth. He has over 32 years of experience in heavy manufacturing, minerals, steel, steel distribution and related building and construction sectors. Mr. Wallace is a professional member of the Australian Human Resource Institute and a member of the Australian Institute of Company Directors.

***Mark Knapman, Company Secretary***

Mr. Knapman joined APA in July 2008 as company secretary and currently has responsibility for the general counsel. He was company secretary and general counsel of an ASX-listed company and Asia Pacific legal counsel and company secretary for a US multinational company prior to joining APA. Prior to those roles, he was a partner of an Australian law firm. Mr. Knapman holds degrees in law and commerce and a Graduate Diploma in Applied Corporate Governance. He is a Fellow of Governance Institute of Australia (formerly Chartered Secretaries Australia) and the Institute of Chartered Secretaries and Administrators and is admitted to practice as a solicitor.

**Board Practices**

***Board election process***

The Board regularly reviews succession planning for Board membership, with the goal of seeking to identify candidates with appropriate skills and experience who can exercise an independent and informed

judgment on matters which come before the Board. New Directors are appointed by the Board, and, if their nomination is approved at the next Annual Meeting of APA stapled securityholders, then stand for election at APL's Annual General Meeting following their appointment in order to be confirmed into office. All Directors other than the managing director of APL must submit themselves for re-election every three years.

***Responsibilities***

The Board has adopted a formal charter of Directors' functions and has also established delegations of authority that set out the matters to be delegated to management. The charter provides that the Board's responsibilities include:

- setting APA's strategic goals and monitoring management's implementation of those goals;
- selecting, appointing (and, if appropriate, removing) and monitoring performance of the managing director;
- overseeing the composition of the Board, including succession planning and consideration of the skills and competencies of the directors;
- establishing processes for the review of the performance of the Board, its committees and individual non-executive directors;
- establishing processes for the identification and appointment of suitable candidates for the Board;
- ratifying the appointment (and, if appropriate, removal) of certain senior executives;
- reviewing senior management succession planning and development;
- approving conditions of service and performance monitoring procedures to apply to senior management;
- determining distribution policy and the amount, nature and timing of distributions;
- approving annual budgets and longer-term strategic and business plans;
- ensuring that effective audit, risk management, compliance and control systems are in place;
- monitoring financial performance and the integrity of financial reporting, and approving the half-year and annual financial statements and reports;
- setting specific limits of authority for management to commit to new expenditure, enter contracts or acquire businesses without prior Board approval;
- monitoring compliance with regulatory requirements;
- reviewing and approving corporate governance principles and procedures;
- ensuring effective and timely reporting to securityholders; and
- approving APA's remuneration strategy and policy.

***Meetings***

The Board meets on a regular basis and at least twelve times per annum with additional meetings called when required. Directors receive Board papers in advance of Board meetings and these provide them with sufficient information to enable them to participate in informed discussion at each meeting.

***Director Independence***

The Board has adopted a policy on Director independence and regularly assesses the independence of its Directors. The Board will assess the materiality of any given relationship that may affect independence on a case-by-case basis. A Director will be considered independent if they have no business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgment as a director of APL. When assessing whether a Director is independent, the Board will consider, among other things, whether the Director:

- is a substantial shareholder of the Head Trusts or an officer of, or otherwise associated directly with, a substantial shareholder of the Head Trusts;
- is employed, or has been employed within the last three years, in an executive capacity by APA or any of its businesses;
- has been, within the last three years, a principal of a material professional adviser or a material consultant to APA or any of its businesses, or an employee materially associated with the service provided;
- is a material supplier or customer of APA or any of its businesses, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has a material contractual relationship with APA or any of its businesses other than as a director of APL; and
- has served on the Board for a period which could, or could reasonably be perceived to, materially interfere with his or her ability to act in APA's best interests.

Family ties and cross-directorships may be relevant in considering interests and relationships which may compromise independence, and should be disclosed by Directors to the Board. The Board will consider materiality from the perspective of both APL and its Directors.

***Director Indemnities***

APL has entered into deeds of indemnity and insurance with each of its Directors.

**Board Committees**

The Board has established three standing committees to assist with the effective discharge of its duties:

- Audit & Risk Management Committee;
- Remuneration Committee; and
- Health, Safety and Environment Committee.

The Audit & Risk Management Committee is chaired by and comprised of only independent Non-Executive Directors. The Remuneration Committee and the Health, Safety and Environment Committee are chaired by an independent director and comprised of a majority of independent directors. Each committee has no less than three members.

Each committee operates under a specific charter approved by the Board. The table below illustrates APL's current Board committees and their function and membership:

| Committee | Members and composition | Role |
|---|---|---|
| Audit & Risk Management Committee | The Board has established an Audit & Risk Management Committee, comprised of independent non-executive Directors. The members of the committee are:<br>• Robert Wright (Chairman);<br>• John Fletcher;<br>• Russel Higgins; and<br>• Steven Crane.<br><br>The composition of the Audit & Risk Management Committee is determined by the following guidelines:<br>• The committee will have at least three members, each of whom must be an independent director;<br>• Each member must be a Non-Executive Director;<br>• The chairman must be an independent director who should not be the Chairman of the Board;<br>• Each member should be financially literate and at least one member should have financial expertise (e.g., qualified accountant or other financial professional); and<br>• Each member should have an understanding of the energy infrastructure business. | The primary responsibility of the committee is to review the integrity of APL's financial reporting process and to report the results of its activities to the Board. Related responsibilities of the committee include:<br>• overseeing the qualifications, performance and independence of the external and internal auditors;<br>• overseeing and recommending to the Board matters concerning the external auditor, including the appointment of external auditors and their fee;<br>• monitoring and reviewing the effectiveness of internal and external audit;<br>• monitoring the effectiveness of the system of internal controls to identify, evaluate and manage risks that are significant to APL's business objectives; and<br>• reviewing the effectiveness of APL's risk management and internal compliance and control system.<br><br>The Audit & Risk Management Committee meets with both the internal and external auditors on a regular basis. |

| Committee | Members and composition | Role |
|---|---|---|
| Remuneration Committee | The members of the committee are:<br>• John Fletcher (Chairman);<br>• Steven Crane; and<br>• Patricia McKenzie.<br>The composition of the Remuneration Committee is determined by the following guidelines:<br>• The committee will have at least three members, the majority of whom must be independent directors;<br>• Each member must be a Non-Executive Director;<br>• The chairman must be an independent director, who may be the Chairman of the Board. | The primary responsibility of the committee is to ensure the provision of a remuneration system that provides for alignment of employee and investor interests and facilities attraction, retention and development of talented employees. Related responsibilities of the committee include:<br>• reviewing and assessing the effectiveness of APL's remuneration strategy and policy and the equity, including by reference to gender, of APL's remuneration strategy;<br>• recommending Directors' fee adjustments, including committee fees;<br>• recommending to the Board the performance objectives, appointment policy, retention policy and termination policy for the Chief Executive Officer;<br>• reviewing, approving and reporting to the Board the Chief Executive Officer's recommendations for remuneration for the executive team;<br>• reviewing and reporting to the Board the Chief Executive Officer's recommendations on succession plans for key senior positions;<br>• recommending to the Board APL's strategy and policy for all employees whose remuneration is not determined by industrial standards;<br>• Reviewing and approving the diversity policy and reviewing the effectiveness of practices with respect to gender and other diversity in the workforce; and |

| Committee | Members and composition | Role |
|---|---|---|
| | | • Reviewing any reports required by law or listing rules including the annual Remuneration Report and recommending the approval of the annual Remuneration Report to the Board. |
| Health, Safety and Environment Committee | The members of the committee are:<br>• Russell Higgins (Chairman);<br>• Robert Wright; and<br>• Patricia McKenzie.<br>The composition of the Health, Safety and Environment Committee is determined by the following guidelines:<br>• The committee will have at least three members, the majority being independent directors;<br>• Each member must be a Non-Executive Director; and<br>• The Chairman must be an independent director who may be the Chairman of the Board. | The primary responsibility of the committee is the provision of an effective health, safety and environment (**HSE**) management system. Related responsibilities of the committee include:<br>• reviewing and monitoring the effectiveness of APL's HSE management system, including the adequacy of the processes for managing HSE risk and lead and lag indicators;<br>• ensuring compliance with relevant legislation and APL's HSE policy;<br>• reviewing extreme and very high risk issues and preventative action plans;<br>• considering management reports on health and safety performance and issues;<br>• reviewing environmental principles and policies, including greenhouse gas footprint and performance indictor trends; and<br>• considering management reports on environmental performance and issues. |

**Remuneration of Officers and Directors**

Information relating to the remuneration, security ownership and employment contracts of APL's directors and executive officers is included in extracts from the 2014 Directors' Report included in APA's audited consolidated financial statements for FY2014 incorporated by reference in this Offering Circular and from the 2013 Directors' Report included in APA's audited consolidated financial statements for FY2013 incorporated by reference in this Offering Circular and from the 2012 Directors' Report included in APA's audited consolidated financial statements for FY2012.

## THE QCLNG PIPELINE ACQUISITION

*All information in this Offering Circular relating to the QCLNG Pipeline and PipeCo is derived from information APA has obtained during its due diligence investigations in connection with the QCLNG Pipeline Acquisition. In particular, APA's engineering and operations personnel conducted site visits of the QCLNG Pipeline, reviewed the construction and operations processes and met with personnel from BG Group, the seller of the QCLNG Pipeline. APA also engaged external consultants to provide it with reports on certain due diligence matters to assist APA with its investigation, and APA reviewed information provided by or on behalf of BG Group and by the third party consultants that APA engaged. However, APA is not able to verify the accuracy, reliability or completeness of such information.*

*Similarly, the financial information relating to the QCLNG Pipeline included in "Unaudited Pro Forma Balance Sheet" has been derived from certain audited and unaudited financial information of PipeCo, which APA is also not able to independently verify. The most recent financial statements for PipeCo, which APA reviewed as part of its due diligence investigation for the QCLNG Pipeline Acquisition, are the audited financial statements of PipeCo for the year ended 31 December 2013. These financial statements were audited by PipeCo's independent auditors. No financial statements for PipeCo were prepared for any period after 31 December 2013, although APA had access to unaudited management financial information of PipeCo and other due diligence materials for certain periods after 31 December 2013.*

*Neither BG Group nor PipeCo's independent auditors have assisted in the preparation of the information related to the QCLNG Pipeline contained herein, including the PipeCo financial information included in APA's unaudited pro forma balance sheet and the valuations of the QCLNG Pipeline contained therein, and neither BG Group nor its auditors has verified such information.*

On 10 December 2014, APA entered into the SPA to acquire the QCLNG Pipeline for U.S.$5 billion (**QCLNG Pipeline Acquisition**) through the acquisition of PipeCo, a wholly-owned subsidiary of BG Group. The QCLNG Pipeline Acquisition builds on APA's strategy of expanding its revenue base and complements its Australian east coast gas transmission grid.

As part of the QCLNG Pipeline Acquisition, APA will acquire agreements to transport and deliver gas through the QCLNG Pipeline, which is a non-price regulated asset. APA expects that the principal agreements will provide it with a highly predictable stream of revenue throughout their initial 20 year terms through their "take or pay" payment provisions, where the primary fees payable by the shippers will not be linked to volume transported through the QCLNG Pipeline or the price of oil or gas. Moreover, these agreements will allow APA to earn a return on certain capital expenditures that APA incurred, during the term of the agreements, in relation to the QCLNG Pipeline, and to pass through reasonable fixed and operating costs to the shippers. The primary revenues received under these agreements will be payable in U.S. dollars, and the primary fee components are 100% indexed against the United States consumer price index[1].

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[1] US CPI — All Urban Consumers (Seasonally Adjusted).

The QCLNG Pipeline Acquisition also enhances APA's position as Australia's largest owner of gas transmission pipelines. As shown in the map below, the QCLNG Pipeline complements the existing footprint of APA's gas infrastructure assets on Australia's east coast, connecting to APA's RBP. The QCLNG pipeline will transport natural gas from various coal seam natural gas fields in the Surat Basin to the Queensland Curtis LNG Plant (as defined below). In total, the QCLNG Pipeline consists of 543 km of pipeline, three laterals, interconnections with the APLNG Project and GLNG Project gas transmission pipelines, interconnection capacity to connect to APA's east coast grid and supporting infrastructure associated with the operation of the asset.

There is potential to further increase APA's revenue through expansions and the provision of services to additional shippers. APA expects gas demand on the Australian east coast to increase over the coming years, and APA believes that the QCLNG Pipeline Acquisition positions it well to benefit from the evolving dynamics in this market. APA will have the option to assume operation of the QCLNG Pipeline twelve months after the settlement of the QCLNG Pipeline Acquisition, subject to shipper consent from BG Group and CNOOC not being unreasonably withheld (as discussed below).

**QCLNG Project**

The QCLNG Pipeline is a key component of the Queensland Curtis Liquid Natural Gas Project (**QCLNG Project**). The QCLNG Project is a A$20 billion integrated LNG production, transmission and distribution project being developed by Queensland Gas Company Pty Ltd (**QGC**), which is a wholly-owned subsidiary of the BG Group, and includes various entities and assets owned by wholly-owned subsidiaries of the BG Group, CNOOC and Tokyo Gas Co.

Construction of the QCLNG Project began in 2010. It involves:

- the development of coal seam natural gas deposits in the Surat Basin of southern Queensland;
- building of the QCLNG Pipeline (the pipeline APA is acquiring) to ship natural gas from the Surat Basin to Curtis Island, near Gladstone, Queensland; and

- the construction of a natural gas liquefaction and purification plant on Curtis Island (**Queensland Curtis LNG Plant**) where the natural gas will be converted to LNG for export.

APA is acquiring the QCLNG Pipeline, but not the coal seam natural gas deposits or the Queensland Curtis LNG Plant, in connection with the QCLNG Pipeline Acquisition. The QCLNG Project is nearing completion and is expected to commence commercial operations in the second quarter of 2015.

The QCLNG Pipeline was constructed to deliver gas to support the Queensland Curtis LNG Plant. Construction of the QCLNG Pipeline began in early 2011 and was completed in December 2013, when it shipped its first natural gas from the Surat Basin to Curtis Island. It is now operational, although commercial deliveries have yet to commence.

The Queensland Curtis LNG Plant consists of two "trains", or liquefaction and purification facilities. Each train of the Queensland Curtis LNG Plant has a capacity to process 755 TJ of gas per day, for an initial total of 1,510 TJ per day. The Queensland Curtis LNG Plant first delivered LNG in December 2014 as part of its commissioning process. Train 1 (**Train 1**) of the Queensland Curtis LNG Plant is currently expected to produce commercial quantities of LNG in the second quarter of 2015 (the **Train 1 First Commercial Delivery Date**). Train 2 (**Train 2**) is expected to produce commercial quantities of LNG in September 2015 (the **Train 2 First Commercial Delivery Date**).

**QCLNG Pipeline Acquisition**

The QCLNG Pipeline is owned by PipeCo, which is currently a wholly-owned subsidiary of the BG Group. Pursuant to the Share Purchase Agreement (**SPA**), between APA and BG Group, APA will acquire 100% of the shares of PipeCo. Completion of the SPA is subject to the satisfaction of two conditions precedent by 15 June 2015 (**Longstop Date**). These conditions precedent are:

- the occurrence of the Train 1 First Commercial Delivery Date which is expected to occur in the second quarter of the 2015 calendar year; and

- obtaining consent to the change of control resulting from the QCLNG Pipeline Acquisition from the relevant CNOOC entity, as required by the agreement under which CNOOC transports gas through the QCLNG Pipeline. This condition precedent may by waived by BG Group provided it indemnifies APA against any liability or loss arising from the failure to obtain the consent.

APA expects financial close and settlement of the QCLNG Pipeline Acquisition to occur in the second quarter of the 2015 calendar year.

**Purchase Price Adjustment**

Under the SPA, there is a purchase price adjustment mechanism which adjusts the purchase price, including based on movements in the United States producer price index between the date of the SPA and financial close of the QCLNG Pipeline Acquisition. APA is protected from any increase or decrease in the purchase price through corresponding adjustments in future revenue. Under the SPA, any increase in the purchase price is effectively capped at U.S.$100 million.

**QCLNG Pipeline**

The QCLNG Pipeline has a 42 inch diameter and transports natural gas from various coal seam natural gas fields in the Surat Basin to the Queensland Curtis LNG Plant. In total, the QCLNG Pipeline consists of 543 km of pipeline, three laterals, interconnections with the A$24.7 billion APLNG Project (with Origin Energy, ConocoPhillips and Sinopec as joint venture partners) and the A$18.5 billion GLNG Project (with Santos, Petronas, Total and Kogas as joint venture partners) gas transmission pipelines, interconnection capacity to connect to APA's east coast grid and supporting infrastructure associated with the operation of the asset.

The QCLNG Pipeline consists of the following components:

- *Gas Collection Headers*: totals 195 km of pipeline and includes North, Central and South segments. The Gas Collection Headers connect to gas gathering, processing and compression facilities (Central Processing Plants or **CPPs**) either directly or via laterals. The Woleebee Creek CPP is connected directly to the North Gas Collection Header and the Ruby CPP is connected directly to the South Gas Collection Header.

    - *Laterals*: the QCLNG Pipeline includes three lateral pipelines of varying diameters and lengths. The Kenya Lateral connects the Central Gas Collection Header to the Kenya CPP, the Bellevue Lateral connects the Central Gas Collection Header to the Bellevue CCP and the Jordan Lateral connects the South Gas Collection Header to the Jordan CPP.

    - *Receipt Station*: includes infrastructure for gas sampling and monitoring equipment. Gas must pass through the Receipt Station before entering the Export Pipeline.

    - *APLNG Project Interconnection*: the APLNG Project gas transmission pipeline interconnection is located at the outlet of the Receipt Station. This interconnection connects the QCLNG Pipeline to the gas transmission pipelines for the APLNG Project.

- *Export Pipeline*: totals 346 km of pipeline from the end of the Gas Collection Headers to its endpoint at the Queensland Curtis LNG Plant.

    - *GLNG Project Interconnections*: the interconnection to the GLNG Project gas transmission pipeline is located before the Narrows Crossing. The interconnection to the GLNG Project LNG plant is located between the Narrows Crossing and the Delivery Station. This interconnection connects the QCLNG Pipeline to the gas transmission pipelines for the GLNG Project.

    - *Narrows Crossing*: totals 12 km of pipeline from mainland Australia to Curtis Island.

    - *Delivery Station*: includes gas sampling and monitoring equipment. There is also a one-km inlet pipeline on Curtis Island connecting the Delivery Station to the Queensland Curtis LNG Plant.

***Gas Transportation Agreements***

The QCLNG Pipeline Acquisition includes five separate GTAs between PipeCo and shippers of gas. Four of the GTAs provide for the receipt and transportation of gas through the QCLNG Pipeline and the delivery of gas. The fifth GTA is for the storage of gas where operationally that service is available.

The QCLNG Pipeline was granted a 15 year exemption from coverage under the Commonwealth of Australia's *National Gas Law*, which ensures that the pipeline will not be subject to regulation by the Australian Energy Regulator until at least 2030. See "Industry/Regulatory Environment" for more details.

*Foundation Shipper GTAs*

Three of the four GTAs which provide for the receipt and transportation of gas through the QCLNG Pipeline are for the delivery of gas to the Queensland Curtis LNG Plant (**Foundation Shipper GTAs**). The Foundation Shipper GTAs are the primary transportation contracts held by PipeCo and contain almost identical terms. Each of the Foundation Shipper GTAs has an initial term of 20 years with two 10 year extensions at the option of the shippers, plus periods of up to 1 to 2 years after each of the initial term and each extension period intended for the shipper to utilise, in order to align the GTA term with its upstream arrangements.

APA expects the Foundation Shipper GTAs will provide it with revenue stability throughout their duration through their "take or pay" provisions as described in this paragraph. All of the material revenue expected from the GTAs will come from the Foundation Shipper GTAs. Under the Foundation Shipper GTAs, each shipper pays PipeCo a fee for the right to transport and deliver a certain volume of gas MDQ through the QCLNG Pipeline each day. That fee is payable regardless of whether a shipper transports any volume of gas and is structured to return PipeCo a fixed rate of return relative to the capital expended to build the QCLNG Pipeline.

In addition, the Foundation Shipper GTAs also include certain recovery charges in respect of capital expended in relation to certain further works on the QCLNG Pipeline, which are payable irrespective of volume transported. Certain fixed and variable operating costs incurred under the Foundation Shipper GTAs are also passed through to the shippers. With respect to future capital expenditure on the QCLNG Pipeline, the Foundation Shipper GTAs provide for PipeCo to earn a return in respect of capital incurred on a mandatory basis or to sustain operation of the QCLNG Pipeline, consistent with industry practice, through an increase in the fee payable by the shippers. If the term of a Foundation Shipper GTA is extended, the terms provide for PipeCo to earn a return on the capital expended to extend the QCLNG Pipeline's asset life. The fees payable by the shipper over the extension period would be structured to allow PipeCo to earn a return based on the capital expended to facilitate the asset life extension.

The primary revenues received under the Foundation Shipper GTAs will be denominated in U.S. dollars, and the primary fee components are 100% indexed against the United States consumer price index. The payments due under the Foundation Shipper GTAs are not linked to the price of oil or LNG.

The Foundation Shipper GTAs include:

- *CNOOC Train 1 GTA* (**CNOOC Train 1 GTA**): under this agreement, the shipper is a wholly-owned subsidiary of CNOOC. The MDQ of gas to be transported under this agreement is 377.5 TJ per day, or 50% of the capacity of Train 1. The services term of this agreement begins on the Train 1 First Commercial Delivery Date (expected to occur in the second quarter of the 2015 calendar year), which is also a condition precedent to settlement of the QCLNG Pipeline Acquisition.

- *BG Train 1 GTA* (**BG Train 1 GTA**): under this agreement, the shipper is a wholly-owned subsidiary of BG Group. The MDQ under this agreement is 377.5 TJ per day, or 50% of the capacity of Train 1. The services term of this agreement begins on the Train 1 First Commercial Delivery Date (expected to occur in the second quarter of the 2015 calendar year), which is also a condition precedent to settlement of the QCLNG Pipeline Acquisition.

- *BG Train 2 GTA* (**BG Train 2 GTA**): under this agreement, the shipper is a subsidiary of BG Group. The MDQ under this agreement is 755.0 TJ per day, or 100% of the capacity of Train 2. The services term of this agreement begins on the Train 2 First Commercial Delivery Date (expected to occur in September 2015). However, the fees payable under this GTA commence on the Train 1 First Commercial Delivery Date.

APA estimates that the Foundation Shipper GTAs will contribute approximately U.S.$383 million of EBITDA to its business in FY2016, the expected first full year of operation. Thereafter, the primary components of that level of base revenue are adjusted by United States CPI[2] annually for the 20 year initial term of the Foundation Shipper GTAs. The expected revenue from each of the Foundation Shipper GTAs is proportional to its MDQ. The payment obligations under the BG Train 1 GTA and BG Train 2 GTA are guaranteed by the BG Energy Holdings Ltd., which is rated A2 and A- by Moody's and S&P, respectively. As the revenues of BG Energy Holdings Ltd are not entirely dependent on the QCLNG Project, these guarantees help to mitigate PipeCo's exposure to project-related risks. Although there is no equivalent

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2 US CPI — All Urban Consumers (Seasonally Adjusted).

parental company guarantee for the CNOOC Train 1 GTA, if the CNOOC Train 1 GTA is terminated, then the payment obligations proportionate to the MDQ under the CNOOC Train 1 GTA are transferred to the BG Train 1 GTA and BG Train 2 GTA, which are subject to the BG Energy Holdings Limited guarantee described above.

*Other GTAs*

The QCLNG Pipeline Acquisition also includes one GTA for the receipt, transportation and delivery of gas through the QCLNG Pipeline, intended to be used primarily for delivery of gas through any of the laterals that allow for domestic gas delivery (the **Domestic Gas GTA**). The shipper is a wholly-owned subsidiary of BG Group, and the MDQ is 210 TJ per day. This MDQ forms a subset of the total MDQ allocated to BG Group entities under the BG Train 1 GTA and the BG Train 2 GTA. The terms of the Domestic Gas GTA are similar to corresponding provisions of the Foundation Shipper GTAs. The key difference is the Domestic Gas GTA does not include any provision for recovery of capital costs or fixed operating costs (though reasonable variable operating costs are still passed to the shipper). The payment obligations of the Domestic Gas GTA are guaranteed by BG Energy Holdings Ltd.

The final GTA is an agreement that allows a wholly-owned subsidiary of BG Group to store gas in the QCLNG Pipeline where operationally available (the **Firm Park Services Agreement**). Payment to PipeCo for provision of this service is nominal. It does not provide for recovery of capital or operating costs.

***Operating & Maintenance***

APA has the option to become the operator of the QCLNG Pipeline within twelve months after settlement of the QCLNG Pipeline Acquisition, subject to shipper consent from BG Group and CNOOC not being unreasonably withheld. Following the QCLNG Pipeline Acquisition, QGC will provide operations and maintenance services pursuant to an Operating and Maintenance Agreement (**O&M Agreement**) between QGC and PipeCo. The initial term of the O&M Agreement is three years, with provisions allowing for extension options for rolling three year periods during the entire initial term of the Foundation Shipper GTAs. It is possible for PipeCo to terminate the O&M Agreement for convenience at any time after the first 12 months of the initial term, provided that a termination fee and certain other costs are paid to QGC. The shippers for each of the Foundation Shipper GTAs (BG Group and CNOOC), the Domestic Gas GTA (BG Group) and the Firm Park Services Agreement (BG Group) also must consent to the change of operatorship, with such consent not to be unreasonably withheld.

**Financial Statements of PipeCo**

No financial statements of PipeCo have been included in this Offering Circular. This is because, while, as noted above, construction of the QCLNG Pipeline has been completed, the pipeline is not yet commercially operational. The QCLNG Pipeline will commence generating revenue when the Train 1 First Commercial Delivery Date has occurred, which is expected to be in the second quarter of the 2015 calendar year. Accordingly, the historical financial statements and financial information for PipeCo do not show any material amounts of revenue or operating cash flows, and do not reflect the value of the future revenue streams and cash flows from the GTAs that PipeCo has executed with affiliates of BG Group and CNOOC. See "The QCLNG Pipeline Acquisition — Gas Transportation Agreements". In addition, the most recent audited financial statements for PipeCo are the audited financial statements of PipeCo for the year ended 31 December 2013. No financial statements for PipeCo were prepared for any period after 31 December 2013.

**Funding of QCLNG Pipeline Acquisition**

APA has undertaken entered or will undertake to enter into the following transactions to fund the QCLNG Pipeline Acquisition:

- the Entitlement Offer; and
- the QCLNG Pipeline Acquisition Bridge Facility, which has not been drawn to date.

In addition, APA intends to offer certain debt securities in the capital markets.

APA intends to use the proceeds of the Entitlement Offer, together with the proceeds of the offer of certain debt securities in the capital markets, to fund the QCLNG Pipeline Acquisition and for general corporate purposes. APA may be required to draw on the QCLNG Pipeline Acquisition Bridge Facility to fund the QCLNG Pipeline Acquisition, to the extent the proceeds of the Entitlement Offer and the offering(s) of debt securities in the capital markets are not sufficient to pay the acquisition consideration in full. See "Unaudited Pro Forma Balance Sheet" for an unaudited pro forma balance sheet that shows the effects of the QCLNG Pipeline Acquisition and associated funding transactions on APA's balance sheet as at 31 December 2014. See also "The QCLNG Pipeline Acquisition".

**Accounting for QCLNG Pipeline Acquisition**

The QCLNG Pipeline Acquisition will be accounted for as an acquisition of assets consisting of a pipeline and contract intangibles. The QCLNG Pipeline Acquisition is not deemed to be a business combination in accordance with AASB 3 *Business Combinations* as it does not meet the definition of a business. In asset acquisitions, the acquirer identifies and recognises identifiable assets acquired and liabilities assumed and allocates the cost at the acquisition to each asset and liability based on their fair values, at the purchase date. Recognition of goodwill is prohibited. Accordingly, the QCLNG Pipeline and contract intangibles are recognised at the amount of cash paid to acquire the assets, and recorded primarily as "property, plant and equipment" and "other intangible assets". In addition, transaction costs incurred are capitalised to the cost of the assets acquired.

**Claims against PipeCo**

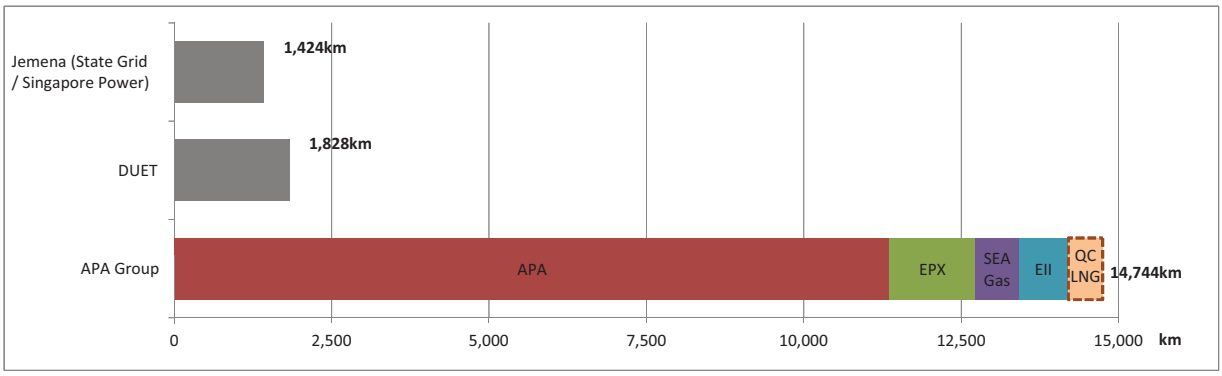
The contractor who constructed the QCLNG Pipeline has made a number of claims against PipeCo under the construction contract which are the subject of current International Chamber of Commerce arbitration proceedings. Under the terms of the acquisition agreements QGC (a subsidiary of BG Group) will manage the defence of the claims and has agreed to indemnify PipeCo against any award in such proceedings (as well as any costs associated with those proceedings). On the basis of the indemnity provided by BG Group in respect of such claims, APA believes that the outcome of those claims will not be material to its financial position, results of operation or cash flows.

## DESCRIPTION OF APA

### Business Overview

APA is Australia's largest transporter of natural gas as measured by pipeline length, capacity and volume. APA owns or has an interest in key strategic assets in every Australian mainland state and territory, consisting of approximately 14,201 km of gas transmission pipelines (14,744 km[3] of gas transmission pipelines upon completion of the QCLNG Pipeline Acquisition), over 27,100 km of gas distribution network mains and over one million gas connections. Many of APA's gas infrastructure assets and investments are connected to each other, which provides revenue and operating synergies. APA estimates that in FY2014 and for HY2015 it transported, including through energy investments, approximately half of Australia's domestic gas consumption and more than three-quarters of gas consumed in all of Queensland, New South Wales, Victoria and South Australia. APA also owns other related energy infrastructure assets, such as gas storage facilities and power generation assets.

The chart below illustrates the relative size of APA's gas transmission pipeline portfolio (which includes pipelines in which APA has invested through its energy investments) as compared to its competitors in the Australian market as at 31 December 2014, as measured by gas transmission pipeline length.



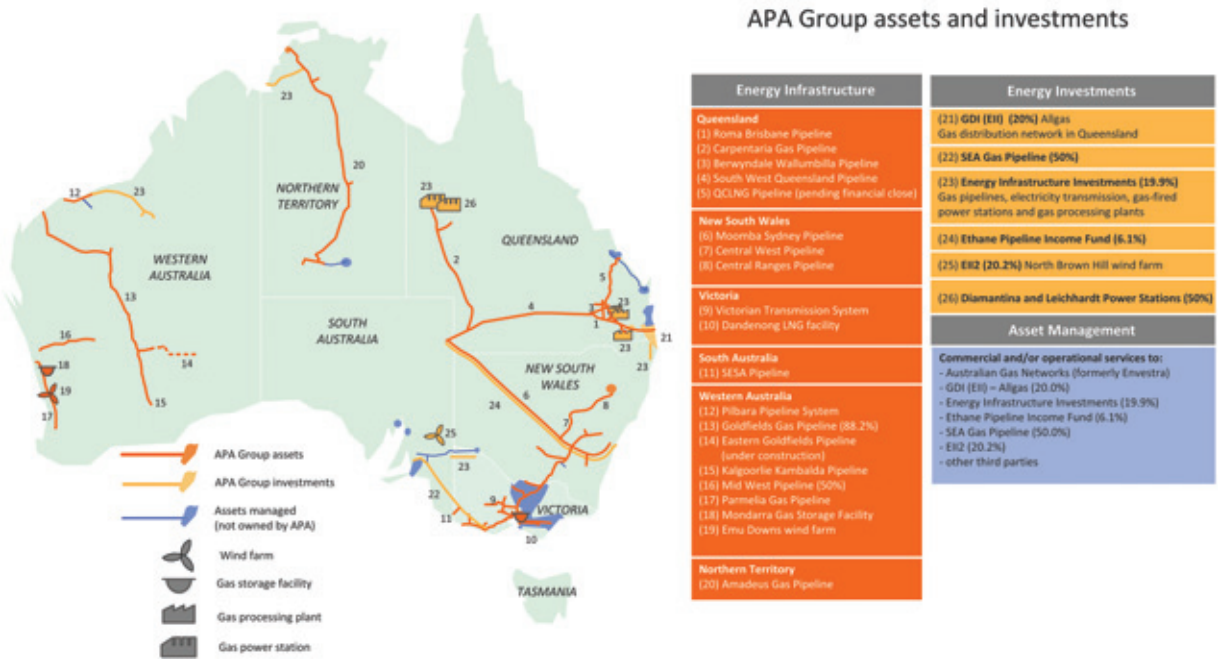

Note: AER State of the Energy Market December 2014 and IMO Gas Market Statement of Opportunities December 2014; APA data as at 31 December 2014. The APA data includes pipelines totalling 2,172 km that are not included in the AER and IMO data (including the QCLNG Pipeline), as the AER and IMO data are limited to major transmission pipelines. The gas transmission pipeline lengths displayed above are not adjusted for proportional ownership, thus they represent the entire lengths of the pipelines. The gas transmission pipeline lengths displayed above exclude over 1,950 km of looping on APA transmission pipelines. Although APA is not aware of any energy investments of Singapore Power/China State Grid or DUET, they may have such interests, which are not represented in the chart above. Length of pipelines is only one measure of size and may not be indicative of gas transported, earnings or cash flow. The QCLNG Pipeline Acquisition is subject to certain conditions and is expected to occur during the second quarter of the 2015 calendar year. See "The QCLNG Pipeline Acquisition" for more details.

APA has direct management and operational control over the majority of its assets and investments.

3 Gas transmission pipeline lengths are not adjusted for proportional ownership and represent the entire lengths of the pipelines or networks independent of the level of APA's ownership interest in such pipelines or networks.

**APA Assets and Investments**

APA's energy infrastructure assets (subject to completion of the QCLNG Pipeline Acquisition), energy investment assets, and asset management business are illustrated and described in the map below. Interests in APA's energy investments are presented at 31 December 2014.




APA is headquartered in Sydney, Australia and is listed on the ASX. APA is included in the S&P/ASX 50 index, the MCSI All World Capital Index and the FTSE All World Index and, as at 27 February 2015, had a market capitalisation of A$10.2 billion.

