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

ASX RELEASE

23 June 2011

The Manager

Company Announcements Office
Australian Securities Exchange
4th Floor, 20 Bridge Street
Sydney NSW 2000

**Electronic Lodgement**

Dear Sir or Madam

**Company Announcement**

I attach the following announcement for release to the market:

- Presentation - APA expands its energy infrastructure portfolio and announces $300 million capital raising

Yours sincerely

**Mark Knapman**
Company Secretary

APA Group

# APA expands its infrastructure portfolio
# $300 million institutional equity raising

23 June 2011

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# Equity raising overview

| | |
|---|---|
| Offer size | ■ $300 million institutional placement<br>■ Approximately 78 million new APA securities (14% of issued capital) |
| Securities | ■ New securities not entitled to FY11 final distribution but otherwise rank equally with existing APA securities |
| Issue price | ■ Fixed price of $3.85 per security, representing<br>– 8.1% discount to the adjusted last closing price (1) ($4.19)<br>– 7.5% discount to the adjusted 5 day VWAP (1) ($4.16) |
| Use of proceeds | ■ Acquisition: Emu Downs wind farm and development site ("Emu Downs")<br>■ Organic growth until end of FY12: Gas pipeline and storage expansion in Queensland, New South Wales, Victoria, Western Australia and Northern Territory |
| Financial impact | ■ Gearing reduces from 70.1% (1H11) to an estimated 67% (2,3)<br>■ FY2011 guidance maintained (as at 1H11 result announcement)(3)<br>■ Acquisition of Emu Downs is operating cash flow per security accretive in FY12 |
| Key dates | ■ Bookbuild opens on Thursday 23 June and closes Friday 24 June<br>■ Settlement on Wednesday 29 June<br>■ Allotment and trading of new securities commences on Thursday 30 June |
| PETRONAS participation | ■ PETRONAS has indicated it will subscribe for its 17.55% pro-rata interest in the placement |

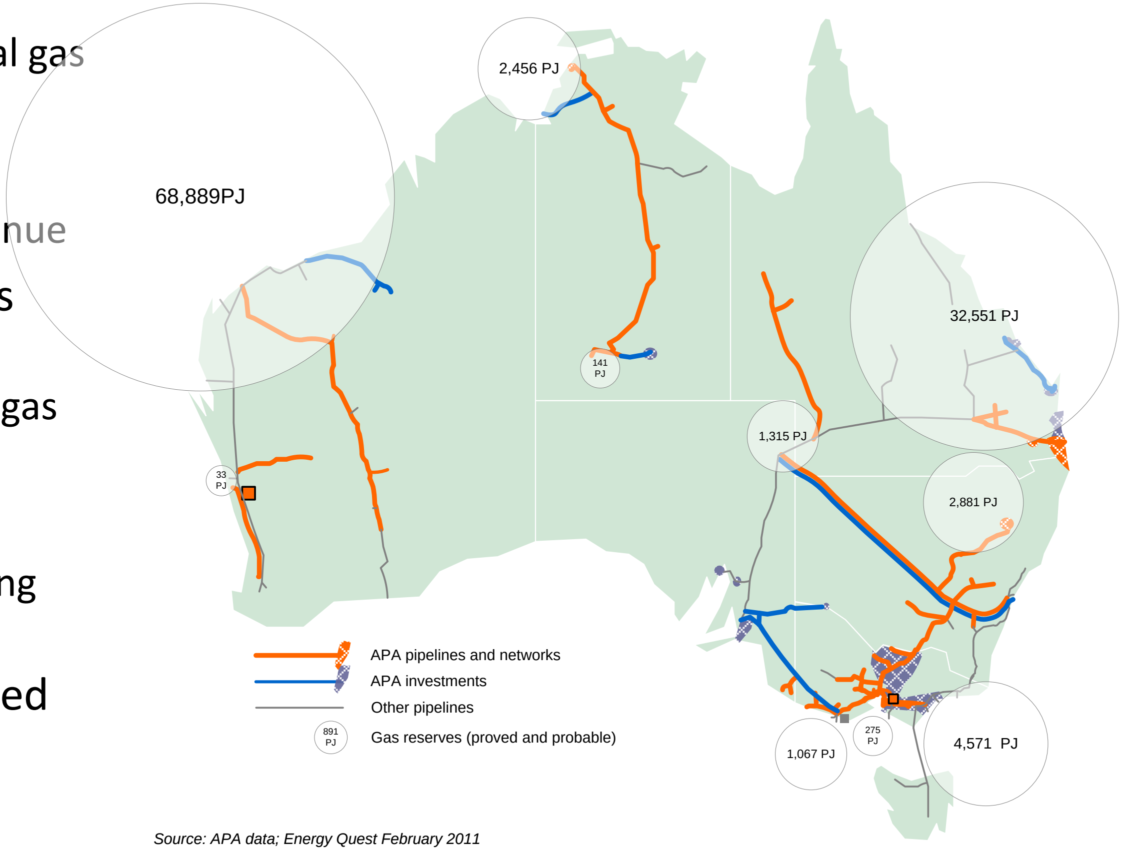
(1) Adjusted for the estimated FY2011 final distribution of 17.9 cents per security, which the new securities are not entitled to.

