

APA GROUP
RETAIL ENTITLEMENT OFFER

**RETAIL ENTITLEMENT OFFER
CLOSES AT 5.00PM (SYDNEY TIME)
ON 15 JANUARY 2015**

OR

**YOU MAY ACCEPT EARLY,
BY 5.00PM (SYDNEY TIME)
ON 19 DECEMBER 2014**

(this will enable you to be allotted New Securities at the same time as institutional investors)

Details of a 1 for 3 accelerated renounceable entitlement offer of fully paid ordinary APA stapled securities at an issue price of \$6.60 per new stapled security

This is an important document which is accompanied by a personalised Entitlement and Acceptance Form and both documents should be read in their entirety.

If you have any questions please contact your professional adviser or the APA Securityholder Information Line on 1800 992 312 (toll free within Australia) or +61 1800 992 312 (from outside Australia) from 8.30am to 5.30pm (Sydney time) Monday to Friday (excluding public holidays) during the Retail Entitlement Offer Period.

**NOT FOR DISTRIBUTION OR RELEASE
IN THE UNITED STATES**

APA Group



Defined terms used in these important notices have the meaning given in this Retail Offer Booklet.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

The Retail Entitlement Offer is being made pursuant to section 1012DAA of the Corporations Act (as notionally modified by ASIC Class Order [CO 08/35]) which allows rights issues to be offered without a Product Disclosure Statement. As a result, this Retail Entitlement Offer is not being made under a Product Disclosure Statement and it is important for Eligible Retail Securityholders to read and understand the information on APA and the Retail Entitlement Offer made publicly available, prior to taking up all or part of their Entitlement. In particular, please refer to the enclosed materials and ASX Announcements, APA's interim and annual reports and other announcements made available at www.apa.com.au or www.asx.com.au.

1.1 FUTURE PERFORMANCE AND FORWARD LOOKING STATEMENTS

Neither APA nor any other person warrants or guarantees the future performance of the New Securities or any return on any investment made pursuant to the Entitlement Offer. This Retail Offer Booklet may contain certain 'forward looking statements'. The words 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'plan' and other similar expressions are intended to identify forward looking statements. Indications of, and guidance on, financial position and performance are also forward looking statements. Any forecasts or other forward looking statements contained in this Retail Offer Booklet are subject to known and unknown risks and uncertainties and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. Such forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of APA, that may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. You are cautioned not to place undue reliance on forward looking statements. Except as required by law or regulation (including the ASX Listing Rules), APA undertakes no obligation to update these forward looking statements.

1.2 PAST PERFORMANCE

Past performance information included in this Retail Offer Booklet is provided for illustrative purposes only and should not be relied upon as, and is not, an indication of future performance.

1.3 JURISDICTIONS

This Retail Offer Booklet, and any accompanying ASX announcements and the Entitlement and Acceptance Form, do not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or to any persons acting or for the account or benefit of any person in the United States, or in any other jurisdiction in which such an offer would be illegal. Neither this Retail Offer Booklet nor the Entitlement and Acceptance Form may be distributed or released in the United States. Neither the Entitlements to purchase New Securities pursuant to the offer described in this Retail Offer Booklet nor the New Securities have been, nor will be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States. Entitlements may not be purchased or taken up by persons in the United States or by persons who are acting for the account or benefit of a person in the United States. Neither the Entitlements nor the New Securities may be offered or sold in the United States, and the New Securities may not be resold in the United States, unless such Entitlements or New Securities have been registered under the US Securities Act or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and the applicable securities laws of any state or other jurisdiction in the United States. The Entitlements and the New Securities offered and sold in the Retail Entitlement Offer will be sold only in "offshore transactions" (as defined in Rule 902(h) under the US Securities Act) in compliance with Regulation S under the US Securities Act.

1.4 WITHHOLDING TAX

This Retail Offer Booklet refers to the potential payment of a Retail Premium to certain investors. References to the payment of the Retail Premium in this Retail Offer Booklet should be read as payments net of any applicable withholding taxes. If you are an Australian tax resident securityholder, and you have not previously provided your TFN or ABN to APA, you may wish to do so prior to the close of the retail offer described in this Retail Offer Booklet to ensure that any withholding tax is not deducted from any proceeds payable to you at the rate of 49%. You are able to provide your TFN or ABN online with the Registry at www.linkmarketservices.com.au.

1.5 STAMPING FEES

APA will pay to stockbrokers (being those entities named as full service (advisory) brokers or non-advisory brokers on the ASX website) who submit valid applications

bearing their broker's stamp from Eligible Retail Securityholders (as defined in Section 9.3) a stamping fee of an amount equal to 0.50% of the application monies (inclusive of GST) paid in respect of a valid application, subject to a minimum payment of \$50 and a maximum of \$500 per valid application.

Broker stamping fees will only be paid by APA where a Broker Stamping Fee Claim Form and schedule is submitted to the Registry no later than 5.00pm (Sydney time) on 15 January 2015. The Broker Stamping Fee Claim Form and schedule can be obtained from the Registry by calling 1800 992 312 (toll free within Australia) or +61 1800 992 312 (from outside Australia) before 5.00pm on 15 January 2015.

In addition, certain brokers may be paid a commitment fee by the Underwriters of 0.50% of the value of the commitments to deliver retail client acceptances which those brokers have provided to the Underwriters.

1.6 REFERENCES TO "YOU" AND "YOUR ENTITLEMENT"

In this Retail Offer Booklet, references to "you" are references to Eligible Retail Securityholders and references to "your Entitlement" (or "your Entitlement and Acceptance Form") are references to the Entitlement (or Entitlement and Acceptance Form) of Eligible Retail Securityholders.

1.7 TIMES AND DATES

Times and dates in this Retail Offer Booklet are indicative only and subject to change. All times and dates refer to Sydney time. Refer to the "Key Dates for the Retail Entitlement Offer" section of this Retail Offer Booklet for more details.

1.8 CURRENCY

All dollar values are in Australian dollars and financial data is presented as at 10 December 2014 unless otherwise stated.

1.9 TRADING NEW SECURITIES

APA and the Underwriters will have no responsibility and disclaim all liability (to the maximum extent permitted by law) to persons who trade New Securities they believe will be issued to them before they receive their holding statements, whether on the basis of confirmation of the allocation provided by APA or the Registry or otherwise, or who otherwise trade or purport to trade New Securities in error or which they do not hold or are not entitled to.

If you are in any doubt, as to these matters you should first consult with your stockbroker, accountant or other independent professional adviser.

Refer to Section 9.12 for more details.



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KEY DATES FOR THE RETAIL ENTITLEMENT OFFER

Event	Date
Announcement of the Entitlement Offer	10 December 2014
Record Date for the Entitlement Offer	7.00pm (Sydney time) 15 December 2014
Retail Entitlement Offer opens	9.00am (Sydney time) 16 December 2014
Last day for Eligible Retail Securityholders to lodge an application via their broker or via BPAY® ¹ to be allotted New Securities at the same time as Eligible Institutional Securityholders (Early Retail Acceptance Date)	5.00pm (Sydney time) 19 December 2014
Settlement of the Institutional Entitlement Offer and Retail Entitlement Offer for applications which have been received by the Early Retail Acceptance Date (Initial Settlement Date)	22 December 2014
Ex-dividend date for FY2015 interim distribution	22 December 2014
Initial New Securities issued under the Institutional Entitlement Offer and Retail Entitlement Offer for applications which have been received by the Early Retail Acceptance Date commence trading on ASX (Initial Allotment)	23 December 2014
Despatch to securityholders of confirmation of issue for Initial Allotment	23 December 2014
Retail Entitlement Offer closes (Final Retail Closing Date)	5.00pm (Sydney time), 15 January 2015
Retail Bookbuild	20 January 2015
Settlement of remaining New Securities under Retail Entitlement Offer (Final Settlement Date)	27 January 2015
Allotment of remaining New Securities under the Retail Entitlement Offer (Final Allotment)	28 January 2015
Remaining New Securities issued under the Final Allotment commence trading on ASX	29 January 2015
Despatch to securityholders of confirmation of issue under the Final Allotment and Retail Premium (if any)	29 January 2015

This timetable is indicative only and subject to change without notice.

The commencement of quotation of New Securities is subject to confirmation from ASX.

Subject to the requirements of the Corporations Act, the ASX Listing Rules and any other applicable laws, APA, with the consent of Underwriters, reserves the right to amend this timetable at any time, including extending the Retail Entitlement Offer Period or accepting late applications, either generally or in particular cases, without notice. You cannot, in most circumstances, withdraw an application once it has been lodged. No cooling off rights apply to the Retail Entitlement Offer. Eligible Retail Securityholders wishing to participate in the Retail Entitlement Offer are encouraged to submit their Entitlement and Acceptance Form as soon as possible after the Retail Entitlement Offer opens.

ENQUIRIES

If you have any questions, please call the APA Securityholder Information Line on 1800 992 312 (toll free within Australia) or +61 1800 992 312 (from outside Australia) from 8.30am to 5.30pm (Sydney time) Monday to Friday (excluding public holidays) during the Retail Entitlement Offer Period. Alternatively, you can access information about the Retail Entitlement Offer online at www.apa.com.au or www.asx.com.au.

Eligible Retail Securityholders who wish to take up all or a part of their Entitlement must complete and return their personalised Entitlement and Acceptance Form with the requisite accompanying payment (**Application Monies**) OR apply online and pay their Application Monies via BPAY by following the instructions set out on the personalised Entitlement and Acceptance Form OR apply and pay online at www.apa.com.au in each case by no later than **5.00pm (Sydney time) on 15 January 2015**. Eligible Retail Securityholders should refer to Section 4 for options available to them to deal with their Entitlement.

1) Registered to BPAY Pty Ltd (ABN 69 079 137 518).



“The proposed acquisition of the QCLNG pipeline further enhances APA’s position as Australia’s largest owner of gas transmission pipelines and builds on APA’s strategy of expanding its revenue base and east coast grid.”

Leonard Bleasel AM
Chairman, APA Group

15 December 2014

Dear securityholder,

Earlier this month, APA Group announced the proposed acquisition of the QCLNG pipeline from BG Group for US\$5,000 million. The QCLNG pipeline is interconnected with APA’s east coast grid and links the gas fields in the Surat Basin to the QCLNG plant on Curtis Island, Queensland.

The proposed acquisition of the QCLNG pipeline further enhances APA’s position as Australia’s largest owner of gas transmission pipelines and builds on APA’s strategy of expanding its revenue base and east coast grid.

On behalf of the Directors of APA Group, I am pleased to invite you to participate in the retail component of a 1 for 3 accelerated renounceable Entitlement Offer of new APA stapled securities at an Issue Price of \$6.60 per stapled security (**Retail Entitlement Offer**). This means that you will have the opportunity to purchase 1 New Security at this price for every 3 APA Securities you owned at 7.00pm (Sydney time) on 15 December 2014.

The proceeds of the Entitlement Offer will be used, along with debt financing, to fund the acquisition of the QCLNG pipeline.

DETAILS OF THE ENTITLEMENT OFFER

This offer to you is part of the \$1,839 million fully underwritten Entitlement Offer announced by APA on 10 December 2014. Approximately \$860 million was raised in the institutional component of the Entitlement Offer. The remaining \$979 million is expected to be raised through the Retail Entitlement Offer to which this Retail Offer Booklet relates.

The \$6.60 Issue Price represents a 15.33%² discount to the closing price of APA securities on 9 December 2014 (the last trading day before the Entitlement Offer was announced) and is the same price at which New Securities are to be issued to institutions under the institutional component of the Entitlement Offer.

As the Retail Entitlement Offer is renounceable, New Securities that are not taken up under the Retail Entitlement Offer will be offered for sale via a bookbuild sale process. Any proceeds of sale in excess of the Issue Price (net of withholding tax) will be paid to renouncing securityholders. However, you should note that the ability to sell New Securities and obtain a clearing price in the bookbuild that exceeds the Issue Price will be dependent on a number of factors, including market conditions, and no guarantee can be given that a price in excess of the Issue Price will be achieved. Further information regarding this bookbuild process is set out in Section 5.2(d).

ACQUISITION OF THE QCLNG PIPELINE

The QCLNG Project is an integrated project to convert gas to LNG and will convert gas supplied from the Surat Basin to LNG at facilities located on Curtis Island. The Project comprises two LNG trains with a combined nameplate capacity of 8.5mtpa³ supported by binding 20 year off-take agreements with BG Group, CNOOC and Tokyo Gas⁴. The QCLNG pipeline is a key component of the QCLNG Project and benefits from 20 year take-or-pay contracts with BG Group entities and a CNOOC owned entity to commence from QCLNG Train 1 first commercial delivery date (**FCDD**), with primary tariff components escalated annually at US CPI.

2) Adjusted for the FY15 interim distribution of 17.5 cents per security announced on 10 December 2014 (see section 8, page 36).

3) Million metric tonnes per annum.

4) Source: BG Group.

3 LETTER FROM THE CHAIRMAN CONTINUED

The pipeline is an operational 42 inch pipeline transporting gas from various gas fields in the Surat Basin to the QCLNG LNG export facility at Gladstone. It consists of 543 kilometres of transmission pipeline, 3 laterals, interconnections with the APLNG and GLNG transmission pipelines, interconnections with APA's east coast grid and supporting infrastructure associated with the operation of the asset. Construction of the pipeline commenced in early 2011. Construction was completed and first gas delivered to Curtis Island in December 2013. The pipeline is now operational and financial close is expected in early Q2 2015.

PURPOSE OF THIS BOOKLET

This Retail Offer Booklet and the enclosed personalised Entitlement and Acceptance Form contain important information about the Retail Entitlement Offer and I encourage you to read them carefully before deciding whether or not to participate in the Retail Entitlement Offer. In particular, you will find in this Retail Offer Booklet the following important information:

- in Section 2 – the key dates for the Retail Entitlement Offer;
- in Section 5 – an overview of the Entitlement Offer;
- in Section 6 – a 'How to Apply' section detailing how to accept all or part of your Entitlement;
- in Section 8 – the ASX Announcement and Investor Presentation in relation to the Entitlement Offer that were released to the ASX on 10 December 2014, which provide further information on the Entitlement Offer, including key risks; and
- in Section 9 – some Important Additional Information relevant to the Entitlement Offer.

To participate, you must apply and pay for your New Securities **before 5.00pm (Sydney time) on 15 January 2015**. Additionally, you have the opportunity to apply and pay for your Entitlements **before 5.00pm (Sydney time) on 19 December 2014 (Early Retail Acceptance Date)**. If you apply and pay for your Entitlements by the Early Retail Acceptance Date, your securities will be issued on 23 December 2014, which is the same date applicable to eligible institutional securityholders who took up their Entitlements on 10 and 11 December 2014. Further information about how to apply for New Securities is set out in Section 6.3.

If you have any questions about the Retail Entitlement Offer please call the APA Securityholder Information Line on 1800 992 312 (toll free within Australia) or +61 1800 992 312 (from outside Australia) from 8.30am to 5.30pm (Sydney time) Monday to Friday (excluding public holidays) during the Retail Entitlement Offer Period, or contact your Financial Adviser.

I appreciate that the Retail Entitlement Offer is happening in the Christmas/New Year period, and in a relatively short time frame. However, unfortunately the timing of the offer was dependent on the QCLNG sale process run by BG Group, and so this has been outside of APA's control. Nevertheless, the APA Board is pleased to offer this opportunity to you.

Yours sincerely



Leonard Bleasel AM
Chairman, APA Group

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WHAT SHOULD YOU DO?

1

READ THIS RETAIL OFFER BOOKLET AND THE ENTITLEMENT AND ACCEPTANCE FORM AND, IF APPROPRIATE, SEEK PROFESSIONAL ADVICE

This Retail Offer Booklet and the accompanying personalised Entitlement and Acceptance Form contain important information about the Retail Entitlement Offer and require your immediate attention. You should read them carefully and in their entirety before deciding whether or not to participate in the Retail Entitlement Offer. In particular, you should consider the 'Key Risks' set out in the Investor Presentation in section 8.2.

If you are in doubt as to the course you should follow, you should consult your stockbroker, accountant or other independent professional adviser before deciding whether to take up your Entitlement.

2

DECIDE WHAT YOU WANT TO DO

If you are an Eligible Retail Securityholder (see definition in Section 9.3), you may take up all, some or none of your Entitlement. See Section 6 for further details.

Eligible Retail Securityholders who do not participate in the Retail Entitlement Offer will have their percentage holding in APA reduced. Eligible Retail Securityholders who participate in the Retail Entitlement Offer will see their percentage holding in APA reduce or stay the same depending on the proportion of their Entitlement they take up. Securityholders who do not take up their Entitlement, whether in full or in part, may receive some cash in respect of those Entitlements they do not take up depending on the outcome of the Retail Bookbuild. See Section 5.2(d) for further details.

Entitlements cannot be traded, transferred, assigned or otherwise dealt with, whether on the ASX or privately.

3

APPLY FOR NEW SECURITIES

To participate in the Retail Entitlement Offer, your application for New Securities must be received by the Registry **before 5.00pm (Sydney time) on 15 January 2015 (Final Retail Closing Date)**, otherwise your Entitlements will be offered under the Retail Bookbuild.

If you wish to be allotted New Securities at the same time as Eligible Institutional Securityholders under the Institutional Entitlement Offer on 23 December 2014 (**Initial Allotment**):

- if you are CHESS sponsored with a Holder Identification Number (HIN), you may submit your application and settle via your broker, as instructed by your broker, prior to 5.00pm (Sydney time) on 19 December 2014 (**Early Retail Acceptance Date**); or
- you may submit your application online and pay via BPAY payment instruction, so that cleared funds are received by no later than 5.00pm (Sydney time) on the Early Retail Acceptance Date.

See Section 6 and the enclosed personalised Entitlement and Acceptance Form for further details on how to apply.

4

QUESTIONS

If you:

- have questions in relation to the Existing Securities upon which your Entitlement has been calculated;
- have questions on how to complete the Entitlement and Acceptance Form or take up your Entitlement; or
- have lost your Entitlement and Acceptance Form and would like a replacement form,

please call the APA Securityholder Information Line on 1800 992 312 (toll free within Australia) or +61 1800 992 312 (from outside Australia) from 8.30am to 5.30pm (Sydney time) Monday to Friday (excluding public holidays) during the Retail Entitlement Offer Period.

5.1 ENTITLEMENT OFFER

APA proposes to raise approximately \$1,839 million under the Entitlement Offer. Under the Entitlement Offer, APA is offering Eligible Securityholders the opportunity to subscribe for 1 New Security for every 3 Existing Securities held at 7.00pm (Sydney time) on 15 December 2014, at the Issue Price of \$6.60 per New Security.

Where fractions arise in the calculation of an Entitlement, they have been rounded down to the next whole number of New Securities.

The Entitlement Offer comprises four parts:

- **The Institutional Entitlement Offer** – under which Eligible Institutional Securityholders were invited to take up all or part of their Entitlement.
- **The Institutional Bookbuild** – under which New Securities attributable to the Entitlements not taken up by Eligible Institutional Securityholders, together with the New Securities attributable to the Entitlements that would have been offered to Ineligible Institutional Securityholders if they had been entitled to participate in the Institutional Entitlement Offer, were offered under a bookbuild to certain Institutional Investors.
- **The Retail Entitlement Offer** – under which Eligible Retail Securityholders are being sent this Retail Offer Booklet, together with a personalised Entitlement and Acceptance Form, and are being invited to take up all or part of their Entitlement.
- **The Retail Bookbuild** – under which New Securities attributable to the Entitlements not taken up by Eligible Retail Securityholders, together with the New Securities attributable to the Entitlements that would have been offered to Ineligible Retail Securityholders if they had been entitled to participate in the Retail Entitlement Offer, will be offered under a bookbuild to certain Institutional Investors.

The Entitlement Offer is fully underwritten by the Underwriters on the terms and conditions of the Underwriting Agreement (see section 9.16 for more details).

Please refer to the ASX Announcement and the Investor Presentation set out in Section 8 for information on the purpose of the Entitlement Offer, the application of the proceeds of the Entitlement Offer and for information on APA's business, performance and strategy. You should also consider other publicly available information about APA, including information available at www.asx.com.au and www.apa.com.au.

5.2 RETAIL ENTITLEMENT OFFER AND RETAIL BOOKBUILD

a) Retail Entitlement Offer

Under the Retail Entitlement Offer, Eligible Retail Securityholders are invited to subscribe for 1 New Security for every 3 Existing Securities held at 7.00pm (Sydney time) on 15 December 2014, at the Issue Price of \$6.60 per New Security.

This is referred to as your **Entitlement**.

Details on how to take up your Entitlement are contained in Section 6 and the enclosed personalised Entitlement and Acceptance Form. You may take up some, all or none of your Entitlement.

The Retail Entitlement Offer is only open to Eligible Retail Securityholders (see Section 9.3 for the definition of an Eligible Retail Securityholder), and APA reserves the right to reject any Application that it believes comes from a person that is not an Eligible Retail Securityholder.

Please note that Entitlements are personal and cannot be traded, transferred, assigned or otherwise dealt with, whether on the ASX or privately. New Securities of an equivalent number to Entitlements not taken up under the Retail Entitlement Offer will be offered for subscription under the Retail Bookbuild (see Section 5.2(d)).

b) Closing Dates

The Retail Entitlement Offer closes at 5.00pm (Sydney time) on 15 January 2015 (**Final Closing Date**), with New Securities expected to be allotted on 28 January 2015.