**History since 2000**

**2000** ..... **February** — APT established.

**March** — APT registered.

**June** — APT listed on the ASX with an interest in approximately 7,000km of pipelines.

**2001** ..... **February** — Acquisition of the remaining 15% interest in the RBP.

**2003** ..... **March** — Interest in the GGP increased to 48.5%.

**2004** ..... **August** — Acquisition of the PGP, the Mondarra Gas Storage Facility and an additional interest in the GGP (taking the total interest in the GGP to 88.2%).

**2005** ..... **February** — Acquisition of the remaining 30% interest in the CGP.

**June** — APTIT established.

**August** — APTIT registered.

**2006** ..... **March** — Completion of construction and commissioning of Kogan North gas processing facility.

**March** — Acquisition of Murraylink electricity interconnector.

**June** — Execution of a 25 year gas transportation agreement with the PWC in the Northern Territory of Australia and commitment to the development of the BGP.

**November** — Acquisition of the Allgas Gas Network gas distribution business.

**December** — Acquisition of the VTS.

**December** — Acquisition of GasNet.

**December** — APTIT stapled to APT.

**2007** ..... **January** — Completion of construction and commissioning of the Daandine Power Station, Queensland.

**February** — Acquisition of Directlink electricity interconnector.

**March** — Completion of construction of the Tipton West gas processing facility.

**June/July** — Acquisition of the Origin Energy Networks assets. The assets included a one third interest in the SEA Gas Pipeline, 17.2% equity interest in Envestra Limited (now known as AGN), the long term asset management agreement to operate AGN's assets (including the requisite resources) and a number of other energy assets.

**October** — Termination of third party agreements for operation and maintenance of APA's foundation pipelines and acquisition of operating/maintenance agreements for a number of third party assets including the Ethane Pipeline.

**November** — Completion of the construction and commissioning of the 30 MW X41 Power Station (Xstrata) at Mount Isa in north-western Queensland.

**2008** ..... **August** — Acquisition of the CRP and CRN in New South Wales.

**December** — Completion of construction of the 287 km BGP in the Northern Territory.

**December** — Establishment of EII, an unlisted investment vehicle, and sale of a number of APA's low growth assets into a joint venture with Marubeni Corporation and Osaka Gas Company Ltd of Japan.

**2009** ..... **February** — Increase of APA's interest in Envestra Limited (now known as AGN) by 11.5% to 30.4% through participation in and partly underwriting Envestra's rights issue.

**June** — the Issuer obtained a BBB (stable) rating from S&P.

**October** — EII2, another APA joint venture with Marubeni Corporation and Osaka Gas, purchased the North Brown Hill wind farm project from AGL Energy.

**2010** ..... **April** — Extension of APA's transmission footprint into the Surat Basin's coal seam gas reserves with the acquisition of the BWP from AGL Energy.

**April** — Announcement of the acquisition of a 14.9% interest in the HDF and the subsequent increase in APA's interest to approximately 17.7%.

**April** — the Issuer obtained a Baa2 (stable) rating from Moody's.

**2011** ..... **May** — Announcement of the expansion of the Mondarra Gas Storage Facility, underwritten by a 20 year revenue agreement with founder customer, Verve Energy (now known as "Synergy").

**June** — Acquisition of the AGP in the Northern Territory

**June** — Acquisition of the Emu Downs wind farm and adjacent development site in Western Australia.

**July** — Increase of APA's equity interest in HDF to 20.7%.

**October** — Announcement of a joint development with AGL Energy of the 242 MW gas-fired Diamantina Power Station at Mount Isa.

**December** — Sale of the Allgas Gas Network to GDI for A$475.7 million while retaining 20% ownership of the entity and asset management and operations of the Allgas Gas Network.

**December** — Announcement of an off-market take-over bid for HDF.

**2012** ..... **April** — Reorganisation of organisation and reporting structure creating three business divisions aligned with APA's core businesses, being Transmission, Networks and Strategy and Development.

**October** — Announcement that the HDF take-over offer had become unconditional.

**November** — Announcement that APA has a relevant interest in more than 90% of all HDF stapled securities and that it would proceed to compulsory acquire the remaining HDF stapled securities.

**November** — Together with APA's joint venture partner AGL Energy announced a 60 MW open-cycle gas fired power station (known as Leichhardt Power Station) adjacent to the Diamantina Power Station in Mount Isa.

**December** — Completion of the take-over of HDF, assuming control of the Epic Energy assets and operations.

**2013** ..... **May** — Completion of the sale of the MAPS to QIC Global Infrastructure for A$400.5 million.

**June** — Announcement of an approach to Envestra Ltd (now known as AGN) regarding a proposal for an all-share merger.

**2014** ..... **July** — Leichhardt Power Station was commissioned and became fully operational.

**August** — Announcement of the divestiture of 33.05% equity holding in AGN after APA accepted the Cheung Kong Group consortium's offer for all its shares in AGN. This generated gross proceeds of A$784 million and as a result, APA booked a net pre-tax profit of A$430 million for HY2015. Prior to that sale, APA received a final dividend payment of A$21 million from AGN on 25 July 2014. APA continues to operate AGN's gas distribution networks under an agreement that expires in 2027.

**October** — The Diamantina Power Station, a 242 MW combined cycle gas-fired power station, became fully operational, delivering energy under foundation customer agreements.

**December** — APA entered into a binding sale and purchase agreement with BG Group to acquire the 543 km QCLNG Pipeline for U.S.$5 billion.

**December** — APA launched the Entitlement Offer, a A$1,838 million accelerated renounceable entitlement offer for APA's stapled securities, issuing approximately A$958 million of those stapled securities settling on 22 December 2014 and issuing approximately A$880 million of those stapled securities settling on 27 January 2015.

**Investment Highlights**

***Largest gas infrastructure portfolio in Australia that cannot be readily replicated***

- Through an integrated portfolio of assets and investments, APA is Australia's largest transporter of natural gas as measured by pipeline length, capacity and volume transported. APA's gas transmission network is Australia's largest in terms of scale and geographic diversity and cannot be readily replicated. APA owns or has an interest in key strategic assets in every Australian mainland state and territory, including approximately 14,201 km[4] of gas transmission pipelines (14,744 km[4] of gas transmission pipelines upon completion of the QCLNG Pipeline Acquisition), over 27,100 km[4] of gas distribution network mains and over one million gas connections. Many of APA's gas infrastructure assets and investments are connected to each other, which provides revenue and operating synergies.

- APA estimate that in HY2015 and FY2014, APA transported, including through its energy investments, approximately half of Australia's domestic gas consumption and more than three quarters of all gas consumed in Queensland, New South Wales, Victoria and South Australia.

- APA believes that it is well positioned to generate further value from its assets by enhancing the scale, efficiency and flexibility of its network through the ongoing expansion of and enhancements to its infrastructure portfolio. APA continues to optimise its existing asset portfolio to meet the demands of existing and new customers through a variety of projects, which are generally either fully underwritten by customers through long-term gas transportation arrangements or have received regulatory approval through the relevant access arrangement. These projects include compression (increasing pressure of gas flowing through the pipeline to enable higher throughput), looping (increasing the capacity of a pipeline by installation of an additional pipeline, parallel to and joined with the original pipeline), lateral additions (branch pipelines linking a main pipeline to a market, end-user or other pipeline) and installing bi-directional capabilities on existing APA pipelines. APA is also improving its services through technological system upgrades and commercial arrangements that are designed to provide a seamless service to customers across pipeline systems.

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[4] This length is not adjusted for proportional ownership and represent the entire lengths of the pipelines or networks independent of the level of APA's ownership interest in such pipelines or networks.

***Quality assets with long expected lives requiring a relatively low level of maintenance capital expenditure***

- The average age of APA's transmission pipeline assets, weighted by pipeline length, is approximately 25 years compared to their expected life of between 50 and 80 years;

- The large majority of APA's gas transmission assets are located underground and in non-urban locations resulting in relatively well-conditioned assets and a low level of stay-in-business or maintenance capital expenditure. Although APA has not yet completed the QCLNG Pipeline Acquisition, the QCLNG Pipeline is similarly situated as a new pipeline with an expected life of between 50 and 80 years; and

- APA takes a long-term view of asset management, and undertakes an ongoing maintenance schedule designed to ensure that its assets meet statutory and technical licence conditions and are maintained in good condition. APA's maintenance includes, but is not limited to, aerial surveys of its pipelines and the use of internal pipeline inspection gauges, or "pigs", to perform various maintenance and system checks on its pipelines.

***Stable and predictable cash flow from price regulated assets and long term contracts***

- APA's improving financial performance is partly attributable to the nature of its energy infrastructure asset base, the majority of which benefits from price regulation and/or long-term "take-or-pay" contracts, generally with fixed and known indexation methodology. Additionally, APA's revenue is generated from transmission of gas based on capacity reservation or other fixed tariffs, and not from the price of natural gas. Consequently, APA has no material direct exposure to underlying movements in natural gas or other energy-related commodity prices;

- In HY2015, revenue (excluding pass-through revenue and other interest income) from price regulated assets accounted for 34.9% of APA's total revenue (excluding pass-through revenue and other interest income). In FY2014, revenue (excluding pass-through revenue and other interest income) from price regulated assets accounted for 38.6% of APA's total revenue (excluding pass-through revenue and other interest income). APA's price regulated assets are those which the regulatory authorities have determined, among other things, demonstrate natural monopoly characteristics and have a degree of market power, making them subject to regulatory price setting. In setting prices for price regulated assets, the relevant regulator considers various factors, including forecast demand, efficient operating costs, capital expenditures and the costs of debt financing and equity;

- Regulatory reset dates typically occur every five years (resets are scheduled to occur over the next six years for each of APA's price regulated assets). APA typically contracts capacity of its price regulated and non-price regulated assets (other than the VTS) using "take-or-pay" contracts. For the most part, 75% to 95% of the revenue received under APA's "take-or-pay" contracts is in the form of a pipeline capacity reservation tariff payable irrespective of gas transmission volumes shipped by that customer;

- Contracts for APA's two major price regulated assets, the GGP and RBP, are often for periods in excess of 10 years and APA's current average contract lengths for such assets, weighted according to contract capacity, is approximately 17 years. APA recently completed the expansion of the GGP and the RBP. See "Business — Energy Infrastructure". APA's other price regulated asset, the VTS, operates through a market carriage system that is operated by the AEMO. This gas market allows for trading based on injections into and withdrawals from the transmission system that links multiple producers, major users and retailers. Accordingly, traditional long term contracts are not part of the VTS operations;

- In HY2015, APA's revenue (excluding pass-through revenue and other interest income) under negotiated contractual arrangements from non-price regulated assets accounted for 65.1% of APA's total revenue (excluding pass-through revenue and other interest income). In FY2014, APA's revenue (excluding pass-through revenue and other interest income) under negotiated contractual arrangements from non-price regulated assets accounted for 61.4% of APA's total revenue (excluding pass-through revenue and other interest income); and

- Contracts for APA's three major non-price regulated assets, the MSP, the CGP and the SWQP, are often for periods in excess of 5 years and APA's current average contract lengths for such assets, weighted according to contract capacity, is approximately 11 years.

The GGP, RBP, MSP, VTS, SWQP and the CGP contributed 83.3% and 84.1% of APA's HY2015 and FY2014 energy infrastructure segment EBITDA, excluding one-off significant items, respectively.

The following table summarises the contribution of each segment to HY2015 and FY2014 EBITDA, excluding one-off significant items. See "Description of APA — Energy Infrastructure" for additional information regarding the assets within the Energy Infrastructure segment.

| Asset | FY2014 Contribution to EBITDA[1] (A$millions) | FY2014 Contribution to EBITDA[1] (%) | HY2015 Contribution to EBITDA[1] (A$millions) | HY2015 Contribution to EBITDA[1] (%) |
|---|---|---|---|---|
| Total Energy Infrastructure EBITDA | 623.0 | 83.4% | 373.6 | 93.1% |
| Asset Management | 56.2 | 7.5% | 20.1 | 5.0% |
| Energy Investments | 68.1 | 9.1% | 7.6 | 1.9% |
| EBITDA before divested business and one-off significant item[2] | 747.3 | 100.0% | 401.3 | 100.0% |
| Divested Businesses | — | | 1.0 | |
| One-off Significant Items[2] | — | | 447.2 | |
| Total[3] | 747.3 | | 849.6 | |

(1) EBITDA is displayed excluding divested businesses and one-off significant items and as a percentage of EBITDA excluding divested businesses and one-off significant items.

(2) The one-off significant item was A$430 million net pre-tax profit on the sale of APA's equity interest holding in AGN and the one-off receipt of A$17.2 million relating to performance fees previously paid by HDF to Hastings Funds Management Limited that were refunded to APA.

(3) Totals may not add due to rounding.

***Quality customer base and diversified asset footprint***

- APA's revenue stream is diversified across customers, geography and assets, which APA believes enhances the stability of its revenue through economic cycles. In HY2015, APA's top ten customers represented 79.9% of its Energy Infrastructure transmission revenue (excluding pass-through revenue and other interest income);

- Prior to the acquisition of the QCLNG Pipeline, APA's largest customers included AGL Energy, Origin Energy and Energy Australia, three large integrated utilities in Australia, and BHP Billiton, a large, multi-national resource company and in HY2015 no single client represented greater than 22% of APA's Energy Infrastructure transmission revenue (excluding pass-through revenue and other interest income)[5]. Additionally, based on the contracts underlying APA's major price regulated and non-price regulated assets (the GGP, RBP, MSP, SQWP and CSP), APA estimates that 89% of its HY2015 revenue (excluding pass-through revenue and other interest income) was contracted with customers with an investment grade credit rating or joint ventures with investment grade parties. Upon completion of the QCLNG Pipeline Acquisition, the BG Group of companies and a CNOOC subsidiary will each become top ten customers of APA. CNOOC does not guarantee the obligations of

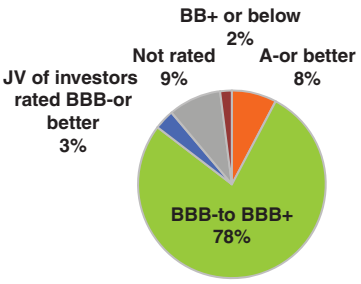
5 Completion of the QCLNG Pipeline Acquisition will result in an increase in the concentration of APA's revenues as described in 'The QCLNG Pipeline Acquisition.'

its subsidiary (which is unrated), but in the event the GTA with that subsidiary is terminated due to that subsidiary's default and such subsidiary does not pay the required termination payment due on termination of the GTA, BG Group will be required to assume responsibility for the tariffs that would have been payable under such GTA.

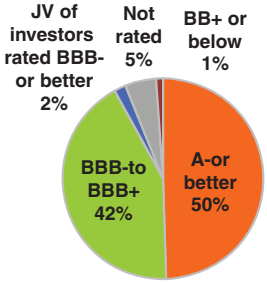
The following chart illustrates APA's counterparty credit rating for its major price regulated and non-price regulated assets (the GGP, RBP, MSP, SWQP and CGP), as weighted by contracted MDQ, and the following table illustrates a list of APA's top ten customers for HY2015. For illustrative purposes APA has included the post-QCLNG Pipeline Acquisition impact on its counterparty credit ratings chart to show the expected improvement in credit ratings on its counterparties contracted to use its major assets assuming completion of the acquisition.

***Counterparty Credit Ratings by MDQ for Major Contracted Assets***

As at 31 December 2014




As at 31 December 2014 (assuming completion of QCLNG Pipeline Acquisition had occurred)[6]




The table below sets forth APA's top ten customers as at 31 December 2014 and does not give effect to the QCLNG Pipeline Acquisition. As noted above, CNOOC (rated Aa3/AA) will become one of APA's top ten customers on completion of the QCLNG Pipeline Acquisition.

| Top Ten Customers - Alphabetical Order | Sector | Moody's[(1)] | S&P[(1)] |
|---|---|---|---|
| AGL Energy | Utility | NR | BBB |
| BHP Billiton | Metals & Mining | A1 | A+ |
| EnergyAustralia | Utility | NR | BBB- |
| Glencore Xstrata | Metals & Mining | Baa2 | BBB |
| Origin Energy | Energy / Utility | Baa2 | BBB |
| Power and Water Corporation[(2)] | Utility | A1 | A+ |
| QGC[(3)] | Energy | A2 | A- |
| Rio Tinto | Metals & Mining | A3 | A- |
| Santos | Energy | NR | BBB |
| Synergy[(4)] | Utility | Aa1 | AA+ |

(1) Note, NR indicates not rated by the particular rating agency

(2) Note, rating based on rating of Northern Territory

(3) Note, rating based on parent entity BG Energy Holdings Ltd.

(4) Note, rating based on rating of Western Australia

APA has a presence across all mainland Australian states and territories and no single state or territory accounted for more than 31.1% of its revenue (excluding pass-through revenue and other interest income) or 34.0% of its EBITDA (excluding one-off significant items) in HY2015 and 27.4% of its revenue

6 Assumes QCLNG Pipeline capacity is contracted as described in "The QCLNG Pipeline Acquisition".

(excluding pass-through revenue and other interest income) or 28.5% of its EBITDA (excluding one-off significant items) in FY2014. Its revenue (excluding one-off pass-through revenue and other interest income) and EBITDA is also well diversified by individual assets. No single pipeline asset accounted for more than 17.5% of its revenue (excluding pass-through revenue and other interest income) or 19.8% of its EBITDA (excluding one-off significant items) in HY2015 and 14.5% of its revenue (excluding pass-through revenue and other interest income) or 16.2% of its EBITDA (excluding one-off significant items) in FY2014.

APA's revenue and EBITDA are well diversified by:

- Geography: APA has a presence across all mainland Australian states and territories and no single state or territory accounted for more than 31.1% of APA's revenue (excluding pass-through revenue and other interest income) or 34.0% of APA's EBITDA (excluding significant items) in HY2015 and 27.4% of APA's revenue (excluding pass-through revenue and other interest income) or 28.5% of APA's EBITDA (excluding significant items) in FY2014; and

- Assets: APA's revenue (excluding pass-through and other interest income) and EBITDA is well diversified by individual assets. No single pipeline asset accounted for more than 17.5% of APA's revenue (excluding pass-through revenue and other interest income) or 19.8% of APA's EBITDA (excluding significant items) in HY2015 and 14.5% of APA's revenue (excluding pass-through revenue and other interest income) or 16.2% of APA's EBITDA (excluding significant items) in FY2014.

***Strong balance sheet and prudent capital management***

APA's assets have relatively long lives and generate stable long-term cash flows that enable APA to service its obligations under long term debt financings. APA's portfolio of gas pipelines and distribution networks (many of which are natural monopolies), the predictability of earnings, the extent of take-or-pay contractual agreements and the low risk profile of the assets, mean that APA is well positioned to maintain its balance sheet over the longer term with investment grade credit rating metrics and maintain current levels of debt relative to equity. APA's historical Gearing Ratio and Interest Cover Ratio for the last half year and five fiscal years are set out Annex — Management's Discussion and Analysis of Financial Condition and Results of Operations — Credit Metrics. In HY2015, APA's gearing ratio decreased to 44.5% principally because of a reduction in drawn debt, the A$783 million in proceeds from the sale of APA's interest in AGN and the A$914 million of cash on hand due to the A$958 million sale of stapled securities which settled on 22 December 2014 as part of the Entitlement Offer. APA expects its Gearing Ratio will be approximately 65% upon completion of the QCLNG Pipeline Acquisition. The long term nature of contractual agreements also supports APA's debt maturity profile.

In addition, APA has a relatively low level of Stay in Business Capital Expenditure or maintenance capital expenditure, which has been in the range of A$20 million to A$50 million over the last three fiscal years. APA's growth capital expenditure, other than expenditure relating to its energy investments, is generally either fully underwritten by its customers through long-term gas transportation arrangements or has received regulatory approval through the relevant access arrangement. APA has historically funded organic growth through operating cash flow retained in the business and a combination of debt and equity financings.

As of 31 December 2014, APA had A$2,429 million of available liquidity (A$914 million of cash and cash equivalents and A$1,515 million of committed but undrawn credit facilities). APA has entered into or intends to enter into a number of transactions to fund the QCLNG Pipeline Acquisition. On 10 December 2014, APA announced the Entitlement Offer, a A$1,838 million accelerated renounceable entitlement offer for its stapled securities. Approximately A$958 million of the stapled securities from that offer were sold on 22 December 2014, and approximately A$880 million of the stapled securities from that offer were sold on 27 January 2015. APA also entered into the QCLNG Pipeline Acquisition Bridge Facility in November 2014, a two-year U.S.$4.1 billion syndicated bridge facility agreement, which has not been drawn to date and is therefore not included in the available liquidity quoted above.

Since listing, APA has raised equity capital on a number of occasions associated with major acquisitions. This support from equity investors has allowed APA to maintain a conservative financial risk profile over a

period of substantial growth and investment in its business. APA has been rated BBB since June 2009 by S&P and Baa2 since April 2010 by Moody's. APA intends to maintain its senior unsecured issuer ratings as investment grade, and is prepared to consider equity and hybrid capital raisings to fund growth capital expenditures in order to do so. S&P and Moody's affirmed APA's BBB/Baa2 credit ratings on 10 December 2014 after APA's announcement of the QCLNG Pipeline Acquisition.

***Well positioned to benefit from Australian energy industry trends***

Electricity produced in Australia is generated predominately from non-renewable fuels and, while coal accounted for 63.9% of Australian electricity generation in FY2013, the BREE estimates that electricity generated from natural gas accounted for 20.5% of Australian electricity generation in FY2013 (the most recent year for which BREE data is available). According to BREE, from FY2009 to FY2013, the total energy consumption of natural gas in Australia has increased at an average rate of 3.5% per annum, compared with an average rate of decline of 3.2% for coal, and increases of 2.3% for oil and 3.2% for renewable energy sources. According to BREE, from FY2009 to FY2013, the total energy production of natural gas has increased at an average increase of 5.6% per annum, compared with an average increase of 4.7% for black coal, decrease of 2.2% for brown coal, decrease of 3.4% for oil and increase of 3.2% for renewable energy sources. BREE estimates that in FY2013, Australia's gas production increased by 14.3% relative to FY2012.

The AEMO 2014 National Gas Forecasting Report contains their most recent forecasts for eastern and south-eastern Australia's interconnected gas markets. This includes gas used for LNG processing and exports in Queensland. Under AEMO's medium energy consumption scenario, total consumption (including LNG exports) is projected to increase at an annual rate of 23.0% in the short term (2014-2019), before stabilising after the LNG projects around Gladstone, Queensland (including the QCLNG Project) reach full production in 2019. Under this scenario, increases in natural gas transported to LNG export plants in Gladstone, including the plants for the QCLNG Project, the APLNG Project and GLNG Project, are expected to offset an expected decline in industrial gas consumption and gas-powered generation due to minimal growth in electricity consumption and rising gas prices.

APA believes its assets are well-positioned to benefit from the current and expected growth in Australian gas production and the associated demand for use of transmission pipelines services. APA expects further contracts with its customers to underpin the need for energy solutions and the expansion of its existing assets.

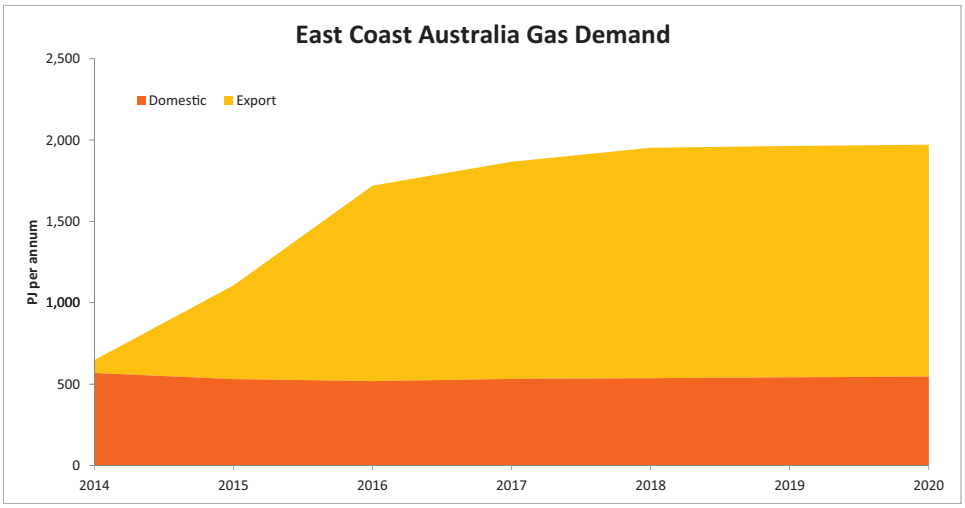
***Well positioned to benefit from the market transformation in the liquefied natural gas industry***

LNG is produced by converting natural gas into liquid. According to the Australian Department of Foreign Affairs and Trade, the value of Australia's LNG exports is estimated to have risen from A$2.2 billion in FY2004 to A$16.3 billion in FY2014, becoming Australia's third largest export after iron ore and coal. The development of an LNG export facility requires large amounts of upfront capital investment in purchasing or building processing plants, ports and shipping facilities. Currently, Australia's LNG export projects are principally located in Western Australia's North West Shelf and Darwin.

According to the AER in its annual assessment of the Australian energy market, a transformation of the LNG market is expected to take place in Australia's LNG export sector with three major LNG export projects located in Queensland nearing completion, including the A$20.0 billion QCLNG Project, the A$24.7 billion APLNG Project and the A$18.5 billion GLNG Project. All three projects are developed to produce LNG from coal seams, which involve the production of coal seam natural gas in the gas fields in Queensland (Surat basin and/or Bowen basin), and transmission and delivery of gas to their LNG facilities on Curtis Island off Gladstone where coal seam natural gas is converted into LNG.

The QCLNG Project is under development by BG Group and is designed to initially produce 8.5 million tonnes of LNG per year, with potential capacity increases up to a total capacity of 12 million tonnes per year. The QCLNG Project has been commissioning cargoes of LNG since December 2014. The QCLNG Pipeline is a key component of the QCLNG Project. Following completion of the QCLNG Acquisition, APA believes it will be well positioned to benefit from expected growth in LNG production in Queensland and the associated need for transmission pipelines. See "The QCLNG Pipeline Acquisition" for more information on the QCLNG Project.

The APLNG Project, which is being developed by Origin Energy, ConocoPhillips and Sinopec as joint venture partners, is expected to begin its LNG exports in 2015. The GLNG Project, which is being developed by Santos, Petronas, Total and Kogas as joint venture partners, is designed to initially produce 7.8 million tonnes of LNG per year, with potential capacity of up to 10 million tonnes per year and is expected to begin exporting LNG in 2015. As a result the demand for natural gas is expected to increase significantly across the east coast of Australia over the next five years, as shown in the chart below.




*Source: AEMO Gas Statement of Opportunities (GSOO), 2014.*

In 2014, each of these LNG project developers continued building and testing wells, processing facilities, liquefaction plants and transmission pipelines and interconnecting their pipelines to enable physical gas flows between projects. The QCLNG Project and the APLNG Project are developing sufficient new gas production capacity to supply their LNG plants and domestic contracts and the GLNG Project is developing new capacity subject to reliance on the existing domestic gas fields. In addition to being the means to transport gas for the QCLNG Project, the QCLNG Pipeline connects to the gas transmission pipelines to the APLNG Project and GLNG Project, which may lead to future opportunities for APA to earn additional revenue. APA expects LNG demand on Australia's east coast to increase over the coming years as demand for gas transmission pipelines to supply these LNG projects around Gladstone increases, and APA believes the QCLNG Pipeline Acquisition positions it to benefit from these dynamics.

***Well positioned to benefit from the QCLNG Pipeline Acquisition***

Although APA has not completed the QCLNG Pipeline Acquisition APA believes it is well-positioned to benefit from its addition to its portfolio, as it will enhance APA's position as Australia's largest owner of gas transmission pipelines. The QCLNG Pipeline complements the existing footprint of APA's gas infrastructure assets on Australia's east coast, and interconnects connecting directly to the BWP.

As part of the QCLNG Pipeline Acquisition, APA will acquire agreements to transport and deliver gas through the QCLNG Pipeline, which is a non-price regulated asset. APA expects that principal agreements will provide it with a highly predictable stream of revenue throughout their initial 20 year terms through their "take or pay" payment provisions, where the primary fees payable from the shippers are not linked to volume transported through the QCLNG Pipeline or the price of oil or gas. Moreover, to the extent capital expenditure is required, these agreements also allow APA to earn a return on certain capital expenditures related to the QCLNG Pipeline, and pass through reasonable fixed and operating costs to the shippers. The primary revenues received under these agreements will be denominated in U.S. dollars, and the primary fee components are 100% indexed against the United States consumer price index[7].

[7] US CPI — All Urban Consumers (Seasonally Adjusted).

There is potential to be able to further increase APA's revenue through expansions and the provision of services to additional shippers. APA expects gas demand on the Australian east coast to increase over the coming years, and APA believes that the QCLNG Pipeline Acquisition positions it well to benefit from the evolving dynamics in this market. APA will have the option to assume operation of the QCLNG Pipeline twelve months after the settlement of the QCLNG Pipeline Acquisition, subject to shipper consent from BG Group and CNOOC not to be unreasonably withheld. APA expects gas demand on the Australian east coast to increase over the coming years, and APA believes the QCLNG Pipeline Acquisition positions it well to benefit from the evolving dynamics in this market and add to its 7,000 km east coast grid.

***Integrated in-house management and experienced management team***

- APA has an experienced executive management team which is focussed on developing and implementing APA's core strategies. Mr. Michael McCormack joined APA on 13 June 2000 as General Manager Commercial and became Chief Executive Officer on 1 July 2005 and Managing Director on 1 July 2006. Mr. McCormack has extensive senior management experience in the energy transmission sector in Australia, with particular focus on gas transmission pipelines and the development of new and existing gas pipelines across Australia. On 1 June 2009 Mr. Peter Fredricson joined APA as its Chief Financial Officer. Mr. Fredricson has expertise in the listed energy infrastructure sector and more than 20 years of experience in senior financial roles in financial services and investment banking companies in Australia, Asia and the Pacific. APA's Chief Executive Strategy and Development, Mr. Ross Gersbach joined the management team on 1 February 2008 and has over 20 years of experience in senior positions across a range of energy related sectors, covering areas such as infrastructure investments, mergers and acquisitions and strategic developments. The executive team also comprises Mr. Rob Wheals (Group Executive Transmission), Mr. John Ferguson (Group Executive Networks), Mr. Kevin Lester (Group Executive Infrastructure Development), Mr. Mark Knapman (Company Secretary) and Mr. Peter Wallace (Group Executive Human Resources). Collectively the executive team have extensive experience in their respective areas and a proven record of achievement.

- A skilled and experienced workforce of more than 1,600 employees which performs the majority of commercial, engineering and operational functions for APA's assets and the assets APA operates for its co-investors and others. APA's workforce helps optimise operating costs over an asset's life cycle, maximise revenue generation per asset and avoids payments to third parties to manage and maintain assets.

**Strategy**

As the largest gas infrastructure owner in Australia, APA believes that it is well-positioned to benefit from expected continued growth in Australian gas production and demand for use of transmission pipelines by executing the following business strategy.

- *Capture operational efficiencies from APA's significant asset base*. APA is actively pursuing group-wide initiatives to ensure best in class systems and practices are utilised. APA seeks asset development opportunities that leverage existing assets and utilise the depth of its comprehensive asset management and operational skills. APA believes it can continue to deliver growth from existing assets and leverage off the increased gas demand requirements of its customers. APA typically underpins growth of its existing assets with customer contracts prior to incurring the related capital expenditures;

- *Actively manage relationships with its major customers to maximise opportunities*. APA's largest customers represent an important part of its current revenue stream and are key players in the future development of the Australian gas market. APA has a national account team structure, with sales teams responsible for customer portfolios. This structure is designed to provide strong customer focus, single accountability and a "whole of customer view". In addition, APA has a national contracts management function for day-to-day management of all existing contracts, and is working towards a national set of standardised business processes. The aim is to ensure a seamless sales and service experience for APA's customers. APA also provides customers with gas storage and other energy infrastructure, such as wind farms, providing a total energy solution for its customers;

- *Optimise the asset portfolio*. APA continually reviews opportunities to undertake accretive acquisitions consistent with its strategy to optimise its asset portfolio, such as the QCLNG Pipeline Acquisition which APA expects to complete in the second quarter of the 2015 calendar year. See "The QCLNG Pipeline Acquisition". Similarly, APA regularly reviews opportunities to divest mature, income stabilised assets to existing or new energy investment vehicles to optimise its capital position and capture operating synergies through ongoing operational management of those assets. For instance, on 7 August 2014 APA sold its 33.05% equity interest in AGN for A$784 million. From time to time, APA also invests in assets that have synergies with its existing asset portfolio. Examples include the development of gas storage facilities, the joint development of gas-fired generation plants or the acquisition of gas transportation and storage infrastructure and other energy infrastructure related assets. For example, in November 2014 APA completed the development of a 242 MW gas-fired electricity generation plant at Mt. Isa, with AGL Energy as its joint partner, which complements APA's CGP; and

- *Maintain a strong balance sheet*. On the back of relatively stable historical gearing and interest coverage ratios, APA aims to manage its balance sheet to maintain its Baa2/BBB unsecured senior investment grade credit ratings to ensure that it has access to a broad range of global debt capital markets to fund its business. S&P and Moody's affirmed APA's BBB/Baa2 credit ratings on 10 December 2014 after APA announced the QCLNG Pipeline Acquisition.

**Business**

APA is a major developer, owner and operator of gas transportation infrastructure across Australia. Operations are reported in three principal business segments being Energy Infrastructure, Asset Management and Energy Investments.

**Energy Infrastructure**

APA operates and either owns or has interests in gas transmission pipelines and interconnected gas storage facilities across mainland Australia, which represents Australia's largest portfolio of natural gas pipelines. In addition, APA expects to complete the QCLNG Pipeline Acquisition during the second quarter of the 2015 calendar year, which would add the QCLNG Pipeline in Queensland to its portfolio. See "The QCLNG Pipeline Acquisition" for more information. APA also owns the CRN in New South Wales, the Dandenong LNG Storage Facility, a metering business in Victoria, the Mondarra Gas Storage Facility and the Emu Downs wind farm in Western Australia.

For HY2015, the energy infrastructure segment represented 91.1% and 93.1% of APA's continuing business revenue (excluding pass-through revenue and other interest income) and continuing business EBITDA, respectively (86.5% and 88.3% respectively for HY2014[8], and 83.1% and 83.4% respectively for FY2014). Pass-through revenue is revenue on which no margin is earned.

**Asset Management**

APA provides asset management and operational services to the majority of its energy investments and to a number of third parties on a contract basis. APA's main customers are Ethane Pipeline Income Fund, EII and GDI. Asset management services are provided to these customers under long term contracts. APA also has agreements to operate until 2027 the gas distribution networks owned by AGN, in which APA recently divested its ownership interest.

For HY2015, the asset management segment represented 7.4% and 5.0% of APA's continuing business revenue (excluding pass-through revenue and other interest income) and continuing business EBITDA, respectively (11.7% and 9.3% respectively for HY2014[8], and 10.0% and 7.5% respectively for FY2014[8]).