(2) Estimated gearing (ratio of net debt to net debt plus book equity) as at 30 June 2011 adjusted for the impact of the equity raising and acquisition of Emu Downs, assuming financial close of the Emu Downs acquisition occurs by 30 June 2011 (financial close expected early July 2011)

(3) FY11 financial performance is preliminary in nature, subject to finalisation within APA Group and review by external auditors

# APA well positioned in a growing industry

- Unrivalled gas asset footprint
  - Largest transporter of natural gas across Australia [1]
- Stable and secure cash flow
  - Regulated & contracted revenue
- Attractive growth opportunities
  - Enhancing capacity in APA's portfolio to meet increasing gas demand
- Integrated portfolio of assets
  - Providing revenue & operating synergies
- Internally managed and operated business
  - Highly skilled & experienced workforce

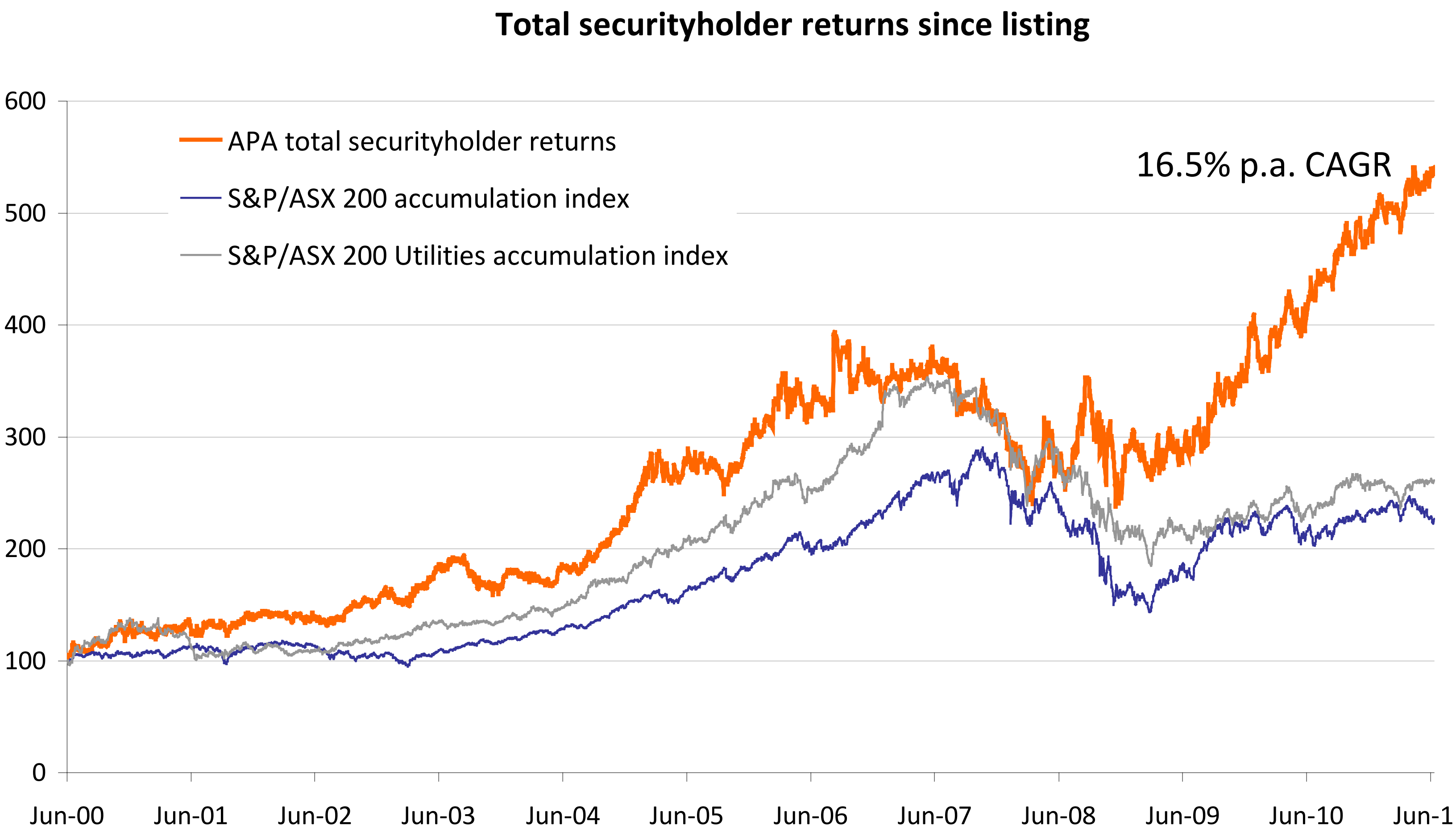



*Source: APA data; Energy Quest February 2011*

(1) APA's 12,700 km of pipelines represents 65% of Australia's gas transmission pipelines

***APA's national portfolio connects major gas sources to major markets***

# 11-year history of delivering value & growth




Indexed to 100 from 13 June 2000 (listing) to 22 June 2011

*Source: APA based on IRESS data*

Note: APA's historical financial performance (including security price performance) cannot be relied upon as an indicator of future performance

# Strategy for sustainable, profitable growth

## Continue to maximise value for APA's investors

Secure long-term cash flow underpinned by contractual or regulatory arrangements

- Enhancing APA's portfolio of gas infrastructure assets in Australia's growing gas market