In accordance with ASIC's policy regarding the equal treatment of members of a registered managed investment scheme, Eligible Retail Securityholders will also have the opportunity to be allotted New Securities at the same time as Eligible Institutional Securityholders under the Institutional Entitlement Offer on 23 December 2014 (**Initial Allotment**). To accept early, you will need to ensure an application is submitted so that cleared funds are received by no later than 5.00pm (Sydney time) on 19 December 2014 (**Early Retail Acceptance Date**).

If you take up and pay for all or part of your Entitlement after the Early Retail Acceptance Date, but before the close of the Retail Entitlement Offer at 5.00pm (Sydney time) on 15 January 2015, you will be allotted your New Securities on 28 January 2015 (**Final Allotment**).

There are a number of matters that you should consider in relation to taking up your Entitlements by the Early Retail Acceptance Date.

- As with any application, you should read this Retail Offer Booklet carefully and in its entirety, together with announcements of APA on ASX.
- As the period between the date of this Retail Offer Booklet and the Early Retail Acceptance Date is relatively short, you should contact your broker, accountant or other investment adviser if you have any questions regarding the suitability of taking up your Entitlements early.
- There is no obligation to take up your Entitlements by the Early Retail Acceptance Date. If you require further time to assess whether this is an appropriate investment for you, or would prefer to make an application during the Retail Offer Period, you can accept at any time before 5.00pm (Sydney time) on 15 January 2015. Alternatively, you can elect to do nothing.
- If you take up your Entitlements by the Early Retail Acceptance Date, you will be allotted New Securities by 23 December 2014. This may enable you to trade your New Securities on-market (if you wish) earlier than would be the case if you are issued New Securities at the Final Allotment. However, there is no guarantee as to the price at which New Securities may trade.

5 OVERVIEW OF THE ENTITLEMENT OFFER CONTINUED

c) Payment options for the Early Retail Acceptance Date

Please refer to section 6.3 for payment options generally.

If you wish to apply by the Early Retail Acceptance Date:

- if you are CHES sponsored with a Holder Identification Number (HIN), you may submit your application and settle via your broker, as instructed by your broker prior to 5.00pm (Sydney time) on 19 December 2014; or
- you may submit your application online and pay via BPAY payment instruction, so that cleared funds are received by no later than 5.00pm (Sydney time) on 19 December 2014.

If you are an Eligible Retail Securityholder and make a valid application with payment via cheque, bank draft or money order, your New Securities will be allotted with the Final Allotment, even if your application is received before the Early Retail Acceptance Date.

d) Retail Bookbuild

The Retail Bookbuild will be conducted by the Underwriters pursuant to a bookbuild sale process on or about 20 January 2015. Certain Institutional Investors will be invited by the Underwriters to participate in the Retail Bookbuild. They will be invited to bid for New Securities that are equivalent in number to:

- New Securities not taken up by Eligible Retail Securityholders; and
- New Securities that would have been offered to Ineligible Retail Securityholders if they had been entitled to participate in the Retail Entitlement Offer.

The Clearing Price under the Retail Bookbuild may or may not be greater than the Issue Price.

If the Clearing Price is greater than the Issue Price:

- APA will receive the Issue Price in respect of all New Securities issued under the Retail Bookbuild; and
- the excess of the Clearing Price above the Issue Price (the **Retail Premium**) will be paid to:
 - each Eligible Retail Securityholder who did not take up their Entitlement in full (according to the number of New Securities they were entitled to take up but did not); and
 - each Ineligible Retail Securityholder (according to the number of New Securities they would have been entitled to take up if they had been eligible to participate in the Retail Entitlement Offer),in each case net of any withholding tax.

If the Clearing Price is not greater than the Issue Price there will be no Retail Premium and:

- APA will receive the Issue Price in respect of all New Securities issued under the Retail Bookbuild; and
- no amount will be payable to any Eligible Retail Securityholder or Ineligible Retail Securityholder.

The ability to sell New Securities and obtain a Clearing Price that exceeds the Issue Price will be dependent on a number of factors, including market conditions, and no guarantee can be given that a Clearing Price in excess of the Issue Price will be achieved. Further, the Clearing Price obtained under the Retail Bookbuild will be determined having regard to a number of factors, including having binding and bona fide offers which, in the reasonable opinion of the Underwriters, will, if accepted, result in otherwise acceptable allocations to clear the entire book.

The Clearing Price will not be less than the Issue Price as the Entitlement Offer is fully underwritten by the Underwriters. If there is insufficient demand to clear the Retail Bookbuild at the Issue Price, the Underwriters will take up the shortfall at the Issue Price.

The fact that there was an Institutional Premium (see Section 5.3) is not an indication that there will be a Retail Premium or of what any Retail Premium may be. To the maximum extent permitted by law, none of APA, the Underwriters, their respective related bodies corporate and affiliates and their respective directors, officers, employees, agents and advisers will be liable (including for negligence) for any failure to procure subscribers under the Retail Bookbuild at a price equal to or in excess of the Issue Price.

Payment of any Retail Premium to Eligible Retail Securityholders and Ineligible Retail Securityholders will be made either by:

- cheque mailed to that person's address as last recorded in APA's register of members; or
- direct credit, but only where that person has previously nominated to receive payment of distribution by direct credit and has not withdrawn that nomination.

In all cases, the payment method used will be at APA's election. It is anticipated that any cheques will be despatched and any payments made on or about 29 January 2015.

5.3 INSTITUTIONAL ENTITLEMENT OFFER AND INSTITUTIONAL BOOKBUILD

The Institutional Entitlement Offer and the Institutional Bookbuild were conducted between 10 December 2014 and 12 December 2014 (inclusive), and settlement of the Institutional Entitlement Offer and the Institutional Bookbuild is expected to occur on 22 December 2014.

The Institutional Entitlement Offer and the Institutional Bookbuild will (once settlement occurs) raise approximately \$860 million through the issue of approximately 130 million New Securities.

Under the Institutional Entitlement Offer, Eligible Institutional Securityholders subscribed for approximately 121 million New Securities, which meant that approximately 9 million New Securities were offered under the Institutional Bookbuild.

The Clearing Price under the Institutional Bookbuild was \$7.65 per New Security. As this Clearing Price was greater than the Issue Price, the excess (the **Institutional Premium**) will be received by the Underwriters and paid to:

- each Eligible Institutional Securityholder who did not take up their Entitlement in full (according to the number of New Securities they were entitled to take up but did not); and
- each Ineligible Institutional Securityholder (according to the number of New Securities they would have been entitled to take up if they had been eligible to participate in the Institutional Entitlement Offer),

in each case net of any withholding tax.

The Issue Price per New Security will be received by APA. The fact that there was an Institutional Premium is not an indication that there will be a Retail Premium or of what any Retail Premium may be.

If you are an Eligible Retail Securityholder you should read this Section in its entirety for instructions on the choices available to you. You should also refer to Section 5 of this Retail Offer Booklet for an overview of the Entitlement Offer and read the remainder of this Retail Offer Booklet in its entirety.

The ASX Announcement and Investor Presentation set out in Section 8 are current as at 10 December 2014. There may be additional announcements that are made by APA after that date and throughout the Retail Entitlement Offer Period that may be relevant to your consideration of whether to take up your Entitlement. Therefore, it is prudent that you check whether any further announcements have been made by APA before submitting an application.

6.1 CHOICES AVAILABLE TO ELIGIBLE RETAIL SECURITYHOLDERS

If you are an Eligible Retail Securityholder you may do any one of the following:

- take up all or part of your Entitlement (refer to Section 6.3) by either the Early Retail Acceptance Date or the Final Retail Closing Date; or
- do nothing (refer to Section 6.6).

The Retail Entitlement Offer is an offer to Eligible Retail Securityholders only.

If you do nothing, or accept only part of your Entitlement, the New Securities attributable to your Entitlement that you do not take up will be offered for sale under the Retail Bookbuild (refer to Section 5.2(d)).

Eligible Retail Securityholders who do not participate in the Retail Entitlement Offer will have their percentage holding in APA reduced. Eligible Retail Securityholders who participate in the Retail Entitlement Offer will see their percentage holding in APA stay the same (if they take up all of their Entitlement) or reduce (if they take up only part of their Entitlement).

6.2 YOUR ENTITLEMENT

Your Entitlement is set out on the accompanying personalised Entitlement and Acceptance Form and has been calculated as 1 New Security for every 3 Existing Securities you held as at the Record Date. If the result is not a whole number, your Entitlement will be rounded down to the nearest whole number of New Securities.

If you have more than one registered holding of Securities, you will be sent more than one personalised Entitlement and Acceptance Form and you will have a separate Entitlement for each separate holding.

You can also view details of your Entitlement online, and submit applications to take up all or part of your Entitlements, at www.apa.com.au.

See Sections 9.3 and 9.15 for information on restrictions on participation.

6.3 IF YOU WISH TO TAKE UP ALL OF OR PART OF YOUR ENTITLEMENT

If you wish to take up your Entitlement in full or in part, there are three different ways you can submit your Application and Application Monies.

a) Participation in the Initial Allotment via your broker

If you are CHESS sponsored and have a Holder Identification Number (HIN), you may participate in the Initial Allotment via your broker. If you are eligible to participate through your broker, instructions on how to apply and pay for your Entitlement will be provided by your broker.

If you choose to pay in this way, you are not required to submit the Entitlement and Acceptance Form but will be taken to make the statements on that form and the declarations set out in Section 6.8 when you communicate your acceptance to your broker.

b) Apply online and pay via BPAY

To apply and pay via BPAY, you should:

- read this Retail Offer Booklet and the Entitlement and Acceptance Form in their entirety and seek appropriate professional advice if necessary. If you have not yet received your Entitlement and Acceptance Form, you can view your Entitlement online at www.apa.com.au; and
- make your payment of the amount of the full Application Monies via BPAY for the number of New Securities you wish to apply for (being the Issue Price of \$6.60 per New Security multiplied by the number of New Securities you are applying for).

If you submit your payment via BPAY so that funds are received by no later than 5.00pm (Sydney time) on 19 December 2014 your New Securities will be allotted to you on 23 December 2014 (that is, at the same time as New Securities are allotted under the Institutional Entitlement Offer).

6 HOW TO APPLY CONTINUED

If you apply online and submit your payment via BPAY so that funds are received by no later than 5.00pm (Sydney time) on 15 January 2015 your New Securities will be allotted on 28 January 2015.

You can only make a payment via BPAY if you are the holder of an account with an Australian financial institution. In making your BPAY payment, you will need to refer to your BPAY customer reference number set out on your personalised Entitlement and Acceptance Form and made available via the offer website at www.apa.com.au.

If you choose to pay via BPAY you are not required to submit the Entitlement and Acceptance Form but are taken to make the statements on that form and declarations set out in Section 6.8.

You will need to ensure that your payment of the Application Monies is received by 5.00pm (Sydney time) on the Final Retail Closing Date, being 15 January 2015. Your payment of the Application Monies will not be accepted if it is received after the Final Retail Closing Date and no New Securities will be issued to you in respect of that Application and your Application Monies submitted will be refunded (without interest).

You should be aware that your financial institution may implement earlier cut off times for electronic payment and you should take this into consideration when making your payment. Please note that the maximum amount that can be received by BPAY is \$1 million. You may also have your own limit on the amount that can be paid via BPAY. It is your responsibility to check that the amount you wish to pay via BPAY does not exceed your limit.

If you have multiple holdings you will have multiple BPAY customer reference numbers provided on each of your personalised Entitlement and Acceptance Form. To ensure you successfully take up your Entitlement in respect of each holding, you must use the customer reference number shown on each personalised Entitlement and Acceptance Form when paying for any New Securities that you wish to apply for in respect of those holdings.

APA will treat you as applying for such whole number of New Securities as your BPAY payment will pay for up to your Entitlement. Any Application Monies received in excess of your final allocation of New Securities will be refunded (without interest).

c) **Submit your completed Entitlement and Acceptance Form together with cheque, bank draft or money order for all Application Monies**

To apply and pay by cheque, bank draft or money order, you should:

- read this Retail Offer Booklet and the Entitlement and Acceptance Form in their entirety and seek appropriate professional advice if necessary;
- complete the personalised Entitlement and Acceptance Form accompanying this Retail Offer Booklet in accordance with the instructions set out on that form, and indicate the number of New Securities you wish to apply for; and
- return the form to the Registry (address details below) together with a cheque, bank draft or money order which must be:
 - for an amount equal to the full Application Monies (being the Issue Price of \$6.60 multiplied by the number of New Securities you are applying for);
 - in Australian currency drawn on an Australian branch of a financial institution; and
 - made payable to 'APA Entitlement Offer' and crossed 'Not Negotiable'.

You should ensure that sufficient funds are held in any relevant account(s) to cover the full Application Monies.

If you pay your Application Monies by cheque, bank draft or money order you will not have the opportunity to be allotted New Securities at the same time as Eligible Institutional Securityholders under the Institutional Entitlement Offer on the Initial Allotment.

Cash payments will not be accepted. Receipts for payment will not be issued.

You need to ensure that your completed Entitlement and Acceptance Form and cheque, bank draft or money order reach the Registry by 5.00pm (Sydney time) on the Final Retail Closing Date, being 15 January 2015, at one of the following addresses:

MAILING ADDRESS

APA Group

c/- Link Market Services Limited
GPO Box 3560
Sydney NSW 2001

OR

HAND DELIVERY ADDRESSES

APA Group

c/- Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138

6 HOW TO APPLY CONTINUED

Entitlement and Acceptance Forms (and payments for Application Monies) will not be accepted after the Final Retail Closing Date and no New Securities will be issued to you in respect of that Application (and your Application Monies submitted will be refunded as soon as practicable without interest).

Entitlement and Acceptance Forms (and payments for any Application Monies) will not be accepted at APA's registered or corporate offices, or other offices of the Registry.

For the convenience of Eligible Retail Securityholders, an Australian reply paid envelope addressed to the Registry has been enclosed with this Retail Offer Booklet.

Note that if you have more than one holding of Existing Securities, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding. A separate Entitlement and Acceptance Form and payment of Application Monies must be completed for each separate Entitlement you hold.

If the amount of Application Monies received is insufficient to pay in full for the number of New Securities you applied for, APA will treat you as applying for such lower whole number of New Securities as is covered in full by your Application Monies received or, alternatively, your Application will not be accepted.

If the amount of Application Monies received is greater than the number of New Securities that you indicate on your Entitlement and Acceptance Form that you wish to apply for, APA will treat you as applying for such whole number of New Securities as is covered in full by your Application Monies up to your Entitlement.

Any Application Monies received in excess of your final allocation of New Securities will be refunded (without interest).

6.4 ALLOCATION POLICY

All Eligible Retail Securityholders will be allocated New Securities applied for up to their Entitlement. The allocation of New Securities under the Retail Bookbuild will be determined by the Underwriters in consultation with APA.

Eligible Retail Securityholders may not apply for additional New Securities in excess of their Entitlement.

6.5 APPLICATION MONIES

Application Monies will be held by APA for the benefit of applicants until the New Securities are issued or, if the New Securities are not issued, until the Application Monies are returned to the applicants.

Interest earned on the Application Monies will be for the benefit of, and will remain the property of, APA and will be retained by APA whether or not the allotment and issue of New Securities takes place.

If the New Securities are not issued, all Application Monies will be refunded as soon as practicable, without interest, and Entitlements will cease to have any value.

6.6 IF YOU WISH TO DO NOTHING

If you are an Eligible Retail Securityholder and you do nothing, then New Securities representing your Entitlement will be offered for sale under the Retail Bookbuild (refer to Section 5.2(d)).

6.7 INELIGIBLE RETAIL SECURITYHOLDERS

APA has decided that it is unreasonable to make offers under the Retail Entitlement Offer to holders of Existing Securities who have registered addresses outside Australia and New Zealand, having regard to the number of such holders in those places and the number and value of the New Securities that they would be offered and the cost of complying with the relevant legal and regulatory requirements in those places. The Retail Entitlement Offer is not being made in the United States or to any person acting for the account or benefit of persons in the United States.

As noted above, New Securities attributable to Entitlements that would have been offered to Ineligible Retail Securityholders if they had been eligible to participate in the Retail Entitlement Offer will be offered for sale under the Retail Bookbuild, further details of which are set out in Section 5.2(d).

6.8 ELIGIBLE RETAIL SECURITYHOLDER DECLARATIONS

By returning a completed Entitlement and Acceptance Form or paying any Application Monies for New Securities via BPAY, you will be deemed to have made the following declarations to APA – namely, that you:

- acknowledge that you have read this Retail Offer Booklet and the accompanying Entitlement and Acceptance Form in their entirety;
- agree to be bound by the terms of the Retail Entitlement Offer;
- authorise APA to register you as the holder of the New Securities allotted to you;
- declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- declare you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;
- acknowledge that once APA receives the Entitlement and Acceptance Form or any payment of Application Monies via BPAY, you may not withdraw it;
- agree to apply for the number of New Securities specified in the Entitlement and Acceptance Form, or for which you have submitted payment of any Application Monies via BPAY, at the Issue Price per New Security;
- agree to be issued the number of New Securities that you apply for;
- authorise APA, the Underwriters, the Registry and their respective officers or agents to do anything on your behalf necessary for the New Securities to be issued to you, including to act on instructions of the Registry upon using the contact details set out in the Entitlement and Acceptance Form;
- declare that you are the current registered holder of Existing Securities and are a resident of Australia or New Zealand;

6 HOW TO APPLY CONTINUED

- acknowledge that the information contained in this Retail Offer Booklet and the Entitlement and Acceptance Form is not investment advice nor a recommendation that New Securities are suitable for you given your investment objectives, financial situation or particular needs, and is not a prospectus, does not contain all of the information that you may require in order to assess an investment in APA and is given in the context of APA's past and ongoing continuous disclosure announcements to ASX;
- represent and warrant that the law of any other place does not prohibit you from being given this Retail Offer Booklet and the Entitlement and Acceptance Form, nor does it prohibit you from making an Application for New Securities;
- acknowledge the statement of risks in the 'Key Risks' set out in the Investor Presentation, and that investments in APA are subject to investment risk;
- acknowledge that none of APA, the Underwriters, their respective related bodies corporate and affiliates and their respective directors, officers, employees, agents consultants or advisors guarantees the performance of APA, nor do they guarantee the repayment of capital;
- represent and warrant (for the benefit of APA, the Underwriters and their respective related bodies corporate and affiliates) that you did not receive an invitation to participate in the Institutional Entitlement Offer either directly or through a nominee, are not an Ineligible Institutional Securityholder and are otherwise eligible to participate in the Retail Entitlement Offer;
- acknowledge that the Entitlements and the New Securities have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdictions of the United States, or in any other jurisdiction outside Australia and New Zealand and, accordingly, the Entitlements may not be taken up by persons in the United States or by any person acting for the account or benefit of a person in the United States, and the New Securities may not be offered, sold or resold in the United States or to any person acting for the account or benefit of a person in the United States, unless such Entitlements or New Securities have been registered under the US Securities Act or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and the applicable securities laws of any state or other jurisdiction in the United States;
- are purchasing New Securities outside the United States in an "offshore transaction" (as defined in Rule 902(h) under the Securities Act) in reliance on Regulation S under the Securities Act;
- represent and warrant that you are not in the United States and are not acting for the account or benefit of a person in the United States;
- agree not to send this Retail Offer Booklet, the Entitlement and Acceptance Form or any other material relating to the Entitlement Offer to any person in the United States or any person acting for the account or benefit of a person in the United States;
- agree that if in the future you decide to sell or otherwise transfer the New Securities you will only do so in "regular way" transactions on ASX where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been pre arranged with, or that the purchaser is, in the United States or acting for the account or benefit of a person in the United States;
- if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form is resident in Australia or New Zealand and is not in the United States and is not acting for the account or benefit of a person in the United States, and you have not sent and will not send, the Retail Offer Booklet, the Entitlement and Acceptance Form or any information related to the Entitlement Offer to any such person; and
- agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Retail Entitlement Offer and of your holding of Securities on the Record Date.

6.9 ENQUIRIES

This Retail Offer Booklet and the accompanying personalised Entitlement and Acceptance Form contain important information about the Retail Entitlement Offer and require your immediate attention. You should read them carefully and in their entirety before deciding whether or not to participate in the Retail Entitlement Offer.

If you are in doubt as to the course you should follow, you should consult your stockbroker, accountant or other independent professional adviser before deciding whether to take up your Entitlement.

If have questions on how to complete the Entitlement and Acceptance Form or take up your Entitlement; or

- have questions in relation to the Existing Securities upon which your Entitlement has been calculated;
- have questions on how to complete the Entitlement and Acceptance Form or take up your Entitlement; or
- have lost your Entitlement and Acceptance Form and would like a replacement form,

please call the APA Securityholder Information Line on 1800 992 312 (toll free within Australia) or +61 1800 992 312 (from outside Australia) from 8.30am to 5.30pm (Sydney time) Monday to Friday (excluding public holidays) during the Retail Entitlement Offer Period.

7.1 AUSTRALIAN TAX CONSIDERATIONS FOR AUSTRALIAN AND NEW ZEALAND RESIDENT INVESTORS

a) General

Set out below is a general summary of the Australian income tax, goods and services tax (**GST**) and stamp duty implications of the Retail Entitlement Offer for Eligible Retail Securityholders.

Neither APA nor any of its officers or employees, nor its taxation or other advisers, accepts any liability or responsibility in respect of any statement concerning taxation consequences, or in respect of the taxation consequences.

The comments in this section deal only with the Australian taxation implications of the Retail Entitlement Offer if you:

- are a resident for Australian or New Zealand income tax purposes; and
- hold your Existing Securities on capital account.

The comments do not apply to you if you:

- are not a resident for Australian or New Zealand income tax purposes; or
- hold your Existing Securities as revenue assets or trading stock (which will generally be the case if you are a bank, insurance company or carry on a business of share trading); or
- are a resident for New Zealand income tax purposes but you have a permanent establishment in Australia; or
- are subject to the Taxation of Financial Arrangement (**TOFA**) provisions contained in Division 230 of the Income Tax Assessment Act 1997; or
- acquired your Existing Securities in respect of which the Entitlements are issued under any employee share scheme or where the New Securities are acquired pursuant to any employee share scheme.

This taxation summary is necessarily general in nature and is based on the Australian tax legislation and administrative practice in force as at the date of this Retail Offer Booklet. It does not take into account any financial objectives, tax positions or investment needs of Eligible Retail Securityholders. As the taxation implications of the Retail Entitlement Offer will vary depending upon your particular circumstances, you should seek and rely upon your own professional tax advice before concluding on the particular taxation treatment that will apply to you.

In this section, we have referred to the following securities, which are stapled to form the Existing Securities, as ‘constituent securities’:

- i) a unit in APT; and
- ii) a unit in APTIT.

b) Issue of Entitlements

The issue of an Entitlement should be treated for Australian income tax purposes as an issue of two separate rights to acquire a new security in respect of each of the constituent securities. For the purposes of this summary, these rights are collectively referred to as the Entitlement.

The issue of the Entitlement should not, of itself, result in any amount being included in your assessable income.

c) Expiration or lapse of Entitlements

The Entitlements of Eligible Retail Securityholders who do not take up their Entitlement to acquire New Securities will lapse. Eligible Retail Securityholders may receive proceeds in respect of the lapsing of the Entitlement as set out below.

The Underwriters will subscribe, or procure subscriptions, for New Securities equal to the amount of Securities not taken up under lapsed Entitlements under the Retail Bookbuild process. Where the price under the Retail Bookbuild exceeds the Offer Price, the excess over the Offer Price (net of any withholding tax) (**Retail Premium**) will be remitted to Eligible Retail Securityholders whose Entitlements have lapsed.

i) APT units

The following discussion is relevant with respect to the proportion of the proceeds attributable to the Entitlement to subscribe for units in APT.

The Commissioner of Taxation (**Commissioner**) has released Taxation Ruling TR 2012/1 “Retail Premiums paid to shareholders where share entitlements are not taken up or are not available” which sets out the Commissioner’s view as to how retail premiums should be taxed. In TR 2012/1 the Commissioner expresses his view that, in certain circumstances, retail premiums paid to shareholders are assessable as either an unfranked dividend or as ordinary income. You need to be aware that the Commissioner may seek to apply the tax treatment specified in TR 2012/1 to any Retail Premium attributable to the Entitlement to subscribe for units in APT, because APT is a public trading trust that is a head entity of a tax consolidated group, so it is effectively treated as a company for income tax purposes and securityholders are treated as shareholders for tax purposes.

In TR 2012/1, the Commissioner expresses an alternative view that, in certain circumstances, retail premiums form capital proceeds. If the alternative view were adopted, the following income tax implications are relevant:

- Australian resident Eligible Retail Securityholders who do not take up their Entitlement in full should derive a capital gain for CGT purposes equal to the amount of the Retail Premium received (assuming no eligible incidental costs are incurred);
- Australian resident Eligible Retail Securityholders who do not take up their Entitlement in full and who are individuals, complying superannuation entities or trustees that have held their Existing Securities for at least 12 months prior to the date their Entitlement were issued should be entitled to the CGT discount in respect of any capital gain resulting from the Retail Premium received (after the application of any current year or carry forward capital losses); and
- New Zealand resident Eligible Retail Securityholders who do not take up their Entitlements in full should be entitled to disregard any capital gain that arises provided certain conditions are met – see Section 7.1(f) for further details.

The Commissioner does not support the alternative view in TR 2012/1.

ii) APTIT units

With respect to the proportion of the Retail Premium attributable to the Entitlement to subscribe for units in APTIT, different consequences may arise as securityholders hold units in a managed investment trust and are not treated as shareholders in a company. The receipt of such proceeds may be considered proceeds in respect of a CGT event for Eligible Retail Securityholders. If CGT treatment applies, Eligible Retail Securityholders would make a capital gain if the proceeds received exceed their incidental costs associated with the Entitlements. For the purposes of applying the CGT discount rules to this amount, Eligible Retail Securityholders should be considered to have acquired their Entitlements on the date they acquired their original units in APTIT.

Consequently, Australian resident Eligible Retail Securityholders who are individuals, complying superannuation entities or trusts should be eligible to apply the CGT discount where the original securities have been held for at least 12 months.

New Zealand resident Eligible Retail Securityholders should be entitled to disregard any capital gain provided certain conditions are met – see Section 7.1(f) for further details.

Whilst TR 2012/1 strictly does not apply to this situation, it is possible that the Commissioner would reach similar conclusions to those reached with respect to the lapse of entitlements to shares in a company so that the Retail Premium is treated as ordinary income but not as an unfranked dividend.

iii) Summary of outcome

Given the uncertainty surrounding the tax treatment of retail premiums, APA recommends that you seek your own tax advice in relation to any renounced Entitlement.

APA will withhold tax from Retail Premiums paid to Australian resident Eligible Retail Securityholders in respect of each Entitlement unless you provide your TFN or ABN to APA prior to the close of the Retail Entitlement Offer or you have previously provided it to APA. If you do not provide your TFN or ABN, tax will be withheld at the rate of 49%.

APA will withhold tax from Retail Premiums paid to New Zealand resident Eligible Retail Securityholders as follows:

- In relation to the proportion of the Retail Premium attributable to the Entitlement to subscribe for units in APT, APA will treat this as an unfranked dividend and will deduct dividend withholding tax.
- The proportion of the Retail Premium attributable to the Entitlement to subscribe for units in APTIT is not an unfranked dividend and no withholding tax will be deducted.

d) Exercise of Retail Entitlements

No income tax or capital gains tax liability will arise for you on the exercise (i.e. taking up) of your Entitlements.

If you take up all or part of your Entitlements, you will acquire New Securities. Each New Security acquired upon exercising an Entitlement will comprise two separate capital gains tax (CGT) assets, being a unit in APT and a unit in APTIT. Eligible Retail Securityholders that acquire New Securities will need to determine their cost base for each of these CGT assets on the basis of a reasonable apportionment of the Issue Price payable for each New Security (plus a reasonable apportionment of any non-deductible incidental costs incurred in acquiring them).

New Securities will be taken to have been acquired on the day you exercise the Entitlement.

e) Distributions on New Securities as a result of Entitlements taken up

Any future distributions made in respect of New Securities will be subject to the same income taxation treatment as distributions made in respect of Existing Securities held in the same circumstances.

f) Disposal of New Securities

i) Australian resident securityholders

The disposal of a New Security will constitute a disposal for CGT purposes of each constituent security.

On any future disposal of New Securities, Eligible Retail Securityholders may make a capital gain or capital loss, depending on whether the capital proceeds of that disposal are more than the cost base or less than the reduced cost base of the New Securities. The cost base of each constituent security is determined as described above in Section 7.1(d). Specifically, the cost base in APTIT units will be reduced by prior non-assessable distributions received by Eligible Retail Securityholders. New Securities will be treated for the purposes of the CGT discount as having been acquired when the Eligible Retail Securityholder exercised the Entitlement. Accordingly, in order to benefit from the CGT discount in respect of a disposal of those New Securities, they must have been held for at least 12 months after the date of exercise before the disposal occurs.

On disposal of a New Security, you will make a capital gain if the capital proceeds on disposal exceed the total cost base of the New Security. You will make a capital loss if the capital proceeds are less than the total reduced cost base of the New Security. The cost base of New Securities is described above in Section 7.1(d).

Individuals, trustees or complying superannuation entities that have held New Securities for 12 months or more at the time of disposal should be entitled to apply the applicable CGT discount factor to reduce the capital gain (after offsetting capital losses). The CGT discount factor is 50% for individuals and trustees and 33 1/3% for complying superannuation entities.

If you make a capital loss, you can only use that loss to offset other capital gains from other sources; i.e. the capital loss cannot be used against taxable income on revenue account. However, if the capital loss cannot be used in a particular income year it can be carried forward to use in future income years, providing certain tests are satisfied.

ii) New Zealand resident securityholders

New Zealand resident Eligible Retail Securityholders will not be subject to Australian income tax on any capital gain provided their securityholding represents less than 10% of the total APA Group Securities on issue or, if their securityholding is 10% or more, the Securities do not constitute taxable Australian real property as defined in Subdivision 855-A of the Income Tax Assessment Act 1997.

g) Taxation of Financial Agreements (TOFA)

The TOFA provisions operate to make assessable, or deductible, gains or losses arising from certain “financial arrangements” (importantly, the CGT discount is not available for any gain that is subject to the TOFA provisions).

The TOFA provisions should not generally apply on a mandatory basis for the following taxpayers:

- Individuals;
- Superannuation funds and “managed investment schemes” if the value of their assets is less than A\$100 million; or
- Other taxpayers whose aggregated turnover (having regard to the turnover of connected entities or affiliates) is less than A\$100 million, the value of their assets is less than A\$300 million, and the value of their financial assets is less than A\$100 million.

Taxpayers who are not automatically subject to TOFA can elect to be subject to TOFA on a voluntary basis.

Securityholders who are subject to TOFA should obtain their own tax advice as the precise implications under TOFA (if any) will depend on their facts and circumstances and in particular what elections they may have made.

h) Other Australian Taxes

No GST or stamp duty will be payable by you in respect of the issue or exercise of Entitlements or the acquisition of New Securities. No GST or stamp duty will be payable in respect of the receipt of any payment as a result of allowing the Entitlements to lapse.

7.2 NEW ZEALAND TAX CONSIDERATIONS FOR NEW ZEALAND RESIDENT SECURITYHOLDERS

a) General

Set out below is a summary of the New Zealand tax implications of the Retail Entitlement Offer for Eligible Retail Securityholders who are residents of New Zealand for tax purposes and who hold their Securities on capital account.

The summary below does not deal with the tax implications for Eligible Retail Securityholders who are not residents of New Zealand for tax purposes, or who hold their Securities as revenue account assets or trading stock (such as banks, insurance companies and taxpayers carrying on a business of share trading) or whose Securities were acquired under an employee share plan. It is intended as a general guide only and is not an authoritative or complete statement of all potential tax implications for each Eligible Retail Securityholder.

Taxation is a complex area of law and the taxation consequences for each individual Eligible Retail Securityholder may differ depending on their own particular circumstances. Accordingly, Eligible Retail Securityholders should seek specific advice applicable to their own particular circumstances from their own financial or tax advisers.

The summary below is based on the law in effect as at the date of this Retail Offer Booklet.

b) Issue of Entitlements

The issue of the Entitlements should not itself result in any amount being included in the assessable income of an Eligible Retail Securityholder.

c) Entitlements not taken up - the Retail Bookbuild process

Eligible Retail Securityholders who choose not to take up some or all of their Entitlement may receive proceeds in respect of the lapsing of Entitlements as described in Section 7.1(c). The receipt of a Retail Premium by an Eligible Retail Securityholder should not give rise to assessable dividend income or any other form of assessable income for the Eligible Retail Securityholder.

In the event that no Retail Premium is paid to an Eligible Retail Securityholder as a result of the lapsing of their Entitlements, no New Zealand income tax consequences should arise to New Zealand resident Eligible Retail Securityholders.

d) Exercise of Entitlements

Eligible Retail Securityholders who exercise their Entitlements will be allocated New Securities. The exercise of Entitlements and subsequent allocation of New Securities should not, in itself, result in any assessable income being derived by Eligible Retail Securityholders.

e) New Securities

Eligible Retail Securityholders who exercise their Entitlements will acquire New Securities. These New Securities will be subject to the same income tax treatment as Existing Securities held in the same circumstances under New Zealand’s Foreign Investment Fund (FIF) rules.

Generally, the Fair Dividend Rate (FDR) method should apply to foreign investments such as the New Securities, under which Eligible Retail Securityholders would be taxed on deemed income equal to 5% of the market value of their investment at the beginning of each income year. Where Eligible Retail Securityholders are individuals or certain family trusts they may elect instead for the New Securities and Existing Securities (together with all other qualifying investments) to be taxed on the movement in value over a year and including dividend receipts.

Under the FDR method, if an Eligible Retail Securityholder disposes of New Securities in the same income tax year as the New Securities are acquired, a specific “quick sale” adjustment would apply to calculate a taxable gain arising under specific methodology.

As the tax treatment of the New Securities will depend on each investor’s specific circumstances, including the possible application of de minimus exemptions, Eligible Retail Securityholders who are New Zealand tax resident should seek independent advice on how the FIF rules will apply to their investment.

f) Taxation of Financial Arrangements

The New Zealand financial arrangement rules will not apply to the Entitlements as a share, or option to acquire a share, is an excepted financial arrangement for the purposes of New Zealand’s income tax legislation.

g) Other New Zealand Taxes

No New Zealand Goods and Services Tax (GST) should be payable in respect of the grant or exercise of the Entitlements or the acquisition of New Securities. New Zealand does not have a stamp duty or general capital gains tax.



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ASX ANNOUNCEMENT AND INVESTOR PRESENTATION

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 ANNOUNCEMENT

10 December 2014

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

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

**APA expands its east coast pipeline network with
Queensland Curtis LNG (QCLNG) Pipeline acquisition
Announces A\$1,839 million 1 for 3 pro rata accelerated entitlement offer**

APA Group (ASX: APA), Australia's largest gas infrastructure business, has today announced it has entered into an agreement to acquire the QCLNG pipeline for US\$5,000 million. The QCLNG pipeline is a key component of the QCLNG Project, linking gas fields in the Surat Basin to the Project's LNG plant on Curtis Island. Under gas transportation agreements, QCLNG pipeline revenues are fully contracted with BG Group entities and a China National Offshore Oil Corporation (**CNOOC**) owned entity on a 20 year take-or-pay basis¹ with primary tariff components escalated annually at US CPI. The acquisition represents a FY2016 EV/EBITDA multiple of approximately 13 times and is operating cash flow per security accretive, in the order of 10%, from the first full year of ownership.

APA intends to raise A\$1,839 million through a fully underwritten pro-rata accelerated entitlement offer to partly fund the acquisition. The balance of the consideration will be funded from a US\$4,100 million syndicated bank bridge debt facility. Following the acquisition, APA expects to maintain its current credit ratings.

APA Managing Director, Mick McCormack said, "The acquisition of the QCLNG pipeline further enhances APA's position as Australia's largest owner of gas transmission pipelines and builds on APA's strategy of expanding its revenue base and east coast grid."

HIGHLIGHTS

QCLNG Pipeline Acquisition

- APA has entered into a binding Sale and Purchase Agreement (**SPA**) with a member of the BG Group (**BG Group**) to acquire the QCLNG pipeline through the acquisition of the shares in QCLNG Pipeline Pty Ltd (**PipeCo**) for US\$5,000 million (equivalent to A\$6,049 million²).
- The acquisition represents a FY2016 EV/EBITDA multiple of approximately 13 times and is operating cash flow per security accretive, in the order of 10%, from the first full year of ownership.
- For the first full financial year ending 30 June 2016, the QCLNG pipeline is expected to:
 - contribute additional EBITDA of US\$383 million (equivalent to A\$464 million); and
 - contribute additional operating cash flow of approximately US\$200 million to US\$221 million (equivalent to A\$242 million to A\$267 million).

¹ The development capex recovery charges are payable irrespective of volume transported whilst volume-related operating charges are passed through to the shippers.

² Excludes estimated A\$144 million of stamp duty and an estimated A\$111 million in other transaction costs. All conversions are based on AUD/USD exchange rate of 0.8267 as at 12.00pm 9 December 2014.

8.1 ASX ANNOUNCEMENT CONTINUED

- Revenues are fully contracted through long-term take-or-pay contracts, denominated in US dollars, with the primary tariff components escalated at US CPI.
- The acquisition builds on APA's strategy of expanding its revenue base and the east coast grid, delivers a significant annual EBITDA increase and strengthens APA's contracted revenue profile through 20 year take-or-pay contracts.

Capital raising

- Fully underwritten 1 for 3 accelerated renounceable entitlement offer to raise gross proceeds of approximately A\$1,839 million.
- Offer price of A\$6.60 per new stapled security

Discounts relative to Closing Price		Discounts relative to TERP	
Last Closing Price 9 December 2014	Dividend Adjusted ("ex") Last Closing Price ³	TERP ⁴	Dividend Adjusted ("ex") TERP ⁵
\$7.970	\$7.795	\$7.627	\$7.496
17.19%	15.33%	13.47%	11.96%

- Institutional Entitlement Offer is accelerated.
- At the time of allotment, new stapled securities issued under the Entitlement Offer will rank pari passu with existing APA stapled securities (note the new stapled securities will not be entitled to the FY2015 interim distribution).

Reconfirmation of FY2015 guidance

- APA reconfirms stand alone (pre-acquisition) guidance for FY2015. Excluding the impact of the acquisition, statutory EBITDA is expected to be within a range of A\$1,170 million to A\$1,190 million (inclusive of the accounting gain on the sale of APA's holding in Envestra). Normalised continuing business EBITDA, excluding the impact of the acquisition, is expected to be within a range of A\$740 million to A\$760 million.⁶

QCLNG Project

The QCLNG Project is an integrated project to convert gas to LNG and will convert gas supplied from the Surat Basin to LNG at facilities located on Curtis Island. The project comprises two QCLNG trains with a combined nameplate capacity of 8.5mtpa supported by binding 20 year off-take agreements with a BG Group entity, CNOOC and Tokyo Gas⁷. The QCLNG pipeline is a key component of the QCLNG Project and benefits from 20 year take-or-pay gas transportation agreements with a BG Group entity and CNOOC owned entities to commence from QCLNG Train 1 first commercial delivery date (**FCDD**), with primary tariff components escalated annually at US CPI.

QCLNG Pipeline

The QCLNG pipeline is an operational 42 inch pipeline transporting gas from various gas fields in the Surat Basin to the QCLNG LNG export facility at Gladstone. It consists of 543 kilometres of transmission pipeline, 3 laterals, interconnections with the APLNG and GLNG transmission pipelines, interconnections with APA's east coast grid and supporting infrastructure associated with the operation

³ Calculated as APA's closing price of A\$7.97 on 9 December 2014 less the FY15 interim distribution of 17.5 cents per security to reflect the fact that New Securities will not be entitled to receive this distribution.

⁴ The TERP is a theoretical price at which APA stapled securities trade immediately after the ex-date for the Entitlement Offer assuming 100% take-up of the Entitlement Offer. The TERP is a theoretical calculation only and the actual price at which APA stapled securities trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP is calculated by reference to APA's closing price of \$7.97 on 9 December 2014.

⁵ Dividend Adjusted TERP is calculated by reference to APA's closing price of \$7.97 on 9 December 2014 less the FY15 interim distribution of 17.5 cents per security to reflect the fact that New Securities will not be entitled to receive this distribution.

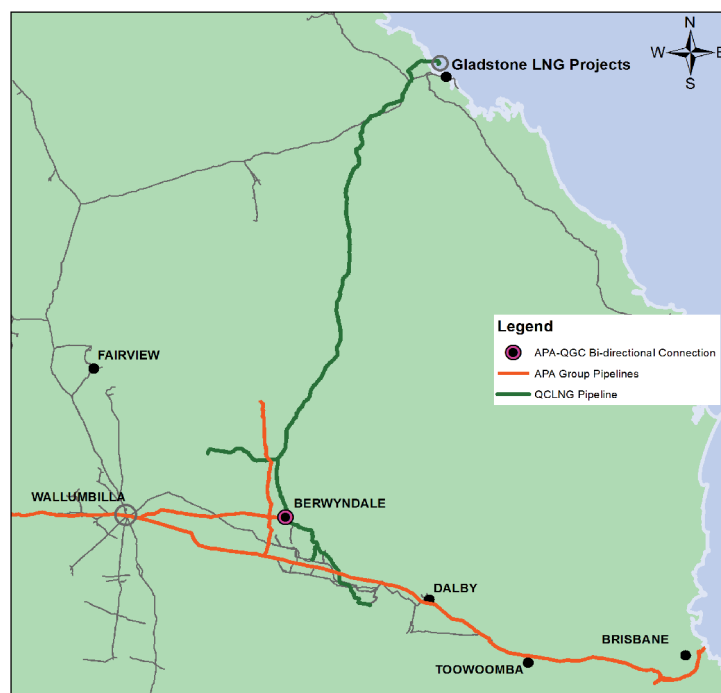
⁶ Excludes one-off significant items, reflecting APA's core earnings from operations.

⁷ Source: BG Group.

8.1 ASX ANNOUNCEMENT CONTINUED

of the asset. Construction of the pipeline commenced in early 2011 with construction completed and first gas delivered to Curtis Island in December 2013. The pipeline is now operational.

Location of QCLNG Pipeline



The acquisition follows a detailed due diligence process by APA. QGC Pty Ltd (a BG Group entity) will operate the pipeline under an agreement with an initial term of 3 years that PipeCo may extend at its option for rolling 3 year terms up to the end of the 20 year initial term of the GTAs. APA has the option to take over operations of the pipeline after 12 months following the acquisition (subject to consent requirements from the relevant shippers, not to be unreasonably withheld).

Managing Director, Mick McCormack said the acquisition is closely aligned with APA's strategy and business model.

"The acquisition of the QCLNG pipeline allows APA to obtain exposure to the globally-significant east coast LNG sector and expands APA's contracted revenue base with revenue from highly creditworthy counterparties under 20 year take-or-pay contracts."

"The QCLNG pipeline satisfies APA's key investment criteria. It has an appropriate investment risk profile, is operating cash flow per security accretive in the first full year of ownership and our approach to acquisition funding is expected to maintain APA's current credit ratings."

The acquisition price of US\$5,000 million represents a FY2016 EV/EBITDA multiple of approximately 13 times.

Completion under the Sale and Purchase Agreement is subject to two conditions precedent to be satisfied by the Longstop Date⁸, namely that FCDD for QCLNG Train 1 has occurred and that CNOOC

⁸ The Longstop Date for satisfaction of the conditions precedent is 30 April 2015, subject to the right of either party to extend that date to 15 June 2015.

shipper consent to the change of control of PipeCo has been obtained. Financial close is expected in early Q2 2015.

FUNDING

The acquisition consideration of US\$5,211 million (equivalent A\$6,304 million)⁹ will be funded through a combination of debt and equity. APA will determine, at the time of financial close, the appropriate split between AUD equity converted to USD and funds drawn from its USD syndicated debt facility to complete the acquisition.

The equity component is structured as a fully underwritten 1 for 3 accelerated renounceable entitlement offer to raise A\$1,839 million. The balance of the consideration will be funded from the fully committed 2-year acquisition bridge facility (intended to be refinanced progressively in the US dollar denominated bank or bond markets).

APA has engaged with both of its ratings agencies and expects to maintain its credit ratings upon completion of funding the acquisition.

RECONFIRMATION OF FY2015 GUIDANCE

APA standalone (pre-acquisition) guidance for EBITDA and net interest cost for FY 2015 is unchanged:

- Statutory EBITDA is expected within a range of A\$1,170 million to A\$1,190 million;¹⁰
- Normalised continuing business EBITDA is expected within a range of A\$740 million to A\$760 million; and
- Net interest is cost expected within a range of A\$315 million to A\$325 million.

In addition for FY 2015, the acquisition of the QCLNG pipeline is expected to generate¹¹:

- Additional EBITDA within a range of A\$78 million to A\$118 million; and
- Additional net interest costs within a range of A\$13 million and A\$29 million.

For the first full financial year ending 30 June 2016, the QCLNG pipeline is expected to:

- Contribute additional EBITDA of US\$383 million (equivalent to A\$464 million); and
- Contribute additional operating cash flow of approximately US\$200 million to US\$221 million (equivalent to A\$242 million to A\$267 million) after payment of interest on debt associated with the acquisition.

Following the acquisition, APA's distribution policy remains unchanged, with the distribution payout ratio expected to remain at historical levels of between 60 – 70% of operating cash flow. Total distributions for FY2015 for existing securityholders are expected to be at least equal to FY2014 total distributions per security of 36.25 cents for all existing securities. New securityholders under the Entitlement Offer are not eligible for the FY2015 interim distribution for the half year ended December 2014. Interim distributions for the half year ended December 2014 are expected to be 17.5 cents per security. Final distributions for the half year ended June 2015 for new securityholders are expected to be at least equal to 18.75 cents per security.

⁹ Inclusive of costs.

¹⁰ Statutory EBITDA includes A\$430 million in estimated pre-tax profit from the sale of APA's stake in Australian Gas Networks (formerly, Envestra).

¹¹ QCLNG pipeline acquisition metrics are in addition to APA standalone. Range is based on assumed Financial Close of 1 April 2015 to 30 April 2015.

DETAILS OF THE ENTITLEMENT OFFER

The Entitlement Offer comprises an accelerated institutional entitlement offer and a retail entitlement offer.

Under the Entitlement Offer, eligible securityholders are invited to subscribe for 1 new APA stapled securities (**New Securities**) for every 3 existing APA stapled security (**Entitlement**) held as at 7.00pm (Sydney time) on Monday, 15 December 2014 (**Record Date**).

At the time of allotment, New Securities issued under the Entitlement Offer will rank pari passu with existing securities, but will not be entitled to the 2015 interim distribution of 17.5 cents per stapled security announced on 10 December 2014.

Institutional Entitlement Offer

The institutional entitlement offer will take place from Wednesday, 10 December 2014 to Thursday, 11 December 2014 (**Institutional Entitlement Offer**). Eligible institutional securityholders will be invited to participate in the Institutional Entitlement Offer and can choose to take up all, part or none of their Entitlement.

Institutional Entitlements cannot be traded on the ASX. Entitlements that eligible institutional securityholders do not take up by the close of the Institutional Entitlement Offer, and Entitlements that would otherwise have been offered to ineligible institutional securityholders, will be sold through an institutional shortfall bookbuild on Friday, 12 December 2014 (**Institutional Shortfall Bookbuild**). Any proceeds from the sale of Entitlements under the Institutional Shortfall Bookbuild in excess of the offer price will be remitted proportionally to those institutional securityholders, less any applicable withholding tax. There is no guarantee that there will be any proceeds remitted to those institutional securityholders.

APA securities have been placed in trading halt and will recommence trading once the Institutional Entitlement Offer and Institutional Shortfall Bookbuild are completed.

Retail Entitlement Offer

Eligible retail securityholders will be invited to participate in the Retail Entitlement Offer at the same offer price and offer ratio as the Institutional Entitlement Offer (**Retail Entitlement Offer**). The Retail Entitlement Offer will open on Tuesday, 16 December 2014 and close at 5.00pm (Sydney time) on Thursday, 15 January 2015.

Eligible retail securityholders can choose to take up all, part or none of their Entitlement.

Entitlements which are not taken up by eligible retail securityholders by the close of the Retail Entitlement Offer and Entitlements that would otherwise have been offered to ineligible retail securityholders will be sold through the retail shortfall bookbuild on Tuesday, 20 January 2015 (**Retail Shortfall Bookbuild**). Any proceeds from the sale of Entitlements under the Retail Shortfall Bookbuild in excess of the offer price will be remitted proportionally to those retail securityholders, less any applicable withholding tax. There is no guarantee that there will be any proceeds remitted to those retail securityholders.

Eligible retail securityholders wishing to participate in the Retail Entitlement Offer should carefully read the retail offer booklet and accompanying personalised entitlement and acceptance form which are expected to be despatched on Wednesday, 17 December 2014. Copies of the retail offer booklet will be available on the ASX website (www.asx.com.au) from Monday, 15 December 2014.

8.1 ASX ANNOUNCEMENT CONTINUED

Entitlement Offer Indicative Timetable

Institutional Entitlement Offer	Date
Announcement of Entitlement Offer and trading halt	Wednesday, 10 December 2014
Institutional Entitlement Offer	Wednesday, 10 December 2014 – Thursday, 11 December 2014
Institutional Entitlement Offer Shortfall Bookbuild	Friday, 12 December 2014
Trading halt lifted	Monday, 15 December 2014
Record date for the Entitlement Offer	7.00pm, Monday, 15 December 2014
Retail Entitlement Offer opens	Tuesday, 16 December 2014
Retail Offer Booklet despatched	Wednesday, 17 December 2014
Early Retail Acceptance Date for eligible retail securityholders	5.00pm, Friday, 19 December 2014
Settlement of the Institutional Entitlement Offer and Retail Entitlement Offer for applications which have been received by the Early Retail Acceptance Date (Initial Settlement Date)	Monday, 22 December 2014
Dividend ex-date for FY 2015 interim distribution	Monday, 22 December 2014
Initial New Securities issued under the Institutional Entitlement Offer and Retail Entitlement Offer for applications which have been received by the Early Retail Acceptance Date commence trading on ASX (Initial Allotment)	Tuesday, 23 December 2014
Despatch to securityholders of confirmation of issue for Initial Allotment	Tuesday, 23 December 2014
Retail Entitlement Offer closes (Final Retail Closing Date)	Thursday, 15 January 2015
Retail Bookbuild (after market close)	Tuesday, 20 January 2015
Settlement of remaining New Securities under Retail Entitlement Offer (Final Settlement Date)	Tuesday, 27 January 2015
Allotment of remaining New Securities under the Retail Entitlement Offer (Final Allotment)	Wednesday, 28 January 2015
Remaining New Securities issued under the Final Allotment commence trading on ASX on a normal settlement basis	Thursday, 29 January 2015
Despatch to securityholders of confirmation of issue under the Final Allotment and Retail Premium (if any)	Thursday, 29 January 2015

The above timetable is indicative only and subject to change. All dates and times are Sydney time. APA reserves the right to vary these dates or to withdraw the Entitlement Offer at any time.

Subject to the requirements of the Corporations Act, the ASX Listing Rules and any other applicable laws, APA, in consultation with the Underwriters, reserves the right to amend this timetable at any time, including extending the closing date of the Retail Entitlement Offer period or accepting late applications, either generally or in particular cases, without notice. Any extension of the closing date will have a consequential effect on the issue date of the New Securities. The commencement of quotation of New Securities is subject to confirmation from ASX.

Securityholder Enquiries

Eligible retail securityholders will be sent further details about the Entitlement Offer via a securityholder letter to be despatched on or around Wednesday, 10 December 2014 and a retail offer booklet to be lodged with ASX on Monday, 15 December 2014 and despatched on Wednesday, 16 December 2014.

Eligible retail securityholders who have questions relating to the Retail Entitlement Offer should call the **APA Securityholder Information Line** on 1800 92 312 (toll free within Australia) or +61 1800 992 312 (from outside Australia) from 8.30am to 5.30pm (Sydney time) Monday to Friday (excluding public holidays) during the Retail Entitlement Offer Period or access information about the Retail Entitlement Offer online at www.apa.com.au.

8.1 ASX ANNOUNCEMENT CONTINUED

Further information in relation to the acquisition of the QCLNG pipeline and the Entitlement Offer is set out in an investor presentation which APA has filed with the ASX today. The investor presentation contains important information including key risks, key assumptions relating to certain forward looking information in this announcement and international selling restrictions with respect to the Entitlement Offer.

Mark Knapman

Company Secretary
Australian Pipeline Limited

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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

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Acquisition of the QCLNG Pipeline and Entitlement Offer

10 December 2014

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 - Eligible retail securityholders of APA Group (**Retail Entitlement Offer**),under section 1012DAA of the *Corporations Act 2001* (Cth) (**Corporations Act**), as modified by Australian Securities and Investments Commission (**ASIC**) Class Order CO [08/35] (together, the **Entitlement Offer**).
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- Financial data:** All dollar values are in Australian dollars (A\$ or AUD) unless otherwise stated. Investors should note that this presentation contains pro forma financial information. In particular, a pro forma balance sheet has been prepared by adjusting the audited balance sheet of APA Group as at 30 June 2014 to reflect the impact of the acquisition of the QCLNG Pipeline, the Entitlement Offer and the sale of APA Group's investment in Envestra. The pro forma financial information and past information provided in this presentation is for illustrative purposes only and is not represented as being indicative of APA Group's views on its future financial condition and/or performance. Investors should also note that this presentation does not include financial statements of QCLNG Pipeline Pty Ltd (**PipeCo**). While this presentation includes a pro forma balance sheet of APA Group as at 30 June 2014 to reflect the impact of the acquisition of the QCLNG Pipeline and the Entitlement Offer, the pro forma financial information has been prepared by the APA Group in accordance with the measurement and recognition requirements, but not the disclosure requirements, of applicable accounting standards and other mandatory reporting requirements in Australia. Investors should also note that the pro forma financial information does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the United States Securities and Exchange Commission (**SEC**). Financial information for PipeCo contained in this presentation has been derived from financial statements and other financial information made available by BG Group in connection with the acquisition. Such financial information does not purport to comply with Article 3-05 of Regulation S-X. Investors should be aware that certain financial data included in this presentation are "non-GAAP financial measures" under Regulation G of the U.S. Securities Exchange Act of 1934 (as amended). These measures are EBITDA, normalised EBITDA and statutory EBITDA. The disclosure of such non-GAAP financial measures in the manner included in the presentation may not be permissible in a registration statement under the U.S. Securities Act. These non-GAAP financial measures do not have a standardized meaning prescribed by Australian Accounting Standards and therefore may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Although APA Group believes these non-GAAP financial measures provide useful information to users in measuring the financial performance and condition of its business, investors are cautioned not to place undue reliance on any non-GAAP financial measures included in this presentation.
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APA Group, December 2014

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APA Group, December 2014

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Transaction overview

Transaction summary



- APA has entered into an agreement to acquire the newly constructed QCLNG Pipeline from a BG Group entity through the acquisition of the shares in QCLNG Pipeline Pty Ltd (**PipeCo**) for US\$5,000 million¹, representing an FY16 EV / EBITDA multiple of 13.0x.
 - Operational 42 inch pipeline transporting gas from various gas fields in the Surat Basin to the QCLNG LNG export facility on Curtis Island
 - Consists of 543 kilometres of transmission pipeline, 3 laterals, interconnections with the Australia Pacific LNG and Gladstone LNG transmission pipelines, interconnection with APA's east coast grid and supporting infrastructure associated with the operation of the asset
 - Fully contracted revenue derived through long-term take-or-pay² Gas Transportation Agreements (**GTAs**) with Foundation Shippers³, servicing peak contractual MDQ⁴ of 1,510 TJ/day
- The acquisition funding has been designed to retain APA's current credit ratings⁵, through a combination of:
 - An equity raising of A\$1,839 million through a fully underwritten accelerated renounceable entitlement offer
 - A US\$4,100 million⁶ fully committed 2 year acquisition bridge facility (intended to be refinanced progressively in the USD denominated bank or bond markets)
- The acquisition follows an extensive due diligence process
- QGC Pty Ltd (**QGC**) (a BG Group entity) will operate the Pipeline under an agreement with an initial term of 3 years that PipeCo may extend at its option for rolling 3 year terms up to the end of the 20 year initial term of the GTAs. APA may assume operatorship of the Pipeline after 12 months following the acquisition⁷
- Completion is subject to a number of conditions, financial close is expected in early Q2 2015
- This acquisition builds on APA's strategy of expanding its revenue base and east coast grid, delivers significant EBITDA increase and is OCF/security accretive, in the order of 10%, for the first full year of ownership

(1) Equivalent to A\$6,049 million. Excludes estimated A\$144 million of stamp duty and an estimated A\$111 million in other transaction costs; (2) The development capex recovery charges are payable irrespective of volume transported whilst volume-related operating charges are passed through to the Shippers; (3) Foundation Shippers are entities owned by BG Group and an entity owned by China National Offshore Oil Corporation (**CNOOC**); (4) Maximum Daily Quantity; (5) A security rating is not a recommendation to buy, sell or hold securities (refer to the risks section); (6) Equivalent to A\$4,959million; (7) Subject to Shipper consent requirements, not to be unreasonably withheld. Note: All conversions are based on AUD/USD exchange rate of 0.8267 as at 12.00pm 9 December 2014.



Investment highlights

Revenue stability	- Revenues are fully contracted on a take-or-pay basis¹, calculated based on a fixed rate of return on the asset base, together with an operating cost pass-through - Acquisition price reflects the contracted tariffs under the GTAs with primary tariff components escalated at US CPI ~75% of revenue: BG Group Shipper entities backed by guarantee from BG Group's rated entity, BGEH² ~25% of revenue: CNOOC owned QCLNG Project entity
Long-term contracts	- Revenues principally derived across 3 GTAs³, each for an initial 20 year period to commence from QCLNG Train 1 first commercial delivery date (FCDD) (which is a condition to completion) 2 x 10 year options for the Shippers to extend, plus limited 1-2 year 'make-up' periods
Cost pass-through	- Operating costs are passed through to Shippers - Operated by QGC for initial 3 year term (with PipeCo option to extend for rolling 3 year terms), however APA may assume operatorship after 12 months⁴
Revenue upside	- Capex⁵ during initial 20 year period generates returns through increased contracted revenue - Growth with 100% annual US CPI escalation on primary tariff components - If GTAs are extended, revenues over the extension period are based on capex spent to facilitate extensions⁶
Expansion potential	Subject to Foundation Shipper rights, potential for additional revenue from future expansions and third party shippers
East coast grid	Connected to APA's east coast grid so continues to expand APA's footprint on Australia's East coast

(1) The development capex recovery charges are payable irrespective of volume transported whilst volume-related operating charges are passed through to the Shippers; (2) BG Energy Holdings Ltd; (3) There is also an agreement to transport gas for use in the domestic market (variable operating charge tariff only) and a storage services agreement; (4) Subject to Shipper consent requirements, not to be unreasonably withheld; (5) Any future capex associated with mandatory or sustaining capital works earns a return via an increase in the tariff charged; (6) Minimal capex anticipated to extend asset life beyond the initial 20 year period given 40 year design life.

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QCLNG Pipeline overview

Acquisition highlights	- Represents a key component of the QCLNG Project, linking gas fields in the Surat Basin to the LNG plant on Curtis Island for export to Asia Pacific markets - Benefits from 20 year take-or-pay¹ arrangements to commence from QCLNG Train 1 FCDD with primary tariff components linked to US CPI
Length	543km - Comprises Export Pipeline (346km) and Gas Collection Header (196km)
Capacity	Supports a total peak MDQ of 1,510TJ/day under the various GTAs
Diameter	42 inches
Pressure²	10.2Mpa
Design life	40 years
Construction milestones	- Construction completed in December 2013 with first gas delivered to Curtis Island - Commissioning completed in March 2014 - QCLNG Pipeline now operational

QCLNG Pipeline Location



(1) The development capex recovery charges are payable irrespective of volume transported whilst volume-related operating charges are passed through to the Shippers; (2) Maximum allowable operating pressure.

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Alignment with strategy and business model

- Expands contracted customer base with revenues provided by highly creditworthy counterparties, with the weighted average credit profile of APA's counterparties being enhanced following the transaction
- Strengthens contracted revenue profile with 20 year take-or-pay¹ contracts with primary tariff components escalating annually at US CPI
- Further increases the footprint of APA's east coast grid
- Potential organic growth opportunities for the QCLNG Pipeline
- APA can assume operatorship after 12 months²
- Attractive asset satisfying key investment criteria:
 - Appropriate investment risk profile
 - OCF/security accretive from first full year of ownership
 - Approach to acquisition funding supports maintaining APA's current credit ratings

(1) The development capex recovery charges are payable irrespective of volume transported whilst volume-related operating charges are passed through to the Shippers; (2) Subject to Shipper consent requirements, not to be unreasonably withheld.

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QCLNG Pipeline and acquisition details



Detailed due diligence undertaken

Detailed due diligence across key areas including but not limited to:

- Asset Condition, Opex and Capex
 - APA's engineering and operations personnel have conducted site visits, reviewed the construction and operations process and have met with QGC/BG Group site personnel
 - APA has developed an informed view on the asset's condition based on findings and significant experience and expertise in the sector
 - External consultants have also been engaged to report on due diligence findings
- Claims
 - Contractor who constructed the QCLNG Pipeline has made a number of claims against PipeCo under the construction contract which are subject of current ICC arbitration proceedings
 - Under the terms of the transaction, QGC 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)
- QCLNG Project and LNG markets
 - 20 year take-or-pay contracts¹ with BGEH guarantee for ~75% of revenue to mitigate exposure to the QCLNG Project
 - 75% of revenue backed by guarantee from BG Group's rated entity, BGEH
 - APA internal team (supported by external experts) conducted a review of the QCLNG Project and LNG market trends
- APA's east coast grid and other APA assets
 - Potential opportunities arising out of the QCLNG Pipeline (and other east coast LNG projects) in relation to existing APA assets well understood given APA's extensive involvement and investment in south east Queensland
 - Opportunities include increased interconnections with APA's existing network

(1) The development capex recovery charges are payable irrespective of volume transported whilst volume-related operating charges are passed through to the Shippers.
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Foreign exchange hedging

- APA has agreed to a USD denominated purchase price and will manage any exposure to fluctuations in the USD:AUD exchange rate prior to financial close through foreign exchange hedging of the offer consideration raised in AUD
 - APA is hedging 100% of the foreign exchange exposure to fund a USD purchase price by (i) accessing a US\$4,100 million syndicated debt facility and (ii) entering into foreign exchange contracts for the remainder of the purchase price to protect itself from any depreciation in the AUD
- Post completion, the revenues earned on the Pipeline for the transportation of gas will be denominated in USD. APA's approach to hedging this exposure includes:
 - A USD denominated debt bridge facility expected to be refinanced by the issue of medium to long-dated USD denominated debt, either denominated in USD or other currencies and swapped into USD. USD debt provides natural hedge on part of USD revenues
 - Short to medium term hedging of residual net USD revenues into AUD on an ongoing basis
- Utilising USD denominated debt as a designated hedge for USD revenue provides APA with the ability to benefit from:
 - The low USD interest environment
 - The longer tenors available in certain offshore capital markets

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Overview of the QCLNG Project



- QGC is developing the QCLNG Project
- The Project proponents include entities owned by BG Group, CNOOC and Tokyo Gas
- The Project is to supply natural gas from the Surat basin to the QCLNG facility located on Curtis Island
- Two QCLNG trains with a combined nameplate capacity of 8.5mtpa are supported by binding 20 year LNG off-take agreements with entities owned by BG Group¹
- The Project transported first gas to Curtis Island in December 2013 and commissioning work for the LNG facility commenced in the second quarter of 2014

(1) BG Group has advised as follows: Off-take agreements are supported by BG Group's global LNG supply commitments including sales to Singapore, Japan and China. These include supply to CNOOC of 3.6mtpa over a 20 year period (mainly from the QCLNG Project), an additional supply of 5mtpa from 2015 (from BG's Global LNG portfolio, including the QCLNG Project) and supply to Tokyo Gas of 1.2mtpa over a 20 year period from 2015 (from both the QCLNG Project and BG's Global LNG portfolio).

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Asset characteristics

Main pipeline and facilities

- The Export Pipeline (346km) and Gas Collection Header pipeline (GCH) (196km)
- Three lateral pipelines connecting Bellevue, Jordan and Kenya central processing plants to the GCH
- Receipt Station located near Miles
- Delivery Station on Curtis Island and a one kilometre connecting pipeline to the inlet of the QCLNG Plant
- Pig launch and receipt stations, third party connections and other common facilities
- Interconnections with the Australia Pacific LNG and Gladstone LNG projects and APA's east coast grid
- Construction has been recently completed and the Pipeline has a design life of 40 years



Source: QGC

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Contracted tariff structure

- The QCLNG Pipeline has 20 year take-or-pay contracts across 3 GTAs¹ commencing from Train 1 FCDD of LNG from Curtis Island (which is a condition to completion)
- The take-or-pay tariffs under the GTAs are set to provide a fixed rate of return on the pipeline asset base, providing stable revenues with primary tariff components escalating annually at US CPI²
- GTA tariffs have the following features:
 - Tariffs set independently of and not linked to oil or LNG prices
 - Only volume related exposure in the GTAs is the variable operating charge (which is a pass-through to shippers)
 - ~75% of revenue from BG Group Shipper entities backed by guarantee from BG Group's rated entity, BGEH, ~25% of revenue from CNOOC owned QCLNG Project entity
- GTAs also allow the pass-through of reasonable operating expenses to the Shippers
- Any future capex associated with mandatory or sustaining capital works earns a return via an increase in the tariff charged
- The terms of the existing GTAs are locked in for the duration of the contract term, and not subject to regulation
- The Pipeline was granted a 15 year greenfield exemption from coverage under the National Gas Law, which ensures that during that period, tariffs and other terms of pipeline access for new contracts will not be subject to regulation
- Development capex recovery related revenue underpinning the take or pay nature of the GTAs may be impacted adversely, suspended or terminated under circumstances including prolonged pipeline related force majeure, default of PipeCo or a regulatory requirement to reduce Pipeline capacity

(1) There is also an agreement to transport gas for use in the domestic market (variable operating charge tariff only) and a storage services agreement; (2) US CPI – All Urban Consumers (Seasonally Adjusted).

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APA's asset base and east coast gas grid

- Acquisition further enhances 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 the east coast
- APA is well positioned to benefit from evolving dynamics in the market, with gas demand on the east coast expected to continue to increase over the coming years



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Timing to completion

- Binding Sale and Purchase Agreement (SPA) to acquire the QCLNG Pipeline has been executed with BG Group
- Financial close under the SPA is subject to satisfaction of the following two conditions precedent¹:
 - FCDD for the shipment of QCLNG commercial cargoes (post-commissioning) from Train 1 needs to have occurred. This requires the handover of the liquefaction plant by the LNG plant contractor to the QCLNG Project proponents
 - Approval by CNOOC Shipper for the change in control of PipeCo²
- After engagement with the regulator, APA has received a 'no action' letter from ACCC in which the ACCC has indicated that based on the information provided, it does not intend to conduct a public review of the acquisition
- Financial close is expected in early Q2 2015

(1) The Longstop Date for satisfaction of the conditions precedent is 30 April 2015, subject to the right of either party to extend that date to 15 June 2015; (2) Under the CNOOC GTA, CNOOC consent is not to be unreasonably withheld.

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Funding and financial impact



Acquisition funding

- Acquisition funding of US\$5,211 million / A\$6,304 million:
 - A\$1,839 million equity (equivalent to US\$1,520 million)
 - US\$3,691 million debt facility (equivalent to A\$4,465 million)
- Offer price of A\$6.60 per New Security

Discounts relative to Closing Price		Discounts relative to TERP	
Last Closing Price 9 December 2014	Dividend Adjusted Last Closing Price ¹	TERP ²	Dividend Adjusted TERP ³
\$7.970	\$7.795	\$7.627	\$7.496
17.19%	15.33%	13.47%	11.96%

- New Securities issued will rank equally in all respects with existing securities from the date of allotment and will be entitled to the FY 2015 final distribution, but not the FY 2015 interim distribution

(1) Calculated as APA's closing price of A\$7.97 on 9 December 2014 less the FY15 interim distribution of 17.5c per security to reflect the fact that New Securities will not be entitled to receive this distribution; (2) The TERP is a theoretical price at which APA securities trade immediately after the ex-date for the Entitlement Offer assuming 100% take-up of the Entitlement Offer. The TERP is a theoretical calculation only and the actual price at which APA securities trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP is calculated by reference to APA's closing price of \$7.97 on 9 December 2014; (3) Dividend Adjusted TERP is calculated by reference to APA's closing price of \$7.97 on 9 December 2014 less the FY15 interim distribution of 17.5c per security to reflect the fact that New Securities will not be entitled to receive this distribution.

Note: All conversions are based on AUD/USD exchange rate of 0.8267 as at 12.00pm 9 December 2014.

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Acquisition funding (cont'd)

- Fully underwritten accelerated renounceable entitlement offer launched today
- 2 year US bank debt bridge facility intended to be progressively refinanced by the issue of medium to long-dated USD debt, either denominated in USD or in other currencies and swapped into USD
- APA has engaged with the credit rating agencies and expects to maintain its current credit ratings upon completion of funding for the acquisition

Sources (A\$ million)		Uses (A\$ million)	
Entitlement offer	\$1,839	Acquisition consideration	\$6,049
Debt	\$4,465	Estimated stamp duty	\$144
		Estimated transaction costs	\$111
Total sources	\$6,304	Total uses	\$6,304

Note: All conversions are based on AUD/USD exchange rate of 0.8267 as at 12.00pm 9 December 2014.

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Acquisition financial impact

- For the full financial year ending 30 June 2016, the asset is expected to:
 - Contribute additional EBITDA of US\$383 million to APA's business (equivalent to A\$464 million)
 - Contribute additional operating cash flow of approximately US\$200 - 221 million (equivalent to A\$242 – 267 million)
 - Contribute in the order of 10% accretion to FY16 operating cash flow per security relative to consensus¹
- USD denominated revenues
 - Revenues received under the GTAs are denominated in USD
 - Debt funding for the transaction is also denominated in USD
 - USD debt provides natural hedge on part of USD revenues
 - Ability to benefit from a low USD interest environment
 - Allows APA to benefit from refinancing into longer tenors currently available in certain offshore markets
 - APA intends to hedge the remaining USD cashflows into AUD going forward
- Financial strength maintained
 - APA expects to maintain its existing credit ratings following the transaction
 - Expected post transaction gearing of 65.9% remains within APA's target range
 - Distribution policy unchanged with distribution payout ratio expected to remain at historical levels between 60-70% of operating cash flow

(1) Median consensus sourced from Commonwealth Bank, Credit Suisse, Deutsche Bank, Macquarie Research, Morgan Stanley, Morgans and RBC Capital Markets.
 Note: All conversions are based on AUD/USD exchange rate of 0.8267 as at 12.00pm 9 December 2014.

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Outlook and guidance for FY 2015

- APA standalone (pre-acquisition) guidance for EBITDA and net interest cost for FY 2015 is unchanged:
 - Statutory EBITDA is expected within a range of A\$1,170 million to A\$1,190 million¹
 - Normalised continuing business EBITDA within a range of A\$740 million to A\$760 million²
 - Net interest cost expected within a range of A\$315 million to A\$325 million
- In addition for FY 2015, the acquisition of the QCLNG Pipeline is expected to generate
 - Additional EBITDA within a range of A\$78 million to A\$118 million³
 - Additional net interest costs within a range of A\$13 million to A\$29 million³

FY 2015 Guidance	Statutory EBITDA (A\$ million)	Normalised EBITDA ² (A\$ million)	Net Interest Cost (A\$ million)
FY 2015 (APA standalone)	\$1,170 – \$1,190	\$740 – \$760	\$315 – \$325
QCLNG Pipeline acquisition ³	\$78 - \$118	\$78 - \$118	\$13 - \$29

(1) Statutory EBITDA includes A\$430m in estimated pre-tax profit from the sale of APA's stake in Envestra; (2) Excludes one-off significant items (being the A\$430m in estimated pre-tax profit from the sale of APA's stake in Envestra), reflecting APA's core earnings from operations; (3) QCLNG Pipeline acquisition metrics are in addition to APA standalone. Range is based on assumed Financial Close date of 1 April 2015 to 30 April 2015.

Note: All conversions are based on AUD/USD exchange rate of 0.8267 as at 12.00pm 9 December 2014.

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Distribution guidance for FY 2015

- New Securities to be issued under the Entitlement Offer will rank equally with existing securities post the “ex” date for APA’s FY 2015 interim distribution – expected to be 22 December 2014
 - New Securities will be eligible for all future distributions including the FY 2015 final distribution for the half year ended June 2015
 - New Securities will not be eligible for FY 2015 interim distribution for the half year ended December 2014
- Total distributions for existing securityholders at least equal to FY14 total distributions per security of 36.25 cents for all existing securities
- Distributions for new securityholders are expected to be at least equal to 18.75 cents per security

FY 2015 Distribution Guidance per security	Interim Distribution	Final Distribution	Total
Existing securities	17.5 cents	At least 18.75 cents	At least 36.25 cents
New Securities	Not eligible	At least 18.75 cents	At least 18.75 cents

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Pro forma balance sheet

(A\$ million)	APA (30-Jun 14)	Pro forma Envestra Disposal	Pro forma Acquisition Balance Sheet ²	Pro forma Funding for Acquisition	Pro forma Combined Balance Sheet
Assets					
Current assets	203	-	(6,224)	6,224	203
Property plant and equipment	5,574	-	2,689	-	8,263
Intangible assets	171	-	3,549	-	3,720
Other non-current assets	2,024	(393)	-	-	1,631
Total Assets	7,972	(393)	14	6,224	13,817
Liabilities					
Current debt	-	-	-	-	-
Other current liabilities	374	-	-	-	374
Total current liabilities	374	-	-	-	374
Long term debt	4,708	(805)	-	4,428	8,331
Other long term liabilities	394	84	14	(13)	479
Total long term liabilities	5,102	(721)	14	4,415	8,810
Total Liabilities	5,476	(721)	14	4,415	9,184
Net Assets	2,496	328	-	1,809	4,633
Equity					
Issued Capital	2,393	-	-	1,809	4,202
Reserves	(117)	(13)	-	-	(130)
Retained Earnings	220	341	-	-	561
Equity attributable to securityholders¹	2,496	328	-	1,809	4,633

(1) Includes both securityholders of the parent and APT Investment Trust (2) The Pro Forma Acquisition Balance Sheet reflects the proposed accounting entries required for the acquisition of the QCLNG Pipeline. A description of the material pro forma adjustments are set out on slide 55.

Note: All conversions are based on AUD/USD exchange rate of 0.8267 as at 12pm 9th December 2014

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Entitlement Offer details

- Offer structure and size**
- 1 for 3 accelerated renounceable entitlement offer at an offer price of A\$6.60 per new stapled security (**New Security**) to raise gross proceeds of approximately A\$1,839 million, comprising:
 - Entitlement Offer to existing eligible institutional securityholders (**Institutional Entitlement Offer**)
 - Entitlement Offer to existing eligible retail securityholders (**Retail Entitlement Offer**)
 - Eligible securityholders may choose to take up all, part or none of their pro rata entitlement
 - For renounced and ineligible entitlements, the New Securities which would have been issued in respect of that entitlement will be sold via a bookbuild process and any proceeds of sale in excess of the offer price (net of withholding tax) will be paid to renouncing securityholders

- Offer price**
- Offer price of A\$6.60 per New Security

Discounts relative to Closing Price		Discounts relative to TERP	
Last Closing Price 9 December 2014	Dividend Adjusted Last Closing Price ¹	TERP ²	Dividend Adjusted TERP ³
\$7.970	\$7.795	\$7.627	\$7.496
17.19%	15.33%	13.47%	11.96%

- Distributions**
- New Securities issued will rank equally in all respects with existing securities from the date of allotment and will be entitled to the FY 2015 final distribution, but not the FY 2015 interim distribution

- Record date**
- 7pm (Sydney time) on 15 December 2014

(1) Calculated as APA's closing price of A\$7.97 on 9 December 2014 less the FY15 interim distribution of 17.5 cents per security to reflect the fact that New Securities will not be entitled to receive this distribution; (2) The TERP is a theoretical price at which APA securities trade immediately after the ex-date for the Entitlement Offer assuming 100% take-up of the Entitlement Offer. The TERP is a theoretical calculation only and the actual price at which APA securities trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP is calculated by reference to APA's closing price of \$7.97 on 9 December 2014; (3) Dividend Adjusted TERP is calculated by reference to APA's closing price of \$7.97 on 9 December 2014 less the FY15 interim distribution of 17.5 cents per security to reflect the fact that New Securities will not be entitled to receive this distribution.



Offer timetable

Key event	Date ¹
Trading halt and open Institutional Entitlement Offer	Wednesday, 10 December 2014
Institutional Entitlement Offer closes	Thursday, 11 December 2014
Institutional shortfall bookbuild	Friday, 12 December 2014
Trading halt lifted	Monday, 15 December 2014
Record date for eligibility in the Entitlement Offer	7.00pm Monday, 15 December 2014
Retail Entitlement Offer opens	Tuesday, 16 December 2014
Retail offer booklet despatched	Wednesday, 17 December 2014
Early Retail Acceptance Date – last day to apply for New Securities to be issued on the Initial Allotment Date	5.00pm Friday, 19 December 2014
Settlement of the Institutional Entitlement Offer and Early Retail Acceptance	Monday, 22 December 2014
Ex-dividend date for FY 2015 Interim Distribution	Monday, 22 December 2014
Issue and quotation of New Securities under the Institutional Entitlement Offer and Early Retail Acceptance	Tuesday, 23 December 2014
Retail Entitlement Offer closes	Thursday, 15 January 2015
Retail shortfall bookbuild	Tuesday, 20 January 2015
Last day for settlement of the remaining New Securities under Retail Entitlement Offer	Tuesday, 27 January 2015
Issue of remaining New Securities under the Retail Entitlement Offer	Wednesday, 28 January 2015
Despatch of holding statements for remaining New Securities issued under the Retail Entitlement Offer	Thursday, 29 January 2015
Remaining New Securities under the Retail Entitlement Offer commence trading on ASX on a normal settlement basis	Thursday, 29 January 2015
Retail premium (if any) despatched	Thursday, 29 January 2015

(1) Dates and times are indicative only and subject to change. All dates and times refer to Sydney time. APA Group reserves the right to vary these dates or to withdraw the Entitlement Offer at any time.
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Key risks



Key risks

- This section discusses some of the key risks associated with any investment in APA Group together with risks relating to the QCLNG Pipeline acquisition and participation in the Entitlement Offer which may affect the value of APA Group Securities. The risks set out below are not listed in order of importance and do not constitute an exhaustive list of all risks involved with an investment in APA Group.
- Before investing in APA Group you should be aware that a number of risks and uncertainties, which are both specific to APA Group and of a more general nature, may affect the future operating and financial performance of APA Group and the value of APA Group Securities.
- Before investing in APA Group Securities, you should carefully consider the risk factors and your personal circumstances. Potential investors should consider publicly available information on APA Group (such as that available on the ASX website), and consult their stockbroker, solicitor, accountant or other professional advisor before making an investment decision.
- Nothing in this presentation is financial product advice and this document has been prepared without taking into account your investment objectives or personal circumstances.

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Business risks

- Economic regulation of APA Group
 - Approximately 23% of APA Group's revenue (excluding pass-through revenue) for FY 2014 were obtained from assets that are subject to regulation by the independent national and state energy regulators. Regulatory pricing periods generally run for five years and reflect the regulator's determination, amongst other matters, of APA Group's projected operating and capital costs, and weighted average cost of capital. However, costs can change materially within a regulatory pricing period resulting in adverse impacts on earnings.
 - The price regulation outcomes determined by the Australian Energy Regulator and the Economic Regulatory Authority of Western Australia under an Access Arrangement process for a full regulation asset may adversely affect APA Group's revenue in respect of that asset (to the extent revenue on a full regulation asset is not derived from a haulage contract that has its terms and conditions, including price, set for the period of the contract).
 - If APA Group is unable to efficiently manage the operating costs within regulatory allowance, or if the regulator's projection of the operating costs, capital costs, taxation and weighted average costs of capital at the beginning of a pricing period are insufficient to meet the actual costs incurred, this may adversely affect APA Group's earnings and/or financial position and performance.
 - In addition, a number of APA Group's assets are subject to light regulation which, while not a price regulation regime, does enable the regulator to arbitrate any disputes with customers on price and other terms of access.
 - Additionally, under the National Gas Law, any person (including customers seeking access to a pipeline) may make an application that an unregulated pipeline become "covered" and subject to economic regulation. If a determination and decision is made for coverage, it may increase costs associated with regulation and limit APA Group's ability to negotiate tariffs and other commercial terms.
- Bypass and competitive risk
 - Bypass and competitive risk occurs when a new transmission pipeline offers gas transportation services to the same end market serviced by existing pipelines. This risk is particularly applicable to the Moomba Sydney Pipeline and Parmelia Gas Pipeline. For example, the Eastern Gas Pipeline is a competitive pipeline to the Moomba Sydney Pipeline, transporting gas from Victoria to the Sydney market. If bypass risk eventuates, APA Group's future earnings could be reduced if customers purchase gas transportation services from new or existing competing pipelines rather than from APA Group's existing pipelines.

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Business risks (cont'd)

■ Gas demand risk

- The volume of gas that is transported by APA Group is dependent on end-user demand. The relative price of gas and its competitive position with other energy sources (including electricity, coal, fuel oils, solar, wind and other alternate energy sources) may significantly change demand levels for services on APA Group's assets. The reduction in demand for APA Group's transmission services may also arise if the use of gas swap contracts by customers increases. Gas swap contracts involve customers "swapping" gas at specified delivery points so as to reduce the distance gas needs to be transported. Increased usage of such contracts may adversely affect future revenue. In addition, if APA Group's customers build gas storage facilities, this may reduce the demand for gas transmission and storage services on APA Group assets.
- The competitive position of gas and the actions of APA Group's customers cannot be predicted with certainty. If the demand for gas weakens, it may adversely impact APA Group's future revenue, profits and financial position.

■ Gas supply risk

- The availability of competitively priced gas is essential for ongoing use of gas transmission pipelines and distribution networks. If there is a shortage 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 Group's revenue and the carrying value of its assets may be adversely affected.

■ Counterparty risk

- As part of its ongoing commercial activities, APA Group enters into transportation and asset management agreements with various third parties. If a counterparty to such an agreement is unable to meet its commitments to APA Group whether in whole or in part, there is a risk that future anticipated revenue would reduce unless and until APA Group is able to secure an alternative customer. Counterparty risk also arises when contracts are entered into for derivatives with financial institutions. APA Group's counterparty risks are reduced by implementation of credit policies that apply to transportation and derivative contracts.
- The failure of a counterparty to a transportation or derivative contract could, however, materially and adversely affect APA Group's financial position and performance and/or credit rating.
- APA Group is also exposed to counterparty risk with respect to existing interest rate and foreign currency hedging arrangements. Exposures are regularly monitored in accordance with APA Group's treasury risk management policy.

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Business risks (cont'd)

■ Interest rates and refinancing risks

- APA Group is exposed to movements in interest rates where funds are borrowed at a floating interest rate and are not effectively hedged or where fixed rate debt is being refinanced. There is a risk that adverse interest rate movements may affect APA Group's earnings, both directly (through increased interest payments) and indirectly (through the impact on asset carrying values).
- APA Group has borrowings extending through to 2024. Access to continuing financing sources to extend and/or refinance debt facilities will be important. An inability to secure new debt facilities at a similar quantum and cost to existing debt facilities may materially and adversely affect APA Group's operations and/or financial position and performance.

■ Foreign exchange risks

- Post the completion of the QCLNG Pipeline acquisition, the revenues earned on the Pipeline will be denominated in USD. APA Group will be exposed to movements in the foreign exchange rates and there is a risk that adverse USD:AUD exchange rate movements may affect APA Group's earnings.

■ Investment risk

- From time to time, APA Group may acquire infrastructure and related assets or undertake additional or incremental investment in its existing assets. Although the APA Group Board and APA Group's senior management have considerable expertise in the assessment and structuring of such investments, and they engage external expert assistance as considered necessary, any final investment decision places considerable reliance on many assumptions.
- There is a risk that these assumptions and forecasts (some of which may relate to time periods many years away) may ultimately not be realised. If these assumptions and forecasts are not realised or are realised only in part, this may adversely affect APA Group's financial position and performance. There is also a risk that APA Group may be unable to secure further appropriate infrastructure investments on suitable terms, thereby limiting its growth.

■ Contract renewal risk

- A large part of APA Group's revenues is the subject of long-term negotiated contracts with end customers. Due to a range of factors including customer demand risk, gas supply risk, counterparty risk, bypass and competitive risk, APA Group may not be successful in recontracting the available pipeline capacity when it comes due for contract renewal. If APA Group is unable to recontract the available pipeline capacity with either its existing customer or new customers when the contracts are due for renewal, this may impact APA Group's future revenue, profits and financial position.

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Business risks (cont'd)

■ Operational risk

- APA Group is exposed to a number of operational risks such as equipment failures or breakdowns, rupture of pipelines (including as a result of corrosion) with a risk of explosion, information technology systems failures or breakdowns, employee or equipment shortages, contractor default, unplanned interruptions including through industrial disputes or natural disasters, damage by third parties and unforeseen accidents. Operational disruption, the cost of repairing or replacing damaged assets and the risk of claims by shippers following an operational disruption, could adversely impact APA Group's earnings. Insurance policies may only provide protection for some, but not all, of the costs that may arise from unforeseen events.
- APA Group also faces the risk that a failure on the part of a producer of natural gas to maintain supply, due to a fall in throughput, may adversely affect APA Group's earnings and/or financial position and performance.

■ Operating licences and authorisations

- In addition to economic regulation, the natural gas industry in Australia is regulated from an operational perspective. APA Group is directly or indirectly subject to a range of regulatory requirements such as environmental laws and regulation, occupational health and safety requirements and technical and safety standards.
- All pipeline, distribution, gas processing, storage and electricity generation assets owned and/or operated by APA Group require compliance with relevant federal, state and territory laws, regulations and policies. Changes in any such laws, regulations or policies may have an adverse impact on APA Group's pricing, costs or compliance regimes, which could materially affect APA Group's operations, earnings and/or financial position and performance.
- In some instances, assets owned and/or operated by APA Group 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 Group's operations and/or financial position and performance.

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Business risks (cont'd)

■ Environmental risks

- National, state and territory environmental laws and regulations affect the operations of APA Group's assets. These laws and regulations set various standards regarding certain aspects of health and environmental quality, provide for penalties and other liabilities for the violation of such standards, and establish, in certain circumstances, obligations to remediate current facilities and locations where operations are, or were, previously conducted.
- There is a risk that liability could be imposed on APA Group for damages, clean-up costs or penalties in the event of discharge of prohibited substances into the environment, environmental damage caused by APA Group or previous owners of property or assets acquired by APA Group, or other non-compliance with environmental laws and regulations. Increased costs associated with regulatory compliance and/or litigation could adversely affect APA Group's earnings and/or financial position and performance.
- APA Group's construction projects may also be subject to delays as a result of environmental disputes, environmental impact assessments and consultation processes and the need to obtain necessary environmental approvals.

■ Land tenure

- APA Group's gas pipeline assets are primarily constructed and operated on land over which APA Group has land tenure, including easements, leases or land that it owns. If APA Group loses any land tenure rights or is otherwise required to relocate its pipelines, the operating business could be adversely affected. APA Group's operations 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 Group's current land access rights.

■ Construction and development risk

- As part of growing its business, APA Group develops new assets and undertakes expansion to its existing assets. Development of APA Group's assets involves a number of typical construction risks including the failure to obtain necessary approvals, employee or equipment shortages, higher than budgeted construction costs, insolvency events and project delays, which may impact the commerciality and economics of the development or otherwise impact on APA Group's other assets.

■ Disputes and litigation risks

- In the course of its operations, APA Group may be involved in disputes and litigation. There is a risk that material or costly disputes or litigation could affect APA Group's financial position and performance. As at the date of this presentation, APA Group is not aware of any litigation that would have a material adverse effect on it.

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Business risks (cont'd)

■ Insurance

- There may be some circumstances where APA Group's insurance will not cover, or will not be adequate to cover, the consequences of adverse events arising from operations, or where APA Group may become liable for pollution or other operational hazards against which it cannot insure or may have elected not to have insured or keep insured on account of high premium costs or otherwise. In that event, APA Group could incur significant costs that may adversely affect APA Group's financial position and performance.

■ Credit rating or security rating risks

- A security rating is not a recommendation to buy, sell or hold securities in so far as such ratings do not comment as to market price or suitability for a particular investor. There is no assurance that any rating will remain in effect for a given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if in its judgment circumstances warrant. APA Group is under no obligation to update information regarding such ratings should they change over time.

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QCLNG Pipeline acquisition risks

■ Risk that material issues may not have been identified by due diligence investigations

- APA Group undertook a due diligence investigation process in respect of the QCLNG Pipeline acquisition and was provided with the opportunity to review certain detailed information provided by or on behalf of BG Group and third parties. While the APA Group considers that this review was adequate, the information was largely provided by BG Group. Consequently, APA Group has not been able to verify the accuracy, reliability or completeness of all the information which was provided to it against independent data and there is no assurance that the due diligence conducted was conclusive and that all material issues and risks in respect of the QCLNG Pipeline acquisition have been identified.
- Similarly, financial information in respect of the QCLNG Pipeline acquisition has been derived from audit reviewed and unaudited financial information. APA Group is unable to verify the accuracy or completeness of this information.
- It should also be noted that only limited contractual representations or warranties have been obtained in respect of the adequacy or accuracy of the materials disclosed during the due diligence process.
- If any of the information provided by or on behalf of BG Group or third parties as part of the due diligence process is shown to be incomplete, incorrect, inaccurate or misleading, this may consequently have an adverse impact on the actual performance of QCLNG Pipeline compared to the performance expected of it as part of APA Group's analysis and assessment of the QCLNG Pipeline acquisition opportunity. This may therefore have an adverse impact on the financial position and performance of APA Group.

■ Counterparty risk

- There is a risk that counterparties would not perform their obligations or pay the required tariffs under the GTAs. If a counterparty to the GTAs is unable to meet its commitments to APA Group whether in whole or part, there is a risk that future anticipated revenue would reduce.

■ Completion risk

- Completion of the acquisition of the QCLNG Pipeline is conditional on certain matters including that Train 1 FCDD needs to have occurred and approval by CNOOC shipper for the change of control of PipeCo being obtained. If any of the conditions are not met, completion of the acquisition of the QCLNG Pipeline may be deferred or cancelled. The QCLNG Pipeline acquisition agreement (SPA) may also be terminated or completion delayed in certain circumstances including an unremedied breach of a material term by APA Group. If completion does not occur, APA Group will need to consider alternative uses for, or ways to return the proceeds of, any subscriptions raised from APA Group securityholders under the Entitlement Offer. APA may consider using the proceeds for general corporate purposes if the acquisition does not complete. Failure to complete the QCLNG Pipeline acquisition and/or any action required to be taken to return capital may have a material adverse effect on APA Group's financial performance, financial position and security price. In all circumstances APA Group may incur significant costs and be exposed to material liabilities.

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QCLNG Pipeline acquisition risks (cont'd)

- Analysis of QCLNG Pipeline acquisition opportunity
 - APA Group has undertaken financial, operational, asset condition, business and other analysis in respect of the QCLNG Pipeline acquisition in order to determine its attractiveness to APA Group and whether to pursue the QCLNG Pipeline acquisition.
 - It is possible that the analysis undertaken by APA Group and the best estimates assumptions made by APA Group draw 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).
 - Information relating to upstream and LNG plant has not been directly sourced but has been provided by BG Group in documents such as the Information Memorandum.
 - To the extent that the actual results achieved by QCLNG Pipeline are weaker than those indicated by APA Group's analysis, there is a risk that there may be an adverse impact on the financial position and performance of APA Group.
 - There is a risk that capex related revenue under the GTAs may be impacted adversely, suspended or terminated under circumstances including prolonged Pipeline related force majeure, default of PipeCo or regulatory reduction in Pipeline capacity.
- Integration risk
 - There is a risk that the integration of QCLNG Pipeline into APA Group may encounter unexpected challenges or issues including (but not limited to) a failure to obtain necessary consents and takes longer than anticipated, diverts management attention or does not deliver the expected benefits and this may affect APA Group's operating and financial performance.
- Debt funding risk
 - APA Group has entered into financing arrangements pursuant to which financiers have agreed to provide debt financing for the QCLNG Pipeline acquisition, subject to the terms and conditions of a debt financing agreement. If certain events occur (e.g. insolvency, compliance with bank covenants etc.), the financiers may terminate the debt financing agreement. Termination of the debt financing agreement would have an adverse impact on APA Group's sources of funding for the QCLNG Pipeline acquisition.
 - APA Group intends to refinance the 2 year US bank debt bridge facility in the USD denominated bank or bond markets. APA Group's ability to refinance the bridge facility will depend on, amongst other things, prevailing market conditions and other market factors at the relevant time.

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Offer and general risks

- Underwriting risk
 - APA has entered into an underwriting agreement under which three underwriters have agreed to fully underwrite the Entitlement Offer, subject to the terms and conditions of the Underwriting Agreement between the parties. If certain conditions are not satisfied or certain events occur, the underwriters may terminate the Underwriting Agreement. Termination of the Underwriting Agreement would have an adverse impact on the proceeds raised under the Entitlement Offer and APA's sources of funding for the QCLNG Pipeline acquisition. If the Underwriting Agreement is terminated APA will not be entitled to terminate the SPA for the QCLNG Pipeline acquisition. In these circumstances APA would need to find alternative funding to meet its contractual obligations. Termination of the Underwriting Agreement could materially adversely affect APA's business, cash flow, financial condition and results of operations.
 - These conditions to the Underwriting Agreement include that the SPA and the debt funding documents for the QCLNG Pipeline acquisition have been entered into and not been terminated, rescinded or varied in any material respect without the underwriters' consent and no condition precedent under such agreements is able to be waived or becomes incapable of being satisfied.

Termination and restructure events

- There are certain events which trigger termination or restructure of the Underwriting Agreement during the Institutional and Retail Offer periods. The ability of the underwriters to terminate the Underwriting Agreement in respect of some events will depend on whether the event has or is likely to have a material adverse effect on the success, marketing or settlement of the Entitlement Offer, the value of the securities, or the willingness of investors to subscribe for securities, or where they may give rise to liability for the underwriters.

Institutional Entitlement Offer

- The events which may trigger termination of the Underwriting Agreement in the period from execution of the Underwriting Agreement to settlement of the Institutional Entitlement Offer include where:
 - APA is suspended from the official list of ASX for one or more trading days (other than in connection with the bid or the Entitlement Offer) or its securities are delisted or suspended from quotation;
 - APA alters its capital structure;
 - APA or a material subsidiary of APA is or becomes insolvent;
 - APA's CEO or CFO has their employment terminated for cause;
 - APA contravenes the Corporations Act, its constituent documents, the ASX Listing Rules or other applicable law; or
 - APA's directors engage in fraud or commit certain offences.

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Offer and general risks (cont'd)

■ Underwriting risk (cont'd)

- In addition to these termination events, there are certain other defined restructure events including market disruption, hostilities, regulatory action, APA representations and warranties are untrue, change in law, contravention of the law or the ASX Listing Rules, offences by directors, a breach by APA of its obligations or material adverse change. If any such event occurs prior to the settlement of the Institutional Entitlement Offer, the underwriters' obligation to underwrite at the offer price and in accordance with the current timetable would cease to apply, in which case the underwriters and APA would be required to work together in good faith to agree amendments to the Underwriting Agreement to implement an alternative capital raising that enables APA to pursue the QCLNG Pipeline acquisition. In such circumstances, there is no guarantee that the underwriters will agree appropriate and timely amendments to the Underwriting Agreement.

Retail Entitlement Offer

- In addition to the Institutional Entitlement Offer termination and restructure events, there are certain events which may occur in the period from settlement of the Institutional Entitlement Offer to settlement of the Retail Entitlement Offer which trigger termination of the Underwriting Agreement. These termination events include where:
 - a disclosure in the due diligence committee report or verification materials is or becomes misleading or deceptive, including by way of omission;
 - the documentation for the Entitlement Offer or any aspect of the Entitlement Offer does not comply with the Corporations Act, ASX Listing Rules, the ASX Waivers or any other applicable law;
 - a member of the APA Group breaches or defaults under any provision, undertaking, covenant or ratio of a material debt or financial arrangement or any related documentation which has an adverse effect on the APA Group;
 - an event of default or event which gives a lender or financier the right to accelerate or require repayment of debt or financing or other similar material event occurs under or in respect to any such debt or financing arrangement or related document occurs which has an adverse effect on the APA Group;
 - a scheme of arrangement or reconstruction is announced by APA, or another offer to securityholders is announced by another person, which, if implemented may result in a person and their associates acquiring a beneficial interest in, or voting power of, 50% or more of the interests in APA;
 - a change in the responsible entity of APT and APTIT is proposed or occurs;
 - an event that would have been a restructure event during the Institutional Entitlement Offer period occurs during this period.

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Offer and general risks (cont'd)

■ Renoucement risk

- If you are an eligible securityholder, and renounce your entitlement under the Entitlement Offer, there is no guarantee that any value will be received for your renounced entitlement through the bookbuild process.
- The ability to sell New Securities under the bookbuild and the ability to obtain any premium will be dependent upon various factors, including market conditions.
- To the maximum extent permitted by law, APA, the underwriters and the respective related bodies corporate, affiliates or the directors, officers, employees or advisors of any of them, will not be liable, including for negligence, for any failure to procure applications under the bookbuild at a price in excess of the offer price.
- You should also note that if you do not take up all of your Entitlement, then your percentage security holding in APA will be diluted by not participating to the full extent in the Entitlement Offer.

■ Market generally

- The price of APA Group securities (including the New Securities to be issued pursuant to the Entitlement Offer) on the ASX will be affected by the financial performance of APA Group and may rise or fall due to numerous often unpredictable factors, including:
 - Australian and international general economic conditions, including inflation rates, the level of economic activity, interest rates and currency exchange rates
 - tensions and acts of terrorism in Australia and around the world
 - investor perceptions in the local and global markets for listed stocks
 - changes in the supply and demand of infrastructure securities.
- APA Group securities (including the New APA Group Securities to be issued pursuant to the Entitlement Offer) may trade at higher or lower prices than the price at the time of this presentation and no assurances can be given that APA Group's market performance will not be materially adversely affected by any such market fluctuations or factors. No member of APA Group, nor any of their directors nor any other person guarantees APA Group's market performance.

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Offer and general risks (cont'd)

■ Economic risks

- Changes in global economic conditions (including changes in interest rates, inflation, foreign exchange rates and labour costs) as well as general trends in the Australian and overseas equity markets may affect the trading price of APA Group Securities on the ASX. One or more of these factors may cause APA Group Securities to trade below current prices and may adversely affect the operating and financial performance of APA Group. In addition, changes in the value of APA Group Securities may be unrelated or disproportionate to the actual operating performance of APA Group.

■ Economic conditions

- The operating and financial performance of APA Group is influenced by a variety of general economic and business conditions including the level of inflation, interest rates and exchange rates, government fiscal, monetary and regulatory policies. A prolonged deterioration in general economic conditions, including an increase in interest rates or a decrease in demand, could materially and adversely affect APA Group's operations and/or financial position and performance.

■ Access to capital

- APA Group relies on access to debt and equity financing. The ability to secure financing, or financing on acceptable terms, may be materially adversely affected by volatility in the financial markets, globally or affecting a particular geographic region, industry or economic sector or by a downgrade in its credit rating. For these or other reasons, financing may be unavailable or the cost of financing may be significantly increased. Such inability to obtain, or increase to the costs of obtaining, financing could materially and adversely affect APA Group's operations and/or financial position and performance.

■ Asset impairment

- The APA Group Board regularly monitors impairment risk. Where the value of an asset is assessed to be less than its carrying value, APA Group 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 Group'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 Group's financial condition and results of operations.

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Offer and general risks (cont'd)

■ Changes to accounting standards

- Changes to Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act could affect APA Group's reported results of operations in any given period or APA Group's financial condition from time to time.

■ Changes in law, regulation and government policy

- Changes in law (including the National Gas Law and the National Gas Rules), relevant taxation laws, interest rates, accounting standards, other legal, legislative and administrative regimes, and government policies, may have an adverse effect on the assets, operations and ultimately the financial performance of APA Group. These factors may ultimately affect APA Group's financial position and performance and the market price of APA Group Securities.

■ Adverse tax developments

- APA Group comprises of two trusts, Australian Pipeline Trust (APT) and APT Investment Trust (APTIT), which are registered managed investment schemes regulated by the Corporations Act. APT Units are "stapled" to APTIT Units on a one-to-one basis so that one APT Unit and one APTIT Unit form a single stapled security which trades on the ASX. Australian taxation laws apply to each of these entities separately. Changes to tax legislation, the interpretation of tax legislation by the courts, the administration of tax legislation by the relevant tax authorities and the applicability of such legislation to the APA Group or entities within the APA Group may increase APA Group's tax liabilities.
- APTIT and its subsidiary trusts are generally not liable for Australian income tax and capital gains tax, provided that all income is distributed. If applicable tax regimes change or the activities of the APA Group result in APTIT or its subsidiary trusts becoming subject to a different tax regime, this could result in material tax liabilities for APA Group.

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Offer and general risks (cont'd)

- Other external factors
 - Other external factors may impact APA Group's performance, including changes or disruptions to political, regulatory, legal or economic conditions or to national and international markets.
 - Natural phenomenon such as fire, earthquake, flood or cyclone may occur and some of the assets of APA Group may not be insured for such events. Events of this nature can affect a party's ability to perform its contractual obligations.
- Insurance counterparty risk
 - There can be no assurance that APA Group maintains, or will continue to maintain, sufficient insurance coverage for all of the risks associated with the operation of its businesses. APA Group is also subject to the credit risk of its insurers and their continued ability to satisfy claims made by APA Group. If APA Group's insurance coverage is not sufficient to cover any losses that are incurred in the course of its business, or if APA Group's insurers are unwilling or unable to satisfy claims made by APA Group, APA Group could be exposed to uninsured losses that are significant.
- Ongoing disputes
 - APA Group may from time to time be involved in legal, regulatory and other proceedings and disputes arising from its businesses and operations, including proceedings and disputes relating to construction, development and expansion of pipelines, environmental issues, native title claims, securityholder action, industrial action, special interest group action and disputes with joint venture partners, contractors and other counterparties (including government counterparties). These disputes may lead to legal, regulatory and other proceedings, and may cause APA Group to incur significant costs, delays and other disruptions to its businesses and operations. In addition, regulatory actions and disputes with governmental authorities may result in fines, penalties and other administrative sanctions.
- Health and safety
 - APA Group is subject to environmental and health and safety regulations under Australian Commonwealth and State laws. Although APA Group maintains comprehensive environmental management plans to monitor the performance of its operations, no assurance can be given that APA Group will not be subject to potential environmental and health and safety liabilities associated with the operation of its businesses.

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International selling restrictions

This presentation does not constitute an offer of entitlements or New Securities of the APA Group in any jurisdiction in which it would be unlawful. In particular, this presentation may not be distributed to any person, and the entitlements and New Securities may not be offered or sold, in any country outside Australia except to the extent permitted below.

■ Canada (British Columbia, Ontario and Quebec provinces)

This document constitutes an offering of entitlements and New Securities only in the Provinces of British Columbia, Ontario and Quebec (the Provinces) and to those persons to whom they may be lawfully distributed in the Provinces, and only by persons permitted to sell such securities. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of NI 45-106 – Prospectus and Registration Exemptions, of the Canadian Securities Administrators.

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this document, the merits of the entitlements or the New Securities or the offering of such securities and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of entitlements or New Securities or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the entitlements or the New Securities in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements.

The APA Group, and the directors and officers of the APA Group, may be located outside Canada, and as a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon the APA Group or its directors or officers. All or a substantial portion of the assets of the APA Group and such persons may be located outside Canada, and as a result, it may not be possible to satisfy a judgment against the APA Group or such persons in Canada or to enforce a judgment obtained in Canadian courts against the APA Group or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board.

Unless stated otherwise, all dollar amounts contained in this document are in AUD.

Statutory rights of action for damages and rescission

Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defences contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.

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International selling restrictions (cont'd)

■ Canada (British Columbia, Ontario and Quebec provinces) (cont'd)

The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario. In Ontario, every purchaser of the entitlements or the New Securities purchased pursuant to this document (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against the APA Group if this document or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against the APA Group. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the Securities Act (Ontario) provides that, if this document contains a misrepresentation, a purchaser who purchases the entitlements and the New Securities during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against the APA Group, provided that (a) the APA Group will not be liable if it proves that the purchaser purchased such securities with knowledge of the misrepresentation; (b) in an action for damages, the APA Group is not liable for all or any portion of the damages that the APA Group proves does not represent the depreciation in value of such securities as a result of the misrepresentation relied upon; and (c) in no case shall the amount recoverable exceed the price at which such securities were offered.

Section 138 of the Securities Act (Ontario) provides that no action shall be commenced to enforce these rights more than (a) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or (b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action. These rights are in addition to and not in derogation from any other right the purchaser may have.

Certain Canadian income tax considerations. Prospective purchasers of the entitlements and the New Securities should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of such securities as any discussion of taxation related matters in this document is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

Language of documents in Canada. Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Securities (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.

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International selling restrictions (cont'd)

■ European Economic Area – Austria, Belgium, Denmark, Germany, Luxembourg and Netherlands

The information in this document has been prepared on the basis that all offers of entitlements and New Securities will be made pursuant to an exemption under the Directive 2003/71/EC (Prospectus Directive), as amended and implemented in Member States of the European Economic Area (each, a Relevant Member State), from the requirement to produce a prospectus for offers of securities. An offer to the public of entitlements and New Securities has not been made, and may not be made, in a Relevant Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in that Relevant Member State:

- to any legal entity that is authorized or regulated to operate in the financial markets or whose main business is to invest in financial instruments;
- to any legal entity that satisfies two of the following three criteria: (i) balance sheet total of at least €20,000,000; (ii) annual net turnover of at least €40,000,000 and (iii) own funds of at least €2,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);
- to any person or entity who has requested to be treated as a professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2004/39/EC, MiFID); or
- to any person or entity who is recognised as an eligible counterparty in accordance with Article 24 of the MiFID.

■ France

This document is not being distributed in the context of a public offering of financial securities (offre au public de titres financiers) in France within the meaning of Article L.411-1 of the French Monetary and Financial Code (Code monétaire et financier) and Articles 211-1 et seq. of the General Regulation of the French Autorité des marchés financiers (AMF). The entitlements and the New Securities have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France. This document and any other offering material relating to the entitlements and the New Securities have not been, and will not be, submitted to the AMF for approval in France and, accordingly, may not be distributed (directly or indirectly) to the public in France. Such offers, sales and distributions have been and shall only be made in France to qualified investors (investisseurs qualifiés) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2, D.411-1, L.533-16, L.533-20, D.533-11, D.533-13, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation. Pursuant to Article 211-3 of the General Regulation of the AMF, investors in France are informed that the entitlements and the New Securities cannot be distributed (directly or indirectly) to the public by the investors otherwise than in accordance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French Monetary and Financial Code.

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International selling restrictions (cont'd)

■ Hong Kong

WARNING: This document has not been, and will not be, authorized by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the SFO). No action has been taken in Hong Kong to authorize this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the entitlements and the New Securities have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO). No advertisement, invitation or document relating to the entitlements and the New Securities has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that 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 the entitlements or the New Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors as defined in the SFO and any rules made under that ordinance. The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

■ Ireland

The information in this document does not constitute a prospectus under any Irish laws or regulations and this document has not been filed with or approved by any Irish regulatory authority as the information has not been prepared in the context of a public offering of securities in Ireland within the meaning of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005, as amended (the Prospectus Regulations). The entitlements and the New Securities have not been offered or sold, and will not be offered, sold or delivered directly or indirectly in Ireland by way of a public offering, except to "qualified investors" as defined in Regulation 2(l) of the Prospectus Regulations.

■ Italy

The offering of the entitlements and the New Securities in the Republic of Italy has not been authorized by the Italian Securities and Exchange Commission (Commissione Nazionale per le Società e la Borsa, CONSOB) pursuant to the Italian securities legislation and, accordingly, no offering material relating to these securities may be distributed in Italy and these securities may not be offered or sold in Italy in a public offer within the meaning of Article 1.1(t) of Legislative Decree No. 58 of 24 February 1998, as amended (Decree No. 58), other than:

- to qualified investors (Qualified Investors), as defined in Article 100 of Decree No. 58 by reference to Article 34-ter of CONSOB Regulation no. 11971 of 14 May 1999, as amended (Regulation No. 11971); and
- in other circumstances that are exempt from the rules on public offer pursuant to Article 100 of Decree No. 58 and Article 34-ter of Regulation No. 11971.

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NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES



International selling restrictions (cont'd)

■ Italy (cont'd)

Any offer, sale or delivery of the entitlements or the New Securities or distribution of any offer document relating to these securities in Italy (excluding placements where a Qualified Investor solicits an offer from the issuer) under the paragraphs above must be:

- made by investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with Legislative Decree No. 385 of 1 September 1993 (as amended), Decree No. 58, CONSOB Regulation No. 16190 of 29 October 2007 (as amended) and any other applicable laws; and
- in compliance with all relevant Italian securities, tax and exchange controls and any other applicable laws.

Any subsequent distribution of the entitlements and the New Securities in Italy must be made in compliance with the public offer and prospectus requirement rules provided under Decree No. 58 and the Regulation No. 11971, unless an exception from those rules applies. 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 entity transferring the securities for any damages suffered by the investors.

■ Japan

The entitlements and the New Securities have not been and will not be registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the FIEL) pursuant to an exemption from the registration requirements applicable to a private placement of securities to Qualified Institutional Investors (as defined in and in accordance with Article 2, paragraph 3 of the FIEL and the regulations promulgated thereunder). Accordingly, the entitlements and the New Securities may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan other than Qualified Institutional Investors. Any Qualified Institutional Investor who acquires entitlements or New Securities may not resell them to any person in Japan that is not a Qualified Institutional Investor, and acquisition by any such person of entitlements or New Securities is conditional upon the execution of an agreement to that effect.

■ Korea

The APA Group is not making any representation with respect to the eligibility of any recipients of this document to acquire the entitlements or the New Securities under the laws of Korea, including, without limitation, the Foreign Exchange Transaction Act and regulations thereunder. These securities have not been, and will not be, registered under the Financial Investment Services and Capital Markets Act of Korea (FSCMA) and therefore may not be offered or sold (directly or indirectly) in Korea or to any resident of Korea or to any persons for re-offering or resale in Korea or to any resident of Korea (as defined under the Foreign Exchange Transaction Act of Korea and its enforcement decree), except as permitted under the applicable laws and regulations of Korea. Accordingly, the entitlements and the New Securities may not be offered or sold in Korea other than to "qualified professional investors" (as defined in the FSCMA).

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International selling restrictions (cont'd)

■ Malaysia

This document may not be distributed or made available in Malaysia. No approval from the Securities Commission of Malaysia has been or will be obtained in relation to any offer of entitlements or New Securities. The entitlements and the New Securities may not be offered or sold in Malaysia except pursuant to, and to persons prescribed under, Part I of Schedule 6 of the Malaysian Capital Markets and Services Act.

■ New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand). The entitlements and the New Securities in the entitlement offer are not being offered to the public in New Zealand other than to existing shareholders of the APA Group with registered addresses in New Zealand to whom the offer is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand). Other than in the entitlement offer, New Securities may be offered and sold in New Zealand only to:

- persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money; or
- persons who are each required to (i) pay a minimum subscription price of at least NZ\$500,000 for the securities before allotment or (ii) have previously paid a minimum subscription price of at least NZ\$500,000 for securities of the APA Group (initial securities) in a single transaction before the allotment of such initial securities and such allotment was not more than 18 months prior to the date of this document.

■ Norway

This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007. The entitlements and the New Securities may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876 and including non-professional clients having met the criteria for being deemed to be professional and for which an investment firm has waived the protection as non-professional in accordance with the procedures in this regulation).

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International selling restrictions (cont'd)

■ Singapore

This document has not been registered as a prospectus with the Monetary Authority of Singapore (MAS) and, accordingly, statutory liability under the Securities and Futures Act, Chapter 289 (the SFA) in relation to the content of prospectuses does not apply, and you should consider carefully whether the investment is suitable for you. The APA Group is not a collective investment scheme authorised under section 286 of the SFA or recognised by the MAS under section 287 of the SFA and the entitlements and the New Securities are not allowed to be offered to the retail public. This document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the entitlements or the New Securities may not be circulated or distributed, nor may these securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except to "institutional investors" (as defined in the SFA), or otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA. This document has been given to you on the basis that you are an "institutional investor" (as defined under the SFA). In the event that you are not an institutional investor, please return this document immediately. You may not forward or circulate this document to any other person in Singapore. Any offer is not made to you with a view to the entitlements or the New Securities being subsequently offered for sale to any other party. You are advised to acquaint yourself with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

■ Sweden

This document has not been, and will not be, registered with or approved by Finansinspektionen (the Swedish Financial Supervisory Authority). Accordingly, this document may not be made available, nor may the entitlements or the New Securities be offered for sale in Sweden, other than under circumstances that are deemed not to require a prospectus under the Swedish Financial Instruments Trading Act (1991:980) (Sw. lag (1991:980) om handel med finansiella instrument). Any offering of entitlements or New Securities in Sweden is limited to persons who are "qualified investors" (as defined in the Financial Instruments Trading Act). Only such investors may receive this document and they may not distribute it or the information contained in it to any other person.

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International selling restrictions (cont'd)

■ Switzerland

The entitlements and the New Securities may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (SIX) or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the entitlements and the New Securities may be publicly distributed or otherwise made publicly available in Switzerland. These securities will only be offered to regulated financial intermediaries such as banks, securities dealers, insurance institutions and fund management companies as well as institutional investors with professional treasury operations. Neither this document nor any other offering or marketing material relating to the entitlements and the New Securities have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of entitlements and New Securities will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA). This document is personal to the recipient only and not for general circulation in Switzerland.

■ United Arab Emirates

Neither this document nor the entitlements and the New Securities have been approved, disapproved or passed on in any way by the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or any other governmental authority in the United Arab Emirates, nor has the APA Group received authorization or licensing from the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or any other governmental authority in the United Arab Emirates to market or sell the entitlements or the New Securities within the United Arab Emirates. No marketing of any financial products or services may be made from within the United Arab Emirates and no subscription to any financial products or services may be consummated within the United Arab Emirates. This document does not constitute and may not be used for the purpose of an offer or invitation. No services relating to the entitlements or the New Securities, including the receipt of applications and/or the allotment or redemption of such securities, may be rendered within the United Arab Emirates by the APA Group. No offer or invitation to subscribe for entitlements or New Securities is valid in, or permitted from any person in, the Dubai International Financial Centre.

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International selling restrictions (cont'd)

■ United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (FSMA)) has been published or is intended to be published in respect of the entitlements or the New Securities. This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of FSMA) in the United Kingdom, and these securities may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom. Any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) received in connection with the issue or sale of the entitlements or the New Securities has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of FSMA does not apply to the APA Group. In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (FPO), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together relevant persons). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

■ United States

This document does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or in any other jurisdiction in which such an offer would be unlawful. This document may not be distributed or released in the United States or persons who are acting for the account or benefit of persons in the United States. The New Securities have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States and accordingly may not be offered or sold in the United States or to persons that are acting for the account or benefit of persons in the United States, except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable state securities laws.

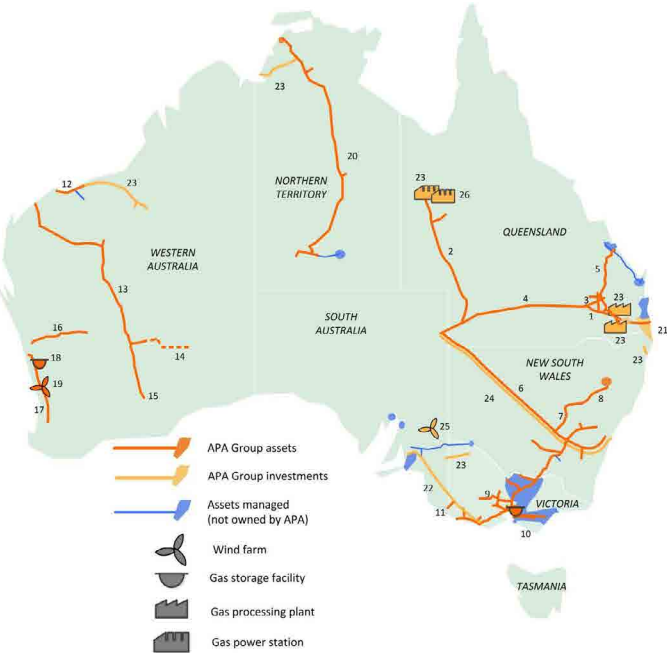
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APA asset and investment portfolio



APA Group assets and investments	
Energy Infrastructure	Energy Investments
Queensland (1) Roma Brisbane Pipeline (2) Carpentaria Gas Pipeline (3) Berwyndale Wallumbilla Pipeline (4) South West Queensland Pipeline (5) QCLNG Pipeline	(21) GDI (EII) (20%) Allgas Gas distribution network in Queensland (22) SEA Gas Pipeline (50%) (23) Energy Infrastructure Investments (19.9%) Gas pipelines, electricity transmission, gas-fired power stations and gas processing plants
New South Wales (6) Murrumbidgee Sydney Pipeline (7) Central West Pipeline (8) Central Ranges Pipeline	(24) Ethane Pipeline Income Fund (6.1%) (25) EII2 (20.2%) North Brown Hill wind farm
Victoria (9) Victorian Transmission System (10) Dandenong LNG facility	(26) Diamantina and Leichhardt Power Stations (50%)
South Australia (11) SESA Pipeline	Asset Management
Western Australia (12) Pittara Pipeline System (13) Goldfields Gas Pipeline (88.2%) (14) Eastern Goldfields Pipeline (under construction) (15) Kalgoorlie Kambalda Pipeline (16) Mid West Pipeline (50%) (17) Parmelia Gas Pipeline (18) Mondarra Gas Storage Facility (19) Ernu Downs wind farm	Commercial and/or operational services to: - Australian Gas Networks - GDI (EII) – Allgas (20.0%) - Energy Infrastructure Investments (19.9%) - Ethane Pipeline Income Fund (6.1%) - SEA Gas Pipeline (50.0%) - EII2 (20.2%) - other third parties
Northern Territory (20) Amadeus Gas Pipeline	



Appendix – Financial Details



Pro forma adjustments

- The Pro forma adjustments in preparation of the Pro forma APA Group Combined Balance Sheet, are summarised below:

1. Pro forma Envestra Disposal Adjustment

The pro forma Envestra disposal adjustment reflects the receipt of a final dividend of \$21 million, disposal of APA Group's 33.05% investment in Envestra in August 2014 for proceeds of \$784 million and the associated tax consequences of the disposal.

2. Pro forma Acquisition Adjustment

The pro forma acquisition adjustments assume a purchase price of \$6,049 million. The fair value of the asset acquisition has been allocated to property, plant and equipment and a contract intangible. Transaction costs of \$175 million have been capitalised and in addition transaction costs of \$80 million have been offset against the debt and equity raised.

3. Pro forma Funding Adjustment

The equity offer is expected to raise gross proceeds of \$1,839 million. Transaction costs directly attributable to the Equity Offer of \$43 million (before tax) have been offset against the equity raise.

The debt issuance is expected to raise gross proceeds of \$4,465 million. Transaction costs directly attributable to the Debt Issuance of \$37 million (before tax) have been offset against the debt raised.



Key assumptions

Effect of the QCLNG Pipeline acquisition on earnings

Key assumptions used to determine the impact of the QCLNG Pipeline acquisition on EBITDA, net interest costs, operating cashflow and operating cashflow per security are set out below:

- Financial Close date is assumed to be within a range of 1 April 2015 to 30 April 2015
- USD revenue, debt and net interest costs have been translated into AUD using an exchange rate of 0.8267
- USD revenue escalates in line with US CPI
- The USD bridge facility is refinanced in the bond market which will ultimately take the form of USD denominated debt
- APA Group raises gross proceeds of \$1,839 million under an Equity Offer
- APA Group raises gross proceeds of \$4,465 million of debt

This information is intended to assist investors in assessing, where relevant, the reasonableness and likelihood of the assumptions occurring and is not a representation that the assumptions will occur. Potential investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing this information, and that this may have a positive or negative impact on APA Group's financial performance. Investors are advised to review the key assumptions in this section in conjunction with the section on Key Risks commencing on slide 28.

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www.apa.com.au

Delivering Australia's energy

9.1 DATE OF THIS RETAIL OFFER BOOKLET

This Retail Offer Booklet is dated 15 December 2014.

Subject to the following paragraph, statements in this Retail Offer Booklet are made only as of the date of this Retail Offer Booklet unless otherwise stated and the information in this Retail Offer Booklet remains subject to change without notice. APA is not responsible for updating this Retail Offer Booklet.

The ASX Announcement and Investor Presentation set out in Section 8 are current as at 10 December 2014. There may be additional announcements that are made by APA after 10 December 2014 and throughout the Retail Entitlement Offer Period that may be relevant to your consideration of whether to take up your Entitlement. Therefore, it is prudent that you check whether any further announcements have been made by APA before submitting an application.

9.2 TRADING OF NEW SECURITIES

Holding statements in respect of New Securities allotted under the Retail Entitlement Offer are expected to be dispatched to Eligible Retail Securityholders on 29 January 2015. It is the responsibility of each applicant to confirm their holding before trading in New Securities. Any applicant who sells New Securities before receiving written confirmation of their holding will do so at their own risk.

APA and the Underwriters disclaim all liability whether in negligence or otherwise (to the maximum extent permitted by law) to persons who trade New Securities before receiving their holding statement, whether on the basis of confirmation of the allocation provided by APA, the Registry or the Underwriters.

If you are in any doubt as to these matters, you should first consult with your stockbroker, accountant or other independent professional adviser.

9.3 ELIGIBLE RETAIL SECURITYHOLDER - DEFINITION

The Retail Entitlement Offer is available only to Eligible Retail Securityholders. An **Eligible Retail Securityholder** is a person who is registered as the holder of Existing Securities on the Record Date (being 7.00pm (Sydney time) on 15 December 2014), and:

- whose registered address on the APA register of members is in Australia or New Zealand;
- who is not in the United States and is not acting for the account or benefit of a person in the United States;
- who is not an Eligible Institutional Securityholder or an Ineligible Institutional Securityholder; and
- who is eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

Eligible Retail Securityholders will receive a personalised Entitlement and Acceptance Form setting out their Entitlement, which accompanies this Retail Offer Booklet.

The Retail Entitlement Offer is not being made in the United States or to any person acting for the account or benefit of a person in the United States. Accordingly, Eligible Retail Securityholders (including nominees) who hold Securities on behalf of persons in the United States cannot take up their Entitlements or subscribe for New Securities on behalf of such persons, and may not send to such persons this Retail Offer Booklet or any other documents relating to the Entitlement Offer.

9.4 RANKING OF NEW SECURITIES

New Securities will be issued on a fully paid basis and will rank equally in all respects with Existing Securities including for all future distributions (except that the New Securities will not be eligible for the FY2015 interim distribution for the half year ended December 2014). The rights and liabilities attaching to the New Securities are set out in APA's constitution, a copy of which is available at www.apa.com.au.

9.5 RISKS

The Investor Presentation set out in Section 8.2 details important factors and risks that could affect the financial and operating performance of APA. Please refer to the 'Key Risks' set out in the Investor Presentation. You should consider these risk factors carefully in light of your personal circumstances, including financial and taxation issues, before making an investment decision in connection with the Retail Entitlement Offer.

9.6 RECONCILIATION

The Entitlement Offer is a complex process and in some instances investors may believe that they will own more Securities than they ultimately did as at the Record Date. This results in reconciliation issues. If reconciliation issues occur, it is possible that APA may need to issue a small quantity of additional New Securities (**Top Up Securities**) to ensure all Eligible Securityholders receive their full Entitlement. The price at which these Top Up Securities would be issued is the Issue Price.

APA also reserves the right to:

- reduce the number of New Securities allocated to Eligible Securityholders or persons claiming to be Eligible Securityholders, if their Entitlement claims prove to be overstated, if they or their nominees fail to provide information requested to substantiate their Entitlement claims, or if they are not Eligible Securityholders; and
- reduce the aggregate amount of Institutional Premium or Retail Premium (as applicable) allocated to persons who are securityholders on the Record Date or persons claiming to be securityholders on the Record Date, if their Entitlement claims prove to be overstated, if they or their nominees fail to provide information requested to substantiate their Entitlement claims, or if they are not securityholders on the Record Date.

9.7 NO COOLING OFF RIGHTS

Cooling off rights do not apply to an investment in New Securities. You cannot, in most circumstances, withdraw your Application once it has been lodged.

9.8 ROUNDING OF ENTITLEMENTS

Where fractions arise in the calculation of an Entitlement, they will be rounded down to the nearest whole number of New Securities.

9.9 NOMINEES AND CUSTODIANS

The Retail Entitlement Offer is being made to all Eligible Retail Securityholders.

Nominees with a registered address in Australia or New Zealand, irrespective of whether they participate in the Institutional Entitlement Offer, may also be able to participate in the Retail Entitlement Offer in respect of some or all of the beneficiaries on whose behalf they hold Existing Securities, provided that the beneficiary would satisfy the criteria for an Eligible Retail Securityholder.

Nominees and custodians which hold Securities as nominees and custodians will have received, or will shortly receive, a letter from APA. Nominees and custodians should carefully consider the contents of that letter and note in particular that the Retail Entitlement Offer is not available to beneficiaries on whose behalf they hold Existing Securities who:

- would not satisfy the criteria for an Eligible Retail Securityholder;
- are Eligible Institutional Securityholders and received an offer to participate in the Institutional Entitlement Offer (whether they took up their Entitlement or not); or
- were treated as Ineligible Institutional Securityholders under the Institutional Entitlement Offer.

APA is not required to determine whether or not any registered holder of Securities is acting as a nominee or the identity or residence of any beneficial owners of Securities. Where any registered holder of Securities is acting as a nominee for a foreign person that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Retail Entitlement Offer is compatible with applicable foreign laws. APA is not able to advise on any foreign laws. Any person in the United States or any person that is acting for the account or benefit of a person in the United States with a holding through a nominee may not participate in the Retail Entitlement Offer, and such a nominee must not take up any Entitlement on behalf of such a person or send any materials relating to the Entitlement Offer into the United States.

9.10 NOT INVESTMENT ADVICE

The information provided in this Retail Offer Booklet and the accompanying Entitlement and Acceptance Form is not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs, and should not be considered to be comprehensive or to comprise all the information which a securityholder may require in order to determine whether or not to subscribe for New Securities. APA is not licensed to provide financial product advice in relation to the Retail Entitlement Offer. If you are in doubt as to the course you should follow, you should consult your stockbroker, accountant or other independent professional adviser before deciding whether to take up your Entitlement.

Prospective investors should conduct their own independent investigation and assessment of the Retail Entitlement Offer and the information contained in, or referred to in, this Retail Offer Booklet. An investment in APA is subject to investment risk including possible loss of income and principal invested. You should read the entire the ASX Announcement and Investor Presentation set out in Section 8 (including the 'Key Risks' set out in the Investor Presentation) and other materials sent to you in relation to the Retail Entitlement Offer and any relevant materials lodged with ASX, consider all of the risk factors that could affect the performance of APA (including the 'Key Risks' set out in the Investor Presentation) in light of your particular investment objectives, financial circumstances and investment needs (including financial and taxation issues) and consult your stockbroker, accountant or other independent professional adviser before deciding whether to take up your Entitlement.

9.11 NO PRODUCT DISCLOSURE STATEMENT

This Retail Offer Booklet (including the ASX Announcement and Investor Presentation set out in Section 8) is issued by APA. This Retail Offer Booklet and the Entitlement and Acceptance Form are important documents and require your immediate attention. You should read these documents carefully and in their entirety before deciding whether or not to participate in the Retail Entitlement Offer.

The Retail Entitlement Offer is being made pursuant to the requirements of section 1012DAA of the Corporations Act as modified by ASIC Class Order [CO 08/35]. Accordingly, neither this Retail Offer Booklet nor the Entitlement and Acceptance Form are required to be lodged or registered with ASIC and no Product Disclosure Statement for the Entitlement Offer will be prepared. These documents do not contain, or purport to contain, all of the information that a prospective investor may require in evaluating a possible investment in APA. They do not and are not required to contain all of the information which would be required to be disclosed in a Product Disclosure Statement.

9 IMPORTANT ADDITIONAL INFORMATION CONTINUED

9.12 QUOTATION AND TRADING

APA has applied to ASX for the official quotation of the New Securities in accordance with ASX Listing Rule requirements.

Subject to approval being granted, it is expected that:

- normal trading of New Securities allotted under the Initial Allotment will commence on 23 December 2014; and
- normal trading of remaining New Securities allotted under the Final Allotment will commence on 29 January 2015.

9.13 AVAILABILITY OF RETAIL OFFER BOOKLET

Securityholders with registered addresses in Australia or New Zealand can obtain a copy of this Retail Offer Booklet during the Retail Entitlement Offer Period by calling the APA Securityholder Information Line on 1800 992 312 (toll free within Australia) or +61 1800 992 312 (from outside Australia) from 8.30am to 5.30pm (Sydney time) Monday to Friday (excluding public holidays) during the Retail Entitlement Offer Period.

Eligible Retail Securityholders with registered addresses in Australia or New Zealand will be sent a copy of this Retail Offer Booklet and their personalised Entitlement and Acceptance Form. You should ensure that you read this Retail Offer Booklet and the Entitlement and Acceptance Form in their entirety.

9.14 CONTINUOUS DISCLOSURE

APA is a 'disclosing entity' under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules, including the preparation of annual reports and half yearly reports.

APA is required to notify the ASX of information about specific events and matters as they arise for the purposes of the ASX making that information available to the stock markets conducted by the ASX. In particular, APA has an obligation under the ASX Listing Rules (subject to certain exceptions) to notify the ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price or value of its securities. That information is available to the public from the ASX and can be accessed at www.asx.com.au.

Some documents are required to be lodged with ASIC in relation to APA. These documents may be obtained from, or inspected at, an ASIC office.

9.15 FOREIGN JURISDICTIONS – RESTRICTIONS AND LIMITATIONS

This Retail Offer Booklet has been prepared to comply with the requirements of the securities laws of Australia and New Zealand.

The Entitlement and New Securities are not being offered to the public within New Zealand other than to existing securityholders of APA with registered addresses in New Zealand to whom the offer of these New Securities is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand). The offer of New Securities is renounceable in favour of members of the public.

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand). This document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

This Retail Offer Booklet does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Retail Entitlement Offer, the Entitlements or the New Securities, or otherwise permit the public offering of the New Securities, in any jurisdiction other than Australia and New Zealand.

The distribution of this Retail Offer Booklet or the Entitlement and Acceptance Form outside Australia and New Zealand may be restricted by law. If you come into possession of this Retail Offer Booklet or the Entitlement and Acceptance Form you should observe any such restrictions and should seek your own advice on those restrictions. Any failure to comply with such restrictions may contravene applicable securities laws.

This Retail Offer Booklet and anything contained in it does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to any person acting for the account or benefit of any person in the United States. None of this Retail Offer Booklet, the ASX Announcement and Investor Presentation reproduced in it nor the Entitlement and Acceptance Form may be distributed to or released in the United States or to any person in the United States.

The Entitlements and the New Securities have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States. The Entitlements may not be taken up by persons in the United States or by persons who are acting for the account or benefit of a person in the United States, and the New Securities may not be offered, sold or resold in the United States or to any person acting for the account or benefit of a person in the United States, unless such securities have been registered under the Securities Act or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and the applicable securities laws of any state or other jurisdiction in the United States. The Entitlements and the New Securities offered in the Retail Entitlement Offer may only be offered and sold outside the United States to persons that are not acting for the account or benefit of a person in the United States in 'offshore transactions' (as defined in Regulation S under the U.S. Securities Act) in compliance with Regulation S under the U.S. Securities Act.

In addition, the New Securities may not be deposited in any unrestricted American Depositary Receipt facility with respect to the securities of APA that has been or may be established until 40 days following the completion of the Retail Entitlement Offer.

See also the 'International Selling Restrictions' section of the Investor Presentation set out Section 8.2 for more information.

9.16 UNDERWRITING

The Entitlement Offer is fully underwritten by the Underwriters. APA has entered into the Underwriting Agreement under which it has been agreed that the Underwriters will act as joint lead managers in respect of the Entitlement Offer. Under the Underwriting Agreement:

- APA has provided various representations and warranties;
- subject to certain exceptions, APA has agreed to indemnify the Underwriters, their affiliates and related bodies corporate, and their respective directors, officers, employees, agents and advisers (each an **Indemnified Party**) from and against all losses directly or indirectly incurred by an Indemnified Party in connection with the Entitlement Offer;
- the Underwriting Agreement will be automatically terminated if the QCLNG pipeline acquisition agreement or the debt funding documents are terminated;
- the Underwriters may terminate the Underwriting Agreement and be released from their obligations to underwrite the Entitlement Offer on the happening of certain events before the Initial Settlement Date, including if⁵:
 - APA is removed from the official list of ASX or its Securities are delisted or suspended (for one or more than one ASX trading day) from quotation;
 - APT or APTIT alters its capital structure;
 - APT or APTIT or a material subsidiary of APA is insolvent or there is an act or omission which is likely to result in APT or APTIT or a material subsidiary of APA becoming insolvent;
 - APA's CEO or CFO has their employment terminated for cause;
 - APA commits a contravention of the Corporations Act, its constituent documents, an ASX Listing Rule or other applicable law;
 - APT or APTIT or the directors of APL commit fraud or certain other offences;
 - the Entitlement Offer is withdrawn.
- the Underwriters and APA may be required to agree to amendments to the Underwriting Agreement and the price, form and structure of the Entitlement Offer on the happening of certain events before the Initial Settlement Date, including if (each a **Restructure Event**)⁶:
 - a change in APA's CEO or CFO is announced or occurs;
 - there is a general moratorium on commercial banking activities in Australia, UK or USA;
 - there is a suspension or material limitation in trading and securities generally on ASX, New York Stock Exchange or London Stock Exchange;
 - there is a material disruption in commercial banking or securities settlement or clearance services within Australia, UK or USA;
 - there is an adverse change or disruption to existing financial markets, political or economic conditions in Australia, UK or USA, or the international financial markets or any change in national or international political, financial or economic conditions;
 - there is a change in relevant law;
 - there is an outbreak or escalation of hostilities involving (or significant terrorist act perpetrated against) one or more of Australia, USA or UK or significant terrorist attack anywhere in the world;
 - there is an application to a government agency (which, in the Underwriters' bona fide opinion, is a serious action with reasonable prospects of success) for an order, declaration or other remedy, or a government agency commences or announces an intention to commence any investigation or hearing, in connection with the Entitlement Offer (or any part of it), the QCLNG acquisition agreement or the debt funding documents;
 - there is an adverse change in the financial position, results, operations or prospects of APA from the position disclosed to ASX before the entry into the Underwriting Agreement or in the draft offer materials provided to the Underwriters prior to the date of execution of the Underwriting Agreement;
 - the Underwriting Agreement is breached; or
 - a representation or warranty under the Underwriting Agreement proves to be, has been or becomes untrue or incorrect;
- the underwriters may terminate the Underwriting Agreement and be released from their obligations to underwrite the Retail Entitlement Offer on the happening of certain events between the Initial Settlement Date and the Final Settlement Date, including if⁷:
 - a disclosure in the due diligence committee report or verification materials is or becomes misleading or deceptive, including by way of omission;
 - the documentation for the Entitlement Offer or any aspect of the Entitlement Offer does not comply with the Corporations Act, ASX Listing Rules or any other applicable law;
 - a member of the APA Group breaches or defaults under any provision, undertaking, covenant or ratio of a material debt or financial arrangement or any related documentation which has an adverse effect on the APA Group;
 - an event of default or event which gives a lender or financier the right to accelerate or require repayment of debt or financing or other similar material event occurs under or in respect to any such debt or financing arrangement or related document occurs which has an adverse effect on the APA Group;

5) The ability of the Underwriters to terminate the Underwriting Agreement or seek a restructure of the Entitlement Offer in respect of some events will depend upon whether the event has or is likely to have a material adverse effect on the success, marketing or settlement of the Entitlement Offer, the value of the securities, or the willingness of investors to subscribe for the offer of securities, or where they may give rise to liability of the Underwriters.

6) See footnote 5 above.

7) See footnote 5 above.

- a scheme of arrangement or reconstruction is announced by APA, or another offer to securityholders is announced by another person, which, if implemented may result in a person and their associates acquiring a beneficial interest in, or voting power of, 50% or more of the interests in APA;
- a change in the responsible entity of APT and APTIT is proposed or occurs;
- an event that would have been a restructure event during the Institutional Entitlement Offer period occurs during this period; and
- the Underwriters will receive a maximum fee of 1.75% (total fee pool) of the proceeds of the Entitlement Offer.

9.17 CO-MANAGERS

CIMB, Craigs and Morgans have been appointed as co-managers and will each be paid a fixed fee of \$50,000 (inclusive of GST). Retail affiliates of the Underwriters, Macquarie Equities, Morgan Stanley Wealth and Wilson, have also been appointed. In addition APA will pay to stockbrokers (being those entities named as full service (advisory) brokers or non-advisory brokers on the ASX website) who submit valid applications bearing their broker's stamp from Eligible Retail Securityholders (as defined in Section 9.3) a stamping fee of an amount equal to 0.50% of the application monies (inclusive of GST) paid in respect of a valid application, subject to a minimum payment of \$50 and a maximum of \$500 per valid application.

9.18 GOVERNING LAW

This Retail Offer Booklet, the Entitlement Offer and the contracts formed on acceptance of the Entitlement and Acceptance Forms are governed by the law applicable in New South Wales, Australia. Each securityholder who applies for New Securities submits to the non exclusive jurisdiction of the courts of New South Wales, Australia.

9.19 AUTHORISATIONS AND DISCLAIMERS

This Retail Offer Booklet is issued by, and is the sole responsibility of, APA.

None of the parties referred to in the Corporate Directory of this Retail Offer Booklet (other than APA), has:

- authorised or caused the issue of this Retail Offer Booklet; or
- made or authorised the making of any statement that is included in this Retail Offer Booklet or any statement on which a statement in this Retail Offer Booklet is based.

To the maximum extent permitted by law, each of the parties referred to in the Corporate Directory of this Retail Offer Booklet (other than APA) expressly disclaims and takes no responsibility for any statements in or omissions from this Retail Offer Booklet.

The information contained in this Retail Offer Booklet is of general nature and has been prepared by APA in good faith and with due care but no representation or warranty, express or implied, is provided in relation to the accuracy or completeness of the information. No person is authorised to give any information or make any representation in connection with the Retail Entitlement Offer which is not contained in this Retail Offer Booklet. Any information or representation not so contained may not be relied upon as being authorised by APA or any person associated with it in connection with the Retail Entitlement Offer.

9.20 WITHDRAWAL OF THE RETAIL ENTITLEMENT OFFER

APA reserves the right to withdraw the Retail Entitlement Offer at any time before the issue of New Securities, in which case APA will refund any Application Monies (as soon as practicable and without interest).

9.21 PRIVACY

As a securityholder, APA and the Registry have already collected certain personal information from you. If you apply for New Securities, APA and the Registry may update that personal information or collect additional personal information. Such information may be used to assess your acceptance of the New Securities, service your needs as a securityholder, provide facilities and services that you request and carry out appropriate administration.

To do that, APA and the Registry may disclose your personal information for purposes related to your securityholdings to their agents, contractors or third party service providers to whom they outsource services, in order to assess your application for New Securities, the Registry for ongoing administration of the register, printers and mailing houses for the purposes of preparation of the distribution of securityholder information and for handing of mail, or as otherwise under the Privacy Act 1988 (Cth).

If you do not provide us with your personal information we may not be able to process your application. In most cases you can gain access to your personal information held by (or on behalf of) APA or the Registry. We aim to ensure that the personal information we retain about you is accurate, complete and up to date. To assist us with this please contact us if any of the details you have provided change. If you have concerns about the completeness or accuracy of the information we have about you, we will take steps to correct it. You can request access to your personal information by telephoning or writing to APA through the Registry as follows:

Link Market Services Limited

GPO Box 3560
Sydney NSW 2001

In this Retail Offer Booklet the following terms have the following meanings:

Term	Definition
\$ or A\$ or dollars	Australian dollars
APA	APA Group (consisting of APT and APTIT, both trusts of which APL is the trustee and responsible entity)
APL	Australian Pipeline Limited (ACN 091 344 704)
Application	an application to subscribe for New Securities under the Retail Entitlement Offer
Application Monies	monies received from applicants in respect of their Applications
APT	Australian Pipeline Trust (ARSN 091 678 778)
APTIT	APT Investment Trust (ARSN 115 585 441)
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited (ABN 98 008 624 691) or the financial products market operated by that entity known as the Australian Securities Exchange
ASX Announcement	the announcement released to ASX on 10 December 2014 in connection with the Entitlement Offer, a copy of which is set out in Section 8.1
ASX Listing Rules	the official listing rules of ASX, as amended or replaced from time to time and as waived in respect of APA by ASX
CGT	capital gains tax
CIMB	CIMB Capital Markets (Australia) Ltd (ACN 000 757 111)
Clearing Price	the price determined pursuant to the Retail Bookbuild
Corporations Act	Corporations Act 2001 (Cth)
Craigs	Craigs Investment Partners Limited (ARBN 143 656 437)
Early Retail Acceptance Date	5.00pm (Sydney time) on 19 December 2014. This is the date that Eligible Retail Securityholders can take up some or all of their Entitlement

10 GLOSSARY CONTINUED

Term	Definition
Eligible Institutional Securityholder	means a person who: — was identified as an Institutional Securityholder by APA; — has a registered address in Australia, New Zealand, the United States or certain other jurisdictions disclosed in the Investor Presentation; — if located in the United States, is a “qualified institutional buyer” (as defined in Rule 144A under the U.S. Securities Act of 1933, as amended (the Securities Act)) or a dealer or other professional fiduciary organised, incorporated or (if an individual) resident in the United States that is acting for an account (other than an estate or trust) held for the benefit or account of persons that are not U.S. Persons (as defined in Rule 902(k) under the Securities Act) for which it has and is exercising investment discretion, within the meaning of Rule 902(k)(2) (i) of Regulation S under the Securities Act, and in each case, whose participation has been expressly approved by APA and the administration agents of the Institutional Entitlement Offer component that will take place in the United States; — is eligible under all applicable securities laws to receive an offer under the Institutional Entitlement Offer; and — who has successfully received an offer under the Institutional Entitlement Offer
Eligible Retail Securityholder	is defined in Section 9.3
Eligible Securityholder	a person who is an Eligible Institutional Securityholder or an Eligible Retail Securityholder
Entitlement	the entitlement to subscribe for 1 New Security for every 3 Existing Securities held on the Record Date by Eligible Securityholders
Entitlement and Acceptance Form	the Entitlement and Acceptance Form accompanying this Retail Offer Booklet upon which an Application can be made
Entitlement Offer	the offer of approximately 278,583,603 New Securities to Eligible Securityholders in the proportion of 1 New Security for every 3 Existing Securities held on the Record Date by Eligible Securityholders, comprising the Institutional Entitlement Offer, the Institutional Bookbuild, the Retail Entitlement Offer and the Retail Bookbuild
Existing Security	a Security on issue before the Record Date
Final Retail Closing Date	5.00pm (Sydney time) on 15 January 2015. This is the final date that Eligible Retail Securityholders can take up some or all of their Entitlement
GST	Australian Goods and Services Tax (currently 10%)
Ineligible Institutional Securityholder	means an Institutional Securityholder who is not an Eligible Institutional Securityholder
Ineligible Retail Securityholder	a securityholder that is not an Eligible Retail Securityholder, an Eligible Institutional Securityholder or an Ineligible Institutional Securityholder.
Institutional Bookbuild	the bookbuild sale process conducted after completion of the Institutional Entitlement Offer, as described in Section 5.3
Institutional Entitlement Offer	the offer of New Securities to Eligible Institutional Securityholders as part of the Entitlement Offer as described in Section 5.3
Institutional Investor	a person: — in Australia, to whom an offer of securities in a company may be made in Australia without a disclosure document (as defined in the Corporations Act) on the basis that such a person is an ‘exempt investor’ as defined section 9A(5) of the Corporations Act (as inserted by ASIC Class Order [CO 08/35]); or — in selected jurisdictions outside Australia, to whom an offer of New Securities may be made without registration, lodgement of a formal disclosure document or other formal filing in accordance with the laws of that foreign jurisdiction (except to the extent to which APA, at its absolute discretion, is willing to comply with such requirements)

10 GLOSSARY CONTINUED

Term	Definition
Institutional Securityholder	a securityholder on the Record Date who is an Institutional Investor
Institutional Premium	has the meaning given in Section 5.3
Investor Presentation	the presentation released to ASX on 10 December 2014 in connection with the Entitlement Offer, a copy of which is set out in Section 8.2
Issue Price	\$6.60 per New Security
Macquarie Equities	Macquarie Equities Limited (ACN 002 574 923)
Morgan Stanley Wealth	Morgan Stanley Wealth Management Australia Pty Ltd (ACN 009 145 555)
Morgans	Morgans Financial Limited (ACN 010 669 726)
New Securities	the Securities offered under the Entitlement Offer
Retail Bookbuild	the bookbuild sale process conducted after completion of the Retail Entitlement Offer, as described in Section 5.2(d)
Retail Entitlement Offer	the offer of New Securities to Eligible Retail Securityholders as part of the Entitlement Offer as described in Section 5.2(a)
Retail Entitlement Offer Period	the period commencing on the opening date of the Retail Entitlement Offer, as specified in the 'Key Dates for the Entitlement Offer' in Section 2, and ending on the Final Retail Closing Date
Retail Offer Booklet	this booklet dated 15 December 2014, including (for the avoidance of doubt) the ASX Announcement and Investor Presentation set out in Section 8
Retail Premium	has the meaning given in Section 5.2(d)
Section	a section of this Retail Offer Booklet
Security	a fully paid ordinary APA stapled security, comprising an ordinary unit in APT and APTIT stapled together
Securityholder	the registered holder of an Existing Security
Underwriters	Macquarie Capital (Australia) Limited (ACN 123 199 548), Deutsche Bank AG, Sydney Branch (ACN 064 165 162) and Morgan Stanley Australia Securities Limited (ACN 078 652 276), the joint underwriters and bookrunners for the Entitlement Offer
Underwriting Agreement	the underwriting agreement dated 27 November 2014 between APA and the Underwriters, as described in section 9.16
U.S. or United States	United States of America, its territories and possessions, any state of the United States and the District of Columbia
U.S. Securities Act	U.S. Securities Act of 1933, as amended
Wilson	Wilson HTM Corporate Finance Ltd (ACN 057 547 323)

APA GROUP**Registered Office**

Level 19, 580 George Street
Sydney NSW 2000

www.apa.com.au

UNDERWRITERS AND BOOKRUNNERS**Macquarie Capital (Australia) Limited**

50 Martin Place
Sydney NSW 2000

Morgan Stanley Australia Securities Limited

Level 39, 2 Chifley Square
Sydney NSW 2000

Deutsche Bank AG. Sydney Branch

Level 16, 126 Phillip Street
Sydney NSW 2000

APA SECURITYHOLDER INFORMATION LINE

1800 992 312 (toll free within Australia) or
+61 1800 992 312 (from outside Australia)

Open 8.30am to 5.30pm (Sydney time) Monday to
Friday (excluding public holidays) during the Retail
Entitlement Offer Period.

REGISTRY**Link Market Services Limited**

Level 12, 680 George Street
Sydney NSW 2000

AUSTRALIAN LEGAL ADVISER**Allens**

Level 28, 126 Phillip Street
Sydney NSW 2000

RETAIL AFFILIATES OF THE UNDERWRITERS**Macquarie Equities Limited**

1 Shelley Street
Sydney NSW 2000

Morgan Stanley Wealth Management

Australia Pty Ltd
120 Collins Street
Melbourne VIC 3000

Wilson HTM Corporate Finance Ltd

Level 14, 99 Elizabeth Street
Sydney NSW 2000

CO-MANAGERS**CIMB Capital Markets (Australia) Ltd**

Level 29, Aurora Place
88 Phillip Street
Sydney NSW 2000

Craigs Investment Partners Limited

Level 32, Vero Centre
48 Shortland Street
Auckland 1010

Morgans Financial Limited

Level 29, 123 Eagle Street
Brisbane QLD 4000

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