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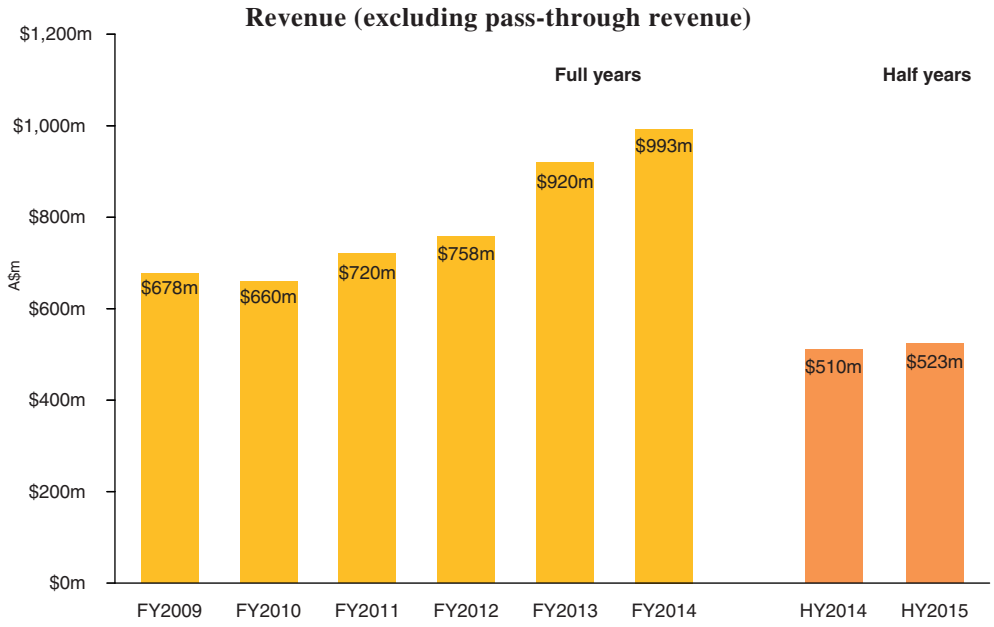
[8] From continuing business. Excludes pass-through revenue and other interest income. EBITDA for HY2015 was impacted by the net pre-tax A$430 million profit on the sale of APA's equity interest in AGN. Operating cash flow and EBITDA in HY2015 were also affected by the one-off receipt of A$17.2 million relating to performance fees previously paid by HDF to Hastings Funds Management Limited that were refunded to APA. See "Description of APA — Litigation and Disputes" for more information.

## Energy Investments

Complementing APA's energy infrastructure business, APA has invested in various energy infrastructure assets, companies and funds, including SEA Gas Pipeline, EII, Ethane Pipeline Income Fund, EII2 (an investment in the North Brown Hill wind farm), GDI (which owns the Allgas gas distribution network) and DPS (a joint venture gas-fired electricity generator with AGL Energy that provides electricity to Glencore Xstrata and Ergon Energy). On 7 August 2014, APA sold its 33.05% equity interest in Envestra Limited (now known as AGN). APA holds a number of roles in respect of the majority of these investments in addition to its ownership interest. Each investment is equity accounted, with the exception of APA's interest in Ethane Pipeline Income Fund.

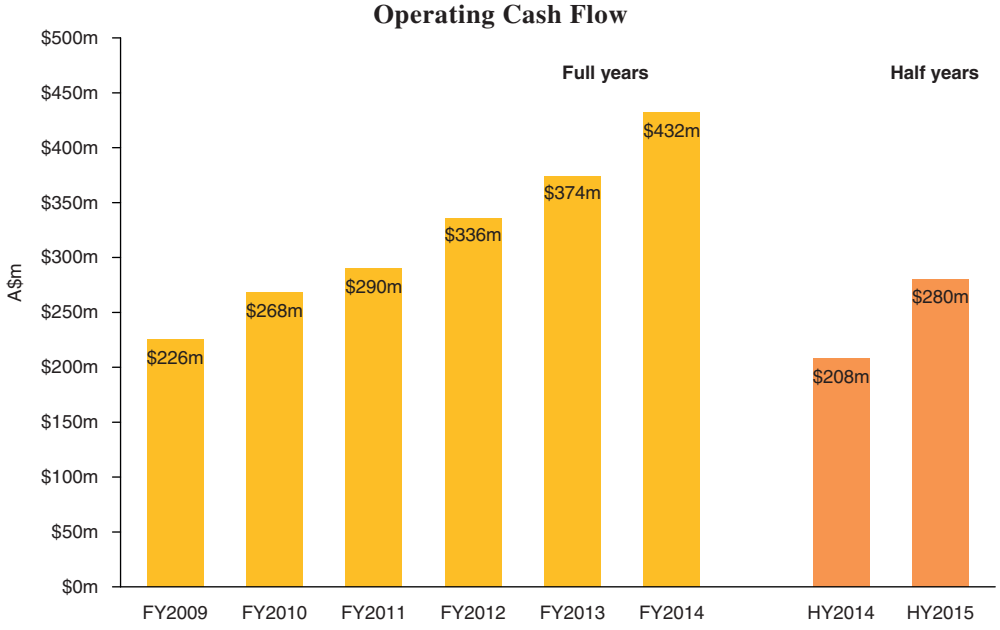
For HY2015, the energy investments segment represented 1.5% and 1.9% of APA's continuing business revenue (excluding pass-through revenue and other interest income) and continuing business EBITDA, respectively (1.8% and 2.4% respectively for HY2014[9], and 6.9% and 9.1% respectively for FY2014[9]).

APA's revenue (excluding pass-through revenue), operating cash flow, EBITDA and total assets have increased over the last six and a half financial years, as illustrated in the charts below[9].

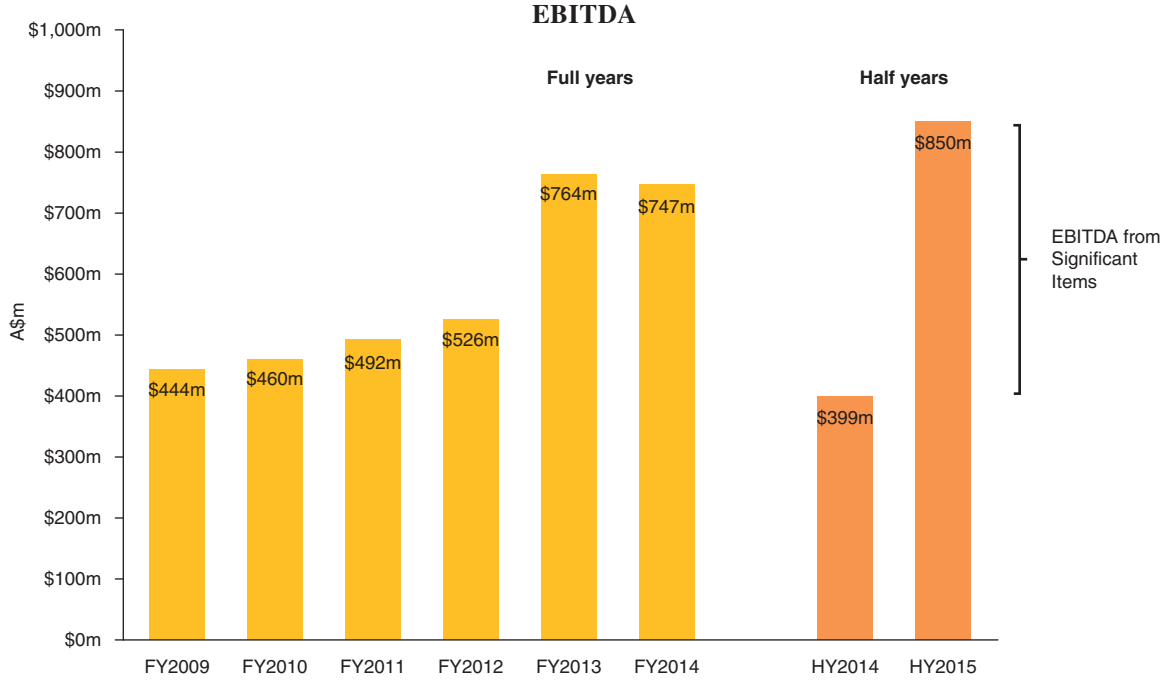


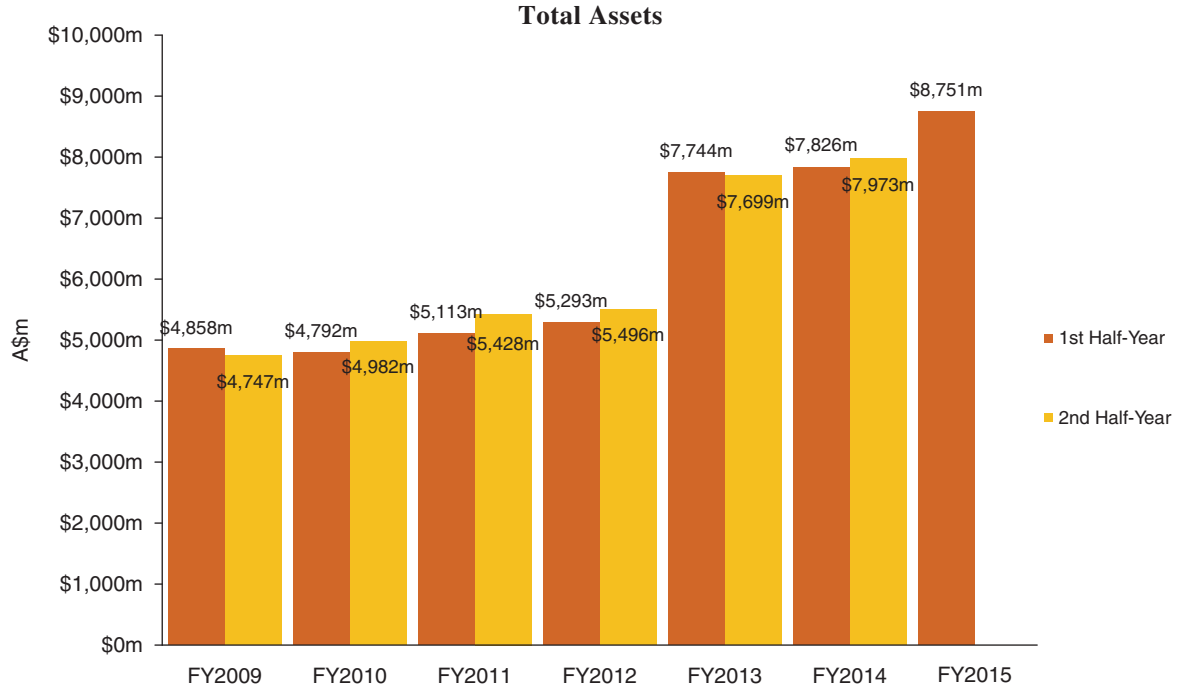

[9] EBITDA for HY2015 was impacted by the net pre-tax A$430.0 million profit on the sale of APA's equity holding in AGN. Operating Cash Flow and EBITDA in HY2015 were also affected by the one-off receipt of A$17.2 million relating to APA's successful appeal to the NSW Supreme Court in a matter relating to performance fees previously paid by HDF to Hastings Funds Management Limited that have been refunded to APA.

## Operating Cash Flow




## EBITDA






As illustrated in the charts above, the relatively large increases in operating cash flow, EBITDA and total assets in certain years are partly due to large acquisitions, divestments and developments, including, but not limited to, the divestment of the 33.05% equity interest in AGN in August 2014, the acquisitions of the Emu Downs wind farm, the AGP, the BWP and investment in HDF in FY2009 to FY2011; and the acquisition of HDF in FY2013. See "Description of APA — History since 2000" for a summary timeline of APA's history of acquisitions and developments. The sale of 80.0% of the Allgas Gas Network to GDI in FY2012 was offset by excess cash and equivalents held following the issue of Canadian dollar denominated Notes. The large increase in total assets in FY2013 was associated with the acquisition of HDF. The majority of the A$958.1 million proceeds from the sale of stapled securities as part of the Entitlement Offer to fund the QCLNG Pipeline Acquisition in December 2014 are held in cash, and accordingly resulted in an increase of total assets in HY2015. In addition, although not reflected in the tables above, APA also raised A$880.4 million from the sale of stapled securities as the other part of the Entitlement Offer in January 2015. See "Description of APA —History since 2000" for additional information.

**Energy Infrastructure**

APA's Energy Infrastructure portfolio comprises a mixture of pipelines that provide access to new and existing market opportunities throughout Australia. APA's pipelines have access to growth sectors of the Australian natural gas market such as gas-fired power generation and LNG export. APA has a presence in each mainland state and territory and easement rights over the property that its pipelines traverse. APA manages and operates all of its gas transmission and distribution assets, other than the CRP, which APA manages and expects to operate upon expiration of legacy agreements on 1 February 2016. In addition to its gas transmission and distribution assets, APA owns the Emu Downs wind farm and adjacent development site.

***East coast gas grid: Queensland, New South Wales, Victoria and South Australia***

APA currently has a 7,000 km integrated pipeline grid on the east coast of Australia, with the ability to transport gas from multiple gas production facilities to gas users across Queensland, New South Wales, Victoria and South Australia. The completion of the QCLNG Pipeline Acquisition would add a further 543 km to APA's gas network on the east coast.

Customers using the grid have flexibility in relation to receipt and delivery points, with the potential to move between about 30 receipt points and about 100 delivery points across Eastern Australia. APA has

developed the commercial and operational framework to deliver this flexibility and other related services, such as multi-pipeline services, bi-directional transportation and integrated gas storage and transportation facilities.

During HY2015, work continued with the bi-directional projects on the SWQP, MSP and RBP as well as other enhancements, such as installation of additional compression capacity at Wallumbilla, Moomba, Winchelsea and Culcairn. These works were underwritten by new and replacement contracts entered into with customers during FY2014 and prior years.

Against the backdrop of a dynamic gas market in the south east of Australia, APA continues to adapt and progressively develop its gas pipeline infrastructure and services in response to the changing needs of its customers. The addition of the QCLNG Pipeline will potentially allow APA to increase utilisation of its east coast grid and potentially capture any additional demand from international gas markets.

***Queensland***

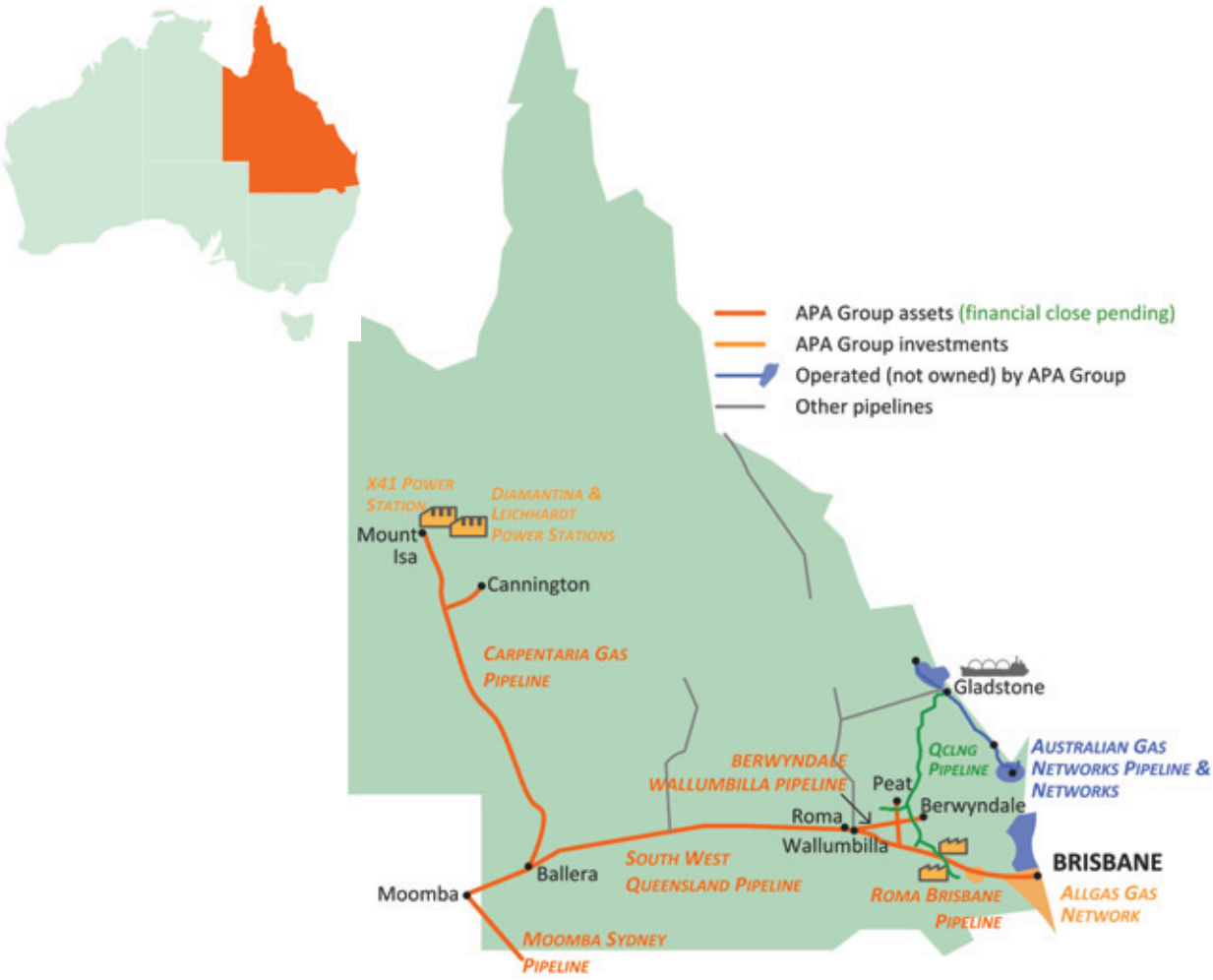
APA owns and operates the following gas transmission pipelines in Queensland:

- Carpentaria Gas Pipeline;
- Roma Brisbane Pipeline;
- South West Queensland Pipeline; and
- Berwyndale Wallumbilla Pipeline.

APA also expects to complete the QCLNG Pipeline Acquisition in the second quarter of the 2015 calendar year.

APA manages and operates the four Queensland pipelines as part of its integrated business, and operates and maintains the GDI and Allgas networks, the latter of which APA recently divested its remaining 33.05% ownership interest. APA will have the option to assume operation of the QCLNG Pipeline twelve months after the settlement of the QCLNG Pipeline Acquisition. See “The QCLNG Pipeline Acquisition”.

*Queensland assets*




*QCLNG Pipeline Acquisition*

On 10 December 2014, APA entered into an agreement to acquire the QCLNG Pipeline for U.S.$5 billion through the acquisition of PipeCo, a wholly-owned subsidiary of BG Group. The QCLNG Pipeline Acquisition builds on APA's strategy of expanding its revenue base and complements its Australian east coast gas transmission grid. The QCLNG Pipeline will transport natural gas from various coal seam natural gas fields in the Surat Basin to the Queensland Curtis LNG Plant. In total, the QCLNG Pipeline consists of 543 km of pipeline, three laterals, interconnections with the APLNG Project and GLNG Project gas transmission pipelines, interconnection capacity to connect to APA's east coast grid and supporting infrastructure associated with the operation of the asset.

As part of the QCLNG Pipeline Acquisition, APA will acquire agreements to transport and deliver gas through the QCLNG Pipeline which is a non-price regulated asset. APA expects that the principal agreements will provide it with a highly predictable stream of revenue throughout their initial 20 year terms through their "take or pay" payment provisions, where the primary fees payable from the shippers are not linked to volume transported through the QCLNG Pipeline or the price of oil or gas. Moreover, to the extent capital expenditure is required, these agreements also allow APA to earn a return on certain capital expenditures related to the QCLNG Pipeline, and pass through reasonable fixed and operating costs to the shippers. The primary revenues received under these agreements will be denominated in U.S. dollars, and the primary fee components are 100% indexed against the United States consumer price index.[10]

[10] US CPI – All Urban Consumers (Seasonally Adjusted)

The QCLNG Pipeline Acquisition is expected to further enhance APA's position as Australia's largest owner of gas transmission pipelines. APA will have an option to assume operation of the QCLNG Pipeline twelve months after the settlement of the QCLNG Pipeline Acquisition, subject to shipper consent from BG Group and CNOOC not to be unreasonably withheld. Should APA assume operation of the QCLNG Pipeline, it may be able to further increase its revenue through expansion and the provision of services to additional shippers.

APA has undertaken or will undertake the following transactions to fund the QCLNG Pipeline Acquisition:

- the Entitlement Offer; and

- the QCLNG Pipeline Acquisition Bridge Facility (which has not been drawn to date).

In addition, APA intends to offer and sell certain debt securities in the capital markets.

APA intends to use the proceeds of the Entitlement Offer to fund the QCLNG Pipeline Acquisition and for general corporate purposes. APA may be required to draw on the QCLNG Pipeline Acquisition Bridge Facility to fund the remaining portion of the QCLNG Acquisition if the QCLNG Pipeline Acquisition closes before certain offerings of debt securities. If this occurs, APA intends to use the proceeds of those offerings to repay APA's indebtedness under the QCLNG Pipeline Acquisition Bridge Facility. If APA does not draw on the QCLNG Pipeline Acquisition Bridge Facility to fund the QCLNG Acquisition, APA intends to use the proceeds of those offerings to fund the QCLNG Acquisition.

See "Unaudited Pro Forma Balance Sheet" for an unaudited pro forma balance sheet that shows the effects of these QCLNG Pipeline Acquisition funding transactions on APA's balance sheet as at 31 December 2014. See also "The QCLNG Pipeline Acquisition" for further information.

Completion of the QCLNG Pipeline Acquisition is subject to satisfying the following two conditions by 15 June 2015:

- the occurrence of the Train 1 First Commercial Delivery Date, which is expected to be in the second quarter of the 2015 calendar year; and

- obtaining consent to the change of control resulting from the QCLNG Pipeline Acquisition from the relevant CNOOC entity, as required by the agreement under which CNOOC transports gas via the QCLNG Pipeline. This condition precedent may be waived by BG Group provided it indemnifies APA against any liability or loss arising from the failure to obtain the consent.

APA expects financial close and settlement of the QCLNG Pipeline Acquisition to occur in the second quarter of the 2015 calendar year.

***Carpentaria Gas Pipeline and Diamantina Power Station***

The CGP is comprised of a 840 km pipeline from Ballera to Mt. Isa, the 98 km Cannington lateral, the 6 km Mt. Isa lateral, two compressor stations and the Mica Creek metering facility. The CGP was commissioned in 1998 to transport gas from Ballera in south-west Queensland to customers in Mt. Isa and the surrounding Carpentaria mineral province (copper, gold, phosphate, lead, silver and zinc).

Contracts are in place for approximately 39 PJ per annum with expiration dates ranging from 2015 to 2024 and APA expects these contracts to be renewed in the ordinary course prior to expiration. Contracts are capacity based (take-or-pay) with some throughput charges. The major shippers include AGL Energy, Incitec Pivot Limited fertiliser plant at Phosphate Hill, the BHP Billiton mine at Cannington (through the Cannington lateral) and the Minerals and Metals Group. Gas transported through the CGP is sourced from

the Cooper/Eromanga Basin and Queensland coal seam gas, both of which are injected at Ballera, and have combined proved and probable reserves in excess of 46,500 PJ according to EnergyQuest[11].

The CGP is subject to light regulation. This is effectively a negotiate/arbitrate regime, meaning tariffs are negotiated with users and are subject to determination by the AER only where the customer initiates a dispute. For existing contracts, the rates are specified by contract. For new contracts, rates will be set by negotiation or, in the event of a dispute, by the AER as arbitrator. There are no current competitors with the CGP.

A 242 MW combined cycle gas-fired power station at Mount Isa has been developed by DPS, a 50/50 incorporated joint venture between APA and AGL Energy. DPS also developed a 60 MW combined cycle gas fired power station in an adjacent site, the LPS. The development is underwritten by contracts through 2031 with Mount Isa Mines Limited (a wholly owned subsidiary of Glencore Xstrata) and Ergon Energy Queensland, Queensland's state-owned regional electricity supplier. Under the arrangements, AGL has contracted transportation capacity on APA's CGP for an initial 10.5 year period and will be delivering 13.5 PJ of gas per annum to the power stations at Mount Isa through APA's CGP. Both contracts commenced in 2014.

***Roma Brisbane Pipeline***

The RBP transports gas from the regional gas hub at Wallumbilla near Roma to Brisbane and regional centres along the pipeline route. The main gas pipeline is a 453 km main line from Roma (Wallumbilla) to Brisbane that was commissioned in 1969 with significant expansion having been undertaken to cater for significantly increased demand since the early 1980s. Capacity has been increased with the installation of six compressor stations and almost the entire pipeline has been duplicated under six stages of looping totalling 401 km of pipeline. Additional inlets have also been added to receive coal seam gas from new production areas totalling 129 km of laterals.

Associated with the RBP is the 121 km Peat lateral, which was constructed in 2001 to transport gas from the Peat and Scotia gas fields to connect with the RBP at Arubial. The RBP physically connects with the Allgas Gas Network (at Oakey, Toowoomba and Brisbane), AGN (at Murarrie, Redbank, Riverview and Brightview) and the Kogan North Gas Plant (owned by EII), linking with the SWQP, which runs from Wallumbilla to Moomba, and the Queensland Gas Pipeline, which runs from Wallumbilla to Rockhampton (through Gladstone). Wallumbilla acts as a hub for a number of gas suppliers.

The major customers for the RBP are energy retailers, large industrial gas users and power generators, including Santos, Stanwell Corporation, Origin Energy and AGL Energy. Contracts are in place for approximately 84 PJ per annum with expiration dates out to 2027 and APA expects these contracts to be renewed in the ordinary course prior to expiration. Contracts are capacity based (take-or-pay) with some throughput charges. Gas in the pipeline is sourced from Queensland coal seam gas and conventional gas from the Surat Bowen basins and injected at Roma, Arubial, and other receipt points for fields along the pipeline. Current proved and probable reserves for the gas supply fields are in excess of 44,000 PJ, according to EnergyQuest[12].

While the main gas users have historically been large industrial customers and retailers to domestic customers, usage by gas-fired electricity generators has become significant. The growth in gas use for power generation was initially driven by the Queensland Government introducing a gas scheme in 2005 which required electricity retailers and other liable parties to source at least 15% of their electricity from gas generation. This scheme ended on 31 December 2013. In late 2014 Stanwell Corporation, the Queensland Government-owned corporation that owns the Swanbank E power station, announced the mothballing of the Swanbank E power station. This power station is supplied with gas under a gas transport agreement on the RBP. Approximately two thirds of the revenue under this GTA is from a capacity reservation tariff payable irrespective of gas transmission volumes utilised by that customer. Due to the

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11 *EnergyQuest EnergyQuarterly*, EnergyQuest, November 2014.

12 *EnergyQuest EnergyQuarterly,* EnergyQuest, November 2014.

mothballing of Swanbank E, two private sector owned power stations connected to the RBP have increased the volume of gas they are sourcing through the RBP. Additionally, more gas may be transported for end use by domestic customers as extension proposals are developed for the downstream distribution networks owned by GDI and AGN.

There are three LNG plants being constructed and commissioned in Gladstone, including the Queensland Curtis LNG Plant. During commissioning periods APA expects that there may be increased volatility where the RBP may be used under various contracts to provide additional gas to these plants. The RBP may also be used to transport gas from coal seam gas fields located along its route to the LNG facilities through the Wallumbilla hub in the medium to long term.

In August 2012, the AER approved an access arrangement for the RBP, including a RAB value (defined as the Capital Base under the access arrangement). The previous access arrangement had a minimal financial impact during its operation, as the RBP was almost fully contracted until that time. The current access arrangement may impact pricing on contracts maturing toward the end of the regulatory period, however the impact, if any, is not expected to be material. The access arrangement may apply to expansions and extensions to the RBP if required by the AER, otherwise tariffs will be negotiated between APA and users. The RBP (including the Peat lateral) is price regulated by the AER and the next regulatory reset will be in July 2017.

APA entered into long term transportation agreements with an energy retailer and major industrial gas user to underpin A$50 million in capital expenditure in expanding the capacity of the RBP to meet the expected increased demand for new transport services in Brisbane. The expansion involved an additional compressor, duplication of a 6 km section of the RBP, works to allow the pipeline operating pressure to be increased and augmenting the pipeline in the Brisbane metropolitan area. APA completed this expansion in August 2012, increasing capacity by approximately 10%. The increased capacity has been fully contracted under long term transportation agreements.

Additionally, APA has commenced works to provide bi-directional services on the RBP. This work is expected to be completed during the second quarter of 2015.

***South West Queensland Pipeline***

The SWQP (including the QSN) provides a connection between gas producers in the Bowen/Surat Basin in south eastern Queensland and customers in Mount Isa (through its connection to the CGP) and South Eastern Australia gas markets (through its connections to the MAPS and the MSP).

At Wallumbilla, the SWQP is configured to receive gas from a number of different gas fields in south eastern Queensland, including Berwyndale, Spring Gully, Darling Downs and Fairview, and to deliver that gas into pipelines to supply Gladstone and Brisbane or to flow that gas in a westerly direction to Ballera or Moomba.

In December 2012, APA announced that it would proceed with the development of expanded compression capacity and associated services at Wallumbilla. The expansion was underwritten by a 15 year revenue agreement with GLNG Operations Pty Ltd, with a further 5 to 10 year extension option. Construction was completed in December 2014 and final commissioning is currently in progress.

The SWQP delivers gas to various locations along the pipeline including supply to the Roma and Barcaldine power stations. With the completion of the QSN3 expansion in December 2011, the western haul capacity of the SWQP was increased to approximately 385 TJ/day. APA also completed bi-directional reconfiguration of the SWQP in December 2014. Final commissioning is currently in progress and is expected to complete by July 2015. Post commissioning, the SWQP will have an eastern haul capacity of approximately 340 TJ/day with a maximum allowable operating pressure of 14.9 MPa. The SWQP has a number of opportunities for further future capacity expansions (in both eastern and western directions) through the installation of additional compression infrastructure.

APA completed the compression capacity expansion project on the Moomba end of the SWQP in August 2014 and the expanded site is now fully operational following commissioning in September 2014. The project supports a number of west to east gas transportation agreements on the SWQP.

Long term contracts on the SWQP are in place with major Australian energy retailers and gas producers. A combination of east and west flow contracts are in place for approximately 219 PJ per annum with expiration dates ranging from 2015 to 2034.

The SWQP is currently receiving conventional gas from the Bowen and Surat Basins as well as coal seam gas. Current proved and probable reserves for the gas supply fields are in excess of 44,000 PJ, according to EnergyQuest[13]. Following the completion of the works to make SWQP bi-directional in August 2014, SWQP will also be able to receive conventional and unconventional gas from the Cooper Basin for supply to markets in eastern Queensland, which currently has proved and probable reserves in excess of 1,700 PJ, according to EnergyQuest[14].

***Berwyndale Wallumbilla Pipeline***

In April 2010, APA acquired the 112 km BWP, which runs from Berwyndale to Wallumbilla in the Surat Basin in Queensland, linking coal seam gas reserves in the Surat Basin with the Wallumbilla hub (including the RBP). The BWP was constructed in 2009 and is not regulated. APA converted this pipeline to bi-directional operation in July 2014.

AGL Energy is BWP's largest customer. The BWP has a 17 year contract and two additional 5 year options with AGL Energy that was executed in March 2010. In addition, QGC has contracted with APA to deliver additional quantities of gas during the commissioning of Train 1 of the Queensland Curtis LNG Plant.

**New South Wales**

APA owns the following three interconnected pipelines in New South Wales, which form an integrated pipeline business network:

- Moomba Sydney Pipeline;
- Central West Pipeline; and
- Central Ranges Pipeline and Central Ranges Network.

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13 EnergyQuest EnergyQuarterly, EnergyQuest, November 2014.
14 EnergyQuest EnergyQuarterly, EnergyQuest, November 2014.

The CRP and CRN are operated by third parties under legacy agreements in place at the time of acquisition of the assets, with less than 1 year before the agreements lapse, after which APA plans to take over operations of the pipeline. APA retains management of the pipeline and network. The remainder of the pipelines are owned, managed and operated by APA.

***Moomba to Sydney Pipeline***

APA's 2,029 km MSP system links the Cooper Basin gas fields at Moomba, South Australia, with the distribution networks in Sydney, Newcastle and Wollongong. It forms an integral part of APA's 7,000 km east coast gas grid. The mainline, which was commissioned in 1976, runs 1,299 km from Moomba to Wilton near Sydney, with a number of laterals branching off the mainline at Dalton to service Canberra and at Young to service both the regional centres in rural New South Wales and a New South Wales-Victorian Interconnect. The laterals were commissioned in 1981 and 1993 and the Interconnect was commissioned in 1998. Since the completion in 1998 of the Interconnect between Wagga Wagga, New South Wales, and the VTS, gas has also been transported bi-directionally between New South Wales and Victoria. Two of APA's other pipelines interconnect with the MSP at Marsden, the CWP and the CRP, each of which are described in more detail below.

According to BREE[15], New South Wales has Australia's largest quantity of installed electricity generating capacity. APA expects storage and peak services to be increasingly utilised, particularly for gas fired power

[15] *Energy in Australia 2014*, BREE, November 2014.

generation and the MSP is capable of providing these services effectively. The MSP services industrial, commercial and residential gas users. MSP customers include energy retailers, large industrial gas users and power generators. MSP's major customers are AGL Energy, Origin and EnergyAustralia. The main revenue contract for the MSP is a GTA with AGL Energy which expires on 31 December 2016. Additional contracts with other energy retailers are in place, including Origin (with haulage contracts running to 2020 and storage contracts running until 2023), EnergyAustralia (with haulage contracts also running to 2019), Lumo Energy (with haulage contracts running to 2020) and Santos (with haulage contracts running to 2022). The MSP mainline (Marsden to Wilton) and laterals are subject to light regulation. The MSP mainline (Moomba to Marsden) and New South Wales-Victoria Interconnect are not price regulated.

Gas transported in the MSP is sourced at Moomba from conventional natural gas sources and from Queensland coal seam gas transported through APA's QSN. Combined Moomba and Queensland gas reserves are in excess of 46,500 PJ, according to EnergyQuest[16]. Gas is also injected into the MSP in Victoria through the New South Wales-Victorian Interconnect from gas produced in the Gippsland and Otway Bass basins. Victorian reserves are in excess of 4,300 PJ, according to EnergyQuest[17].

The EGP, which is owned by Jemena Group (State Grid and Singapore Power) and runs from Longford in Victoria to Sydney, provides an alternate means of gas transportation to Sydney and is the MSP's only primary competitor for gas transmission into Sydney. A key element in continuing to compete effectively with the EGP is the continued availability of adequate, competitively-priced gas supplies at the entry points to the MSP, being Moomba and Culcairn (where the Interconnect joins the VTS). Currently APA has contracts for approximately two-thirds of the MSP capacity to 2016, limiting its exposure to such competition during this period. A range of other contracts are in place with an average remaining length, weighted according to contract capacity, of approximately 4.6 years after January 2016.

New gas transportation agreements to provide increased gas flow from Victoria into New South Wales were executed during FY2014. These agreements underpin the A$160 million project to increase gas transportation capacity from Victoria into New South Wales, which includes expanding capacity at the Culcairn compressor station in southern New South Wales. Capital works commenced during the period, with the expansion scheduled for completion during the third quarter of 2015.