  - Abundant domestic gas reserves
  - Increasing demand for natural gas, in particular for power generation
- Capturing revenue and operational synergies from APA's significant asset base
- Leveraging APA's gas infrastructure portfolio to develop related projects
  - Encouraging the development of gas generation on or near APA's assets
- Pursuing opportunities that leverage APA's knowledge and skills base
  - Delivering energy solutions for customers
- Strengthening financial capability

# Use of proceeds

| | |
|---|---|
| Emu Downs acquisition - wind farm and development site<br><br>($171 million) | ■ 80 MW operating wind farm in Western Australia, and 130 MW development rights for an adjacent site<br>■ Financial close by early July 2011<br>➢ Secure revenue, with long term PPA contracts for electricity and Renewable Energy Certificates – total output contracted to Dec 2030<br>➢ Operating and maintenance contracts with warranted availability(1) |
| Organic expansion of APA's energy infrastructure<br><br>(approximately $300 million) | ■ Mondarra Gas Storage Facility expansion, WA<br>■ Amadeus Gas Pipeline acquisition, NT<br>■ Roma Brisbane Pipeline expansion, Qld<br>■ Moomba Sydney Pipeline mainline expansion, NSW<br>■ Victorian Transmission System northern augmentation project and pipeline looping (Melbourne western outer ring main), Vic<br>■ Queensland Gas Network extension<br>➢ Secure revenue – expansions are underpinned by long term contracts or as approved under regulatory arrangements |

(1) Under the Vestas agreement Emu Downs Wind Farm has a warranted 97% annual availability. Liquidated damages are payable by Vestas for a failure to meet the annual 97% availability warranty.