In June 2014, APA announced that it had entered into a new agreement for an initial 7 year term that commences in September 2015. The agreement provides for flexible gas transportation services from multiple receipt and delivery points on the grid — in particular utilising the MSP — as well as gas storage services. The total minimum revenue for the initial term exceeds A$80 million.

New service offerings available on the MSP as part of APA's east coast grid, such as storage and bi-directional services, are expected to continue to provide the flexibility that customers require in the current dynamic east coast gas market.

***Central West Pipeline***

The CWP is a 255 km long pipeline that was constructed in 1998 and runs from the MSP at Marsden, where it takes on gas, to Dubbo in western New South Wales for industrial, commercial and residential gas use. CWP's major customers are energy retailers, including Origin Energy, AGL Energy and EnergyAustralia.

The CWP is subject to light regulation.

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16 *EnergyQuest EnergyQuarterly*, EnergyQuest, November 2014.
17 *EnergyQuest EnergyQuarterly*, EnergyQuest, November 2014.

***Central Ranges Pipeline and Central Ranges Network***

The CRP is a 295 km pipeline that was constructed in 2006 and runs from Dubbo in western New South Wales to Tamworth in the Central Ranges region in New South Wales. The CRN is a 180 km gas distribution network in Tamworth constructed in 2006. APA acquired the CRP and CRN in 2008.

The CRP and CRN serve industrial, commercial and residential gas users. The CRP and CRN's major customer is Origin Energy. Gas is supplied through the MSP and the CWP. There is future potential for gas to be delivered into the CRP from New South Wales' Gunnedah Basin coal seam gas fields for transportation to New South Wales through the MSP.

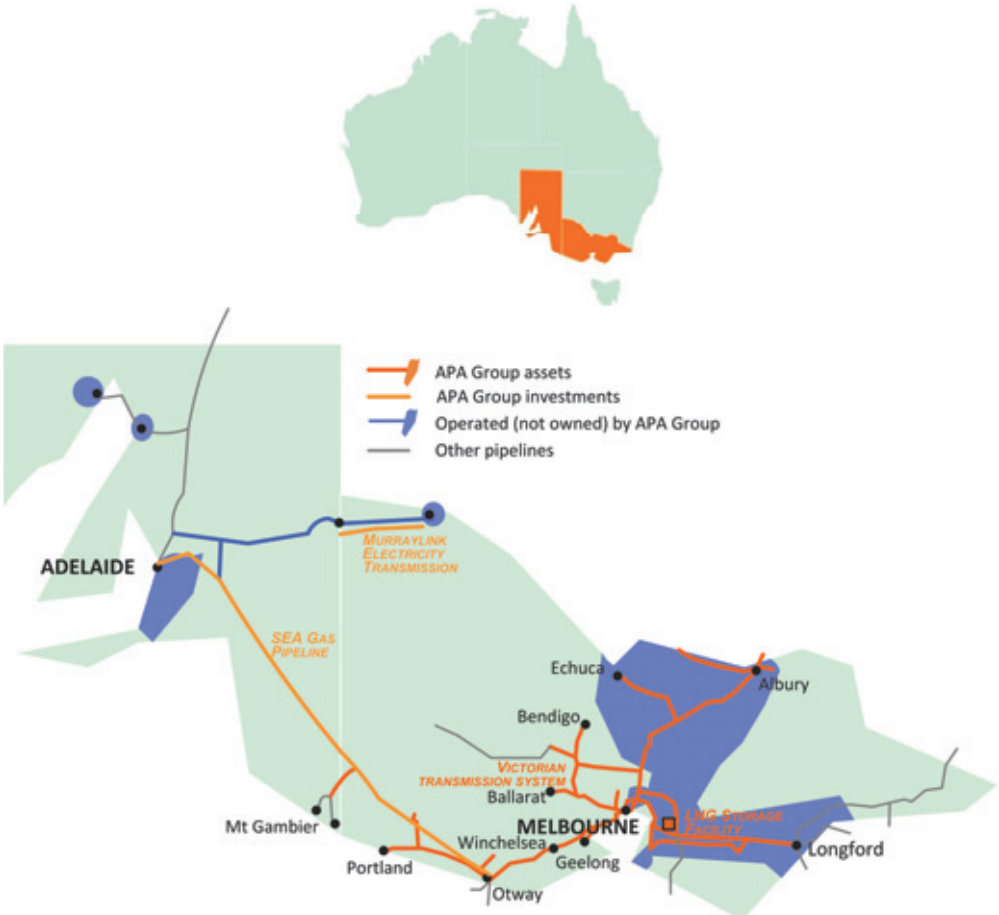
The CRP and CRN are price regulated by the AER under separate access arrangements. The next regulatory reset will be in July 2019 when the access arrangements are revised. Future expansions and extensions will be price regulated, with the capital included in the RAB if the regulator accepts that the capital expenditure was prudent and efficient. Future extensions to either asset can be excluded if notified to the AER.

**Victoria and South Australia**

APA owns and operates the VTS and the associated LNG Storage Facility located in Dandenong, Victoria. APA also owns and manages metering services in Victoria.

In South Australia APA owns and operates the SEA Gas Pipeline. For the period 9 October 2012 to 30 April 2013, APA owned the MAPS, which was acquired as part of the take-over of HDF in 2012 and sold to QIC Global Infrastructure on 1 May 2013. This sale satisfied a pre-condition of the HDF take-over required by ACCC.

***Victoria and South Australia assets***



***Victorian Transmission System***

In 2006, APA acquired the VTS, which was built beginning in the late 1960s and comprises 1,842 km of high pressure gas transmission pipelines in Victoria excluding looping. The VTS services a market of approximately 1.4 million residential consumers and 43,000 industrial and commercial users, and has an average annual throughput over the past 5 years of 235 PJ. Total gas volume in FY2014 was 233 PJ. Almost all the natural gas consumed in Victoria is transported through the VTS.

APA completed the first stage of expansion of the northern section of the VTS in March 2011. This expansion increased capacity and improved deliverability of gas for customers in that part of Victoria and into New South Wales and involved the installation of new compressors, pipeline operating pressure up-rating and installation of flow reversal capability. APA has continued expansion work to provide both additional capacity and security of supply to the VTS, including installation of additional compression at Euroa and looping of the Sunbury lateral, with funding of the expansion approved within the VTS's current regulatory pricing arrangements.

The VTS is a market carriage system operated by the AEMO. Its customers are energy retailers, large industrial users and electricity generation companies, including EnergyAustralia, AGL Energy and Origin Energy. The VTS's primary function is to transport gas from Esso's Longford gas treatment plant in southeast Victoria (which processes gas from the offshore Bass Strait gas fields), the Otway Basin gas fields and underground storage in southwest Victoria.

The VTS is price regulated by the AER and the next regulatory reset will be in January 2018. Future extensions to the VTS (unless the AER agrees otherwise) will be price regulated, with the capital included in the regulated asset base if the regulator accepts that the capital expenditure was prudent and efficient.

In December 2014, APA completed construction of new compression facilities at Winchelsea as part of the South West Pipeline augmentation approved in the current access arrangement. The new compression facilities commenced operation in January 2015 and will add approximately 76 TJ per day of bilateral capacity to the pipeline.

Construction of the 28 km first stage of looping of the Northern Interconnect was completed in July 2014. This first stage is part of the A$160 million expansion project to provide additional capacity in accordance with regulatory arrangements (Northern Zone augmentation) and new contractual agreements. The second 135km stage of looping is underway and is scheduled for completion by June 2015. An additional compression facility at Culcairn in southern NSW is also being constructed as part of the Victorian Northern Interconnect Expansion project.

***Dandenong LNG Storage Facility***

The Dandenong LNG Storage Facility provides peak shaving (vaporisation of LNG to meet short sharp increases in gas demand) and security of supply services for the VTS (injection of gas into the system on demand) and wholesale trade in LNG used as fuel for transport vehicles. APA has recently renegotiated customer contracts for 92% of the available storage capacity commencing in February 2015. This storage facility is not price regulated, with prices currently being set through a competitive process.

***Victorian Metering Business***

APA owns and operates a metering business, comprising approximately 130 metre stations, servicing distribution networks, gas-fired power generators and major industrial users. Customers are supplied through the VTS and pay a negotiated fee for supply and ongoing operation. Growth in this business reflects growth in the VTS, with new meters required to cater to the expansion of the system to meet market demands. The metering business is not price regulated.

***South East South Australia Pipeline***

APA owns the SESA Pipeline. Gas enters the 45 km SESA Pipeline through the SEA Gas Pipeline. The SESA Pipeline was commissioned in 2005 and supplies natural gas to the AGN-owned south-east pipeline

network around Mt. Gambier, Penola and Millicent in South Australia. The SESA Pipeline is not price regulated.

**Western Australia and the Northern Territory**

APA owns or has an interest in four pipeline systems, a gas storage facility and a wind farm in Western Australia:

- Goldfields Gas Pipeline (88.2% ownership of the mainline and Newman lateral; 100% ownership of 106 km of other laterals);
- Parmelia Gas Pipeline;
- Mid West Pipeline (50% ownership);
- Pilbara Pipeline System;
- Mondarra Gas Storage Facility;
- Emu Downs wind farm; and
- Natural Gas Vehicle refuelling facilities.

APA's principal interests in the Northern Territory are:

- Amadeus Gas Pipeline; and
- 100% ownership of two small laterals.

***Goldfields Gas Pipeline***

The GGP transports gas from the Carnarvon Basin and Northwest Shelf natural gas producers to mining customers in the Pilbara, Murchison (Mid West) and Goldfields mining regions of Western Australia for industrial use and power generation. Power generation spans a range of applications, from single purpose mine sites to supplying grid power to major population centres. Gas is also transported for commercial and residential end use in Kalgoorlie. Growth in gas demand is dependent on the mining industry outlook.

The 1,378 km mainline, which was commissioned in 1996, runs from Yarraloola, northwest of Paraburdoo, to Kalgoorlie and laterals extend to mining operation sites. The GGP assets include maintenance bases at Karratha, Newman, Leinster and Kalgoorlie.

The system includes the 44 km Kalgoorlie to Kambalda pipeline, eight lateral lines with an aggregate length of 168 km and seven compressor stations, with the four newest compressors installed in 2013 and 2014. APA owns 88.2% of the mainline and of the 47 km Newman lateral as part of the GGTJV, and 100% of the remaining network.

APA has long term contracts in place with major mining companies, including Rio Tinto, BHP Billiton, Glencore, AngloGold Ashanti and Newmont Power. Current contracts account for a total reserved capacity of approximately 73 PJ per annum to 2015. The bulk of these contracts are for longer terms, with total capacity commitments of over 42 PJ per annum to 2022. The majority of the shorter term contracts are based on supplying energy to projects whose economic lives are expected to extend beyond their current term. The main contract with BHP Billiton NickelWest (relating to approximately 23% of GGP capacity) provides that the published regulatory tariff from time to time will apply to the contract. Other contracts do not have such "price-matching" clauses. Gas is supplied into the GGP from the East Spar and Harriet gas fields in Carnarvon Basin and Northwest Shelf through the DBP.

In December 2011, APA announced the installation of additional compression at the existing Yarraloola and Paraburdoo compressor stations to deliver an additional 20 TJ/day, underwritten by a long term contract of 20 year duration with Rio Tinto for their West Angelas operations.

In January 2012, APA announced the installation of another compressor station at Turee Creek near Newman for another 23 TJ/day, underwritten by a long term contract of 15 year duration with BHP Iron Ore.

The GGP expansion project was completed during HY2015 with commencement of operations at the new dual unit Turee Creek compressor station upstream of the Newman Lateral.

On the GGP, approximately half the installed capacity is "covered" (109 TJ per day), by an access arrangement set by the Western Australia regulator. The next regulatory reset date was January 2015, but was extended to September 2015 by the ERA under provisions of the National Gas Rules. Tariffs remain at December 2014 levels until the access arrangement review has been completed. The remaining 60% of capacity is not "covered" by this access arrangement. The GGP is regulated by the ERA. The 2010 regulatory decision by the ERA established that the access arrangement applicable to the GGP will only regulate future expansions and extensions to the GGP if the regulator determines the expansion and extensions will be regulated. The Kalgoorlie-Kambalda stretch of the pipeline is subject to light regulation.

In July 2014 APA announced the construction of a new 292 km gas pipeline, the EGfP, which APA will build, own and operate. The EGfP will connect the GGP and Murrin Murrin Pipeline to gold mining operations at Sunrise Dam near Laverton, and to the recently commissioned Tropicana Goldmine. Two gas transportation agreements were executed between AngloGold Ashanti (**AngloGold**) and APA in July 2014 for the transportation of natural gas to AngloGold's Sunrise Dam Operations and the Tropicana Operations jointly owned by AngloGold and The Independence Group, located in the eastern goldfields region of Western Australia. Construction of the new pipeline will commence in the second half of FY2015. The expected commencement date for services is January 2016. The cost of the project is expected to be A$140 million.

***Pilbara Pipeline System***

The 248 km PPS is a free flowing transmission pipeline system that comprises four pipelines. The main section, the PEPL, is a 219 km pipeline with an uncompressed capacity of 167 TJ/day. The PEPL is connected to the DBNGP at MLV7 and to the Telfer Gas Pipeline at Port Hedland.

The PPS also includes:

- Burrup Extension Pipeline (1998) — a 24 km pipeline connecting the PEPL to Woodside's North West Shelf processing plant at Dampier;

- Karratha Lateral (2009) — a 5 km pipeline connecting the PEPL to Horizon Power's power station at Karratha; and

- Boodarie Gas Lateral (2014) — a 200 metre pipeline connecting Sub 161 Pty Ltd's LNG facility to the PEPL. Compressed natural gas will be transported by Sub 161 Pty Ltd to Fortescue Metals Group's Solomon Mine as a substitute for diesel fuel for the Solomon power station, prior to the completion of the Fortescue River Pipeline. Under the terms of the agreement with Sub 161 Pty Ltd, APA provides gas transportation services on the PEPL.

The PPS transports gas from the Carnarvon Basin through the North West Shelf Gas Plant connection and from other fields through the DBNGP connection and provides gas to Karratha, Port Hedland, and to the Telfer gas pipeline.

***Parmelia Gas Pipeline and Mondarra Gas Storage Facility***

The 446 km PGP, which was commissioned in 1972, transports gas from both the Perth Basin gas fields at Dongara, south of Geraldton, and from the Carnarvon Basin through the DBP, to industrial, commercial and residential users. The Parmelia Gas business includes the Mondarra Gas Storage Facility near Dongara. The Mondarra Gas Storage Facility is adjacent to the PGP and the DBP. The facility is currently the only commercial underground gas storage facility in Western Australia.

In response to security of supply concerns and peak gas demand, the Mondarra Gas Storage Facility was expanded to 15 PJ of commercial storage capacity, representing a five-fold increase, as well as significantly increasing daily injection and withdrawal rates into and out of the facility. The expansion was under-written by a long-term foundation contract with Synergy (formerly Verve Energy), a Western Australian government-owned electricity generator and retailer. With the completion of the expansion, a number of additional commercial customers have also signed contracts to use the facility.

The PGP and Mondarra Gas Storage Facility's customer base includes energy retailers and large industrial gas users, together with mining industry customers. Gas is supplied into the PGP from the Perth Basin gas fields around Dongara, as well as from the Carnarvon Basin (through the DBNGP) and the Mondarra Gas Storage Facility.

The PGP and the Mondarra Gas Storage Facility are not price regulated.

***Mid West Pipeline***

The 362 km MWP, which was constructed in 1999, transports gas from the Carnarvon Basin through the DBNGP to power generators for mining processes in the Windimurra and Mt. Magnet region. APA has a 50% interest in the MWP and the remaining 50% stake is owned by Horizon Power, a state government owned electricity utility in Western Australia. APA has a long term contract in place for the MWP with Midwest Vanadium Pty Ltd, accounting for total reserved capacity of approximately 5 to 6 TJ per day through to 2024.

The MWP is not price regulated.

***Emu Downs Wind Farm***

APA acquired 100% of the Emu Downs wind farm and adjacent development site in June 2011 for A$171.9 million (excluding transaction costs). The Emu Downs wind farm is an 80 MW wind farm, which has been in operation since October 2006 and is located 10 km from the PGP and 200 km north of Perth. The wind farm is connected to the electricity grid supplying Perth and the south west region of Western Australia.

APA has fixed price long term agreements with large energy retailers, such as the Western Australian government owned energy retailer Synergy, for the total output of the wind farm, including the electricity produced and renewable energy certificates. These long term agreements are expected to cover the remaining operating life of the asset, approximately 20 years.

The wind turbine manufacturer, Vestas, provides operations and maintenance services for the 48 Vestas wind turbines on the Emu Downs wind farm under an agreement to 2018. Vestas has also provided a warranty over 97% of the expected annual availability to October 2018. Liquidated damages are payable by Vestas for failure to meet the annual availability warranty.

APA has wind farm development rights for a further 130 MW on adjacent land to the Emu Downs wind farm. APA is considering development options for a wind farm on this land, but it currently would only pursue the development if the costs of development were underwritten by a contract with an off-taker.

*Amadeus Gas Pipeline*

APA manages and operates over 2,000 km of high pressure pipeline in the Northern Territory including the AGP, a 1,659 km Amadeus Basin to Darwin gas pipeline. The pipeline was commissioned in 1986. The AGP transports gas from the Amadeus Basin in central Australia to Darwin, principally to fuel power generation in the Northern Territory. Since completion of Eni's Blacktip gas plant at Wadeye in December 2009, gas has also been delivered into the AGP through the BGP which APA constructed and completed in December 2008. APA also completed construction in April 2009 of the Wickham Point Pipeline, which will enable an emergency supply of gas from the ConocoPhillips LNG plant at Wickham Point. The BGP and the Wickham Point Pipeline are owned by the EII investment vehicle in which APA has a 19.9% interest.

APA owned 96% of NT Gas and the Amadeus Gas Trust, which used to lease the AGP from a consortium of financial institutions through a leveraged operating lease, which expired in June 2011. APA purchased the AGP upon the expiration of the lease.

When APA acquired the AGP in June 2011, APA entered into a new 22.5 year take-or-pay agreement with the PWC, who may extend the term of the agreement for up to an additional 15 years or may reduce the term of the agreement by three to four years.

The AGP is price regulated by the AER and the next regulatory reset will be in July 2016. The price terms of the contract above are not impacted by regulation.

*Potential Link between the Northern Territory and Southeast Australia*

APA commenced a feasibility study in the first half of calendar year 2014 for a proposed link between APA's Northern Territory pipeline assets and APA's east coast gas grid. In late calendar year 2014, APA was shortlisted in the Northern Territory Government's formal selection process for the construction, operation and ownership of the proposed North East Gas Interconnector. If constructed, this will create the opportunity for Northern Territory gas to supply markets in the east, as well as providing additional gas security for the Northern Territory. The outcome of the Northern Territory Government's process is not expected to be known until late calendar year 2015, but in any event, APA will continue to progress its own feasibility study for the building of a commercially feasible Northern Territory link.

**Asset Management**

APA provides asset management and operational services to the majority of its energy investments and to a number of third parties on a contract basis. APA's main customers are Ethane Pipeline Income Fund, EII and GDI. Asset management services are provided to these customers under long term contracts.

*Services to Assets Partly Owned by APA*

APA operates and maintains the 1,375 km ethane pipeline owned by the Ethane Pipeline Income Fund. For much of its length, the pipeline occupies the same easement as the MSP. APA invests in the fund that owns the ethane pipeline. APA operates and maintains this pipeline under an agreement that runs until January 2017.

In addition, APA manages, maintains and operates the assets of EII as described below under "— Energy Investments — Energy Infrastructure Investments" under an agreement that commenced in December 2008. The agreement has a market-based fee structure and two extension terms of five years, each of which may be exercised at the option of the owners or APA (as operator). APA also has a right to match terms of any competitive offers to provide the services under the agreement. For the North Brown Hill wind farm owned by the EII2 Consortium described below, APA carries out corporate management and treasury services only.

APA provides operations, maintenance and corporate services to GDI, which owns the Allgas gas distribution network.

APA provides only corporate and treasury services to DPS, its joint venture gas-fired electricity generator with AGL Energy that provides electricity to Glencore Xstrata and Ergon Energy. See "— Energy Investments" below for further details.

***Services to Third Parties***

APA also provides operating and maintenance services to other third parties, principally where their assets are connected or adjacent to assets APA owns or operates.

APA has entered into long term agreements that expire in June 2027 with AGN, pursuant to which APA operates and maintains AGN's natural gas distribution and transmission assets in South Australia, Victoria, Queensland, New South Wales and the Northern Territory. The agreement earnings are based on cost recovery and 3% of AGN's network revenue plus incentive fees reflecting a share of efficiencies in the cost of operating and maintaining the networks. APA divested its ownership interest in AGN in August 2014.

**Energy Investments**

Complementing its energy infrastructure business, APA has invested in various energy infrastructure assets, companies and funds, including SEA Gas Pipeline, EII, Ethane Pipeline Income Fund, EII2 (an investment in the North Brown Hill wind farm), GDI (which owns the Allgas gas distribution network) and DPS (a joint venture gas-fired electricity generator with AGL Energy that provides electricity to Glencore Xstrata and Ergon Energy). On 7 August 2014, APA sold its remaining 33.05% equity interest in the gas distribution network owned by AGN. APA holds a number of roles in respect of the majority of these investments in addition to its ownership interest. Each investment is equity accounted, with the exception of APA's interest in Ethane Pipeline Income Fund. APA also provides asset management services to some of these investments.

***SEA Gas Pipeline***

APA owns 50% of SEA Gas, which owns the unregulated 680 km SEA Gas Pipeline that commenced commercial operations in January 2004. The SEA Gas Pipeline transports natural gas from Port Campbell and Iona in Victoria to Adelaide and other regional markets in South Australia and Victoria. It is the only pipeline connecting Victoria's gas fields to South Australia. It also connects into the SESA Pipeline, the VTS and the EnergyAustralia Underground Storage facility at Port Campbell, Victoria.

At present, the SEA Gas Pipeline transports approximately half of Adelaide's natural gas requirements. Nearly all of the pipeline's current load is sourced from the three foundation shippers (Origin Energy, International Power and EnergyAustralia) under long term agreements, with the initial term running to the end of 2018 followed by two extensions of five years each at the option of the foundation shippers.

***Energy Infrastructure Investments***

APA owns a 19.9% interest in EII and retained a 19.9% equity interest. APA also manages the assets owned by EII.

The assets transferred into EII comprise:

- *Electricity interconnectors*: Murraylink (VIC-SA) and Directlink (NSW-QLD);
- *Gas power generation*: Daandine and X41 power stations (QLD);
- *Coal seam gas processing plants*: Tipton West and Kogan North (QLD); and
- *Gas pipelines*: Telfer/Nifty Gas Pipeline (WA), BGP and Wickham Point Pipeline (NT).

*Energy Infrastructure Investments II*

In October 2009, a consortium comprising APA, Marubeni Corporation and Osaka Gas Company Ltd (the **EII2 Consortium**) purchased the North Brown Hill wind farm project from AGL Energy. The wind farm commenced with a long term (25 years) offtake arrangement with AGL Energy for both the electricity generated and the renewable energy credits produced. The North Brown Hill wind farm was connected to the electricity grid and commenced generation in December 2010. The wind farm has 63 wind turbines with a total wind generation capacity of 132 MW. APA has a 20.2% interest in the EII2 Consortium as at 31 December 2014.

*Ethane Pipeline Income Fund*

APA owns a 6.1% equity interest in the Mariner Pipeline Income Fund (now the Ethane Pipeline Income Fund) and, APA provides management services to the Ethane Pipeline Income Fund. APA Ethane Pty Limited, an entity APA nominated, is the responsible entity of the Ethane Pipeline Income Fund.

The Ethane Pipeline Income Fund is an ASX-listed registered managed investment scheme. Its sole operating asset is the 1,375 km ethane pipeline that, for much of its length, occupies the same easement as the MSP. The Ethane Pipeline supplies ethane to a petrochemical facility at Port Botany under a long term transportation agreement until 2030, however the shipper may terminate with a 12 month notice period from 2019.

*GDI EII Pty Ltd*

On 16 December 2011, APA sold the Allgas gas network business to GDI for A$475.7 million. As part of the transaction, APA acquired 20% ownership of GDI with the remaining 80% stake shared equally between Marubeni Corporation and RREEF. APA continues to operate Allgas under a long-term asset management contract.

Allgas is one of two gas distribution businesses in South-East Queensland, servicing strong population growth centres. The network includes over 2,800 km of distribution mains supplying over 80,000 gas users. The total gas usage is currently around 13 PJ per year and an expansion programme has been undertaken by APA since 2006 to satisfy growth in demand. The network is also physically connected to APA's RBP pipeline at Oakey, Toowoomba and Brisbane.

Allgas is price regulated by the AER, with the next regulatory reset due in June 2016. An application has been made with the National Competition Council for a change from full price regulation of the asset to "light-handed" regulation. The National Competition Council must make a decision on the application by 31 May 2015.

*Diamantina Power Station*

A 242 MW combined cycle gas-fired power station at Mount Isa has been developed by DPS, a 50/50 incorporated joint venture between APA and AGL Energy. DPS also developed a 60 MW open cycle gas fired power station in an adjacent site, the LPS. The development is underwritten by contracts through 2031 with Mount Isa Mines Limited (a wholly owned subsidiary of Glencore Xstrata) and Ergon Energy Queensland, Queensland's state-owned regional electricity supplier. Under the arrangements, AGL Energy has contracted transportation capacity on APA's CGP for an initial 10.5 year period and will be delivering 13.5 PJ of gas per annum to the power stations at Mount Isa through the pipeline. Both contracts commenced in 2014.

**Pricing**

In HY2015, APA's revenue (excluding pass-through revenue and other interest income) from price regulated assets accounted for 34.9% of total revenue (excluding pass-through revenue and other interest income). In FY2014, APA's revenue (excluding pass-through revenue and other interest income) from price

regulated assets accounted for 38.6% of total revenue (excluding pass-through revenue and other interest income). APA's price regulated assets are those which the regulatory authorities have determined, among other things, demonstrate natural monopoly characteristics, making them subject to regulatory price setting. In setting prices for price regulated assets, the relevant regulator considers various factors, including forecast demand, efficient operating costs, capital expenditures and the costs of debt financing and equity. APA's price regulated assets do not include its assets subject to "light-handed" regulation, which is effectively a monitoring regime, meaning tariffs are negotiated with users and are subject to determination by the regulator only where the customer initiates a dispute. Such "light-handed" regulation applies to APA's assets that are considered to exhibit some natural monopoly characteristics, such as the MSP, CGP and CWP, but which do not have sufficient market power to warrant full price regulation. The regulatory system takes into account various factors to determine pricing such as changes in forecast demand, efficient operating costs and the costs of debt finance and equity. Regulatory reset dates typically occur every five years (resets are scheduled to occur over the next six years for each of APA's price regulated assets). APA typically contracts capacity of its price regulated (other than the VTS) and non-price regulated assets using "take-or-pay" contracts. For the most part, 75% to 95% of the revenue received under APA's "take-or-pay" contracts is in the form of a pipeline capacity reservation tariff payable irrespective of gas transmission volumes shipped by that customer. Due to a "greenfield" exemption the QCLNG Pipeline was granted under the Commonwealth of Australia's NGL, it will not be subject to regulation by the AER until at least 2030.

In HY2015, APA's revenue (excluding pass-through revenue and other interest income) under negotiated contractual arrangements from non-price regulated assets accounted for 65.1% of its total revenue (excluding pass-through revenue and other interest income). In FY2014, APA's revenue (excluding pass-through revenue and other interest income) under negotiated contractual arrangements from non-price regulated assets accounted for 61.4% of its total revenue (excluding pass-through revenue and other interest income).

Contracts for APA's two major price regulated assets, the GGP and RBP, are often for periods in excess of 10 years and APA's current average contract lengths for such assets, weighted according to contract capacity, are approximately 17 years. APA recently completed the expansion of the GGP and the RBP. See "Business — Energy Infrastructure" APA's other price regulated asset, the VTS, operates through a market carriage system that is operated by the AEMO. This gas market allows for trading based on injections into and withdrawals from the transmission system that links multiple producers, major users and retailers. Accordingly, traditional long term contracts are not part of the VTS operations.

Contracts for APA's three major non-price regulated assets, the MSP, the CGP and the SWQP, are often for periods in excess of 5 years and APA's current average contract lengths for such assets, weighted according to contract capacity, is approximately 11 years.

**Investment Appraisal**

APA has documented procedures for capital expenditure and investing in new projects. These include annual budgets, detailed appraisal and review procedures, levels of authority and due diligence requirements where assets are being acquired. APA has disciplined criteria by which it assesses any opportunities designed to maintain and enhance security holders' returns and diversify business risks.

**Continuous Disclosure**

APA retains a Disclosure Committee and an appropriately instituted policy that assists the Managing Director to make decisions with respect to what information is to be disclosed to the market in order to comply with the ASX Listing Rules requirements on continuous disclosure. The Managing Director is required to discuss some categories of proposed announcements with the Chairman of the Board. The policy also provides a mechanism by which information that may be required to be disclosed to the market is to be notified to appropriate officers for subsequent consideration by the Disclosure Committee.

The Company Secretary is responsible for issuing approved announcements to the ASX for release to the market, and reports quarterly to the Board on such announcements. Copies of announcements are placed on APA's website and sent to Directors upon release to the market.

**Environmental Management**

The operation, construction and maintenance of APA's assets are subject to licences issued pursuant to various commonwealth, state and territory government legislation. For pipelines, these licences require compliance with the Standard. The Standard details requirements for the management of the environmental matters associated with all aspects of the high pressure pipeline industry, with which APA must comply.

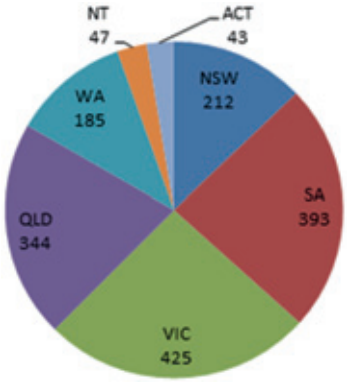
Environmental plans are prepared and independently audited for construction activities and, in accordance with the relevant standards, environmental plans are in place and are managed in accordance with APA's contracts and the terms and conditions of the licences that have been issued to APA.

Senior management reviews external audit reports and internal reports prepared relating to environmental issues and material breaches, if they were to occur, are reported to the Board. No material breaches have occurred and APA is in compliance with the environmental management plans that are in place and with the terms of the licences issued to it and the relevant legislation, including the Standard.

**Employees**

As at 1 February 2015, APA had more than 1,600 skilled and experienced personnel spread across every Australian mainland state and territory, managing and operating the majority of its assets, undertaking corporate, financial, accounting, commercial and regulatory activities for the business. APA has a national focus on the management and operation of its business, with teams working across assets and functional lines to generate further value from the business. The following chart illustrates APA's employees by region, excluding contractors paid through agencies.

**Employees by Location**




The salary arrangements for approximately 40% of APA's employees at any point in time are covered by enterprise bargaining agreements negotiated with the employees, with union involvement, however not all operation and field staff are union members. APA is in the process of renegotiating its enterprise bargaining agreements that expired in June 2014. APA has not experienced any material disruptions to its operations as a result of industrial action since listing in 2000.

**Insurance**

APA carries insurance against insurable events which have the potential to cause damage to its assets (including associated loss of earnings and costs of repair) and certain legal liabilities it may incur to third parties. With advice from professional insurance brokers, insurances are placed with insurers of good reputation and credit rating for limits of indemnity that APA considers reflect both its potential exposures and prudent industry practice. Such insurances are generally subject to industry standard policy exclusions and other terms and conditions. APA may elect to self-insure and/or carry larger deductibles for some risks.

**Litigation and Disputes**

As of the date of this Offering Circular, there are no legal or arbitration proceedings pending or known to be contemplated that may in the future have or have had, in the 12 months preceding the date of this Offering Circular, a material effect on the financial position or profitability of the Issuer or any member of APA. Members of APA are party to a number of minor litigation matters in the ordinary course of business. APA believes that any ultimate liability in those other litigation matters will not be material to its financial position, results of operations or cash flows.

PipeCo, which is not currently a subsidiary of APA but will become a subsidiary of APA once the QCLNG acquisition is completed, is subject to certain claims as described in "The QCLNG Pipeline Acquisition — claims against PipeCo". On the basis of the indemnity provided by BG Group in respect of such claims, APA believes that the outcome of those claims will not be material to APA's financial position, results of operations or cash flows.

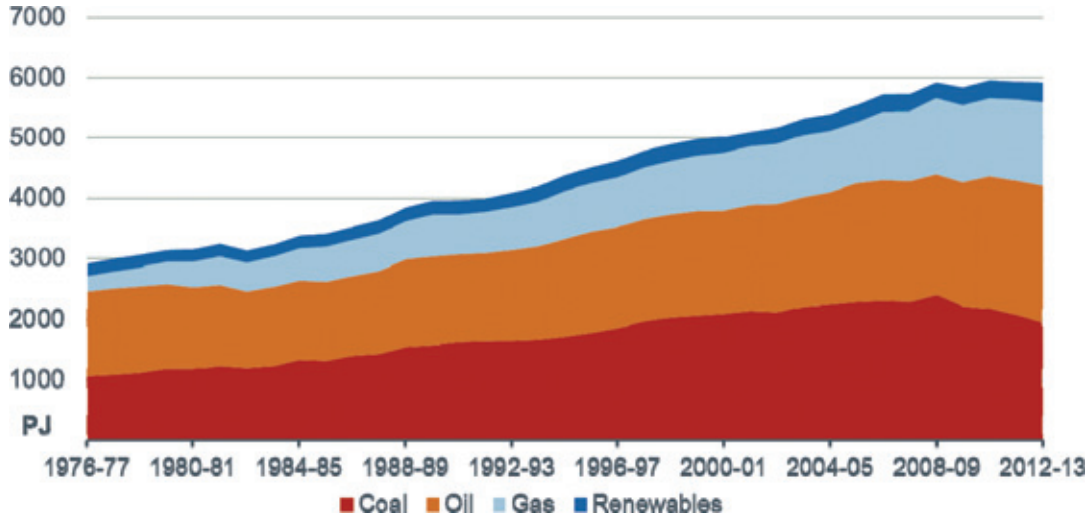
On 21 November 2014, the NSW Court of Appeal of the Supreme Court found in favour of APL in proceedings for the recovering of A$17.2 million of performance fees were improperly paid by HDF to Hastings Funds Management Limited prior to its sale of HDF to APA.

## Australian Energy Trends

Electricity produced in Australia is generated predominately from non-renewable fuels and, while coal accounted for 63.9% of Australian electricity generation in FY2013, BREE estimates that electricity generated from natural gas accounted for 20.5% of Australian electricity generation in FY2013 (the most recent year for which BREE data is available). According to BREE, from FY2009 to FY2013, the total energy consumption of natural gas has increased at an average rate of 3.5% per annum, compared with an average rate of decline of 3.2% for coal, and increases of 2.3% for oil and 3.2% for renewable energy sources, respectively. According to BREE, from FY2009 to FY2013, the total energy production of natural gas has increased at an average rate of 5.6% per annum, compared with an average increase of 4.7% for black coal, decrease of 2.2% for brown coal, decrease of 3.4% for oil and increase of 3.2% for renewable energy sources. BREE estimates that in FY2013, Australia's gas production increased by 14.3% relative to FY2012.

The AEMO's *2014 National Gas Forecasting Report* contains their most recent forecasts for eastern and south-eastern Australia's interconnected gas markets. This includes gas used for LNG processing and exports in Queensland. Under AEMO's medium energy consumption scenario, total consumption (including LNG exports) is projected to increase at an annual rate of 23.0% in the short term (2014-2019), before stabilising after the LNG projects around Gladstone, Queensland (including the QCLNG Project) reach full production in 2019. Under this scenario, increases in natural gas transported to LNG export plants in Gladstone, including the plants for the QCLNG Project, the APLNG Project and the GLNG Project, are expected to offset an expected decline in industrial gas consumption and gas-powered generation due to minimal growth in electricity consumption and rising gas prices.

*Australian Energy Consumption by Fuel Type*




Source: *Australian Energy Update*, BREE, July 2014.

## The Australian Natural Gas Market

The major consumers of gas in Australia are the electricity generation, manufacturing, mining and residential sectors. According to BREE, the largest consumer of gas is the electricity generation sector, followed by manufacturing that is comprised of a few large consumers, including metal product industries (mainly smelting and refining activities), the chemical industry (fertilizers and plastics). BREE reports that the strong share of the mining sector is attributable to the use of natural gas in the production of LNG and that the major residential uses of gas include water heating, space heating and cooking.

The Australian domestic gas market consists of three distinct regional markets. The largest of these is the east Australia market, which accounted for approximately 59.6% of domestic gas consumption in FY2013,

according to BREE. This eastern market consists of Queensland, New South Wales, Victoria, South Australia and Tasmania. The two other markets are the Western Australian market and the Northern Territory market, which accounted for approximately 37.2% and 3.2% of domestic gas consumption in FY2013, respectively, according to BREE. These three markets are geographically isolated from one another, making transmission and distribution of gas between markets uneconomic at present. As a result, all gas production is either consumed within each market or exported as LNG.

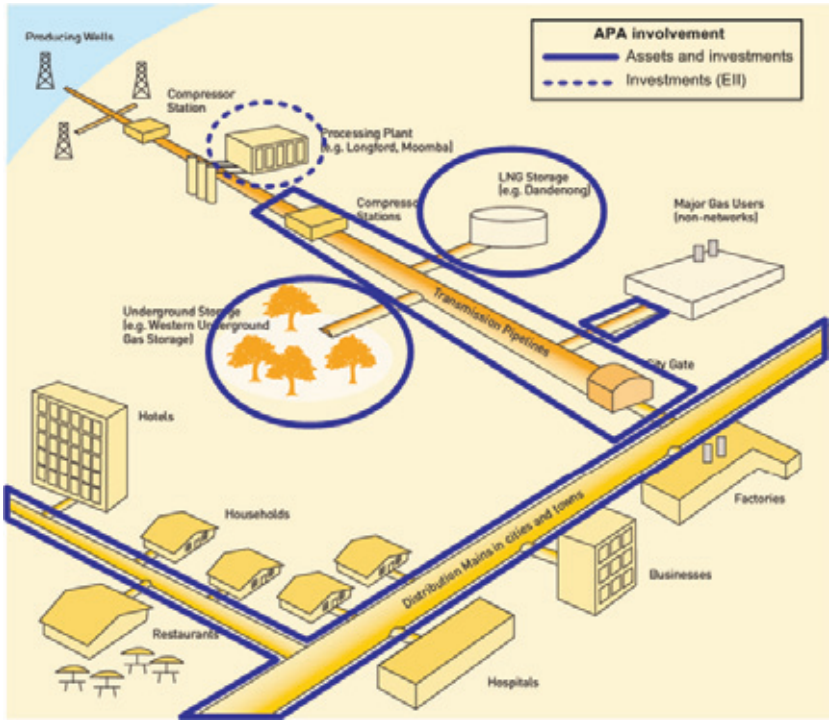
The natural gas industry in Australia comprises the physical supply chain and the marketing chain. The physical supply chain comprises:

- *Production*: extracting the gas from the conventional reservoirs or coal seams and treatment to sales quality;

- *Transmission*: encompasses the transportation of sales quality gas at high pressure, generally over long distances; and

- *Distribution*: involves reticulation of the sales quality gas through a network of low pressure, smaller diameter pipelines to end-users — industrial, commercial and residential customers. For larger industrial customers and power generators, sales quality gas is often delivered at higher pressure directly from the transmission pipeline.

The image below demonstrates the different sectors of the Australian gas industry and how they interact.




*Source: AER State of the Energy Market 2007; APA data*

Marketing of natural gas occurs at a number of levels, related principally to the size of the transactions. Natural gas producers market gas in wholesale quantities to large industrial and power generation customers and energy retailers. Energy retailers deal in both wholesale and retail quantities, selling to industrial, commercial and residential customers. With increasing vertical integration in the energy market, some energy retailers and electricity generators are also natural gas producers, further simplifying the marketing chain for natural gas.

In Australia, gas transmission and distribution pipeline owners may have transportation agreements with producers, retailers, aggregators, large industrial customers and power generators. The gas transmission and pipeline owners are paid a tariff for pipeline capacity and gas transportation services (and in some cases

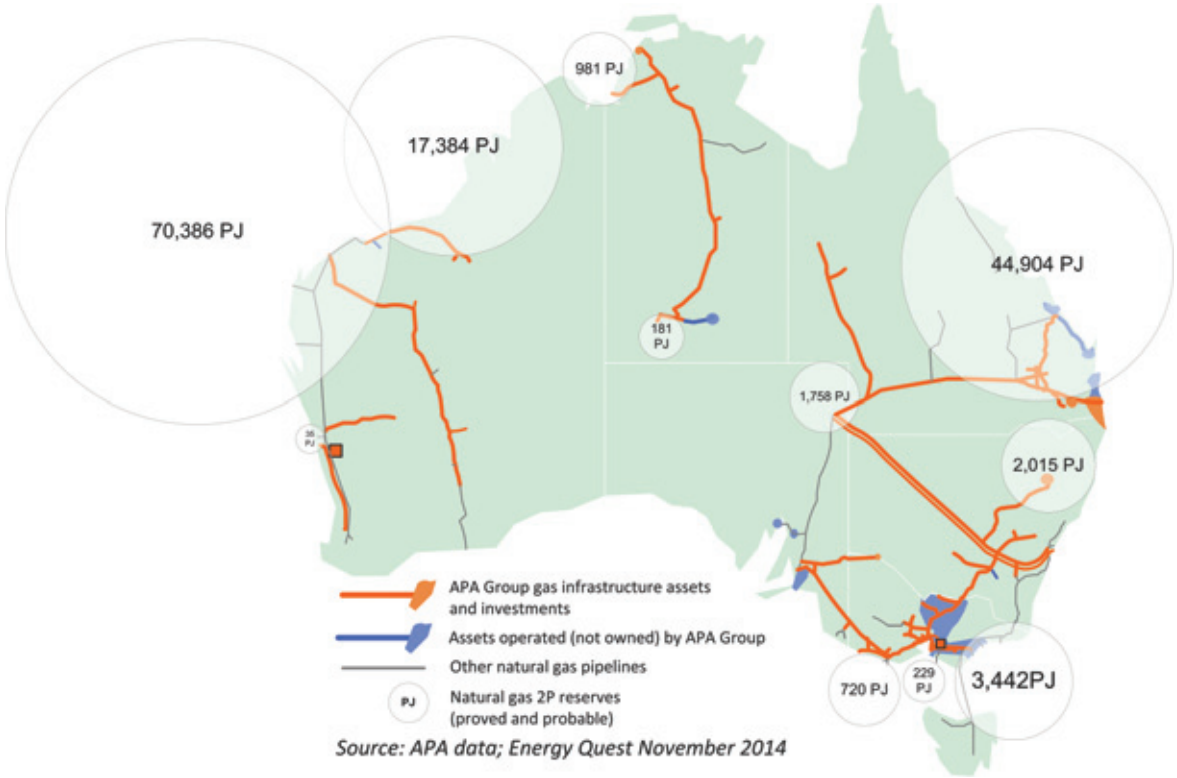
storage services) by whichever party in the marketing chain has the transportation agreement. The table below illustrates key participants in each part of the natural gas market in Australia.

| Production | Transmission | Distribution | Retail |
|---|---|---|---|
| Santos | APA Group | GDI | AGL Energy |
| BHP Billiton | Jemena (State Grid Corporation and Singapore Power International) | Cheung Kong Infrastructure | Origin Energy |
| ExxonMobil | DUET Group | Jemena (State Grid Corporation and Singapore Power International) | EnergyAustralia |
| Woodside | EII | DUET Group | |
| Origin Energy | QIC Global Infrastructure | AusNet Services | |
| Apache Energy | Gladstone LNG Pipeline (Santos, PETRONAS, Total, Kogas) | | |
| BG Group | Australia Pacific LNG Pipeline (Origin Energy, ConocoPhillips, Sinopec) | | |

Source: *State of the Energy Market* AER, 2014; *EnergyQuarterly,* EnergyQuest November 2014.

***Natural Gas Production***

The exploration, production, transmission, distribution and marketing of natural gas are major economic activities in Australia, with gas being Australia's third largest energy resource after coal and uranium. Australia has approximately 142,000 PJ of proved and probable reserves of conventional natural gas, coal seam gas and ethane as at November 2014, according to EnergyQuest. The proven and probable natural gas and ethane reserves, including coal seam gas reserves, and gas transmission infrastructure in Australia as at November 2014 are illustrated in the map below.



According to EnergyQuest, approximately 63% of proven and probable reserves of conventional gas are located off the west and north-west coast of Australia. Australia also has significant unconventional gas resources in the form of coal seam gas, tight gas and shale gas. In east Australia, gas reserves are dominated by the large coal seam gas resources which exist in the Queensland and New South Wales coal basins. EnergyQuest estimates that the proved and probable reserves of coal seam gas are approximately 53,000 PJ as at November 2014.

***Natural Gas Transmission***

In Australia, the majority of gas producing fields are located in remote areas. In contrast, the principal gas markets are generally concentrated around the major population centres. The majority of gas consumed in Australia is consequently transported through transmission pipelines over relatively long distances.

For the most part, these transmission pipelines connect one source of supply with one market. Historically, there has been little interconnection between Australia's discrete pipeline systems. However, in Australia's east there has been growth in interconnected pipelines, enabling greater flexibility in the transport of gas from multiple gas sources to multiple markets.

The majority of the early pipelines constructed in Australia were initially government owned. Until 1994, only Queensland and the Northern Territory had predominantly privately owned transmission pipeline infrastructure.

In 1994, the Commonwealth sold the MSP and associated laterals to East Australian Pipeline Limited. The privatisation trend continued such that by the end of 1999 all major transmission pipelines in Australia were privately held.

***Natural Gas Distribution***

The gas distribution industry has generally followed a similar course to gas transmission pipelines, including significant privatisation of government owned utilities in recent times. Many gas distribution businesses began in Australian capital cities during the 19th century, supplying manufactured gas. With the development of natural gas fields and associated construction of transmission pipelines, the existing gas distribution networks were converted to natural gas and expanded to include regional centres. Gas distribution networks continue to expand with population growth, with gas networks extended into new residential housing and commercial developments.

**Liquefied Natural Gas Industry**

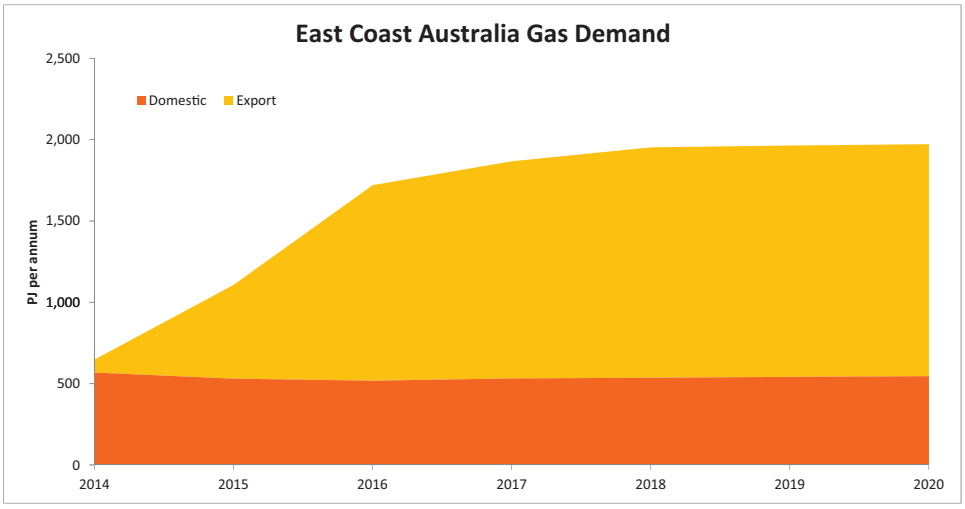
LNG is produced by converting natural gas into liquid. According to the Australian Department of Foreign Affairs and Trade, the value of Australia's LNG exports is estimated to have risen from A$2.2 billion in FY2004 to A$16.3 billion in FY2014, becoming Australia's third largest export after iron ore and coal. The development of an LNG export facility requires large amounts of upfront capital investment in purchasing or building processing plants, ports and shipping facilities. Currently, Australia's LNG export projects are principally located in Western Australia's North West Shelf and Darwin.

According to the AER in its annual assessment of the Australian energy market, a transformation of the LNG market is expected to take place in Australia's LNG export sector with three major LNG export projects located in Queensland nearing completion, including the A$20 billion QCLNG Project, the A$24.7 billion APLNG Project and the A$18.5 billion GLNG Project. All three projects are developed to produce LNG from coal seams, which involve the production of coal seam natural gas in the gas fields in Queensland (Surat basin and/or Bowen basin), and transmission and delivery of gas to their LNG facilities on Curtis Island off Gladstone where coal seam natural gas is converted into LNG.

The QCLNG Project is under development by BG Group and is designed to initially produce 8.5 million tonnes of LNG per year, with potential capacity increases up to a total capacity of 12 million tonnes per year. The QCLNG Project has been shipping LNG it produced since December 2014, though not yet in

commercial quantities. The QCLNG Pipeline is a key component of the QCLNG Project because it provides the means to transport coal seam gas from the Surat Basin to the Queensland Curtis LNG Plant.

The APLNG Project, which is being developed by Origin Energy, ConocoPhillips and Sinopec as joint venture partners, is expected to begin its LNG exports in 2015. The GLNG Project, which is being developed by Santos, Petronas, Total and Kogas as joint venture partners, is designed to initially produce 7.8 million tonnes of LNG per year, with potential capacity of up to 10 million tonnes per year and is expected to begin exporting LNG in 2015. As a result the demand for natural gas is expected to increase significantly across the east coast of Australia over the next five years, as shown in the chart below.




*Source: AEMO Gas Statement of Opportunities (GSOO), 2014.*

In 2014, each of these LNG project developers continued building and testing wells, processing facilities, liquefaction plants and transmission pipelines and interconnecting their pipelines to enable physical gas flows between projects. The QCLNG Project and APLNG Project are developing sufficient new gas production capacity to supply their LNG plants and domestic contracts and the GLNG Project is developing new capacity subject to reliance on the existing domestic gas fields. Moreover, the QCLNG Pipeline connects to the gas transmission pipelines for the APLNG Project and GLNG Project, which may lead to future opportunities to earn additional revenue. APA expects LNG demand on Australia's east coast to increase over the coming years as demand for gas transmission pipes to supply these LNG projects around Gladstone increases, and APA believes the QCLNG Pipeline Acquisition positions it to benefit from these dynamics.

**Regulatory environment**

A national regulatory regime is in place, which governs third party access to natural gas pipelines and distribution networks. This national regime is contained in the NGL and the NGR.

The NGL and NGR contain principles which are applied in regulating third party access to natural gas transmission pipelines and distribution networks throughout Australia. They establish the rights and obligations of asset owners and users in relation to third party access to natural gas transmission and distribution. They provide a degree of predictability as to the terms and conditions of access to the services of specific gas infrastructure facilities, while preserving the role of commercial negotiation.

The NGL and the NGR provide for two forms of regulation of assets with market power:

- *Light regulation*: a negotiation-based access regime; and

- *Price regulation*: establishes regulator-approved tariffs. APA has managed numerous price reviews since the original third party access regime commenced in 1998.

The assets which are price regulated are those which the regulatory authorities regard as demonstrating natural monopoly characteristics. The regulatory regime is based on a revenue 'building blocks' approach, with the explicit intention of providing the service provider with an opportunity to recover at least its efficient costs in providing the regulated services for the access arrangement period. This includes the efficient costs of owning and operating the assets, a benchmark cost of capital, operating costs, and forecast growth and Stay in Business Capital Expenditures. Each element of the revenue building blocks is based on a forecast for the regulatory period — typically five years. Tariffs are set having regard to forecast volumes over the regulatory period. Each of these elements is subject to some degree of forecasting risk.

For assets subject to "light regulation", contractual terms including price are negotiated between the asset owner and customers/shippers. The regulator becomes involved as the binding arbitrator only where there is a dispute and the contractual terms cannot be agreed. In particular, there is no tariff established by the regulator for "light regulation" pipelines other than when there is a dispute between the parties. Typically, "light regulation" pipelines are those considered to exhibit some natural monopoly characteristics but which do not have sufficient market power to warrant full price regulation and the benefits of regulation are perceived by the regulator to outweigh the costs.

No regulation applies to pipelines which are not regarded as having natural monopoly power. For these pipelines, contractual terms are negotiated between the asset owner and customers/shipper. The NGL include criteria and a process whereby a pipeline can become regulated under the regime (covered). These decisions are subject to limited merits review. In the absence of a positive decision on coverage, there is no role for the regulator with these pipelines, including if the parties are unable to agree on the price for services.

The following are core principles of the NGL and the NGR for price regulated assets:

- Tariffs Reference Tariffs for standard services Reference Services for each asset are specified in an access arrangement approved by the regulator. The owner is required to provide the Reference Service to users at the Reference Tariff where there is available capacity except where it is not possible to do so safely;

- A user can accept a Reference Service at the Reference Tariff or seek to negotiate with the owner for a different service at a different tariff;

- The owner is able to offer discounts on its Reference Tariffs and the regulator may take account of this in subsequent tariff determinations where the discount provides benefits to other users of the pipeline (by, for example, avoiding inefficient bypass of the pipeline); and

- Disputes about access to pipeline services are resolved by binding arbitration undertaken by the regulator.

***Reference Tariffs***

Reference Tariffs are approved by the relevant regulator. Reference Tariffs are designed to provide a revenue stream to the owner sufficient to recover the following over the economic life of the asset:

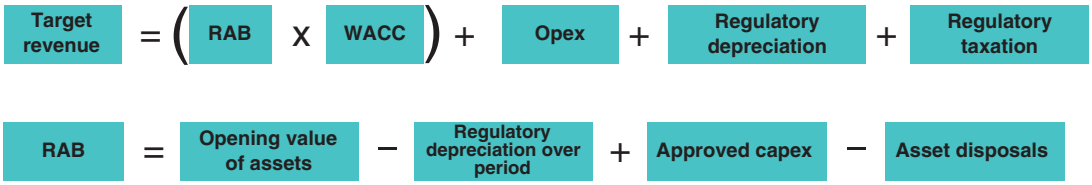
- Return of the prudent and efficient capital invested and tax thereon;

- A benchmark rate of return on the capital invested; and

- An efficient level of operating costs.

Some regulated assets are also subject to incentive schemes for operating expenditure, which reward (or penalise) the pipeline owner by reference to its actual cost performance compared to approved forecasts. For pipelines subject to such a scheme, these rewards (or penalties) make up an additional element of the revenue building blocks.

The standard calculation of target revenue for the purposes of determining the Reference Tariffs is set out below:




*Source: APA*

For APA's existing price regulated assets, the key regulatory risk is the WACC which will be determined by the regulator at each reset. The regulator is required to set the WACC at a level commensurate with prevailing conditions in the market for funds and the risks involved in providing Reference Services. Some recent regulatory decisions have seen regulators establishing rates of return below those adopted during the earlier years of the regime, principally due to reduction in the values ascribed to the leveraged beta coefficient and a fall in the risk-free rate as measured by the yields of 10-year Australian government bonds. The "leveraged beta coefficient" is a measure of the sensitivity of an entity's security returns relative to the returns of a financial market.

Since the introduction of the regulatory regime in 1998, regulators have used a benchmark gearing of 60:40 debt: equity in determining the WACC.

Tariffs are typically set for five year periods and often vary each year based on a CPI-X formula, where CPI is an inflation rate and X represents a productivity or adjustment factor.

Contracts existing at the time of introduction of the regime, and contracts for non-Reference Services negotiated since the introduction of the regime, are generally not affected by regulatory decisions approving a Reference Tariff.

***Pipelines Regulated Under the NGL***

The NGL and the NGR cover existing pipelines which are regarded as having a degree of market power such that regulated access will significantly increase competition in a dependent market. The AER has a number of functions under the NGL and the NGR, including deciding whether to approve access arrangements for price regulated assets and arbitrating access disputes.

Under the NGL, new pipelines can make an application for a 15 year regulation exemption.

All states and territories other than Western Australia have nominated the AER as the regulator of third party access under the national access regime. Western Australia has established a state based regulator, the ERA.

APA's assets which are price regulated as at the date of this Offering Circular are tabled below:

| Asset | Reset date |
|---|---|
| Goldfields Gas Pipeline | January 2015[18] |
| Amadeus Gas Pipeline | July 2016 |
| Roma Brisbane Pipeline | July 2017 |
| Victorian Transmission System | January 2018 |
| Central Ranges Pipeline and Central Ranges Network | July 2019 |

[18] A revised access arrangement is currently being considered by the ERA. A final decision is expected no later than 15 September 2015.

# GLOSSARY

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|---|---|
| **A$** | Australian currency (dollars). |
| **ABN** | Australian Business Number. |
| **ACCC** | Australian Competition & Consumer Commission. |
| **access arrangement** | An arrangement for access to a price regulated pipeline or distribution network covered by the Code setting out the terms and conditions, including price, at which third parties can acquire services on the pipeline or network. |
| **ACN** | Australian Company Number. |
| **AEMO** | Australian Energy Market Operator. |
| **AER** | Australian Economic Regulator. |
| **AGL Energy** | AGL Energy Limited (ABN 74 115 061 375). |
| **AGN** | Australian Gas Networks Limited. |
| **AGP** | Amadeus Basin to Darwin gas pipeline. |
| **A-IFRS** | Australian International Financial Reporting Standards as published by the Australian Accounting Standards Board, including the Australian Accounting Interpretations adopted by the Australian Accounting Standards Board, and the Corporations Act. |
| **Allgas or Allgas Gas Network** | See **Network**. |
| **APA** | See **APA Group**. |
| **APA Group** | The registered business name of APT and APTIT, the units of which trade on the ASX under the ticker symbol "APA" as a single "stapled" security. References in this Offering Circular to APA are also made generally in the context of the business of APA in its entirety, including the respective businesses of the Issuer, the Principal Guarantor and their controlled entities. |
| **APL** | Australian Pipeline Limited (ACN 091 344 704). |
| **APLNG Project** | The Australian Pacific LNG project. |
| **APT** | Australian Pipeline Trust (ARSN 091 678 778). |
| **APTIT** | APT Investment Trust (ARSN 115 585 441). |
| **APT Pipelines or Issuer** | APT Pipelines Limited (ACN 009 666 700), a wholly owned subsidiary of APL, as the responsible entity and trustee of APT. |
| **ASIC** | Australian Securities and Investments Commission. |
| **ASX** | ASX Limited (ACN 008 624 691), the Australian securities exchange. |
| **Australian MTN** | Notes issued by the Issuer by its Australian medium term notes program established in 2010. |
| **BG Group** | BG Group plc. |
| **BGP** | Bonaparte Gas Pipeline. |
| **BHP Billiton** | BHP Billiton Limited (ABN 49 004 028 077) and its controlled entities. |
| **BREE** | Bureau of Resources and Energy Economics. |
| **Board** | The Board of Directors of APL or the Issuer (as the context requires), unless otherwise indicated. |
| **BWP** | Berwyndale Wallumbilla Pipeline. |

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| **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. |
| **CGP** | Carpentaria Gas Pipeline, Queensland. |
| **CNOOC** | China National Offshore Oil Corporation. |
| **Code** | National Gas Law and National Gas Rules, collectively. |
| **consolidated cash flow available for debt service** | for any period, (i) EBITDA for such period less (ii) (x) income tax paid by the Parent Guarantors and their subsidiaries (other than Excluded Subsidiaries during such period as determined on a consolidated basis in accordance with A-IFRS (excluding any one-off payments or settlements in respect of income tax during such period) and (y) Stay in Business Capital Expenditures for such period. |
| **Committee** | APA's Audit and Risk Management Committee. |
| **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. |
| **Corporations Act** | Australian Corporations Act 2001. |
| **CPI** | Consumer Price Index, a measure of Australian retail prices inflation. |
| **CRN** | Central Ranges Network, New South Wales. |
| **CRP** | Central Ranges Pipeline, New South Wales. |
| **CWP** | Central West Pipeline, New South Wales. |
| **DBNGP** | Dampier to Bunbury Natural Gas Pipeline. |
| **DBP** | Dampier to Bunbury Pipeline. |
| **Derivative Transaction** | The meaning given to it in "Terms and Conditions of the Notes — Events of Default and Enforcement." |
| **Directlink** | An electricity interconnector asset, owned by EII. |
| **Directors** | Directors of APL or the Issuer (as the context requires), unless otherwise indicated. |
| **Domestic Gas GTA** | The meaning given to it in "The QCLNG Pipeline Acquisition". |
| **DPS** | Diamantina Power Station Pty Ltd. |
| **EBIT** | Earnings Before Interest, Income Tax and significant items. |
| **EBITDA** | Earnings Before Interest, Income Tax, Depreciation, Amortisation and significant items. |
| **EGfP** | Eastern Goldfields Pipeline. |
| **EGP** | Eastern Gas Pipeline. |
| **EII** | Energy Infrastructure Investments Pty Limited (ACN 104 348 852). |
| **EII2** | EII 2 Pty Ltd (ACN 139 673 215). |
| **EnergyQuest** | EnergyQuest, an Australian-based energy advisory firm, which specialises in market analysis and strategy for energy companies and buyers, investors and governments. |

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| **Entitlement Offer** | The A$1,838 million accelerated renounceable entitlement offer APA launched on 10 December 2014 for its stapled securities with (i) the sale of approximately A$958 million of those stapled securities settling on 22 December 2014 as part of the institutional entitlement offer and (ii) the sale of approximately A$880 million of those stapled securities settling on 27 January 2015 as part of the retail entitlement offer. |
| **Envestra** | Envestra Limited (ACN 078 551 685). |
| **ERA** | Economic Regulation Authority. |
| **Ethane Pipeline** | Moomba to Port Botany Ethane Pipeline. |
| **Excluded Subsidiary** | certain subsidiaries that are excluded from the requirement to provide a guarantee under the Issuer's bank debt facilities, being Goldfields Gas Transmission Pty Ltd (ABN 87 004 273 241), APT SPV2 Pty Ltd, APT SPV3 Pty Ltd and APT SEA Gas Holdings Pty Limited (ACN 124 754 767) and (in summary) any direct or indirect subsidiary of a Parent Guarantor party to certain limited recourse borrowing arrangements. |
| **Firm Park Services Agreement** | The meaning given to it in "The QCLNG Pipeline Acquisition". |
| **fiscal year** | 1 July to 30 June. |
| **Foundation Shipper GTA** | The meaning given to it in "The QCLNG Pipeline Acquisition". |
| **FY** | The year ended 30 June for the year stated. |
| **FY20XX** | Financial Year to 30 June 20XX. |
| **GasNet** | GasNet Australia Group. |
| **GDI** | GDI (EII) Pty Limited. |
| **Gearing Ratio** | Calculated in accordance with the covenants in APA's bank debt facilities, is (in summary) the ratio of net debt (being the total of certain indebtedness less cash and cash equivalents) to net debt plus total equity and retained earnings but excluding reserves carried in respect of effective hedges. The Gearing Ratio calculations do not take into account the Excluded Subsidiaries of the APA Group. |
| **GGP** | Goldfields Gas Pipeline, Western Australia. |
| **GGTJV** | Goldfields Gas Transmission Joint Venture. |
| **GLNG Project** | The Gladstone LNG project. |
| **GTA** | The meaning given to it in "The QCLNG Pipeline Acquisition". |
| **HDF** | Hastings Diversified Utilities Fund. |
| **Head Trusts** | APT and APTIT. |
| **HY20XX** | The half year to 31 December 20XX. |
| **Interconnect or Interconnector** | A section of pipeline or electricity infrastructure allowing bi-directional energy flow between states and territories of Australia or distinct networks. |
| **Interest Coverage Ratio** | Calculated in accordance with the covenants in APA's bank debt facilities, is (in summary) the ratio of (i) consolidated cash flow available for debt service (as defined in this Glossary) during the applicable period, to (ii) interest expense (as defined in this Glossary) during the applicable period. |

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| **interest expense** | With respect to any period, (a) interest, discount, costs, expenses, net payments made under hedge agreements (other than realised swap loss), fees (other than establishment fees) and all other amounts in the nature of interest payable by the Parent Guarantors and their subsidiaries (other than Excluded Subsidiaries) in respect of certain indebtedness for such period, all as determined on a consolidated basis in accordance with A-IFRS, less (b) (i) earnings by way of interest, discount, net payments received under hedge agreements (other than realised swap gains) and all other amounts in the nature of interest payable to the Parent Guarantors and their subsidiaries (other than Excluded Subsidiaries) and (ii) any amount in clause (a) to the extent it is capitalised into the capital cost of an asset or project, all as determined on a consolidated basis in accordance with A-IFRS. For the avoidance of doubt, unrealised gains or losses arising from the movement in the fair value of interest rate Derivative Transactions or financial liabilities relating to moneys borrowed and any non-interest and non-cash adjustments measured under A-IFRS are excluded from clauses (a) and (b). |
| **Issuer** | See **APT Pipelines**. |
| **joule or J** | The main SI unit for measuring all forms of energy is the joule. |
| **km** | Kilometres. |
| **lateral** | A branch pipeline linking a main pipeline to a market or end-user or other pipeline. |
| **LNG** | Liquefied natural gas. |
| **looping** | Increasing the capacity of a pipeline by installation of an additional pipeline (in sections or entirely), parallel to and joined with the original pipeline(s). |
| **LPS** | Leichhardt Power Station. |
| **MAPS** | Moomba to Adelaide Pipeline System. |
| **MDQ** | Maximum daily quantity. |
| **Moody's** | Moody's Investors Service, Inc., a subsidiary of Moody's Corporation, and its successors. |
| **MSP** | Moomba to Sydney Pipeline system in New South Wales, including laterals and the NSW-VIC Interconnect. |
| **MTN** | Medium Term Note. |
| **Murraylink** | An electricity interconnector asset owned by EII. |
| **MW** | Megawatt. 1MW = $10^6$ watts. |
| **MWP** | Mid West Pipeline. |
| **Network** | APA Gas Network, Queensland, previously the business of Allgas Energy Limited. |
| **Newmont** | Newmont Australia Pty Limited (ABN 86 009 295 765) and its controlled entities. |
| **NGL** | National Gas Law. |
| **NGR** | National Gas Rules. |
| **NSW** | New South Wales, Australia. |
| **NT** | Northern Territory, Australia. |
| **O&M Agreement** | The meaning given to it in "The QCLNG Pipeline Acquisition". |

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| **Origin** | Origin Energy Limited (ABN 30 000 051 696) and its relevant controlled entities. |
| **Parent Guarantors** | APL, in its separate capacities as trustee and responsible entity of APT and APTIT. |
| **Pass-through revenue** | Revenue which passes through APA's accounts but upon which no margin is earned such as, in some cases, reimbursements of construction or other costs which were incurred for customers. |
| **Petronas** | Petronas Australia Pty Ltd and its Australian subsidiaries. |
| **PEPL** | Pilbara Energy Pipeline. |
| **PGP** | Parmelia Gas Pipeline, Western Australia. |
| **PipeCo** | OCLNG Pipeline Pty Ltd. |
| **Pipeline Assets** | (i) any pipeline or related gas transmission asset owned by the Parent Guarantor and its subsidiaries (other than Excluded Subsidiaries) as of the date hereof or the interest held by the Parent Guarantor and its subsidiaries (other than Excluded Subsidiaries) in respect thereof and (ii) any pipeline or transmission asset acquired by the Parent Guarantor and its subsidiaries (other than Excluded Subsidiaries) after the date hereof that is material. |
| **PJ** | Petajoule. 1 PJ = 1015 joules. |
| **PPS** | Pilbara Pipeline System. |
| **Projected Capital Base** | See RAB. |
| **PWC** | The Power and Water Corporation, a Northern Territory of Australia Government owned utility. Also known as Power and Water. |
| **QCLNG Pipeline** | The QCLNG Pipeline. |
| **QCLNG Pipeline Acquisition** | The meaning given to it in "The QCLNG Pipeline Acquisition". |
| **QCLNG Pipeline Acquisition Bridge Facility** | The meaning given to it in "Summary Financial Information — QCLNG Pipeline Acquisition". |
| **QCLNG Project** | The meaning given to it in "The QCLNG Pipeline Acquisition". |
| **QLD** | Queensland. |
| **QSN** | Queensland to South Australia/New South Wales Link. |
| **RAB** | Regulated Asset Base, which is the regulatory value of assets regulated under the NGL or the National Electricity Law. |
| **RBP** | Roma Brisbane Pipeline, Queensland. |
| **REC** | Renewable Energy Certificate. |
| **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** | Pipeline tariff for a Reference Service specified in an Access Arrangement approved by a regulator according to pricing principles detailed in the Code. |
| **Responsible Entity** | Australian Pipeline Limited (ACN 091 344 704) and, generally in Australia, a licensed entity or body that operates a registered managed investment scheme. |
| **SA** | South Australia, Australia. |

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| **S&P** | Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc., and its successors. |
| **SEA Gas** | South East Australia Gas Pty Ltd. |
| **SEA Gas Pipeline** | SEA Gas pipeline. |
| **securityholder** | The registered holder of ordinary stapled securities in APT and APTIT. |
| **SESA Pipeline** | South East South Australia Pipeline. |
| **SI** | International System of Units (Système International d'Unités). |
| **SPA** | The meaning given to it in "The QCLNG Pipeline Acquisition". |
| **Standard** | AS2885, the Pipelines Gas and Liquid Petroleum Standard. |
| **Stay in Business Capital Expenditure** | With respect to any period, the aggregate expenditures by the Parent Guarantors and their subsidiaries (other than Excluded Subsidiaries) during such period (a) for (i) equipment, (ii) machinery, (iii) fixed assets, (iv) real property and (v) any improvements related to any thereof, (b) which are accounted for under A-IFRS as capital expenditures and not as operating expenses and (c) which are required for the commercial operation of the business of the Parent Guarantors and their subsidiaries (other than Excluded Subsidiaries); provided that expenditures related to (x) additional looping in connection with the Pipeline Assets, (y) the expansion or increase in capacity of the Pipeline Assets and (z) (A) otherwise increasing the assets described in clauses (a)(i) to (v) (inclusive) of this definition resulting in an increase in the revenues to the business of the Parent Guarantors and their subsidiaries (other than Excluded Subsidiaries) and (B) the development, construction and/or expansion of new assets resulting in an increase in the revenues of the business of the Parent Guarantors and their subsidiaries (other than Excluded Subsidiaries) shall not be included in the calculation of "Stay in Business Capital Expenditures", all of the foregoing determined on a consolidated basis in accordance with A-IFRS. |
| **SWQP** | The South West Queensland pipeline. |
| **TJ** | Terajoule. 1 TJ = 1012 joules. |
| **Train 1** | The meaning given to it in "The QCLNG Pipeline Acquisition". |
| **Train 2** | The meaning given to it in "The QCLNG Pipeline Acquisition". |
| **Train 1 First Commercial Delivery Date** | The meaning given to it in "The QCLNG Pipeline Acquisition". |
| **Train 2 First Commercial Delivery Date** | The meaning given to it in "The QCLNG Pipeline Acquisition". |
| **USPP Notes** | US Private Placement Notes. |
| **VIC** | Victoria, Australia. |
| **VTS** | Victorian Transmission System. |
| **WA** | Western Australia, Australia. |
| **WACC** | Weighted Average Cost of Capital, which refers to the weighted average of the cost at which an entity can borrow debt and the cost at which it can raise equity. |
| **watt or W** | Particularly for electricity, the basic SI unit of power is the watt and a commonly used unit is the kilowatt (1,000 watts). |

## TAXATION

### Australian Taxation

*The following is a general summary of the taxation treatment under the Income Tax Assessment Act 1936 and the Income Tax Assessment Act 1997 (the **Tax Act**), at the date of this Offering Circular, of payments of interest (as defined in the Tax Act) on the Notes and certain other matters. It is not exhaustive and, in particular, does not deal with the position of certain classes of holders of the Notes (including dealers in securities, custodians or other third parties who hold the Notes on behalf of any absolute beneficial holders of the Notes), nor does it deal with the Australian tax treatment of any Index Linked Notes or Dual Currency Notes; should the Issuer issue Notes of such kind, the Australian tax treatment of those Notes will be addressed in the applicable Final Terms.*

*The following is a general guide only and should be treated with appropriate caution. Prospective holders of the Notes should consult their professional advisers on the tax implications of an investment in the Notes for their particular circumstances.*

***Interest withholding tax***

An exemption from Australian interest withholding tax imposed under Division 11A of Part III of the Tax Act (**IWT**) is available in respect of the Notes under section 128F of the Tax Act if all the following conditions are satisfied:

- the Issuer is a resident of Australia when it issues the Notes;

- the Issuer is a resident of Australia when interest (as defined in section 128A(1AB) of the Tax Act) is paid. Interest is defined to include amounts in the nature of, or in substitution for, interest and certain other amounts;

- the Notes are issued in a manner which satisfies the 'public offer test' as outlined in section 128F(3) of the Tax Act. The 'public offer test' should be satisfied where the Notes (whether in global form or otherwise) are offered for issue:

  (a) to 10 or more persons who are carrying on the business of providing finance, or investing or dealing in securities, in the course of operating in financial markets who are not "associates" of each other for the purposes of section 128F(9) of the Tax Act; or

  (b) to at least 100 investors who have acquired debentures in the past or are likely to be interested in acquiring debentures; or

  (c) as a result of being accepted for listing on a stock exchange under an agreement requiring listing; or

  (d) publicly in electronic form, or in another form, that was used by financial markets for dealing in debentures or debt interests; or

  (e) to a dealer, manager or underwriter who under an agreement with the Issuer offers to sell the Notes within 30 days by one of the preceding methods;

- the Issuer does not know, or have reasonable grounds to suspect, at the time of issue, that the Notes or interests in the Notes were being, or would later be, acquired, directly or indirectly, by an "associate" of the Issuer, except as permitted by section 128F(5) of the Tax Act; and

- at the time of the payment of interest, the Issuer does not know, or have reasonable grounds to suspect, that the payee is an "associate" of the Issuer, except as permitted by section 128F(6) of the Tax Act.