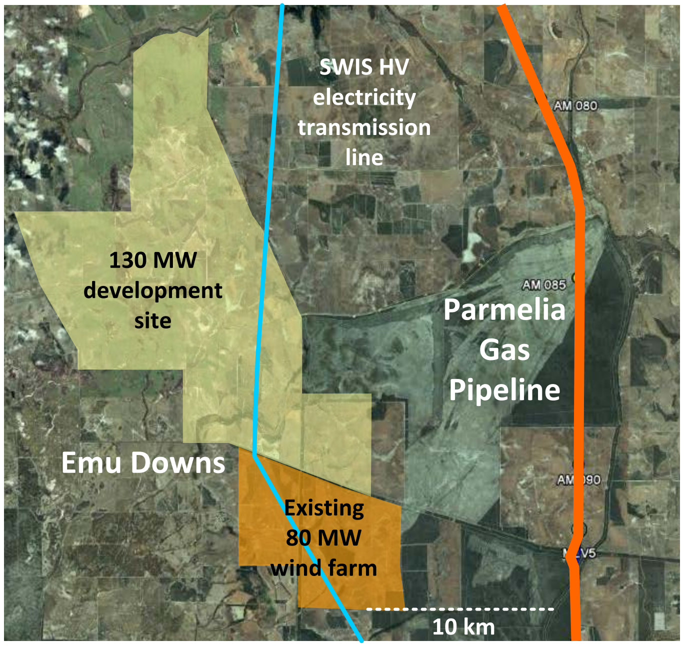
# Sources and use of proceeds

| Committed/expected capital expenditure | | Funding sources (estimate) | | |
|---|---|---|---|---|
| **Energy infrastructure acquisitions** | | **Equity raising proceeds:** | | |
| Emu Downs | $171 million | Institutional placement | $300 million | |
| Acquisition costs | $ 9 million(1) | DRP (4) | $ 50 million | |
| | $180 million | | $350 million | *73%* |
| **Organic expansion of APA's gas infrastructure(2)** | | **Cash:** | | |
| Mondarra Gas Storage Facility | $ 70 million(3) | Retained in the business (5) | $100 million | *21%* |
| Amadeus Gas Pipeline | $ 63 million | | | |
| Roma Brisbane Pipeline | $ 50 million | **Debt:** | | |
| Other gas infrastructure | $117 million | From existing debt facilities | $ 30 million | *6%* |
| | $300 million | | | |
| | **$480 million** | | **$480 million** | |

(1) Transaction costs of $0.5 million and stamp duty of $8.1 million.
(2) Estimate based on forecast aggregate capital expenditure to June 2012 on energy infrastructure expansions detailed on slide 13.
(3) Represents estimated capital expenditure to June 2012, with further $70 million capital expenditure forecast for FY13.
(4) DRP for FY11 interim distribution ($18 million) and estimate for DRP in respect of FY11 final distribution and FY12 interim distribution.
(5) Estimate of operating cash flow less projected distributions and projected non-discretionary capital expenditure for 18 months to June 2012.

# Emu Downs

- Acquisition price of $171 million [(1)]
  - Represents FY12 EBITDA multiple of approx. 8.5 times
  - Represents a multiple of approx. $2.2 million per installed MW
  - Operating cash flow per security accretive in FY12
  - Price includes the development rights for the 130 MW wind farm development on an adjacent site
- Secure earnings – fully underwritten
  - Long term revenue contracts (20 years) with credit-worthy counterparties for the off-take of all electricity and RECs produced from the existing wind farm
  - No commodity pricing risk – electricity and REC pricing fixed for the contract term
  - Well understood and predictable wind resource – 10 year wind dataset
- Operations de-risked
  - Wind farm capacity availability warranty above 97%: comprehensive operation and maintenance service with Vestas to 2013 (plus 5 year extension)




**Emu Downs existing wind farm**

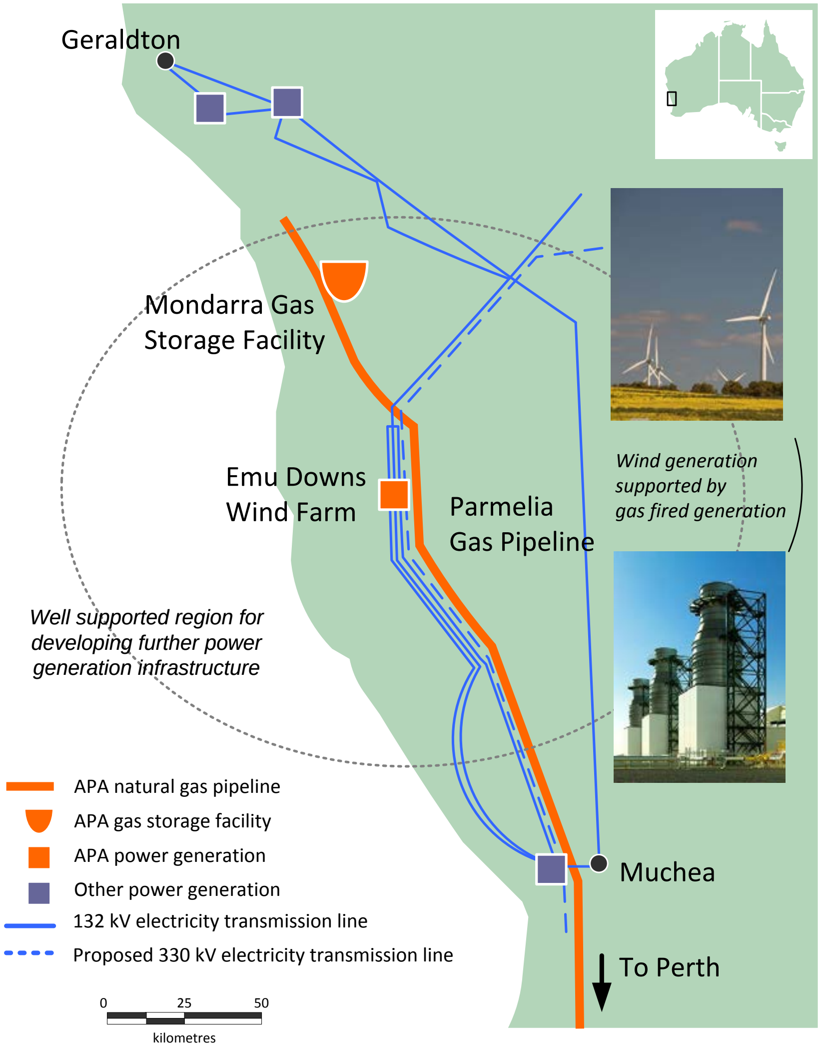
| | |
|---|---|
| Location | 200 km north of Perth, Western Australia |
| Capacity | 79.2 MW – 48 Vestas turbines x 1.65 MW |
| Capacity factor [(2)] | 37% - average based on almost 5 years operating data |
| Operation | Operating since October 2006 |

(1) Acquisition price excludes transaction costs and stamp duty, and subject to final minor settlement adjustments

(2) Capacity factor is the ratio of actual yield to the maximum output of the wind farm. Capacity factor includes the warranted availability of at least 97%

# Energy solutions for customers

- The acquisition enhances existing APA assets, with delivery of total energy solutions for customers
  - Emu Downs is located close to APA's Parmelia Gas Pipeline and associated Mondarra Gas Storage Facility
- Wind generation together with gas fired electricity generation provides clean electricity to match demand
  - The variability in wind generation production requires gas peaking generation to match consumption
  - Provides an opportunity for gas-fired peaking generation to be developed nearby and use APA's gas pipeline and gas storage facility
- Accessing existing electricity infrastructure
  - With proposed expansion of transmission line capacity



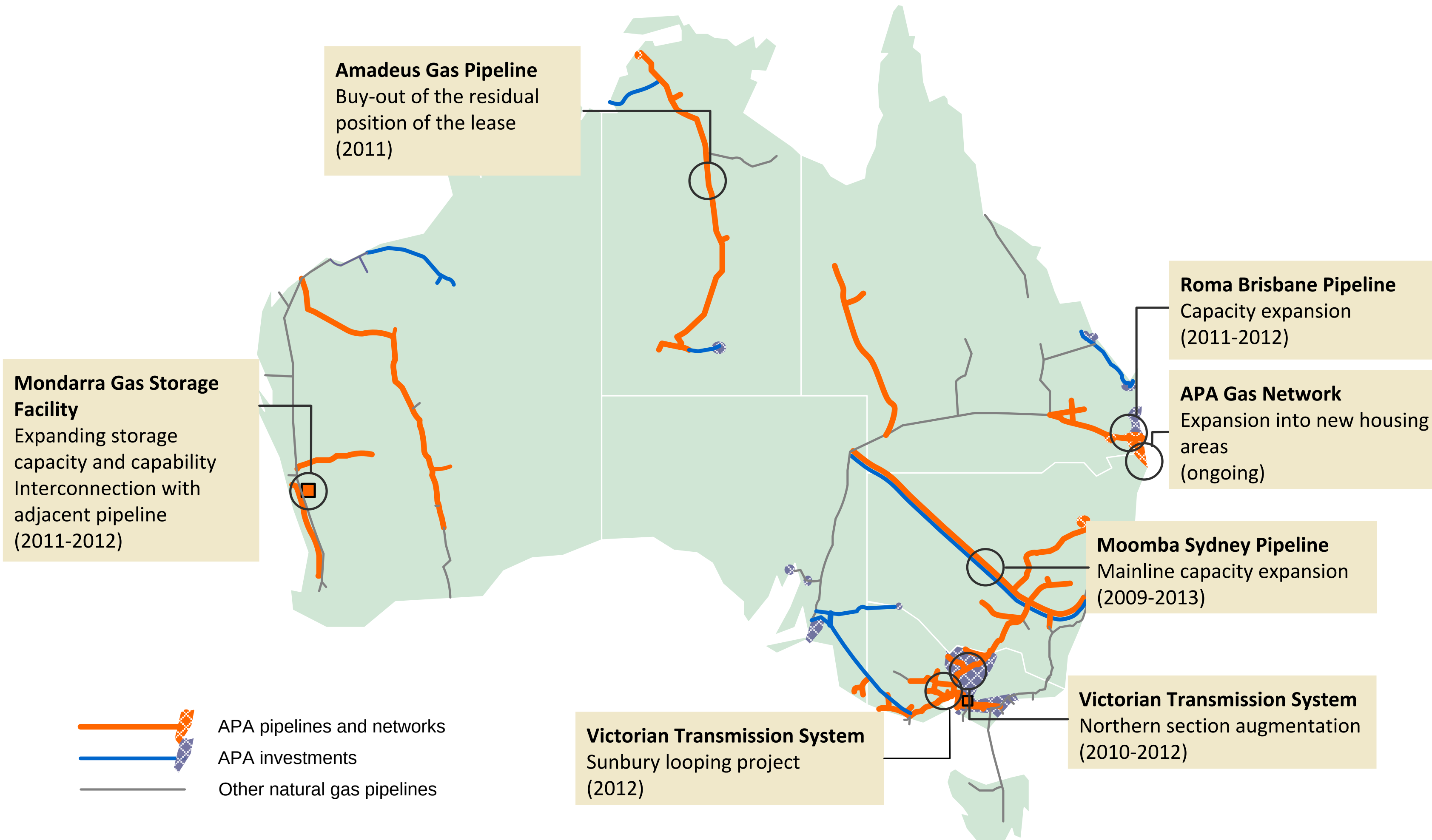

*Source: APA, Western Power (Mid West Energy Project)*

# A strategic acquisition

| Strategic objectives | Why Emu Downs? |
|---|---|
| Leveraging APA's gas infrastructure portfolio to develop related projects and capture synergies | ✓ Well located to complement and enhance APA's existing assets – the Parmelia Gas Pipeline and Mondarra Gas Storage Facility<br>✓ APA's gas pipeline and/or storage services provide infrastructure for "back-up" gas fired generation that may be developed near Emu Downs<br>✓ APA is able to facilitate infrastructure development to deliver a packaged solution for firm electricity capacity |
| Enhancing APA's asset portfolio and strengthening financial capability | ✓ Fully contracted revenue (both electricity and RECs output) with creditworthy counterparties for the remaining operating life of the asset (20 years)<br>✓ Stable and predictable cash flows with high visibility – fixed price for electricity and RECs<br>✓ Strong operating track record – established wind farm with a large wind dataset and almost 5 years of operating history<br>✓ Adjacent wind farm development site with approvals to construct and operate a further 130 MW<br>✓ Acquisition is operating cash flow per security accretive in FY12 |
| Leveraging APA's knowledge and skills base | ✓ Further enhances APA's wind farm experience and skills which will benefit future strategic initiatives (1)<br>✓ Using APA's understanding of the energy market to deliver value energy solutions |

(1) APA has a 20% interest in the132 MW North Brown Hill wind farm in South Australia, through its investment in EII2. APA manages the investment on behalf of EII2 partners.

# Committed or planned capital projects




## *Expanding APA's gas infrastructure portfolio*

# Financial impact

## Post equity raising and acquisition

- Gearing reduces from 70.1% (1H11) to an estimated 67%(1)
- Capital raising strengthens APA's credit metrics and further underpins investment grade credit ratings from Standard & Poor's (BBB) and Moody's (Baa2)
- FY11 guidance maintained as provided at 1H11 results announcement:
  - EBITDA: Towards the upper end of the range of $480 million to $490 million (2)
  - Interest costs: Towards the upper end of the range of $240 million to $245 million
  - FY11 final distribution: Confirmed estimate of 17.9 cents per security
    New securities issued under the institutional placement will not be entitled to this distribution
- FY11 financial performance is preliminary in nature, subject to finalisation within APA and review by external auditors

(1) Estimated gearing (ratio of net debt to net debt plus book equity) as at 30 June 2011 adjusted for the impact of the equity raising and acquisition of Emu Downs, assuming financial close of the Emu Downs acquisition occurs by 30 June 2011 (financial close expected early July 2011)
(2) Inclusive of the EII2 once-off equity accounted adjustment and the $9 million in costs associated with the Emu Downs acquisition.

# Summary

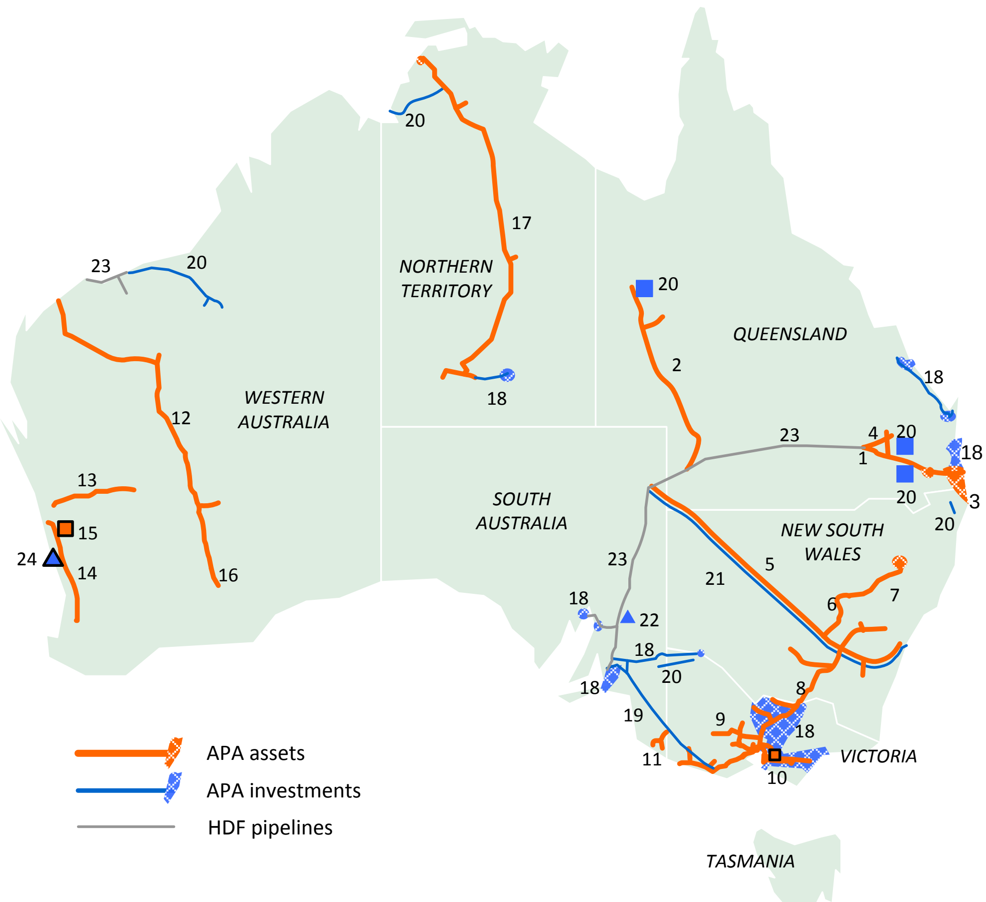
- APA is Australia's largest natural gas infrastructure business, owning and/or operating 12,700 km gas pipelines across Australia
- Successful history of delivering value and growth
  - Total securityholder return CAGR of 16.5% per annum since listing in 2000
- APA is developing and enhancing its energy infrastructure portfolio to meet the demands of a growing domestic energy market

  Emu Downs acquisition
  - Secure long term revenue underpinned by contracts with credit worthy counterparties
  - Operating cash flow per security accretive in first full year of ownership
  - Opportunity to leverage APA's existing gas infrastructure assets in Western Australia

  Organic expansion of existing portfolio
  - Secure long term revenue underpinned by contractual or regulatory arrangements
  - Expanding APA's infrastructure across the country in line with customer requirements
- Capital raising strengthens APA's credit metrics
  - Underpins investment grade credit ratings from Standard and Poor's (BBB) and Moody's (Baa2)
- Guidance maintained for FY11

# Supplementary information

# APA asset and investment portfolio




## APA Group assets and investments

**Gas transmission and distribution**

**Queensland**
(1) Roma Brisbane Pipeline
(2) Carpentaria Gas Pipeline
(3) APA Gas Network
(4) Berwyndale to Wallumbilla

**New South Wales**
(5) Moomba Sydney Pipeline
(6) Central West Pipeline
(7) Central Ranges Pipeline
(8) NSW interconnect with Victoria

**Victoria**
(9) Victorian Transmission System
(10) Dandenong LNG facility

**South Australia**
(11) SESA Pipeline

**Western Australia**
(12) Goldfields Gas Pipeline (88.2%)
(13) Mid West Pipeline (50%)
(14) Parmelia Pipeline
(15) Mondarra Gas Storage
(16) Kalgoorlie Kambalda

**Northern Territory**
(17) Amadeus Gas Pipeline

**Asset Management**

**Commercial and/or operational services to:**
- Energy Infrastructure Investments
- Envestra Limited
- Ethane Pipeline Income Fund
- SEA Gas Pipeline
- EII2
- other third parties

**Energy investments**

**(18) Envestra Limited (33.0%)**
Gas distribution networks and pipelines (SA, Vic, Qld, NSW & NT)

**(19) SEA Gas Pipeline (50%)**

**(20) Energy Infrastructure Investments (19.9%)**
Annuity gas pipelines, electricity transmission, small gas-fired power stations and gas processing plants

**(21) Ethane Pipeline Income Fund (6%)**

**(22) North Brown Hill wind farm (20.2%)**

**(23) Hastings Diversified Utilities Fund (19.4%)**

**(24) Emu Downs Wind Farm**

# FY11 interim result summary

- Consistent financial performance
  - Increasing key financial measures
  - Maintaining cash flow stability and revenue certainty
  - Managing environment of higher borrowing costs
- Upgraded FY2011 EBITDA guidance
  - Towards upper end of a range of $480 million to $490 million (versus range of $465 million to $485 million communicated at FY2010 results)

| | 1H11 | |
|---|---|---|
| Operating cash flow | **$170 million** | **up** 6% |
| Revenue excluding pass-through | **$370 million** | **up** 8% |
| EBITDA | **$264 million** | **up** 8% |
| Profit | **$70 million** | **up** 10% |
| Operating cash flow per security | **31.0 cents** | **down** 2% |
| Distribution per security | **16.5 cents** | **up** 5% |
| Net tangible asset per security | **$1.34** | **up** 9% |

- Enhancing APA's gas infrastructure portfolio
  - Continued expansion of gas infrastructure assets, including Moomba Sydney Pipeline, Young Wagga pipeline looping, and Victorian Transmission System
  - Facilitating gas fired power generation on the Carpentaria Gas Pipeline
- Quality APA people and portfolio
  - In-house skills developing the unique growth opportunities available to APA
  - Safety and security of assets – minimal impact from weather events

APA Group

## Delivering Australia’s energy

For further information contact


Chris Kotsaris
Investor Relations, APA Group
Tel: +61 2 9693 0049
E-mail: chris.kotsaris@apa.com.au


or visit APA’s website

www.apa.com.au