***Associates***

An "associate" of the Issuer for the purposes of section 128F of the Tax Act refers to entities such as natural persons, companies, trustees and partnerships that by reason of a family or business connection are regarded as associates of a particular entity.

The associate test operates to determine whether an entity is an associate of the Issuer. The associate test also considers whether the potential Noteholders are themselves associated with each other.

Where the Issuer and Noteholders are companies, associates of the Issuer/Noteholder will broadly include:

- an entity who (together with its associates) holds a majority voting interest in the Issuer/Noteholder;
- an entity who (together with its associates) sufficiently influences the Issuer/Noteholder;
- an entity who is controlled by the Issuer/Noteholder (and its associates) through a majority voting interest; or
- an entity that is 'sufficiently influenced' by the Issuer/Noteholder (and its associates).

Subsection 318(6) of the Tax Act provides that:

*'a company is sufficiently influenced by an entity or entities if the company, or its directors, are accustomed or under an obligation (whether formal or informal), or might reasonably be expected, to act in accordance with the directions, instructions or wishes of the entity or entities (whether those directions, instructions or wishes are, or might reasonably be expected to be, communicated directly or through interposed companies, partnerships or trusts)'.*

Where the Issuer/Noteholder is capable of benefiting (whether directly or indirectly) under a trust, associates of the Issuer/Noteholder will include the trustee of such trusts.

Where the Issuer/Noteholder is a person or entity who is an "associate" of another person or company which is an "associate" of the Issuer under any of the foregoing then they will be associates for the purposes of section 128F(9) of the Tax Act.

However, for the purposes of sections 128F(5) and (6) of the Tax Act (see the fourth and fifth bullet points under "*Interest withholding tax*" above), "associate" does not include:

- onshore associates (i.e., Australian resident associates who do not hold the Notes in the course of carrying on business at or through a permanent establishment outside Australia and non-resident associates who hold the Notes in the course of carrying on business at or through a permanent establishment in Australia); or
- offshore associates (i.e., Australian resident associates who hold the Notes in the course of carrying on business at or through a permanent establishment outside Australia and non-resident associates who do not hold the Notes in the course of carrying on business through a permanent establishment in Australia) who are acting in the capacity of:

  (a) in the case of section 128F(5), a dealer, manager or underwriter in relation to the placement of the Notes, a clearing house, custodian, funds manager or responsible entity of a registered scheme; or

  (b) in the case of section 128F(6), a clearing house, paying agent, custodian, funds manager or responsible entity of a registered scheme,

  (being an **Offshore Associate**).

***Compliance with section 128F of the Tax Act***

The Issuer intends to issue the Notes in a manner that satisfies the requirements of the exemption from IWT as outlined above.

Pursuant to the Programme Agreement entered into between the Dealers and the Issuer, the relevant Dealer must not, as part of the primary distribution of any Notes, sell any relevant Notes to any person that the employees of such Dealer directly involved in the sale of the Notes actually know or have reasonable grounds to suspect, or that the Issuer has notified the Dealer, is an Offshore Associate of the Issuer.

Under such Programme Agreement, if any employee of a relevant Dealer effecting the sale, or otherwise directly involved in the sale of the Notes, does not know, or does not have reasonable grounds to suspect, that a person is an offshore associate, then the relevant Dealer is not obliged to make positive inquiries of that person, to confirm that person is not such an offshore associate.

On the basis that the Notes are issued in compliance with section 128F, no deduction or withholding in respect of Australian IWT should be required to be made from any payment of principal or interest made by the Issuer in respect of the Notes.

***Other tax matters***

Under Australian laws as presently in effect:

- *income tax* — offshore holders of the Notes — assuming the requirements of section 128F of the Tax Act are satisfied with respect to the Notes, payments of principal and interest (as defined in section 128A(1AB) of the Tax Act and which includes certain amounts which are deemed to be interest — for example a discount on a Note) to a Noteholder who is a non-resident of Australia and who, during the taxable year, does not hold the Notes in the course of carrying on business at or through a permanent establishment in Australia, will not be subject to Australian income taxes; and

- *gains on disposal of Notes* — offshore holders of the Notes — a Noteholder who is a non-resident of Australia and who, during the taxable year, does not hold the Notes in the course of carrying on business at or through a permanent establishment in Australia, will not be subject to Australian income tax on gains realised during that year on sale or redemption of the Notes, provided such gains do not have an Australian source. A gain arising on the sale of the Notes by a non-Australian resident holder to another non-Australian resident where Notes are sold outside Australia and all negotiations are conducted, and documentation executed, outside Australia would not generally be regarded as having an Australian source; and

- *death duties* — no Notes will be subject to death, estate or succession duties imposed by Australia, or by any political subdivision or authority therein having power to tax, if held at the time of death; and

- *stamp duty and other taxes* — no *ad valorem* stamp, issue, registration or similar taxes are payable in Australia on the issue or transfer of any Notes subject to the Note issued being 'debt interests' as described below; and

- *other withholding taxes on payments in respect of Notes* — section 12-140 of the Taxation Administration Act 1953 (the **Taxation Administration Act**) imposes a type of withholding tax at the rate of (currently) 49% on the payment of interest on certain registered securities unless the relevant payee has quoted an Australian tax file number (**TFN**) (in certain circumstances), an Australian Business Number (**ABN**) or proof of some other exception (as appropriate). Assuming the requirements of section 128F of the Tax Act are satisfied with respect to the Notes, then the requirements of section 12-140 do not apply to payments to a Noteholder in registered form who is not a resident of Australia and not holding those Notes in the course of carrying on business at or through a permanent establishment in Australia. Payments to other classes of holders of the Notes in registered form may be subject to a withholding where the Noteholder does not quote a TFN, ABN or provide proof of an appropriate exemption (as appropriate); and

- *supply withholding tax* — payments in respect of the Notes can be made free and clear of the "supply withholding tax" imposed under section 12-190 of the Taxation Administration Act; and

- *goods and services tax (**GST**)* — neither the issue nor receipt of the Notes will give rise to a liability for GST in Australia on the basis that the supply of the Notes will comprise either an input taxed financial supply or (in the case of an offshore subscriber) a GST-free supply. Furthermore, neither the payment of principal or interest by the Issuer, nor the disposal of Notes, would give rise to any GST liability in Australia; and

- *debt/equity rules* — Division 974 of the Tax Act contains tests for characterising debt (for all entities) and equity (for companies) for Australian tax purposes, including for the purposes of dividend withholding tax and IWT. The Issuer intends to issue Notes which are to be characterised as "debt interests" for the purposes of the tests contained in Division 974 and the returns paid on the Notes are to be "interest" for the purpose of section 128F of the Tax Act. Accordingly, Division 974 is unlikely to affect the Australian tax treatment of holders of the Notes; and

- *additional withholdings from certain payments to non-residents* — section 12-315 of the Taxation Administration Act gives the Governor-General power to make regulations requiring withholding from certain payments to non-residents. However, section 12-315 expressly provides that the regulations will not apply to interest and other payments which are already subject to the current interest withholding tax rules or specifically exempt from those rules. Further, regulations may only be made if the responsible minister is satisfied the specified payments are of a kind that could reasonably relate to assessable income of foreign residents. The regulations promulgated prior to the date of this Offering Circular are not relevant to any payments in respect of the Notes. Any further regulations should also not apply to repayments of principal under the Notes, as in the absence of any issue discount, such amounts will generally not be reasonably related to assessable income. The possible application of any future regulations to the proceeds of any sale of the Notes will need to be monitored; and

- *taxation of foreign exchange gains and losses* — Divisions 230, 775 and 960 of the Tax Act contain rules to deal with the taxation consequences of foreign exchange transactions. The rules are complex and may apply to any holders of the Notes who are Australian residents or non-residents that hold the Notes in the course of carrying on business at or through a permanent establishment in Australia. Any such Noteholder should consult their professional advisers for advice as to how to tax account for any foreign exchange gains or losses arising from their holding of the Notes.

***Taxation of financial arrangements***

Division 230 of the Tax Act contains a regime for the taxation of financial arrangements issued, or held, by Australian residents (or non-residents operating through an Australian permanent establishment) (the **TOFA regime**). The TOFA regime applied on a mandatory basis from 1 July 2010 for qualifying taxpayers and financial arrangements. Where it applies, the TOFA regime may impact upon the tax character and tax timing of gains and losses arising from those financial arrangements. The TOFA regime does not contain any measures that would override the exemption from Australian IWT available under section 128F of the Tax Act.

***Payments under the Guarantee***

It is unclear whether or not any payment by the Guarantors under the Guarantee of amounts in respect of interest on the Notes would be subject to IWT or whether or not, if the payment would otherwise be subject to IWT, the payment would be exempt from IWT to the same extent that the payment of interest on the Notes to which it relates would be exempt from IWT under section 128F of the Australian Tax Act. However, the Australian Taxation Office has released a Taxation Determination concluding that payments by a guarantor in respect of interest on debentures (such as the Notes) should be regarded as interest subject to IWT but that such payments should be entitled to the benefit of the exemption contained in section 128F of the Australian Tax Act if payments of interest in respect of those debentures by the Issuer are exempt from IWT under section 128F of the Australian Tax Act.

***Interest on bearer securities***

Pursuant to section 126 of the Tax Act, payments of interest in respect of Notes may be subject to withholding on account of Australian tax at a rate of 47% if the Notes are in bearer form and the Issuer does not provide the names and addresses of the holders of the Notes to the Commissioner of Taxation. No such tax is imposed if the Notes are held by non-resident holders (that do not hold the Notes in the course of carrying on a business at or through a permanent establishment in Australia) where the exemption provided by section 128F of the Tax Act is available or if Australian IWT is payable. However, section 126 of the Tax Act will apply to resident holders. The Issuer intends to treat operators of clearing systems as the holders of the Notes for these purposes.

***Payment of additional amounts***

If an amount of Australian withholding tax is required to be deducted or withheld by the Issuer (or a Guarantor) from payments of interest in relation to the Notes, then the Issuer or Guarantors (as the case may be) must, subject to certain exceptions set out in Condition 9 of the Notes, pay an additional amount that would result in the holders of the Notes receiving an amount equal to that which they would have received had no such deduction or withholding been made. In such circumstances and subject to the Terms and Conditions, the Issuer may redeem the Notes.

***Australian resident holders***

The income received by Australian resident holders in respect of the Notes will be included in the assessable income of those holders for Australian income tax purposes. Australian resident holders that derive a gain on a sale or redemption of Notes will be subject to Australian tax on such gain.

***US and UK Resident holders of Notes***

Australia has signed a number of amended double tax conventions (the **Treaties**) with the Specified Countries. The Treaties apply to interest derived by a resident of a Specified Country.

The Treaties effectively exempt IWT from applying to interest derived by:

- governments of the Specified Countries and certain governmental authorities and agencies in a Specified Country; and

- certain unrelated financial institutions resident in a Specified Country which substantially derive their profits by carrying on a business of raising and providing finance.

The availability of this IWT exemption is subject to certain exceptions.

Under the Treaties interest paid in respect of arrangements involving back-to-back loans and economically equivalent arrangements would still be subject to the 10% IWT rate. In addition, the anti-avoidance provisions in the Tax Act may apply.

Specified Countries include the United States of America, France and the United Kingdom.

**EU Savings Directive**

The Savings Directive requires EU Member States to provide to the tax authorities of other EU Member States details of payments of interest and other similar income paid by a person established within its jurisdiction to or for the benefit of an individual resident or to certain other types of entities established in that other EU Member State, except that Austria will instead impose a withholding system for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period it elects otherwise.

The Council of the European Union has adopted the Amending Directive which will, when implemented, amend and broaden the scope of the requirements of the Savings Directive described above. The Amending Directive will expand the range of payments covered by the Savings Directive, in particular to include additional types of income payable on securities, and the circumstances in which payments must be reported or paid subject to withholding. For example, payments made to (or for the benefit of) (i) an entity or legal arrangement effectively managed in an EU Member State that is not subject to effective taxation, or (ii) a person, entity or legal arrangement established or effectively managed outside of the European Union (and outside any third country or territory that has adopted similar measures to the Savings Directive) which indirectly benefit an individual resident in an EU Member State, may fall within the scope of the Savings Directive, as amended. The Amending Directive requires EU Member States to adopt national legislation necessary to comply with it by 1 January 2016, which legislation must apply from 1 January 2017.

Investors who are in any doubt as to their position should consult their professional advisers.

**The Proposed Financial Transactions Tax (FTT)**

On 14 February 2013, the European Commission published a proposal (**Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (**participating Member States**).

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

Joint statements issued by participating Member States indicate an intention to implement the FTT by 1 January 2016.

However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. Additional EU Member States may decide to participate. Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

**Foreign Account Tax Compliance Act**

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 impose a new reporting regime and potentially a 30 per cent. withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a **foreign financial institution**, or **FFI** (as defined by FATCA)) that does not become a "**Participating FFI**" by entering into an agreement with the U.S. Internal Revenue Service (**IRS**) to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor who has an account with an FFI (unless otherwise exempt from FATCA) that does not provide information sufficient to such FFI to determine whether the investor is a U.S. person or should otherwise be treated as holding a "recalcitrant holder". The Issuer or the Guarantor may be classified as an FFI.

The new withholding regime currently applies to payments from sources within the United States and will apply to "**foreign passthru payments**" (a term not yet defined) no earlier than 1 January 2017. This withholding would potentially apply to payments in respect of (i) any Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or after the "**grandfathering date**", which is the date that is six months after the date on which final

U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified on or after the grandfathering date and (ii) any Notes characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Notes are issued before the grandfathering date, and additional Notes of the same series are issued on or after that date, the additional Notes may not be treated as grandfathered, which may have negative consequences for the existing Notes, including a negative impact on market price.

The United States and a number of other jurisdictions (including Australia) have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (each, an **IGA**). Pursuant to the IGA entered into between the United States and Australia, an FFI in Australia could be treated as a "**Reporting FI**" not subject to withholding under FATCA on any payments it receives. Further, an Australian FFI would not be required to withhold under FATCA or the U.S.-Australian IGA (or any law implementing the IGA) (any such withholding being **FATCA Withholding**) from payments it makes (unless it has agreed to do so under the U.S. "qualified intermediary," "withholding foreign partnership," or "withholding foreign trust" regimes). Under the U.S.-Australia IGA, a Reporting F1 in Australia would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS.

If the Issuer or a Guarantor becomes a Reporting F1 under the U.S.-Australia IGA, the Issuer or such Guarantor and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a recalcitrant holder.

Whilst the Notes are in global form and held within the clearing systems, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer or any Guarantor, any paying agent and the Common Depositary, given that each of the entities in the payment chain between the Issuer or any Guarantor and the clearing systems is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the clearing systems. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA Withholding. However, definitive notes will only be printed in remote circumstances.

The Issuer's and the Guarantors' obligations under the Notes are discharged once they have paid the Common Depositary for the clearing systems (as bearer of the Notes) and, therefore, neither the Issuer nor the Guarantors have any responsibility for any amount thereafter transmitted through hands of the clearing systems and custodians or intermediaries. As a result, investors may receive less interest or principal than expected.

**FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and the Guarantors and to payments they may receive in connection with the Notes.**

## SUBSCRIPTION AND SALE

Subject to the terms and conditions contained in an Amended and Restated Programme Agreement dated 9 March 2015 (as amended, restated or supplemented, (the **Programme Agreement**) between the Issuer, the Initial Guarantors and BNP Paribas and The Royal Bank of Scotland plc (together, the **Dealers**), Notes may be offered on a continuous basis by the Issuer to the Dealers. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Programme Agreement also provides for Notes to be issued in syndicated Tranches that are underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse the Arrangers for certain of their expenses incurred in connection with the establishment of the Programme and the Dealers for certain of their activities in connection with the Programme.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of any Notes. The Programme Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

### United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Each issuance of Index Linked Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Final Terms.

### European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and

including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

(a) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a **Non-exempt Offer**), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (a) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression **an offer of Notes to the public** in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and the expression **Prospectus Directive** means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) and includes any relevant implementing measure in the Relevant Member State.

**United Kingdom**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantors; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

**Switzerland**

Each Dealer has represented and agreed, and each further Dealer under the Programme will be required to represent and agree that: (a) it has not publicly offered, sold or advertised, and will not publically offer, sell or advertise, the Notes in Switzerland, as such term is defined or interpreted under the Swiss Code of Obligations (the **CO**); (b) neither this Offering Circular nor any documents related to the Notes constitute a prospectus within the meaning of art. 652a or art. 1156 CO; and (c) it has not distributed, and will not distribute, the Notes in or from Switzerland, as such term is defined or interpreted under the Swiss Collective Investments Schemes Act (the **CISA**).

The Issuer has not applied for a listing of the Notes on the SIX Swiss Exchange or any other regulated securities market in Switzerland, and consequently, the information presented in this Offering Circular does not necessarily comply with the information standards set out in the listing rules of the SIX Swiss Exchange.

In addition, the Notes do not constitute a participation in a collective investment scheme in the meaning of CISA and they are neither subject to approval nor subject to supervision by the Swiss Financial Markets Supervisory Authority FINMA (**FINMA**). Therefore, investors in the Notes do not benefit from protection under CISA or supervision by FINMA or any other regulatory authority in Switzerland.

**Italy**

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Offering Circular or of any other document relating to the Notes be distributed in the Republic of Italy, except:

(a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and Article 34-ter, first paragraph, letter (b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time (**Regulation No. 11971**); or

(b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Regulation No. 11971.

Any offer, sale or delivery of the Notes or distribution of copies of the Offering Circular or any other document relating to the Notes in the Republic of Italy under (a) or (b) above must be:

(i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the **Banking Act**); and

(ii) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and

(iii) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority.

In accordance with Article 100-bis of the Financial Services Act, where no exemption from the rules on public offerings applies under paragraphs (a) and (b) above, Securities which are initially offered and placed in Italy or abroad to qualified investors only but in the following year are regularly (*sistematicamente*) distributed on the secondary market in Italy to non-qualified investors become subject to the public offer and the prospectus requirement rules provided under the Financial Services Act and Regulation No. 11971. Failure to comply with such rules may result in the sale of such Securities being declared null and void and in the liability of the intermediary transferring the Securities for any damages suffered by such non-qualified investors.

**Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the **FIEA**) and each Dealer has represented and agreed, and each

further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

**Hong Kong**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong other than (i) to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

**Singapore**

Each Dealer has acknowledged, and each further Dealer under the Programme will be required to acknowledge, that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (the **Securities and Futures Act**). Accordingly, each Dealer has represented and agreed, and each future Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Notes, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, (b) to a relevant person pursuant to Section 275(1) of the Securities and Futures Act or to any person pursuant to Section 275(1A) of the Securities and Futures Act and in accordance with the conditions specified in Section 275 of the Securities and Futures Act or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Each of the following relevant persons specified in Section 275 of the Securities and Futures Act which has subscribed or purchased Notes, namely a person who is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the Securities and Futures Act)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

should note that "securities" (as defined in section 239(1) of the Securities and Futures Act) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the Securities and Futures Act except:

(i) to an institutional investor or to a relevant person defined in Section 275(2) of the Securities and Futures Act, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the Securities and Futures Act;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the Securities and Futures Act; or

(v) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

**Australia**

No prospectus or other disclosure document (as defined in the Corporations Act) in relation to the Programme or the Notes has been, or will be, lodged with the ASIC. Each Dealer represents and agrees, and each further Dealer under the Programme will be required to represent and agree, that it:

(a) has not made or invited, and will not make or invite, an offer of the Notes for issue or sale in Australia (including an offer or invitation which is received by a person in Australia); and

(b) has not distributed or published, and will not distribute or publish, any offering circular or any other offering material or advertisement relating to the Notes in Australia,

unless (a) the aggregate consideration payable by each offeree or invitee is at least A$500,000 (or its equivalent in other currencies, in either case, disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not (other than by reason of section 708(14) or section 708A of the Corporations Act) require disclosure to investors in accordance with Parts 6D.2 or 7.9 of the Corporations Act, (b) such action complies with all applicable laws, regulations and directives (including, without limitation, the licensing requirements set out in Chapter 7 of the Corporations Act), (c) such action does not require any document to be lodged with ASIC and (d) the offer or invitation is not made to a person who is a "retail client" within the meaning of section 761G of the Corporations Act.

**General**

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will only offer any Note for issue or sale or invite offers to subscribe for or purchase any Note or deliver any Note or possess or distribute the Offering Circular or other material in relation to the Notes in circumstances which comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer, the Guarantors, the Trustee nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer, the Guarantors, the Trustee and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

For the purposes of these selling restrictions, the Notes include interests or rights in Notes held in Euroclear or Clearstream, Luxembourg or any other clearing system.

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Final Terms.

## GENERAL INFORMATION

### Authorisation

The establishment of the Programme was duly authorised by resolutions passed by the Board of Directors of the Issuer on 6 September 2010. The giving of the Guarantee was duly authorised by resolutions passed by the Board of Directors of the Principal Guarantor on 18 October 2010 and by each other Initial Guarantor on or before the date of its execution of or accession to the Trust Deed as a Guarantor. The giving of the Guarantee will also be authorised by each further Additional Guarantor at the time such entity becomes a Guarantor. The issue of each Tranche of Notes has been and the issuer of each future Tranche of Notes will be, duly authorised by resolutions passed by the Board of Directors of the Issuer on or before its issue date.

### Listing of Notes

Application has been made to the SGX-ST for permission to deal in and for the listing of and quotation for any Notes that may be issued pursuant to the Programme and which are agreed on or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. Admission to the Official List of the SGX-ST and the listing and quotation of any Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Guarantors, the Programme or such Notes. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained herein. The Notes will trade on the SGX-ST in a minimum board lot size of S$200,000 (or its equivalent in other currencies) so long as any of the Notes remain listed on the SGX-ST.

### Documents Available

For the period of 12 months following the date of this Offering Circular, copies of the following documents will, when published, be available for inspection from the registered office of the Issuer and the specified offices of the Principal Paying Agent at One Canada Square, London E14 5AL, England, and, in respect of Notes listed on the SGX-ST, from the specified offices of the Paying Agent for the time being in Singapore:

(a) the constitutional documents of the Issuer and the constitutional documents of each of the Guarantors;

(b) the consolidated audited financial statements of the Group in respect of the financial years ended 30 June 2013 and 30 June 2014 together with the audit report prepared in connection therewith. The Group currently prepares audited consolidated accounts on an annual basis;

(c) the unaudited consolidated financial statements of the Group for the six-month period ending 31 December 2014 (together with any audit or review reports prepared in connection therewith);

(d) the most recently published audited consolidated annual financial statements of the Group and the most recently published unaudited interim financial statements (if any) of the Group, in each case together with any audit or review reports prepared in connection therewith. The Group currently prepares unaudited consolidated interim accounts on a half-yearly basis;

(e) the Trust Deed (which includes the forms of the Global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons) and the Agency Agreement;

(f) a copy of this Offering Circular; and

(g) any future offering circulars, prospectuses, information memoranda and supplements to this Offering Circular, including Final Terms (save that the Final Terms relating to a unlisted Note will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer, the Trustee, the relevant Paying Agent and (in the case of Registered Notes) the Registrar as to its holding of Notes and identity) and any other documents incorporated herein or therein by reference.

**Clearing Systems**

Each series of Bearer Notes will be initially represented by either a Temporary Global Note or a Permanent Global Note that will (unless otherwise specified in the applicable Final Terms) be deposited on the issue date thereof with (as specified in the Final Terms) a common depositary on behalf of Euroclear and Clearstream, Luxembourg or any other agreed clearance system compatible with Euroclear and Clearstream, Luxembourg. Each series of Registered Notes will be initially represented by interests in a Global Registered Note and (unless otherwise specified in the applicable Final Terms) deposited on the issue date thereof with (as specified in the Final Terms) a common depositary for, and registered in the name of a nominee of, Euroclear and Clearstream, Luxembourg. The appropriate Common Code and the ISIN for each series of Bearer Notes or Registered Notes will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system, the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

**Conditions for Determining Price**

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

**Significant or Material Change**

Save as disclosed in this Offering Circular, there has been no significant change in the financial or trading position of the Issuer or the Group since 1 December 2014 and there has been no material adverse change in the financial position or prospects of the Issuer or the Group since 1 December 2014.

**Litigation**

There are no legal or arbitration proceedings pending or known to be contemplated that may in the future have or have had, in the 12 months preceding the date of this Offering Circular, a material effect on the financial position or profitability of the Issuer or any other member of the Group. Members of the Group are party to a number of minor litigation matters in the ordinary course of business. APA believes that any ultimate liability in those other litigation matters will not be material to its financial position, results of operations or cash flows.

PipeCo, which is not currently a subsidiary of APA but will become a subsidiary of APA once the QCLNG acquisition is completed, is subject to certain claims as described in "The QCLNG Pipeline Acquisition".

**Auditors**

The auditors of the Group are Deloitte Touche Tohmatsu, who have audited the Group's accounts, without qualification, in accordance with Australian Auditing Standards for each the financial years ended on 30 June 2013 and 30 June 2014. The auditors of the Group have no material interest in any entity which forms part of the Group.

The reports of the auditors of the Group are included or incorporated in the form and context in which they are included or incorporated, with the consent of the auditors who have authorised the contents of that part of this Offering Circular.

**Parties Transacting with the Issuer and the Guarantors**

Certain of the Arrangers, the Trustee, the Paying Agents, the Registrar, the Transfer Agents and the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to, the Issuer, the Guarantors and other Group entities in the ordinary course of business.

## ANNEX

### Management's discussion and analysis of financial condition and results of operations

APA's actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" and elsewhere in this Offering Circular. See "Forward-Looking Statements".

The discussion of APA's historical consolidated data below is derived from the consolidated financial statements of Australian Pipeline Trust and its controlled entities. See "Summary Financial Information" and "Ownership Structure and Management".

### Overview

APA is Australia's largest transporter of natural gas as measured by pipeline length, capacity and volume. APA's gas transmission network is Australia's largest in terms of scale and geographic diversity and cannot be readily replicated. APA own or have an interest in key strategic assets in every Australian mainland state and territory, consisting of approximately 14,201 km[1] of gas transmission pipelines (14,744 km[1] of gas transmission pipelines upon completion of the QCLNG Pipeline Acquisition), over 27,100 km[1] of gas distribution network mains and over one million gas connections. Many of APA's gas infrastructure assets and investments are connected to each other, which provides revenue and operating synergies. APA is included in the S&P/ASX 50 Index, the MSCI All World Capital Index and the FTSE All-World Index. APA is listed on the Australian Securities Exchange and, as at 27 February 2015, APA had a market capitalisation of A$10.2 billion (U.S.$8.0 billion based on the noon buying rate at 27 February 2015 which was A$1.00 = U.S.$0.7810).

APA estimate that in FY2014 and for HY2015, APA transported, including through APA's energy investments, approximately half of Australia's domestic gas consumption and more than three-quarters of all gas consumed in Queensland, New South Wales, Victoria and South Australia. APA also own other related energy infrastructure assets, such as gas storage facilities and power generation assets.

APA reports its operations in three principal business segments:

- ***Energy Infrastructure***: APA operate and either own or have interests in gas transmission pipelines and interconnected gas storage facilities across mainland Australia, which represents Australia's largest portfolio of natural gas pipelines. In addition, APA expect to complete the QCLNG Pipeline Acquisition in the second quarter of calendar year 2015, which would add the QCLNG Pipeline in Queensland to APA's portfolio. See "The QCLNG Pipeline Acquisition" for more information. APA also own the CRN in New South Wales, the Dandenong LNG Storage Facility, a metering business in Victoria, and the Mondarra Gas Storage Facility and Emu Downs wind farm in Western Australia.

  For HY2015, the Energy Infrastructure segment represented 91.1% and 93.1% of APA's continuing business revenue (excluding pass-through revenue and other interest income) and continuing business EBITDA, respectively (86.5% and 88.3% respectively for HY2014, and 83.1% and 83.4% respectively for FY2014). Pass-through revenue is revenue on which no margin is earned. See "Summary Financial Information — Pass-through Revenue and Costs" for additional information regarding pass-through revenue.

- ***Asset Management***: APA provides asset management and operational services to the majority of APA's energy investments and to a number of third parties on a contract basis. APA's main customers are Ethane Pipeline Income Fund, EII, GDI and the Diamantina Power Station joint venture**.** Asset management services are provided to these customers under long term contracts. APA also have an

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[1] Gas transmission pipeline length is not adjusted for proportional ownership and represent the entire lengths of the pipelines or networks independent of the level of APA's ownership interest in such pipelines or networks.

agreement to operate until 2027 the gas distribution network owned by Australian Gas Networks (formerly known as Envestra Limited, AGN) in which APA recently divested its ownership interest (see "Description of APA — Litigation and Disputes").

For HY2015, the Asset Management segment represented 7.4% and 5.0% of APA's continuing business revenue (excluding pass-through revenue and other interest income) and continuing business EBITDA, respectively (11.7% and 9.3% respectively for HY2014, and 10.0% and 7.5% respectively for FY2014).

- ***Energy Investments***: Complementing APA's energy infrastructure business, APA have invested in various energy infrastructure assets, companies and funds, including SEA Gas Pipeline, EII, Ethane Pipeline Income Fund, EII2 (an investment in the North Brown Hill wind farm), GDI (which owns the Allgas gas distribution network) and DPS, a joint venture gas-fired electricity generator with AGL Energy that provides electricity to Glencore Xstrata and Ergon Energy. On 7 August 2014, APA sold its 33.05% equity interest in Envestra Limited (now known as Australian Gas Networks or AGN). See "— Recent Developments — Sale of Shares in Australian Gas Networks Limited". APA hold a number of roles in respect of the majority of these investments in addition to its ownership interest. Each investment is equity accounted, with the exception of APA's interest in Ethane Pipeline Income Fund.

  For HY2015, the Energy Investments segment represented 1.5% and 1.9% of APA's continuing business revenue (excluding pass-through revenue and other interest income) and continuing business EBITDA, respectively (1.8% and 2.4% respectively for HY2014, and 6.9% and 9.1% respectively for FY2014).

These businesses also represent APA's reportable segments as described under "— Segment Presentation". APA's financial performance historically has been stable, which is primarily attributable to the nature of APA's energy infrastructure asset base, the substantial majority of which benefits from price regulation and/or long-term "take-or-pay" contracts.

**Key Drivers of Historical Results**

The key factors impacting APA's results of operations over HY2015 and FY2014, FY2013 and FY2012 are described below.

***Energy Infrastructure Business Underwritten by Price Regulation and "Take-or-Pay" Contracts***

The Energy Infrastructure segment of APA's business contributed A$471.8 million, A$414.5 million, A$824.1 million, A$774.4 million and A$640.7 million of revenue (excluding pass-through revenue and other interest income) in HY2015, HY2014, FY2014, FY2013 and FY2012, respectively, and A$373.6 million, A$326.0 million, A$623.0 million, A$548.3 million and A$441.7 million of EBITDA excluding one-off significant items in HY2015, HY2014, FY2014, FY2013 and FY2012, respectively. APA's price regulated assets do not include its assets subject to "light-handed regulation". In HY2015, revenue (excluding pass-through revenue and other interest income) from price regulated assets and revenue earned under negotiated contractual arrangements from non-price regulated assets (including assets subject to "light-handed" regulation) accounted for 34.9% and 65.1% of APA's total revenue (excluding pass-through revenue and other interest income), respectively. APA typically contract capacity of its price regulated and non-price regulated assets using "take-or-pay" contracts. For the most part, 75% to 95% of the revenue received under APA's "take-or-pay" contracts is in the form of a pipeline capacity reservation tariff payable irrespective of gas transmission volumes utilised by that customer. See "Industry/Regulatory Environment" for more information regarding the regulation of APA's business.

Where APA have price regulated assets or long term "take-or-pay" contracts, APA is not materially exposed to short-term changes in natural gas supply or demand. However, as new tariffs are set for APA's price regulated assets and as contracts expire, APA does have exposure to the longer term trends in supply and demand for natural gas. See "Industry/Regulatory Environment" for more information regarding the regulation of APA's business, including an explanation of the process for setting tariffs.

***Capital Investment***

Expansion and improvement of APA's energy infrastructure assets is highly capital intensive. APA's capital expenditures in the energy infrastructure segment totalled A$170.4 million in HY2015, A$170.7 million in HY2014, A$404.1 million in FY2014, A$387.7 million in FY2013 and A$232.3 million in FY2012. APA's total capital expenditures, including the capital expenditures in the energy infrastructure segment, totalled A$191.7 million in HY2015, A$200.7 million in HY2014, A$446.8 million in FY2014, A$397.5 million in FY2013 and A$249.1 million in FY2012. 91% of APA's capital expenditure over HY2015, FY2014, FY2013 and FY2012 relates to expanding and improving upon APA's existing assets, acquiring new assets and making additional energy investments. This growth capital expenditure, other than expenditure relating to additional energy investments, is generally made to meet customer demand relating to APA's existing assets and is generally either fully underwritten by its customers through long-term gas transportation arrangements or has received regulatory approval through the relevant access arrangement. The FY2013 total capital expenditure was significantly higher than FY2012 and FY2011 due to the acquisition of HDF and APA's increased capital expenditure on the Mondarra Gas Storage Facility. See "— Capital Expenditures". Given its significant infrastructure asset base, APA also experiences considerable depreciation costs and depreciation of non-current assets which totalled A$82.1 million in HY2015, A$72.0 million in HY2014, A$151.1 million in FY2014, A$124.8 million in FY2013 and A$104.5 million in FY2012.

***Finance Costs***

Partly due to the capital intensive nature of APA's business and the structuring of APA's balance sheet, finance costs have been its largest single category of expense, other than pass-through costs. See "Summary Financial Information — Pass-through Revenue and Costs" for additional information regarding pass-through costs. APA's net finance costs were A$151.3 million in HY2015, A$164.0 million in HY2014, A$325.1 million in FY2014, A$290.9 million in FY2013 and A$234.3 million in FY2012. Net finance costs are equivalent to APA's finance costs less interest income. The increase in finance costs in FY2014 resulted from new debt raisings undertaken to fund the acquisition of HDF, including the refinancing of HDF's debt facilities and debt raisings for other general corporate purposes during FY2013. This increase was partially offset by falling bank bill swap rates, higher interest income and a gain on the settlement of HDF interest rate swaps during FY2013. APA's total drawn debt was A$4,064 million as at 31 December 2014, A$4,793 million as at 30 June 2014, A$4,416 million as at 30 June 2013 and A$3,228 million as at 30 June 2012.

APA has experienced significant debt costs due to its investment in existing assets and acquisition of new assets, which have been partially offset by reduced debt margins. The average interest rate (including credit margins) applying to APA's drawn debt was 7.07% for HY2015, 7.19% for HY2014, 7.12% for FY2014, 7.35% for FY2013 and 7.39% for FY2012. As at 31 December 2014, 84.6% of APA's borrowings bore interest at fixed Australian interest rates or had been hedged to a fixed Australian interest rate. See "Annex — Management's Discussion and Analysis Of Financial Condition And Results Of Operations — Liquidity and Capital Resources — Capital Structure" for additional information.

***Management of Operational Costs***

Asset operation and management expenses were A$11.2 million in HY2015, which is a decrease of 52.3% from A$23.5 million in HY2014. This decrease in asset operation and management expenses has been primarily due to the performance fees refunded by Hastings Fund Management Limited. See "Description of APA — Litigation and Disputes" for more information. APA seeks asset development opportunities that leverage its existing assets and utilise the depth of APA's comprehensive asset management and operational skills.

**Segment Presentation**

APA reports its operations in three segments: (i) energy infrastructure, (ii) asset management and (iii) energy investments. Segment performance is evaluated on an EBITDA basis while APA manages finance costs, tax expense, depreciation and amortisation on a group-wide basis. The energy infrastructure

segment is APA's most significant segment contributing 90.9%, 83.1%, 85.3% and 85.2% to its consolidated revenue (excluding pass-through revenue and other interest income) and 93.1%, 83.3%, 85.5% and 85.7% of its EBITDA excluding one-off significant items in HY2015, FY2014, FY2013 and FY2012, respectively.

**Critical Accounting Policies**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual subsequent results may differ from these estimates.

Estimates and continuing assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Information about significant areas of estimation and critical judgments in applying accounting policies that have had the most significant effect on the amounts recognised in APA's financial statements include accounting for acquisitions, assessing impairment of assets and estimating useful lives of non-current assets that would affect its depreciation costs.

These critical accounting policies and further information on other significant accounting policies are described in Note 1 "Significant accounting policies" of APA's reviewed interim consolidated financial statements for HY2015 and Note 3 "Significant accounting policies" and Note 4 "Critical accounting judgments and key sources of estimation uncertainty" within APA's audited consolidated financial statements for FY2014, FY2013 and FY2012.

**Seasonality**

Residential gas use is weather dependent and cold weather increases residential gas use. In Australia, cold weather that increases residential gas usage primarily affects Victoria, New South Wales and South Australia. Thus the energy infrastructure segment in Victoria, New South Wales and South Australia may report higher revenues during the colder months which are in the first half of a fiscal year as compared to the second, particularly since revenues from the VTS are throughput based.

**Results of Operations**

On 7 August 2014, APA sold its remaining 33.05% equity interest in AGN. See "Description of APA — History since 2000". Accordingly, investors should be aware that the financial information contained in this Offering Circular for periods prior to HY2015 include APA's share of the profits from its interest in AGN, which will not be included in any financial information for future periods.

***Comparison of HY2015 to HY2014***

*Consolidated Results*

The following table sets out APA's consolidated results for HY2015 and HY2014:

| | Half-year ended 31 December | |
|---|---|---|
| | 2013 | 2014 |
| **(in thousands)** | **A$** | **A$** |
| Revenue (excluding pass-through revenue) | 473,179 | 516,389 |
| Share of net profits of jointly controlled entities accounted for using the equity method | 36,455 | 6,283 |
| Total revenue (excluding pass-through revenue) | 509,634 | 522,672 |
| Pass-through revenue[(1)] | 201,771 | 217,429 |
| Total revenue | 711,405 | 740,101 |
| Net profit on sale of equity-accounted investment | — | 430,039 |
| Asset operation and management expenses | (23,475) | (11,192) |
| Depreciation and amortisation expense | (74,651) | (88,477) |
| Other operating costs — pass-through costs[(1)] | (201,771) | (217,429) |
| Finance costs | (164,668) | (155,061) |
| Employee benefit expense | (84,486) | (85,488) |
| Other expenses | (2,126) | (2,701) |
| Profit before tax | 160,228 | 609,792 |
| Income tax expense | (39,495) | (142,530) |
| Profit for the year | 120,733 | 467,262 |

(1) Pass-through revenue is equivalent to the line item "Other operating costs — pass-through costs". Pass-through revenue is revenue upon which no margin is earned. Pass-through revenue and costs arise in the asset management operations in respect of Allgas and AGN assets. Management assesses revenue and cost performance by excluding pass-through revenue and costs. See "Summary Financial Information — Pass-through Revenue and Costs" for additional information regarding pass-through revenue and pass-through costs.

***Revenue***

Total revenue (excluding pass-through revenue) increased A$13.1 million (2.6%) from A$509.6 million in HY2014 to A$522.7 million in HY2015. This increase was primarily due to the expansion of the SWQP and the new contracts on the expanded GGP and the BWP. Revenue (excluding pass-through revenue and other interest income) in APA's energy infrastructure segment increased A$57.3 million (13.8%) from A$414.5 million in HY2014 to A$471.8 million in HY2015. APA's revenue in HY2015 and FY2014 includes the divested 33.05% investment in AGN which contributed revenue of A$0.1 million in HY2015 and A$29.7 million in HY2014. Revenue (excluding pass-through revenue and other interest income) in APA's asset management segment decreased A$17.7 million (31.6%) from A$56.1 million in HY2014 to A$38.4 million in HY2015 primarily due to a significant reduction in customer contributions in HY2015 associated with ad hoc third party requests to relocate its infrastructure. Revenue (excluding pass-through revenue and other interest income) in APA's energy investments segment decreased A$29.8 million (77.6%) from A$38.4 million in HY2014 to A$8.6 million in HY2015 primarily as a result of the sale of APA's equity interest in AGN and the fact that no equity accounted earnings were earned from that investment in HY2015 (A$29.7 million in HY2014). The energy investments segment revenue includes APA's share of net profits of jointly controlled entities accounted for using the equity method.

***Asset Operation and Management Expenses***

Asset operation and management expenses decreased A$12.3 million (52.3%) from A$23.5 million in HY2014 to A$11.2 million in HY2015 primarily due to the performance fees refunded by Hastings Funds Management Limited. See "Description of APA — Litigation and Disputes" for more information.

***Depreciation and Amortisation***

Depreciation and amortisation expense increased A$13.8 million (18.5%) from A$74.7 million in HY2014 to A$88.5 million in HY2015. This increase was partly due to depreciation on the newly commissioned Moomba Compression Station and completion of the GGP expansion project, and partly due to capitalisation of works on the Mondarra Gas Storage Facility and the PEP including the construction of a gas lateral to that pipeline. The further increase of A$3.8 million in amortisation was directly attributable to the reassessment of the amortisation period for an intangible contract relating to the asset management segment.

***Finance Costs***

Finance costs decreased A$9.6 million (5.8%) from A$164.7 million in HY2014 to A$155.1 million in HY2015 while net finance costs decreased by A$12.7 million (7.8%) from A$164.0 million in HY2014 to A$151.3 million in HY2015. The decrease in finance costs was a result of the repayment of borrowings out of the proceeds of the sale of APA's equity interest in AGN in August 2014 and an increase in equity interest capitalised against growth projects of A$3.9 million.

***Employee Benefit Expenses***

Employee benefit expenses increased A$1 million (1.2%) from A$84.5 million in HY2014 to A$85.5 million in HY2015. The increase was due to growth in the number of APA's employees, partially offset by increased pass-through recoveries from associates, which are predominantly cost pass-through arrangements with AGN and GDI.

***Other Expenses***

Other expenses increased A$0.6 million (28.6%) from A$2.1 million in HY2014 to A$2.7 million in HY2015. This was mainly attributable to an increase in property and office related outgoings.

***Tax Expense***

Income tax expense increased A$103.0 million (260.8%) from A$39.5 million in HY2014 to A$142.5 million in HY2015. The effective income tax rate was 23.4% in HY2015 and 24.6% in HY2014. The increase in tax expense was predominately due to net profit earned on the sale of APA's investment in AGN in August 2014 and the refund of certain performance fees by Hastings Funds Management Limited. See "Description of APA — Litigation and Disputes" for more information.

***Profit for the Half Year***

Profit increased by A$346.6 million (287.2%) from A$120.7 million in HY2014 to A$467.3 million in HY2015. This increase was primarily due to (i) improved operating results in APA's energy infrastructure segment, which was driven by expanded capacity on the SWQP and GGP and new contracts on the BWP and (ii) certain one-off significant items in HY2015, including the net profit earned on the sale of APA's equity interest in AGN (A$430.0 million less tax of A$91.1 million) and the refund of certain performance fees by Hastings Funds Management Limited (A$17.2 million). These increases were partially offset by a reduction in customer contributions in APA's asset management segment.

Profit excluding the one-off significant items discussed above decreased by A$9.5 million (7.9%) from A$120.7 million in HY2014 to A$111.2 million in HY2015. This decrease was primarily due to the exclusion of equity accounted profits from sale of APA's equity interest in AGN and a reduction in one-off customer contributions in the asset management segment.

***Segment Results***

Segment performance is presented on the basis of EBITDA, as presented in the table below for HY2015 and HY2014. The discussion below is focused on the operating results of each of APA's segments and, as a result, it does not reflect finance costs, tax expense, depreciation and amortisation, each of which are described above on a group-wide basis. The revenue and EBITDA for HY2015 and HY2014 displayed below includes the results of operations from AGN which APA divested in August 2014.

| | Half year ended 31 December | |
|---|---|---|
| | 2013 | 2014[(1)] |
| **(in thousands)** | **A$** | **A$** |
| Energy infrastructure EBITDA | | |
| Queensland | 108,786 | 136,411 |
| New South Wales | 62,166 | 59,632 |
| Victoria | 61,549 | 69,231 |
| South Australia | 939 | 1,072 |
| Western Australia | 85,802 | 98,565 |
| Northern Territory | 6,776 | 8,639 |
| Energy infrastructure total EBITDA | 326,018 | 373,550 |
| Asset management EBITDA | 34,507 | 20,135 |
| Energy investments EBITDA | 8,690 | 7,646 |
| EBITDA excluding divested business and one-off significant items | 369,215 | 401,331 |
| Divested business | 29,679 | 992 |
| One-off significant items | — | 447,240 |
| Total EBITDA | 398,894 | 849,563 |

(1) Calculations include a A$430 million net pre-tax profit on the sale of APA's equity holding in AGN (the **divested business**) and the one-off receipt of A$17.2 million relating to certain performance fees being refunded to APA.

Below is a discussion of APA's EBITDA on a segment basis.

*Energy Infrastructure*

*Revenue*

Revenue (excluding pass-through revenue and other interest income) in APA's energy infrastructure segment increased A$57.3 million (13.8%) from A$414.5 million in HY2014 to A$471.8 million in HY2015. The increase in revenue was primarily due to the enhanced capability and increased volumes from the SWQP and the GGP, additional revenue from the AGP and new contracts on the BWP and Mondarra Gas Storage Facility. A small decline in revenue on the MSP offset the above increases.

*Operating Expenses excluding Finance Costs, Tax Expense, Depreciation and Amortisation*

Operating expenses excluding finance costs, tax expense, depreciation and amortisation in the energy infrastructure segment increased A$9.8 million (11.1%) from A$88.5 million in HY2014 to A$98.3 million in HY2015, primarily as a result of the newly completed pipeline expansions described above.

*EBITDA*

Energy infrastructure EBITDA excluding one-off significant items increased A$47.6 million (14.6%) from A$326.0 million in HY2014 to A$373.6 million in HY2015 for the reasons discussed above.

*Asset Management*

*Revenue*

Revenue (excluding pass-through revenue and other interest income) in APA's asset management segment decreased A$17.7 million (31.6%) from A$56.1 million in HY2014 to A$38.4 million in HY2015 primarily due to:

- a significant decrease in customer contributions in relation to the timing of third party request to relocate APA's infrastructure in HY2015 (HY2015: A$2.2 million; HY2014: A$18.6 million); and
- a reduction in work from contracts to manage assets owned by third parties; partially offset by:
- an increase in fees earned from APA's operation of AGN's assets as a result of an increase in AGN's revenue.

*Operating Expenses excluding Finance Costs, Tax Expense, Depreciation and Amortisation*

Operating expenses excluding finance costs, tax expense, depreciation and amortisation in the asset management segment decreased A$3.3 million (15.3%) from A$21.6 million in HY2014 to A$18.3 million in HY2015. This decrease was primarily driven by a reduction in work from contracts to manage assets owned by third parties.

*EBITDA*

EBITDA excluding one-off significant items in the asset management segment decreased A$14.4 million (41.7%) from A$34.5 million in HY2014 to A$20.1 million in HY2015, mainly due to the decrease in revenue earned from APA's asset management segment as discussed above.

*Energy Investments*

*Revenue*

Revenue (excluding pass-through revenue, divested operations and other interest income) in APA's energy investments segment decreased A$1.0 million (11.5%) from A$8.7 million in HY2014 to A$7.7 million in HY2015. The decrease was primarily due to APA's share of the cost incurred in the completion and commissioning of Diamantina Power Station partially offset by an increase in its returns from SEA Gas.

For additional information regarding APA's energy investments, see "Description of APA — Business — Energy Investments".

*Operating Expenses excluding Finance Costs, Tax Expense, Depreciation and Amortisation*

Operating expenses excluding finance costs, tax expense, depreciation and amortisation in the energy investments segment were minimal corporate and accounting related costs.

*EBITDA*

EBITDA excluding significant items in the energy investments segment decreased A$1.0 million (11.5%) from A$8.7 million in HY2014 to A$7.7 million in HY2015 for the reasons discussed above.

***Comparison of FY2014 to FY2013***

*Consolidated Results*

The following table sets out APA's consolidated results for FY2014 and FY2013:

| | Year ended 30 June | |
|---|---|---|
| | 2013[1] | 2014 |
| **(in thousands)** | **A$** | **A$** |
| Revenue (excluding pass-through revenue) | 874,656 | 928,226 |
| Share of net profits of jointly controlled entities accounted for using the equity method | 44,868 | 64,289 |
| Total revenue (excluding pass-through revenue) | 919,524 | 992,515 |
| Pass-through revenue[1] | 352,743 | 403,477 |
| Total revenue | 1,272,267 | 1,395,992 |
| Gain on previously held interest in HDF on obtaining control | 142,333 | — |
| Asset operation and management expenses | (96,903) | (65,570) |
| Depreciation and amortisation expense | (130,461) | (156,228) |
| Other operating costs — pass-through costs[2] | (352,743) | (403,477) |
| Finance costs | (302,613) | (326,226) |
| Employee benefit expense | (174,496) | (168,615) |
| Other expenses | (15,133) | (9,854) |
| Profit before tax | 342,251 | 266,022 |
| Income tax benefit / (expense) | (49,869) | 77,684 |
| Profit for the year | 292,382 | 343,706 |

(1) APA Group adopted the revised AASB 119 — *Employee Benefits* during FY2014. As the revised standards must be applied retrospectively, the comparative numbers for FY2013 have been restated.

(2) Pass-through revenue is equivalent to the line item "Other operating costs — pass-through costs". Pass-through revenue is revenue upon which no margin is earned. Pass-through revenue and costs arise in the asset management operations in respect of Allgas and AGN assets. Management assesses revenue and cost performance by excluding pass-through revenue and costs. See "Summary Financial Information — Pass-through Revenue and Costs" for additional information regarding pass-through revenue and pass-through costs.

***Revenue***

Total revenue (excluding pass-through revenue) increased A$73.0 million (7.9%) from A$919.5 million in FY2013 to A$992.5 million in FY2014. This was primarily due to increased revenues from the expanded Mondarra Gas Storage Facility, which commenced commercial operation in July 2013, a full twelve months' revenue from the SWQP and the PPS compared to nine months' contribution in FY2013, and the expanded GGP. The increases were partially offset by reduced Victorian Gas Transmission earnings as a result of the new access arrangement, which commenced on 1 July 2013 and the divestment of the MAPS on 1 May 2013.

Revenue (excluding pass-through revenue and other interest income) in APA's energy infrastructure segment increased A$49.7 million (6.4%) from A$774.4 million in FY2013 to A$824.1 million in FY2014. The energy infrastructure segment revenues include revenues from the MAPS from 9 October 2012 until divestment on 1 May 2013.

Revenue (excluding pass-through revenue and other interest income) in APA's asset management segment increased A$16.9 million (20.5%) from A$82.3 million in FY2013 to A$99.2 million in FY2014.

Revenue (excluding pass-through revenue and other interest income) in APA's energy investments segment increased A$16.9 million (33.0%) from A$51.2 million in FY2013 to A$68.1 million in FY2014. The

energy investments segment revenue includes APA's share of net profits of jointly controlled entities accounted for using the equity method.

***Asset Operation and Management Expenses***

Asset operation and management expenses decreased A$31.3 million (32.3%) from A$96.9 million in FY2013 to A$65.6 million in FY2014. Higher asset operation and management expenses in FY2013 were primarily due to transaction costs and other expenses in connection with the acquisition of HDF, which were partially offset by a write back of some transaction costs relating to the sale of the Allgas Gas Network in December 2011.

***Depreciation and Amortisation***

Depreciation and amortisation expense increased A$25.7 million (19.7%) from A$130.5 million in FY2013 to A$156.2 million in FY2014. The increase was primarily due to depreciation on the assets acquired with HDF and further investments across the energy infrastructure asset base.

***Finance Costs***

Finance costs increased by A$23.6 million (7.8%) from A$302.6 million in FY2013 to A$326.2 million in FY2014 while net finance costs increased by A$34.2 million (11.8%) from A$290.9 million in FY2013 to A$325.1 million in FY2014. The increase in net finance costs was primarily due to increased borrowings, primarily to fund the HDF acquisition. The increase was partially offset by falling bank bill swap rates.

***Employee Benefit Expenses***

Employee benefit expenses decreased A$5.9 million (3.4%) from A$174.5 million in FY2013 to A$168.6 million in FY2014 mainly due to integration costs incurred during FY2013 on acquisition of HDF.

***Other Expenses***

Other expenses decreased A$5.2 million (34.4%) from A$15.1 million in FY2013 to A$9.9 million in FY2014. The movement was primarily due to impairment charges on intangible assets and goodwill during FY2013 and a decrease in other expenditures compared to FY2013.

***Tax Expense***

Income tax expense decreased A$127.6 million (255.7%) from A$49.9 million in FY2013 to a tax benefit of A$77.7 million in FY2014. The reduction was due to a one-off adjustment for FY2014 to reflect a change in treatment for tax depreciation purposes only, of various capital assets. The effective income tax rate before significant items was 24.9% for FY2014 compared to 25.7% in FY2013.

***Profit for the Year***

Profit for the year increased A$51.3 million (17.5%) from A$292.4 million in FY2013 to A$343.7 million in FY2014. The increase in profit for the year was primarily due to significant one-off items after income tax of A$144.1 million relating to a one-off adjustment to APA's tax expense to reflect a change in the treatment, for tax depreciation purposes only, of various capital assets, and higher revenues in all its business segments with a less than proportional increase in total expenses, as described above. This is compared with profit in FY2013 which also includes a number of one-off significant items, primarily associated with the HDF acquisition.

***Segment Results***

Segment performance is presented on the basis of EBITDA, as is presented in the table below for FY2014 and FY2013. The discussion below is focused on the operating results of each of APA's segments and, as a result, the discussion below does not reflect finance costs, tax expense, depreciation and amortisation, each of which are described above on a consolidated basis.

| | Year ended 30 June | |
|---|---|---|
| | 2013 | 2014 |
| **(in thousands)** | **A$** | **A$** |
| Energy infrastructure EBITDA | | |
| Queensland[1] | 163,748 | 212,833 |
| New South Wales[2] | 112,085 | 106,615 |
| Victoria | 122,973 | 114,702 |
| South Australia[3] | 1,732 | 2,204 |
| Western Australia[4] | 135,980 | 173,139 |
| Northern Territory | 11,748 | 13,520 |
| Energy infrastructure total EBITDA | 548,266 | 623,013 |
| Asset management EBITDA | 41,889 | 56,188 |
| Energy investments EBITDA[5] | 51,177 | 68,133 |
| EBITDA excluding divested business and one-off significant items | 641,332 | 747,334 |
| Divested business | 20,611 | — |
| One-off significant items[6] | 101,685 | — |
| Total EBITDA | 763,628 | 747,334 |

(1) FY2013 EBITDA from Queensland includes nine months of contributions from the SWQP from 9 October 2012.

(2) New South Wales includes the Australian Capital Territory for purposes of this table.

(3) FY2013 EBITDA from South Australia excludes the results of operations from the MAPS business from 9 October 2012 to 30 April 2013. APA divested MAPS on 1 May 2013.

(4) FY2013 EBITDA from Western Australia includes contributions from the PPS from 9 October 2012.

(5) Includes distributions of HDF and Ethane Pipeline Income Fund, and equity-accounted profits of AGN, SEA Gas, EII, EII2, GDI and DPS.

(6) Significant items for FY2013 include gains on APA's previously held interest in HDF, transaction costs incurred in acquiring HDF, performance and management fees charged to HDF by Hastings Funds Management Limited and write back of some transaction costs in respect of the sale of the Allgas Gas Network.

Below is a discussion of APA's EBITDA on a segment basis.

*Energy Infrastructure*

*Revenue*

Revenue (excluding pass-through revenue and other interest income) in APA's energy infrastructure segment increased A$49.7 million (6.4%) from A$774.4 million in FY2013 to A$824.1 million in FY2014. This increase was primarily due to:

- full year revenue contribution from SWQP and PPS in FY2014 compared with nine months of revenue in FY2013 from these assets; and
- additional revenue following completion of the Mondarra Gas Storage Facility.

*Operating Expenses excluding Finance Costs, Tax Expense, Depreciation and Amortisation*

Operating expenses excluding finance costs, tax expense, depreciation and amortisation in the energy infrastructure segment, and excluding one-off significant items increased A$7.9 million (4.1%) from A$193.2 million in FY2013 to A$201.1 million in FY2014. The increase was primarily a result of a full year of operation of the assets acquired from HDF.

*EBITDA*

Energy infrastructure EBITDA excluding one-off significant items increased A$74.8 million (13.6%) from A$548.3 million in FY2013 to A$623.0 million in FY2014 for the reasons discussed above, in each case, excluding the divested MAPS for FY2013.

*Asset Management*

*Revenue*

Revenue (excluding pass-through revenue and other interest income) in APA's asset management segment increased A$16.9 million (20.5%) from A$82.3 million in FY2013 to A$99.2 million in FY2014 primarily due to:

- increase in revenue from customer contributions from the timing of third party requests to relocate APA's infrastructure in FY2014 (FY2014: A$23.4 million; FY2013: A$10.2 million); and

- increase in fees earned from APA's operation of AGN's assets, which increase as AGN revenue increases.

*Operating Expenses excluding Finance Costs, Tax Expense, Depreciation and Amortisation*

Operating expenses excluding one-off finance costs, tax expense, depreciation and amortisation in the asset management segment increased by A$2.6 million (6.4%) from A$40.4 million in the FY2013 to A$43.0 million in FY2014, primarily due to an increase in work from contracts to manage assets owned by third parties.

*EBITDA*

EBITDA excluding significant items in the asset management segment increased A$14.3 million (34.1%) from A$41.9 million in FY2013 to A$56.2 million in FY2014. The increase in EBITDA is mainly due to the increase in asset management revenue described above.

*Energy Investments*

*Revenue*

Revenue (excluding pass-through revenue and other interest income) in APA's energy investments segment increased A$16.9 million (33.0%) from A$51.2 million in FY2013 to A$68.1 million in FY2014. The increase in APA's energy investments segment revenue resulted primarily from an increase in AGN's profitability as well as increases across the remainder of APA's investments, and was partially offset by the reduced distributions received from HDF (one quarter's distributions in FY2013 compared with none in FY2014):

For additional information regarding APA's energy investments, see "Description of APA — Business — Energy Investments".

*Operating Expenses excluding Finance Costs, Tax Expense, Depreciation and Amortisation*

Operating expenses excluding finance costs, tax expense, depreciation and amortisation in the energy investments segment are minimal and relate to corporate and accounting costs.

*EBITDA*

EBITDA excluding one-off significant items in the energy investments segment increased A$16.9 million (33.0%) from A$51.2 million in FY2013 to A$68.1 million in FY2014 for the reasons discussed above.

***Comparison of FY2013 to FY2012***

*Consolidated Results*

The following table sets out APA's consolidated results for FY2013 and FY2012:

| | Year ended 30 June | |
|---|---|---|
| | 2012[2] | 2013[1] |
| **(in thousands)** | **A$** | **A$** |
| Revenue (excluding pass-through revenue) | 729,765 | 874,656 |
| Share of net profits of jointly controlled entities accounted for using the equity method | 28,263 | 44,868 |
| Total revenue (excluding pass-through revenue) | 758,028 | 919,524 |
| Pass-through revenue[3] | 302,633 | 352,743 |
| Total revenue | 1,060,661 | 1,272,267 |
| Gain on previously held interest in HDF on obtaining control | — | 142,333 |
| Asset operation and management expenses | (75,522) | (96,903) |
| Depreciation and amortisation expense | (110,409) | (130,461) |
| Other operating costs — pass-through costs[3] | (302,633) | (352,743) |
| Finance costs | (240,643) | (302,613) |
| Employee benefit expense | (132,913) | (174,496) |
| Other expenses | (17,451) | (15,133) |
| Profit before tax | 181,090 | 342,251 |
| Income tax expense | (50,435) | (49,869) |
| Profit for the year | 130,655 | 292,382 |

(1) Consolidated results include contributions from the SWQP and the PPS from 9 October 2012 to 30 June 2013 and from the MAPS from 9 October 2012 to 30 April 2013. APA did not account for earnings from these assets prior to moving to a position of effective control on 9 October 2012.

(2) Consolidated results include results of Allgas Gas Network, which was divested on 16 December 2011.

(3) Pass-through revenue is equivalent to the line item "Other operating costs — pass-through costs". Pass-through revenue is revenue upon which no margin is earned. Pass-through revenue and costs arise on the asset management operations in respect of AGN assets, and GDI assets (following the divestment of the Allgas Gas Network in December 2011). Pass-through revenue was also previously reported in the Northern Territory in relation to the AGP (prior to its acquisition in June 2011). See "Summary Financial Information — Pass-through Revenue and Costs" for additional information regarding pass-through revenue and pass-through costs.

***Revenue***

Total revenue (excluding pass-through revenue) increased A$161.5 million (21.3%) from A$758.0 million in FY2012 to A$919.5 million in FY2013. This increase was primarily due to nine months' contribution from the SWQP and the PPS, and seven months' revenue from the MAPS following completion of the acquisition of HDF and additional earnings from the new expansion of the RBP. Revenue (excluding pass-through revenue and other interest income) in APA's energy infrastructure segment increased A$133.7 million (20.9%) from A$640.7 million in FY2012 to A$774.4 million in FY2013. Revenue in FY2013 includes earnings of A$32.9 million from the divested MAPS and revenue in FY2012 includes earnings of A$30.7 million from the divested Allgas business. Revenue (excluding pass-through revenue and other

interest income) in APA's asset management segment increased A$13.0 million (18.8%) from A$69.3 million in FY2012 to A$82.3 million in FY2013. Revenue (excluding pass-through revenue and other interest income) in APA's energy investments segment increased A$9.5 million (22.8%) from A$41.7 million in FY2012 to A$51.2 million in FY2013. The energy investments segment revenue includes APA's share of net profits of jointly controlled entities accounted for using the equity method.

***Asset Operation and Management Expenses***

Asset operation and management expenses increased A$21.4 million (28.3%) from A$75.5 million in FY2012 to A$96.9 million in FY2013 primarily due to operation of the SWQP and the PPS assets for nine months, and the MAPS for seven months, following completion of the acquisition of HDF. These increases were partially offset by a reduction in operation and management expenses due to the sale of the Allgas Gas Network in December 2011.

***Depreciation and Amortisation***

Depreciation and amortisation expense increased A$20.1 million (18.2%) from A$110.4 million in FY2012 to A$130.5 million in FY2013. The increase was primarily due to depreciation on the assets acquired with HDF adding A$19.4 million in depreciation expense and an additional increase in depreciation of A$6.2 million due to further investments across the energy infrastructure asset base. This increase was partially offset by a reduction in depreciation expense of A$5.9 million associated with sale of the Allgas Gas Network in December 2011.

***Finance Costs***

Finance costs increased by A$62.0 million (25.8%) from A$240.6 million in FY2012 to A$302.6 million in FY2013 while net finance costs increased by A$56.6 million (24.2%) from A$234.3 million in FY2012 to A$290.9 million in FY2013. The increase in net finance costs was a result of new debt raisings undertaken to fund the acquisition of HDF, including the refinancing of HDF's debt facilities and for other corporate purposes. The increase was partially offset by falling bank bill swap rates, higher interest income and a gain on the settlement of HDF interest rate swaps during FY2013.

***Employee Benefit Expenses***

Employee benefit expenses increased A$41.6 million (31.3%) from A$132.9 million in FY2012 to A$174.5 million in FY2013 due to a growth in the number of APA's employees through expansion and an increase in the incentive payments to its employees in FY2013 for its improved operating performance and financial condition. The A$174.5 million in FY2013 also includes A$5.2 million as a result of adoption of the revised AASB 119 *Employee Benefits* standard from 1 July 2013.

***Other Expenses***

Other expenses decreased by A$2.4 million (13.7%) from A$17.5 million in FY2012 to $A15.1 million in FY2013. This decrease was primarily due to higher costs during FY2012 as a result of APA's takeover bid for HDF, partly offset by increased expenses associated with operating the assets acquired with HDF from October 2012.

***Tax Expense***

Income tax expense decreased by A$0.5 million (1.0%) from A$50.4 million in FY2012 to A$49.9 million in FY2013. The effective income tax rate was 14.6% for FY2013 and 27.9% in FY2012. The reduction in APA's effective income tax rate was primarily due to a number of one-off significant items being capital in nature and therefore having little or no tax effect. The effective income tax rate before one-off significant items was 25.7% for FY2013 compared to 26.4% in FY2012.

***Profit for the Year***

Profit for the year increased A$161.7 million (123.7%) from A$130.7 million in FY2012 to A$292.4 million in FY2013. The increase was primarily due to certain one-off significant items after income tax of A$120 million (described below) and increased revenues in all APA's business segments with a less than proportional increase in total expenses, as described above. Profit for the year excluding one-off significant items increased A$32.1 million (22.9%) from A$140.3 million in FY2012 to A$172.4 million in FY2013.

***Segment Results***

Segment performance is presented on the basis of EBITDA, as is presented in the table below for FY2013 and FY2012. The discussion below is focused on the operating results of each of APA's segments and, as a result, the discussion below does not reflect finance costs, tax expense, depreciation and amortisation, each of which are described above on a group-wide basis. The revenue and EBITDA for FY2013 displayed below includes the results of operations from the MAPS, which APA divested on 1 May 2013. The revenue and EBITDA for FY2012 displayed below includes the results of operations from the Allgas Gas Network, which APA divested on 16 December 2011.

| | Year ended 30 June | |
|---|---|---|
| | 2012 | 2013 |
| **(in thousands)** | **A$** | **A$** |
| Energy infrastructure EBITDA | | |
| Queensland[1] | 79,566 | 163,748 |
| New South Wales[2] | 113,098 | 112,085 |
| Victoria | 121,549 | 122,973 |
| South Australia[3] | 1,521 | 1,732 |
| Western Australia[4] | 117,397 | 135,980 |
| Northern Territory | 8,541 | 11,748 |
| Energy infrastructure total EBITDA | 441,672 | 548,266 |
| Asset management EBITDA | 31,910 | 41,889 |
| Energy investments EBITDA[5] | 41,751 | 51,177 |
| EBITDA excluding significant items | 515,333 | 641,332 |
| One-off significant items[6] | (9,663) | 101,685 |
| Divested Businesses[7] | 20,155 | 20,611 |
| Total EBITDA | 525,825 | 763,628 |

(1) FY2012 EBITDA from Queensland includes the results of operations from the Allgas Gas Network, which APA divested on 16 December 2011. FY2013 EBITDA from Queensland includes contributions from the SWQP from 9 October 2012.

(2) New South Wales includes the Australian Capital Territory for purposes of this table.

(3) FY2013 EBITDA from South Australia includes the results of operations from the MAPS business from 9 October 2012 to 30 April 2013. APA divested MAPS on 1 May 2013.

(4) FY2013 EBITDA from Western Australia includes contributions from the PPS from 9 October 2012.

(5) Includes distributions from HDF to 9 October 2012 and Ethane Pipeline Income Fund, and equity accounted profits of AGN, SEA Gas, EII, EII2 and GDI.

(6) One-off significant items for FY2013 include gains on APA's previously held interest in HDF, transaction costs incurred on acquiring HDF, performance and management fees charged to HDF by Hastings Funds Management Limited and write back of some transaction costs in respect of the sale of the Allgas Gas Network. One-off significant items for FY2012 relate to transaction costs incurred in respect of the sale of the Allgas Gas Network.

(7) 2013: MAPS consolidation on 9 October 2012 to sale of the business on 1 May 2013. 2012: Allgas sold to GOI in December 2011.

Below is a discussion of APA's EBITDA on a segment basis.

*Energy Infrastructure*

*Revenue*

Revenue (excluding pass-through revenue and other interest income) in APA's energy infrastructure segment increased A$133.7 million (20.9%) from A$640.7 million in FY2012 to A$774.4 million in FY2013. The FY2013 revenue includes earnings of A$32.9 million from the divested MAPS and the FY2012 revenue includes earnings of A$30.7 million from the divested Allgas Gas Network. The increase in revenue was primarily due to:

- an increase in revenue from SWQP and PPS from 9 October 2012.
- an increase in volumes through the VTS in the first six months of FY2013 due to colder weather; and
- an increase in revenue from the RBP following the completion of expansion works on the pipeline.

*Operating Expenses excluding Finance Costs, Tax Expense, Depreciation and Amortisation*

Operating expenses excluding finance costs, tax expense, depreciation and amortisation in the energy infrastructure segment increased A$25.1 million (14%) from A$178.8 million in FY2012 to A$203.9 million in FY2013. This increase was primarily as a result of the nine months of operation of the assets acquired from HDF, and was partly offset by a reduction in operating expenses associated with the sale of the Allgas Gas Network in December 2011.

*EBITDA*

Energy infrastructure EBITDA excluding one-off significant items increased A$106.6 million (24.1%) from A$441.7 million in FY2012 to A$548.3 million in FY2013 for the reasons discussed above, in each case, including the divested MAPS for FY2013 and the Allgas Gas Network for FY2012. The FY2013 EBITDA for MAPS was A$20.6 million. The FY2012 EBITDA for the Allgas Gas Network was A$20.2 million.

*Asset Management*

*Revenue*

Revenue (excluding pass-through revenue and other interest income) in APA's asset management segment increased A$13.0 million (18.8%) from A$69.3 million in FY2012 to A$82.3 million in FY2013 primarily due to:

- a A$10.2 million increase in revenue from customer contributions to capital works conducted on APA's assets (2012: A$1.8 million);
- full year contribution of GDI asset management fees compared to six months' contribution in 2012; and
- increase in APA's fees for operating AGN's assets due to its increased revenues.

*Operating Expenses excluding Finance Costs, Tax Expense, Depreciation and Amortisation*

Operating expenses excluding finance costs, tax expense, depreciation and amortisation in the asset management segment decreased A$0.5 million (1.4%) from A$37.4 million in the FY2012 to A$36.8 million in FY2013. This decrease was primarily driven by a slight reduction in work from contracts to manage assets owned by third parties.

*EBITDA*

EBITDA excluding significant items in the asset management segment increased A$10.0 million (31.3%) from A$31.9 million in FY2012 to A$41.9 million in FY2013, mainly due to the increase in asset management revenue described above.

*Energy Investments*

*Revenue*

Revenue (excluding pass-through revenue and other interest income) in APA's energy investments segment increased A$9.5 million (22.8%) from A$41.7 million in FY2012 to A$51.2 million in FY2013. The increase in APA's energy investments segment revenue resulted primarily from the increase in Envestra's profitability and improved performance across APA's investment portfolio. This increase was partially offset by the reduced distributions received from HDF (one quarter's distributions in FY2013 compared with a full year's distribution in FY2012).

For additional information regarding APA's energy investments, see "Description of APA — Businesses — Energy Investments".

*Operating expenses excluding Finance Costs, Tax Expense, Depreciation and Amortisation*

Operating expenses excluding finance costs, tax expense, depreciation and amortisation in the energy investments segment are minimal and relate to corporate and accounting costs.

*EBITDA*

EBITDA excluding one-off significant items in the energy investments segment increased A$9.4 million (22.6%) from A$41.8 million in FY2012 to A$51.2 million in FY2013 for the reasons discussed above.

**Liquidity and Capital Resources**

APA manages its treasury risk, including liquidity and funding risk, foreign exchange risk and interest rate risk, centrally in accordance with the following principles:

- Undrawn committed facilities of at least A$250 million, but not exceeding 10% of gross drawn debt are to be maintained as a contingency buffer at all times;

- Cash flow projections are prepared monthly and cash balances are maintained to meet working capital needs, with a cash balance of A$5 million to A$30 million targeted, subject to exceptions for transactions that requires APA to maintain higher cash balances;

- Debt should be structured to spread maturities over a number of years and maturities in any financial year should not exceed 20% of APA's gross debt portfolio except where approved by the board; and

- Short term debt is repaid in preference to investing in financial instruments, wherever possible, or invested until the next debt maturity date that permits repayment, and investments are limited to certain board approved investment instruments.

APA's policy is to manage its balance sheet with Baa2/BBB investment grade credit rating metrics. APA intends to maintain these ratings to ensure that APA has access to a broad range of global debt capital markets to fund its business with long term debt arrangements. For significant acquisitions, APA has raised capital through equity financings. For instance, APA raised A$1,838 million through the sale of its stapled securities through the Entitlement Offer.

APA may enter into hedging transactions to manage foreign exchange risk associated with operating expenses, capital costs or the value of assets and liabilities that vary as a result of movements in foreign exchange rates, and not for speculative purposes. Its policy is to hedge all non-Australian dollar exposures

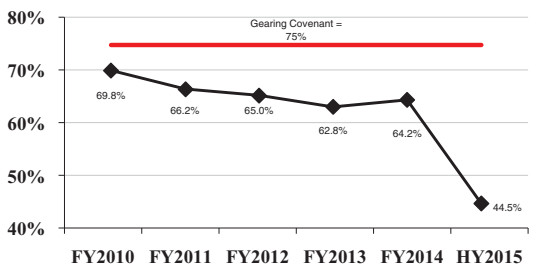
to Australian dollars that are greater than U.S.$1 million and that are certain, and APA may use discretion to hedge other exposures less than or equal to U.S.$1 million. The tenor of the hedge exposures should not exceed the tenor of the underlying exposure and its hedges should be entered into and documented as effective hedges under AASB 139 *Financial Instruments: Recognition and Measurement* unless otherwise approved by the board.

APA may also enter into interest rate hedging transactions to manage its interest rate risk, which APA undertakes from time to time depending on the composition of its debt portfolio and its gross debt levels. Interest rate hedging is not entered into for speculative purposes and all hedges should be entered into and documented as effective hedges under AASB 139 *Financial Instruments: Recognition and Measurement* unless otherwise approved by the board.

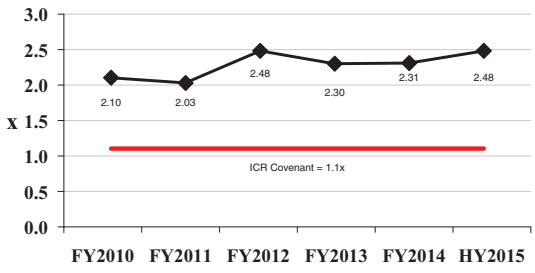
***Credit metrics***

APA's historical Gearing Ratio and Interest Cover Ratio for the last half year and five fiscal years are set out in the charts below. In HY2015, its gearing ratio dropped to 44.5% principally because of a reduction in drawn debt, the A$783 million in proceeds from the sale of its interest in AGN and the A$914 million of cash on hand due to the A$958 million sale of stapled securities which settled on 22 December 2014 as part of the Entitlement Offer. APA expects its gearing ratio to be approximately 65% upon completion of the QCLNG Pipeline Acquisition.

**Gearing Ratio[(1)(3)]**




**Interest Coverage Ratio[(2)(3)]**




(1) Gearing Ratio (represented by the black line), which is calculated in accordance with the covenants in APA's short-term bank debt facilities, is in summary, the ratio of net debt (being the total of certain indebtedness less cash and cash equivalents) to net debt plus total equity and retained earnings but excluding reserves carried in respect of effective hedges. The Gearing Ratio calculations do not take into account the Excluded Subsidiaries of the APA Group. Gearing Ratio is a non-IFRS financial measure. See "Summary Financial Information — Non-IFRS Financial Measures". The red line represents the maximum Gearing Ratio allowed under APA's short-term bank debt facilities and USPP Notes.

(2) Interest Coverage Ratio (represented by the black line), which is calculated in accordance with the covenants in APA's short-term bank debt facilities, is in summary, the ratio of (i) consolidated cash flow available for debt service (as defined under "Glossary" herein) during the applicable period, to (ii) interest expense (as defined under "Glossary" herein) during the applicable period. Interest Coverage Ratio is a non-GAAP IFRS financial measure. See "Summary Financial Information — Non-IFRS Measures". The red line represents the minimum Interest Coverage Ratio allowed under APA's short-term bank debt facilities and USPP Notes.

(3) Calculations do not take into account proceeds from this offering of Notes. No effect is given to the QCLNG Pipeline Acquisition Bridge Facility, which has not been drawn.

*Historical Cash Flows*

Set forth below is a summary of APA's cash flow for the periods indicated. See the consolidated statement of cash flows in its reviewed consolidated financial statements for HY2015 and HY2014 and its audited consolidated financial statements for FY2014, FY2013 and FY2012 for more detailed cash flow information.

| | Year ended 30 June | | | Half-year ended 31 December | | |
|---|---|---|---|---|---|---|
| | 2012 | 2013 | 2014 | 2013 | 2014 | 2014 |
| (in thousands) | A$ | A$ | A$ | A$ | A$ | U.S.$[(1)] |
| Net cash flows from operating activities | 335,569 | 374,381 | 431,541 | 208,308 | 280,406 | 229,176 |
| Net cash flows (used in)/from investing activities | 180,563 | (317,361) | (571,298) | (199,300) | 571,643 | 467,204 |
| Net cash flows (used in)/from financing activities | (281,566) | (305,999) | 65,811 | (29,256) | 54,694 | 44,701 |
| Net (decrease)/increase in cash | 234,566 | (248,979) | (73,946) | (20,248) | 906,743 | 741,081 |

(1) Currencies have been translated at the exchange rate of U.S.$0.8173 per A$1.00, the noon buying rate on 31 December 2014.

*Cash Flows from Operating Activities*

Net cash inflow from operations increased A$72.1 million (34.6%) to A$280.4 million in HY2015 from A$208.3 million for HY2014. The increase was primarily attributable to an increase of A$38.4 million in receipts from customers, a cash inflow of A$17.2 million of certain performance fees refunded to APA by Hastings Fund Management Limited and also a decrease of A$20.1 million interest and other costs of finance paid compared to HY2014. Excluding these significant items, net cash flow from operations increased A$46.6 million (21.5%) to A$263.2 million from A$216.6 million.

Net cash inflow from operations increased A$57.1 million (15.3%) to A$431.5 million in FY2014 from A$374.4 million in FY2013. Net cash movement in FY2013 included significant outflows of A$58.3 million of takeover defence costs and fees incurred by HDF, and management and performance fees paid by HDF to Hastings Funds Management Limited during the period from the time APA reached a shareholding position of "significant influence" in HDF in October 2012 to the time APA became the responsible entity of HDF in December 2012. Operating net cash flow excluding these one-off significant items, or, adjusted operating cash flow, increased by A$7.0 million (1.6%) to A$439.7 million in FY2014, primarily due to an increase in customer payments of A$113.9 million, partially offset by an increase in payments to suppliers and employee compensation of A$63.8 million, a decrease of A$13.3 million in interest income and an increase of A$37.1 million in finance costs. The majority of these movements is a result of having a full 12 months contribution and costs in FY2014 of HDF, including the service costs of the higher associated bank debt related to both the acquisition and repayment of HDF's debt facilities.

Net cash inflow from operations increased A$38.8 million (11.6%) to A$374.4 million in FY2013 from A$335.6 million for FY2012. Net cash movement in FY2013 included significant outflows of A$58.3 million of takeover defence costs and fees incurred by HDF, and management and incentive fees paid to Hastings Funds Management Limited. Operating cash flow excluding HDF significant one off items, increased by 28.9% from FY2012 to A$432.7 million primarily as a result of an increase of A$243.7 million in customer payments, partially offset by an increase in payments to suppliers and employees of A$99.0 million which can be mostly attributed to the six month contribution of HDF. Additional finance costs of A$64.6 million were incurred in FY2013, partially offset by the interest income of A$12.1 million as a result of increased cash on hand prior to the takeover of HDF.

*Cash Flows From/Used in Investing Activities*

Net cash inflows from investing activities were A$571.6 million in HY2015 compared to net cash outflows of A$199.3 million in HY2014. The net cash inflows in HY2015 were mainly attributable to the proceeds of

A$783.8 million from the sale of APA's interest in AGN, partially offset by a payment of A$191.7 million for property, plant and equipment.

Net cash outflow from investing activities increased A$253.9 million (80.0%) to A$571.3 million in FY2014 from A$317.4 million in FY2013. This increase was primarily due to an increase of A$49.3 million (12.4%) in payments for property, plant and equipment for APA's capital projects and an increase in loans advanced to related parties of A$126.1 million. Payments for controlled entities decreased A$265.3 million due to the purchase of HDF in December 2012, offset by a A$409.9 million decrease in proceeds primarily from the sale of businesses primarily due to the sale of the MAPS in May 2013.

Net cash outflow from investing activities was A$317.4 million in FY2013 compared to a net cash inflow of A$180.6 million in FY2012. The main increase in net cash outflow in FY2013 was primarily due to the acquisition of HDF (A$265.3 million). Other contributors were increased payments for equity accounted investments of A$37.0 million in FY2013 than in FY2012 mainly due to A$33.9 million for an Envestra (now AGN) share placement and an additional A$2.8 million invested through the Envestra dividend reinvestment plan, and increased payments for property plant and equipment of A$148.4 million funding growth in the business.

*Cash Flows From/Used in Financing Activities*

Net cash inflow from financing activities was A$54.7 million in HY2015 compared to a net cash outflow of A$29.3 million in HY2014. The net cash inflow in HY2015 was mainly attributable to proceeds of A$958.1 million from the first stage of the Entitlement Offer, partially offset by net repayment of borrowings of A$729.5 million.

Net cash inflow from financing activities was A$65.8 million in FY2014, compared to net cash outflow of A$306.0 million in FY2013. Net proceeds from borrowings were A$376.9 million (545.0%) compared to net cash outflows of A$84.7 million in FY2013. Payments for debt issue costs decreased by A$15.7 million (60.6%) from A$25.9 million in FY2013 to A$10.2 million in FY2014. Distributions paid to securityholders increased by A$31.0 million (11.5%) from A$269.9 million in FY2013 to A$300.9 million in FY2014 partially from an increase in the number of securities on issue through the distribution reinvestment plan and acquisition of HDF which was partially funded with the issuance of 175.7 million securities along with a 0.75 cents per security increase in distribution from FY2013. Funds received from the dividend reinvestment plan partially offset the additional financing outflows of FY2013 generating A$83.2 million. The distribution reinvestment plan was suspended in FY2014.

Net cash used in financing activities increased A$24.4 million (8.7%) to A$306.0 million in FY2013 from A$281.6 million in FY2012. Factors attributable to increased outflow are additional payments of debt and security issue costs A$20.7 million compared to A$13.9 million in FY2012 relating to acquisition of HDF and increased distributions to securityholders of A$61.5 million as the number of securities on issue eligible for the final distribution increased through the distribution reinvestment plan and the acquisition of HDF and the distribution per security increased 0.50 cents. Partially offsetting the movement was a reduction in repayment of borrowings of A$19.1 million from FY2012 net outflows A$103.8 million to FY2013 net outflows of A$84.7 million and an increase in proceeds from issue of securities under APA's distribution reinvestment plan of A$38.6 million from A$44.6 million in FY2012 to A$83.2 million in FY2013.

***Capital Structure***

APA funds its operations through retained cash flows, borrowings made with the bank and debt raised in the debt capital markets and, when appropriate, the issuance of new equity securities. APA's debt funding strategy is to continue to issue longer term (10 years and longer) debt in available global debt capital markets to take advantage of the flexibility and liquidity offered by those markets.

APA's debt structure is diversified both in terms of debt instrument type and maturity profile. Borrowings have principally taken the form of syndicated bank facilities, bilateral bank facilities, USPP Notes and MTNs issued both under APA's Australian MTN and this Programme and the issuance of Rule 144A Notes.

APA issued A$515 million of subordinated notes in September 2012 the (**Subordinated Notes**). The Subordinated Notes were issued by the Issuer and are unsecured and structurally subordinated to APA's existing senior unsecured debt and will be subordinated to all future senior unsecured debt issuances issued under the Programme. The Subordinated Notes pay interest at the bank bill swap rate plus a margin which steps up in March 2038 if not already redeemed, however the payment of interest can be optionally deferred at APA's discretion. The notes mature in September 2072, however may be redeemed at APA's discretion from as early as March 2018.

APA's bank and capital markets borrowings, other than the Subordinated Notes, are structured on a senior unsecured basis and rank pari passu with one another. The Issuer is APA's only corporate borrowing entity and all of the Issuer's bank facilities and capital markets issues are guaranteed by a common guarantor group — the same group that will guarantee the Notes or provide undertakings as described under "Terms and Conditions of the Notes — Status of the Notes and the Guarantees". As at 31 December 2014, the Issuer and Guarantors represented 98.2% of APA's consolidated total assets and, for HY2015, accounted for 98.6% of its consolidated EBITDA, in each case excluding assets held and EBITDA contributed by Excluded Subsidiaries. As at 30 June 2014, the Issuer and Guarantors represented 98.0% of APA's consolidated total assets and, for FY2014, accounted for 98.8% of APA's consolidated EBITDA, in each case excluding assets held and EBITDA contributed by Excluded Subsidiaries.

Each of APA's current bank facility agreements, its USPP Notes, its Rule 144A Notes, its Australian MTNs and its Subordinated Notes contain certain covenants and events of default that are usual for facilities and securities in those markets. Additionally, each of APA's current bank facility agreements and USPP Notes contains a maximum Gearing Ratio and a minimum Interest Coverage Ratio, and limits APA's ability to incur liens over its assets. The USPP Notes and Rule 144A Notes also contain a limitation on APA's ability to incur debt that is structurally or contractually senior to such notes, including by virtue of a grant of liens over APA's assets. Under APA's Australian MTNs, APA is subject to a limitation on APA's ability to grant of liens over its assets to secure certain types of borrowings, and are not subject to any financial covenants. APA has maintained its operations within APA's financial covenants applicable at any given time, mandated by the terms of its long-term borrowings, including APA's various banking arrangements, USPP Notes, Rule 144A Notes, Subordinated Notes and MTNs.

As at 31 December 2014, APA's total outstanding debt was A$4,064 million, compared to A$4,793 million as at 30 June 2014 and A$4,544 million as at 31 December 2013. Committed undrawn facilities available totalled A$1,515 million as at 31 December 2014 (not including the undrawn U.S.$4.1 billion syndicated facility put in place for the QCLNG Pipeline Acquisition).

As at 31 December 2014, APA had the following loan and bank facilities and Notes on issue:

| Bank Facilities | Committed Amount A$ (equiv.) million[1] | Undrawn A$ million | Maturity |
|---|---|---|---|
| 2014 Syndicated Facilities | 1,250 | 965 | 2, 3 and 4 year tranches maturing September 2016, September 2017, and September 2019. |
| 2011 Bilateral Facility | 150 | 150 | October 2016 |
| 2013 Bilateral Facilities | 400 | 400 | December 2018 |
| Capital Markets Borrowings | | | |
| 2003 US Private Placement Notes | 281 | None | 12 and 15 year tranches maturing September 2015, and 2018 |
| 2007 US Private Placement Notes | 811 | None | 10, 12 and 15 year tranches maturing May 2017, 2019 and 2022 |
| 2009 US Private Placement Notes | 186 | None | 7 and 10 year tranches maturing July 2016 and July 2019 |
| 2010 Australian MTNs | 300 | None | July 2020 |
| 2012 JPY Notes | 126 | None | June 2018 |
| 2012 CAD Notes | 289 | None | July 2019 |
| 2012 Subordinated Notes | 515 | None | September 2072 (first call date March 2018) |
| 2012 Rule 144A Notes | 735 | None | October 2022 |
| 2012 GBP Notes | 536 | None | November 2024 |
| Total | 5,579 | 1,515 | |

(1) All non-Australian dollar-denominated debt, including Rule 144A Notes, USPP Notes, Japanese Yen Notes and Canadian Dollar Notes, issued by the Issuer have been swapped into Australian dollar-denominated obligations using cross-currency swaps on the respective debt issue dates. The A$ equivalent amounts in the above table reflect the foreign exchange rates at which the relevant cross-currency swaps were executed.

| Bank Facilities | Committed Amount U.S.$ million[1] | Undrawn U.S.$ million | Maturity |
|---|---|---|---|
| 2014 QCLNG Pipeline Acquisition Bridge Facility[1] | 4,100 | 4,100 | The earlier of two years after financial close of the QCLNG Pipeline Acquisition or 30 April 2017. |
| Total U.S.$ | 4,100 | 4,100 | |

(1) Because consideration for the QCLNG Pipeline Acquisition is due to BG Group in U.S.$, APA would not use cross-currency swaps for any amounts drawn under the QCLNG Pipeline Acquisition Bridge Facility.

The average interest rate (including credit margins) applying to drawn debt was 7.07% for HY2015, 7.19% for HY2014, 7.12% for FY2014, 7.35% for FY2013 and 7.39% for FY2012.

***Recent Financing Transactions***

APA has undertaken the following financing transactions since 31 October 2014 to refinance existing indebtedness, fund the QCLNG Pipeline Acquisition and other capital expenditures and for general corporate purposes:

- the Entitlement Offer;

- the QCLNG Pipeline Acquisition Bridge Facility, which has not been drawn to date; and

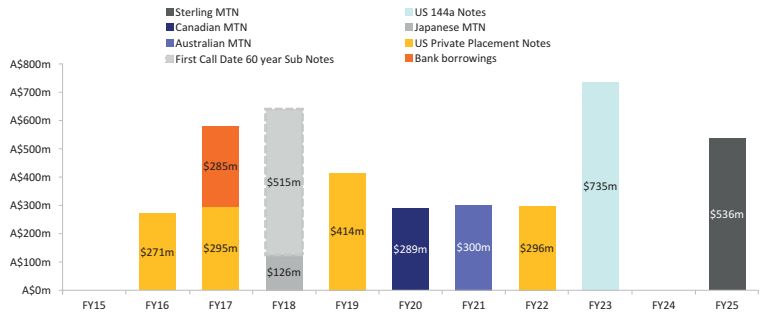
- offerings of Notes and other debt securities in the capital markets.

See "Summary Financial Information" for more details. See also "Unaudited Pro Forma Balance Sheet" for an unaudited pro forma balance sheet that shows the effects of these QCLNG Pipeline Acquisition funding transactions on its balance sheet as at 31 December 2014.

***Debt Maturity Profile***

APA's refinancing obligations are spread over a period in excess of 9 years to FY2025. As of 31 December 2014, APA has no debt maturities falling due prior to September 2015. The weighted average remaining maturity of APA's drawn indebtedness as of 31 December 2014 was 5.3 years. The following chart illustrates APA's debt maturity profile as at 31 December 2014.

**Maturity Profile (in A$) of Drawn Debt — 31 December 2014[(1)]**




(1) Borrowings denominated in currencies other than Australian dollars are shown in Australian dollars translated at the hedged rate.

**Capital Expenditures**

Growth capital expenditure, other than expenditure relating to APA's energy investments, is generally either fully underwritten by its customers through long-term gas transportation arrangements or has received regulatory approval through the relevant access arrangement. APA has historically funded organic growth through operating cash flow retained in the business and a combination of debt financing and equity.

APA's capital expenditures for the last half year and three fiscal years are set out in the table below:

| | Half Year ended 31 December | | Year ended 30 June | | |
|---|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 | 2012 |
| **(in millions)** | A$ | A$ | A$ | A$ | A$ |
| Growth | 162.0 | 163.7 | 382.6 | 365.3 | 224.7 |
| Customer Contributions | 1.6 | 16.4 | 19.1 | 7.5 | — |
| Stay in Business | 28.1 | 20.6 | 45.1 | 24.7 | 24.4 |
| **Total capital expenditures** | **191.7** | **200.7** | **446.8** | **397.5** | **249.1** |

In addition to the figures noted in the table above, APA has also invested in the growth of APA's other energy investments, including A$126.1 million in FY2014 (primarily related to the Diamantina Power Station), A$330.8 million in FY2013 (primarily related to AGN and HDF) and A$46.6 million in FY2012 (primarily related to AGN and HDF).

In addition to the figures noted in the table above, APA has also incurred growth capital expenditures related to additional energy investments.

Capital expenditure for HY2015 totalled A$191.7 million, of which A$162.0 million related to growth capital expenditures and A$28.1 million related to maintenance capital expenditures or Stay in Business Capital Expenditures. APA's growth capital expenditures included A$106.5 million for growth projects, including expanded compression capacity at Wallumbilla and Moomba and GGP expansion. A$55.5 million of the growth capital expenditure was spent on its price regulated assets.

The major capital projects APA has pursued during HY2015 are illustrated in the map below.

Capital expenditure for FY2014 totalled A$446.8 million, of which A$382.6 million related to growth capital expenditures and A$45.1 million related to maintenance capital expenditures or Stay in Business Capital Expenditures. APA's growth capital expenditures included A$317.0 million for growth projects, including the expanded compression capacity at Wallumbilla and Moomba, and GGP expansion. A$65.5 million of APA's growth capital expenditure was spent on APA's price regulated assets.

Capital expenditure for FY2013 totalled A$397.5 million, of which A$365.3 million related to growth capital expenditures and A$24.7 million related to maintenance capital expenditures or Stay in Business Capital Expenditures. APA's growth capital expenditures included A$342.6 million for growth projects, including the Mondarra Gas Storage Facility expansion, GGP expansion, expanded compression capacity at Wallumbilla and Moomba and ongoing expansion of the MSP. A$22.6 million of APA's growth capital expenditure was spent on its price regulated assets.

Capital expenditure for FY2012 totalled A$249.1 million, of which A$224.7 million related to growth capital expenditures and A$24.4 million related to maintenance capital expenditures or Stay in Business Capital Expenditures. APA's growth capital expenditures included A$179.4 million for growth projects, including expansion of the RBP, MSP, the GGP and the Mondarra Gas Storage Facility. A$43.5 million of the growth capital expenditure was spent on APA's price regulated assets.

APA has committed growth capital expenditure of less than A$350.0 million for FY2015 in line with contracts to expand the capacity of its assets including additional compression on the SWQP, the expansion of the GGP and the VTS expansion. Capital projects expected to be undertaken over the next two years include additional compression on the SWQP, capacity expansions on the RBP, MSP, EGP and VTS.

**Summary of Contractual Obligations**

The following table summarises APA's contractual obligations and commitments (other than borrowings) as at 30 June 2014 that may affect its liquidity over the next five years. For the maturity profile of APA's borrowings, see "— Liquidity and Capital Resources — Debt Maturity Profile" above.

| (in thousands) | Total | Less than 1 year | From 1-5 years | Over 5 years |
|---|---|---|---|---|
| | A$ | A$ | A$ | A$ |
| Non-cancellable operating leases | 54,511 | 9,927 | 21,776 | 22,808 |
| Capital expenditure — plant and equipment | 87,835 | 87,835 | — | — |
| Capital expenditure — share of jointly controlled operation's commitments | 16,458 | 16,458 | — | — |
| Total | 158,804 | 114,220 | 21,776 | 22,808 |

See Notes 35 and 44 to APA's audited financial statements for FY2014 incorporated by reference in this Offering Circular for further information regarding its contractual obligations and commitments.

**Distribution Policy**

APA declared and intend to pay interim distributions to the securityholders of APT and APTIT of A$146.3 million relating to HY2015. Distributions of A$303.0 million relating to FY2014, A$295.3 million relating to FY2013 and $224.7 million relating to FY2012 have previously been paid. APA's payout ratio, which equals its total distributions over APA's adjusted operating cash flow, was 55.6% in HY2015, 67.5% in HY2014, 68.9% in FY2014, 68.2% in FY2013 and 67.0% in FY2012. APA funds distributions from operating cash flows. APA's distributions are determined annually with regard to its organic growth and investment opportunities, ongoing capital markets environment, maintaining its investment grade ratings and continuing to enhance long-term securityholder value.

**Off-balance Sheet Arrangements**

APA has investments in certain entities and assets that undertake financing and other obligations that are non-recourse to the APA Group, and are carried on its consolidated balance sheet as equity investments. Certain of APA's subsidiaries have participated and may in the future participate as obligors under those facilities on a limited recourse basis. As of 31 December 2014, APA Group members that hold APA's 50% interest in the SEA Gas Pipeline investment were obligors under a A$349.9 million debt facility related to that asset. The obligations of APA Group under that facility are limited to APA's investment in the SEA Gas Pipeline and, consequently, SEA Gas Pipeline indebtedness is not consolidated onto APA's consolidated balance sheet and its investment in the SEA Gas Pipeline is accounted for as an equity investment net of such indebtedness.

APA does not have any other off-balance sheet arrangements that APA believes have or are reasonably likely to have a current or future effect on APA's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that would be material to investors in the Notes.

**Qualitative and Quantitative Disclosure about Market Risk**

The information below discusses its financial risk management and should be read in conjunction with Note 40 to its financial statements for FY2014 incorporated by reference in this Offering Circular.

***Interest Rate Risk Management***

As at 31 December, 2014, APA had swapped A$175 million of outstanding A$ bank debt (i.e. not including Rule 144A Notes, USPP Notes or Notes) into fixed interest rates. All of APA's 2003, 2007 and 2009 USPP Notes are either fixed-rate Australian dollar denominated issues or, if issued in U.S. dollars, have been swapped into fixed interest rate Australian dollar obligations. APA's Sterling denominated Notes, Canadian

dollar denominated Notes and Japanese Yen denominated Notes have been swapped into fixed interest rate Australian dollar obligations. The A$300 million of Australian Notes issued on 22 July 2010 are fixed rate notes. The Rule 144A Notes issued in October 2012 have been swapped from U.S. dollar to Australian dollar fixed rate obligations.

Although no hedging covenants exist in APA's various debt and loan facilities, it is APA's policy that its total drawn debt is hedged against interest rate exposure to a minimum of 65% of face value in the current financial year, 50% in the next financial year and 40% in the next financial year thereafter. At any time, not more than 90% of the exposure to floating interest rates is hedged.

As at 31 December 2014, 84.6% of its borrowings bore interest at fixed Australian interest rates or had been hedged to a fixed Australian interest rate. A level of interest rate protection is also provided through CPI indexing in most revenue contracts and the regulatory revenue setting process operating on a number of its assets.

*Hedging Related to the QCLNG Pipeline Acquisition*

Following the announcement of the QCLNG Pipeline Acquisition on 10 December 2014, APA hedged the equity component of the purchase price and entered into U.S. dollar interest rate swaps for a substantial amount of the required U.S. dollar denominated debt. The interest rate swaps have locked the U.S. dollar fixed rate (excluding the credit margin) that APA will pay on debt with tenors of between seven and twenty years.

The U.S. dollar revenues that APA then receives will be a "designated hedge" for the U.S. dollar debt from an accounting perspective and will service the U.S. dollar debt from a cash flow perspective. Any balance of U.S. dollar revenues over U.S. dollar interest cost will be translated back into Australian dollar and used by APA to service its Australian-based costs and securityholder distributions. APA plans to enter into fixed forward rate agreements to hedge those net revenues for at least two to three years forward, thereafter adding further years of coverage on a rolling forward basis.

***Exchange Rate Risk Management***

As noted under "— Interest Rate Risk Management", APA's USPP Notes and Rule 144A Notes that were issued in U.S. dollars and its European Notes that were issued in Sterling, Canadian dollars and Japanese Yen, have been swapped into fixed rate Australian dollar obligations. APA currently has no material foreign exchange exposure however APA's policy is to hedge all material exposures that are certain. This includes, for example, foreign currency denominated purchase orders that have been executed and involve an equipment cost in excess of U.S.$1 million or equivalent.

All foreign currency borrowings are hedged immediately at the time of pricing, by way of cross-currency swaps.

***Other Market Price Risk Management***

APA hedges its exposure to changes in the supply and demand for natural gas through its price regulated assets and long term "take-or-pay" contracts. For the most part, approximately 75% to 95% of the revenue received under APA's "take-or-pay" contracts is in the form of a pipeline capacity reservation tariff payable irrespective of gas transmission volumes utilised by that customer. However, as new tariffs are set for APA's price regulated assets and as its contracts expire, APA does have exposure to the longer term trends in supply and demand for natural gas.

## REGISTERED OFFICE OF THE ISSUER

**APT Pipelines Limited**
Level 19 HSBC Building
580 George Street
Sydney NSW 2000
Australia

## REGISTERED OFFICE OF THE PRINCIPAL GUARANTOR

**Australian Pipeline Limited**
**in its capacity as trustee and responsible entity of**
**Australian Pipeline Trust**
Level 19 HSBC Building
580 George Street
Sydney NSW 2000
Australia

## TRUSTEE

**The Bank of New York Mellon, London Branch**
One Canada Square
London E14 5AL
England

## PRINCIPAL PAYING AGENT AND TRANSFER AGENT

**The Bank of New York Mellon, London Branch**
One Canada Square, 40th Floor
London E14 5AL
England

## REGISTRAR

**The Bank of New York Mellon (Luxembourg) S.A.**
2-4 rue Eugene Ruppert
Vertigo Building – Polaris
L-2453 Luxembourg
Luxembourg

## ARRANGERS AND DEALERS

**BNP Paribas**
10 Harewood Avenue
London NW1 6AA
United Kingdom

**The Royal Bank of Scotland plc**
135 Bishopsgate
London EC2M 3UR
United Kingdom

## LEGAL ADVISERS

*To the Issuer and the Initial Guarantors as to English law*
**Linklaters Singapore Pte. Ltd.**
One George Street #17-01
Singapore 049145

*To the Issuer and the Initial Guarantors as to Australian law*
**Herbert Smith Freehills**
ANZ Tower
161 Castlereagh Street
Sydney NSW 2000
Australia

*To the Arrangers and Dealers as to English law*
**Hogan Lovells Lee & Lee**
50 Collyer Quay
#10-01 OUE Bayfront
Singapore 049321

*To the Trustee as to English law*
**Norton Rose Fulbright Australia**
Level 18, Grosvenor Place
225 George Street
Sydney NSW 2000
Australia

## LISTING AGENT

**Hogan Lovells Lee & Lee**
50 Collyer Quay
#10-01 OUE Bayfront
Singapore 049321

## AUDITORS

**Deloitte Touche Tohmatsu**
Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia