



26 August 2020

ASX ANNOUNCEMENT

APA Group (ASX: APA)

Annual Financial Results

APA Group provides the attached for the financial year ended 30 June 2020:

- Australian Pipeline Trust Appendix 4E
- Australian Pipeline Trust Annual Report
- APTIT Investment Trust Annual Report

A handwritten signature in black ink, appearing to read 'N Codevelle'.

Authorised for release by Nevenka Codevelle

Company Secretary
Australian Pipeline Limited

For further information, please contact:

Investor enquiries:

Jennifer Blake

Head of Investor Relations

Telephone: +61 2 9693 0097

Mob: +61 455 071 006

Email: jennifer.blake@apa.com.au

Media enquiries:

Vanessa Puli

Head of Corporate Communications

Telephone: +61 2 9228 8300

Mob: +61 436 469 356

Email: vanessa.puli@apa.com.au

About APA Group (APA)

APA is a leading Australian energy infrastructure business, owning and/or operating around \$22 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 ownership interests in a number of energy infrastructure enterprises including SEA Gas Pipeline, SEA Gas (Mortlake) Partnership, Energy Infrastructure Investments and GDI Allgas Gas Networks.

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, apa.com.au



Statutory Results		Change		Amount \$'000
Revenue	Up	5.6%	to	2,590,621
EBITDA	Up	5.1%	to	1,653,919
EBIT	Up	4.2%	to	1,002,353
Profit after tax	Up	10.1%	to	317,106
Operating cash flow	Up	8.3%	to	1,095,943
Operating cash flow per security	Up	7.1¢	to	92.9¢
Earnings per security	Up	2.5¢	to	26.9¢

EBIT = Earnings before interest and tax

EBITDA = EBIT before depreciation and amortisation

Reporting Period

The above results are for the financial year ended 30 June 2020, reference is made to movements from the previous corresponding period being the financial year ended 30 June 2019.

	APA Group	
Distributions paid and proposed	Amount per security	Franking credits per security
Final distribution proposed		
profit distribution	10.62¢	3.66¢
capital distribution	16.38¢	-
	27.00¢	3.60¢
Interim distribution paid		
profit distribution	13.85¢	3.65¢
capital distribution	9.15¢	-
	23.00¢	3.65¢
	50.00¢	7.25¢

Record date for determining entitlements to the unrecognised final distribution in respect of the current financial year is 30 June 2020.



Distribution information is presented on an accounting classification basis. The APA Group Annual Tax Statement and Annual Tax Return Guide to be (released in September 2020) provide the classification of distribution components for the purposes of preparation of security holder income tax returns.

The Directors have reviewed APA Group's financial position and funding requirements and have decided to retain the suspension of the Distribution Reinvestment Plan until further notice.

Net asset backing per security	2020 \$	2019 \$
Net tangible asset backing per security	(0.50)	(0.33)
Net asset backing per security	2.73	3.05

Additional information and commentary on results for the year

For additional disclosures refer to the APA Group annual report for the year ended 30 June 2020 accompanying this Appendix 4E.

celebrating. 20 years

2020 a leading Australian energy infrastructure company.

20

annual report. 2020



APA Group. established June 2000.

we strengthen communities through responsible energy

The world is changing as are people's attitudes. Technology developments are providing new ways of operating and opening up new horizons and opportunities. It's a very exciting time to be in the energy space.

As we begin our third decade, APA is a leading energy infrastructure business with the vision to be world class in energy solutions. We will be at the forefront of the responsible energy transformation leveraging our existing portfolio and skills and investing in future technologies.

In doing so, we will strengthen communities for the benefit of future generations.

Responsible energy means taking a long term view and creating value for all our stakeholders – customers, investors, the environment and communities, authorities and our employees.

We will measure our success based on the success we deliver to our stakeholders.



Celebrating 20 years.

Front cover: Wallumbilla Gas Hub facilities in Queensland.

This Page: During FY2020, APA donated this state of the art TATRA fire truck to the Shire of Dandaragan in Western Australia, where APA's renewable energy precinct is located.

Back cover (top): Badgingarra Wind and Solar Farms in Western Australia.

Back cover (bottom): Raj Kallath, Infrastructure Project Manager and Michael Fox, Mechanical Engineer, inspecting the Reedy Creek to Wallumbilla pipeline in Queensland, post construction.



20

20 years. delivering responsible energy.

contents.

FY2020 in Review

- 02 Chairman's Report
- 04 Managing Director's Report
- 06 APA Group Board
- 07 APA Group Executive Leadership
- 08 2020 Highlights

Australian Pipeline Trust

ARSN 091 678 778

- 10 Directors' Report
- 48 Remuneration Report
- 63 Consolidated Financial Statements

APT Investment Trust

ARSN 115 585 441

- 123 Directors' Report
- 127 Consolidated Financial Statements
- 147 Additional Information
- 148 Five Year Summary
- 149 Investor Information



chairman's report.

This year marks the 20th anniversary of APA's listing on the ASX and it is pleasing to report it also marks 20 years of growth in distributions to Securityholders with Total Securityholder Returns of 2,203% ⁽¹⁾ since listing in June 2000.



Michael Fraser. Chairman.

FY2020 will be remembered as a very tough year for Australia and continues to be challenging into FY2021. At APA, Rob Wheals and his team have responded exceptionally well to the many challenges faced during the year, including bushfires, extreme weather events and the COVID-19 crisis. The Board is particularly pleased that they have done so with an absolute focus on our responsibilities to our customers, the communities in which we operate and our people.

FY2020 Results

APA's long running growth strategy and low risk business model have underpinned the performance of the business through both good years, and in challenging years such as FY2020. Our strong balance sheet and long-term contracts have helped safeguard APA's earnings against the market volatility impacting many companies this year, and our business has delivered solid FY2020 results.

Importantly, we delivered 50.0 cents per security distribution for FY2020, an increase of 6.4% on FY2019, with the additional benefit of 7.31 cents per security of franking credits. Our distribution policy has always had long term sustainability at its core. So it is pleasing to demonstrate that APA's approach has again delivered growing returns to our investors, in a year when there has been much disruption.

Total revenue (excluding pass-through revenue) in FY2020 increased by \$98.5 million to \$2,129.5 million, an increase of 4.8% on the previous year (FY2019: \$2,031.0 million). Earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 5.1% to \$1,653.9 million which was towards the upper end of the revised EBITDA guidance range of \$1,635 million to \$1,655 million (revised 21 April 2020). Whilst the mix of long term take or pay contracts and regulated revenues underpins our revenue base, investment in new energy infrastructure assets in recent years has delivered the pleasing earnings increase.

Net profit after tax increased 10.1% to \$317.1 million. Operating cash flow increased by 8.3% or \$83.8 million to \$1,095.9 million compared to the previous year (FY2019: \$1,021.1 million). Similarly, operating cash flow per security increased 8.3%, or 7.1 cents, to 92.9 cents per security (FY2019: 85.8 cents per security).

Consistent Strategy, Refreshed Perspective

Growing the business and doing so in a sustainable manner has long been our strategy. With this approach, we have not only grown the size of the business and returns to investors, but we have also expanded our business to include complementary energy infrastructure.

Societal demand for new energy technologies is increasing and APA is well positioned to play an important role in the energy transformation that is underway.

The Board endorsed APA's refreshed Purpose, Vision, and Operating Model during this reporting period. Our Purpose of strengthening communities through responsible energy has never been so pertinent. APA is one of Australia's largest companies, providing essential services to ensure the ongoing supply of gas and electricity for Australians.

The refreshed operating structure recently implemented by Rob Wheals provides a solid foundation for APA's continued success going forward, providing the capacity for innovation, scalability and agility needed to manage the changing nature of the energy landscape. This will help us achieve our Purpose to strengthen communities through responsible energy, and our Vision to become world class in energy solutions.

Energy infrastructure requires a long-term perspective - investing today to deliver benefits to the economy, society and our customers in future years. We continue to see significant opportunities within Australia in our core skillset of energy infrastructure; particularly gas and renewables. We are also investing in new technologies and energy sources.

¹⁾ Achieved securityholder returns of 16.8% per annum on an annual compounding basis since listing on 13 June 2000 through to 21 August 2020.



Assets owned and/or
operated by APA

~\$22

billion



EBITDA increased
5.1% on FY2019

\$1,654

million



Distribution per security
increased 6.4%

50

cents



20 years delivering responsible energy.

Whatever Australia's future energy mix, APA will be at the forefront of responsible energy generation and delivery. We continue to investigate gas infrastructure investment opportunities in North America with the focus on ensuring that anything we acquire is the right fit for our low risk business model.

We have also continued to advance our scenario analysis in alignment with the Task Force on Climate-Related Disclosure recommendations that was commenced last year. The results of this analysis will be published in early October. The work has included extending the horizon to 2050 and resilience testing our existing portfolio against a range of divergent scenarios, including limiting climate change to 1.5C degrees. During the year, we published APA's first Climate Change Position Statement which affirms our stance on climate change and support for a global transition to a lower carbon future. We know our actions of today will impact future generations and therefore we must take a responsible approach to the delivery of energy solutions, now and into the future.

Board Addition

During the year we welcomed Rhoda Phillippo as a Non-Executive Director to APA's Board. Rhoda's extensive and diverse background in energy, telecommunications and IT will further strengthen the Board and complement its skillset.

Annual Meeting

I recently wrote to Securityholders advising of the need to hold a virtual annual meeting in 2020 due to the government restrictions and guidelines as a result of the coronavirus pandemic. Access will be both online and via the telephone and you will be able to view, listen, vote and ask questions. We will provide further detailed information as we get closer to the 22 October 2020 annual meeting date. A dedicated information page on APA's website has also been set up at <https://www.apa.com.au/investors/annual-meeting>.

FY2021 Outlook

Looking ahead, we are confident that APA is in a strong position financially and operationally. Although APA is an essential part of the energy supply chain, no business is entirely immune from an economic downturn. APA is successful when our customers are strong. While our capacity contracts and regulated revenues mean that our business is somewhat resilient through economic cycles, APA's revenues are still subject to recontracting decisions by customers, throughput volumes on certain assets, the timing of customer FID decisions, as well as lower CPI across the contracts portfolio.

Further, APA's current operating plan for FY21 only includes around \$10 million of EBITDA contribution from the Orbest Gas Processing Plant under the recently announced Transition Agreement with Cooper Energy. This assumes Practical Completion is not achieved until the end of the financial year.

In this context, APA expects EBITDA for the full year to 30 June 2021 to be within the range of \$1,625 million to \$1,665 million. Total distributions for FY2021 are expected to be substantially in line with FY2020 distributions, with franking credits which may be allocated, depending on the amount of cash tax APA will pay during the year.

Finally, on behalf of the Board, I wish you the very best of health both physically and mentally, as we support each other through these extraordinary times. At APA, the safety and well-being of all the people we deal with, including our Securityholders, is our highest priority. Thank you for your ongoing support.

Michael Fraser
Chairman

managing director's report.

FY2020 has been a year like no other. Resilience and adaptability have been key for both people and businesses. Our success and growth over 20 years as a publicly listed business has always been about adapting to new challenges and opportunities, with a strong focus on our customers' needs.



Rob Wheals. Chief Executive Officer and Managing Director.

Our Purpose and Vision

This year we articulated our Purpose – we strengthen communities through responsible energy. We also defined our Vision – to be world class in energy solutions. This means that APA is recognised for integrity and credibility, for our leadership in responsible energy, for our strong governance and for our continued focus on our customers. Further, we want APA to be a place where people are proud to work, an organisation that is known for its operational, safety and environmental performance.

I have been a very proud employee of APA for more than 11 years. My first year as your CEO and Managing Director has only enhanced my pride and enthusiasm for our business and what we can contribute to society in the years to come.

Safety is paramount

Safety is our number one priority. This financial year we experienced the additional challenges that came with the bushfires across eastern Australia and the global coronavirus pandemic. Fortunately our people were unharmed and our assets undamaged in the bushfires. Our business adapted quickly and successfully to the new and challenging operating conditions necessary in the pandemic. Our people have been a credit to the company in this crisis.

Disappointingly we have had an increase in recordable injuries this year. This is not satisfactory, and we are focussed on putting in place more measures to prevent future injuries.

Performance and Growth

Despite the testing times experienced in FY2020, APA has continued to deliver steady and solid results as detailed by the Chairman in his Report. The 5.1% increase year on year in EBITDA was possible because of contributions from a number of new energy-infrastructure assets, as well as solid performance from all our existing assets. APA's Orbest Gas Processing Plant was due to be commercially operating in FY2020. We continue to work very closely with our customer and technology partner to have this asset contributing revenue in the near term.

We expect that the economic consequence of the global pandemic and depressed oil prices will cause delays to some near term investment decisions. But to ensure reliable, affordable and secure energy into the future, the industry must take a long-term view and continue to invest in new energy infrastructure projects. Working closely with our customers, APA continues to see over \$4 billion of domestic growth opportunities over the next five to ten years. Of this, as much as \$1 billion of projects are in active discussion with customers for decisions and/or delivery over the next two to three years.

The Australian Energy Market Operator is forecasting a 2023 winter gas supply shortfall in the south eastern market. Amongst other gas supply solutions, this is likely to require additional gas transportation from northern markets to the south. We continue to see opportunities for cost efficient capacity expansion of APA's interconnected East Coast Grid, which would deliver the additional transportation capacity as required. We are also working with customers on new gas supply sources, both from new gas fields and LNG regasification projects.

In Western Australia, the organic growth of our pipeline and power generation infrastructure continues to gain momentum. We are securing new customers seeking both gas as a reliable and efficient energy source, as well as renewable energy.

In terms of our growth plans in North America, we continue to look for suitable opportunities. As we have articulated previously, we will only proceed if an investment meets our criteria.

The Energy Transition Roadmap

Energy transformation is well underway both globally and in Australia. The shift away from coal has been significant. With an ageing suite of coal generators still producing 60-70% of electricity in Australia, there are both opportunities and challenges in navigating Australia's energy transformation.

20 years focused on our customers' needs.



\$1.7

billion

invested in new energy infrastructure from FY2017-FY2020



\$1,096

million

Operating cash flow increased 8.3% on FY2019

Renewable penetration has increased, and battery cost and technologies have improved. However, current available technology alone will not be able to support the 24/7 electricity load in the near to medium term. We continue to believe gas will be an important part of the mix to ensure energy reliability going forward.

APA has been working on its own energy roadmap as we take a holistic approach to decarbonisation. We are ensuring the new Transformation and Technology division has the right resources in place to investigate and invest in new technologies and new energy opportunities that will ultimately leverage and complement our existing expertise.

Whatever the energy mix, APA, as a leading Australian energy infrastructure company, will continue to adapt and innovate to be at the forefront of world class, responsible energy solutions.

Customer and Community Engagement

Our business is successful when we meet our customers' needs as well as work with and respect the communities in which we operate. Indigenous heritage, landholder and environmental sensitivities are key considerations in APA's planning and operations. Ensuring we engage effectively with our stakeholders to deliver value for them as well as our customers is an area of enhanced focus at APA.

Financial contributions, local employment opportunities, student work experience, leadership mentoring and equipment donations are some of the ways we provide support to regional communities where most of our infrastructure is located. As a business, we donated over \$200,000, in addition to personal contributions from our employees, to help get communities back on their feet following the devastating bushfires earlier this year. I was both humbled and impressed by the compassion and initiative demonstrated by the APA team.

Working together is common practice at APA. And from an energy industry perspective, we have been doing just that with our active involvement in the Energy Charter. APA was a founding member of this initiative. It aims to deliver better energy outcomes for Australians through an aligned approach throughout the energy supply chain. FY2020 saw the delivery of the first Independent Accountability Report and the development of a number of coordinated "Better Together" initiatives aimed at delivering tangible, improved customer and consumer outcomes.

Looking ahead

My Executive Leadership Team has had some changes over the course of FY2020, to reflect the new operating model.

Hannah McCaughey joined in March 2020 to head up the Technology and Transformation division. Hannah leads a group that is focused on exploring new energy opportunities as well as internal transformation projects including IT.

We have also welcomed Julian Peck as Group Executive Strategy and Commercial. The role was made vacant due to Ross Gersbach moving to Houston to spearhead our US acquisition strategy. Julian has an investment banking background and will lead a newly formed team that focuses on developing and executing our corporate strategy as well as commercial opportunities with our customers.

I also recently announced the appointment of Adam Watson as Chief Financial Officer (CFO) commencing in mid-November. Adam has been CFO with Transurban for six years and has extensive experience across a range of financial disciplines and transactions in ASX-listed companies. Adam will take over the reins from Peter Fredricson, APA's long-serving CFO who will retire in December 2020. Peter has been an excellent CFO and his astute capital markets guidance in particular has supported our business growth. On behalf of the company and our investors, I'd like to thank Peter for his outstanding contribution to APA's success.

With this refreshed management team, APA remains in a strong position to execute and deliver on our strategy of continued growth in this evolving energy market.

Rob Wheals

Chief Executive Officer and Managing Director

apa group board.



1
Michael Fraser
BCom FCPA MAICD
Independent Chairman
Appointed 1 September 2015
Appointed Chairman
27 October 2017
Michael has more than 35 years' experience in the Australian energy industry. He has held various executive positions at AGL Energy culminating in his role as Managing Director and Chief Executive Officer for the period of seven years until February 2015.

Michael is a Director of Aurizon Holdings Limited. He is also a former Chairman of the Clean Energy Council, Elgas Limited, ActewAGL and the NEMMCo Participants Advisory Committee, as well as a former Director of Queensland Gas Company Limited, the Australian Gas Association and the Energy Retailers Association of Australia.

Michael is a member of the Audit and Risk Management Committee and the Chairman of the Nomination Committee.

2
Robert (Rob) Wheals
BCom CA GAICD
Chief Executive Officer and Managing Director
Appointed 6 July 2019

Rob has more than 25 years' experience in Australia and internationally in energy infrastructure and telecommunications, across roles in operations, finance, commercial, strategy, infrastructure investments and M&A, as well as regulatory. Rob joined APA in 2008 as General Manager Commercial to manage the commercial function of APA's transmission business, which includes over 15,000 kilometres of gas transmission pipelines, storage and processing facilities.

In 2012, Rob was appointed Group Executive Transmission, responsible for approximately 85% of APA's earnings before interest, tax, depreciation and amortisation.

In this role, Rob was responsible for the commercial, operational and safety performance of APA Group's transmission and gas storage assets.

Rob has a deep understanding of the Australian energy market and the challenges facing Australia today and into the future, in particular the challenge of balancing sustainable lower emissions energy with reliable and affordable energy for end users.

Prior to joining APA, Rob was General Manager of Strategy at AAPT in Sydney.

Rob has a Bachelor of Commerce Degree, is a Chartered Accountant and a Graduate Member of the Australian Institute of Company Directors.

3
Steven (Steve) Crane
BCom FAICD SF Fin
Independent Director
Appointed 1 January 2011

Steve has over 40 years' experience in the financial services industry. His background is in investment banking, having previously been Chief Executive Officer of ABN AMRO Australia and BZW Australia.

Steve has experience as a Non-Executive Director of listed entities. He is currently Chairman of nib holdings limited, Taronga Conservation Society Australia, Global Valve Technology Limited and a Director of SCA Property Group.

He was formerly Chairman of Adelaide Managed Funds Limited and Investa Property Group Limited, a Director of Bank of Queensland Limited, Transfield Services Limited, Adelaide Bank Limited, Foodland Associated Limited and APA Ethane Limited, the responsible entity of Ethane Pipeline Income Fund, and a member of the Advisory Council for CIMB Securities International (Australia) Pty Ltd.

Steve is a member of the Audit and Risk Management Committee, a member of the Nomination Committee and a member of the People and Remuneration Committee.

4
James Fazzino
BEc (Hons) FCPA
Independent Director
Appointed 21 February 2019

James has experience both locally and internationally in the industrial chemicals, fertilisers, explosives and manufacturing sectors.

James is currently the Chairman of Manufacturing Australia, Chairman of Osteon Medical, a director of Rabobank Australia Limited and Tassal Group Limited. He is also a Co-convenor of the Male Champions of Change 2015 Group, Vice Chancellors Fellow at La Trobe University and Adjunct Professor at La Trobe Business School.

He was formerly the Managing Director and Chief Executive Officer of Incitec Pivot and before that, its Finance Director and Chief Financial Officer. James is a member of the Audit and Risk Management Committee and a member of the Health, Safety and Environment Committee.

5
Debra (Debbie) Goodin
BEC FCA MAICD
Independent Director
Appointed 1 September 2015

Debbie is an experienced Non-Executive Director and Chair of Board Audit and Risk and Remuneration Committees. She is currently a Director of ASX-listed companies Senex Energy Limited and Atlas Arteria Limited, and Chairs the Audit and Risk Committees for each of these companies. She is also a Director and Audit Committee Chair of Australia Pacific Airports Corporation Limited as an IFM owner's representative. She was formerly a Director of oOh!media Limited and Ten Network Holdings Limited.

Debbie also has executive experience in operations, finance and corporate development, including with engineering and professional services firms, and is a Fellow of Chartered Accountants Australia and New Zealand.

Debbie is the Chair of the Audit and Risk Management Committee, a member of the Health, Safety and Environment Committee and a member of the Nomination Committee.

6
Shirley In't Veld
BCom LLB (Hons)
Independent Director
Appointed 19 March 2018

Shirley has expertise and experience in the energy, mining and renewables sectors.

Shirley is currently a Non-Executive Director with Northern Star Resources Limited, Alumina Limited and NBN Co Limited. She was formerly Deputy Chair of CSIRO, a Non-Executive Director of Perth Airport, DUET Group, Asciano Limited, Alcoa of Australia Limited and a Council Member of the Chamber of Commerce and Industry of Western Australia. She was also the Managing Director of Verve Energy (2007 – 2012) and, before that, she worked for 10 years in senior roles at Alcoa of Australia Limited, WMC Resources Ltd, Bond Corporation and BankWest.

In 2014, she was Chairman of the Queensland Government Expert Electricity Panel and a member of the Renewable Energy Target Review Panel for the Department of Prime Minister and Cabinet and, was until recently, a Council member of the Australian Institute of Company Directors (WA) and an Advisory Board member of the SMART Infrastructure Facility (University of Wollongong).

Shirley is the Chair of the Health, Safety and Environment Committee and a member of the People and Remuneration Committee.

7
Rhoda Phillippo
MSc Telecommunications Business GAICD
Independent Director
Appointed 1 June 2020

Rhoda has considerable experience in the telecommunications, IT and energy sectors.

Rhoda is currently a Non-Executive Director with Pacific Hydro, Datacom, where she is the Chair of the Remuneration Committee and Transformation Committee, Agility CIS, and an alternate Director for Perth Airport on behalf of the Future Fund.

She is formerly a Non-Executive Director of Vocus Group Ltd and LINQ, Chairman of Snapper Services in New Zealand and Deputy Chair of Kiwibank in New Zealand.

Rhoda spent much of her career in the telecommunications industry in the United Kingdom, New Zealand and Australia in senior management positions before joining Optimisation, in New Zealand, as Chief Executive Officer. Rhoda later joined HRL Morrison & Co and, during this time, was Managing Director of Lumo Energy for two years.

Rhoda is a member of the Health, Safety and Environment Committee and a member of the People and Remuneration Committee.

8
Peter Wasow
BCom GradDip (Management) Fellow (CPA Australia)
Independent Director
Appointed 19 March 2018

Peter has experience in the resources sector as both a senior executive and director. He retired as Managing Director and Chief Executive Officer of Alumina Limited in mid-2017. Previously, he had held the position of Executive Vice President and Chief Financial Officer at Santos Limited and, in a 20-year plus career at BHP, he held senior positions including Vice President, Finance, and other senior roles in Petroleum, Services, Corporate, Steel and Minerals.

Peter is a Non-Executive Director with Oz Minerals Limited and the privately held GHD Group. He is formerly a Non-Executive Director of Alcoa of Australia Limited, AWA Brazil Limitada, AWAC LLC and Alumina Limited.

Peter is the Chair of the People and Remuneration Committee and a member of the Audit and Risk Management Committee.

apa group executive leadership



1

Nevanka Codevelle
BCom LLM GAICD

Group Executive Governance and External Affairs and Company Secretary

Nevanka is responsible for APA Group's Governance and External Affairs division. The division comprises company secretarial and legal, group risk, compliance and insurance, external affairs and reputation, sustainability and community, and economic regulation and external policy development.

Nevanka has been with APA Group since February 2008, during which time she has held the roles of General Counsel and Company Secretary. From 2017, Nevenka also led the Energy Charter, an energy industry-wide initiative to improve customer outcomes.

Nevanka has over 25 years' experience in Australia and internationally in energy and other infrastructure industries. Prior to joining APA, Nevenka was a senior policy advisor with the National Competition Council and senior lawyer in law firms in Australia and overseas.

2

Peter Fredricson
BCom CA GAICD

Chief Financial Officer

Peter is responsible for all financial aspects of APA Group, including accounting and financial reporting, financial compliance and governance, taxation, treasury, balance sheet management, capital strategy, corporate real estate and procurement, investor relations and APA's corporate model and analysis.

Peter joined APA Group in June 2009. He has considerable expertise in the listed energy infrastructure sector and over 30 years' experience in senior financial roles in energy infrastructure, financial services and investment banking organisations across Australia, New Zealand and Asia.

In December 2019, Peter indicated his intention to retire from APA Group by December 2020.

3

Ross Gersbach
BBus

President North American Development

Ross is responsible for progressing APA Group's investment strategy in North America, and is based in Houston, Texas.

Prior to relocating in 2019, Ross was Chief Executive Strategy and Corporate Development. In this role he was responsible for enhancing APA Group's portfolio of assets to complement the value of its infrastructure, including APA Group's investments in midstream gas infrastructure, and the operation and development of these assets.

Ross was a director of APA Group from 2004, before joining the management team in April 2008. He has over 25 years' experience in senior positions across a range of energy related sectors, covering areas such as infrastructure investments, mergers and acquisitions, and strategic developments. Ross has extensive commercial experience and has managed a portfolio of infrastructure assets in the natural gas and electricity distribution network sector, as well as a portfolio of power generation assets.

4

Kevin Lester
BEng MIEAust CPEng
EngExec GAICD

Group Executive Infrastructure Development

Kevin is responsible for the project development, engineering, procurement and delivery of APA Group's infrastructure expansion projects. This division also has responsibility for providing asset engineering services, the technical regulation of all pipeline related assets, procurement, engineering services and the provision of land, approvals and asset protection services across APA.

Kevin joined APA Group in August 2012 continuing a career in the management of major infrastructure projects, including energy infrastructure.

Kevin is a Director and a Past President of the Australian Pipelines and Gas Association.

5

Elise Manns
BBus CAHRI

Group Executive People, Safety and Culture

Elise is responsible for managing APA Group's People, Safety and Culture division, which covers APA's people strategy and culture, its safety and environmental performance and governance and all activities relating to APA's people, their development, health, wellbeing, and employment arrangements.

Elise joined APA Group in May 2012 as General Manager Human Resources and in October 2015 joined the Executive team becoming Group Executive Human Resources. Elise has a strong background in employment relations and workplace change, organisational restructuring and business improvement. Elise has over 25 years' human resources experience in Australia's heavy manufacturing, engineering, steel and utilities sectors.

6

Hannah McCaughey

BArts LLB (Hons) LLM

Group Executive Transformation and Technology

Hannah is responsible for APA Group's Transformation and Technology division, which enables APA to effectively respond to the disruptive forces of decarbonisation, decentralisation and digitisation.

The division drives the identification of emerging energy market opportunities while delivering business transformation, continuous improvement initiatives and technology solutions.

Prior to joining APA Group in March 2020, Hannah performed senior executive roles in infrastructure and utilities, and has led multiple whole-of-business transformations focused on delivering better customer outcomes and sustainable operational excellence.

7

Darren Rogers
BEng MEng MBA GAICD

Group Executive Operations

Darren is responsible for the safe operations, maintenance, asset management, and in-year revenue and cost responsibility of APA's portfolio of Transmission, Power, Networks and Midstream infrastructure assets. This includes over 15,000 kilometres of transmission pipelines; solar and wind farms; and gas storage, processing and distribution.

Darren joined APA Group in 2017 as General Manager Asset Management for Transmission before becoming Group Executive Transmission in 2019. Aside from his experience at APA, Darren has performed senior executive roles in commercial, asset management and operations, leading large and complex divisions and across these companies.

8

Craig Stallan
BEng GAICD

Acting Group Executive Strategy and Commercial

1 October 2019 to 19 August 2020

Craig has been responsible for APA's corporate strategy, business development, mergers and acquisition, and customer relationship management during the period of secondment in his Acting Group Executive role. In addition, Craig oversees commercial contract management governance, commercial contract negotiations and commercial risk management for APA's Transmission, Power and Midstream businesses.

Prior to joining APA, Craig performed senior executive roles in commercial, operations and projects, leading large and complex divisions in the oil and gas industries.

Craig will take up the role of General Manager Strategy and Development effective 20 August 2020 with the commencement of Julian Peck as Group Executive Strategy and Commercial.

9

Julian Peck
BCom

Group Executive Strategy and Commercial

Effective 20 August 2020

Julian will be responsible for delivering APA's customer experience, all business development and commercial contracting activities, co-ordination of corporate strategy development, as well as undertaking corporate development and merger and acquisition activities.

Prior to joining APA, Julian held senior leadership positions in investment banking, with over 20 years' experience specialising in the infrastructure, utility and power sectors.

10

Adam Watson
BBus FCPA GAICD

Chief Financial Officer

Effective mid-November 2020

Adam will be responsible for all financial aspects of APA Group, including accounting and financial reporting, financial compliance and governance, taxation, treasury, balance sheet management, capital strategy, corporate real estate and procurement, investor relations and APA's corporate model and analysis.

Adam has over 20 years' experience in executive and senior leadership roles in the transport, logistics and resources industries, based in Australia, China and the United States.

2020 highlights.

EBITDA

\$1,654

million ↑ 5.1% on FY2019

Operating cash flow

\$1,096

million ↑ 8.3% on FY2019

Distribution

50c
per security

20 years of consistent increase

delivering consistent returns

Energy infrastructure revenue

90%

take or pay/regulated

Strong balance sheet

~\$2,500

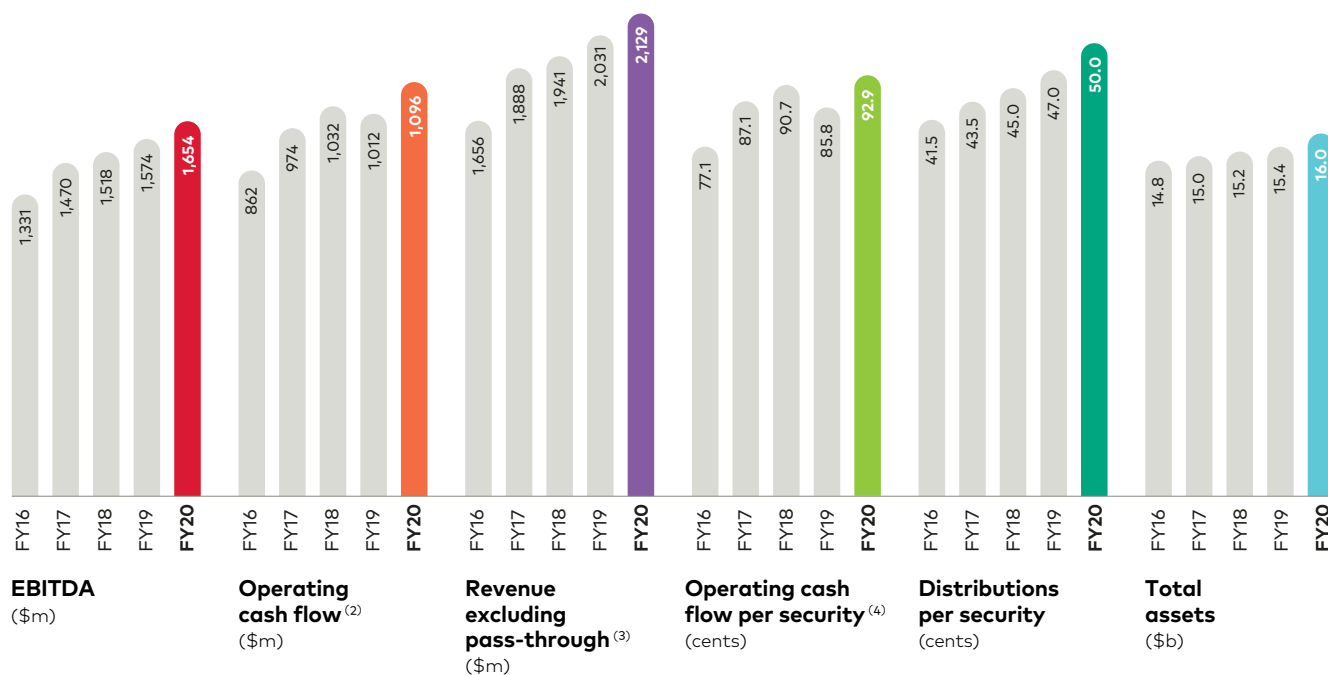
million

cash and committed
undrawn debt facilities



delivering responsible energy.

normalised⁽¹⁾ business performance



financial results

	30 June 2020	30 June 2019	Changes
Revenue	2,590.6	2,452.2	5.6%
Revenue excluding pass-through ⁽³⁾	2,129.5	2,031.0	4.8%
EBITDA	1,653.9	1,573.8	5.1%
Profit after tax	317.1	288.0	10.1%
Operating cash flow ⁽²⁾	1,095.9	1,012.1	8.3%
Financial position			
Total assets	16,007.2	15,433.9	3.7%
Total drawn debt ⁽⁵⁾	9,983.6	9,352.1	6.8%
Total equity	3,223.9	3,599.4	(10.4%)
Financial ratios			
Operating cash flow per security (cents)	92.9	85.8	8.3%
Earnings per security (cents)	26.9	24.4	10.2%
Distribution per security (cents)	50.0	47.0	6.4%
Distribution payout ratio (%)	53.8	54.8	(1.8%)
FFO/Debt (%)	12.2	10.7	14.0%
FFO/Interest (times)	3.3	3.0	10.0%

1) Normalised financial results exclude significant items.

2) Operating cash flow = net cash from operations after interest and tax payments.

3) Pass-through revenue is revenue on which there is no margin earned and is offset by corresponding pass-through costs.

4) On 23 March 2018, APA Group issued 65,586,479 new ordinary securities, resulting in total securities on issue of 1,179,893,848. The weighted average numbers of securities from FY2018 to FY2016 have been adjusted to account for that rights issue.

5) APA's liability to repay debt at relevant due dates of the drawn facilities. This amount represents current and non-current borrowings as per balance sheet and is adjusted for deferred borrowing costs, the effect of unwinding of discount, unrealised foreign exchange differences reported in equity and deducting other financial liabilities that are reported as part of borrowings in the balance sheet.

directors' report.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES

Australian Pipeline Trust Directors' Report

The Directors of Australian Pipeline Limited (Responsible Entity) submit their financial report of Australian Pipeline Trust (APT) and its controlled entities (together APA or Consolidated Entity) for the year ended 30 June 2020. This report refers to the consolidated results of APT and APT Investment Trust (APTIT).

1. Directors

The names of the Directors of the Responsible Entity during the year and since the year end are:

		First appointed
Current Directors:	Michael Fraser	1 September 2015
		Chairman: 27 October 2017
	Robert (Rob) Wheals	Chief Executive Officer and Managing Director: 6 July 2019
	Steven (Steve) Crane	1 January 2011
	James Fazzino	21 February 2019
	Debra (Debbie) Goodin	1 September 2015
	Shirley In't Veld	19 March 2018
	Rhoda Phillippo	1 June 2020
Former Directors:	Peter Wasow	19 March 2018
	Michael (Mick) McCormack	Retired as Chief Executive Officer and Managing Director: 5 July 2019

The Company Secretaries of the Responsible Entity during the year and since the year end are Nevenka Codevelle and Amanda Cheney (from 25 February 2020).

2. State of Affairs

Rob Wheals commenced as APA's new Chief Executive Officer and Managing Director with effect from 6 July 2019, following Mick McCormack's retirement on 5 July 2019.

On 20 December 2019, APA's Chief Financial Officer (CFO), Peter Fredricson indicated his intention to retire from his position remaining until December 2020 at the latest to support the new CFO during the transition period.

3. Subsequent Events

The following events have occurred subsequent to the period end:

On 26 August 2020, the Directors declared a final distribution of 27.0 cents per security (\$318.6 million) for APA Group, an increase of 5.9%, or 1.5 cents per security over the previous corresponding period (2H FY2019: 25.5 cents per security). This is comprised of a distribution of 20.27 cents per security from APT and a distribution of 6.73 cents per security from APTIT. The APT distribution represents an 8.53 cents per security fully franked profit distribution and an 11.74 cents per security capital distribution. The APTIT distribution represents a 2.09 cents per security profit distribution and a 4.64 cents per security capital distribution. Franking credits of 3.66 cents per security will be allocated to the APT franked profit distribution. The distribution is expected to be paid on 16 September 2020.

On 12 August 2020, APA announced that Adam Watson would join APA as the new CFO, commencing mid November 2020.

Other than what is noted above and as disclosed elsewhere in this report, there has not arisen in the interval between the end of the full year to 30 June 2020 and the date of this report any matter or circumstance that has significantly affected, or may significantly affect, the Group's operations, the results of those operations, or the Group's state of affairs, in future financial years.

4. About APA

4.1 Principal Activities

The principal activities of APA during the course of the year were the ownership and operation of energy infrastructure assets and businesses, including:

- energy infrastructure, comprising gas transmission, gas storage and processing, and gas-fired and renewable energy power generation businesses located across Australia;
- asset management services for the majority of APA's energy investments and for third parties; and
- energy investments in unlisted entities.

There were no significant changes in the principal activities of APA during the reporting period.

4.2 APA overview

APA is a leading Australian energy infrastructure business developing, owning and operating energy infrastructure. It owns and/or operates around \$22 billion of energy infrastructure assets across Australia and operates these with a skilled workforce of around 1,900 people.

APA has a diverse portfolio of over 15,000 kilometres⁽⁶⁾ of gas transmission pipelines that spans every state and territory on mainland Australia and delivers about half the nation's natural gas. It also owns or has interests in other related energy infrastructure assets such as gas storage facilities, gas processing facilities, gas compression facilities, electricity transmission and renewable and gas fired power generation assets.

APA has ownership interests in, and/or operates, GDI (EII) Pty Ltd (GDI) and Australian Gas Networks Limited gas distribution networks, which together own approximately 29,500 kilometres of gas mains and pipelines, and more than 1.4 million gas consumer connections.

⁶⁾ Owned and/or operated by APA.

directors' report. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES

4. About APA (continued)

4.2 APA overview (continued)

APA also has interests in other energy infrastructure assets and businesses, including SEA Gas Pipeline, Mortlake Gas Pipeline, Energy Infrastructure Investments (EII) and North Brown Hill Wind Farm (EII2).

APA is listed on the Australian Securities Exchange (ASX) and is included in the S&P ASX 50 Index. Since listing in June 2000, APA's market capitalisation has increased almost 27-fold to \$13.1 billion⁽⁷⁾, and it has achieved securityholder returns of 16.8%⁽⁸⁾ per annum on an annual compounding basis since listing on 13 June 2000 through to 21 August 2020.

4.3 APA's strategy

APA has maintained a consistent strategy of continued growth for two decades. It has been a successful strategy based on sustainable growth and investment discipline.

APA's strategy

- Deliver services our customers value consistent with APA's Customer Promise
- Continue to strengthen asset and stakeholder management, development and operational capabilities
- Continue our growth focus to enhance APA's portfolio of:
 - gas transmission pipelines;
 - gas-fired and renewable power generation assets; and
 - midstream energy infrastructure assets, including gas storage and gas processing facilities.
- Explore growth opportunities in our core business of gas transmission and distribution in North America
- Investigation of technology transformation of energy
- Maintain APA's financial strength

APA's strategy of investing in energy infrastructure remains relevant today as we continue to see ongoing demand from our customers for energy infrastructure solutions, including new energy opportunities arising from the trend towards net zero emission energy and the development of new technologies to support this aspiration.

We have been able to build out into new growth areas and gain a sizeable position in renewables and an entry point into mid-stream, while scoping a North American entry opportunity. These moves have provided us with optionality to build and grow new businesses over the next phase of APA's strategy.

We are in the middle of a dynamic shift in the energy landscape in Australia and across most developed economies. In particular, the drive towards decarbonisation is creating a structural shift in energy policy, composition and investment. In this context, our business is benefiting from the shift away from high carbon intensive coal fired power generation, but it also has optionality through the expected significant growth in variable renewable energy.

The future of energy will not be defined by any one solution but will be a combination of energy sources and technologies to balance the demands of reliability, sustainability and affordability. APA considers that natural gas plays an essential role in providing secure and reliable electricity by supporting the integration of variable renewable energy with flexible, peaking power, which will be increasingly required as coal-fired generation is retired and removed from Australia's energy mix over the next 30 years.

Decarbonisation, Decentralisation and Digitisation

The inclusion of the new Technology and Transformation function within APA's operating model is aimed at enabling APA to effectively respond to the disruptive forces and opportunities of decarbonisation, decentralisation, and digitisation. This function will drive the identification of emerging market opportunities whilst delivering business transformation, continuous improvement initiatives and technology solutions within our day to day business.

As part of our growth strategy, we are pro-actively looking at how our energy infrastructure can be effectively part of a decarbonised future.

We are exploring new technologies and how we can adapt our infrastructure and expertise to accommodate new energy such as renewable methane and hydrogen (refer to Section 7 Capital and Investment Expenditure for information on APA's renewable methane pilot project). We are also exploring carbon capture utilisation and sequestration (CCUS) technologies and have joined with ClimateWorks Australia to collaborate with researchers, customers, peers and other Australian companies wanting to develop responsible and viable net zero emissions pathways to support climate change strategies.

We are also looking at how energy storage technology such as batteries can complement renewables and support gas in the important firming role that it will play in Australia's energy future.

North America strategy update

APA has continued to explore potential offshore growth opportunities in APA's core sector of gas distribution and transmission, focussing on North America. These types of operations are at the lower end of the risk spectrum and are consistent with the risk profile of APA's existing business in Australia. APA has an office in Houston USA with a team of three full time employees including executive lead Ross Gersbach who relocated from Australia to Houston during the reporting period. APA's corporate office in Sydney provides support to the Houston team.

APA remains focussed on North American opportunities for two key reasons – the abundance of low-priced natural gas, and the continued growth in natural gas demand in that market. Low cost natural gas has resulted in significant new demand for power generation to replace coal, growing industrial demand and natural gas for LNG export markets. The depth of the U.S. gas infrastructure market and strong growth-oriented fundamentals continue to lead APA to the view that there should be attractive natural gas infrastructure opportunities to pursue.

⁷⁾ Market capitalisation as at 21 August 2020.

⁸⁾ Total securityholder return is the capital appreciation of APA's security price, adjusted for capital management actions (such as security splits and consolidations) and assuming reinvestment of distributions at the ex-distribution rate per security. Figures quoted are sourced from Refinitiv Eikon.

directors' report. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES

4. About APA (continued)

4.3 APA's strategy (continued)

North America strategy update (continued)

APA's experience to date has revealed a preference for the following asset characteristics:

1	Commercial environment	- Regulated and/or contracted businesses - Supportive regulatory environment - Geographic advantages and availability of follow on transactions
2	Operational alignment	Existing operational expertise that fits with current APA businesses
3	Organisational structure	Transparent and quantifiable performance record and/or existing infrastructure management team with proven track record
4	Credit	- Supportive of credit rating targets based on S&P/Moody's criteria - Limited counterparts risk
5	Financial returns	- Acceptable IRR - OCF accretive in first full year of ownership
6	Investment size	- Appropriate size for initial investment - Meaningful but not "betting" the company
7	Environmental impacts	Compatible with long-term energy transition objectives

We are fully cognisant and respectful of the movement towards decarbonisation in the U.S. and globally. However, in the U.S. there is no single federal policy around emissions reduction control and the diverse climatic and political variations across regions of the U.S. mean that a single solution/approach is unlikely to work nationwide. Residential and commercial emissions generated from local distribution companies (LDC's – gas distribution) are relatively low, less than 10% of total U.S. carbon emissions, compared to power generation, transportation and agriculture. Together with cold climate, the replacement of coal generation and the high cost of electrification, we continue to see investment opportunities for APA in a number of regions.

APA already plays a significant role in the energy value chain. Our vision is to be world class in energy solutions, and we see our purpose as strengthening communities through responsible energy. To ensure we were set up for future success with capacity for innovation, scalability and agility to manage the changing nature of the energy landscape, we undertook a 360-degree review of APA's operating model during FY2020. The checkpoints for the review included:

- Ensuring the capability, structures and processes to achieve operational excellence in managing all our assets;
- Ensuring APA can navigate industry disruption and evolution by availing itself with new technology and new energy solutions;
- Addressing stakeholder needs, in particular our customers and communities where we operate;
- Leading in responsible energy solutions for the benefit of society and the environment, our customers, investors and employees; and
- Making APA an effective organisation and great place to work where accountabilities are clear, collaboration across teams is easy, and our people feel empowered to make decisions for the benefit of all our stakeholders.

Our customers remain at the centre of what we do – the red dot in APA's logo reminds us to keep the customer front and centre to ensure we deliver energy solutions for our customers that they value and do so safely and reliably.

APA's new operating model focuses on the successful delivery of six strategic imperatives that we will need to excel in, to deliver on our purpose and our 'world-class' vision:

 People & Culture We value the potential, capability and wellbeing of all our people. We will grow and develop their skills and expertise and enable them to meet the needs of our customers. We will also hold ourselves to high ethical standards and the APA values, ensuring our integrity and credibility.	 Operational Excellence Optimising asset management and efficiency to achieve holistic and world class operational excellence, safety and environmental performance.	 Customer Centric Our customers are at the centre of everything we do. We will listen to our customers and work with them in pursuing new opportunities, adding value and delivering their energy needs responsibly.	 Financial Strength We constantly evaluate growth opportunities and cost efficiencies within our risk appetite, while maintaining a strong balance sheet with access to global debt and equity capital markets based on minimum investment grade credit ratings of Baa2 (Moody's) and BBB (S&P).	 Growth & Innovation We will continue to grow our energy infrastructure portfolio to meet our customers' needs – exploring and investing in new and emerging technologies where appropriate. We will actively pursue acquisitions that add value to our business.	 Stakeholder Relationships We will engage constructively with regulators, governments and other stakeholders to help shape policy that facilitates responsible delivery of energy for the benefits of all. We will ensure the communities in which we operate and impact, benefit from what we do.
---	--	--	--	---	--

directors' report. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES

4. About APA (continued)

4.3 APA's strategy (continued)

North America strategy update (continued)

The new organisation structure has been designed to support the delivery of the six strategic imperatives. The structure consists of both business units to build and operate our assets safely and efficiently, and corporate functions to support the business units and focus on strategy and governance.



As a result of the new structure, a number of changes to the Executive Leadership Team reporting to CEO and Managing Director Rob Wheals occurred during FY2020. Notable changes included:

- Ross Gersbach relocating to APA's Houston USA office in September 2019 to take up the role of President North American Development;
- Hannah McCaughey commenced with APA in March 2020 to lead the new Transformation and Technology function;
- In June 2020, Julian Peck who commenced 20 August 2020, was announced as APA's Group Executive Strategy and Commercial;
- Operations will now oversee the safe and efficient operation of all APA's assets and investments across transmission, power generation, networks and mid-stream classes;
- Expansion of the original Governance, Risk and Legal function to encompass Sustainability and Community, External Affairs and Reputation, Economic Regulatory and External Policy.

4.5 APA's roadmap

Underpinning APA's refreshed vision and purpose and long-term strategy is the APA Way, which is the blueprint for how APA does business. It guides how we conduct our business and helps shape our culture. It sets standards on how we behave through our APA 'STARS' values, and how we make decisions, guided by APA's Decision Compass. The APA Way is embedded in APA's Code of Conduct (Our Code).

Our '**STARS**' values set the benchmark for how we operate to ensure business integrity:

- **Safe**, We will maintain a safe environment and a professional workplace where staff work collaboratively, are valued and treated with respect.
- **Trustworthy**, We act with honesty and integrity and accept individual and collective responsibility for the delivery of all business outcomes. We do what we say we are going to do.
- **Adaptable**, We continually respond and adapt to our changing environment by innovating, modifying our behaviour and continually improving our processes and systems to take advantage of opportunities to enhance, improve and grow our business.
- **Results**, We consistently meet our commitments and deliver excellent results to the benefit of our employees, customers, investors and the community through tenacity and perseverance.
- **Service**, We are committed to high quality service delivery achieved through listening, understanding, anticipating and responding to our customers' needs.

Effective decision-making is at the core of successful strategy execution and APA's Decision Compass sets out clear guiding principles for all our employees, empowering them to make good decisions with confidence, so we can successfully execute APA's strategy. Employees and all decision makers right through to the Board, are encouraged to take a moment and ask "is this decision consistent with each of the key decision compass points" as below:

- Do things safely
- Take a long-term focus
- Manage APA money as if it's our own
- Do what we say we'll do
- Know our reputation matters

Put simply, The APA Way really defines how we do things at APA. It ensures that the way we work and the many decisions we make are based on consistent values and principles and are aligned to what we need to execute on our strategy.



A third aspect to APA's roadmap which was launched externally in August 2019 is APA's Customer Promise. This is a commitment to our customers as to what they can expect from APA.

Refer to Section 6.1 for further information on APA's Customer Promise.

During the reporting period, APA also revised its Whistleblower Policy to reflect legislative changes effective 1 July 2019 which expanded protections for whistleblowers. APA's Whistleblower Policy can be viewed on APA's website here: (<https://www.apa.com.au/globalassets/documents/governance-docs/conduct-policies/apa-whistleblower-policy.pdf>).

directors' report. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES

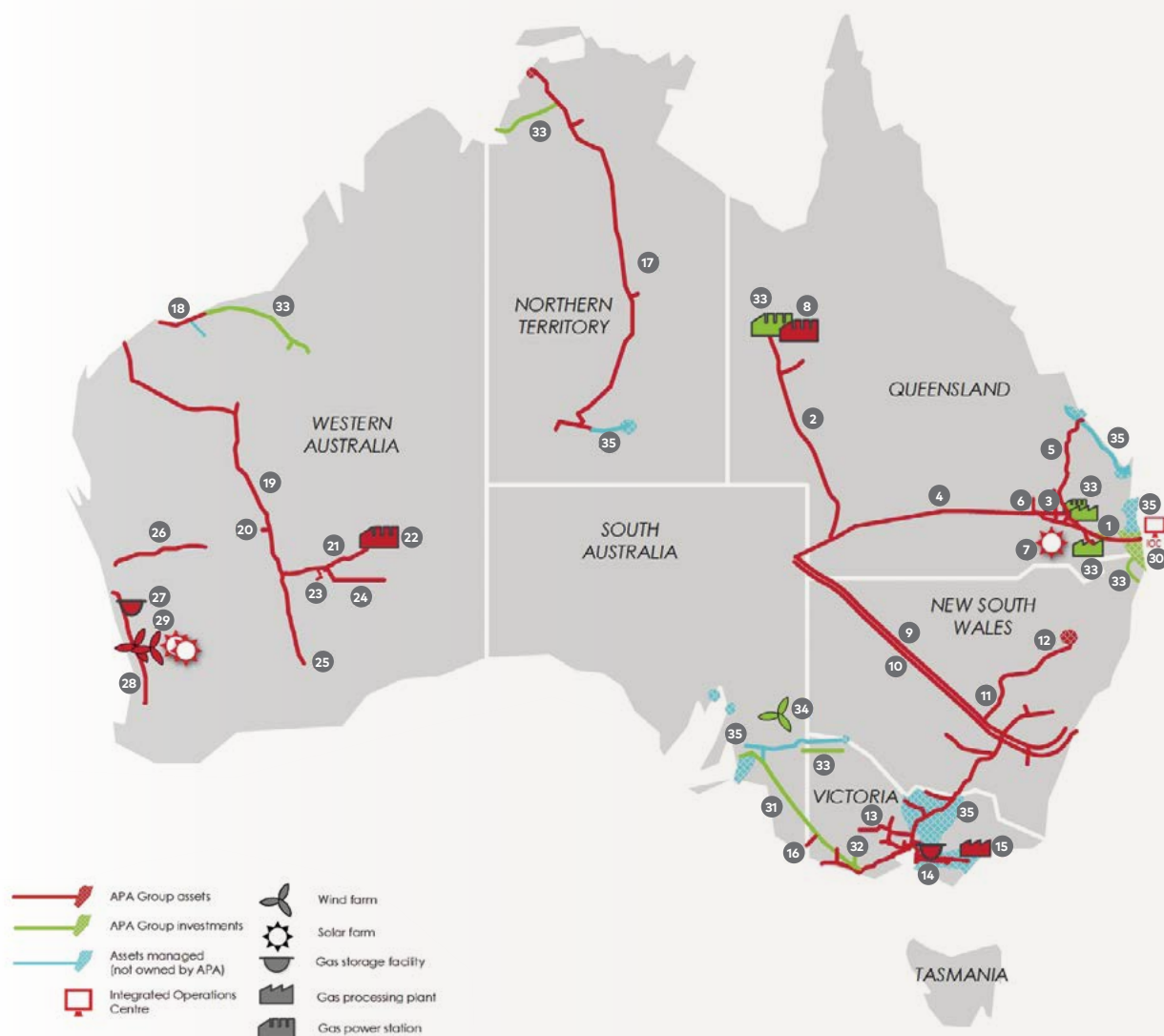
4. About APA (continued)

4.6 APA assets and operations

APA's assets and operations are reported in three principal business segments:

- **Energy Infrastructure** includes all of APA's wholly or majority owned gas pipelines, gas storage, gas compression, gas processing assets and gas-fired and renewable energy power generation assets;
- **Asset Management** provides commercial, operating services and/or asset maintenance services to APA's energy investments and third parties for appropriate fees; and
- **Energy Investments** includes APA's strategic stakes in a number of investment vehicles that house energy infrastructure assets, generally characterised by long-term secure cash flows, with low ongoing capital expenditure requirements.

On the map below detailing APA's assets and investments portfolio:



directors' report. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES

4.6 APA assets and operations (continued)

Energy Investment and Asset Management (numbers correspond with those on the map on page 14)

Length ⁽¹⁾

East Coast and Central Region assets

1	Roma Brisbane Pipeline (including Peat Lateral)	583 km
2	Carpentaria Gas Pipeline	944 km
3	Berwyndale Wallumbilla Pipeline	112 km
4	South West Queensland Pipeline	936 km
5	Wallumbilla Gladstone Pipeline (including Laterals)	556 km
6	Reedy Creek Wallumbilla Pipeline	49 km
7	Darling Downs Solar Farm	110 MW
8	Diamantina and Leichhardt Power Stations	242 MW / 60 MW
9	Moomba Sydney Pipeline	2,029 km
10	Moomba to Sydney Ethane Pipeline	1,375 km
11	Central West Pipeline	255 km
12	Central Ranges Pipeline and Tamworth Gas Network (gas distribution)	295 km ~260 km of gas mains, ~3,900 gas consumer connections
13	Victorian Transmission System	1,847 km
14	Dandenong LNG Storage Facility	12,000 tonnes
15	Orbost Gas Processing Plant ⁽²⁾ (and connection pipeline)	12 km / 68 TJ/d
16	SESA Pipeline	45 km
17	Amadeus Gas Pipeline (including Laterals)	1,661 km

West Australian assets

18	Pilbara Pipeline System	249 km
19	Goldfields Gas Pipeline (88.2%)	1,546 km
20	Agnew Lateral	25 km
21	Yamarna Gas Pipeline	198 km
22	Gruyere Power Station	45 MW
23	Mt Morgans Gas Pipeline	5 km
24	Eastern Goldfields Pipeline	293 km
25	Kalgoorlie Kambalda Pipeline	44 km
26	Mid West Pipeline (50%)	362 km
27	Mondarra Gas Storage and Processing Facility	18 PJ
28	Parmelia Gas Pipeline	448 km
29	Emu Downs Wind Farm	80 MW
29	Emu Downs Solar Farm	20 MW
29	Badgingarra Wind Farm	130 MW
29	Badgingarra Solar Farm	19.3 MW

Energy Investment	Ownership interest	Detail
30 GDI (EII)	20%	Gas distribution: Allgas Gas Network ~3,800 km of gas mains, ~115,000 gas consumer connections in QLD and NSW
31 South East Australia Gas Pty Ltd	50%	Gas pipeline: 687 km SEA Gas Pipeline
32 SEA Gas (Mortlake) Partnership	50%	Gas pipeline: 83 km Mortlake Gas Pipeline
33 Energy Infrastructure Investments	19.9%	Gas pipelines: Telfer/Nifty Gas Pipelines and lateral (488 km); Bonaparte Gas Pipeline (286 km); Wickham Point Pipeline (12 km) Electricity transmission cables: Murraylink (180 km) and Directlink (64 km) Gas-fired power stations: Daandine Power Station (30 MW) and X41 Power Station (41 MW) Gas processing facilities: Kogan North (12 TJ/d); Tipton West (33 TJ/d)
34 EII2	20.2%	Wind generation: North Brown Hill Wind Farm (132 MW), SA
35 Australian Gas Networks	Nil	Gas distribution: ~25,500 km of gas mains and pipelines, ~1.3 million gas consumer connections, 1,124 km of transmission gas pipelines in SA, Vic, NSW, Qld & NT

1) Pipeline capacities are available online (www.apa.com.au).

2) Asset under commissioning.

directors' report. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES

5. Financial Overview

Earnings before interest and tax (EBIT) and EBIT before depreciation and amortisation (EBITDA) excluding significant items are financial measures not prescribed by Australian Accounting Standards (AIFRS) and represent the profit under AIFRS adjusted for specific significant items. The Directors consider these measures to reflect the core earnings of APA Group, and therefore these are described in this report as 'normalised' measures.

FY2020 has been a challenging year for businesses and society as a whole. In Australia, much of the country endured ongoing drought; eastern Australia experienced a devastating and severe bushfire season followed by an extreme rainfall event; and then we all started to feel the full impact of the global COVID-19 pandemic. In addition, a number of APA's customers have also been impacted by the significant global oil price collapse during 2H FY2020, which has had the flow-on effect of decelerating and/or deferring decision timeframes on some projects under development, impacting APA's capital expenditure expectations and planning timeframes.

The impact of these combined and unprecedented events on many individuals, businesses, our economy, wildlife and our landscape has been severe. Fortunately, for APA, the long-term stable nature of our contracts and revenues, and strong balance sheet fundamentals, combined with the remoteness of our asset footprint, have limited the impact on both our physical operations and financial performance for FY2020.

As a provider of essential services of gas transportation and energy generation, the demand and requirement for APA's services has continued throughout these events, and we have been able to operate at normal levels, albeit adapting our procedures to the various challenging conditions throughout the reporting period. Our focus throughout the year has been keeping our assets running safely and reliably at all times in accordance with our Customer Promise and ensuring the safety of our people and communities.

APA has delivered a sound result for FY2020 with EBITDA reported of \$1,653.9 million which is within the revised EBITDA guidance range of \$1,635 million to \$1,655 million. The FY2020 EBITDA result represents an increase of 5.1% or \$80.1 million over the previous corresponding period EBITDA of \$1,573.8 million.

On 21 April 2020, APA updated the market with a reduction in its earnings guidance as a result of delays in commissioning the Orbost Gas Processing Plant in Victoria. Excluding this new asset, APA's overall business continued to perform solidly during the reporting period and in-line with expectations, despite the significant social, economic and environmental challenges in play within Australia and globally.

Total revenue (excluding pass-through revenue) in FY2020 increased by \$98.5 million to \$2,129.5 million, an increase of 4.8% on the previous corresponding period (FY2019: \$2,031.0 million). Increased revenues and EBITDA were primarily attributable to:

- Full year contributions from growth assets commissioned in FY2019 including the Darling Downs Solar Farm (QLD), Badgingarra Wind Farm (WA), Yamarna Gas Pipeline (WA), Gruyere Power Station (WA), and Agnew Lateral (WA);
- Part year contribution from Badgingarra Solar Farm (WA);
- Continued reliable and steady operation of all assets, managing risks and operating the assets efficiently; and
- Reduction in corporate costs.

The increases were offset by the Orbost Gas Processing Plant commercial operation delays and associated costs and less favourable exchange rate for revenues from the Wallumbilla Gladstone Pipeline.

Operating cash flow increased by 8.3% or \$83.8 million to \$1,095.9 million compared to the previous year (FY2019: \$1,012.1 million). Similarly, operating cash flow per security increased 8.3%, or 7.1 cents, to 92.9 cents per security (FY2019: 85.8 cents per security).

On 26 August 2020, the Directors announced a final distribution of 27.0 cents per security, which takes APA's distributions in respect of the financial year to a total of 50.0 cents per security. This represents an increase of 6.4% or 3.0 cents, over FY2019 distributions of 47.0 cents. Franking credits of 3.66 cents per security will be allocated to the final distribution reflecting tax paid by APA and resulting in the FY2020 franking credits totalling 7.31 cents per security.

APA maintains a sustainable distribution policy to ensure its ability to fully fund its distributions out of operating cash flows on a going-forward sustainable basis, whilst also retaining appropriate levels of cash in the business to support ongoing growth.

APA's distribution policy is to generally grow distributions in line with operating cash flow growth, having regard for the future capital needs of the business and economic conditions, and ensuring distributions are fully covered by operating cash flow. APA has paid an interim and full year distribution every year for the 20 years the company has been listed, and distributions have consistently grown each year.

directors' report. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES

5. Financial Overview (continued)

The following table provides a summary of key financial data for FY2020.

	30 June 2020 \$000	30 June 2019 \$000	Changes	
			\$000	%
Total revenue	2,590,621	2,452,171	138,450	5.6%
Pass-through revenue ⁽¹⁾	461,155	421,198	39,957	9.5%
Total revenue excluding pass-through	2,129,466	2,030,973	98,493	4.8%
EBITDA	1,653,919	1,573,756	80,163	5.1%
Depreciation and amortisation expenses	(651,566)	(611,358)	(40,208)	(6.6%)
EBIT	1,002,353	962,398	39,955	4.2%
Finance costs and interest income	(497,337)	(497,419)	82	0.0%
Profit before income tax	505,016	464,979	40,037	8.6%
Income tax (expense) / benefit	(187,910)	(176,966)	(10,944)	(6.2%)
Profit after income tax	317,106	288,013	29,093	10.1%
Operating cash flow ⁽²⁾	1,095,943	1,012,127	83,816	8.3%
Operating cash flow per security (cents)	92.9	85.8	7.1	8.3%
Earnings per security (cents)	26.9	24.4	2.5	10.2%
Distribution per security (cents)	50.0	47.0	3.0	6.4%
Distribution payout ratio (%) ⁽³⁾	53.8%	54.8%	(1.0%)	(1.8%)
Weighted average number of securities (000)	1,179,894	1,179,894	—	—

Notes: Numbers in the table may not add up due to rounding.

1) Pass-through revenue is revenue on which no margin is earned.

2) Operating cash flow = net cash from operations after interest and tax payments.

3) Distribution payout ratio = total distribution applicable to the financial year as a percentage of operating cash flow.

directors' report. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES

6. Business Segment Performance and Operational Review

APA reports across three business segments:

- **Energy Infrastructure:** APA's wholly or majority owned energy infrastructure assets across all categories – transmission and compression, processing, generation (gas and renewables) and storage;
- **Asset Management:** The provision of asset management and operating services for third parties and the majority of APA's investments; and
- **Energy Investments:** APA's interests in energy infrastructure investments.

Statutory reported revenue and EBITDA performance by business segments is set out below.

	30 June 2020 \$000	30 June 2019 \$000	Changes	
			\$000	%
Revenue ⁽¹⁾				
Energy Infrastructure				
East Coast: Queensland	1,204,705	1,207,108	(2,403)	(0.2%)
East Coast: New South Wales	183,251	173,594	9,657	5.6%
East Coast: Victoria	145,664	144,380	1,284	0.9%
East Coast: South Australia	3,143	3,004	139	4.6%
East Coast: Northern Territory	31,649	30,301	1,348	4.4%
Western Australia	405,310	340,685	64,625	19.0%
Energy Infrastructure total	1,973,722	1,899,072	74,650	3.9%
Asset Management	112,367	94,398	17,969	19.0%
Energy Investments	35,741	28,432	7,309	25.7%
Other non-contract revenue	4,975	6,470	(1,495)	(23.1%)
Total segment revenue	2,126,805	2,028,372	98,433	4.9%
Pass-through revenue	461,155	421,198	39,957	9.5%
Unallocated revenue ⁽²⁾	2,661	2,601	60	2.3%
Total revenue	2,590,621	2,452,171	138,450	5.6%
EBITDA				
Energy Infrastructure				
East Coast: Queensland	1,007,891	1,010,063	(2,173)	(0.2%)
East Coast: New South Wales	160,751	149,362	11,389	7.6%
East Coast: Victoria	101,927	113,992	(12,065)	(10.6%)
East Coast: South Australia	2,294	2,051	243	11.8%
East Coast: Northern Territory	19,889	19,171	718	3.7%
Western Australia	337,055	277,805	59,250	21.3%
Energy Infrastructure total	1,629,807	1,572,444	57,362	3.6%
Asset Management	63,343	52,954	10,386	19.6%
Energy Investments	35,741	28,432	7,312	25.7%
Corporate costs	(74,972)	(80,074) ⁽³⁾	(5,102)	(6.4%)
Total EBITDA	1,653,919	1,573,756	80,163	5.1%

Notes: Numbers in the table may not add up due to rounding.

1) Refer to revenue note 4 for additional disclosure on revenue streams from contracts with customers disaggregated by geographical location and major sources.

2) Interest income is not included in calculation of EBITDA but nets off against interest expense in calculating net interest cost.

3) Includes \$11.1 million of costs associated with the CKI proposal and the former Managing Director's retirement.

6.1 Customer Focus

APA has evolved and grown as our customers' operations have evolved and grown. Our customers are broad – from a wide range of businesses that pay our invoices directly, through to households that are connected to the networks we operate.

Our customers are the reason APA exists and therefore they are the epicentre of what we do.

In the first half of the reporting year, APA launched externally its Customer Promise initiative throughout Australia. We have made the commitment to all customers that we will listen to understand; enable our people to respond; and do what we say we'll do. These commitments were developed not only with our own people but in consultation and collaboration with our customers. The Customer Promise is supported by the Red Dot Program, which comprises specific initiatives aimed at improving our customers' experience and overall customer outcomes.

directors' report. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES

6. Business Segment Performance and Operational Review (continued)

6.1 Customer Focus (continued)

Customer engagement initiatives undertaken during the financial year include:

- Voice of Customer surveys, which provided insights into overall customer satisfaction, the health of our business relationships and areas for strategic improvement;
- Holding transmission customer forums in July 2019 to provide updates on Gas Day Harmonisation changes and APA's progress with responding to issues they raised in our Transmission Customer Survey; and
- Post-deal surveys to help understand our customers' experience of contract negotiation and execution.

APA has also been actively engaging with customer and consumer groups to better understand their issues and their perspectives. During the first half of the reporting period, we set up on a voluntary basis, our first stakeholder reference group, to get consumer and stakeholder group views on the proposed access arrangements for the Amadeus Gas Pipeline. We are currently doing the same for the Roma Brisbane Pipeline access arrangement and will continue that approach for regulatory reset processes for our other regulated pipelines.

APA's networks business worked with retailers to develop a number of initiatives to support consumers and small businesses, including through the Energy Charter. APA has also reduced payment terms for small suppliers and regional businesses to help support them during this time. We will also be exploring community support initiatives through our community connect program.

Flexibility adds value to our service offerings

APA's East Coast Grid and Integrated Operations Centre allows APA to quickly react to short term customer requests and provide fast commercial solutions, particularly for changing circumstances at the LNG plants in Gladstone.

We're able to recalculate asset operating conditions and capacities, update our control systems and alarms, reprioritise maintenance and project work and implement changes safely.

Customers can use the Roma Brisbane Pipeline western haul service, Wallumbilla compression, South West Queensland Pipeline park/loan service or other transport services towards the southern states, all at short notice. Key for customers is flexibility but it means Operations has to spring into action and make sure we can deliver the service reliably.

The Energy Charter

This significant whole of industry initiative was launched in January 2019 following collaboration by a number of Australian energy businesses together with an end user consultative group across 2018. The purpose of the Energy Charter is to progress the culture and solutions required to deliver a more affordable, reliable and sustainable energy system for all Australians in line with community expectations. APA was a founding member of the energy industry's Energy Charter which now has 19 signatories from across the energy supply chain.

Signatories are required to disclose annually to an independent Accountability Panel, their performance against each of the five Energy Charter principles. The Accountability Panel issued its first Panel Review report during the reporting period and made a number of recommendations. Signatories are also involved in a number of #BetterTogether initiatives, aimed at delivering tangible customer outcomes through coordinated action across the supply chain. This includes streamlining connection processes, delivering fee relief and service support for customers in vulnerable circumstances and improved stakeholder engagement.

One of the #BetterTogether initiatives involves APA, together with other pipeline operators establishing a customer engagement initiative to determine what additional or more insightful pipeline disclosures are required in response to issues raised under the Pipeline Transparency Regulatory Impact Statement.

Industry working together

The COVID-19 pandemic created a unique and difficult operating environment for many APA customers this year. We responded in line with our commitments under the Energy Charter, particularly Principle 5: We will support customers in vulnerable circumstances.

Activities included:

- Commercial, industrial and small retail transmission customers were contacted for a quick pulse check to understand COVID-19 impacts and how APA might be able to assist;
- Provided targeted financial assistance for customers in vulnerable circumstances, including temporary discounts, credit term extensions and alternative prudential arrangements; and
- Offered additional gas market and systems training to help customers optimise their gas portfolios against changing market dynamics.

directors' report. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES

6. Business Segment Performance and Operational Review (continued)

6.2 Energy Infrastructure

The Energy Infrastructure segment consists of all APA's energy infrastructure footprint across mainland Australia including gas transmission, gas compression, gas processing and storage assets, renewable energy power generation, and gas-fired power generation. 90.0% of revenues in this segment are derived from either long-term take-or-pay contracts, or regulated assets. Contracts generally have the majority of the revenue fixed over the term of the relevant contract. The predictable and long-term nature of APA's revenue underpins APA's reliable low risk business model value proposition.

Energy Infrastructure is the largest business segment contributor to group revenue, contributing 92.8% (excluding pass-through) and 94.3% of group EBITDA (before corporate costs) during FY2020. Revenue (excluding pass-through revenue) was \$1,973.7 million, an increase of 3.9% on the previous year (FY2019: \$1,899.1 million). EBITDA (before corporate costs) increased by 3.6% on the previous year to \$1,629.8 million (FY2019: \$1,572.4 million).

The flexible nature of APA's contracts, both in terms of interconnected multi-assets and multi services, means that individual asset earnings can fluctuate over the assets that make up APA's East Coast and West Coast grids. This flexibility gives customers more options to better manage their energy needs in Australia's very dynamic gas market. They can source gas from in excess of 60 receipt points over the 7,600 km interconnected East Coast Grid, and this optionality and flexibility is highly valued by our customers.

Eastern Australia

In FY2020, EBITDA for APA's assets in the east coast states was \$1,292.8 million, generally in line with FY2019 EBITDA of \$1,294.6 million. As current southern gas supplies decline, APA has seen material year on year increases in flows on the Berwyndale Wallumbilla Pipeline, South West Queensland Pipeline and Moomba Sydney Pipeline from Queensland gas being transported south into New South Wales and Victoria. This increased demand has provided opportunities for APA in the form of short-term transportation arrangements, particularly over winter months and in recent months, strong residential demand due to many people working remotely from their homes during the COVID-19 pandemic.

Queensland earnings remained steady and consistent with FY2019 (EBITDA FY2020: \$1,007.9 million, FY2019: \$1,010.1 million). The South West Queensland Pipeline had higher revenue due to favourable weather in southern states causing more Queensland gas to be transported to southern states. Queensland also benefited from the first full year contribution from the Darling Downs Solar Farm. The short-term contract with Incitec Pivot transporting gas from the Mereenie basin in the Northern Territory to the Incitec Pivot plant at Gibson Island some 3,300 km away in Queensland, ended during FY2020. From 1 April 2020, Incitec Pivot commenced sourcing gas locally in Queensland which resulted in a reduction in revenue on APA's Carpentaria Gas Pipeline and South West Queensland Pipeline. There was also lower revenue from the Wallumbilla Gladstone Pipeline due to less favourable AUD/USD exchange rates in FY2020 compared with FY2019.

New South Wales had a strong result driven by higher variable services and capacity increases (EBITDA FY2020: \$160.8 million, FY2019: \$149.4 million). During FY2020, APA undertook capital improvement works on the Moomba Sydney Pipeline (MSP) to increase maximum operating pressures. The MSP is a pivotal asset in APA's East Coast Grid and highly utilised. It has also added capacity for customers during the peak winter season, of up to 23 TJ/day to Sydney or 20 TJ/day to Melbourne.

APA commenced a new two-year agreement with AGL Energy Limited (AGL) on APA's East Coast Grid. The agreement commenced on 1 January 2020 and is a multi-asset and multi-service agreement, replacing an expiring contract.

Victorian Transmission System revenues increased due to favourable weather conditions which drove higher industrial and domestic gas consumption, with a small impact in April to June from more people working from home as a result of COVID-19. The Dandenong LNG Storage Facility benefitted from new storage contracts that commenced during the reporting period. Victorian EBITDA (FY2020: \$101.9 million, FY2019: \$114.0 million) takes into account costs associated with commercial commissioning of the Orbest Gas Processing Plant (OGPP).

Orbest Gas Process Plant – supplying gas to East Coast gas market

The OGPP has supplied 3.5 PJ into the East Coast gas market since commencement of commissioning in March 2020. In doing so, the OGPP has to this point demonstrated a maximum daily nomination of 53 TJ/d and completed stability testing to a level of 45 TJ/d.

However, practical completion is yet to be achieved due to foaming in the sulphur recovery unit that is constraining the full stable processing capacity below 68 TJ/d. With involvement of the OGPP technology provider, root cause analysis in respect of the foaming is ongoing.

The Transition Agreement with Cooper Energy announced on 20 August outlines the terms for the parties to work together to complete the commissioning of the OGPP. The agreement supplements the existing agreements between the parties and sets aside potential claims and entitlements available to either party. Importantly, the agreement provides certainty for all stakeholders on the pathway to commencing Sole term gas supply agreements and practical completion of the OGPP. This involves, amongst other things, implementation of OGPP modifications, including the Phase 2 works to improve plant performance to expected levels as well as the continuation of root cause analysis as outlined above. The agreement also provides for the sharing of revenues and costs, including the Phase 2 works, between the parties from 1 July 2020. The Transition Agreement will expire on the earlier of the date of Practical Completion or 1 May 2021 (unless extended).

Phase 2 plant works are currently planned to commence in the December 2020 quarter, subject to supply chain and COVID-19 restrictions, with resumption of production expected in the latter half of that quarter. The cost of the Phase 2 works has not been finalised, however current indications suggest capital costs of around \$15 million.

directors' report. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES

6. Business Segment Performance and Operational Review (continued)

6.2 Energy Infrastructure (continued)

Western Australia

Western Australia had the greatest increase in earnings with EBITDA increasing by 21.3% to \$337.1 million. Western Australia had first full year contributions from a number of new assets completed in FY2019 including the Agnew Lateral, Yamarna Gas Pipeline, Gruyere Power Station and the Badgingarra Wind Farm. The Badgingarra Solar Farm also commenced commercial operations in September 2019. Western Australia's strong results were also further supported by an increase in gas volumes from miners on the Goldfields Gas and Eastern Goldfields Pipelines; consistent winds at the Emu Downs Wind Farm; and a new two-year storage agreement on the Mondarra Gas Storage and Processing Facility. The Mondarra facility also provided market security in February 2020 when Cyclone Damien impacted gas supply from the north.

Mondarra secures Perth's gas supply

Tropical Cyclone Damien crossed the North-West coast on 8 February 2020, causing a significant loss of gas supply into the Grid from the North West Shelf. Customers were facing the prospect of 'curtailment' for their customers across the following days.

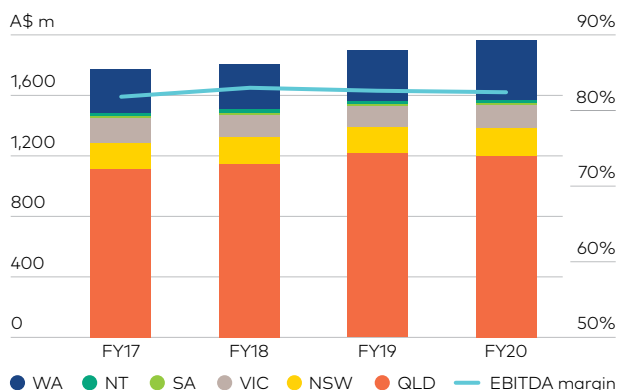
Gas was urgently needed from APA's Mondarra Gas Storage Facility for the Dampier Bunbury Pipeline to meet normal power supply needs. This is exactly the sort of 'gas supply insurance' that Mondarra was developed for following the Varanus Island incident in 2008 which caused an energy supply crisis in Perth for several months.

APA's Commercial Operations team worked closely with the Mondarra Storage Facility Controllers to run compressors at maximum capacity and publish revised schedules and ensure normal daily requirements for customers were also met. Curtailment was averted and power supplies continued uninterrupted. in Western Australia

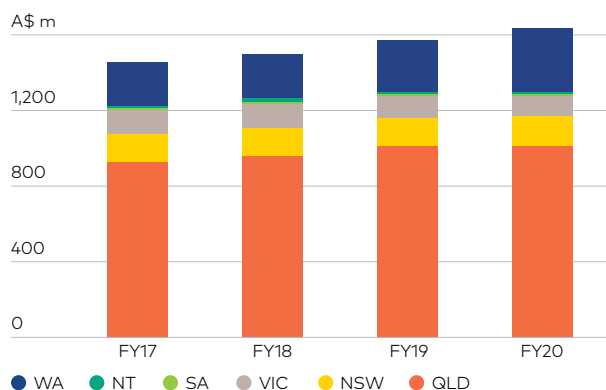


Mondarra Gas Storage Facility, Western Australia

Energy Infrastructure Revenue by State



Energy Infrastructure EBITDA by State



directors' report. continued.

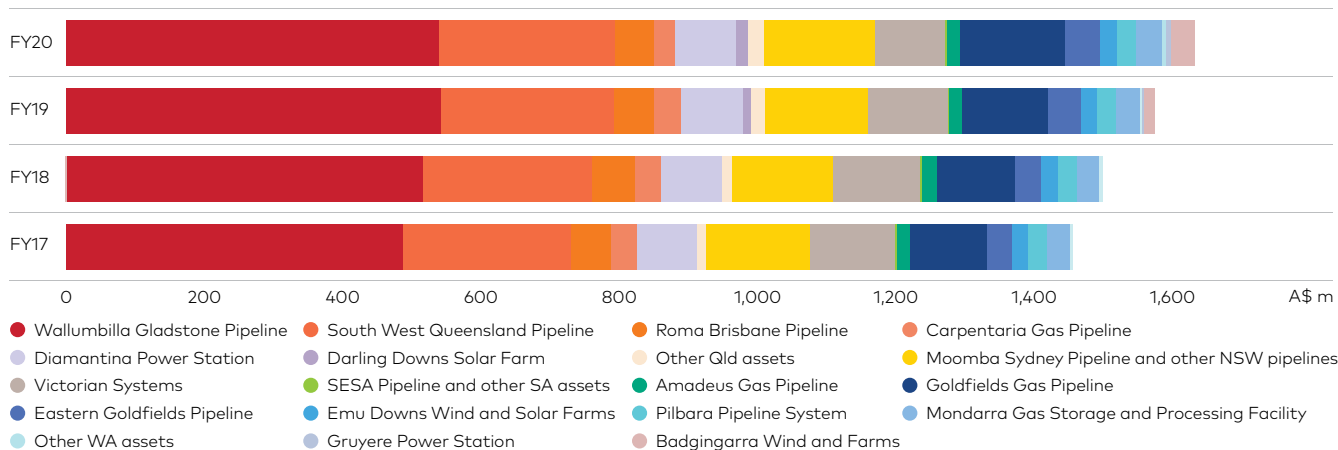
AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES

6. Business Segment Performance and Operational Review (continued)

6.2 Energy Infrastructure (continued)

Western Australia (continued)

Energy Infrastructure EBITDA by Asset



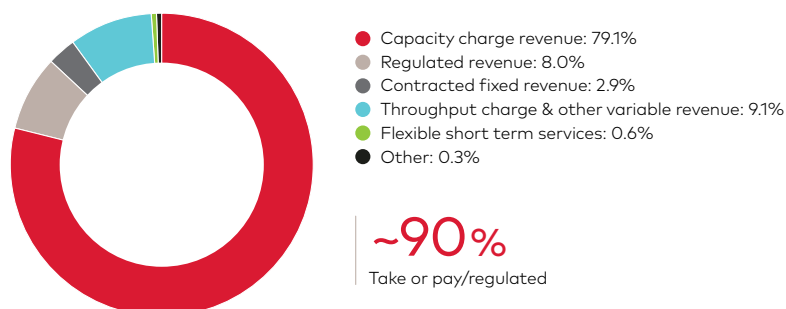
APA's value proposition

APA offers investors a solid value proposition that brings together a combination of high quality energy infrastructure, continued organic growth and a low risk business model.

In FY2020, 90% of Energy Infrastructure revenue (excluding pass-through) was from contracted and regulated revenues. Specifically, 79.1% of Energy Infrastructure revenue (excluding pass-through) was from take-or-pay capacity reservation charges from long-term offtake agreements, 2.9% from other contracted fixed revenues and 9.1% from throughput charges and other variable components. Given the dynamic east coast gas market, there were some additional revenues from the provision of flexible short term and other services, accounting for less than 1%.

The regulated portion of APA's revenue which is predominantly derived from the Victorian Transmission System makes up 8.0% of total FY2020 Energy Infrastructure revenue. Supporting APA's cash flow stability is the company's contract profile, which has a revenue weighted average contract tenor remaining of around 12 years. The very nature of APA's revenue streams provides for predictability and cash flow stability contributing to APA's low risk business model.

FY2020 Energy Infrastructure by Revenue Type



directors' report. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES

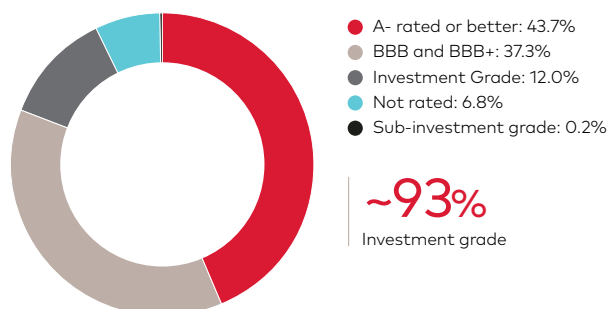
6. Business Segment Performance and Operational Review (continued)

6.2 Energy Infrastructure (continued)

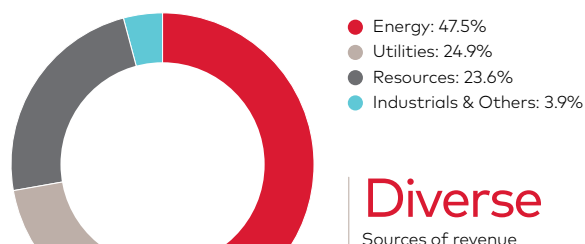
APA's value proposition (continued)

APA manages its counterparty risk in a variety of ways. One aspect is to consider customers' credit ratings. During FY2020, 93.0% of Energy Infrastructure revenue was received from investment grade counterparties. Diversification of customer base is another strength of APA's business, with our customers split across the energy, utility, resources and industrial sectors, as shown in the graphs below.

FY2020 Energy Infrastructure Revenues by Counterparty Credit Rating



FY2020 Energy Infrastructure Revenues by Customer Industry Segment



Notes: An investment grade credit rating from either S&P (BBB- or better) or Moody's (Baa3 or better), or a joint venture with an investment grade average rating across owners. Ratings shown as equivalent to S&P's rating scale.

Capacity Trading and Auction Platform

The capacity trading and auction platform commenced across eastern Australia on 1 March 2019. The daily auction facility of contracted but un-nominated capacity on APA assets has sold 35.0 PJ during FY2020 (16.1 PJ during 2H FY2020). This is the equivalent of facilitating transport for 8.9 PJ (3.7 PJ for 2H FY2020) of gas on APA pipelines from Queensland to southern markets. The additional liquidity from this non-firm service that has been added into the market during the winter months is a positive outcome. Since its launch and through to 30 June 2020, there has been negligible firm primary capacity that has been exchange traded on APA's assets. It should be noted, however, that APA continues to see shippers contracting for firm transport arrangements in order to manage their own business risk profiles.

6.3 Asset Management

APA provides asset management and operational services to the majority of its energy investments and to a number of third parties. Its main customers are Australian Gas Networks Limited (AGN)⁹⁾, Energy Infrastructure Investments and GDI (EII). Asset management services are provided to these customers under long-term contracts. Included in this reporting segment are Customer Contributions from Transmission third party projects.

APA has the expertise and diversified skillset to provide whole-of-life asset management and operational services for high voltage power, power generation, gas rotating plant and equipment, stationary engines, gas transmission pipelines and gas distribution networks. These services also include asset inspection, vegetation management, aerial patrols, metering services and specialist utility asset services.

Revenue (excluding pass-through revenue) from asset management services increased by \$18.0 million or 19.0% to \$112.4 million (FY2019: \$94.4 million) and EBITDA increased by \$10.4 million or 19.6% to \$63.3 million (FY2019: \$53.0 million). This was due to higher haulage revenue due to colder weather and an outperformance in the incentive fee achieved for Network services in FY2020 partly offset by reduced Customer Contribution activity in FY2020. Asset Management increased as a result of the AASB 16 accounting impact and incentive fee outperformance in FY2020, not achieved in FY2019.

APA's Queensland Networks team completed the construction and commissioning of the Murrarie looping project in Brisbane. The project involved construction of a 1.75 km pipeline, of which 936 metres was horizontally drilled under the Brisbane river. This second gas pipe supply into the Brisbane area, reduces the potential risk for over 100,000 customers in Brisbane. The project was undertaken on behalf of our customer Australian Gas Networks (AGN).

In Melbourne, also on behalf of AGN, APA significantly progressed the replacement of ageing gas mains and services. Despite the COVID-19 restrictions, the work is well progressed by APA and ahead of schedule.

9) APA sold its 33.05% stake in Envestra (subsequently renamed Australian Gas Networks or AGN) in August 2014, however, the operating and maintenance agreements remain on foot until 2027.

directors' report. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES

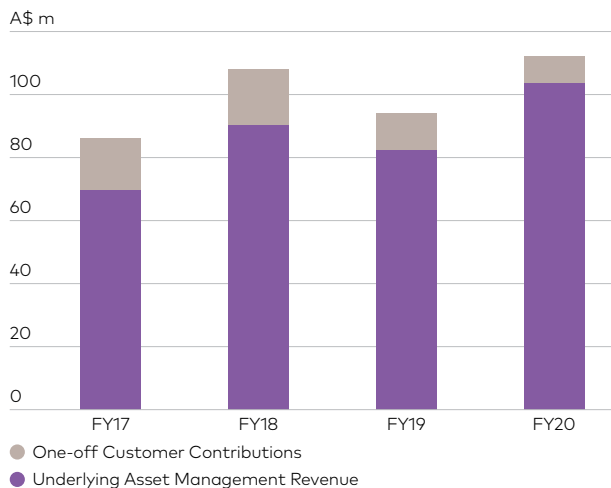
6. Business Segment Performance and Operational Review (continued)

6.3 Asset Management (continued)

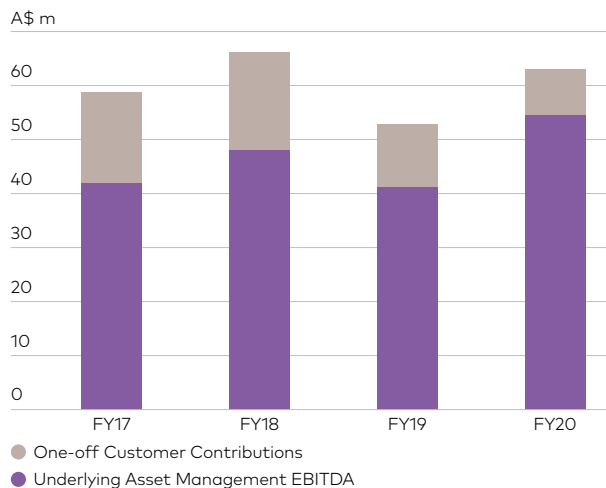
Customer contributions are payments received from a third party for APA to undertake work on the assets it manages to accommodate that third party's project. Customer contributions for FY2020 were \$8.5 million compared to \$11.7 million in FY2019. The long-term average per annum of customer contributions over the last five years remains at approximately \$12 million per annum. APA continues to expect annual swings in customer contributions, as these are driven by customer requirements.

The Asset Management segment continues to see strong demand for gas connections in new housing developments in Victoria, with an observed slowing in South Australia and Queensland of gas connections growth compared to previous years.

Asset Management Revenue

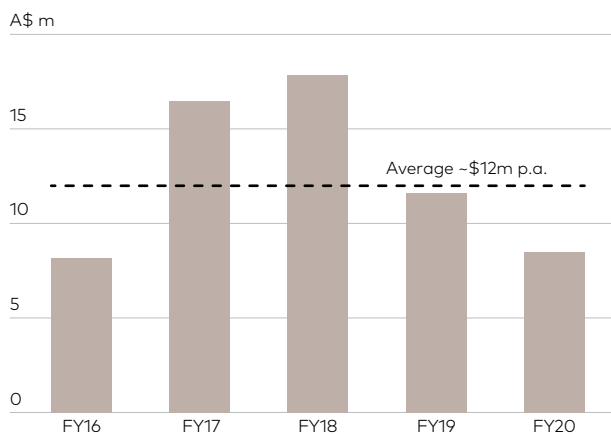


Asset Management EBITDA

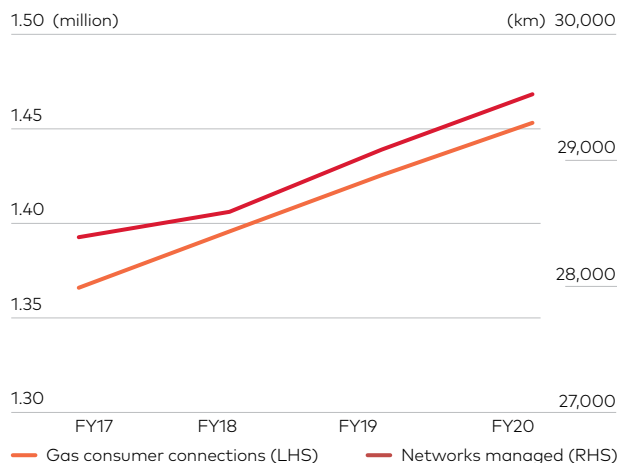


Note: From FY2017 onwards, DPS and the Ethane Pipeline became fully owned assets and are managed within APA's Energy Infrastructure segment and therefore no asset management fees earned.

Customer Contributions



APA Operated Gas Networks Statistics



directors' report. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES

6. Business Segment Performance and Operational Review (continued)

6.4 Energy Investments

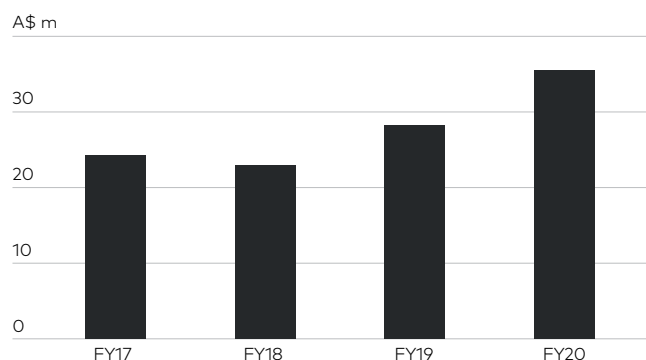
APA has interests in a number of complementary energy investments across Australia.

Asset and ownership interests		Asset details an APA services	Partners
Mortlake Gas Pipeline	 50% SEA Gas (Mortlake) Partnership	83 km gas pipeline connecting the Otway Gas Plant to the Mortlake Power Station MAINTENANCE	Rest
SEA Gas Pipeline	 50% South East Australia Gas Pty Ltd	687 km gas pipeline from Iona and Port Campbell in Victoria to Adelaide MAINTENANCE	Rest
North Brown Hill Wind Farm	 20.2% EII2	132 MW wind farm in South Australia CORPORATE SERVICES	Infrastructure Capital Group Osaka Gas
Allgas Gas Distribution Network	 20% GDI (EII)	~3,800 km Allgas gas distribution network in Queensland with ~115,000 connections CORPORATE SERVICES	Marubeni Corporation State Super OPERATIONAL MANAGEMENT
Daandine and X41 Power Stations Kogan North and Tipton West Processing Plants Directlink and Murraylink Electricity Interconnectors Nifty and Telfer Gas Pipelines Wickham Point and Bonaparte Gas Pipelines	 19.9% Energy Infrastructure Investments	Gas-fired power generation 71 MW Gas processing facilities 45 TJ/day Electricity transmission cables 244 km Gas pipelines totaling 786 km CORPORATE SERVICES	MM Midstream Investments Osaka Gas OPERATIONAL MANAGEMENT

APA's ability to manage these investments and provide operational and/or corporate support services gives it flexibility in the way it grows the business and harnesses expertise in-house, thereby delivering services from a lower cost base due to portfolio synergies.

EBITDA from Energy Investments increased by 25.7% for the reporting period to \$35.7 million (FY2019: \$28.4 million) largely due to increased equity income received from SEAGas and Energy Infrastructure Investments.

Energy Investments Revenue & EBITDA



directors' report. continued.

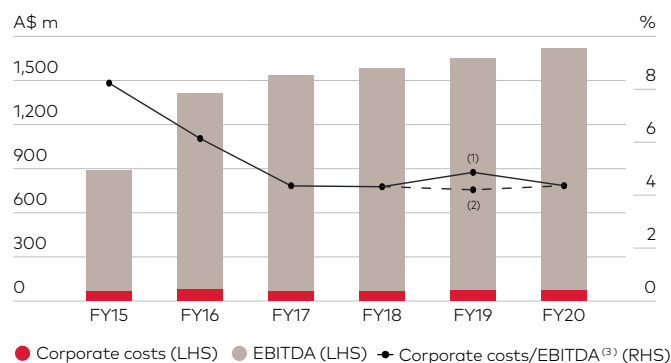
AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES

6. Business Segment Performance and Operational Review (continued)

6.5 Corporate Costs

Corporate costs for FY2020 were \$75.0 million compared to \$80.1 million for the previous corresponding period. Corporate costs decreased due to FY2019 one-off items not repeated in FY2020.

Corporate costs (net of one-off costs) over the last four years (2017 to 2020) have increased 12.5% in-line with EBITDA (net of one-off costs) which increased 12.4% for the same period. This increase is due to additional cost from compliance reviews, general increase in insurance cost and other regulatory requirements in recent years.



● Corporate costs (LHS) ● EBITDA (LHS) — Corporate costs/EBITDA⁽³⁾ (RHS)

1) Includes \$11.1 million of costs associated with the CKI proposal and the former Managing Director's retirement.

2) Corporate costs excluding one-off items.

3) EBITDA excluding corporate cost.

7. Capital and Investment Expenditure

Total capital expenditure (including growth projects and stay-in-business capital expenditure but excluding acquisitions and other investing cash flows) for FY2020 was \$427.1 million (FY2019: \$581.3 million). There were no acquisitions undertaken in FY2020 and therefore no investment expenditure.

Capital and investment expenditure for FY2020 is detailed in the table below.

Capital and investment expenditure ⁽¹⁾	Description of major projects	30 Jun 2020 (\$ million)	30 Jun 2019 (\$ million)
Growth expenditure			
Regulated	Western Outer Ring Main (WORM); Warragul looping; Victorian Transmission System, Roma Brisbane Pipeline and Goldfields Gas Pipeline Access Arrangement allowed expenditure	46.5	30.6
Non-regulated			
Queensland	Darling Downs Solar Farm and Thomson Power Station	31.9	17.8
New South Wales	Moomba Sydney Pipeline southern haul reliability and capacity expansion	16.8	15.6
Victoria	Orbost Gas Processing Plant and Crib Point Pakenham Pipeline	158.7	175.2
Western Australia and Northern Territory	Goldfields and Eastern Goldfields expansion, Badgingarra Wind and Solar Farms, Warrego Pressure Regulation	19.1	192.7
Customer contribution projects and others	Predominantly small pipeline relocation projects	14.7	30.9
Sub-total non-regulated capex		241.1	432.2
Total growth capex		287.7	462.8
Stay-in business capex ⁽²⁾		109.5	93.5
Other technology expenditure		29.9	24.9
Total capital expenditure		427.1	581.3
Investment and acquisitions		—	—
Total capital and investment expenditure		427.1	581.3

Notes: Numbers in the table may not add up due to rounding.

1) The capital expenditure shown in this table represents net cash used in investing activities as disclosed in the cash flow statement, and excludes accruals brought forward from the prior period and carried forward to next period.

2) Represents stay-in-business capital expenditure not recoverable from customers and/or regulatory frameworks.

directors' report. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES

7. Capital and Investment Expenditure (continued)

Growth project expenditure in FY2020 of \$287.7 million (FY2019: \$462.8 million) was largely related to the following projects during the year:

- **Orbost Gas Processing Plant (VIC):** Delays arising during construction as well as from the bushfire threat and resulting poor air quality, resulted in a later than anticipated start to the commencement of commissioning of the OGPP in March 2020. The plant has since then supplied 3.5 PJ into the market and has completed a stability test to a level of 45 TJ/d. However, practical completion is yet to be achieved due to foaming in the sulphur recovery unit that is constraining the full stable processing capacity below 68 TJ/d. A Transition Agreement with Cooper Energy announced on 20 August 2020 provides a pathway to practical completion of the OGPP, including sharing of revenue and costs, including costs associated with the proposed Phase 2 works.
- **Crib Point Pakenham Pipeline project (VIC):** Since June 2018, APA has had in place a Development Agreement and associated Gas Transportation Agreement with AGL Energy for the development and construction of a ~55 km transmission pipeline connecting AGL's proposed LNG import terminal facilities to APA's Victorian Transmission System and the east coast domestic gas market. AGL and APA completed the required studies and prepared and submitted an Environment Effects Statement (EES) for the Gas Import and Pipeline Project during the reporting period. Additionally, APA has continued with engineering, approvals and discussions and execution of option agreements with affected landowners along the proposed pipeline alignment during FY2020.
- **Moomba Sydney Pipeline southern haul reliability and capacity expansion (NSW/VIC):** Increased operating pressures on sections of the Moomba Sydney Pipeline, compressor and engine overhauls and improved critical control systems at Bulla Park, Young and Culcairn achieved during FY2020 to provide greater reliability and additional capacity of up to 23 TJ/day to Sydney or 20 TJ/day to Melbourne.
- **Thomson Power Station (QLD):** Initial project works commenced for the 18 MW reciprocating engine power station. The new power station will supplement generation from APA's Diamantina/Leichhardt Power Stations for the Mount Isa region. Construction is expected to be completed by end Q2 FY2021. Additional engines for a 6 MW expansion were secured in Q4 FY2020, with the expansion portion of the project to be completed by Q4 FY2021.
- **Beyondie Sulphate of Potash project (WA):** APA is constructing a new metering station for Kalium Lakes Limited in order to supply gas from the Goldfields Gas Pipeline to the customer's mine site. Engineering and procurement are complete and project completion is expected Q2 FY2021.
- **Lake Way Gas Pipeline (WA):** Engineering and procurement for a 23 km greenfields lateral off the Goldfields Gas Pipeline to the Salt Lake Potash mine commenced in 2H FY2020. The project is expected to be complete in Q3 FY2021.
- **Capricorn Metals (WA):** APA will build a new 56 km lateral off the northern section of the Goldfields Gas Pipeline (GGP) to Capricorn's proposed Karlawinda mine. Gas will be transported approximately 500 km along the GGP then 56 km along the Karlawinda Gas Pipeline. Design works for the lateral are well underway with completion targeted for Q1 2021.
- **Murrin Murrin lateral looping project (WA):** Design and procurement has been completed for the looping of 13.5 km of the pipeline with project completion expected in Q2 FY2021.
- **Darling Downs Solar Farm (QLD), Badgingarra Solar Farm (WA) and Eastern Goldfields Pipeline (WA):** minor site works completed in 1H FY2020.
- **Gruyere Power Station (WA):** APA's Gruyere Power Station has been fully operational and supplying power to our customer Gruyere Gold Mines since January 2019, with first gold pour taking place in June 2019. Minor site works and testing continued during the reporting period. Reliability testing under full load was successfully completed in March 2020. Early works for an expansion of the power station commenced in 4Q FY2020.
- **Western Outer Ring Main (WORM) project (VIC):** The Victorian Department of Environment, Land, Water and Planning advised on 23 December 2019 that the project will require an Environmental Effects Statement (EES). Engineering and approvals work including landholder liaison and studies required for the EES commenced during the reporting period. Completion is therefore not expected until at least June 2022. Growth capital expenditure is fully underwritten through long-term contractual arrangements or has regulatory approval through a relevant access arrangement.
- **Renewable methane project (QLD):** This is a pilot project looking at the commercial viability of generating renewable methane using water and carbon dioxide captured from the air. ARENA funding of \$1.1 million was secured in FY2020 and engineering and procurement processes have commenced.

directors' report. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES

7. Capital and Investment Expenditure (continued)

APA receives ARENA funding for renewable methane project

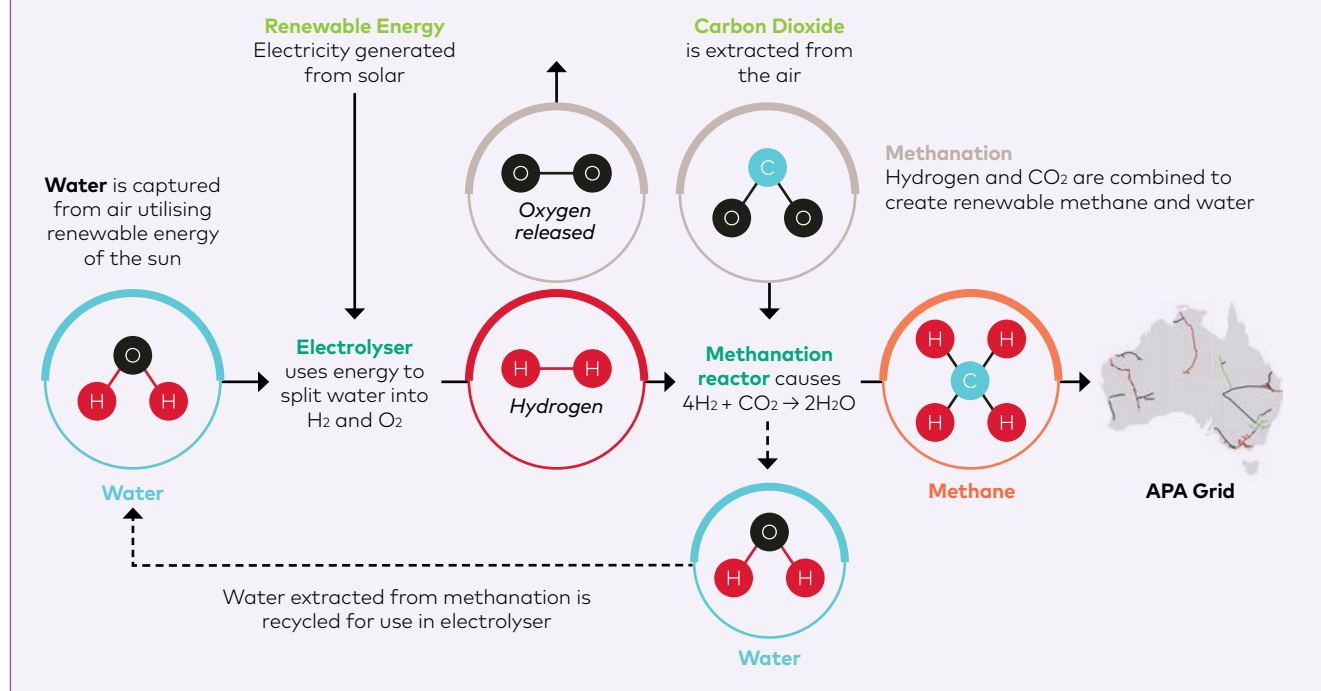
In May 2020, the Australian Renewable Energy Agency (ARENA) announced \$1.1 million of funding for the renewable methane pilot project being developed by APA with partner Southern Green Gas.

The potential carbon neutral project is investigating whether it is possible on an industrial scale to create methane using solar-generated electricity, water and CO₂ from the atmosphere.

As Australian and global communities look to de-carbonise their economies, APA is working to understand and anticipate the long-term implications for Australia's energy industry and our business. APA's purpose is to strengthen communities through responsible energy and therefore it is important to ensure that any transition to a lower carbon future should be both cost effective whilst also ensuring energy reliability.

APA is excited at being involved in this cutting-edge potential carbon neutral energy generation process.

Renewable methane creation process



Stay-in-business (SIB) capex increased to \$109.5 million in FY2020 from \$93.5 million in FY2019. The increase correlates to the size and scope of APA's diverse energy infrastructure portfolio and remains in line with the long-term asset management planning cycle across our assets.

Other technology capital expenditure reflects the continuing growth of the business and regulatory changes over the last three years. In FY2020, APA invested \$29.9 million (FY2019: \$24.9 million) in I&T related solutions, services and infrastructure.

directors' report. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES

7. Capital and Investment Expenditure (continued)

Other project updates:

- **Western Slopes Pipeline (NSW):** In January 2017, APA announced it had signed a development agreement and associated Gas Transportation Agreement with a subsidiary of Santos Limited, for APA to develop the proposed ~460 km Western Slopes Pipeline (WSP) in northern NSW. The pipeline will connect the Santos Narrabri Gas Project (NGP – subject to final investment decision) to APA's Moomba Sydney Pipeline and the east coast domestic gas market, potentially supplying NSW homes, small businesses, major industries and electricity generators with up to half the state's natural gas needs. The NSW Department of Planning issued their assessment report on the NGP to the Independent Planning Commission (IPC) in June 2020. The IPC has conducted public hearings on the project and a determination on the NGP is expected in September 2020. The WSP project has been on hold during FY2020 whilst the Santos NGP is proceeding through its approval process.
- **Dandenong Power Station Project (VIC):** APA's proposed 220 MW gas-fired power generation project was selected by the Federal Government as one of two shortlisted projects in the Government's Underwriting New Generation Investments (UNGI) program to progress to agreement of key terms under the program. APA is continuing discussions with potential customers to ascertain demand and market pricing as part of determining feasibility.
- **Emperor Energy (VIC):** APA entered into a non-binding Memorandum Of Understanding (MOU) with Emperor Energy Limited in October 2019 and proceeded, in May 2020, to enter into a Binding Agreement to progress with the pre-Front End Engineering Design (Pre-FEED) for the provision of midstream infrastructure and services related to gas potentially produced from the Judith Gas Field in the offshore Gippsland Basin, Victoria. The Pre-FEED study is expected to be completed 4Q CY2020. Should the project proceed, APA's involvement includes building, owning, operating and maintaining a new 90 TJ/d gas processing train; 40 km sub-sea pipeline; and 12 km pipeline from the gas processing train to the market.
- **Comet Ridge & Vintage Energy (QLD):** During FY2019, APA entered into a MOU with Comet Ridge Limited and Vintage Energy Limited to investigate a potential pipeline route to connect Queensland's Galilee Basin to gas markets. The proposed 240 km Galilee Moranbah Pipeline and associated infrastructure would be built, owned and operated by APA, connecting gas sources in the Galilee Basin to Moranbah in Central Queensland. Moranbah is the gas processing and distribution hub for northern Bowen Basin gas resources. During FY2020, APA completed various studies, assessments, field surveys and stakeholder engagement under the Survey Licence granted in July 2019.
- **Blue Energy (QLD):** An MOU remains in place to investigate pipeline route options in both the Bowen and Galilee Basins. APA continues to engage with all resource holders in the Bowen Basin to progress the efficient development for delivery to the East Coast Gas Grid.

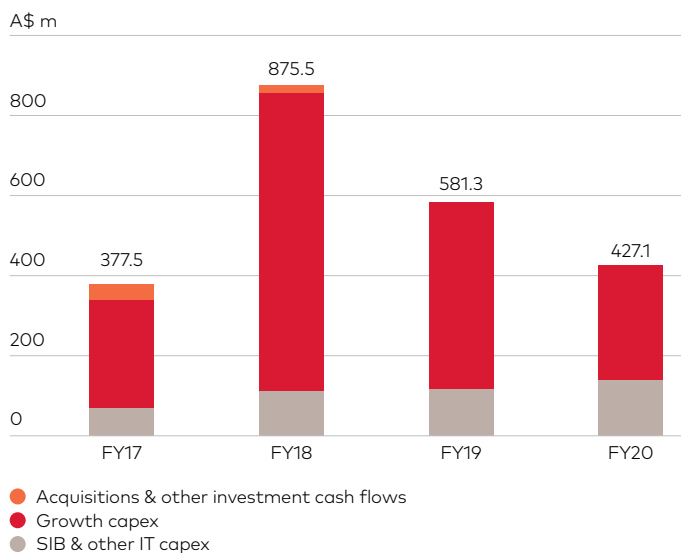
Despite the challenges faced by our customers in FY2020 with the double impact of a falling oil price and the COVID-19 pandemic, APA has visibility of as much as \$1 billion of organic growth projects that remain in active discussion with customers for delivery over the next two to three years, and more than \$4 billion of prospective and active projects over the next five to ten years.

This organic growth includes the ongoing expansions of APA's East and West Coast grids. The growth is also driven by our customers projects in the power and midstream sectors.

APA continues to work with our customers to assess any opportunity to expand and/or extend our existing network as required by the market. In response to the gas supply shortfall forecast by AEMO in Victoria around 2023, APA has investigated expansion of its East Coast Grid, principally involving the Moomba Sydney Pipeline system and South West Queensland Pipeline. These pipelines are lightly compressed, and pre-FEED work currently underway has identified that additional capacity could quickly and efficiently be delivered through the staged installation of compression facilities.

Beyond 2023, APA is working closely with a number of upstream producers that are exploring frontier resources in the Northern Territory, Queensland and New South Wales as listed in the identified projects above. Pipelines from these opportunities have the potential to connect to APA's East Coast Grid through existing gas hubs at Moomba or Wallumbilla, or directly to the Moomba Sydney Pipeline and/or South West Queensland Pipeline. The most cost-effective, efficient and quickest way of getting new gas supplies to market is to connect to nearby existing pipeline infrastructure which the 7,600 km East Coast Grid facilitates.

Capital and investment expenditure



directors' report. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES

8. Financing Activities

8.1 Capital Management

As at 30 June 2020, APA had 1,179,893,848 securities on issue. This is unchanged from 30 June 2019.

APA funds its growth with appropriate levels of equity, cash retained in the business and debt, in order to maintain strong BBB and Baa2 credit ratings from Standard & Poor's and Moody's, respectively.

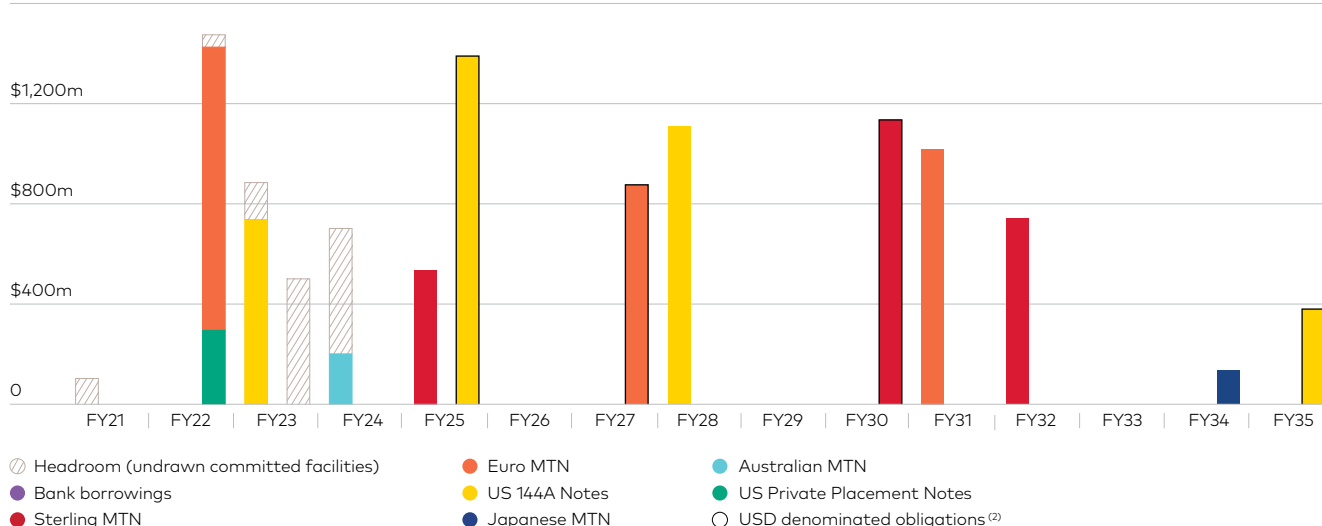
As at 30 June 2020, APA had \$2.5 billion in cash and committed undrawn facilities available to assist in the ongoing funding of the business and planned growth activities looking ahead.

At 30 June 2020 APA had \$9,983.6 million (\$9,352.1 million as at 30 June 2019) of committed drawn debt facilities, with an additional \$1,300 million of undrawn committed bank facilities available to the business.

APA has issued debt into a diverse range of global bond and banking markets, such as US Private Placement Notes, Medium Term Notes in several currencies (Australian dollars, Euros, Sterling and Japanese Yen), United States 144A Notes and Australian dollar Syndicated and Bilateral bank facilities. The debt portfolio has a broad spread of maturities extending out to FY2035, with an average maturity of drawn debt of 6.4 years as at 30 June 2020.

APA debt maturity profile and diversity of funding sources ⁽¹⁾

\$1,600m



1) APA debt maturity profile as at 31 July 2020.

2) USD denominated obligations translated to AUD at the prevailing rate at inception (USD144A – AUD/USD=0.7879, Euro & Sterling MTNs at AUD/USD=0.7772).

APA maintains a prudent treasury policy that requires high levels of interest rate hedging to minimise the potential impacts from adverse market movements. As at 30 June 2020, 100% (30 June 2019: 100%) of interest obligations on gross borrowings were either hedged into or issued at fixed interest rates for varying periods extending out to 2035.

Financing activities for APA during the financial year were focussed on pre-funding maturing debt and enhancing APA's liquidity position in the face of uncertainties created with COVID-19. In April 2020, APA issued €600 million (A\$1,017.8 million) of 10.2 year fixed rate Notes from its Euro Medium Term Note Programme.

Since the end of FY2020, APA has repaid:

— \$300.0 million of Australian Medium Term Notes at maturity (22 July 2020).

Through its FY2020 financing activities, APA has been able to extend the average tenor of its debt facilities and lower the average cost of its debt portfolio in difficult market conditions. The diverse debt portfolio and the strong BBB/Baa2 credit ratings enable APA to raise appropriate amounts of debt from the global debt capital markets in a timely and efficient manner to support growth and its existing operations.

APA acquired the Wallumbilla Gladstone Pipeline in June 2015, with revenues denominated in USD from the 20-year foundation contracts. Tariffs are escalated in January each year by US CPI, with operating costs passed through to the shippers. Today, around US\$3 billion (i.e. US 144A Notes maturing in 2025 and 2035, Euro MTN maturing in 2027 and Sterling MTN maturing in 2030), of the original US\$3.7 billion of debt that was borrowed to assist with funding of that acquisition, is retained in, or swapped into, US dollar denominated debt obligations at an all-in annual rate of around 4.61%. This USD debt is being managed as a "designated hedge" for those virtually certain US dollar denominated revenues.

directors' report. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES

8. Financing Activities (continued)**8.1 Capital Management** (continued)

APA has hedged the US dollar denominated Wallumbilla Gladstone Pipeline revenues receivable to March 2022 at the rates in the table below.

Period	Average forward USD/AUD exchange rate
FY2020	0.7192
FY2021	0.7199
FY2022 (to March 2022)	0.7099

A large portion of the net revenue from April 2022 onwards remains in the designated hedge relationship with the remaining US\$3 billion in debt and as such, when that revenue is received and hedged, it will be recognised in the statement of profit or loss at those future rates.

8.2 Interest costs

Net interest costs decreased in FY2020 by \$0.1 million to \$497.3 million (FY2019: \$497.4 million). The 0.02% decrease in FY2020 relative to FY2019 is primarily due to the repayment of higher cost debt offsetting lower capitalised interest and higher average drawn debt throughout FY2020 compared to FY2019.

The average interest rate (including credit margins) applying to drawn debt was 5.33% for FY2020 (FY2019: 5.53%), reflective of the partial year impact of the new lower interest cost attributable to the €600 million (A\$1,017.8 million) of 10.2 year fixed rate Euro Medium Term Notes.

8.3 Credit ratings

APT Pipelines Limited, the borrowing entity of APA, maintained the following two investment grade credit ratings during the FY2020 financial year:

- BBB long-term corporate credit rating assigned by Standard & Poor's (S&P) in June 2009, and last confirmed on 17 February 2020; and
- Baa2 long-term corporate credit rating (outlook Stable) assigned by Moody's Investors Service (Moody's) in April 2010, and last confirmed on 20 February 2020.

APA calculates the Funds From Operations (FFO) to Interest to be 3.3 times (FY2019: 3.0 times) and FFO to Net Debt to be 12.2% for FY2020 (FY2019: 10.7%). FFO to Net Debt is the key quantitative measure used by S&P and Moody's to assess APA's credit worthiness and credit rating.

APA's credit metrics continue to strengthen as increasing operating cash flow allows the funding of both increased securityholder distributions and increased growth capex which delivers increased EBITDA and, in turn, increased operating cash flow. With FFO to Net Debt of 12.2% and FFO to Interest of 3.3 times being at the stronger end of BBB/Baa2 rating metric guidelines, APA continues to have confidence that the balance sheet can continue to support both organic growth and long-term growth in securityholder distributions. APA's FFO to Net Debt has been between 10% and 12% for the past three years and we expect this to continue for FY2021.

8.4 Income tax

Income tax expense for the financial year of \$187.9 million results in an effective income tax rate of 37.2%, compared to 38.1% for the previous corresponding period. The high effective rate is due to the significant amortisation charges relating to contract intangibles acquired with the Wallumbilla Gladstone Pipeline, which are not deductible for income tax purposes.

After utilisation of available tax losses and research and development and imputation credit tax offsets, income tax of \$85.3 million will be payable in respect of the year ended 30 June 2020 (FY2019: \$72.1 million). The cash tax payable results in an effective tax paid rate of 16.9% in FY2020 compared to 15.4% in FY2019. With PAYG instalments of \$54.4 million having already been paid, a tax provision of \$30.9 million has been recognised. APA has provided a Tax Transparency Report, which includes a reconciliation of profit to income tax payable on APA's website at <https://www.apa.com.au/investors/my-securities/tax-information/>.

To assist APA Securityholders who wish to submit their annual tax return prior to receiving their annual APA Tax Statement in mid-September, APA has developed an online tax estimator tool.

The Estimator tool will generate pro forma tax return inputs based on information entered by Securityholders and therefore should be considered "indicative only" as compared to the confirmed accurate information contained in APA's Annual Tax Statement. The Tax Estimator will be available under the Investor section on APA's website following confirmation by the Board via an ASX release of the final FY2020 distribution (<https://www.apa.com.au/investors/my-securities/apa-annual-tax-statement-estimator/>).

directors' report. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES

8. Financing Activities (continued)

8.5 Distributions

Distributions paid to Securityholders during the financial year were:

	Final FY2019 distribution paid 11 September 2019		Interim FY2020 distribution paid 11 March 2020	
	Cents per security	Total distribution \$'000	Cents per security	Total distribution \$'000
APT franked profit distribution	8.53	100,663	8.52	100,488
APT unfranked profit distribution	—	—	2.93	34,650
APT capital distribution	10.44	123,153	6.66	78,530
APTIT profit distribution	2.55	30,056	2.40	28,335
APTIT capital distribution	3.98	47,002	2.49	29,372
Total	25.50	300,874	23.00	271,375
Franking credits allocated	3.66	43,142	3.65	43,066

On 26 August 2020, the Directors declared a final distribution for APA for the financial year of 27.0 cents per security which is payable on 16 September 2020. Franking credits of 3.66 cents per security will be allocated to the APT franked profit distribution. The FY2020 final distribution comprises the following components:

	Final FY2020 distribution payable 16 September 2020	
	Cents per security	Total distribution \$'000
APT franked profit distribution	8.53	100,666
APT capital distribution	11.74	138,528
APTIT profit distribution	2.09	24,686
APTIT capital distribution	4.64	54,692
Total	27.00	318,572
Franking credits allocated	3.66	43,143

As a result, the total distribution applicable to the year ended 30 June 2020 is 50.0 cents per security, a 6.4% increase over the total distribution of 47.0 cents per security applicable to the year ended 30 June 2019. Franking credits allocated for the year ended 30 June 2020 distribution totalled 7.31 cents per security.

The Distribution Reinvestment Plan remains suspended.

directors' report. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES

8. Financing Activities (continued)

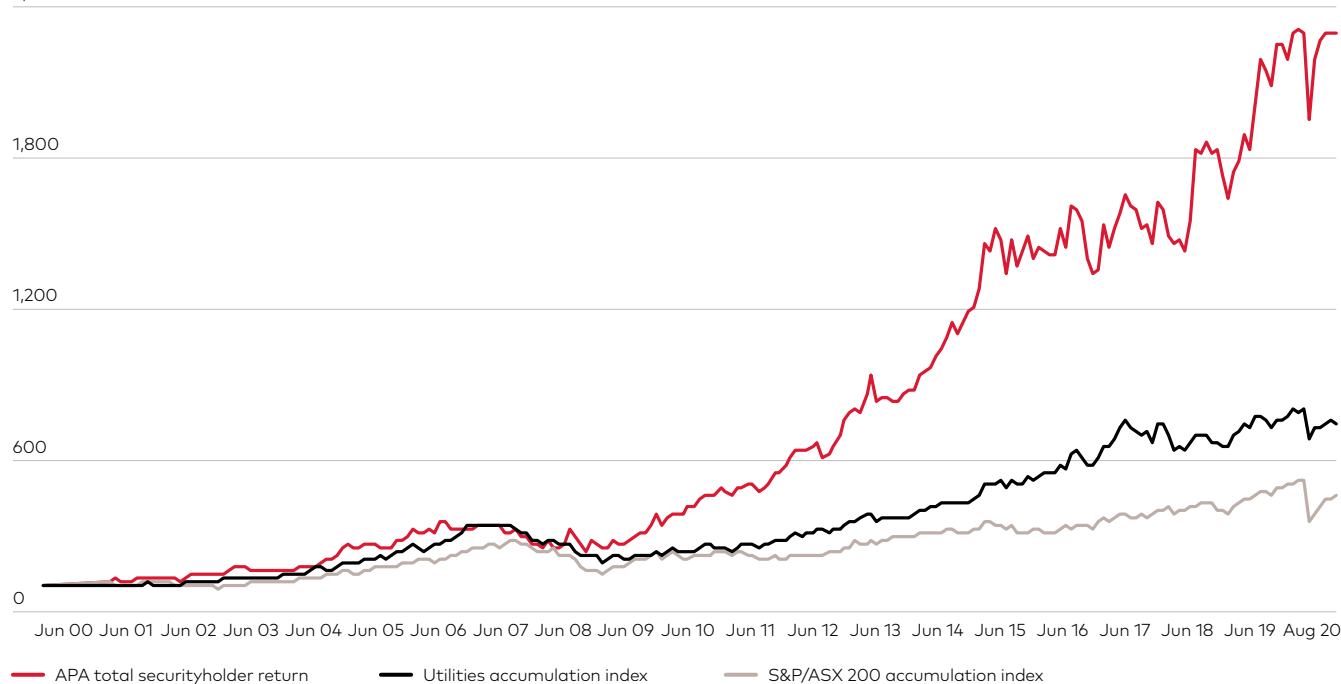
8.6 Total securityholder return

APA's total securityholder return for the financial year, which accounts for distributions paid plus the capital appreciation of APA's security price and assumes the reinvestment of distributions at the ex-distribution date, was 7.7%⁽¹⁰⁾.

APA's total securityholder return since listing in June 2000 on the ASX, is 2,203%⁽¹¹⁾, a compound annual growth rate of 16.8%.

APA total securityholder returns since listing (June 2000) to 21 August 2020

2,400



8.7 Guidance for 2021 financial year

Looking ahead, we are confident that APA is in a strong position financially and operationally. Although APA is an essential part of the energy supply chain, no business is entirely immune from an economic downturn. APA is successful when our customers are strong. While our capacity contracts and regulated revenues mean that our business is somewhat resilient through economic cycles, APA's revenues are still subject to recontracting decisions by customers, throughput volumes on certain assets, the timing of customer FID decisions, as well as lower CPI across the contracts portfolio.

Further, APA's current operating plan for FY21 only includes around \$10 million of EBITDA contribution from the Orbest Gas Processing Plant under the recently announced Transition Agreement with Cooper Energy. This assumes Practical Completion is not achieved until the end of the financial year.

In this context, APA expects EBITDA for the full year to 30 June 2021 to be within the range of \$1,625 million to \$1,665 million. Total distributions for FY2021 are expected to be substantially in line with FY2020 distributions, with franking credits which may be allocated, depending on the amount of cash tax APA will pay during the year.

Net interest cost is expected to be in a range of \$490 million to \$500 million.

	FY2021 guidance	FY2020 actual
EBITDA (\$ millions)	\$1,625 to \$1,665	\$1,653.9
Net interest cost (\$ millions)	\$490 to \$500	\$497.3

10) Figures quoted are sourced from Refinitiv Eikon and measured as at 30 June 2020.

11) Indexed from 13 June 2000, the date of APA's listing on the ASX.

directors' report. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES

9. Economic Regulatory Matters

Gas pipelines in Australia are regulated by the Australian Energy Regulator (AER) or, the Economic Regulation Authority of Western Australia (ERA).

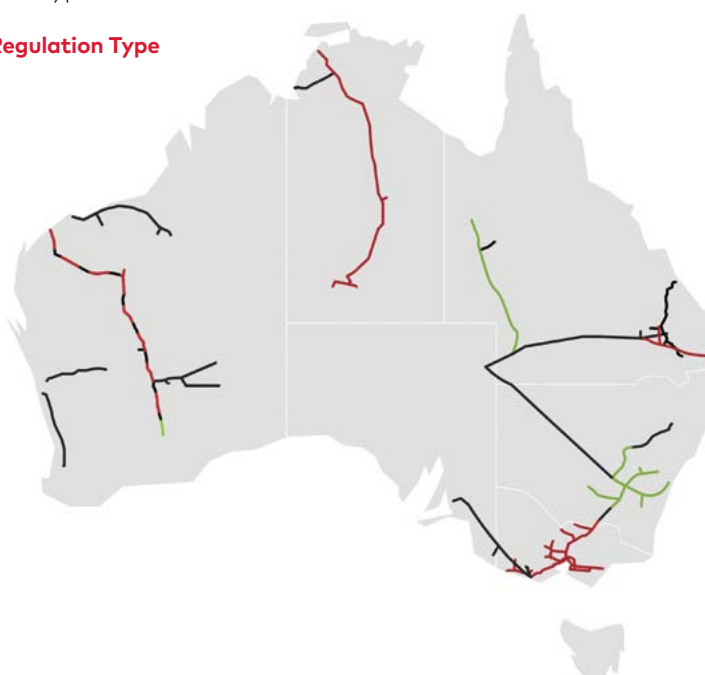
Australia's economic regulatory regime for gas pipelines is set out in the National Gas Law (NGL) and the National Gas Rules (NGR). Some of APA's pipelines have been covered by the National Gas Access Regime since it was introduced in the 1990's. There are 2 frameworks under the NGR:

- 1) Scheme pipelines (NGR Parts 8-12) subject to either:
 - full regulation, where the AER or ERA must approve a full access arrangement that sets out reference tariffs, terms and conditions. Pipeline users can opt for non-regulated services on full regulation pipelines; or
 - light regulation, where pipeline owners must publish services and prices and comply with information provision requirements to support negotiations or alternatively seek regulatory approval for a limited access arrangement. A regulatory negotiate-arbitrate mechanism is available in the case of access disputes.
- 2) Non-Scheme pipelines (NGR Part 23) – The Part 23 regime came into effect from August 2017 and provides for additional information disclosure and a commercial negotiate-arbitrate mechanism as part of a dispute resolution framework.

The map below shows APA pipelines by regulation type:

APA Pipelines (owned and/or operated) – By Regulation Type

- Full regulation pipelines
- Light regulation pipelines
- Non-scheme pipelines
- Partly full regulation / non-scheme pipelines



Regulatory resets

The diagram below outlines the scheduled regulatory reset dates for pipelines owned and operated by APA. During FY2020, approximately 8.0% of APA's Energy Infrastructure revenues were revenues that are subject to regulated outcomes.

Calendar year	2021	2022	2023	2024	2025
Amadeus Gas Pipeline					
Roma Brisbane Pipeline					
Victorian Transmission System					
Goldfields Gas Pipeline					

● Current regulatory period ● Next regulatory period

Key regulatory matters addressed during the reporting year included:

Goldfields Gas Pipeline access arrangement

In December 2019, the Western Australian Economic Regulation Authority released a final decision on revisions to the Access Arrangement for the Goldfields Gas Pipeline, for the period 1 January 2020 to 31 December 2024. The final decision applies to the covered (regulated) capacity which is 109 TJ/d of a total pipeline capacity of 202.5 TJ/d. The final tariff increased by approximately 9% as a result of removing the regulator's adjustment in the 2015 – 2019 access arrangement which took account of the delay in that final decision. As the current decision was made on time there is no requirement for such an adjustment.

directors' report. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES

9. Economic Regulatory Matters (continued)

Amadeus Gas Pipeline 2021-2026 access arrangement – consumer engagement

As noted in Section 6.1, APA established the Amadeus Gas Pipeline Consumer Reference Group as part of the regulatory process for review of the 2021-2026 Amadeus Gas Pipeline access arrangement. Under the existing arrangement approved in 2016, APA was required to submit further revisions on 1 July 2020, which are expected to have effect for a period of five years from 1 July 2021. Consumer engagement ahead of that submission provided APA with better insights from people served by the pipeline and helped shape our proposal to the Australian Energy Regulator (AER). Further information on consumer engagement for the Amadeus Gas Pipeline can be found on APA's website <https://www.apa.com.au/about-apa/our-projects/>.

Energy Industry developments

COAG Energy Council Regulation Impact Statement (RIS)

At the end of October 2019, the Council of Australian Governments (COAG) Energy Council released for consultation its RIS "Options to improve gas pipeline regulation". This RIS process addresses the Energy Council's initiative in August 2018 to consider further improvements to the regulatory framework and the mandated review of Part 23 of the NGR. The RIS outlined four options for reform including a 'no change' option.

APA has been active in the consultation process, including suggesting a hybrid option that draws upon elements from the RIS and the existing National Gas Law and Rules. Under APA's hybrid option, all pipelines would be subject to regulation with the minimum level being Part 23 of the National Gas Rules.

The negotiate-arbitrate model would be retained, with an exemption for greenfield pipelines. All existing pipelines would retain their current regulated status at the start of the new scheme. The current test applying the existing Form of Regulation factors in s16 of the National Gas Law would then be utilised to determine which pipelines should move from "lighter" Part 23 regulation to "heavier" full regulation or vice versa.

APA believes this hybrid option addresses concerns about regulatory coverage of pipelines by ensuring the appropriate form of regulation while harmonising the level of information available across all regulatory classes of pipelines.

Submissions on the RIS closed on 17 January 2020. Senior officials from government and statutory authorities are reviewing and assessing the submissions with the Final RIS expected to be published in FY2021.

In August 2019, the COAG Standing Committee of Officials (SCO) released 'Measures to improve transparency in the gas market: Regulation Impact Statement for consultation' (Consultation RIS). The RIS presents options to improve transparency in the eastern and northern Australian gas markets.

APA supports COAG's vision for a transparent gas market. APA is seeking to ensure the right balance of transparency without increasing costs and risks to consumers and the gas industry and ensuring alignment with existing information disclosure requirements under Corporations Law, the ASX Listing rules, and confidentiality provisions of our customer agreements.

10. Sustainability

Doing business sustainably is about operating in a way that creates value and supports growth without compromising our integrity, social or environmental responsibilities. It makes organisations resilient, so they thrive particularly in changing times. APA is here for the long-term, so during FY2020, we strengthened our sustainability capabilities, activities and reporting to reflect its vital role in APA's future.

APA has released a separate FY2020 Sustainability Report which is available on APA's website (<https://www.apa.com.au/about-apa/sustainability/>). Contained in the Directors' Report as below, is an overview of our sustainability approach and key compliance metrics for health and safety, environment and emissions.

Every day, APA's decisions impact our customers, investors, workforce, communities and the environment and contribute to our future state, so we must always act responsibly. For APA, sustainability is simple: it's how we do business and contribute to society responsibly – now, and into the future.

To help us do this, we are making sustainability an integral part of how APA does business by:

- being part of Australia's successful transition to a lower-carbon future;
- keeping customers front of mind;
- caring for our people and communities;
- maintaining Australia's environment and heritage;
- building ongoing relationships with community stakeholders; and
- promoting responsible procurement practices.

To help support APA's refreshed Vision, Purpose, Culture and operating structure, we took an important step in our responsible energy journey in late FY2020 by creating a dedicated Sustainability and Community function and team.

The changes reflect our acknowledgement of societal views, expectations and the vital role that sustainability and community play in delivering APA's purpose, vision and responsible energy promise.

We will be developing a comprehensive Sustainability Roadmap in FY2021. This will set the sustainability direction for APA and help us to continually improve our sustainability performance and disclosure.

directors' report. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES

10. Sustainability (continued)

10.1 Climate Change

APA takes the science of climate change seriously and supports a global transition to a lower-carbon future. We are taking steps to understand and manage the risks and opportunities presented by climate change to our business. The challenge for the energy industry is to reduce carbon emissions while maintaining the reliable, affordable and secure energy supply that people want and need. APA is well-placed to support Australia's successful transition over time to a lower-carbon future.

APA is continuing to take steps to understand and demonstrate our commitment to addressing the complex challenge presented by climate change. Key activities we conducted this year were:

- Publishing APA's first Climate Change Position Statement, available on APA's website (<https://www.apa.com.au/about-apa/sustainability/climate-change/>). This affirms APA's stance on climate change by succinctly communicating our approach and supporting our purpose of strengthening communities through responsible energy;
- We developed a preliminary Carbon Management Plan as a step towards operationalising consideration for climate risks. The plan puts a focus on four main areas: Greenhouse gas emissions reporting and analysis, emissions reductions, greenhouse gas offsets, and climate scenario analysis;
- Continued our Task Force on Climate-Related Financial Disclosures (TCFD)-aligned Climate Scenario Analysis by extending the time horizon of transition risks to 2050 and testing the resilience of all of our existing assets against more extreme climate scenario pathways, including a 1.5C scenario.

As we move into FY2021 our focus areas will be:

- Developing a Climate Change Policy with a view to expanding and further articulating our approach and commitment;
- Evolving the Carbon Management Plan and integrate it into our broader Climate Change Management Plan and Sustainability Roadmap; and
- Publishing outcomes from the TCFD-aligned Climate Scenario Analysis expected to be released early October. For more information, including climate indicators, see the Climate Change Chapter of APA's FY2020 Sustainability Report.

APA Emissions

APA's main sources of direct emissions are from gas fired power stations (49%), combustion of natural gas in compressor stations (16%) and fugitive emissions associated with natural gas pipelines (11%), making up 76% of total emissions.

The National Greenhouse and Energy Report (NGER) applies to assets under APA's operational control, which includes gas transmission/distribution pipelines, power stations, renewable generation facilities (including wind farms and solar farms), gas storage, gas processing, electricity transmission interconnectors and corporate offices.

APA voluntarily engaged the services of an independent auditor (registered under the Act) to assess compliance of its FY2019 NGER data. Zero non-compliances were noted however a number of improvement recommendations were made. These will be addressed in the Energy and Emissions Improvement Program which is a focus area for FY2021. Provision of the audit report to the CER resulted in dialogue and a minor update to FY2019 results reported at 1H FY2020.

In addition, APA was selected to be part of the CER's audit program for FY2019 reporting. The audit is expected to be complete in Q1 FY2021.

APA's summary of Scope 1 and 2 emissions and energy consumption for FY2019 as reported under NGER compliance, are set out in the table below:

	FY2019 (audited) ⁽⁴⁾	FY2018	Change
Scope 1 ⁽¹⁾ CO ₂ emissions (tonnes)	1,228,015	1,205,766	1.8%
Scope 2 ⁽²⁾ CO ₂ emissions (tonnes)	176,980	178,445	(0.8%)
Energy consumption ⁽³⁾ (GJ)	27,802,229	25,777,203	7.9%

1) Scope 1: emissions associated directly with APA facilities, such as company vehicles, 'fuel combustion' and fugitive emissions from gas pipelines.

2) Scope 2: are indirect emissions such as consumption of purchased electricity/fuel not generated by the facility but used under its operations or electricity line loss.

3) Energy Consumption is referring to the total calculation of energy consumed across all facilities within APA's operational control.

4) Variation in data from APA's original FY2019 NGER Report is due to amendments to the Report and re-submission. Key changes include a) reallocation of Murraylink line loss (Scope 2) between Vic and SA and subsequent application of different emission factors and b) changes to fugitive emissions on the Goldfields Gas Pipeline.

APA's Scope 1 emissions have increased primarily due to an overall increase in gas combustion for power generation at Diamantina Power Station, and by compressors on the South West Queensland Pipeline (SWQP) and the Goldfields Gas Pipeline (GGP). APA's Scope 2 emissions decreased slightly in FY2019. This is primarily due to a reduction in electricity consumption on the SWQP compared to FY2018.

directors' report. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES

10. Sustainability (continued)

10.2 Health, Safety, Environment and Heritage (HSEH)

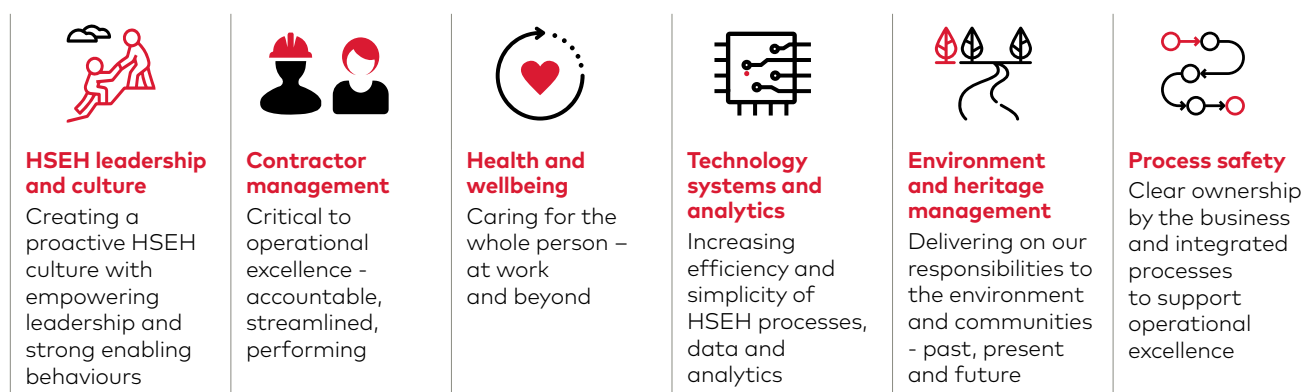
Following is an overview of key HSEH compliance information. For further detail on APA's HSEH initiatives and practices, please refer to APA's FY2020 Sustainability Report, available on APA's website.

In a year of many challenges – bushfires, cyclones and COVID-19 to name a few – APA's efforts towards zero harm have also had its challenges.

A critical activity for FY2020 was the development and launch in September 2019 of a new three-year HSEH Strategic Plan FY2020 – FY2022. Created with significant cross-functional involvement and ownership, the Strategic Plan for APA focuses on the following key themes:

HSEH Strategic Framework: FY2020 – FY2022

Caring for people, communities, the environment and our assets



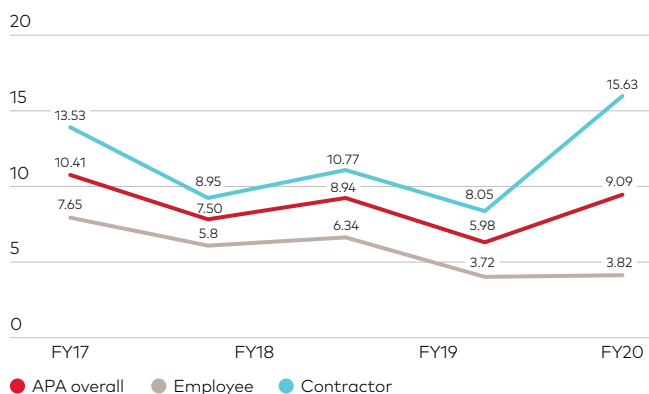
The objective of the strategic plan is to empower our people to deliver 'world class' HSEH performance over the next three years.

Health and Safety

FY2020 has seen inconsistent Health and Safety results across the business. Our lag indicators, in particular in relation to the safety performance of our contractors, show a disappointing decrease from FY2019 performance. On a normalised collective basis, Health and Safety performance has plateaued and remains in line with our 5-year average. Throughout the reporting year however, there were a number of highlights:

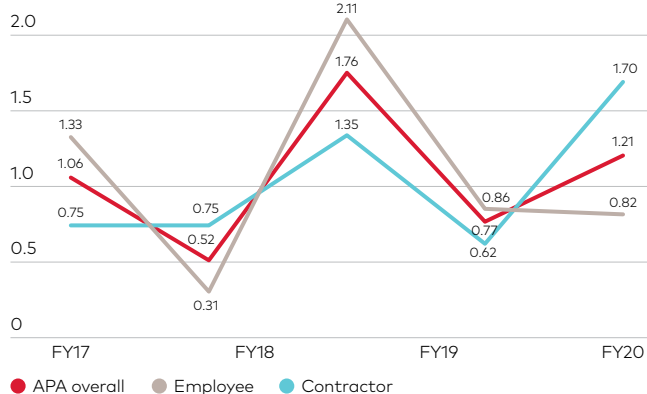
- No Work Health and Safety regulatory penalties;
- Two divisions within our operations went 12 months without a lost time injury;
- APA employee safety continued on its improvement path; and
- Management interactions exceeded target delivering closer alignment with our contractor community.

Total reportable injury frequency rate (TRIFR)



Note: TRIFR is measured as the number of lost time and medically treated injuries sustained per million hours worked. Data includes both employees and contractors.

Lost time injury frequency rate (LTIFR)



Note: LTIFR is measured as the number of lost time injuries per million hours worked.

As mentioned, our lag indicators reveal a clear gap between employee and contractor safety performance. Employee safety numbers of LTIFR 0.82 and TRIFR 3.82 show continued good progress.

Conversely, contractor performance highlights the challenge in front of APA, LTIFR 1.70 and TRIFR 15.63 (target <7.0).

Overall the TRIFR rate for APA was 9.09 against a target of <5.5 and the overall LTIFR was 1.21 against a target of <1.0. Importantly, there were no fatalities of employees or contractors in FY2020 (FY2019: nil).

directors' report. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES

10. Sustainability (continued)

10.2 Health, Safety, Environment and Heritage (HSEH) (continued)

Health and Safety (continued)

These results were despite significant work being undertaken during FY2020 with our contractor network to understand and improve performance, including the following initiatives:

- Quarterly contractor forums, held across Australia;
- Senior management engagement sessions with APA's ten largest contractors to ensure our standards and processes are aligned;
- Review of metrics and pre-qualification procurement processes; and
- Increased APA on-site supervision of key projects and activities.

During FY2020, there was also continued work particularly in our Operations areas on improving line leadership capability development and empowerment which are expected to enhance safety outcomes during FY2021 and beyond.

Key learnings from FY2020 have been aggregated and in FY2021 it is intended to continue to work on these initiatives and what we have learnt, as well as increasing our leadership focus and involvement in safety and operational activities to model and drive the right behaviours for the turnaround that is required.

COVID-19 Management

COVID-19 has been a significant challenge for all businesses across the globe. Given the nature of APA's work in public areas and engaging with landholders and the community, management of this pandemic was a strong focus for APA management, ensuring a balance between operational outcomes and employee health and wellbeing. There has been increased focus on health and wellbeing during this time through provision of online materials, training and webinars, promotion of Employee Assistance Program, specialist advice for employees, especially those who could not work from home, and increased communications to promote resilience and wellness activities. Refer to Section 11.2 (Covid-19 Crisis Management) for further information on APA's COVID-19 response and crisis management.

Process Safety

Process Safety is about ensuring the necessary processes, systems and behaviours are in place to empower APA employees and contractors to operate assets safely, such that there is no major accident event as a result of an energy or harmful substance release.

APA is in year three of a dedicated Process Safety improvement program. The roll out of Process Safety is in year three of a multi-year program at APA. FY2020 has seen the delivery of many parts of the program including:

- Completion of the initial roll out of Process Safety to the Transmission and Midstream businesses – this includes defining safety critical equipment for sites, roll out to the sites of process safety dossiers and delivery of a Process Safety cultural program;
- Completion of the Process Safety Framework and integration in Safeguard, APA's HSEH management system;
- The development and roll out of APA's Process Safety Fatal Risk Protocol;
- Process safety scorecard, tracking key metrics and measures by Executives and the Board; and
- Training for field operation staff, engineers and leaders completed, including a new e-Learning module developed for release in FY2021.

Metrics around the use of Management of Change and alarm management continued to improve as a result of dedicated improvement programs for each.

APA continues to work with several regulators around the country to maintain current Safety Cases for our assets, with the Orbest Gas Plant Safety Case having been submitted and going through the approval process currently.

For FY2021, as part of the new Operations Division business plans, program development and roll out of Process Safety to Power and Networks assets will begin.

Environment and Heritage compliance

APA operates its assets under a number of approved environmental regulatory instruments within relevant federal, state and territory jurisdictions.

Progress against core initiatives has enabled APA to initiate a more standardised and streamlined management of environment and heritage risk including:

- **Environment Management Plan (EMP) Improvement Program:** was initiated in FY2018 to standardise and streamline our approach to managing environmental risks and compliance. A target of 9 refreshed EMPs for delivery in FY2020 was set and achieved, bringing the total number of effective EMPs to 22. A target of 10 has been set for FY2021, the final year of the program.
- **Heritage Improvement Program:** A gap analysis was completed during the reporting period to articulate areas of heritage practices across APA that either needed improvement or further support and investment. A Heritage Improvement Plan was developed in early 2020 and has identified critical corporate processes, state specific guidance and targeted awareness/training program to be developed and implemented over the next 18 months.

Four warning notices across the business were received in the reporting period in relation to regulatory compliance, however none resulted in penalties or fines. Corrective actions are either underway or have been completed.

directors' report. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES

10. Sustainability (continued)

10.3 Business Integrity

Commonwealth Modern Slavery Act 2018 (MSA)

The MSA established a national Modern Slavery Reporting Requirement which applies to all entities based, or operating, in Australia, with an annual consolidated revenue of at least \$100 million. Entities are required to report annually on the risks of modern slavery in their operations and supply chains with actions to address those risks.

APA is committed to the principles and obligations under the MSA and will not intentionally use suppliers and contractors who engage in exploitative behaviours of modern-day slavery such as child labour, debt bondage and inhumane treatment of employees, and forced or compulsory labour.

APA is working on a set of standards to achieve compliance utilising a risk-based approach to the identification of modern slavery risks and artificial intelligence tools to analyse supplier information, with further development of procedures supporting the approach in progress.

The initial annual Modern Slavery Statement was required to be submitted by 31 December 2020. However, in April 2020, the Government extended the submission deadline to 31 March 2021 as a result of the COVID-19 pandemic.

Further detail is contained in APA's FY2020 Sustainability Report and Code of Conduct, available on APA's website.

Anti-bribery and Corruption

In line with APA's Code of Conduct, relevant legislation, and as part of the transition to the ASX Governance Principles 4th Edition, APA established an Anti-bribery and Corruption Policy in the reporting period. This sets out key requirements to prevent, detect and manage bribery and corruption in all jurisdictions in which APA operates.

APA is also closely monitoring the recent Crimes Legislation Amendment (Combatting Corporate Crime) Bill 2019 released on 2 December 2019. If passed, the legislation would bring Australia's requirements into line with the UK and the US.

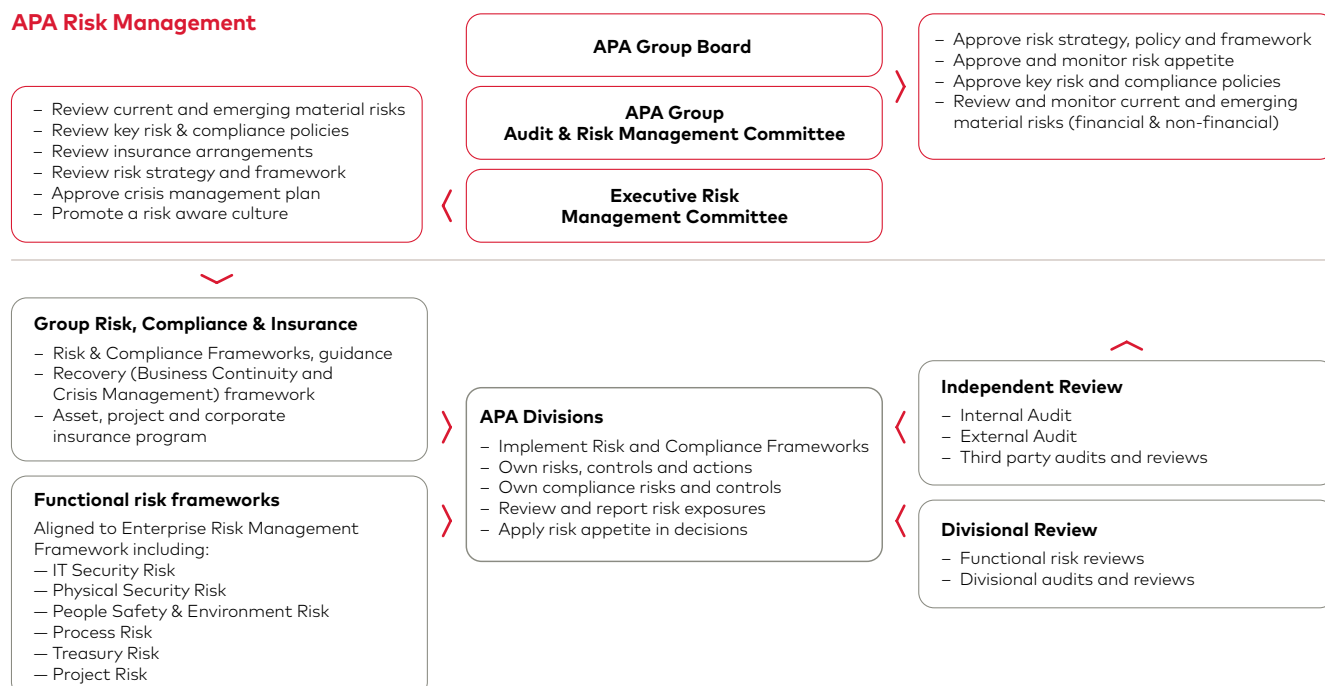
11. Risk Management

Effective risk management is essential to delivering value for our stakeholders and involves all of our people across the business. APA identifies risks to its business and puts in place controls and strategies to manage any adverse consequences, as well as to maximise any opportunities that arise from these risks. Material risks are reviewed on an ongoing basis by APA's Executive Team and the Board Audit and Risk Management Committee, together with the relevant Divisions supported by both internal and where appropriate, external, experts.

The Risk Management System brings together the principles and processes to ensure risk is effectively identified, managed and monitored. It comprises three elements covering our Risk Management Policy and Risk Appetite; the Risk Management Enablers providing for governance, a strong risk culture, technology support and ongoing training and communication; and the Enterprise Risk Management Framework which sets our approach for the identification, assessment, management and escalation of risks to ensure material risks are managed appropriately. All risk assessments consider a combination of likelihood and consequence based on the Enterprise Risk Management Framework.

The Risk Management System is aligned to the international risk standard ISO 31000. All other functional risk frameworks align to the Risk Management System to provide consistency and a common language for risk which is integral to key business decisions. Further information on this process is provided in APA's Corporate Governance Statement (refer to Principle 7, <https://www.apa.com.au/about-apa/our-organisation/corporate-governance/>), and APA's Sustainability Report (<https://www.apa.com.au/about-apa/sustainability/>).

APA Risk Management



directors' report. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES

11. Risk Management (continued)

11.1 Key risks

Listed below are a number of material risks that could affect APA. However, the risks listed may not include all risks associated with APA's ongoing operations. The materiality of risks may change, and previously unidentified risks may emerge.

Type of Risk	Description	Key Management Actions to Manage Risks
Strategic risks – risks arising from the industry and geographical environments within which APA operates, including its markets, customers, brand and reputation, and regulatory policy.		
Economic regulation	APA has a number of significant assets and investments in its portfolio subject to economic regulation, which includes the regulation of prices that APA is permitted to charge for certain services. Government policy in relation to the Australian domestic gas market also continues to develop. Changes in policy as to which assets are regulated and the settings applicable to regulated assets can impact APA's business.	– Strong regulatory and policy functions, active in regulatory management and policy development. – Assessment of key policy change proposals for potential impacts on APA's business.
Bypass and competition risk	APA's future earnings may be reduced if customers purchase gas transportation services from new pipelines that by-pass or compete with APA's pipelines, rather than from APA's existing pipelines.	– Structured and flexible services that leverage APA's capability and infrastructure. – Customer relationship engagement and pro-active management of business development opportunities. – Ensure costs and pricing associated with the provision of services remains competitive and provides value to the market. – Asset management plans aligned with capacity contracting strategy.
Gas demand risk	Reduced end user demand for gas driven by its price (in Australia versus other countries), relative to competing energy sources and new technologies or gas swap contracts, may reduce demand levels for services on APA's assets and may adversely affect APA's contracted revenue and the carrying value of APA's assets.	– Monitoring commodity markets, export outlook and gas market developments for throughput impacts. – Flexible services supporting the needs of customers, including gas fired generators. – Long term gas storage / transportation agreements. – Development of new and innovative services that provide flexibility.
Gas supply risk	A long-term shortage of competitively priced gas, either as a result of gas reserve depletion, allocation of gas to other markets, or the unwillingness or inability of gas production companies to produce gas, may adversely affect APA's contracted revenue and the carrying value of APA's assets.	– Recontracting strategy and market monitoring. – Knowledge and monitoring of gas reserves to identify potential opportunities.
Gas seen as an unacceptable source of energy	Shift in consumer sentiment due to community and environmental focus on gas being unacceptable as a fossil fuel rather than viewed as a fuel to support a cleaner energy future. This may adversely affect APA's contracted revenue and the carrying value of APA's assets.	– Leverage knowledge and understanding of advances in the transportation of alternate fuels utilising existing gas infrastructure. – Develop strategies to broaden exposure to markets which favour gas. – Extend and refine strategies on alternate fuel / infrastructure consistent with APA's outlook on future energy mix.
Counterparty risk	The failure of a counterparty to meet its contractual commitments to APA, whether in whole or in part, could reduce future anticipated revenue, unless and until APA is able to secure an alternative customer.	– Portfolio of investment grade credit rated customers. – Strong counterparty credit due diligence with customer credit exposures closely monitored. – Contractual credit support arrangements in place.

directors' report. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES

11. Risk Management (continued)

11.1 Key risks (continued)

Type of Risk	Description	Key Management Actions to Manage Risks
Customer contract renewal risk	Due to a range of factors, APA may not be successful in recontracting available pipeline capacity or power generation capacity when it comes due for contract renewal or may only be able to recontract at reduced prices or for shorter periods.	— Recontracting strategy in place with close monitoring of contract renewal portfolio. — Monitoring of emerging gas supply alternatives and power generation market developments to identify new opportunities.
Reputation risk	APA relies on a level of public acceptance for the development and operation of its assets. Changing societal and community sentiment in relation to the energy industry as a whole, as well as APA's business may impact APA's commercial opportunities, its ability to develop new projects and operate its assets.	— Engagement with key stakeholders (landowners, producers, customers, government etc). — Sustainable development initiatives. — Industry engagement and implementation of Energy Charter initiatives.
Climate transition risk	APA and its customers may be adversely affected by the transitional impacts of climate change.	— Identification of climate transition risks and undertaking scenario analysis resilience testing of portfolio against a range of recognised transition pathways. — Commitment to disclose in accordance with Task Force on Climate Related Financial Disclosures (TCFD).
Financial risks – risks arising from the management of APA's financial resources, accounting, tax and financial disclosure.		
Interest rates and refinancing risks	APA is exposed to movements in interest rates where floating interest rate funds are not effectively hedged. It also remains exposed to refinancing risk if it is unable to replace an existing loan with a new one at a critical time.	— Risk limits set by the Board and managed in line with APA's Treasury Risk Management Policy. — Debt structured to spread maturities over a number of years. — Maximum and minimum interest rate hedging levels defined and managed using derivatives and debt issued at fixed interest rates through to maturity. — Access to broad range of global banking and debt capital markets is maintained.
Foreign exchange risks	APA is subject to currency fluctuations in relation to the purchase, supply and installation of goods and services revenue, and borrowings, in a currency other than Australian dollars. There can be no assurance that APA will be able to effectively hedge its foreign currency exposure, particularly in periods of significant currency volatility, and/or that APA's hedges will prove effective.	— Risk limits set by the Board and managed in line with APA's Treasury Risk Management Policy. — Derivative instruments used to hedge non-AUD denominated revenue and expenses. — Foreign currency borrowings fully hedged.
Investment risk	Assumptions and forecasts used in making decisions to acquire assets and make investments, may ultimately not be realised. This may result in lower than expected returns, unanticipated costs, new skillsets or capabilities needing to be acquired, new types of regulatory approvals being needed where APA has limited experience.	— Corporate and asset models underpinning investment decisions independently reviewed. — Oversight by APA's Due Diligence Committee for material investment transactions.
Credit rating risks	Any downgrade in APA's credit rating could harm its ability to obtain financing, could increase its financing costs or cause the instruments governing APA's future debt to contain more restrictive covenants.	— APA's Capital Management strategy is formulated to ensure the credit ratings are maintained at target levels. — Board approves all treasury transactions with counterparties falling below defined credit rating thresholds. — Counterparties are risk assessed with credit ratings monitored and credit support obtained to limit risk exposure.

directors' report. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES

11. Risk Management (continued)

11.1 Key risks (continued)

Type of Risk	Description	Key Management Actions to Manage Risks
Operational Risks – risks arising from inadequate or failed internal processes, people or systems or from external events including construction and corporate projects, technology, environment, and health and safety.		
Asset operations risk	APA is exposed to a number of risks affecting operations including those resulting in equipment failures or breakdowns, pipeline ruptures, employee or equipment shortages, workplace safety issues, environmental damage, contractor defaults, damage by third parties, integration incidents from acquired or newly constructed assets and damage from natural hazards, sabotage or terrorist attacks including the physical risks associated with climate change.	– Operations are subject to operational and process safety and environment management programs. – Asset management and maintenance of engineering standards, including integrity monitoring and maintenance programs as part of risk-based asset life cycle management. – Asset operational monitoring through control rooms to manage flows and asset maintenance issues. – Comprehensive insurance arrangements provided as part of asset protection program.
Information technology and cyber risk	APA's operations rely on a number of information technology systems, applications and business processes utilised in the delivery of business functions, including APA's customer management system, grid network and integrated operations centre.	– APA's information and technology assets are managed in accordance with recognised industry standards across hardware, software, applications and communication systems. – Cyber security standards are applied consistently across APA information and technology systems, including those managed by third party vendors, with standards continually assessed against new threats and vulnerabilities. – Information and technology systems including SCADA control systems, are subject to regular reviews and independent testing.
People and culture risk	APA is dependent on its ability to attract, engage, develop and retain the right employees within a market where there is varying supply of skilled workers. Expectations on the levels of behaviour expected for employees aligned to our values drive the culture on which leaders are held to account.	– Leadership development and capability programs in place. – Expectations of behaviour set out in the APA Code of Conduct. – Recruitment practices in place. – Talent management programs to identify and develop technical and leadership personnel. – Diversity and inclusion programs. – Comprehensive training programs in place to maintain and develop competencies.
Construction and development risk	APA's business strategy includes the development of new pipeline capacity, renewable and gas-fired power generation plants, gas storage facilities and gas processing assets. This involves a number of typical construction risks, including potential failure to obtain necessary approvals, employee or equipment shortages, third party contractor failure, higher than budgeted construction costs impacting liquidated damages, and project delays.	– Access and approvals management for new construction projects. – Dedicated construction project management capability and governance to manage efficient, safe and quality delivery of construction projects.

directors' report. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES

11. Risk Management (continued)

11.1 Key risks (continued)

Type of Risk	Description	Key Management Actions to Manage Risks
Compliance risks – legal or regulatory risks arising in respect of laws, regulations, licences and recognised practising codes including health, safety and environment, asset construction and operation, and other corporate compliance requirements.		
Compliance and operating licences	APA is subject to a range of operational regulatory requirements including climate change regulations, environmental laws and regulations, occupational health and safety requirements and technical and safety standards. Changes in any such laws, regulations or policies may increase compliance requirements and costs.	— Comprehensive Enterprise Compliance Management Framework with regulations identified, controls monitored and assurance. — Comprehensive safety management system including safety compliance monitoring. — Dedicated specialist teams providing asset level assurance for technical, safety and environment compliance.

Key emerging risks including threats and opportunities for APA include:

Risk (threats and opportunities)	Approach
Threat: Significantly more volatile and extreme weather events impacting above ground asset construction and operations.	Above ground asset protection measures in place to minimise impact of extreme weather events with improvements including Bushfire Management Plans covering enhanced awareness, vegetation management and improved communications and training. Property insurance cover in place.
Threat: Global economic slowdown impacting investment and opportunities.	Continued strong investment opportunities with strong capital management and customer credit monitoring.
Opportunity: New fuel sources providing medium to long term sustainable growth opportunities.	Proactive investigation of new energies as part of strategy development. Innovation projects into development of new energies.
Opportunity: Rise in digitisation including artificial Intelligence and the Internet of Things provides for safer and more efficient operations.	Pilot approach to opportunities in place, with tools and capability established. Initial focus on supporting improving efficiency and effectiveness in operations.

11.2 COVID-19 Crisis Management

In response to the COVID-19 pandemic and its impact on APA and the broader community, APA's business continuity plans were activated in February 2020 focusing on maintaining our critical facilities, such as the Integrated Operations Centre (IOC), ensuring our essential field services could be maintained and provision of IT support services more broadly, to facilitate remote working. APA's overall priority was for the health and safety of our people and continued operations as an essential service provider to our customers and the people of Australia.

At this time proactive stakeholder management also commenced with customers, government agencies, regulators and key suppliers; initial operational plans were established, especially for critical sites and processes; and plans for provision of IT services and equipment for employees working from home was prioritised. The APA Crisis Management Team (CMT) was enacted in March 2020 reporting directly to the CEO and Managing Director, with daily check-ins with management representatives across the country. Just over a week later, more than 1,000 normally office-based employees were working remotely from home, whilst our more than 750 field-based employees continued to do their important work.

In line with government and health authority requirements across the States and Territories, the CMT worked through APA's initial response, achieving stability in containment and planning and executing plans for recovery. Key activities have included:

- Liaising with regulators, government agencies, industry groups, customers and suppliers;
- Determining essential service requirements and authorities/permits for employees including contractors working in APA's offices and at various field sites and construction projects, including those regularly crossing state borders;
- Ensuring all employees across our field sites and offices had COVIDSafe working arrangements in place including access to health sanitisers and other equipment, changes to work practices to provide for social distancing and access to expert health advice;
- Implementing split teams for control rooms and in some cases separate rosters and sites to maintain health and ensure continuity of operations;
- Significant planning and additional controls to ensure critical maintenance and outage activities can continue to deliver operational stability and reliability;
- Ensuring IT capability and capacity was available to all employees working from home and accelerating APA's workplace digitisation program with modern and secure office platforms. This also included additional cyber security awareness and increased cyber surveillance; and
- Significant levels of ongoing communications and resources provided to support our people and assist in maintaining health, safety, and wellbeing for extended periods of time.

directors' report. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES

11. Risk Management (continued)

11.2 COVID-19 Crisis Management (continued)

There have been many challenging issues to deal with, and many successful and positive outcomes from COVID-19, including but not limited to:

- No material safety or operational incidents during this time;
- Social distancing practices, new travel arrangements and revised operational protocols established to allow all our assets to continue to operate and minimise the risks to the more than 700 employees who are continuing to work on sites or in the field;
- Some of APA's Fly-In Fly-Out employees converted to Drive-in Drive-Out arrangements for over three months to continue to deliver services to remote assets and communities;
- Employees have embraced new technology and ways of working to adapt to remote working and continue to be productive to deliver support to our customers, our front-line employees, and investors;
- Cross-functional groups have been established to identify and assist our vulnerable customers, distressed suppliers and vulnerable employees;
- Technical and leadership training previously only delivered in person has been successfully converted to various digital platforms, allowing skill development to continue and progress;
- Establishing special arrangements and protocols to continue to conduct critical maintenance outages including bringing specialists from interstate and overseas, implementing additional quarantine and social distancing to keep people safe; and
- Our leaders have stepped up and learnt new skills to continue to lead their teams remotely and demonstrate the innovation, agility and collaboration required in challenging circumstances like these.

Most of APA's offices are now open again (excepting Victoria) with employees returning gradually in a phased and structured way with new physical setups and protocols to ensure health and safety. With increased flexibility arrangements and new technology platforms established, employees and leaders are working to determine the "new normal" in a post COVID-19 world, looking to capture and balance the best of both environments.

APA donates masks to Orbest Hospital during COVID-19 pandemic – strengthening the communities we are part of



APA Operations Coordinator and local resident Megan Humphries (far right), visited the hospital and met with the Orbest Hospital CEO to donate 720 masks on behalf of APA.

During the 2019/20 summer bushfire crisis across Eastern Australia, APA's Orbest Gas Plant in East Gippsland Victoria was severely impacted by the smoke from surrounding fires. The plant had been undergoing a significant refurbishment and upgrade program and was in the initial stages of the commissioning process. Personnel were evacuated from the site due to both threat of fire, road closures and poor air quality.

APA implemented an Air Quality Management Plan to return APA employees and contractors back to site as soon as it was safe to do so. One of the safety controls implemented under the plan, was the use of P2 N95 masks for when smoke levels on site reached certain levels. P2 N95 masks filter out particulate matter contained in bushfire smoke, which can cause respiratory irritation.

Once the fires and smoke in the area abated, the site had excess stock of the masks. At this time, the COVID-19 pandemic had been declared by the World Health Organisation and personal protective equipment was in short supply globally, and difficult to acquire. As the masks were of a grade also suitable for medical use, Midstream Operations Manager Paul Rice contacted Orbest Hospital to see if they could use the masks. The hospital was extremely appreciative of the donation as they had indeed been struggling to secure P2 masks to protect their medical personnel.

directors' report. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES

12. Directors

12.1 Information on Directors and Company Secretaries

See pages 06 to 07 for information relating to the qualifications and experience of Directors and Company Secretary Nevenka Codevelle. Information on APA's additional Company Secretary, Amanda Cheney, is below:

Amanda Cheney LLB (Hons) BArts <i>General Counsel & Company Secretary (Effective 25 February 2020)</i>	Amanda has been with APA Group since August 2012 and holds the role of General Counsel and Company Secretary. Amanda has over 18 years' experience in energy and infrastructure industries, having worked as a senior projects lawyer in Australia and Japan. She holds a Graduate Diploma of Applied Corporate Governance from the Governance Institute of Australia and is a member of the Australian Institute of Company Directors.
---	--

12.2 Directorships of other listed companies

Directorships of other listed companies held by Directors at any time in the three years immediately before the end of the financial year are as follows:

Name	Company	Period of directorship
Michael Fraser	Aurizon Holdings Limited	Since February 2016
Robert Wheals	—	—
Steven Crane	nib holdings limited SCA Property Group	Since September 2010, Chair since October 2011 Since December 2018
James Fazzino	Tassal Group Limited Incitec Pivot Limited	Since May 2020 July 2005 to November 2017
Debra Goodin	Senex Energy Limited oOh!media Limited Atlas Arteria Limited Ten Network Holdings Limited	Since May 2014 Since November 2014 to February 2020 Since September 2017 August 2016 to November 2017
Shirley In't Veld	Northern Star Resources Limited Alumina Limited	Since September 2016 Since August 2020
Rhoda Phillippo	Vocus Group Ltd	March 2015 (previously as M2 Group Ltd) to August 2018
Peter Wasow	Oz Minerals Limited Alcoa Australia Limited	Since November 2017 January 2014 to July 2017

12.3 Directors' meetings

During the financial year, 13 Board meetings, four Audit and Risk Management Committee meetings, four People and Remuneration Committee meetings, four Health, Safety and Environment Committee meetings and four Nomination Committee meetings were held. The following table sets out the number of meetings attended by each Director while they were a Director or a committee member:

	Board		People & Remuneration Committee		Audit & Risk Management Committee		Health Safety & Environment Committee		Nomination Committee	
	A	B	A	B	A	B	A	B	A	B
Directors										
Michael Fraser	13	13	—	—	4	4	—	—	4	4
Robert Wheals ⁽¹⁾	13	13	—	—	—	—	—	—	—	—
Michael McCormack ⁽²⁾	0	0	—	—	—	—	—	—	—	—
Steven Crane	13	12	4	4	4	4	—	—	4	4
James Fazzino	13	13	—	—	4	4	4	4	—	—
Debra Goodin	13	13	—	—	4	4	4	4	4	4
Shirley Int'd Veld	13	13	4	4	—	—	4	4	—	—
Peter Wasow	13	13	4	4	4	4	—	—	—	—
Rhoda Phillippo ⁽³⁾	2	2	—	—	—	—	1	1	—	—

A: Number of meetings held during the time the Director held office or was a member of the committee during the financial year.

B: Number of meetings attended.

1) Robert Wheals appointed as a Director on 6 July 2019.

2) Michael McCormack retired as a Director on 5 July 2019.

3) Rhoda Phillippo appointed as a Director on 1 June 2020.

directors' report. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES

12. Directors (continued)

12.4 Directors' securityholdings

The aggregate number of APA securities held directly, indirectly or beneficially by Directors or their related entities at 30 June 2020 is 385,260 (2019: 721,576⁽¹⁾).

The following table sets out Directors' relevant interests in APA securities as at 30 June 2020:

Directors	Fully paid securities as at 1 July 2019	Securities acquired	Securities disposed	Fully paid securities as at 30 June 2020
Michael Fraser	102,942	—	—	102,942
Robert Wheals ⁽²⁾	38,883	7,505	—	46,388
Michael McCormack ⁽³⁾	350,000	—	—	—
Steven Crane	130,000	—	—	130,000
Debra Goodin	23,000	1,179	—	24,179
James Fazzino	30,751	—	—	30,751
Shirley Int'd Veld	25,000	—	—	25,000
Peter Wasow	21,000	5,000	—	26,000
Rhoda Phillippo ⁽⁴⁾	—	—	—	—
	721,576	13,684	—	385,260

1) At 30 June 2019 the aggregate number of APA securities held directly or beneficially by Directors or their related entities included 350,000 securities held by Michael McCormack who retired on 5 July 2019. The aggregate number of APA Securities held directly or beneficially by the current Directors or their related entities as at 30 June 2019 was 371,576.

2) Robert Wheals was appointed as a Director on 6 July 2019. He held 38,883 securities on appointment.

3) Michael McCormack retired as a Director on 5 July 2019. He held 350,000 securities on retirement.

4) Rhoda Phillippo was appointed as a Director effective 1 June 2020. She held nil securities on appointment.

As at 30 June 2020, Robert Wheals held 217,872 performance rights granted under APA Group's long-term incentive plan. Each performance right is a right to receive one ordinary stapled security in APA subject to satisfaction of certain performance hurdles. Further information can be found in APA's Remuneration Report on pages 48 to 62.

The Directors hold no other rights or options over APA securities. There are no contracts to which a Director is a party or under which the Director is entitled to a benefit and that confer a right to call for or deliver APA securities.

13. Options Granted

In this report, the term "APA securities" refers to stapled securities each comprising a unit in Australian Pipeline Trust stapled to a unit in APT Investment Trust and traded on the Australian Securities Exchange (ASX) under the code "APA".

No options over unissued APA securities were granted during or since the end of the financial year, no unissued APA securities were under option as at the date of this report, and no APA securities were issued during or since the end of the financial year as a result of the exercise of an option over unissued APA securities.

14. Indemnification of Officers

During the financial year, the Responsible Entity paid a premium in respect of a contract insuring the Directors and Officers of the Responsible Entity and any APA Group entity against liability incurred in performing those roles to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the specific nature of the liability and the amount of the premium.

Australian Pipeline Limited, in its own capacity and as responsible entity of Australian Pipeline Trust and APT Investment Trust, indemnifies each Director and Company Secretary, and certain other executives, former executives and officers of the Responsible Entity or any APA Group entity under a range of deed polls and indemnity agreements which have been in place since 1 July 2000. The indemnity operates to the full extent allowed by law but only to the extent not covered by insurance, and is on terms the Board considers usual for arrangements of this type.

Under its constitution, Australian Pipeline Limited (in its personal capacity) indemnifies each person who is or has been a Director, Company Secretary or executive officer of that company.

The Responsible Entity has not otherwise, during or since the end of the financial year, indemnified or agreed to indemnify an officer or external auditor of the Responsible Entity or any APA Group entity against a liability incurred by such an officer or auditor.

directors' report. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES

15. Remuneration Report

The Remuneration Report is attached to and forms part of this report.

16. Auditor

16.1 Auditor's independence declaration

A copy of the independence declaration of the auditor, Deloitte Touche Tohmatsu (Auditor) as required under section 307C of the Corporations Act 2001 is included at page 115.

16.2 Non-audit services

A description of any non-audit services provided during the financial year by the Auditor and the amounts paid or payable to the Auditor for these services are set out in Note 27 to the financial statements.

The Board has considered those non-audit services provided by the Auditor and, in accordance with advice provided by the Audit and Risk Management Committee (Committee), is satisfied that the provision of those services by the Auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 and did not compromise the auditor independence requirements of the Act. The Board's reasons for concluding that the non-audit services provided did not compromise the Auditor's independence are:

- all non-audit services were subject to APA's corporate governance procedures with respect to such matters and have been reviewed by the Committee to ensure they do not impact on the impartiality and objectivity of the Auditor;
- the non-audit services provided did not undermine the general principles relating to auditor independence as they did not involve reviewing or auditing the Auditor's own work, acting in a management or decision making capacity for APA, acting as an advocate for APA or jointly sharing risks and rewards; and
- the Auditor has provided a letter to the Committee with respect to the Auditor's independence and the Auditor's independence declaration referred to above.

17. Information Required for Registered Schemes

Fees paid to the Responsible Entity and its associates (including Directors and Secretaries of the Responsible Entity, related bodies corporate and Directors and Secretaries of related bodies corporate) out of APA scheme property during the financial year are disclosed in Note 28 to the financial statements.

Except as disclosed in this report, neither the Responsible Entity nor any of its associates holds any APA securities.

The number of APA securities issued during the financial year, and the number of APA securities on issue at the end of the financial year, are disclosed in Note 21 to the financial statements.

The value of APA's assets as at the end of the financial year is disclosed in the balance sheet in total assets, and the basis of valuation is disclosed in the notes to the financial statements.

18. Rounding of Amounts

APA is an entity of the kind referred to in ASIC Corporations Instrument 2016/191 and, in accordance with that Class Order, amounts in the Directors' report and the financial report are rounded to the nearest thousand dollars, unless otherwise indicated.

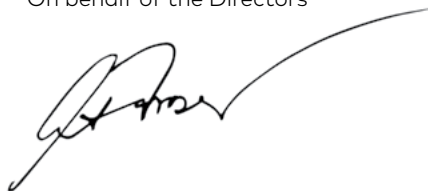
19. Corporate Governance Statement

Corporate Governance Statement for the financial year is available at APA's website on <https://www.apa.com.au/about-apa/our-organisation/corporate-governance/>.

10. Authorisation

The Directors' Report is signed in accordance with a resolution of the Directors of the Responsible Entity made pursuant to section 298(2) of the Corporations Act 2001.

On behalf of the Directors



Michael Fraser
Chairman

Sydney, 26 August 2020



Debra Goodin
Director

remuneration report.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

letter from the chairman of the people and remuneration committee

I am pleased to present APA Group's Financial Year 2020 (FY2020) Remuneration Report (Report).

FY2020 performance

Despite the challenging market conditions and operating environment, APA continued to focus on providing our customers with essential services of gas transportation and energy generation during this year.

In this context, Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) for FY2020 was \$1,654 million, an increase of 5.1% or \$80.2 million over FY2019.

APA's liquidity position remains robust and has withstood strong headwinds. APA holds significant cash reserves, has committed undrawn facilities and access to liquid debt capital markets.

APA has paid an interim and full year distribution every year for the 20 years since listing, and distributions have grown each year. This year is no different. Our distribution per security of \$0.50 for FY2020 represents a 6.4% increase on FY2019.

Strategic executive renewal

FY2020 was a transitional year for the APA executive team, with a number of Key Management Personnel (KMP) changes and senior leadership appointments. The ongoing focus by the Board to ensure APA is led by talented and capable people was demonstrated by the appointment of Rob Wheals, who commenced as APA's new Chief Executive Officer and Managing Director on 6 July 2019. Further key executive appointments included:

- Ross Gersbach, the former Chief Executive Strategy and Development was appointed to the new role of President North American Development;
- Darren Rogers was appointed to the newly created role of Group Executive Operations; and
- Hannah McCaughey, formerly from Ausgrid, joined APA in March 2020 as Group Executive Transformation and Technology.

In addition to the internal promotions, Julian Peck has been appointed as the Group Executive Strategy and Commercial. He joined us most recently from Morgan Stanley and commenced in August 2020.

Adam Watson most recently from Transurban Group will join APA in November 2020 as Peter Fredricson retires as Chief Financial Officer in December 2020.

Remuneration changes during FY2020

During the year, the People and Remuneration Committee reviewed APA's executive remuneration framework and made a number of changes to more effectively link Securityholder outcomes with executive reward, and focus executives on achieving long-term sustainable performance.

We value and have listened to Securityholder feedback. In response changes have been made to both the Short Term Incentive (STI) and Long Term Incentive (LTI) plans.

The Board recognises that management has far greater capacity to influence long term returns than short term performance. A key design objective therefore was to reduce the proportion of total remuneration paid as a cash short term incentive and to increase the proportion paid as a long term incentive. The new overall design was fully implemented for Mr. Wheals upon his appointment and will be applied for newly hired KMPs. For other executives the new STI and LTI plans were implemented in FY2020 with revisions to overall pay mix to follow in time. In addition, it was considered desirable that more of the total should be paid in equity with holding periods, during which the executive is not able to sell securities that were issued under either the STI or LTI plans.

Further detail regarding these changes can be found in section 3.2 of the Remuneration Report.

Remuneration outcomes for FY2020

FY2020 presented challenges for APA in dealing with the impact of COVID-19 and an internal refocusing of the Company's culture on customer and community outcomes. The delay in commissioning of the Orbest Gas Processing Plant has had an impact on company performance and accordingly also on incentive outcomes. The Board has sought to align the experience of Securityholders' and the level of STI payments.

While making these judgements, the Board recognises the performance and contribution of all our people. The ability of the APA team to support our Customer Promise by delivering a significant proportion of Australia's energy requirements both safely and reliably during what have been unprecedented times is to be applauded.

FY2021 remuneration approach

We recognise our ongoing success relies on attracting and retaining high performing people. A key focus for FY2021 is to maintain a fair approach to remuneration and ensuring that our executive reward framework supports the achievement of our business strategy, particularly over the longer term.

Finally, there were no increases to Non-executive Director (NED) fees for FY2020, and it has been determined not to increase NED fees for the coming year.

I hope you find this Remuneration Report informative. We look forward to receiving your support at the 2020 AGM.



Peter Wasow

People and Remuneration Committee Chairman

remuneration report. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

1. Individuals covered by the Remuneration Report

The Remuneration Report (the Report) for APA for FY2020 has been prepared in accordance with Section 300A of the Corporations Act 2001. The information provided in this Report has been audited as required by Section 308(3C) of the Corporations Act 2001, unless indicated otherwise, and forms part of the Directors' Report.

This Report includes the following Key Management Personnel (KMP):

- Non-executive Directors (NEDs) – current and former; and
- Executive KMP – current and former.

Name	Role	Term as NED/KMP in FY2020
NEDS		
Michael Fraser	Chairman	Full year
Steven (Steve) Crane	Director	Full year
James Fazzino	Director	Full year
Debra (Debbie) Goodin	Director	Full year
Shirley In't Veld	Director	Full year
Rhoda Phillippo	Director	Part year ⁽¹⁾
Peter Wasow	Director	Full year
Executive KMP		
Robert (Rob) Wheals	Chief Executive Officer and Managing Director (CEO/MD) ⁽²⁾	Full year
Peter Fredricson	Chief Financial Officer (CFO)	Full year
Ross Gersbach	President North American Development ⁽³⁾ Chief Executive Strategy and Development	Full year Full year
Darren Rogers	Group Executive Operations	Part year ⁽⁴⁾
Michael (Mick) McCormack	Former CEO/MD	Part year ⁽⁵⁾

1) Appointed 1 June 2020.

2) Appointed 6 July 2019. Formerly Group Executive Transmission.

3) Formerly Chief Executive Strategy and Development. Appointed President North America and re-located to the US on 1 October 2019.

4) Appointed 1 November 2019. Formally acting in the role from 13 June 2019.

5) Retired on 5 July 2019.

2. Executive Summary

2.1 APA's financial performance FY2016 to FY2020

The table below summarises APA's financial performance from FY2016 to FY2020.

Normalised financial results ⁽⁶⁾	FY2016	FY2017	FY2018	FY2019	FY2020
Earnings Before Interest Tax Depreciation and Amortisation (EBITDA)(\$m)	1,330.5	1,470.1	1,518.5	1,573.8	1,653.9
Profit after tax (\$m)	179.5	236.8	264.8	288.0	317.1
Operating cash flow per security (cents) ⁽⁷⁾	77.1	87.1	90.7	85.8	92.9
Distribution per security (cents)	41.5	43.5	45.0	47.0	50.0
Closing security price at 30 June (\$)	9.24	9.17	9.85	10.80	11.13

6) Normalised financial results are the statutory financial results excluding significant items. The Board considers these measures to best reflect the core earnings of APA.

7) The number of securities used for the calculation of operating cash flow per security from FY2018 to FY2016 has been adjusted by an adjustment factor of 1.0038 to reflect the discounted rights offer issued in March 2018.

Incentive Outcomes

STI outcomes

The EBITDA STI gate opener was achieved and executive KMP were eligible to receive an STI payment for FY2020.

STI performance was assessed against a balanced scorecard of financial and non-financial performance measures. Executive KMP STI outcomes for FY2020 are summarised in the below table.

	STI outcome as % of target	STI outcome as % of maximum
CEO / MD	83.3%	55.5%
Executive KMP average	87.2%	58.1%

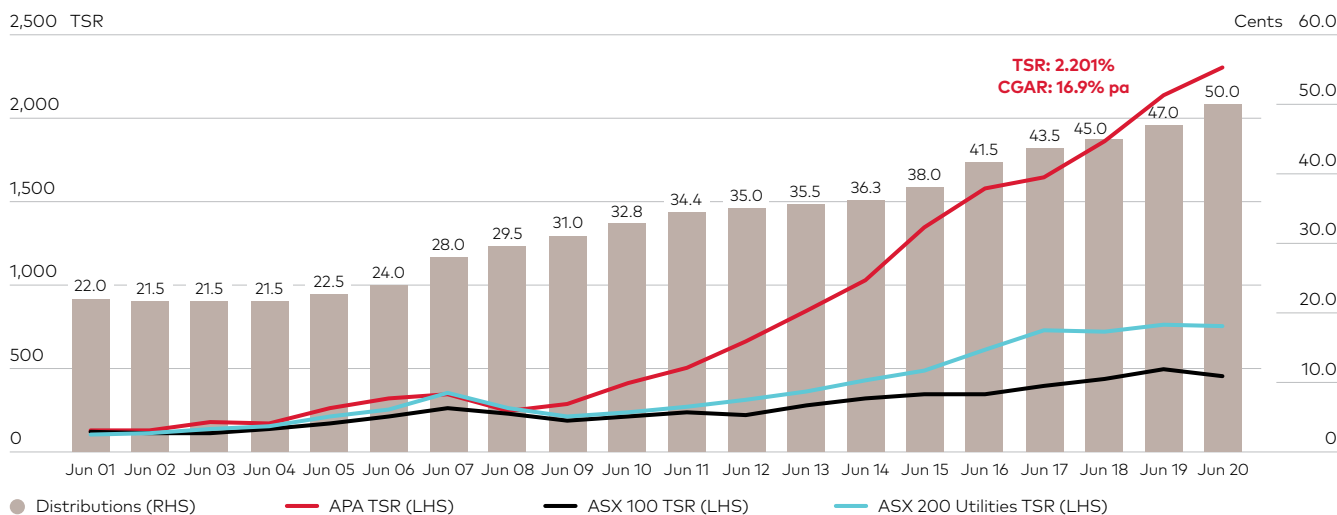
remuneration report. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

2. Executive Summary (continued)

Legacy LTI Plan outcomes

APA assesses performance for the purpose of LTI allocation with reference to our relative Total Security holder Return (TSR) and a return on capital measure, APA achieved a relative TSR of 77.2%, which equated to a grant of 91.1% of eligible reference units under the relative TSR performance hurdle. The return on capital hurdle, EBITDA/Funds Employed (FE), achieved a score of 53.3%. Taken together 72.2% of potential LTI was allocated in FY2020.



Minimum security holding requirements

The Directors (except for Rhoda Phillippo who was appointed during the financial year), CFO and President North American Development met the minimum security holding requirement. The CEO/MD and remaining executive KMP continued to progress towards the expected level for this requirement.

NED fees

There were no increases to NED fees in FY2020.

2.2 FY2020 remuneration

The Actual Remuneration detailed in the table below is different from the statutory remuneration disclosed in Section 8. Statutory remuneration is disclosed in accordance with the Accounting Standards and Corporations Act. The table below applies the following calculations:

- Fixed pay as paid during the year
- Cash STI awards earned in respect of performance for the year
- Deferred STI awards from prior years which have vested in the year
- LTI which has vested under the historical LTI plan

Termination and leave payments are excluded in this table.

Executive KMP	Fixed pay \$ ⁽⁸⁾	Other \$ ⁽⁹⁾	Cash STI \$ ⁽¹⁰⁾	STI vested from prior years deferred equity \$ ⁽¹¹⁾	LTI vested \$ ⁽¹²⁾	Total \$
R Wheals	\$1,586,413	—	\$529,061	—	\$392,089	\$2,507,563
P Fredricson	\$950,000	—	\$393,775	—	\$451,560	\$1,759,335
R Gersbach	\$969,000	\$376,897	\$422,969 ⁽¹³⁾	—	\$460,877	\$2,229,743
D Rogers (part year)	\$506,580	—	\$151,709	—	\$62,027 ⁽¹⁴⁾	\$720,316

This table supplements, and is different to, the Statutory Remuneration table in section 8.1, which presents the accounting expense for both vested and unvested awards in accordance with Australian Accounting Standards.

Note that Cash STI for Mr. Fredricson and Mr. Gersbach has had no deferral applied due to Mr. Fredricson meeting the minimum securityholder requirement and due to USA tax implications for Mr. Gersbach.

8) Fixed pay is inclusive of cash salary and any salary sacrifice items (including any relevant fringe benefits tax) such as car parking, motor vehicles and superannuation.

9) This includes the value of benefits relating to Mr. Gersbach's secondment to the USA and includes relocation allowances and assistance as well as cost of living adjustment. Costs are inclusive of USA tax impacts and are split between one-off relocation costs of \$161,894 (48%) and \$172,618 (52%) on-going costs as well as foreign exchange rate differences for USD fixed pay.

10) Cash STI refers to the cash portion of the STI, relating to performance in FY2020. Payment will be made in September 2020.

11) Deferred STI refers to the equity portion of the STI. Deferred STI was first introduced in FY2020 and consequently no deferred securities vested in FY2020.

12) LTI vested refers to the cash amount to be paid in September 2020, based on the VWAP of \$11.1579 and number of reference units that vested in August 2020 as outlined in section 8.4.

13) This is all paid as cash due to the secondment to the USA.

14) This is in relation to allocations made prior to KMP status.

remuneration report. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

3. Executive remuneration policy and framework

3.1 Remuneration policy

The Board recognises the important role remuneration plays in supporting and implementing the achievement of APA's operational strategy over both the short and longer terms. The key principles of the remuneration policy are listed below.



Market competitive

Provide competitive rewards to attract, motivate and retain highly skilled executives



Business strategy

Drive delivery of APA's growth strategy, while maintaining its financial strength



Behaviours

Drive delivery of HSE strategy; caring for people, communities, the environment and our assets; living the APA values



Securityholder alignment

Ensure executive performance and behaviours align with the interests of Securityholders

3.2 Executive remuneration framework for FY2020

APA's remuneration objective is to reward executives at the median of observed total remuneration for selected comparable companies when performance is at target and up to the 75th percentile for above target performance. The following table summarises the executive remuneration structure for FY2020.

	Fixed pay	STI	LTI
Performance period	N/A	One year	Three years
Delivery vehicle	Cash salary and other benefits including statutory superannuation	Cash (67%) and deferred equity (33%) delivered as restricted securities	New plan: Performance rights Legacy plan: Cash-settled
Delivery timeframe	One year	Restricted securities vest at the end of the two-year holding lock period	New plan: Performance rights vest subject to performance in year three. Vested rights are released in equal tranches at the end of years three, four and five Legacy plan: Reference units vest in equal tranches one, two and three years following allocation.
Opportunity	Executive KMP roles are benchmarked against external positions in companies with comparable market capitalisation, operating in similar industries and key competitors	CEO/MD: Target STI opportunity of 60% of fixed pay and maximum STI opportunity of 90% of fixed pay	CEO/MD: Maximum LTI opportunity of 150% of fixed pay
		Executive KMP: Target STI opportunity of 50% of fixed pay and maximum STI opportunity of 75% of fixed pay	Executive KMP: Maximum LTI opportunity of 75% of fixed pay
Minimum security holding requirement	The CEO/MD is required to hold securities equal to the value of fixed pay Executive KMP are required to hold securities equal to 50% of fixed pay		

Transition between legacy LTI plan and new LTI plan

FY2020 was the final year of awards allocated under the legacy LTI plan. To facilitate the transition to the new LTI plan, and ensure executives were neither advantaged nor disadvantaged as a result of the new executive remuneration framework, both the legacy and new LTI plans operated during FY2020. Further details regarding both LTI plans can be found in section 3.5 of the Remuneration Report.

remuneration report. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

3. Executive remuneration policy and framework (continued)

3.3 Fixed pay

Fixed pay includes base salary and any salary sacrifice items (including any relevant fringe benefits tax) such as car parking, motor vehicles and superannuation. The level of fixed pay is based on multiple factors, including the skills and experience of the individual, external market positioning and the size and complexity of the role.

3.4 STI plan

Design	Description														
Purpose	The purpose of the STI plan is to reward executives for their contribution to APA's short-term performance during the performance period.														
Performance period	One year.														
Deferral	One third of the STI award will be deferred into APA restricted securities for two years and until such time as an executive achieves the minimum security holding requirement. Once the minimum security holding requirement is met executives can receive 100% of the STI as cash.														
Target and Maximum STI	— CEO/MD – 60% at target and a maximum of 90% of fixed pay — Executive KMP – 50% at target and a maximum of 75% of fixed pay														
Performance measures	Performance is assessed against a scorecard of financial measures including EBITDA and growth in invested capital, and non-financial measures including strategic, health, safety & environment and people & culture objectives. <table> <tr> <th>Priority</th><th>Description</th></tr> <tr> <td>Financial performance and financial strength</td><td> — EBITDA — Maintain APA's financial strength including credit ratings — Effective capital management — Ensure costs are controlled and justifiable </td></tr> <tr> <td>Growth & Innovation</td><td> — Grow our pipeline and midstream portfolio — Expand renewable and gas power generation </td></tr> <tr> <td>North America</td><td> — Explore with a view to securing growth opportunities in our core business of gas transmission and distribution in North America </td></tr> <tr> <td>Health, Safety and Environment</td><td> — Improve safety and environmental performance and culture through delivery of HSE strategy. Total Recordable Injury Free Rate (TRIFR) performance for employees and contractors. Environmental Management Plans (EMP) in place </td></tr> <tr> <td>Customer & Stakeholder Management</td><td> — Deliver services to our customers consistent with the APA Customer promise and strengthen stakeholder management </td></tr> <tr> <td>People & Culture</td><td> — Improve organisational structure and culture to deliver APA purpose and strategic imperatives </td></tr> </table>	Priority	Description	Financial performance and financial strength	— EBITDA — Maintain APA's financial strength including credit ratings — Effective capital management — Ensure costs are controlled and justifiable	Growth & Innovation	— Grow our pipeline and midstream portfolio — Expand renewable and gas power generation	North America	— Explore with a view to securing growth opportunities in our core business of gas transmission and distribution in North America	Health, Safety and Environment	— Improve safety and environmental performance and culture through delivery of HSE strategy. Total Recordable Injury Free Rate (TRIFR) performance for employees and contractors. Environmental Management Plans (EMP) in place	Customer & Stakeholder Management	— Deliver services to our customers consistent with the APA Customer promise and strengthen stakeholder management	People & Culture	— Improve organisational structure and culture to deliver APA purpose and strategic imperatives
Priority	Description														
Financial performance and financial strength	— EBITDA — Maintain APA's financial strength including credit ratings — Effective capital management — Ensure costs are controlled and justifiable														
Growth & Innovation	— Grow our pipeline and midstream portfolio — Expand renewable and gas power generation														
North America	— Explore with a view to securing growth opportunities in our core business of gas transmission and distribution in North America														
Health, Safety and Environment	— Improve safety and environmental performance and culture through delivery of HSE strategy. Total Recordable Injury Free Rate (TRIFR) performance for employees and contractors. Environmental Management Plans (EMP) in place														
Customer & Stakeholder Management	— Deliver services to our customers consistent with the APA Customer promise and strengthen stakeholder management														
People & Culture	— Improve organisational structure and culture to deliver APA purpose and strategic imperatives														
Board discretion	The Board has absolute discretion in relation to assessing performance and determining the amount, if any, of STI awards.														

remuneration report. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

3. Executive remuneration policy and framework (continued)

3.5 LTI plans

To ensure that executives were neither advantaged nor disadvantaged, the implementation of the new LTI plan in FY20, required that eligible executives also participate in a final grant of the former long term instrument. Taken together, both the old and the new schemes ensure that executives will have LTI grants being subject to a continuous set of performance periods.

A summary of the new and legacy LTI plan is provided below:

Feature	New LTI plan	Legacy LTI plan																
Purpose	The LTI focuses on long-term APA performance, aligning the interests of executives with Securityholders by rewarding for the achievement of APA's long-term business strategy.																	
Delivery	Performance rights.	Cash.																
Performance period	Three-years (forward-looking).	Three years (retrospectively).																
Timing and delivery	LTI awards will vest at the end of the performance period and will be released in three equal annual instalments following the end of the three-year performance period. Subject to the satisfaction of performances measures, performance rights will vest to executives for nil exercise price or consideration.	The LTI grant vests in three equal instalments over the three financial years following the allocation of reference units, with the initial one third vesting at the end of the first financial year following the first award, one third at the end of the second financial year, and one-third at the end of the third financial year following grant. For example, the first tranche of the FY2020 award will vest in August 2021.																
Allocation	Performance rights are allocated at face value using a 30-day volume weighted average price (VWAP).	Reference units are allocated using a 30-day VWAP.																
Performance measures	Relative TSR (50% weighting) measures the Group's TSR performance over a three year period relative to a market peer group comprising S&P/ASX 100 companies. Return on Capital (ROC) (50% weighting) is calculated by dividing EBITDA by Funds Employed (FE). The ROC hurdle measures APA Group's cash flow leverage achieved based on operating assets over a three year performance period.																	
Relative TSR vesting schedule	The LTI award vests in accordance with the following scale: <table><thead><tr><th>Relative TSR percentile ranking</th><th>% of awards that vest</th></tr></thead><tbody><tr><td>— Below 50th percentile</td><td>— Nil</td></tr><tr><td>— At 50th percentile</td><td>— 50% vesting</td></tr><tr><td>— Between 50th and 82.5th percentile</td><td>— Straight line pro-rata vesting between 50% and 100%</td></tr><tr><td>— At 82.5th percentile or above</td><td>— 100%</td></tr></tbody></table>	Relative TSR percentile ranking	% of awards that vest	— Below 50th percentile	— Nil	— At 50th percentile	— 50% vesting	— Between 50th and 82.5th percentile	— Straight line pro-rata vesting between 50% and 100%	— At 82.5th percentile or above	— 100%	The LTI award vests in accordance with the following scale: <table><thead><tr><th>Relative TSR percentile ranking</th><th>% of awards that vest</th></tr></thead><tbody><tr><td>— Below 50th percentile</td><td>— Nil</td></tr><tr><td>— Between 50th and 82.5th percentile</td><td>— Straight line pro-rata vesting between 50% and 150% of eligible reference units</td></tr></tbody></table>	Relative TSR percentile ranking	% of awards that vest	— Below 50th percentile	— Nil	— Between 50th and 82.5th percentile	— Straight line pro-rata vesting between 50% and 150% of eligible reference units
Relative TSR percentile ranking	% of awards that vest																	
— Below 50th percentile	— Nil																	
— At 50th percentile	— 50% vesting																	
— Between 50th and 82.5th percentile	— Straight line pro-rata vesting between 50% and 100%																	
— At 82.5th percentile or above	— 100%																	
Relative TSR percentile ranking	% of awards that vest																	
— Below 50th percentile	— Nil																	
— Between 50th and 82.5th percentile	— Straight line pro-rata vesting between 50% and 150% of eligible reference units																	
ROC vesting schedule	The percentage of performance rights comprising the ROC component that vest, if any, will be based on APA Group's ROC as reflected by the Group's earnings before interest, tax, depreciation and amortisation (EBITDA) divided by it funds employed (which represents the assets of the business used to derive revenue) with reference to the following vesting schedule: <table><thead><tr><th>ROC (EBITDA/FE)</th><th>% of awards that vest</th></tr></thead><tbody><tr><td>— Less than 11.00%</td><td>— 0%</td></tr><tr><td>— Equal to 11.00%</td><td>— 33%</td></tr><tr><td>— Greater than 11.00% up to 11.30%</td><td>— Straight line pro-rata vesting between 33% and 100%</td></tr><tr><td>— At or above 11.30%</td><td>— 100%</td></tr></tbody></table>	ROC (EBITDA/FE)	% of awards that vest	— Less than 11.00%	— 0%	— Equal to 11.00%	— 33%	— Greater than 11.00% up to 11.30%	— Straight line pro-rata vesting between 33% and 100%	— At or above 11.30%	— 100%	The LTI award vests in accordance with the following scale: <table><thead><tr><th>ROC growth above target (EBITDA/FE)</th><th>% of awards that vest</th></tr></thead><tbody><tr><td>— Less than 4.69%</td><td>— 0% of eligible reference units</td></tr><tr><td>— Between 4.69% and 6.26%</td><td>— Sliding scale between 80% and 150% of eligible reference units</td></tr></tbody></table>	ROC growth above target (EBITDA/FE)	% of awards that vest	— Less than 4.69%	— 0% of eligible reference units	— Between 4.69% and 6.26%	— Sliding scale between 80% and 150% of eligible reference units
ROC (EBITDA/FE)	% of awards that vest																	
— Less than 11.00%	— 0%																	
— Equal to 11.00%	— 33%																	
— Greater than 11.00% up to 11.30%	— Straight line pro-rata vesting between 33% and 100%																	
— At or above 11.30%	— 100%																	
ROC growth above target (EBITDA/FE)	% of awards that vest																	
— Less than 4.69%	— 0% of eligible reference units																	
— Between 4.69% and 6.26%	— Sliding scale between 80% and 150% of eligible reference units																	
Retesting	Re-testing of LTI awards is not permitted.																	

remuneration report. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

3. Executive remuneration policy and framework (continued)

3.5 LTI plans (continued)

ROC Component calculation

The ROC is calculated as an average over three years, under the new LTI plan it is the average of EBITDA for the current and the following two financial years. The calculation of funds employed is as follows:

Total Assets on the balance sheet adjusted for:

- 1) **Deduct:** Capital work in progress balances (per Note 11 in the FY2020 Financial Statements). This represents expenditure balances for assets which are under construction as at balance date and are therefore not yet earning revenue;
- 2) **Deduct:** Other Financial Instruments Assets Current & Non-Current but excluding Redeemable Preference Share balances (per Note 20 in the FY2020 Financial Statements);
- 3) **Add back:** Working capital related to assets under construction; that is, trade creditors and accruals outstanding at balance date relating to capital work in progress. These balances reside in Note 10 in the FY2020 Financial Statements, however are not separately identifiable; and
- 4) **Normalise:** Cash balances to \$30 million. For example: \$1,172.771 million cash was held at 30 June 2020, however this was normalised back to \$30 million, therefore, \$1,142.771 million was deducted from total assets.

Total Assets, and Items (1), (2) and (4) have the most material impact on the measure, and these are all able to be determined separately from the financial statements and notes. Item (3) is unable to be determined from the financial statements and notes but typically has only a minor impact on the measure.

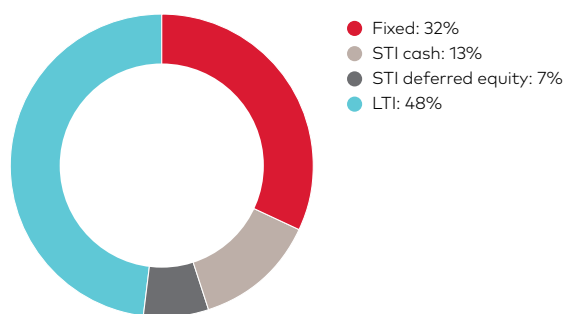
The calculation of the three year average (FE) is the average of seven data points as at the June and December half year ends for the current financial year and following two financial years, including the opening balance for the first year. For example, the FY2021 calculation is based on the following balance dates: June 2020, December 2020, June 2021, December 2021, June 2022, December 2022, and June 2023. Note that Items (1) and (2) are not separately disclosed in half year end Financial Statements. However, using the full year Financial Statements balances provides a reasonable approximation of the performance condition outcomes.

Calculation of ROC will be determined by the Board and the Board retains discretion to adjust EBITDA and funds employed to account for extraordinary items or otherwise ensure that inappropriate outcomes are avoided.

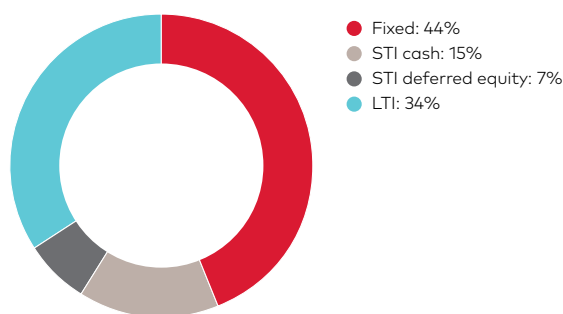
3.6 Executive remuneration mix

The following graphs illustrate the target remuneration mix for APA's CEO/MD and Executive KMP during FY2020⁽¹⁵⁾.

CEO/MD pay mix @ target



Executive KMP pay mix @ target



¹⁵⁾ Note that LTI is calculated assuming full vesting of LTI at the value per security when first granted

4. FY2020 executive incentive outcomes

4.1 FY2020 STI scorecard outcomes – CEO/MD

The Board reviewed the CEO/MD's performance in light of APA's performance in FY2020, taking into account his performance against the key performance indicators (KPIs) in his STI scorecard, and determined that the STI outcome is 88.3% of the target and 58.9% of maximum. In light of the Orbest Gas Processing Plant delays the Board exercised its discretion to reduce the overall outcome by 5% to 83.3% and 55.5% of maximum.

Scorecard measures	FY2020 performance outcomes	Performance outcome as a % of target
Overall		88.3%
Adjusted by Board discretion due to Orbest Gas Processing Plant delay		83.3%
Financial – EBITDA (35% weighting)		
EBITDA is the primary financial measure which we use to measure operational performance at APA.	- APA's FY2020 EBITDA was \$1,654m, which was between threshold and target. - The result represents growth of 5.1% on prior year performance.	27.1%

remuneration report. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

4. FY2020 executive incentive outcomes(continued)

4.1 FY2020 STI scorecard outcomes – CEO/MD (continued)

Scorecard measures	FY2020 performance outcomes	Performance outcome as a % of target
Financial – Growth in invested capital (15% weighting)		
Capex encourages the business to grow through new developments and organic growth projects.	– Growth capex for FY2020 has been assessed at \$152.6m which was above target (101%)	15.2%
Strategic (20% weighting)		
Progress APA's strategy to grow APA's portfolio of assets in Australia and the USA.	– FY2020 performance assessed at target	20.0%
Performance is also assessed against improvement in areas of customer, regulatory and stakeholder engagement.	– Substantial progress in the USA strategy in line with the Board's expectations – Improvements in customer initiatives and scores, regulatory outcomes and stakeholder engagement delivered at just below target	
Health, Safety & Environment (10% weighting)		
Improve the health, safety and environmental performance outcomes and culture, including process safety, measured by key metrics and HSE Strategy progress.	– Overall performance between threshold and target (65%) – FY2020 TRIFR deteriorated and was not achieved – Process safety improvements on track, some metrics not achieved – HSE strategy in place – Environmental performance on track	6.5%
People & Culture (20% weighting)		
Establish new operating model for APA in line with Group Purpose and Vision, and continue to develop and improve APA culture in line with APA values and D&I strategy.	– FY2020 performance was above target – A new organisational model implementation well progressed – D&I targets were met and initiatives on track	19.5%

4.2 FY2020 Performance scorecard outcomes – Executive KMP

Detailed below are the individual scorecard outcomes for the Executive KMP. While there are a number of shared KPIs, different weightings and KPIs have been set for each Executive KMP, reflecting the nature of their role and contribution to APA's business outcomes. In light of the Orbost Gas Processing Plant delays the Board exercised its discretion to reduce the overall outcome for impacted executives by 5%.

Scorecard measures	FY2020 performance outcomes	Performance outcome as a % of target
P Fredricson		
– Financial & Risk Management (55%)	– APA's FY2020 EBITDA was \$1,654m, which was between threshold and target.	87.9%
– Strategic (20%)	– The result represents growth of 5.1% on prior year performance.	Board adjusted to 82.9%
– Safety & Environment (10%)	– New capital management plan in place	
– People & Culture (15%)	– Safety and People outcomes in line with CEO/MD outcomes	
R Gersbach		
– Financial & Risk Management (35%)	– Substantial progress in the USA strategy in line with the Board's expectations	92.3%
– Strategic (40%)	– Commercial and strategy outcomes on target	Board adjusted to 87.3%
– Safety & Environment (10%)	– Safety and People outcomes in line with CEO/MD outcomes	
– People & Culture (15%)		
D Rogers		
– Financial & Risk Management (40%)	– Introduction of operational excellence framework	91.4%
– Strategic (20%)	– Led organisational model implementation impacting all operations	
– Safety & Environment (20%)	– Mixed safety performance	
– People & Culture (20%)		

remuneration report. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

4. FY2020 executive incentive outcomes (continued)

4.3 FY2020 STI outcomes – Executive KMP

The table below provides an overview of the STI outcomes for FY2020.

Executive KMP	STI earned				STI forfeited	
	\$ cash	\$ deferred	\$ total earned ⁽¹⁶⁾	% of maximum opportunity	\$ foregone	% of maximum opportunity
R Wheals	\$529,061	\$264,531	\$793,592	55.5%	\$635,445	44.5%
P Fredricson	\$393,775	—	\$393,775	55.3%	\$318,725	44.7%
R Gersbach	\$422,969	—	\$422,969	58.2%	\$303,781	41.8%
D Rogers (part year)	\$151,709	\$75,855	\$227,564	60.9%	\$145,899	39.1%

16) Includes both the cash and deferred components of the STI.

4.4 Legacy LTI plan – FY2020 outcomes

A summary of the LTI awards that were tested and/or vested during the FY2020 financial year are outlined below. The FY2020 legacy LTI plan award was tested during the financial year and will vest in three equal tranches over the next three financial years.

Year of allocation	Relative TSR (50%)	ROC (50%)	LTI awarded % of eligible reference units
FY2020	91.1	53.3	72.2
FY2019	51.5	79.7	65.6
FY2018	0	63.6	31.8
FY2017	73.4	83.2	78.3

Below is a summary of the resulting LTI allocations under the legacy LTI plan relating to FY2020, based on performance against the hurdles over the three-year performance period preceding the grant date. These units were allocated in August 2020 and will be settled in cash at the end of the respective vesting periods.

Executive KMP	Number of reference units allocated	Value of allocation yet to vest (\$)
R Wheals ⁽¹⁷⁾	42,507	\$474,289
P Fredricson ⁽¹⁸⁾	46,125	\$514,658
R Gersbach ⁽¹⁹⁾	47,046	\$524,935
D Rogers (part year) ⁽²⁰⁾	24,174	\$269,731

17) Calculated on Fixed pay as Group Executive Transmission plus 3% effective 1 July 2019.

18) Calculated on Fixed Pay effective 1 July 2019.

19) Calculated on Fixed Pay effective 1 July 2019.

20) Calculated on Fixed Pay as Group Executive Operations effective 1 November 2019.

4.5 New LTI plan

FY2020 was the first year of the awards under the new LTI Plan. Performance for the first award will be assessed at the conclusion of the performance period in June 2022.

5. Other Remuneration Elements

5.1 Contractual arrangements

Remuneration arrangements for Executive KMP are formalised in individual employment agreements. Termination arrangements, in addition to normal statutory entitlements, are summarised in the table below.

	Contract type	Notice period	Additional payments on termination
CEO/MD	Permanent	Nine months' notice by either APA or CEO/MD. APA may provide payment in lieu of notice. No notice is required by APA for termination for cause.	Nine months TFR (instead of a notice period or payment in lieu of notice), where CEO/MD terminates employment due to his redeployment to another role within APA Group or a reduction in his TFR.
Executive KMP, other than CEO/MD	Permanent	Six months' notice by either APA or KMP. APA may provide payment in lieu of notice. No notice is required by APA for termination for cause.	Termination by APA: termination payment of 13 weeks' ⁽²¹⁾ pay Termination by KMP: Nil

21) Both the payment in lieu and the 13 weeks' termination payments are calculated using the KMP's fixed pay. The 13 weeks' termination payment is inclusive of any statutory redundancy pay.

remuneration report. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

5. Other Remuneration Elements (continued)

5.2 Additional provisions

The table below summarises additional provisions as they relate to the remuneration of Executive KMP for FY2020:

Provision	STI	LTI
Malus / Clawback	The Board in its discretion may determine that some, or all, of an Executive KMP's STI and/or LTI awards be forfeited or be subject to a clawback in the event of misconduct or of a material misstatement in the year-end financial statements in the preceding three years.	
Cessation of employment	If a participant resigns or is dismissed (with or without notice), any unpaid STI awards are forfeited. If an employee leaves for any other reason, an STI award may be paid out based on the proportion of the period that has passed and performance at the time of cessation (subject to Board discretion). STI Awards as deferred securities are released on termination.	If a participant resigns (and is considered a bad leaver) or is dismissed (with or without notice), all unvested reference units are forfeited. If an employee leaves for any other reason, the Board determines the number of reference units which will lapse or are retained, subject to vesting on the original schedule.
Change of control	Subject to Board discretion, if a change of control occurs, an STI award will be paid out based on the proportion of the period that has passed at the time of change of control to the extent to which performance conditions have been met.	Subject to Board discretion, if a change of control occurs, all previously allocated reference units will vest to the extent to which performance conditions have been met, i.e. tenure.

5.3 Executive KMP Minimum security holding requirement

The minimum security holding requirement helps to ensure the alignment of the interests of Executive KMP and Securityholders.

Executive KMP⁽²²⁾ are expected to grow their holding to the minimum security ownership requirement within five years from the implementation of the Minimum Security Holding Policy in 2016.

For FY2020, the CFO and President North American Development met the minimum security ownership requirement. The CEO/MD and remaining Executive KMP continued to progress towards the expected level for this requirement. Details of Executive KMP security holdings may be found in section 8.5.

5.4 Sign-on / loans / termination payments provided to Executive KMP

APA did not pay any sign-on payments to Executive KMP during FY2020.

No loans have been made to any Executive KMP and/or related parties.

5.5 Outgoing CEO/MD's contractual entitlements

As flagged in the FY2019 Remuneration Report, Mr McCormack retired 5 July 2019 and was entitled to certain termination payments per the conditions of his contract. The former CEO/MD received a payment totalling \$6,592,545⁽²³⁾.

In addition, 131,477 reference units under the Legacy LTI plan with a value of \$1,467,007 will be paid in August 2020. Mr. McCormack is also entitled to further reference units due to be paid in August 2021 (139,316 units), August 2022 (115,528 units) and August 2023 (70,753 units)⁽²⁴⁾.

Set out below is a summary of the key components of the former CEO/MDs termination payment.

Element	Description
Statutory entitlements	Fixed remuneration for the period worked during FY2020 (1 July 2019 to 5 July 2019). Accrued statutory leave entitlements including annual leave and long service leave.
Payment in lieu of notice	Payment in lieu of notice 52.5% of annual TFR for the period not worked plus 52.5% of maximum FY2020 STI and LTI opportunities. Restraint Period 105% of TFR and 105% of maximum FY2020 STI and LTI opportunities.
Treatment of incentives	All unvested deferred STI and LTI at the time of cessation of employment remain on-foot (i.e. subject to the normal payment timetable and performance measures) and continue to be subject to clawback.

22) Subsequently appointed Executive KMP have three years from their date of appointment to meet the minimum security ownership requirement.

23) The payment includes statutory entitlements (fixed pay and other short term benefits) and payment in lieu of notice and payment for the 12 month restraint period (12 months of fixed pay, and STI calculated at 105% of maximum).

24) This equates to a total value of \$3,632,979 based on a VWAP of \$11.1579.

remuneration report. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

6. Non-executive Directors

6.1 Determination of Non-executive Director fees

The Board seeks to attract and retain high calibre NEDs who are equipped with the diverse skills needed to oversee all functions of APA in an increasingly complex environment. NED fees comprise:

- A Board fee;
- An additional fee for serving as a Chairman or member of a Board Committee; and
- Statutory superannuation contributions.

NED fees are inclusive of superannuation contributions which are provided in accordance with the statutory requirements under the Superannuation Guarantee Act.

The Board Chairman does not receive additional fees for attending Committee meetings.

NEDs do not receive incentive payments nor participate in incentive plans.

One-off 'per diems' may be paid in exceptional circumstances. No per-diem payments were made in this or the prior reporting period.

6.2 Aggregate NED fee pool

The aggregate NED fee pool as at 30 June 2020 was \$2,500,000. This has not changed since 2017.

6.3 Director fees

The following table sets out the NED fees for FY2020. The Board has determined there will be no increase to NED fees for FY2021.

	Chairman \$000	Member \$000
Board	511.4	177.6
Audit and Risk Management Committee	47.9	23.9
Health, Safety and Environment Committee	39.9	19.9
People and Remuneration Committee	39.9	19.9
Nominations Committee	None paid	None paid

6.4 NED Minimum security holding requirement

The minimum security holding requirement helps to ensure the alignment of the interests of NEDs and Securityholders.

NEDs are expected to hold securities to a value not less than their annual Board fee (before tax and excluding fees applicable to membership of Committees). This level of security holding is to be held throughout their tenure as a NED and is a requirement of their appointment.

As at 30 June 2020, all NEDs met this requirement (with the exception of Rhoda Phillippo who was appointed 1 June 2020). Details of NED security holdings may be found in section 8.5.

7. Remuneration Governance

7.1 Role of the People and Remuneration Committee

The Committee has been established by the Board to oversee Executive KMP and NED remuneration. The purpose of the Committee is to oversee the development of APA's people and remuneration strategies and frameworks to support the achievement of APA's business objectives.

Specifically, the Committee ensures there is a robust remuneration and reward system that aligns employee, investor and customer interests, promotes a positive culture and facilitates effective attraction, retention and development of a diverse and talented workforce. The Committee's activities are governed by its Charter, a copy of which can be found at the following link <https://www.apa.com.au/globalassets/documents/governance-docs/board-and-board-charter-docs/people-remuneration-committee-charter.pdf>.

7.2 Composition of the People and Remuneration Committee

The members of the Committee, all of whom are independent NEDs, are:

- Peter Wasow (Chairman)
- Steve Crane
- Shirley In't Veld, and
- Rhoda Phillippo – from 1 June 2020

The CEO/MD and nominated senior executives attend meetings of the Committee by invitation. The Committee met four times during the year.

remuneration report. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

7. Remuneration Governance (continued)

7.3 Interaction with Audit and Risk Management Committee

Consistent with the Charter, the Committee considers whether there has been a robust performance assessment process in place and, in consultation with the Audit and Risk Management Committee, whether proposed remuneration outcomes are appropriate in light of relevant risk outcomes and corporate culture.

7.4 Use of external advisors

The Committee seeks external professional advice from time to time on matters within its terms of reference. Remuneration advisors are engaged by the Committee and report directly to the Committee. During FY2020 no recommendations were made by these external advisors regarding remuneration arrangements. APA employs internal remuneration professionals, providing analysis to the Committee and Board. This advice is used as a guide, and does not serve as a substitute for the thorough consideration of the issues by each Director.

8. Statutory Tables

The following tables outline the amounts recognised as an expense in the respective years, determined in accordance with the relevant accounting standards.

8.1 Executive KMP Statutory Remuneration ⁽²⁵⁾

	Short-Term Employment Benefits				Post- Employment	Security-based payments		
	Salary ⁽²⁶⁾	Awarded Cash STI ⁽²⁷⁾	STI Deferral	Other ⁽²⁸⁾	Superan- nuation	Legacy LTI Plan	Equity settled LTI Plan ⁽²⁹⁾	Total
R Wheals								
2020	1,561,413	529,061	264,531	—	25,000	412,639	368,121	3,160,765
2019	825,000	480,670	—	—	25,000	400,124	—	1,730,794
P Fredricson								
2020	925,000	393,775	—	—	25,000	467,335	109,288	1,920,398
2019	901,000	510,970	—	—	25,000	469,591	—	1,906,561
R Gersbach ⁽³⁰⁾								
2020	947,997	422,969	—	376,897	21,003	476,891	111,473	2,357,230
2019	918,334	497,220	—	—	26,666	479,246	—	1,921,466
D Rogers ⁽³¹⁾								
2020	489,913	151,709	75,855	—	16,667	67,433	86,279	887,856
Former KMP								
M McCormack ⁽³²⁾								
2020	40,583	—	—	—	453	1,467,007	—	1,508,043
2019	1,980,000	1,649,920	—	—	25,000	1,515,047	—	5,169,967
Total Remuneration								
2020	3,964,906	1,497,514	340,386	376,897	88,123	2,891,305	675,161	9,834,292
2019	4,624,334	3,138,780	—	—	101,666	2,864,008	—	10,728,788

25) This table outlines the total remuneration earned by Executive KMP during FY2019 and FY2020, calculated in accordance with the relevant accounting standard, AASB 2: Share-based Payments (AASB 2).

26) Salary includes both fixed pay and any salary sacrificed items, such as motor vehicles or car parking (including any applicable fringe benefits tax). It is exclusive of any superannuation contributions.

27) Awarded STI relates to that element of remuneration which is earned by the Executive KMP in respect of performance during each financial year (or for the relevant period that they were KMP as set out in the Report).

28) This includes the value of benefits relating to Mr. Gersbach's secondment to the USA and includes relocation allowances and assistance as well as cost of living adjustment. Costs are inclusive of USA tax impacts and are split between one-off relocation costs of \$161,894 (48%) and \$172,618 (52%) on-going costs as well as foreign exchange rate differences for USD fixed pay.

29) For equity settled security-based payments, an expense is recognised equal to the portion of services received based on the fair value of the equity instrument at grant date.

30) Part year Former Chief Executive Strategy and Development, transferred to the US on 1 October 2019.

31) Part year appointed 1 November 2019.

32) Mr McCormack's retirement, announced on 13 December 2018, was effective on 5 July 2019. Refer Section 5.5 for details of final additional payments. Mr McCormack is entitled to further reference units, due to be paid in August 2021, August 2022 and August 2023, with a total value of \$3,632,979 (based on a VWAP of \$11.1579).

remuneration report. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

8. Statutory Tables (continued)

8.2 NED Statutory Remuneration Disclosure ⁽³³⁾

Financial Year	Short-term employment benefits	Post- employment benefits	Total \$
	Fees \$	Superannuation \$	
M Fraser			
FY2020	467,032	44,368	511,400
FY2019	467,000	44,400	511,400
S Crane			
FY2020	202,192	19,208	221,400
FY2019	200,600	19,050	219,650
J Fazzino			
FY2020	202,192	19,208	221,400
FY2019	72,455	6,880	79,335
D Goodin			
FY2020	224,110	21,290	245,400
FY2019	222,500	21,150	243,650
S In't Veld			
FY2020	216,804	20,596	237,400
FY2019	203,507	19,362	222,869
R Phillippo ⁽³⁴⁾			
FY2020	16,545	1,572	18,117
P Wasow			
FY2020	220,457	20,943	241,400
FY2019	218,850	20,750	239,600
Former NED			
R Higgins AO			
FY2019	144,800	13,733	158,533
P McKenzie			
FY2019	134,919	12,843	147,762
Total			
FY2020	1,549,332	147,185	1,696,517
FY2019	1,664,631	158,168	1,822,799

33) During 2020 the calculation of Director base fees and superannuation was adjusted. There was no change to total Director fees paid or Director base and committee fees during the year, however the portion of total fees attributed to superannuation reduced.

34) Payment for June was delayed, this amount was paid in July 2020.

remuneration report. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

8. Statutory Tables (continued)

8.3 Outstanding awards under new LTI plan

The following table sets out the movements in the number of Performance Rights granted to executives, and any amounts vested or forfeit during the financial year.

	Allocation Date	Opening balance at 1 Jul 2019	Performance Rights granted in 2020	Grant date	Vested in 2020	Forfeited in 2020	Closing balance on 30 June 2020	Fair value of performance of rights at grant date ⁽³⁵⁾ \$	Face value of performance of rights at grant date ⁽³⁶⁾ \$
R Wheals	2020	—	217,872	13/12/2019	—	—	217,872	\$1,463,010	\$2,400,000
P Fredricson	2020	—	64,682	13/12/2019	—	—	64,682	\$434,340	\$712,500
R Gersbach	2020	—	65,975	13/12/2019	—	—	65,975	\$443,022	\$726,750
D Rogers	2020	—	51,064	13/12/2019	—	—	51,064	\$342,895	\$562,500

35) Calculated based on fair value of the individual vesting conditions being \$4.47, \$4.27, and \$4.08 for the relative TSR and \$9.57, \$9.15, and \$8.75 for the ROC hurdle vesting conditions for each of the vesting dates being August 2022, August 2023 and August 2024 respectively. This also represents the maximum value of the employee benefit expense as based on the grant date that would be recorded if all rights which remain outstanding at 30 June 2020 satisfied all vesting conditions.

36) Based on a VWAP of \$11.0155.

8.4 Outstanding awards under legacy LTI plan

The following table sets out the movements in the number of reference units and the number of reference units that have been allocated to executives but have not yet vested have been paid, and the years in which they will vest.

	Allocation date	Opening balance at 1 Jul 2019	Units allocated in 2020	Cash settled reference units paid	Closing balance at 30 Jun 2020	Units subject to allocation by the Board in Aug 2020	Reference units allocated that have not yet vested or been paid and the months in which they will vest			
							Aug 20	Aug 21	Aug 22	Aug 23
R Wheals	2016	13,299		(13,299)						
	2017	32,318		(16,159)	16,159		16,159			
	2018	18,981		(6,327)	12,654		6,327	6,327		
	2019		37,962		37,962		12,654	12,654	12,654	
	2020					42,507		14,169	14,169	14,169
	Total						35,140	33,150	26,823	14,169
P Fredricson	2016	16,379		(16,379)						
	2017	38,718		(19,359)	19,359		19,359			
	2018	21,975		(7,325)	14,650		7,325	7,325		
	2019		41,358		41,358		13,786	13,786	13,786	
	2020					46,125		15,375	15,375	15,375
	Total						40,470	36,486	29,161	15,375
R Gersbach	2016	16,713		(16,713)						
	2017	39,514		(19,757)	19,757		19,757			
	2018	22,437		(7,479)	14,958		7,479	7,479		
	2019		42,207		42,207		14,069	14,069	14,069	
	2020					47,046		15,682	15,682	15,682
	Total						41,305	37,230	29,751	15,682
D Rogers	2020					24,174		8,058	8,058	8,058
	Total							8,058	8,058	8,058
Former KMP										
M McCormack	2016	51,936		(51,936)						
	2017	125,828		(62,914)	62,914		62,914			
	2018	71,364		(23,788)	47,576		23,788	23,788		
	2019		134,325		134,325		44,775	44,775	44,775	
	2020					212,259		70,753	70,753	70,753
	Total						131,477	139,316	115,528	70,753

remuneration report. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

8. Statutory Tables (continued)

8.5 Security holdings

Year ended 30 June 2019	Opening Balance at 1 July 2019	Securities Acquired	Securities Disposed	Closing Balance at 30 June 2020
NEDS				
M Fraser	102,942	—	—	102,942
S Crane	130,000	—	—	130,000
J Fazzino ⁽³⁷⁾	30,751	—	—	30,751
D Goodin	23,000	1,179	—	24,179
S In't Veld	25,000	—	—	25,000
R Phillippo ⁽³⁸⁾	—	—	—	—
P Wasow	21,000	5,000	—	26,000
Executive KMP				
R Wheals	38,883	7,505	—	46,388
P Fredricson	48,500	1,000	—	49,500
R Gersbach	21,691	23,000	—	44,691
D Rogers	3,794	—	—	3,794

37) Note that a recording error in holding for FY2019 has been corrected and shown as above.

38) Appointed 1 June 2020.

consolidated statement of profit or loss and other comprehensive income.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Note	2020 \$000	2019 \$000
Revenue	4	2,559,944	2,428,949
Share of net profits of associates and joint ventures using the equity method	4	30,677	23,222
		2,590,621	2,452,171
Asset operation and management expenses		(218,010)	(213,522)
Depreciation and amortisation expense	5	(651,566)	(611,358)
Other operating costs – pass-through	5	(461,155)	(421,198)
Finance costs	5	(499,998)	(500,020)
Employee benefit expense	5	(249,690)	(235,034)
Other expenses		(5,186)	(6,060)
Profit before tax		505,016	464,979
Income tax expense	6	(187,910)	(176,966)
Profit for the year		317,106	288,013
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial loss on defined benefit plan		(28,103)	(11,418)
Income tax relating to items that will not be reclassified subsequently		8,431	3,425
		(19,672)	(7,993)
Items that may be reclassified subsequently to profit or loss:			
Transfer of gain on cash flow hedges to profit or loss		80,184	74,347
Loss on cash flow hedges taken to equity		(206,864)	(448,940)
Loss on associate hedges taken to equity		(5,847)	(8,540)
Income tax relating to items that may be reclassified subsequently		39,758	114,951
		(92,769)	(268,182)
Other comprehensive income for the year (net of tax)		(112,441)	(276,175)
Total comprehensive income for the year		204,665	11,838
Profit attributable to:			
Unitholders of the parent		264,085	222,943
Non-controlling interest – APT Investment Trust unitholders		53,021	65,070
APA stapled securityholders		317,106	288,013
Total comprehensive income attributable to:			
Unitholders of the parent		151,644	(53,232)
Non-controlling interest – APT Investment Trust unitholders		53,021	65,070
APA stapled securityholders		204,665	11,838
Earnings per security			
		2020	2019
Basic and diluted (cents per security)	7	26.9	24.4

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

consolidated statement of financial position.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
AS AT 30 JUNE 2020

	Note	2020 \$000	2019 \$000
Current assets			
Cash and cash equivalents	18	1,172,771	354,947
Trade and other receivables	9	264,137	249,962
Other financial assets	20	32,748	68,039
Inventories		34,181	30,963
Other		22,101	13,592
Current assets		1,525,938	717,503
Non-current assets			
Trade and other receivables	9	11,639	130,131
Other financial assets	20	581,027	502,161
Investments accounted for using the equity method	23	226,380	263,829
Property, plant and equipment	11	9,821,955	9,796,072
Goodwill	12	1,183,604	1,183,604
Other Intangible assets	12	2,627,279	2,809,761
Other	15	29,343	30,866
Non-current assets		14,481,227	14,716,424
Total assets		16,007,165	15,433,927
Current liabilities			
Trade and other payables	10	308,764	302,082
Lease liabilities	17	13,544	—
Borrowings	18	310,613	444,502
Other financial liabilities	20	186,347	152,782
Provisions	14	89,636	94,841
Unearned revenue		10,753	12,320
Current liabilities		919,657	1,006,527
Non-current liabilities			
Trade and other payables	10	4,826	3,230
Lease liabilities	17	56,333	—
Borrowings	18	10,607,382	9,865,813
Other financial liabilities	20	427,638	264,703
Deferred tax liabilities	6	594,832	544,013
Provisions	14	115,905	89,663
Unearned revenue		56,737	60,581
Non-current liabilities		11,863,653	10,828,003
Total liabilities		12,783,310	11,834,530
Net assets		3,223,855	3,599,397
Equity			
Australian Pipeline Trust equity:			
Issued capital	21	2,902,123	3,103,806
Reserves		(691,465)	(599,347)
Retained earnings		100,666	100,663
Equity attributable to unitholders of the parent		2,311,324	2,605,122
Non-controlling interests:			
APT Investment Trust:			
Issued capital		887,845	964,219
Retained earnings		24,686	30,056
Equity attributable to unitholders of APT Investment Trust	22	912,531	994,275
Total equity		3,223,855	3,599,397

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

consolidated statement of changes in equity.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Australian Pipeline Trust					APT Investment Trust				Other non-controlling interest				Total \$'000
	Issued Capital \$'000	Asset Revaluation Reserve \$'000	Share Based Payments Reserve \$'000	Hedging Reserve \$'000	Retained earnings \$'000	Attributable to owners of the parent \$'000	Issued Capital \$'000	Retained earnings \$'000	Investment Trust \$'000	APT \$'000	Issued Capital \$'000	Retained earnings \$'000	Other non-controlling interest \$'000	
Balance at 30 June 2018	3,288,123	8,669	—	(339,834)	105,412	3,062,370	1,030,176	34,228	1,064,404	—	4	1	48	53
Impact of changes in accounting standards ^(a)	—	—	—	—	(2,164)	(2,164)	—	—	—	—	—	—	—	—
Adjusted balance at 1 July 2018	3,288,123	8,669	—	(339,834)	103,248	3,060,206	1,030,176	34,228	1,064,404	—	4	1	48	53
Profit for the year	—	—	—	—	222,943	222,943	—	65,070	65,070	—	—	—	—	—
Other comprehensive income	—	—	—	(383,133)	(11,418)	(394,551)	—	—	—	—	—	—	—	—
Income tax relating to components of other comprehensive income	—	—	—	114,951	3,425	118,376	—	—	—	—	—	—	—	—
Total comprehensive income for the year	—	—	—	(268,182)	214,950	(53,232)	—	65,070	65,070	—	—	—	—	—
Transfer to retained earnings	—	—	—	—	—	—	—	—	—	—	—	(1)	1	—
Payment of distributions	(184,181)	—	—	—	(217,535)	(401,716)	(65,894)	(69,242)	(135,136)	—	(4)	—	(49)	(53)
Issue cost of securities	(194)	—	—	—	—	(194)	(63)	—	(63)	—	—	—	—	—
Tax relating to security issue costs	58	—	—	—	—	58	—	—	—	—	—	—	—	—
Balance at 30 June 2019	3,103,806	8,669	—	(608,016)	100,663	2,605,122	964,219	30,056	994,275	—	—	—	—	—
Balance at 1 July 2019	3,103,806	8,669	—	(608,016)	100,663	2,605,122	964,219	30,056	994,275	—	—	—	—	—
Impact of changes in accounting standards ^(b)	—	—	—	—	(8,610)	(8,610)	—	—	—	—	—	—	—	—
Adjusted balance at 1 July 2019	3,103,806	8,669	—	(608,016)	92,053	2,596,512	964,219	30,056	994,275	—	—	—	—	—
Profit for the year	—	—	—	—	264,085	264,085	—	53,021	53,021	—	—	—	—	—
Other comprehensive income	—	—	—	(132,528)	(28,103)	(160,631)	—	—	—	—	—	—	—	—
Income tax relating to components of other comprehensive income	—	—	—	39,758	8,432	48,190	—	—	—	—	—	—	—	—
Total comprehensive income for the year	—	—	—	(92,770)	244,414	151,644	—	53,021	53,021	—	—	—	—	—
Payment of distributions	(201,683)	—	—	—	(235,801)	(437,484)	(76,374)	(58,391)	(134,765)	—	—	—	—	—
Equity settled security based payments (net of any tax)	—	—	652	—	—	652	—	—	—	—	—	—	—	—
Balance at 30 June 2020	2,902,123	8,669	652	(700,786)	100,666	2,311,324	887,845	24,686	912,531	—	—	—	—	—

a) APA Group has adopted AASB 15 Revenue from Contracts with Customers on a modified retrospective basis. This resulted in a charge of \$2.2 million to retained earnings as at 1 July 2018, being the cumulative effect on initial application of the standard.

b) APA Group has adopted AASB 16 Leases on a modified retrospective basis. This resulted in a charge of \$8.6 million to retained earnings as at 1 July 2019, being the cumulative effect on initial application of the standard (refer to Note 30). The comparative results are not restated as permitted by the standard.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

consolidated statement of cash flows.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Note	2020 \$000	2019 \$000
Cash flows from operating activities			
Receipts from customers		2,791,905	2,666,095
Payments to suppliers and employees		(1,212,764)	(1,142,419)
Dividends received from associates and joint ventures		62,279	22,450
Proceeds from repayment of finance leases		1,272	1,469
Interest received		7,941	8,825
Interest and other costs of finance paid		(468,070)	(470,509)
Income tax paid		(86,620)	(73,784)
Net cash provided by operating activities		1,095,943	1,012,127
Cash flows from investing activities			
Payments for property, plant and equipment		(427,065)	(581,384)
Proceeds from sale of property, plant and equipment		485	652
Payments for intangible assets		(253)	(318)
Repayment/(advancement) of loans with related parties		122,284	(122,002)
Net cash used in investing activities		(304,549)	(703,052)
Cash flows from financing activities			
Proceeds from borrowings		1,987,812	1,669,706
Repayments of borrowings		(1,368,836)	(1,175,854)
Payments of security issue costs		—	(864)
Payments of lease principal		(13,482)	—
Payment of debt issue costs		(6,870)	(11,955)
Proceeds from early settlement of derivatives		8	1,157
Distributions paid to:			
Unitholders of APT		(437,484)	(401,716)
Unitholders of non-controlling interests - APTIT		(134,765)	(135,136)
Securityholders of other non-controlling interests		—	(53)
Net cash provided by/(used in) financing activities		26,383	(54,715)
Net increase in cash and cash equivalents		817,776	254,360
Cash and cash equivalents at beginning of financial year		354,947	100,643
Unrealised exchange gains/(losses) on cash held		48	(56)
Cash and cash equivalents at end of financial year	18	1,172,771	354,947

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

consolidated statement of cash flows. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Reconciliation of profit for the year to the net cash provided by operating activities

	2020 \$000	2019 \$000
Profit for the year	317,106	288,013
Profit on disposal of property, plant and equipment	(464)	(583)
Share of net profits of joint ventures and associates using the equity method	(30,677)	(23,222)
Dividends/distributions received from equity accounted investments	62,279	22,452
Depreciation and amortisation expense	651,566	611,358
Finance costs	14,823	16,858
Unrealised foreign exchange loss	11,007	7,241
Amortisation of hedging loss	6,885	6,846
Security based payments	652	—
Changes in assets and liabilities:		
Trade and other receivables	(19,283)	6,923
Inventories	(2,777)	(2,429)
Other assets	(5,997)	2,228
Trade and other payables	5,074	(17,294)
Provisions	(10,954)	11,199
Other liabilities	(4,851)	(20,647)
Income tax balances	101,554	103,184
Net cash provided by operating activities	1,095,943	1,012,127

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

notes to the consolidated financial statements.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Basis of Preparation

1. About this report

In the following financial statements, note disclosures are grouped into six sections being: Basis of Preparation; Financial Performance; Operating Assets and Liabilities; Capital Management; Group Structure; and Other.

Each note sets out the accounting policies applied in producing the results along with any key judgements and estimates used.

Basis of Preparation

1. About this report	68
2. General information	69

Financial Performance

3. Segment information	70
4. Revenue	72
5. Expenses	74
6. Income tax	75
7. Earnings per security	77
8. Distributions	78

Operating Assets and Liabilities

9. Receivables	79
10. Payables	79
11. Property, plant and equipment	80
12. Goodwill and intangibles	81
13. Impairment of non-financial assets	82
14. Provisions	83
15. Other non-current assets	84
16. Employee superannuation plans	84
17. Leases	86

Capital Management

18. Net debt	88
19. Financial risk management	89
20. Other financial instruments	100
21. Issued capital	103

Group Structure

22. Non-controlling interests	103
23. Joint arrangements and associates	104
24. Subsidiaries	106

Other

25. Commitments and contingencies	108
26. Director and Executive Key Management Personnel remuneration	108
27. Remuneration of external auditor	109
28. Related party transactions	109
29. Parent entity information	110
30. Adoption of new and revised Accounting Standards	111
31. Events occurring after reporting date	113

notes to the consolidated financial statements. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Basis of Preparation

2. General information

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 2001. 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 Australian Securities Exchange under the code "APA".

Australian Accounting Standards require one of the stapled entities of a stapled structure to be identified as the parent entity for the purposes of preparing a consolidated financial report. In accordance with this requirement, APT is deemed to be the parent entity. The results and equity attributable to APTIT, being the other stapled entity which is not directly or indirectly held by APT, are shown separately in the financial statements as non-controlling interests.

The financial report represents the consolidated financial statements of APT and APTIT (together the "Trusts"), their respective subsidiaries and their share of joint arrangements and associates (together "APA Group"). For the purposes of preparing the consolidated financial report, APA Group is a for-profit entity.

Total comprehensive income attributable to non-controlling interests is reported as disclosed in the separate financial statements of APTIT. Comprehensive income arising from transactions between the parent (APT) group entities and the non-controlling interest (APTIT) have not been eliminated in the reporting of total comprehensive income attributable to non-controlling interests.

All intragroup transactions and balances have been eliminated on consolidation. Where necessary, adjustments are made to the assets, liabilities, and results of subsidiaries, joint arrangements, associates, and joint ventures to bring their accounting policies into line with those used by APA Group.

APT's registered office and principal place of business is as follows:

Level 25
580 George Street
Sydney NSW 2000
Tel: (02) 9693 0000

The consolidated general purpose financial report for the year ended 30 June 2020 was authorised for issue in accordance with a resolution of the directors on 26 August 2020.

This general purpose financial report has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and also comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The financial report has been prepared on the basis of historical cost, except for the revaluation of financial instruments. The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$000) in accordance with ASIC Corporations Instrument 2016/191, unless otherwise stated.

Foreign currency transactions

Both the functional and presentation currency of APA Group and APT is Australian dollars (A\$). All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at that date and resulting exchange differences are recognised in profit or loss in the period in which they arise, unless they qualify for hedge accounting.

Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the Group's accounting policies, a number of judgements and estimates have been made. Judgements and estimates which are material to the financial statements are found in the following disclosures:

- Property, plant and equipment (note 11)
- Impairment of non-financial assets (note 13)
- Fair value of financial instruments (note 19(c))

Judgements and estimates require assumptions to be made about highly uncertain external factors such as: discount rates; probability factors; the effects of inflation; commercial contract lives and renewals; market supply-and-demand conditions; changing technology; timing of occurrence; input costs; political and social trends, and climate change. As such the actual outcomes may differ as a result of these judgements and assumptions.

COVID-19

As a supplier of an essential service of gas transportation and energy generation, APA Group has the benefit of stable operating cash flows. There have been no material impacts on APA Group's ability to safely and reliably operate its assets and deliver services to its customers as a result of the COVID-19 pandemic.

As at 30 June 2020, APA Group had \$2,472.8 million in cash and committed un-drawn bank facilities available (2019: \$1,904.9 million) to assist in the ongoing funding of the business. APA continues to fund its growth with appropriate levels of equity, cash retained in the business, and debt in order to maintain strong Baa2/BBB credit ratings.

The Directors continually monitor APA Group's working capital position, including forecast working capital requirements and have ensured that there are appropriate funding strategies and debt facilities in place to accommodate the funding of capital expenditure and debt repayments as and when they fall due.

notes to the consolidated financial statements. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Financial Performance

3. Segment information

APA Group operates in one geographical segment, being Australia and the revenue from major products and services is shown by the reportable segments.

APA Group comprises the following reportable segments:

- **Energy Infrastructure**, includes all of APA Group's wholly or majority owned gas pipelines, gas storage assets, gas compression and processing assets and gas-fired and renewable energy power generation assets;
- **Asset Management**, provides commercial, operating services and/or asset maintenance services to its energy investments and third parties for appropriate fees; and
- **Energy Investments**, includes APA Group's strategic stakes in a number of investment vehicles that house energy infrastructure assets, generally characterised by long-term secure cash flows, with low ongoing capital expenditure requirements.

Reportable segments

	Energy Infrastructure \$000	Asset Management \$000	Energy Investments \$000	Other \$000	Consolidated \$000
2020					
Segment revenue ^(a)					
Revenue from contracts with customers	1,973,722	112,367	—	—	2,086,089
Equity accounted net profits	—	—	30,677	—	30,677
Pass-through revenue	49,386	411,769	—	—	461,155
Other income	3,594	205	—	—	3,799
Finance lease and investment interest income	1,176	—	5,064	—	6,240
Total segment revenue	2,027,878	524,341	35,741	—	2,587,960
Other interest income					2,661
Consolidated revenue					2,590,621
Segment result					
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	1,628,631	63,343	—	—	1,691,974
Share of net profits of joint ventures and associates using the equity method	—	—	30,677	—	30,677
Finance lease and investment interest income	1,176	—	5,064	—	6,240
Corporate costs	—	—	—	(74,972)	(74,972)
Total EBITDA	1,629,807	63,343	35,741	(74,972)	1,653,919
Depreciation and amortisation	(634,808)	(16,758)	—	—	(651,566)
Earnings before interest and tax ("EBIT")	994,999	46,585	35,741	(74,972)	1,002,353
Net interest cost ^(b)					(497,337)
Profit before tax					505,016
Income tax expense					(187,910)
Profit for the year					317,106

a) The revenue reported above represents revenue generated from external customers. Any intersegment sales were immaterial.

b) Excluding finance lease and investment interest income, and any gains or losses on revaluation of derivatives included as part of EBIT for segment reporting purposes, but including other interest income.

notes to the consolidated financial statements. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Financial Performance

3. Segment information (continued)

Reportable segments (continued)

2020	Energy Infrastructure \$000	Asset Management \$000	Energy Investments \$000	Consolidated \$000	
Segment assets and liabilities					
Segment assets	13,795,348	198,893	10,685	14,004,926	
Carrying value of investments using the equity method	—	—	226,380	226,380	
Unallocated assets ^(a)				1,775,859	
Total assets				16,007,165	
Segment liabilities	412,898	110,022	—	522,920	
Unallocated liabilities ^(b)				12,260,390	
Total liabilities				12,783,310	
2019	Energy Infrastructure \$000	Asset Management \$000	Energy Investments \$000	Other \$000	Consolidated \$000
Segment revenue ^(c)					
Revenue from contracts with customers	1,899,071	94,398	—	—	1,993,469
Equity accounted net profits	—	—	23,222	—	23,222
Pass-through revenue	27,881	393,317	—	—	421,198
Other income	4,775	391	—	—	5,166
Finance lease and investment interest income	1,305	—	5,210	—	6,515
Total segment revenue	1,933,032	488,106	28,432	—	2,449,570
Other interest income					2,601
Consolidated revenue					2,452,171
Segment result					
Earnings before interest, tax, depreciation and amortisation (“EBITDA”)	1,571,139	52,954	—	—	1,624,093
Share of net profits of joint ventures and associates using the equity method	—	—	23,222	—	23,222
Finance lease and investment interest income	1,305	—	5,210	—	6,515
Corporate costs	—	—	—	(80,074)	(80,074)
Total EBITDA	1,572,444	52,954	28,432	(80,074)	1,573,756
Depreciation and amortisation	(600,248)	(11,110)	—	—	(611,358)
Earnings before interest and tax (“EBIT”)	972,196	41,844	28,432	(80,074)	962,398
Net interest cost ^(d)					(497,419)
Profit before tax					464,979
Income tax expense					(176,966)
Profit for the year					288,013

a) Unallocated assets consist of cash and cash equivalents, fair value of interest rate swaps, forward exchange contracts ("FECs") and equity forwards.

b) Unallocated liabilities consist of current and non-current borrowings, deferred tax liabilities, fair value of interest rate swaps and FECs.

c) The revenue reported above represents revenue generated from external customers. Any intersegment sales were immaterial.

d) Excluding finance lease and investment interest income, and any gains or losses on revaluation of derivatives included as part of EBIT for segment reporting purposes, but including other interest income.

notes to the consolidated financial statements. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Financial Performance

3. Segment information (continued)

Reportable segments (continued)

	Energy Infrastructure \$000	Asset Management \$000	Energy Investments \$000	Consolidated \$000
2019				
Segment assets and liabilities				
Segment assets	13,938,973	183,669	132,993	14,255,635
Carrying value of investments using the equity method	—	—	263,829	263,829
Unallocated assets ^(a)				914,463
Total assets				15,433,927
Segment liabilities	376,598	60,707	—	437,305
Unallocated liabilities ^(b)				11,397,225
Total liabilities				11,834,530

a) Unallocated assets consist of cash and cash equivalents, fair value of interest rate swaps, FECs and equity forwards.

b) Unallocated liabilities consist of current and non-current borrowings, deferred tax liabilities, fair value of interest rate swaps and FECs.

4. Revenue

Disaggregation of revenue

Revenue is disaggregated below by state, business unit and geography.

	Energy Infrastructure		
	Transmission \$000	Power Generation \$000	Total \$000
2020			
Energy Infrastructure			
Queensland	949,385	255,320	1,204,705
New South Wales	183,251	—	183,251
Victoria	145,664	—	145,664
South Australia	3,143	—	3,143
Western Australia	323,176	82,134	405,310
Northern Territory	31,649	—	31,649
Energy Infrastructure revenue from contracts with customers	1,636,268	337,454	1,973,722
Asset Management revenue from contracts with customers			112,367
Pass-through revenue			461,155
Other income			3,799
Operating revenue			2,551,043
Interest income			2,661
Interest income from related parties			5,064
Finance lease income			1,176
Finance income			8,901
Total Revenue			2,559,944
Share of net profits of joint ventures and associates using the equity method			30,677
			2,590,621

notes to the consolidated financial statements. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Financial Performance

4. Revenue (continued)

Disaggregation of revenue (continued)

	Energy Infrastructure		Total \$000
	Transmission \$000	Power Generation \$000	
2019			
Energy Infrastructure			
Queensland	960,933	246,174	1,207,107
New South Wales	173,594	—	173,594
Victoria	144,380	—	144,380
South Australia	3,004	—	3,004
Western Australia	288,997	51,688	340,685
Northern Territory	30,301	—	30,301
Energy Infrastructure revenue from contracts with customers	1,601,209	297,862	1,899,071
Asset Management revenue from contracts with customers			94,398
Pass-through revenue			421,198
Other income			5,166
Operating revenue			2,419,833
Interest income			2,601
Interest income from related parties			5,210
Finance lease income			1,305
Finance income			9,116
Total Revenue			2,428,949
Share of net profits of joint ventures and associates using the equity method			23,222
			2,452,171

Revenue is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for the provision of services or for the transferring of goods to a customer (the performance obligations) under a contract. APA Group recognises revenue when control of a product or service is transferred to the customer. Amounts disclosed as revenue are net of duties, goods and services tax ("GST") and other taxes paid, except where the amount of GST incurred is not recoverable from the taxation authority. Given the nature of APA Group's services there is no significant right of return or warranty provided.

Revenue from contracts with customers is derived from the major business activities as follows:

- **Energy Infrastructure revenue from contracts with customers**, is derived from the transportation, processing and storage of gas and other related services (transmission revenue), and the generation of electricity and other related services (power generation revenue). Revenue from contracts with customers may either be identified as separate performance obligations or a series of distinct performance obligations that are substantially the same, have the same pattern of transfer and are therefore treated as a single performance obligation that is satisfied over time. This includes both firm and interruptible services. The consideration is volume based and is recognised as revenue in a manner that depicts the transfer based on volume of output to the customer. This method most accurately depicts the progress towards satisfaction of the performance obligation of the services provided, as the customer simultaneously receives and consumes the benefits of APA Group's service and obtains value as each volume of output is transported by APA Group. The amount billed corresponds directly to the value of the performance to date;
- **Asset Management revenue from contracts with customers**, is derived from the provision of commercial services, operating services, asset management services and/or asset maintenance services to APA Group's energy investments and other third parties. APA Group applies the practical expedient to recognise revenue at the amount to which APA Group has a right to invoice; and
- **Pass-through revenue**, is revenue from contracts with customers for which no margin is earned, and is recognised when the services are provided. APA Group applies the practical expedient to recognise revenue at the amount to which APA Group has a right to invoice. APA Group is determined to be the principal in these relationships.

Other types of revenue is recognised as follows:

- **Interest income**, which is recognised as it accrues and is determined using the effective interest method;
- **Dividend income**, which is recognised when the right to receive the payment has been established; and
- **Finance lease income**, which is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

notes to the consolidated financial statements. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Financial Performance

4. Revenue (continued)

Contract liabilities – unearned revenue

Where amounts have been received in advance of fulfilling the contract obligation these amounts are deferred in the balance sheet as unearned revenue until the performance obligation is fulfilled. Where the period between the payment by the customer and the fulfilment of the obligation is expected to exceed one year any amounts associated with the finance component of this deferred revenue is recognised as interest expense.

Included in the unearned revenue are customer upfront contributions on contracts with customers received in advance and government grants received. During the year, the Group recognised \$13.2 million (2019: \$19.5 million) in revenue from contracts with customers from unearned revenue at the beginning of the financial year.

Contract assets – accrued revenue

Contract assets primarily relate to APA Group's right to consideration for work completed but not billed at the reporting date. These amounts are known as accrued revenue and are disclosed in Note 9.

Accrued revenue is transferred to trade receivables when the rights become unconditional. This usually occurs when APA Group issues an invoice to the customer.

Accounting for costs to obtain contracts

APA Group generally expenses costs to obtain contracts as they are incurred, as they tend to be incurred whether the contract is obtained or not (e.g. staff salaries, professional fees etc.).

Future Revenues from Remaining Performance Obligations

As at 30 June 2020, future contracted Energy Infrastructure revenues extending through to 2049 are approximately \$19.7 billion, of which \$1.7 billion is expected to be recognised in 2021. These amounts relate to Energy Infrastructure revenue from long term contracts with highly credit worthy counterparties.

Future contracted Energy Infrastructure revenues outlined above are in nominal 2020 dollars escalated by CPI. Variable revenues, potential future revenues from new contracts, contract renewals or extensions, and revenues from potential new assets or expansions where a contract does not currently exist with a customer are not included. As such, the future contract revenues described above represent only part of APA Group's forecast revenues for FY2021 and beyond.

Information about major customers

Included in revenues from contracts with customers arising from Energy Infrastructure of \$1,973.7 million (2019: \$1,899.1 million) are revenues of approximately \$718.8 million (2019: \$708.6 million) which arose from sales to APA Group's top three customers.

5. Expenses

	2020 \$000	2019 \$000
Depreciation of non-current assets	468,831	428,370
Amortisation of non-current assets	182,735	182,988
Depreciation and amortisation expense	651,566	611,358
Energy infrastructure costs – pass-through	49,386	27,881
Asset management costs – pass-through	411,769	393,317
Other operating costs – pass-through	461,155	421,198
Interest on bank overdrafts and borrowings ^(a)	498,940	507,246
Amortisation of deferred borrowing costs	7,366	7,631
Other finance costs	7,008	7,748
	513,314	522,625
Less: amounts included in the cost of qualifying assets	(23,208)	(31,468)
	490,106	491,157
(Gain)/Loss on derivatives ^(b)	(2,693)	47
Unwinding of discount on non-current liabilities	7,322	6,197
Unwinding of discount on deferred revenue balances	2,625	2,619
Interest incurred on lease liabilities	2,638	—
Finance costs	499,998	500,020

a) The average interest rate applying to drawn debt is 5.33% p.a. (2019: 5.53% p.a.) excluding amortisation of borrowing costs and other finance costs.

b) Represents unrealised gains and losses on the mark-to-market valuation of derivatives, including contract for difference arrangements.

notes to the consolidated financial statements. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Financial Performance

5. Expenses (continued)

	2020 \$000	2019 \$000
Defined contribution plans	16,159	14,264
Defined benefit plans (Note 16)	2,348	1,944
Post-employment benefits	18,507	16,208
Termination benefits	1,497	3,823
Cash settled security-based payments ^(a)	16,442	25,555
Equity settled security-based payments ^(a)	992	—
Other employee benefits	212,252	189,448
Employee benefit expense^(b)	249,690	235,034

a) APA Group provides benefits to certain employees in the form of security-based payments. For cash settled security-based payments, a liability equal to the portion of services received is recognised at the current fair value determined at each reporting date. For equity settled security-based payments, a reserve is recognised equal to the portion of services received based on the fair value of the equity instrument at grant date.

b) Employee benefit expense of \$70.0 million (2019: \$64.5 million) is recharged as pass-through revenue and presented as part of other operating costs – pass-through.

6. Income tax

The major components of tax expense are:

	2020 \$000	2019 \$000
Income statement		
Current tax expense in respect of the current year	(85,236)	(72,138)
Adjustments recognised in the current year in relation to current tax of prior years	25	104
Deferred tax expense relating to the origination and reversal of temporary differences	(102,699)	(104,932)
Total tax expense	(187,910)	(176,966)
Tax reconciliation		
Profit before tax	505,016	464,979
Income tax expense calculated at 30%	(151,505)	(139,494)
Non-assessable trust distribution	15,906	19,521
Non deductible expenses	(59,816)	(58,403)
Non assessable income	114	84
	(195,301)	(178,292)
Franking credits received	5,310	105
Previously unbooked losses now recognised	1,038	853
Adjustments recognised in the current year in relation to the current tax of prior years	25	104
R&D tax incentive	1,018	264
	(187,910)	(176,966)

Income tax expense comprises of current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in equity. Current tax represents the expected taxable income at the applicable tax rate for the financial year, and any adjustment to tax payable in respect of previous financial years.

Income tax expense for the year is \$187.9 million (2019: \$177.0 million). An income tax provision of \$30.9 million (2019: \$32.0 million) has been recognised after instalments made during the year and partial utilisation of available transferred tax losses (refer to Note 10).

notes to the consolidated financial statements. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Financial Performance

6. Income tax (continued)

Deferred tax balances

Deferred tax (liabilities)/assets arise from the following:

	Opening balance \$000	Charged to income \$000	Charged to equity \$000	Closing balance \$000
2020				
Gross deferred tax liabilities				
Property, plant and equipment ^(a)	(989,655)	(75,425)	(18,651)	(1,083,731)
Deferred expenses	(55,516)	1,805	—	(53,711)
Other	(299)	168	—	(131)
	(1,045,470)	(73,452)	(18,651)	(1,137,573)
Gross deferred tax assets				
Provisions ^(a)	48,640	(4,475)	22,343	66,508
Cash flow hedges	254,217	(800)	38,933	292,350
Security issue costs	1,562	(517)	—	1,045
Deferred revenue	14,531	(862)	—	13,669
Investments equity accounted	4,434	2,824	824	8,082
Defined benefit obligation	2,939	185	8,431	11,555
Tax losses	175,134	(25,602)	—	149,532
	501,457	(29,247)	70,531	542,741
Net deferred tax liability	(544,013)	(102,699)	51,880	(594,832)
2019				
Gross deferred tax liabilities				
Property, plant and equipment	(903,769)	(85,886)	—	(989,655)
Deferred expenses	(54,803)	(713)	—	(55,516)
Other	(233)	(66)	—	(299)
	(958,805)	(86,665)	—	(1,045,470)
Gross deferred tax assets				
Provisions	43,391	5,249	—	48,640
Cash flow hedges	141,235	858	112,124	254,217
Security issue costs	3,831	(2,327)	58	1,562
Deferred revenue	13,748	(144)	927	14,531
Investments equity accounted	1,705	(98)	2,827	4,434
Defined benefit obligation	(497)	11	3,425	2,939
Tax losses	196,950	(21,816)	—	175,134
	400,363	(18,267)	119,361	501,457
Net deferred tax liability	(558,442)	(104,932)	119,361	(544,013)

a) Amounts charged to equity relate to the deferred tax on the transition adjustment from the adoption of AASB 16 Leases.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for:

- initial recognition of goodwill;
- initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and
- differences relating to investments in wholly-owned entities to the extent that they will probably not reverse in the foreseeable future.

Deferred tax is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the appropriate tax rates at the end of the reporting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

notes to the consolidated financial statements. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Financial Performance

6. Income tax (continued)

Tax consolidation

APT and its wholly-owned Australian resident entities formed a tax-consolidated group with effect from 1 July 2003 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is APT. The members of the tax-consolidated group are identified at Note 24.

Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial reports of the members of the tax-consolidated group using the 'separate taxpayer within group' approach, by reference to the carrying amounts in the separate financial reports of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the wholly-owned entities are assumed by the head entity in the tax-consolidated group and are recognised as amounts payable/(receivable) to/(from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts.

The head entity recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the assets can be utilised.

Nature of tax funding arrangement and tax sharing agreement

Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax sharing agreement with the head entity. Under the terms of the tax funding arrangement, each of the entities in the tax-consolidated group have agreed to pay a tax equivalent payment to or from the head entity based on the current tax liability or current tax asset of the entity. Such amounts are reflected in amounts receivable from or payable to other entities in the tax-consolidated group.

The tax sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity should leave the tax-consolidated group. The effect of the tax sharing agreement is that each member's liability for the tax payable by the tax-consolidated group is limited to the amount payable to the head entity under the tax funding arrangement.

7. Earnings per security

	2020 cents	2019 cents
Basic and diluted earnings per unit attributable to the parent	22.4	18.9
Basic and diluted earnings per unit attributable to the non-controlling interest	4.5	5.5
Basic and diluted earnings per stapled security	26.9	24.4

The earnings and weighted average number of ordinary securities used in the calculation of basic and diluted earnings per security are as follows:

	2020 \$000	2019 \$000
Net profit attributable to unitholders of the parent	264,085	222,943
Net profit attributable to unitholders of the non-controlling interest	53,021	65,070
Net profit attributable to stapled securityholders for calculating basic and diluted earnings per security	317,106	288,013

	2020 No. of securities 000	2019 No. of securities 000
Adjusted weighted average number of ordinary securities used in the calculation of basic and diluted earnings per security	1,179,894	1,179,894

notes to the consolidated financial statements. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Financial Performance

8. Distributions

	2020 cents per security	2020 Total \$000	2019 cents per security	2019 Total \$000
Recognised amounts				
Final FY2019 distribution paid on 11 September 2019				
(2019: Final FY2018 distribution paid on 12 September 2018)				
Profit distribution – APT ^(a)	8.53	100,663	8.93	105,412
Capital distribution – APT	10.44	123,153	9.03	106,513
Profit distribution – APTIT ^(b)	2.55	30,056	2.90	34,228
Capital distribution – APTIT	3.98	47,002	3.14	37,022
	25.50	300,874	24.00	283,175

Interim FY2020 distribution paid on 11 March 2020

(2019: Interim FY2019 distribution paid on 13 March 2019)

Profit distribution – APT ^(c)	11.45	135,138	9.50	112,123
Capital distribution – APT	6.66	78,530	6.58	77,668
Profit distribution – APTIT ^(b)	2.40	28,335	2.97	35,014
Capital distribution – APTIT	2.49	29,372	2.45	28,872
	23.00	271,375	21.50	253,677

Total distributions recognised

Profit distributions	24.93	294,192	24.30	286,777
Capital distributions	23.57	278,057	21.20	250,075
	48.50	572,249	45.50	536,852

Unrecognised amounts

Final FY2020 distribution payable on 16 September 2020^(d)

(2019: Final FY2019 distribution paid on 11 September 2019)

Profit distribution – APT ^(e)	8.53	100,666	8.53	100,663
Capital distribution – APT	11.74	138,528	10.44	123,153
Profit distribution – APTIT ^(b)	2.09	24,686	2.55	30,056
Capital distribution – APTIT	4.64	54,692	3.98	47,002
	27.00	318,572	25.50	300,874

a) Profit distributions were fully franked. Resulting in franking credits of 3.66 cents per security (2019: fully franked, franking credits of 3.83 cents per security).

b) Profit distributions are unfranked (2019: unfranked).

c) Interim profit distributions were 8.52 cents per security franked and 2.93 cents per security unfranked. Resulting in franking credits of 3.65 cents per security (2019: 7.47 cents per security franked and 2.03 cents per security unfranked, franking credits of 3.20 cents per security).

d) Record date 30 June 2020.

e) Final profit distributions are to be fully franked. Resulting in franking credits of 3.66 cents per security (2019: fully franked, franking credits of 3.66 cents per security).

The final distribution in respect of the financial year has not been recognised in this financial report because the final distribution was not declared, determined or publicly confirmed prior to the end of the financial year.

	2020 \$000	2019 \$000
Franking account balance	(177)	(5,943)
Income tax payable	30,861	32,005
Adjusted Franking account balance	30,684	26,062

The adjusted franking account balance will be reduced by \$43.1 million (FY2019: \$43.1 million) following the payment of the final distribution payable on 16 September 2020 (FY2019: 11 September 2019).

On 31 July 2020, APA Group made a franking deficit tax payment of \$0.2 million (FY2019: \$5.9 million). This represents a prepayment of the final income tax payment due for FY2020.

notes to the consolidated financial statements. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Operating Assets and Liabilities

9. Receivables

	2020 \$000	2019 \$000
Trade receivables	31,313	26,080
Accrued revenue	218,013	198,816
Loss allowance	(700)	(10)
Trade receivables	248,626	224,886
Receivables from associates and related parties	12,985	23,373
Finance lease receivables (Note 17)	1,166	1,246
Interest receivable	1,340	378
Other debtors	20	79
Current	264,137	249,962
Finance lease receivables (Note 17)	11,639	12,794
Loan receivable – related party	—	117,337
Non-current	11,639	130,131

At 30 June 2020, APA Group had no loan receivable from SEA Gas (2019: \$122.3 million).

Trade receivables are non-interest bearing and are generally on 30 day terms. There are no material trade receivables past due and not provided for.

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Trade and other receivables are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are stated at amortised cost less impairment.

The impact of COVID-19 has been considered in assessing loss allowance. No material impact has been identified to the date of the issuance of these financial statements.

10. Payables

	2020 \$000	2019 \$000
Trade payables ^(a)	35,561	39,934
Income tax payable	30,861	32,005
Other payables	242,342	230,143
Current	308,764	302,082
Other payables	4,826	3,230
Non-current	4,826	3,230

a) Trade payables are non-interest bearing and are normally settled on 15 – 30 day terms.

Trade and other payables are recognised when APA Group becomes obliged to make future payments resulting from the purchase of goods and services. Trade and other payables are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are stated at amortised cost.

Payables are recognised inclusive of GST, except for accrued revenue and accrued expense at balance dates which exclude GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. GST receivable or GST payable is only recognised once a tax invoice has been issued or received.

notes to the consolidated financial statements. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Operating Assets and Liabilities

11. Property, plant and equipment

	Freehold land and buildings – at cost \$'000	Leasehold improve- ments – at cost \$'000	Plant and equipment – at cost \$'000	Work in progress – at cost \$'000	ROU land and buildings – at cost ^(a) \$'000	ROU plant and equipment – at cost ^(a) \$'000	Total \$'000
Gross carrying amount							
Balance at 1 July 2018	248,717	10,660	10,651,086	856,378	—	—	11,766,841
Additions	—	—	29,345	503,500	—	—	532,845
Disposals	(1)	—	(950)	—	—	—	(951)
Transfers	12,988	127	812,782	(825,897)	—	—	—
Balance at 30 June 2019	261,704	10,787	11,492,263	533,981	—	—	12,298,735
Balance at 1 July 2019 ^(a)	261,704	10,787	11,492,263	533,981	54,646	7,619	12,361,000
Additions	—	—	32,262	393,660	3,437	3,400	432,759
Disposals	—	—	(1,511)	—	(102)	(246)	(1,859)
Transfers	5,514	—	210,451	(215,965)	—	—	—
Balance at 30 June 2020	267,218	10,787	11,733,465	711,676	57,981	10,773	12,791,900
Accumulated depreciation							
Balance at 1 July 2018	(46,345)	(3,952)	(2,024,878)	—	—	—	(2,075,175)
Disposals	—	—	882	—	—	—	882
Depreciation expense (Note 5)	(7,544)	(967)	(419,859)	—	—	—	(428,370)
Balance at 30 June 2019	(53,889)	(4,919)	(2,443,855)	—	—	—	(2,502,663)
Balance at 1 July 2019 ^(a)	(53,889)	(4,919)	(2,443,855)	—	—	—	(2,502,663)
Disposals	—	—	1,490	—	51	66	1,607
Depreciation expense (Note 5)	(7,950)	(800)	(447,519)	—	(9,108)	(3,454)	(468,831)
Amounts included in the cost of other assets	—	—	—	—	—	(58)	(58)
Balance at 30 June 2020	(61,839)	(5,719)	(2,889,884)	—	(9,057)	(3,446)	(2,969,945)
Net book value							
As at 30 June 2019	207,815	5,868	9,048,408	533,981	—	—	9,796,072
As at 30 June 2020	205,379	5,068	8,843,581	711,676	48,924	7,327	9,821,955

a) APA Group adopted AASB 16 'Leases' on 1 July 2019 and recognised right of use (ROU) assets using the modified retrospective approach as such there is no restatement of the comparative information.

Property, plant and equipment is stated at cost, less accumulated depreciation and impairment losses. Work in progress is stated at cost. Cost includes expenditure that is directly attributable to the acquisition or construction of the item.

The right of use ("ROU") asset is initially measured at cost comprising the initial measurement of the lease liability (as outlined in Note 17) adjusted for any lease payments made before the commencement date and reduced by any lease incentives received plus initial direct costs incurred in obtaining the lease. Any make good requirements are recognised and measured under AASB 137 Provisions, Contingent Liabilities and Contingent Assets and to the extent that the costs relate to a ROU asset these are included in the related ROU asset.

A ROU asset is subsequently measured using the cost model less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. The ROU asset is depreciated over the term of the lease.

Subsequently, APA Group applies AASB 136 Impairment of Assets to determine whether a ROU asset is impaired and accounts for any impairment as described in Note 13 Impairment of non-financial assets of the annual report for the financial year end 30 June 2020.

notes to the consolidated financial statements. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Operating Assets and Liabilities

11. Property, plant and equipment (continued)

Where the ROU is adjusted due to changes in the lease liability, the depreciation for the ROU asset is adjusted on a prospective basis.

Depreciation is provided on property, plant and equipment excluding land. Depreciation is calculated on a straight-line basis depending on the nature of the asset so as to write off the net cost of each asset over its estimated useful life.

Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The estimated useful lives and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes recognised on a prospective basis.

Where the ROU asset is adjusted due to changes in the lease liability, the depreciation for the ROU asset is adjusted on a prospective basis.

The depreciation charge for each period is recognised in profit or loss unless it is included in the cost of another asset.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets (i.e. assets that take a substantial period of time to get ready for their intended use or sale) are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Critical accounting judgements and key sources of estimation uncertainty – useful lives of non-current assets

APA Group reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. Physical, economic and environmental factors are taken into consideration in assessing the useful lives of the assets, including but not limited to asset condition and obsolescence, technology changes, commercial contract lives and renewals, global and regional gas supply-and-demand, and climate change based on TCFD scenario testing to 2030. Any reassessment of useful lives in a particular year will affect the depreciation expense.

The following estimated useful lives are used in the calculation of depreciation:

— buildings	30 – 50 years;
— compressors	10 – 50 years;
— gas transportation systems	10 – 80 years;
— meters	20 – 30 years;
— power generation facilities	3 – 25 years;
— other plant and equipment	3 – 20 years;
— ROU land and buildings	1 – 40 years; and
— ROU property, plant and equipment	1 – 4 years.

12. Goodwill and intangibles

	2020 \$000	2019 \$000
Goodwill		
Balance at beginning of financial year	1,183,604	1,183,604
Balance at end of financial year	1,183,604	1,183,604

Allocation of goodwill to cash-generating units

Goodwill has been allocated for impairment testing purposes to individual cash-generating units.

The East Coast Grid is an interconnected pipeline network that includes, inter alia, the Wallumbilla Gladstone, Moomba Sydney, Roma Brisbane, Carpentaria Gas and South West Queensland pipelines and the Victorian Transmission System. Since the acquisition of the South West Queensland Pipeline to complete the formation of APA's East Coast Grid in December 2012, APA has installed facilities to enable bi-directional transportation of gas to meet the demand of our major customers who now typically operate portfolios of gas supply and demand. Through the provision of multi-asset services, bi-directional transportation, capacity trading and gas storage and parking facilities, APA's East Coast Grid delivers options for customers to choose from, and move gas between, more than 60 receipt points and over 170 delivery points on the east coast of Australia. The East Coast Grid is categorised as an individual cash-generating unit.

Goodwill acquired in a business combination is initially measured at cost and subsequently at cost less accumulated impairment.

notes to the consolidated financial statements. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Operating Assets and Liabilities

12. Goodwill and intangibles (continued)

Allocation of goodwill to cash-generating units (continued)

The carrying amount of goodwill allocated to cash-generating units that are significant individually or in aggregate are as follows:

	2020 \$000	2019 \$000
Asset Management business	21,456	21,456
Energy Infrastructure		
East Coast Grid	1,060,681	1,060,681
Diamantina Power Station	43,104	43,104
Other energy infrastructure ^(a)	58,363	58,363
	1,183,604	1,183,604

a) Primarily represents goodwill relating to the Pilbara Pipeline System (\$32.6m) and the Goldfields Gas Pipeline (\$18.5m).

Contract and other intangibles

Gross carrying amount

Balance at beginning of financial year	3,591,278	3,590,960
Additions	253	318
Balance at end of financial year	3,591,531	3,591,278

Accumulated amortisation and impairment

Balance at beginning of financial year	(781,517)	(598,529)
Amortisation expense (Note 5)	(182,735)	(182,988)
Balance at end of financial year	(964,252)	(781,517)
	2,627,279	2,809,761

APA Group holds various third party operating and maintenance contracts. The combined gross carrying amount of \$3,591.5 million amortises over terms ranging from one to 15 years. Useful life is determined based on the underlying contractual terms. Amortisation expense is not a cash item, and is included in the line item of depreciation and amortisation expense in the statement of profit or loss and other comprehensive income.

Intangible assets acquired separately are carried at cost less accumulated amortisation and impairment losses. Intangible assets acquired in a business combination are identified and recognised separately from goodwill and are initially recognised at their fair value at the acquisition date and subsequently at cost less accumulated amortisation and impairment losses.

Amortisation is recognised on a straight-line basis over the estimated useful life of each asset. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effects of any changes in estimate being accounted for on a prospective basis.

13. Impairment of non-financial assets

APA Group tests property, plant and equipment, intangibles and goodwill for impairment at least annually or whenever there is an indication that the asset may be impaired. Assets other than goodwill that have previously reported an impairment are reviewed for possible reversal of the impairment at each reporting period.

If the asset does not generate independent cash inflows and its value in use cannot be estimated to be close to its fair value, the asset is tested for impairment as part of the cash-generating unit (CGU) to which it belongs.

Assets are impaired if their carrying value exceeds their recoverable amount. The recoverable amount of an asset or CGU is determined as the higher of its fair value less costs of disposal or value-in-use.

Determining whether identifiable intangible assets and goodwill are impaired requires an estimation of the value-in-use or fair value of the cash-generating units. The calculations require APA Group to estimate the future cash flows expected to arise from cash-generating units and suitable discount rates in order to calculate the present value of cash-generating units. These estimates and assumptions are reviewed on an ongoing basis.

The recoverable amounts of cash-generating units are determined based on value-in-use calculations. These calculations use cash flow projections based on a five year financial business plan and thereafter a further 15 year financial model inclusive of appropriate terminal values. This is the basis of APA Group's forecasting and planning processes which represents the underlying long term nature of associated customer contracts on these assets.

In accordance with the requirements of AASB 136 Impairment of Assets, APA Group reviewed its CGUs for indicators of impairment at the end of the reporting period. No such indicators were identified and no impairment recognised.

notes to the consolidated financial statements. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Operating Assets and Liabilities

13. Impairment of non-financial assets (continued)

Critical accounting judgements and key sources of estimation uncertainty – impairment of assets

The key estimates and assumptions used in the assessment of impairment include but are not limited to: asset capacity; asset lives; forecast operating costs and margins; gas field reserve estimates; the effect of inflation; discount rates; customer contract terms and renewals; residual value; and asset construction costs. Where the key assumptions for the assessment of new assets such as expected construction costs, expected time to commissioning, expected revenues, expected operating and capital costs at the time of investment differs from the final outcomes, significant variances to the key assumptions may cause triggers for impairment.

These assumptions have been determined with reference to historic information, current performance and expected changes taking into account external information such as market inputs on discount rates, the effects of inflation, climate change based on TCFD scenario testing to 2030, the outlook for global and regional gas market supply-and-demand conditions, and internal information such as contract renewals, and forecast input costs. Such estimates may change as new information becomes available.

Cash flow projections are estimated for a period of up to 20 years, with a terminal value, recognising the long term nature of the assets. The pre-tax discount rates used are 7.75% p.a. (2019: 7.75% p.a.) for Energy Infrastructure assets and 7.75% p.a. (2019: 7.75% p.a.) for Asset Management.

For fully regulated assets, cash flows have been extrapolated on the basis of existing transportation contracts and government policy settings, and expected contract renewals with a resulting average annual growth rate of 0.3% p.a. (2019: 1.0% p.a.). These expected cash flows are factored into the regulated asset base and do not exceed management's expectations of the long-term average growth rate for the market in which the cash generating unit operates.

For non-regulated assets, APA Group has assumed no capacity expansion beyond installed and committed levels; utilisation of capacity is based on existing contracts and renewals, government policy settings and APA Group's expected market outcomes.

As contracts mature, given ongoing demand for capacity, it is assumed that the majority of the capacity is resold at similar pricing levels.

Asset Management cash flow projections reflect long term agreements with assumptions of renewal on similar terms and conditions based on management's expectations.

Orbost Gas Processing Plant

As part of the April 2020 market update, APA Group flagged that it was yet to complete the performance tests required for the Orbost Gas Processing Plant to meet commercial operations under the agreement with Cooper Energy. APA Group continues to work with Cooper Energy in reaching the plant nameplate capacity of 68 TJ/day.

The recoverable amount of the Orbost Gas Processing Plant has been assessed for impairment using a forward-looking discounted cash flow analysis, based on operating at levels up to nameplate capacity over its 25 year technical life from completion of commissioning.

The key estimates and assumptions used in the assessment of impairment include: a pre-tax discount rate of 7.75%; plant nameplate processing capacity 68 TJ/day; completed plant construction costs; future re-contracting revenues based on current option agreements; gas field reserve estimates; inflation; forecast operating and capital costs.

As at 30 June 2020 the estimated recoverable value of the plant is in excess of its carrying value of \$443.9 million.

The estimated recoverable value of the plant comprises of the value attributed to the Cooper Energy Sole gas processing agreements and in the order of \$90 million of value attributable to future, as yet, uncontracted revenues.

The assessment of the recoverable amount represents management's best estimates. Management will continue to assess the progress of the plant against these estimates. Sensitivity analysis of these estimates, holding all other assumptions constant, indicate that a future 15% reduction in the plant's nameplate capacity could result in a future impairment charge in the order of \$65 million; or a future 1% increase to the discount rate could result in a future impairment charge in the order of \$27 million.

14. Provisions

	2020 \$000	2019 \$000
Employee benefits	77,878	86,625
Other	11,758	8,216
Current	89,636	94,841
Employee benefits	60,082	33,672
Other	55,823	55,991
Non-current	115,905	89,663

notes to the consolidated financial statements. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Operating Assets and Liabilities

14. Provisions (continued)

	2020 \$000	2019 \$000
Employee benefits		
Incentives	21,204	33,126
Cash settled security-based payments	7,132	7,042
Leave balances	49,009	46,137
Termination benefits	533	320
Current	77,878	86,625
Cash settled security-based payments	8,414	9,695
Defined benefit liability (Note 16)	41,052	13,852
Leave balances	10,616	10,125
Non-current	60,082	33,672

A provision is recognised when there is a legal or constructive obligation as a result of a past event, it is probable that future economic benefits will be required to settle the obligation and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is probable that recovery will be received and the amount of the receivable can be measured reliably.

Provision is made for benefits accruing to employees in respect of wages and salaries, incentives, annual leave and long service leave when it is probable that settlement will be required. Provisions made in respect of employee benefits expected to be settled within 12 months, are recognised for employee services up to reporting date at the amounts expected to be paid when the liability is settled. Provisions made in respect of employee benefits which are not expected to be wholly settled within 12 months are measured as the present value of the estimated future cash outflows using a discount rate based on the corporate bond yield in respect of services provided by employees up to reporting date.

15. Other non-current assets

	2020 \$000	2019 \$000
Line pack gas	20,607	20,607
Gas held in storage	6,010	6,010
Defined benefit asset (Note 16)	2,534	4,057
Other assets	192	192
	29,343	30,866

16. Employee superannuation plans

All employees of APA Group are entitled to benefits on retirement, disability or death from an industry sponsored fund, or an alternative fund of their choice. APA Group has three plans with defined benefit sections (due to the acquisition of businesses) and a number of other plans with defined contribution sections. The defined benefit sections provide lump sum benefits upon retirement based on years of service. The defined contribution sections receive fixed contributions from APA Group and APA Group's legal and constructive obligations are limited to these amounts.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligations were determined at 30 June 2020. The present value of the defined benefit obligations, and the related current service cost and past service cost, were measured using the projected unit credit method.

The following sets out details in respect of the defined benefit plans only:

	2020 \$000	2019 \$000
Amounts recognised in the statement of profit or loss and other comprehensive income		
Current service cost	2,054	1,955
Net interest expense/(income)	294	(11)
Components of defined benefit costs recognised in profit or loss (Note 5)	2,348	1,944

notes to the consolidated financial statements. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Operating Assets and Liabilities

16. Employee superannuation plans (continued)

	2020 \$000	2019 \$000
Amounts recognised in the statement of financial position		
Fair value of plan assets	124,358	136,487
Present value of benefit obligation	(162,876)	(146,282)
Defined benefit asset – non-current (Note 15)	2,534	4,057
Defined benefit liability – non-current (Note 14)	(41,052)	(13,852)
Opening defined benefit obligation	146,282	133,959
Current service cost	2,054	1,955
Interest cost	4,329	5,312
Contributions from plan participants	669	744
Actuarial loss	21,914	15,837
Benefits paid	(11,905)	(11,044)
Administrative expenses, taxes and premiums paid	(467)	(481)
Closing defined benefit obligation	162,876	146,282
Movements in the present value of the plan assets in the current period were as follows:		
Opening fair value of plan assets	136,487	135,620
Interest income	4,035	5,323
Actual return on plan assets excluding interest income	(6,189)	4,420
Contributions from employer	1,728	1,905
Contributions from plan participants	669	744
Benefits paid	(11,905)	(11,044)
Administrative expenses, taxes and premiums paid	(467)	(481)
Closing fair value of plan assets	124,358	136,487

Defined contribution plans

Contributions to defined contribution plans are expensed when incurred.

Defined benefit plans

Actuarial gains and losses and the return on plan assets (excluding interest) are recognised immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement, comprising of actuarial gains and losses and the return on plan assets (excluding interest), is recognised in other comprehensive income and immediately reflected in retained earnings and will not be reclassified to profit or loss.

Past service cost is recognised in profit or loss in the period of a plan amendment.

The defined benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in APA Group's defined benefit plans. Any asset resulting from this calculation is limited to the present value of economic benefits available in the form of refunds and reductions in future contributions to the plan.

Key actuarial assumptions used in the determination of the defined benefit obligation is a discount rate of 3.0% gross of tax (2019: 3.1%), based on the corporate bond yield curve published by Milliman, an expected salary increase rate of 2.7% (2019: 3.0%), and pension indexation rate of 2.0% (2019 2.0%). The sensitivity analysis below has been determined based on reasonable possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

- If the discount rate is 50 basis points higher (lower), the defined benefit obligation would decrease by \$9,627,000 (increase by \$10,818,000).
- If the expected salary growth increases (decreases) by 0.5%, the defined benefit obligation would increase by \$1,875,000 (decrease by \$1,766,000).
- If the expected pension indexation rate increases (decreases) by 0.5%, the defined benefit obligation would increase by \$8,586,000 (decrease by \$7,776,000).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation to one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

APA Group expects to pay \$3.4 million in contributions to the defined benefit plans during the year ending 30 June 2021.

notes to the consolidated financial statements. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Operating Assets and Liabilities

17. Leases

APA Group as a lessee

The APA Group lease obligations are primarily related to commercial office leases and motor vehicles.

	2020 \$'000
Lease Liability	
Not longer than 1 year	15,808
Longer than 1 year but not longer than 5 years	42,671
Longer than 5 years	22,475
Minimum future lease payments	80,954
Less: Future finance cost	11,077
Present value of the future lease payments	69,877
Current lease liability	13,544
Non-current lease liability	56,333
	69,877

APA Group adopted AASB 16 'Leases' using the modified retrospective approach as such there is no restatement of the comparative information.

APA Group has no material short-term leases, lease for low-value assets or variable lease payments.

At inception of a contract, APA Group assesses whether a lease has been entered into if:

- The contract involves the use of an identified asset – the asset may be explicitly or implicitly specified in the contract. Capacity portions of larger assets would be considered an identified asset if the portion is physically distinct or if the portion represents substantially all of the capacity of the asset. An asset is not considered an identified asset if the supplier has the substantive right to substitute the asset throughout the period of use;
- APA Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- APA Group has the right to direct the use of the asset throughout the period of use. APA Group considers itself to have the right to direct the use of the asset only if either:
 - i) APA Group has the right to direct how and for what purpose the identified asset is used throughout the period of use; or
 - ii) The relevant decisions about how and for what purposes the asset is used are predetermined and APA Group has the right to operate the asset, or APA Group designed the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use.

Where APA Group has determined that a lease exists, a right-of-use asset (disclosed in Note 11) and a corresponding lease liability is recognised at the commencement date of the lease for all leases other than short-term or low-value asset leases.

The lease liability is initially measured at the present value of future lease payments at the commencement date, comprising the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date (e.g. payments which vary due to changes in CPI, or commodity prices);
- amounts expected to be payable by the lessee under residual value guarantees, purchase options and termination penalties (where relevant); and
- Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

To calculate the present value, the future lease payments are discounted using the interest rate implicit in the lease ("IRIL"), if the rate is readily determinable. If the IRIL cannot be readily determined, the incremental borrowing rate ("IBR") at the commencement date is used. The IBR is calculated based on the prevailing swap rate for a tenor that closely aligns with the term of the lease and then adjusted for APA Group credit spreads in a currency that matches the currency of the liability.

Subsequently, the lease liability is measured in a manner similar to other financial liabilities, at amortised cost using the effective interest rate method. The liability is remeasured to reflect any reassessment of lease payments or lease modifications, or to reflect revised in-substance fixed lease payments.

Variable payments other than those included in the measurement of the lease liability above (i.e. those not based on an index or rate) are recognised in the statement of profit or loss in the period in which the event or condition that triggers those payments occur.

Short term leases (i.e. where the lease term is less than 12 months) and low-value asset leases are recognised as an expense in the statement of profit or loss on a straight-line basis.

Total cash outflow for leases amounted to \$16.1 million, excluding payments for short term leases, low-value asset leases and variable payments leases.

notes to the consolidated financial statements. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Operating Assets and Liabilities

17. Leases (continued)

APA Group as a lessor

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to the ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Finance lease receivables relate to the lease of a metering station, natural gas vehicle refuelling facilities and two pipeline laterals.

	2020 \$000	2019 \$000
Finance lease receivables		
Not longer than 1 year	2,232	2,411
Longer than 1 year and not longer than 5 years	7,542	8,063
Longer than 5 years	9,410	11,121
Minimum future lease payments receivable^(a)	19,184	21,595
Less: unearned finance lease receivables	(6,379)	(7,555)
Present value of lease receivables	12,805	14,040
Included in the financial statements as part of:		
Current trade and other receivables (Note 9)	1,166	1,246
Non-current receivables (Note 9)	11,639	12,794
	12,805	14,040

a) Minimum future lease payments receivable include the aggregate of all lease payments receivable and any guaranteed residual.

APA Group does not have any operating leases where it is the lessor.

Amounts due from a lessee under finance leases are recorded as receivables. Finance lease receivables are initially recognised at amounts equal to the present value of the minimum lease payments receivable plus the present value of any unguaranteed residual value expected to accrue at the end of the lease term. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the leases.

Capital Management

APA Group's objectives when managing capital are to safeguard its ability to continue as a going concern whilst maximising the return to securityholders through the optimisation of the debt to equity structure.

APA Group's overall capital management strategy is to continue to target Baa2/BBB investment grade credit ratings through maintaining sufficient flexibility to fund organic growth and investment from internally generated and retained cash flows, debt funding and, where appropriate, additional equity.

The capital structure of APA Group consists of cash and cash equivalents, borrowings and equity attributable to securityholders of APA Group. APA Group's policy is to maintain balanced and diverse funding sources through borrowing locally and from overseas, using a variety of capital markets and bank loan facilities, to meet anticipated funding requirements. This funding plus operating cash flows are used to maintain and expand APA Group's assets, make distributions to securityholders, repay maturing debt and meet anticipated funding requirements.

Controlled entities are subject to externally imposed capital requirements. These relate to the Australian Financial Services Licence held by Australian Pipeline Limited, the Responsible Entity of APA Group, and were adhered to for the entirety of the 2020 and 2019 periods.

APA Group's capital management strategy remains unchanged from the previous year.

APA Group's Board of Directors reviews the capital structure on a regular basis. As part of the review, the Board considers the cost of capital and the state of the markets. APA Group's Funds From Operations to Net Debt exceed the minimum threshold levels that Moody's and Standard & Poor's ("S&P") consider appropriate for APA Group's Baa2/BBB credit ratings. Funds From Operations to Net Debt is a leverage metric that measures cash flows generated by the business that are available to service debt (note: each rating agency calculates credit metrics slightly differently using their own proprietary methods). The ability to service debt and therefore creditworthiness, improves as the percentage of Funds From Operations to Net Debt increases (and vice versa). APA Group balances its overall capital structure through equity issuance, new debt or the redemption of existing debt and through a disciplined distribution payment policy.

notes to the consolidated financial statements. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Capital Management

18. Net debt

Cash and cash equivalents comprise of cash on hand, at call bank deposits and investments in money market instruments that are readily convertible to known amounts for cash. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows are reconciled to the related items in the statement of financial position detailed in the table below.

Borrowings are recorded initially at fair value less attributable transaction costs and subsequently stated at amortised cost. Any difference between the initial recognised cost and the redemption value is recognised in the statement of profit or loss and other comprehensive income over the period of the borrowing using the effective interest method.

	2020 \$000	2019 \$000
Cash at bank and on hand	502,765	354,703
Short-term deposits	670,006	244
Cash and cash equivalents	1,172,771	354,947
Guaranteed senior notes ^(a)	(299,954)	(433,550)
Other financial liabilities	(10,659)	(10,952)
Current borrowings	(310,613)	(444,502)
Guaranteed senior notes ^(a)	(10,591,648)	(9,841,174)
Other financial liabilities	(55,585)	(65,379)
Less: unamortised borrowing costs	39,851	40,740
Non-current borrowings	(10,607,382)	(9,865,813)
Total borrowings	(10,917,995)	(10,310,315)
Current lease liabilities	(13,544)	—
Non-current lease liabilities	(56,333)	—
Total lease liabilities	(69,877)	—
Net debt	(9,815,101)	(9,955,368)

a) Represents USD denominated private placement notes of US\$124 million, JPY MTN of ¥10,000 million, GBP MTN of £1,350 million, EUR MTN of €1,950 million and USD denominated 144a notes of US\$3,000 million measured at the exchange rate at reporting date, and A\$143 million of AUD denominated private placement notes and AUD MTN of A\$500 million (2019: Includes USD denominated private placement notes of US\$75 million and CAD MTN of C\$300 million). Refer to Note 19 for details of interest rates and maturity profiles.

Reconciliation of net debt

	Cash and cash equivalents \$000	Borrowings due within 1 year \$000	Borrowings due after 1 year \$000	Lease Liabilities \$000	Net debt \$000
Net debt as at 1 July 2018	100,643	(329,219)	(9,321,377)	—	(9,549,953)
Cash movements	254,360	325,854	(819,706)	—	(239,492)
Foreign exchange movements due to fair value changes	(56)	(41,699)	(122,836)	—	(164,591)
Transfer from due after 1 year to due within 1 year	—	(399,438)	399,438	—	—
Amortisation of deferred borrowing costs	—	—	(1,332)	—	(1,332)
Net debt as at 30 June 2019	354,947	(444,502)	(9,865,813)	—	(9,955,368)
Transition at adoption of AASB 16 ^(a)	—	—	—	(74,565)	(74,565)
Net debt as at 1 July 2019	354,947	(444,502)	(9,865,813)	(74,565)	(10,029,933)
Cash movements	817,776	398,836	(1,017,812)	13,482	212,282
Non cash changes – leases	—	—	—	(8,794)	(8,794)
Foreign exchange movements due to fair value changes	48	45,666	(33,527)	—	12,187
Transfer from due after 1 year to due within 1 year	—	(310,613)	310,659	—	46
Amortisation of deferred borrowing costs	—	—	(889)	—	(889)
Net debt as at 30 June 2020	1,172,771	(310,613)	(10,607,382)	(69,877)	(9,815,101)

a) APA Group adopted AASB 16 'Leases' using the modified retrospective approach as such there is no restatement of the comparative information.

notes to the consolidated financial statements. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Capital Management

18. Net debt (continued)

	2020 \$000	2019 \$000
Financing facilities available		
Total facilities		
Guaranteed senior notes ^(a)	10,891,602	10,274,724
Bank borrowings ^(b)	1,300,000	1,550,000
	12,191,602	11,824,724
Facilities used at balance date		
Guaranteed senior notes ^(a)	10,891,602	10,274,724
Bank borrowings ^(b)	—	—
	10,891,602	10,274,724
Facilities unused at balance date		
Guaranteed senior notes ^(a)	—	—
Bank borrowings ^(b)	1,300,000	1,550,000
	1,300,000	1,550,000

a) Represents USD denominated private placement notes of US\$124 million, JPY MTN of ¥10,000 million, GBP MTN of £1,350 million, EUR MTN of €1,950 million and USD denominated 144a notes of US\$3,000 million measured at the exchange rate at reporting date, and A\$143 million of AUD denominated private placement notes and AUD MTN of A\$500 million (2019: Includes USD denominated private placement notes of US\$75 million and CAD MTN of C\$300 million). Refer to Note 19 for details of interest rates and maturity profiles.

b) Refer to Note 19 for details of interest rates and maturity profiles.

19. Financial risk management

APA Group's corporate Treasury department is responsible for the overall management of APA Group's capital raising activities, liquidity, lender relationships and engagement, debt portfolio management, interest rate and foreign exchange hedging, credit rating maintenance and third party indemnities (bank guarantees) within risk management parameters approved by the Audit and Risk Committee ("ARMC") and reviewed by the Board.

APA Group's activities generate financial instruments comprising of cash, receivables, payables and interest bearing liabilities which expose it to various risks as summarised below:

- a) Market risk including currency risk, interest rate risk and price risk;
- b) Credit risk; and
- c) Liquidity risk.

Risk	Sources	Financial exposure	Risk management framework
Market	Commercial transactions in foreign currency and funding activities	Refer to market risk section.	The ARMC approves written principles for overall risk management, as well as policies covering specific areas such as liquidity risk, funding risk, foreign currency risk, interest rate risk and credit risk. APA Group's ARMC ensures there is an appropriate Risk Management Policy for the management of treasury risk and compliance with the policy through the review of monthly reporting to the Board from the Treasury department.
Credit	Cash, receivables, interest bearing liabilities and hedging	The carrying amount of financial assets recorded in the financial statements, net of any collateral held or bank guarantees held by the Group, represents APA Group's maximum exposure to credit risk in relation to those assets.	
Liquidity	Ongoing business operations, financial market disruptions and new investment opportunities	A detailed table shows APA Group's remaining contractual maturities for its non-derivative financial liabilities at the end of this section.	

notes to the consolidated financial statements. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Capital Management

19. Financial risk management (continued)

a) Market risk

APA Group's market risk exposure is primarily due to changes in market prices such as interest and foreign exchange rates. APA Group is also exposed to price risk arising from its forward purchase contracts over listed equities and electricity price risk arising from an electricity contract for difference. The table below summarises these risks by nature of exposure and provides information about the risk mitigation strategies being applied:

Nature	Sources of financial exposure	Risk management strategy
Foreign exchange	APA Group's foreign exchange risk arises from future commercial transactions (including revenue, interest payments and principal debt repayments on long-term borrowings and the purchases of capital equipment).	Exchange rate exposures are managed within approved policy parameters utilising foreign currency FECs, cross currency swap contracts ("CCIRS") and foreign currency denominated borrowings. All foreign currency exposure was managed in accordance with the Treasury Risk Management Policy, including: — FECs to hedge the exchange rate risk arising from foreign currency cash flows, mainly US dollars, derived from revenues, interest payments and capital equipment purchases; — CCIRS to manage the currency risk associated with foreign currency denominated borrowings; and — Foreign currency denominated borrowings to manage the currency risk associated with foreign currency denominated revenue and receivables.
Interest rate	APA Group's interest rate risk is derived predominately from borrowings subject to floating interest rates.	This risk is managed by APA Group by maintaining an appropriate mix between fixed and floating rate borrowings, through the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined policy, ensuring appropriate hedging strategies are applied.
Equity price and electricity price	APA Group is exposed to price risk arising from its forward purchase contracts over listed equities and electricity price risk arising from a contract for difference in an electricity sales agreement with a customer.	The equity price risk is managed by forward purchase contracts held to meet hedging objectives rather than for trading purposes. APA Group does not actively trade these holdings. Electricity price risk is managed with power purchase agreements with creditworthy counterparties. The key assumptions of the commercial contract for difference are provided in the fair value of financial instrument section.

There has been no change to the nature of the market risks to which APA Group is exposed or the manner in which these risks are managed and measured.

Foreign currency risk

Foreign currency forward exchange contracts

To manage foreign exchange risk arising from future commercial transactions such as forecast capital purchases, revenue and interest payments, APA Group uses FECs. Gains and losses recognised in the cash flow hedge reserve (statement of comprehensive income) on these derivatives will be released to profit or loss when the underlying anticipated transaction affects the statement of profit or loss or will be included in the carrying value of the asset or liability acquired.

The carrying amount of APA Group's foreign currency denominated monetary assets, monetary liabilities and derivative notional amounts at the reporting date is as follows (converted to AUD at the spot rate at reporting date):

	Cash & cash equivalents \$000	Total borrowings \$000	Cross currency swaps \$000	Forward exchange contract \$000	Net foreign currency position \$000
2020					
US Dollar (USD) ^(a)	2,934	(4,530,162)	224,601	(589,300)	(4,891,927)
Japanese Yen (JPY)	—	(134,338)	134,338	—	—
British Pound (GBP)	—	(2,423,481)	2,423,481	127	127
Euro (EUR)	—	(3,174,688)	3,174,688	3,162	3,162
Swedish Krona (SEK)	—	—	—	25,575	25,575
	2,934	(10,262,669)	5,957,108	(560,436)	(4,863,063)

a) The net foreign currency position (comprising USD denominated borrowings and FECs) are used to manage foreign currency risk associated with USD revenue and receivables.

notes to the consolidated financial statements. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Capital Management

19. Financial risk management (continued)

a) Market risk (continued)

Foreign currency forward exchange contracts (continued)

	Cash & cash equivalents \$000	Total borrowings \$000	Cross currency swaps \$000	Forward exchange contract \$000	Net foreign currency position \$000
2019					
US Dollar (USD) ^(a)	12,458	(4,558,603)	327,588	(955,218)	(5,173,775)
Japanese Yen (JPY)	—	(132,196)	132,196	—	—
Canadian Dollar (CAD)	—	(326,675)	326,675	—	—
British Pound (GBP)	—	(2,442,600)	2,442,600	262	262
Euro (EUR)	—	(2,187,895)	2,187,895	2,956	2,956
Swedish Krona (SEK)	—	—	—	36,690	36,690
	12,458	(9,647,969)	5,416,954	(915,310)	(5,133,867)

a) The net foreign currency position (comprising USD denominated borrowings and FECs) are used to manage foreign currency risk associated with USD revenue and receivables.

It is the policy of APA Group to hedge 100% of all foreign exchange exposures in excess of US\$1 million equivalent that are certain. Forecast foreign currency denominated revenues and interest payments will be hedged by FECs on a rolling basis with the objective being to lock in the AUD gross cash flows and manage liquidity.

For the hedges of highly probable forecast sales and purchases, as the critical terms (i.e. the notional amount, life and underlying currency) of the FECs and their corresponding hedged items are the same, APA Group performs a qualitative assessment of effectiveness and it is expected that the value of the FECs and the value of the corresponding hedged items will systematically change in opposite directions in response to movements in the underlying exchange rates.

The main source of hedge ineffectiveness in these hedging relationships is the effect of the counterparty and APA Group's own credit risk on the fair value of the FECs, which is not reflected in the fair value of the hedged item attributable to changes in foreign exchange rates. The effect of credit risk does not dominate the value changes that result from that economic relationship.

The following table details the FECs outstanding at reporting date:

Cash flow hedges

	Average contract rate \$	Contract Value			Fair value \$000
		< 1 year \$000	1 – 2 years \$000	2 – 5 years \$000	
2020					
Forecast revenue and associated receivable					
Sell USD	0.7162	318,735	253,313	—	(22,284)
Forecast capital purchases					
Buy USD	0.6500	(4,991)	(42)	(84)	(295)
Buy EUR	0.5974	(2,755)	(496)	—	(71)
Buy SEK	5.7959	(24,697)	(3,683)	—	(2,718)
Buy GBP	0.5259	(135)	—	—	(8)
		286,157	249,092	(84)	(25,376)
2019					
Forecast revenue and associated receivable					
Sell USD	0.7169	319,697	364,587	253,313	(11,874)
Forecast capital purchases					
Buy USD	0.7124	(2,594)	—	—	35
Buy EUR	0.6018	(942)	(1,522)	(567)	(1)
Buy SEK	5.7712	(7,217)	(30,528)	(3,684)	(3,818)
Buy GBP	0.5431	(267)	—	—	(5)
		308,677	332,537	249,062	(15,663)

As at the reporting date, APA Group has entered into FECs to hedge the foreign currency exposure arising from anticipated future transactions, which are designated in cash flow hedge relationships. The hedged anticipated transactions are expected to occur at various dates between one month to two years from reporting date.

notes to the consolidated financial statements. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Capital Management

19. Financial risk management (continued)

a) Market risk (continued)

Cross currency swap contracts

APA Group enters into cross currency swap contracts to mitigate the risk of adverse movements in foreign exchange rates in relation to principal and interest payments arising from foreign currency borrowings. APA Group receives fixed amounts in the various foreign currencies and pays fixed interest rates for the full term of the underlying borrowings. In certain circumstances borrowings are retained in the foreign currency, or hedged from one foreign currency to another to match payments of interest and principal against expected future business cash flows in that foreign currency.

The following table details the cross currency swap contract principal payments due as at the reporting date:

Cash flow hedges	Foreign currency	Exchange rate \$	Less than 1 year \$000	1 – 2 years \$000	2 – 5 years \$000	More than 5 years \$000
2020						
Pay AUD / receive foreign currency						
2007 USPP Notes	AUD/USD	0.8068	—	(153,694)	—	—
2012 US144A	AUD/USD	1.0198	—	—	(735,438)	—
2012 GBP Medium Term Notes	AUD/GBP	0.6530	—	—	(535,988)	—
2015 EUR Medium Term Notes	AUD/EUR	0.6183	—	(1,132,141)	—	—
2017 US144A	AUD/USD	0.7668	—	—	—	(1,108,503)
2019 GBP Medium Term Notes	AUD/GBP	0.5388	—	—	—	(742,390)
2019 JPY Medium Term Notes	AUD/JPY	75.2220	—	—	—	(132,940)
2020 EUR Medium Term Notes	AUD/EUR	0.5895	—	—	—	(1,017,812)
Pay USD / receive foreign currency						
2015 EUR Medium Term Notes	USD/EUR	0.9514	—	—	—	(990,741)
2015 GBP Medium Term Notes	USD/GBP	0.6773	—	—	—	(1,284,658)
			—	(1,285,835)	(1,271,426)	(5,277,044)
2019						
Pay AUD / receive foreign currency						
2007 USPP Notes	AUD/USD	0.8068	—	—	(153,694)	—
2009 USPP Notes	AUD/USD	0.7576	(98,997)	—	—	—
2012 CAD Medium Term Notes	AUD/CAD	1.0363	(289,494)	—	—	—
2012 US144A	AUD/USD	1.0198	—	—	(735,438)	—
2012 GBP Medium Term Notes	AUD/GBP	0.6530	—	—	—	(535,988)
2015 EUR Medium Term Notes	AUD/EUR	0.6183	—	—	(1,132,141)	—
2017 US144A	AUD/USD	0.7668	—	—	—	(1,108,503)
2019 GBP Medium Term Notes	AUD/GBP	0.5388	—	—	—	(742,390)
2019 JPY Medium Term Notes	AUD/JPY	75.2220	—	—	—	(132,940)
Pay USD / receive foreign currency						
2015 EUR Medium Term Notes	USD/EUR	0.9514	—	—	—	(973,587)
2015 GBP Medium Term Notes	USD/GBP	0.6773	—	—	—	(1,262,415)
			(388,491)	—	(2,021,273)	(4,755,823)

Foreign currency denominated borrowings

APA Group maintains a level of borrowings in foreign currency, or swapped from one foreign currency to another to match payments of interest and principal against expected future business cash flows in that foreign currency. This mitigates the risk of movements in foreign exchange rates in relation to principal and interest payments arising from these foreign currency borrowings as well as future revenues.

notes to the consolidated financial statements. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Capital Management

19. Financial risk management (continued)

a) Market risk (continued)

Foreign currency sensitivity analysis

The analysis below shows the effect on profit and total equity of retranslating cash, receivables, payables and interest-bearing liabilities denominated in USD, JPY, CAD, GBP, EUR and SEK into AUD, had the rates been 20 percent higher or lower than the relevant year end rate, with all other variables held constant, and taking into account all underlying exposures and related hedges. A sensitivity of 20 percent has been selected and represents management's assessment of the possible change in rates taking into account the current level of exchange rates and the volatility observed both on an historical basis and on market expectations for possible future movements.

- There would be no impact on net profit as all foreign currency exposures are fully hedged (2019: nil); and
- Equity reserves would decrease by \$1,229.6 million with a 20 percent depreciation of the A\$ or increase by \$820.1 million with a 20 percent increase in foreign exchange rates (2019: decrease by \$1,296.4 million or increase by \$864.7 million respectively).

Interest rate risk

APA Group's interest rate risk is derived predominately from borrowings subject to floating interest rates. This risk is managed by APA Group maintaining an appropriate mix between fixed and floating rate borrowings, through the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined policy, ensuring appropriate hedging strategies are applied.

APA Group's exposures to interest rate risk on financial liabilities are detailed in the liquidity risk management section of this note. Exposure to financial assets is limited to cash and cash equivalents amounting to \$1,172.8 million as at 30 June 2020 (2019: \$354.9 million).

Cross currency swap and interest rate swap contracts

Cross currency swap and interest rate swap contracts have the economic effect of converting borrowings from floating to fixed rates and/or fixed rate foreign currency to fixed or floating AUD rates on agreed notional principal amounts enabling APA Group to mitigate the risk of cash flow exposures on variable rate debt held. The fair value of cross currency swap and interest rate swap contracts at the reporting date is determined by discounting the future cash flows using the yield curves at reporting date. The average interest rate is based on the drawn debt balances at the end of the financial year.

There is an economic relationship between the hedged item and the hedging instrument. Based on APA Group's qualitative assessment of effectiveness, it is expected that the value of the interest rate swap contracts and the value of the corresponding hedged items will systematically change in opposite directions in response to movements in the underlying interest rates. The main source of hedge ineffectiveness in these hedge relationships is the effect of the counterparty and APA Group's own credit risk on the fair value of the cross currency swap and interest rate swap contracts, which is not reflected in the fair value of the hedged item attributable to the change in interest rates and difference in timing of the future cash flows. The effect of credit risk does not dominate the value changes that result from that economic relationship.

The following table details the notional principal amounts and remaining terms of the cross currency swap contracts outstanding as at the end of the financial year:

	Weighted average interest rate		Notional principal amount		Fair value	
	2020 % p.a.	2019 % p.a.	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Cash flow hedges – Pay fixed AUD interest – receive floating AUD or fixed foreign currency						
Less than 1 year	—	5.42	—	388,491	—	44,604
1 year to 2 years	4.65	—	1,285,835	—	(7,622)	—
2 years to 5 years ^(a)	4.03	4.37	1,271,426	2,021,273	382,490	260,645
5 years and more ^(a)	3.66	4.08	5,277,044	4,755,823	(354,157)	(133,801)
			7,834,305	7,165,587	20,711	171,448

a) This amount includes a notional amount of USD 1.6 billion (2019: USD 1.6 billion) which is subject to USD interest rate risk.

The cross currency swap and interest rate swap contracts settle on a quarterly or semi-annual basis. The floating rate benchmark on the interest rate swaps is Australian BBSW. APA Group will settle the difference between the fixed and floating interest rate on a net basis.

All cross currency swap and interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce APA Group's cash flow exposure on borrowings.

notes to the consolidated financial statements. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Capital Management

19. Financial risk management (continued)

a) Market risk (continued)

The following tables detail before tax information of APA Group (excluding share of hedge reserves of associates) regarding derivative financial instruments outstanding at the end of the reporting period, their related hedged items and the effectiveness of the hedging relationships.

	Fair value of hedge instrument		Fair value of hedge item		Reserve balance	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Foreign exchange risk						
Hedging foreign currency borrowings (cross currency swap)	20,711	171,448	(5,088)	(169,821)	633,540	533,795
Hedging revenue and associated receivables (foreign currency borrowings)	(253,287)	(218,137)	253,287	218,137	253,287	218,137
Hedging revenue and associated receivables (FECs)	(22,284)	(11,873)	22,326	11,889	21,253	11,873
Hedging capital purchases (FECs)	(3,092)	(3,790)	3,092	3,800	3,092	3,756
	(257,952)	(62,352)	273,617	64,005	911,172	767,561

	Hedge ineffectiveness gain / (loss)		Balance relating to discontinued cash flow hedges	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Foreign exchange risk				
Hedging foreign currency borrowings (cross currency swap)	(417)	1,033	17,906	28,217
Hedging capital purchases (FECs)	—	(34)	—	—
	(417)	999	17,906	28,217

Interest rate risk

Hedging US\$ denominated borrowings (interest rate swap)	—	—	46,289	52,912
	—	—	46,289	52,912

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments held. A 100 basis point increase or decrease is used and represents management's assessment of the greatest possible change in interest rates over the short term. At reporting date, if interest rates had been 100 basis points higher or lower and all other variables were held constant, APA Group's equity reserves would increase by \$15,776,000 with a 100 basis point decrease in interest rates or increase by \$4,528,000 with a 100 basis point increase in interest rates (2019: increase by \$54,170,000 or decrease by \$35,640,000 respectively). This is due to the changes in the fair value of derivative interest instruments.

APA Group's profit sensitivity to interest rates remains unchanged during the current year as APA Group has no unhedged floating rate borrowings outstanding at the end of the financial year. The increase/decrease in equity reserves is based on 1.00% p.a. increase/decrease in the yield curve at the reporting date.

Price risk – equity price

APA Group is exposed to price risk arising from its forward purchase contracts over listed equities. The forward purchase contracts are held to meet hedging objectives rather than for trading purposes. APA Group does not actively trade these holdings.

Price risk – electricity price

APA Group is exposed to electricity price risk arising from a contract for difference in an electricity sales agreement with a customer. The contract guarantees the Group a fixed price for electricity offtake. The key assumptions of the contract for difference are provided in the fair value of financial instrument section.

notes to the consolidated financial statements. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Capital Management

19. Financial risk management (continued)

b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to APA Group.

Credit risk management

APA Group has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or bank guarantees where appropriate as a means of mitigating the risk of loss. For financial investments or market risk hedging, APA Group's policy is to only transact with counterparties that have a credit rating of A- (S&P)/A3 (Moody's) or higher unless specifically approved by the Board. Where a counterparty's rating falls below this threshold following a transaction, no other transactions can be executed with that counterparty until the exposure is sufficiently reduced or their credit rating is upgraded above APA Group's minimum threshold. APA Group's exposure to financial instrument and deposit credit risk is closely monitored against counterparty credit limits imposed by the Treasury Risk Management Policy approved by the ARMC. These limits are regularly reviewed by the Board.

Overview of APA Group's exposure to credit risk

In order to minimise credit risk, APA Group categorised exposures according to their degree of risk of default. APA Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

APA Group's current credit risk grading framework comprises the following categories:

- Performing – the counterparty has a low risk of default and does not have any past-due amounts;
- Doubtful – amount is >30 days past due or there has been a significant increase in credit risk since initial recognition; and
- Write-off – there is evidence indicating that the debtor is in severe financial difficulty and APA Group has no realistic prospect of recovery.

The table below details the credit quality of APA Group's financial assets.

2020	External credit rating	Internal credit rating	ECL method ^(a)
Cash and cash equivalents and cash on deposit	A- (S&P)/A3 (Moody's) or higher	Performing	12 month ECL
Trade receivables	N/A	— ^(b)	Lifetime ECL (simplified approach)
Finance lease receivables	N/A	— ^(b)	Lifetime ECL (simplified approach)
Contract assets	N/A	— ^(b)	Lifetime ECL (simplified approach)
Loans advanced to related parties	N/A	Performing	12 month ECL
Redeemable preference shares (GDI)	N/A	Performing	12 month ECL

a) Lifetime ECL represents the expected credit losses ("ECL") that will result from possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

b) For trade receivables, finance lease receivables and contract assets, APA Group has applied the simplified approach in AASB 9 to measure the loss allowance at lifetime ECL. APA Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Note 9 includes further details on the loss allowance for these assets respectively if any.

There is no material ECL for any of the financial assets listed in the table above.

Cross guarantee

In accordance with a deed of cross guarantee, APT Pipelines Limited, a subsidiary of APA Group, has agreed to provide financial support, when and as required, to all wholly-owned controlled entities with either a deficit in shareholders' funds or an excess of current liabilities over current assets. The fair value of the financial guarantee as at 30 June 2020 has been determined to be immaterial and no liability has been recorded (2019: \$nil).

c) Liquidity risk

APA Group has a policy of dealing with liquidity risk which requires an appropriate liquidity risk management framework for the management of APA Group's short, medium and long-term funding and liquidity management requirements. Liquidity risk is managed by maintaining adequate cash reserves and banking facilities, by monitoring and forecasting cash flow and where possible, by arranging liabilities with longer maturities to more closely match the underlying assets of APA Group.

Detailed in the table following are APA Group's remaining contractual maturities for its non-derivative financial liabilities. The table is presented based on the undiscounted cash flows of financial liabilities taking account of the earliest date on which APA Group can be required to pay. The table includes both interest and principal cash flows.

notes to the consolidated financial statements. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Capital Management

19. Financial risk management (continued)

c) Liquidity risk (continued)

The table below shows the undiscounted Australian dollar cash flows associated with the AUD and foreign currency denominated notes, cross currency swaps and fixed interest rate swaps in aggregate.

2020	Maturity	Average interest rate % p.a.	Less than 1 year \$000	1 – 5 years \$000	More than 5 years \$000
Unsecured financial liabilities					
Trade and other payables		—	308,764	—	—
Unsecured bank borrowings ^(a)		—	—	—	—
Denominated in A\$					
Other financial liabilities		—	3,610	10,924	3,634
Denominated in US\$					
Other financial liabilities ^(b)		—	8,473	27,355	18,900
Guaranteed Senior Notes^(c)					
Denominated in A\$					
2007 Series G	15 May 22	7.45	6,002	86,584	—
2007 Series H	15 May 22	7.45	4,617	66,603	—
2010 AUD Medium Term Notes	22 Jul 20	7.75	311,625	—	—
2016 AUD Medium Term Notes	20 Oct 23	3.75	7,500	218,750	—
Denominated in US\$					
2007 Series F	15 May 22	6.14	11,354	165,079	—
2012 US 144A	11 Oct 22	3.88	48,854	809,057	—
2015 US 144A ^(b)	23 Mar 25	4.20	66,995	1,863,295	—
2015 US 144A ^(b)	23 Mar 35	5.00	21,752	87,007	652,794
2017 US 144A	15 Jul 27	4.25	58,812	234,765	1,254,891
Denominated in stated foreign currency					
2012 GBP Medium Term Notes	26 Nov 24	4.25	39,459	674,363	—
2015 GBP Medium Term Notes ^(b)	22 Mar 30	3.50	57,606	230,528	1,572,792
2015 EUR Medium Term Notes	22 Mar 22	1.38	50,290	1,182,555	—
2015 EUR Medium Term Notes ^(b)	22 Mar 27	2.00	43,548	174,190	1,077,836
2019 GBP Medium Term Notes	18 Jul 31	3.13	33,595	135,026	961,033
2019 JPY Medium Term Notes	13 Jun 34	1.03	5,622	22,471	183,566
2020 EUR Medium Term Notes	15 Jul 30	2.00	28,025	157,479	1,234,143
			1,116,503	6,146,031	6,959,589

a) Bank facilities mature or expire on 19 December 2020 (\$100 million limit), 16 May 2022 (\$50 million limit), 18 July 2022 (\$150 million limit), 30 June 2023 (\$500 million limit) and 31 December 2023 (\$500 million limit).

b) Facilities are denominated in or fully swapped by way of cross currency swap into US\$. Cashflows represent the US\$ cashflow translated at the USD/AUD spot rate as at 30 June 2020. These amounts are fully hedged by FECs or future US\$ revenues.

c) Rates shown are the coupon rate in the currency of issuance.

notes to the consolidated financial statements. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Capital Management

19. Financial risk management (continued)

c) Liquidity risk (continued)

2019	Maturity	Average interest rate % p.a.	Less than 1 year \$'000	1 – 5 years \$'000	More than 5 years \$'000
Unsecured financial liabilities					
Trade and other payables		—	302,082	—	—
Unsecured bank borrowings ^(a)		—	—	—	—
Denominated in A\$					
Other financial liabilities		—	4,285	12,207	5,961
Denominated in US\$					
Other financial liabilities ^(b)		—	8,327	29,023	24,757
Guaranteed Senior Notes^(c)					
Denominated in A\$					
2007 Series G	15 May 22	7.45	6,002	92,586	—
2007 Series H	15 May 22	7.45	4,617	71,220	—
2010 AUD Medium Term Notes	22 Jul 20	7.75	23,250	311,625	—
2016 AUD Medium Term Notes	20 Oct 23	3.75	7,500	226,250	—
Denominated in US\$					
2007 Series F	15 May 22	6.14	11,354	176,433	—
2009 Series B	1 Jul 19	8.86	104,797	—	—
2012 US 144A	11 Oct 22	3.88	49,661	857,911	—
2015 US 144A ^(b)	23 Mar 25	4.20	65,835	263,342	1,633,528
2015 US 144A ^(b)	23 Mar 35	5.00	21,375	85,501	662,867
2017 US 144A	15 Jul 27	4.25	58,715	234,894	1,313,477
Denominated in stated foreign currency					
2012 CAD Medium Term Notes	24 Jul 19	4.25	299,179	—	—
2012 GBP Medium Term Notes	26 Nov 24	4.25	39,351	158,159	555,663
2015 GBP Medium Term Notes ^(b)	22 Mar 30	3.50	56,713	226,539	1,602,172
2015 EUR Medium Term Notes	22 Mar 22	1.38	35,077	67,183	—
2015 EUR Medium Term Notes ^(b)	22 Mar 27	2.00	42,794	171,174	1,101,968
2019 GBP Medium Term Notes	18 Jul 31	3.13	28,519	134,564	995,090
2019 JPY Medium Term Notes	13 Jun 34	1.03	5,668	22,471	189,188
			1,175,101	3,141,082	8,084,671

a) Bank facilities mature or expire on 19 December 2019 (\$100 million limit), 18 May 2020 (\$150 million limit), 19 December 2020 (\$100 million limit), 16 May 2022 (\$50 million limit), 18 July 2022 (\$150 million limit), 30 June 2023 (\$500 million limit) and 31 December 2023 (\$500 million limit).

b) Facilities are denominated in or fully swapped by way of cross currency swap into US\$. Cashflows represent the US\$ cashflow translated at the USD/AUD spot rate as at 30 June 2019. These amounts are fully hedged by FECs or future US\$ revenues.

c) Rates shown are the coupon rate in the currency of issuance.

Critical accounting judgements and key sources of estimation uncertainty – fair value of financial instruments

APA Group has financial instruments that are carried at fair value in the statement of financial position. The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, APA Group determines fair value by using various valuation models. The objective of using a valuation technique is to establish the price that would be received to sell an asset or paid to transfer a liability between market participants. The chosen valuation models make maximum use of market inputs and rely as little as possible on entity specific inputs. The fair values of all positions include assumptions made as to recoverability based on the counterparty's and APA Group's credit risk.

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

notes to the consolidated financial statements. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Capital Management

19. Financial risk management (continued)

c) Liquidity risk (continued)

Fair value measurements recognised in the statement of financial position (continued)

Transfers between levels of the fair value hierarchy occur at the end of the reporting period. There have been no transfers between the levels during 2020 (2019: none). Transfers between level 1 and level 2 are triggered when there are changes to the availability of quoted prices in active markets. Transfers into level 3 are triggered when the observable inputs become no longer observable, or vice versa for transfer out of level 3.

Fair value of the Group's financial assets and liabilities that are measured at fair value on a recurring basis

The fair values of financial assets and financial liabilities are measured at the end of each reporting period and determined as follows:

- the fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices. These instruments are classified in the fair value hierarchy at level 1;
- the fair values of FECs included in hedging assets and liabilities are calculated using discounted cash flow analysis based on observable forward exchange rates at the end of the reporting period and contract forward rates discounted at a rate that reflects the credit risk of the various counterparties. These instruments are classified in the fair value hierarchy at level 2;
- the fair values of interest rate swaps, cross currency swaps, equity forwards and other derivative instruments included in hedging assets and liabilities are calculated using discounted cash flow analysis using observable market inputs (yield curves, foreign exchange rates, equity prices and historical inflation indices) at the end of the reporting period and contract rates discounted at a rate that reflects the credit risk of the various counterparties. These instruments are classified in the fair value hierarchy at level 2;
- the fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current markets discounted at a rate that reflects the credit risk of the various counterparties. These instruments are classified in the fair value hierarchy at level 2;
- the fair value of financial guarantee contracts is determined based upon the probability of default by the specified counterparty extrapolated from market-based credit information and the amount of loss, given the default. These instruments are classified in the fair value hierarchy at level 2; and
- the carrying value of financial assets and liabilities recorded at amortised cost in the financial statements approximate their fair value having regard to the specific terms of the agreements underlying those assets and liabilities.

Contract for difference

The financial statements include a contract for difference arising from an electricity sales agreement with a customer that guarantees the Group a fixed price for electricity offtake for the agreed term which is measured at fair value. The fair value of the contract for difference is derived from internal discounted cash flow valuation methodology, which includes some assumptions that are not able to be supported by observable market prices or rates.

In determining the fair value, the following assumptions were used:

- estimated long term forecast electricity pool prices are applied as market prices are not readily observable for the corresponding term;
- forecast electricity volumes are estimated based on an internal forecast output model;
- the discount rates are based on observable market rates for risk-free instruments of the appropriate term;
- credit adjustments are applied to the discount rates to reflect the risk of default by either the Group or a specific counterparty. Where a counterparty specific credit curve is not observable, an estimated curve is applied which takes into consideration the credit rating of the counterparty and its industry; and
- these instruments are classified in the fair value hierarchy at level 3.

Changes in any of the aforementioned assumptions may be accompanied by changes in other assumptions which may have an offsetting impact.

Fair value hierarchy

	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
2020				
Financial assets measured at fair value				
Equity forwards designated as fair value through profit or loss	—	1,667	—	1,667
Cross currency interest rate swap contracts used for hedging	—	557,336	—	557,336
Foreign currency forward exchange contracts used for hedging	—	15,236	—	15,236
Contract for difference	—	—	10,508	10,508
	—	574,239	10,508	584,747
Financial liabilities measured at fair value				
Equity forwards designated as fair value through profit or loss	—	74	—	74
Cross currency interest rate swap contracts used for hedging	—	536,625	—	536,625
Foreign currency forward exchange contracts used for hedging	—	40,612	—	40,612
	—	577,311	—	577,311

notes to the consolidated financial statements. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Capital Management

19. Financial risk management (continued)

c) Liquidity risk (continued)

Fair value hierarchy (continued)

2019	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Financial assets measured at fair value				
Equity forwards designated as fair value through profit or loss	—	2,245	—	2,245
Cross currency interest rate swap contracts used for hedging	—	527,857	—	527,857
Foreign currency forward exchange contracts used for hedging	—	10,209	—	10,209
Contract for difference	—	—	2,144	2,144
	—	540,311	2,144	542,455

Financial liabilities measured at fair value

Cross currency interest rate swap contracts used for hedging	—	356,409	—	356,409
Foreign currency forward exchange contracts used for hedging	—	25,872	—	25,872
Contract for difference	—	—	402	402
	—	382,281	402	382,683

Reconciliation of Level 3 fair value measurements

	2020 \$000	2019 \$000
Opening balance	(1,742)	6,536
Revaluation	(9,288)	(3,708)
Settlement	522	(4,570)
Closing balance	(10,508)	(1,742)

Fair value measurements of financial instruments measured at amortised cost

The financial liabilities included in the following table are fixed rate borrowings. Other debts held by APA Group are floating rate borrowings and amortised cost as recorded in the financial statements approximate their fair values.

	Carrying amount		Fair value (level 2) ^(a)	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Financial liabilities				
Unsecured long term Private Placement Notes	322,353	426,115	351,357	460,583
Unsecured Australian Dollar Medium Term Notes	500,000	500,000	515,311	530,459
Unsecured Japanese Yen Medium Term Notes	134,338	132,196	136,838	134,944
Unsecured Canadian Dollar Medium Term Notes	—	326,675	—	327,014
Unsecured US Dollar 144A Medium Term Notes	4,350,348	4,275,027	4,821,607	4,489,354
Unsecured British Pound Medium Term Notes	2,423,481	2,442,600	2,620,897	2,602,390
Unsecured Euro Medium Term Notes	3,174,688	2,187,895	3,253,322	2,255,715
	10,905,208	10,290,508	11,699,332	10,800,459

a) The fair values have been determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current markets, discounted at a rate that reflects APA Group's credit risk. These instruments are classified in the fair value hierarchy at level 2.

notes to the consolidated financial statements. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Capital Management

20. Other financial instruments

	Assets		Liabilities	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Derivatives at fair value:				
Contract for difference	2,813	—	—	402
Equity forward contracts	1,336	1,513	—	—
Derivatives at fair value designated as hedging instruments:				
Cross currency interest rate swaps – cash flow hedges	18,343	61,664	159,305	141,860
Foreign exchange contracts – cash flow hedges	9,971	4,577	27,042	10,520
Financial item carried at amortised cost:				
Redeemable preference share interest	285	285	—	—
Current	32,748	68,039	186,347	152,782
Derivatives at fair value:				
Contract for difference	7,695	2,144	—	—
Equity forward contracts	331	732	74	—
Indexed revenue contracts	—	—	8,090	3,459
Derivatives at fair value designated as hedging instruments:				
Cross currency interest rate swaps – cash flow hedges	557,336	483,253	405,904	245,892
Foreign exchange contracts – cash flow hedges	5,265	5,632	13,570	15,352
Financial items carried at amortised cost:				
Redeemable preference shares	10,400	10,400	—	—
Non-current	581,027	502,161	427,638	264,703

Redeemable preference shares relate to APA Group's 20% interest in GDI (EII) Pty Ltd. In December 2011, APA Group sold 80% of its gas distribution network in South East Queensland (Allgas) into an unlisted investment entity, GDI (EII) Pty Ltd. At that date GDI issued 52 million Redeemable Preference Shares (RPS) to its owners. The shares attract periodic interest payments and have a redemption date 10 years from issue.

Recognition and measurement

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss ("FVTPL").

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship.

Derivatives that APA Group does not elect to apply hedge accounting to or do not meet the hedge accounting criteria, are classified as 'financial assets/liabilities' for accounting purposes and accounted for at FVTPL.

Fair value measurement

For information about the methods and assumptions used in determining the fair value of financial instruments refer to Note 19.

notes to the consolidated financial statements. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Capital Management

20. Other financial instruments (continued)

Hedge accounting

APA Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges or cash flow hedges. There are no fair value hedges in the current or prior year, hedges of foreign exchange and interest rate risk are accounted for as cash flow hedges.

At the inception of the hedge relationship, APA Group formally designates and documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, APA Group expects the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that APA Group actually hedges and the quantity of the hedging instrument that APA Group actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, APA Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

Derivatives are initially recognised at fair value at the date a derivatives contract is entered into and subsequently remeasured to fair value at each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. A derivative with a positive fair value is recognised as a financial asset, a derivative with a negative fair value is recognised as a financial liability.

The fair value of hedging derivatives is classified as either current or non-current based on the timing of the underlying discounted cash flows of the instrument. Cash flows due within 12 months of the reporting date are classified as current and cash flows due after 12 months of the reporting date are classified as non-current.

IBOR Replacement Impact

The impact of Interbank Offered Rate (IBOR) reform is considered immaterial as all long term borrowings are at fixed rate and AASB has provided relief to continue the application of hedge accounting. APA Group will continue to monitor the development and outcomes of the reform.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the cash flow hedge reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'finance costs' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if APA Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

APA Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in cash flow hedge reserve is reclassified immediately to profit or loss.

Accounting for the forward element of foreign currency forward exchange contracts and foreign currency basis spreads of financial instruments

APA Group designates the full change in the fair value of an FEC (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving FECs.

APA Group separates the foreign currency basis spread from a financial instrument and excludes it from the designation of that financial instrument as the hedging instrument. Changes in the value of the undesignated aligned foreign currency basis spread associated with cross currency interest rate swaps are deferred in other comprehensive income.

notes to the consolidated financial statements. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Capital Management

20. Other financial instruments (continued)

Cash flow hedge and cost of hedging reserve

The cash flow hedge reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in profit or loss only when the hedged transaction impacts the profit or loss, or is included directly in the initial cost or other carrying amount of the hedged non-financial items.

The cost of hedging reserve represents the effect of the changes in fair value of the forward currency basis spread of a financial instrument when the foreign currency basis spread of a financial instrument is excluded from the designation of that financial instrument as the hedging instrument (consistent with APA Group's accounting policy to recognise non-designated component of foreign currency derivative in equity). The changes in fair value of the foreign currency basis spread of a financial instrument, in relation to a time-period related hedged item accumulated in the cash flow hedging reserve, are amortised to profit or loss on a rational basis over the term of the hedging relationship.

	2020 \$000	2019 \$000
Balance at beginning of financial year	(608,016)	(339,834)
Gain/(loss) recognised taken to equity:		
Loss arising on changes in fair value of hedging instruments	(183,107)	(464,643)
Changes in fair value of foreign currency basis spread during the year	(23,757)	15,719
Share of hedge reserve of associate	(5,848)	(8,540)
Amount reclassified to P&L for effective hedges	80,184	74,347
Tax effect	39,758	114,935
Balance at end of financial year	(700,786)	(608,016)

The foreign currency basis spread balance at the beginning of the financial year is (\$56.2 million) and at the end of the financial year is (\$58.2 million) in 2020 (2019: (\$93.3 million) and (\$56.2 million) respectively).

Hedge ineffectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

In hedges of foreign currency capital equipment purchases, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated, or if there are changes in the credit risk of APA Group or the derivative counterparty.

Hedge ineffectiveness for cross currency interest rate swaps is assessed using the same principles as for hedges of foreign currency capital equipment purchases. It may occur due to the credit value/debit value adjustment on the swap contracts which is not matched by the debts.

Impairment of financial assets

In relation to the impairment of financial assets, it is no longer necessary for a credit event to have occurred before credit losses are recognised. APA Group applies an ECL model to account for ECL and changes in those ECL at each reporting date to reflect changes in credit risk since initial recognition of a financial asset.

APA Group recognises a loss allowance for ECL on investments in debt instruments that are measured at amortised cost, for example, loans advanced to related parties and trade receivables. No impairment loss is recognised for investments in equity instruments. For trade receivables, finance lease receivables and contract assets, APA Group applies the simplified approach to assessing ECL. Under the simplified approach, ECL on these financial assets is estimated using a provision matrix. This matrix is based on APA Group's historical credit losses and reasonable and supportable information that is available without undue cost.

The amount of ECL under either approach is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

APA Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account. Aside from the additional disclosure requirements in Note 19, the history of collection rates and forward-looking information that is available without undue cost or effort shows that APA Group does not have an expected loss on collection of debtors or loans.

Significant increase in credit risk

An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating.

Definition of default

When there is a breach of financial covenants by the debtor.

Write-off policy

APA Group writes off a financial asset when all reasonable attempts at recovery have been taken and failed e.g. debts that are considered irrecoverable, or where the cost of recovery is uneconomic, must be written off as a bad debt.

notes to the consolidated financial statements. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Capital Management

21. Issued capital

			2020 \$000	2019 \$000
Units				
1,179,893,848 securities, fully paid (2019: 1,179,893,848 securities, fully paid) ^(a)			2,902,123	3,103,806
	2020 No. of units 000	2020 \$000	2019 No. of units 000	2019 \$000
Movements				
Balance at beginning of financial year	1,179,894	3,103,806	1,179,894	3,288,123
Capital distributions paid (Note 8)	—	(201,683)	—	(184,181)
Issue costs of securities	—	—	—	(194)
Tax relating to security issue costs	—	—	—	58
Balance at end of financial year	1,179,894	2,902,123	1,179,894	3,103,806

a) Fully paid securities carry one vote per security and carry the right to distributions.

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to issued capital from 1 July 1998. Therefore, the Trust does not have a limited amount of authorised capital and issued securities do not have a par value.

Group Structure

22. Non-controlling interests

APT is deemed the parent entity of APA Group comprising of the stapled structure of APT and APTIT. Equity attributable to other trusts stapled to the parent is a form of non-controlling interest and represents 100% of the equity of APTIT.

Summarised financial information for APTIT is set out below, the amounts disclosed are before inter-company eliminations.

	2020 \$000	2019 \$000
Financial position		
Current assets	852	813
Non-current assets	911,704	993,487
Total assets	912,556	994,300
Current liabilities	25	25
Total liabilities	25	25
Net assets	912,531	994,275
Equity attributable to non-controlling interests	912,531	994,275
Financial performance		
Revenue	53,033	65,082
Expenses	(12)	(12)
Profit for the year	53,021	65,070
Total comprehensive income allocated to non-controlling interests for the year	53,021	65,070
Cash flows		
Net cash provided by operating activities	53,834	65,790
Net cash provided by investing activities	80,931	69,409
Distributions paid to non-controlling interests	(134,765)	(135,136)
Net cash used in financing activities	(134,765)	(135,199)

The accounting policies of APTIT are the same as those applied to APA Group.

notes to the consolidated financial statements. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Group Structure

22. Non-controlling interests (continued)

There are no material guarantees, contingent liabilities or restrictions imposed on APA Group from APTIT's non-controlling interests.

	2020 \$000	2019 \$000
APT Investment Trust	912,531	994,275
	912,531	994,275
APT Investment Trust		
Issued capital:		
Balance at beginning of financial year	964,219	1,030,176
Issue costs of units	—	(63)
Distribution – capital return (Note 8)	(76,374)	(65,894)
	887,845	964,219
Reserves:		
	—	—
Retained earnings:		
Balance at beginning of financial year	30,056	34,228
Net profit attributable to APTIT unitholders	53,021	65,070
Distributions paid (Note 8)	(58,391)	(69,242)
	24,686	30,056
Other non-controlling interest		
Issued capital:		
Balance at beginning of financial year	—	4
Distribution – capital return	—	(4)
	—	—
Reserves:		
Balance at beginning of financial year	—	1
Transfer to retained earnings	—	(1)
	—	—
Retained earnings:		
Balance at beginning of financial year	—	48
Net profit attributable to other non-controlling interest	—	—
Transfer from reserves	—	1
Distribution paid	—	(49)
	—	—

23. Joint arrangements and associates

The table below lists APA Group's interest in joint ventures and associates that are reported as part of the Energy Investments segment. APA Group provides asset management, operation and maintenance services and corporate services, in varying combinations to the majority of energy infrastructure assets housed within these entities.

Name of entity	Principal activity	Country of incorporation	Ownership interest %	
			2020	2019
Joint ventures:				
SEA Gas	Gas transmission	Australia	50.00	50.00
SEA Gas (Mortlake)	Gas transmission	Australia	50.00	50.00
Energy Infrastructure Investments	Energy infrastructure	Australia	19.90	19.90
EII 2	Power generation (wind)	Australia	20.20	20.20
Associates:				
GDI (EII)	Gas distribution	Australia	20.00	20.00

notes to the consolidated financial statements. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Group Structure

23. Joint arrangements and associates (continued)

	2020 \$000	2019 \$000
Investment in joint ventures and associates using the equity method	226,380	263,829
Joint Ventures		
Aggregate carrying amount of investment	204,778	239,243
APA Group's aggregated share of:		
Profit from continuing operations	25,863	18,630
Other comprehensive income	(4,178)	(4,405)
Total comprehensive income	21,685	14,225
Associates		
Aggregate carrying amount of investment	21,602	24,586
APA Group's aggregated share of:		
Profit from continuing operations	4,814	4,592
Other comprehensive income	(1,669)	(4,135)
Total comprehensive income	3,145	457

Investment in associates

An associate is an entity over which APA Group has significant influence and that is neither a subsidiary nor a joint arrangement. Investments in associates are accounted for using the equity accounting method.

Under the equity accounting method the investment is recorded initially at cost to APA Group, including any goodwill on acquisition. In subsequent periods the carrying amount of the investment is adjusted to reflect APA Group's share of the retained post-acquisition profit or loss and other comprehensive income, less any impairment.

Losses of an associate or joint venture in excess of APA Group's interests (which includes any long-term interests, that in substance, form part of the net investment) are recognised only to the extent that there is a legal or constructive obligation or APA Group has made payments on behalf of the associate or joint venture.

Carrying value of the investment in joint arrangement and associates are subject to impairment testing if there is objective evidence of impairment. No material indicators identified in the joint arrangements and associates as at the date of the issuance of these financial statements.

Contingent liabilities and capital commitments

APA Group's share of the contingent liabilities, capital commitments and other expenditure commitments of joint operations is disclosed in Note 25.

APA Group is a venturer in the following joint operations:

Name of venture	Principal activity	Output interest	
		2020 %	2019 %
Goldfields Gas Transmission ^(a)	Gas pipeline operation – Western Australia	88.2	88.2
Mid West Pipeline ^(b)	Gas pipeline operation – Western Australia	50.0	50.0

a) On 17 August 2004, APA acquired a direct interest in the Goldfields Gas Transmission joint operations as part of the SCP Gas Business acquisition.

b) Pursuant to the joint venture agreement, APA Group receives a 70.8% share of operating income and expenses.

Interest in joint arrangements

A joint arrangement is an arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control such that decisions about the relevant activities of the arrangement (those that significantly affect the returns) require the unanimous consent of the parties sharing control. APA Group has two types of joint arrangements:

Joint ventures: A joint arrangement in which the parties that share joint control have rights to the net assets of the arrangement. Joint Ventures are accounted for using the equity accounting method; and

Joint operations: A joint arrangement in which the parties that share joint control have rights to the assets, and obligations for the liabilities, relating to the arrangement. In relation to its interest in a joint operation, APA Group recognises its share of assets and liabilities, revenue from the sale of its share of the output and its share of any revenue generated from the sale of the output by the joint operation and its share of expenses. These are incorporated into APA Group's financial statements under the appropriate headings.

notes to the consolidated financial statements. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Group Structure

24. Subsidiaries

Subsidiaries are entities controlled by APT. Control exists where APT has power over the entities, i.e. existing rights that give it the current ability to direct the relevant activities of the entities (those that significantly affect the returns); exposure, or rights, to variable returns from its involvement with the entities; and the ability to use its power to affect those returns.

Name of entity	Country of registration/ incorporation	Ownership interest	
		2020 %	2019 %
Parent entity			
Australian Pipeline Trust ^(a)			
Subsidiaries			
Agex Pty. Ltd. ^{(b),(c)}	Australia	100	100
APA (BWF Holdco) Pty Ltd ^{(b),(c)}	Australia	100	100
APA (EDWF Holdco) Pty Ltd ^{(b),(c)}	Australia	100	100
APA (EPX) Pty Limited ^{(b),(c)}	Australia	100	100
APA (NBH) Pty Limited ^{(b),(c)}	Australia	100	100
APA (Pilbara Pipeline) Pty Ltd ^{(b),(c)}	Australia	100	100
APA (SWQP) Pty Limited ^{(b),(c)}	Australia	100	100
APA (WA) One Pty Limited ^{(b),(c)}	Australia	100	100
APA AIS 1 Pty Limited ^{(b),(c)}	Australia	100	100
APA AIS 2 Pty Ltd ^{(b),(c)}	Australia	100	100
APA AIS Pty Limited ^{(b),(c)}	Australia	100	100
APA AM (Allgas) Pty Limited ^{(b),(c)}	Australia	100	100
APA BIDCO Pty Limited ^{(b),(c)}	Australia	100	100
APA Biobond Pty Limited ^{(b),(c)}	Australia	100	100
APA Country Pipelines Pty Limited ^{(b),(c)}	Australia	100	100
APA DPS Holdings Pty Limited ^{(b),(c)}	Australia	100	100
APA DPS2 Pty Limited ^{(b),(c)}	Australia	100	100
APA East Pipelines Pty Limited ^{(b),(c)}	Australia	100	100
APA EE Australia Pty Limited ^{(b),(c)}	Australia	100	100
APA EE Corporate Shared Services Pty Limited ^{(b),(c)}	Australia	100	100
APA EE Holdings Pty Limited ^{(b),(c)}	Australia	100	100
APA EE Pty Limited ^{(b),(c)}	Australia	100	100
APA Ethane Pty Limited ^{(b),(c)}	Australia	100	100
APA Facilities Management Pty Limited ^{(b),(c)}	Australia	100	100
APA Midstream Holdings Pty Limited ^{(b),(c)}	Australia	100	100
APA Operations (EII) Pty Limited ^{(b),(c)}	Australia	100	100
APA Operations Pty Limited ^{(b),(c)}	Australia	100	100
APA Orbest Gas Plant Pty Ltd ^{(b),(c)}	Australia	100	100
APA Pipelines Investments (BWP) Pty Limited ^{(b),(c)}	Australia	100	100
APA Power Holdings Pty Limited ^{(b),(c)}	Australia	100	100
APA Power PF Pty Limited ^{(b),(c)}	Australia	100	100
APA Reedy Creek Wallumbilla Pty Limited ^{(b),(c)}	Australia	100	100
APA SEA Gas (Mortlake) Holdings Pty Ltd ^{(b),(c)}	Australia	100	100
APA SEA Gas (Mortlake) Pty Ltd ^(b)	Australia	100	100
APA Services (Int) Inc.	United States	100	100
APA Sub Trust No 1 ^{(b),(d)}	—	100	100
APA Sub Trust No 2 ^{(b),(d)}	—	100	100
APA Sub Trust No 3 ^{(b),(d)}	—	100	100
APA Transmission Pty Limited ^{(b),(c)}	Australia	100	100
APA VTS A Pty Limited ^{(b),(c)}	Australia	100	100
APA VTS Australia (Holdings) Pty Limited ^{(b),(c)}	Australia	100	100
APA VTS Australia (NSW) Pty Limited ^{(b),(c)}	Australia	100	100
APA VTS Australia (Operations) Pty Limited ^{(b),(c)}	Australia	100	100
APA VTS Australia Pty Limited ^{(b),(c)}	Australia	100	100
APA VTS B Pty Limited ^{(b),(c)}	Australia	100	100
APA Western Slopes Pipeline Pty Limited ^{(b),(c)}	Australia	100	100
APA WGP Pty Ltd ^{(b),(c)}	Australia	100	100
APT (MIT) Services Pty Limited ^{(b),(c)}	Australia	100	100
APT AM (Stratus) Pty Limited ^{(b),(c)}	Australia	100	100
APT AM Employment Pty Limited ^{(b),(c)}	Australia	100	100
APT AM Holdings Pty Limited ^{(b),(c)}	Australia	100	100
APT Facility Management Pty Limited ^{(b),(c)}	Australia	100	100
APT Goldfields Pty Ltd ^{(b),(c)}	Australia	100	100
APT Management Services Pty Limited ^{(b),(c)}	Australia	100	100

notes to the consolidated financial statements. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Group Structure

24. Subsidiaries (continued)

Name of entity	Country of registration/ incorporation	Ownership interest	
		2020 %	2019 %
APT O&M Holdings Pty Ltd ^{(b),(c)}	Australia	100	100
APT O&M Services (QLD) Pty Ltd ^{(b),(c)}	Australia	100	100
APT O&M Services Pty Ltd ^{(b),(c)}	Australia	100	100
APT Parmelia Holdings Pty Ltd ^{(b),(c)}	Australia	100	100
APT Parmelia Pty Ltd ^{(b),(c)}	Australia	100	100
APT Parmelia Trust ^{(b),(d)}	—	100	100
APT Petroleum Pipelines Holdings Pty Limited ^{(b),(c)}	Australia	100	100
APT Petroleum Pipelines Pty Limited ^{(b),(c)}	Australia	100	100
APT Pipelines (NSW) Pty Limited ^{(b),(c)}	Australia	100	100
APT Pipelines (NT) Pty Limited ^{(b),(c)}	Australia	100	100
APT Pipelines (QLD) Pty Limited ^{(b),(c)}	Australia	100	100
APT Pipelines (SA) Pty Limited ^{(b),(c)}	Australia	100	100
APT Pipelines (WA) Pty Limited ^{(b),(c)}	Australia	100	100
APT Pipelines Investments (NSW) Pty Limited ^{(b),(c)}	Australia	100	100
APT Pipelines Investments (WA) Pty Limited ^{(b),(c)}	Australia	100	100
APT Pipelines Limited ^{(b),(c)}	Australia	100	100
APT Sea Gas Holdings Pty Limited ^{(b),(c)}	Australia	100	100
APT SPV2 Pty Ltd ^(b)	Australia	100	100
APT SPV3 Pty Ltd ^(b)	Australia	100	100
Australian Pipeline Limited ^(b)	Australia	100	100
Central Ranges Pipeline Pty Ltd ^{(b),(c)}	Australia	100	100
Darling Downs Solar Farm Pty Ltd ^{(b),(c)}	Australia	100	100
Diamantina Holding Company Pty Limited ^{(b),(c)}	Australia	100	100
Diamantina Power Station Pty Limited ^{(b),(c)}	Australia	100	100
East Australian Pipeline Pty Limited ^{(b),(c)}	Australia	100	100
EDWF Holdings 1 Pty Ltd ^{(b),(c)}	Australia	100	100
EDWF Holdings 2 Pty Ltd ^{(b),(c)}	Australia	100	100
EDWF Manager Pty Ltd ^{(b),(c)}	Australia	100	100
Epic Energy East Pipelines Trust ^{(b),(d)}	—	100	100
EPX Holdco Pty Limited ^{(b),(c)}	Australia	100	100
EPX Member Pty Limited ^{(b),(c)}	Australia	100	100
EPX Trust ^{(b),(d)}	—	100	100
Ethane Pipeline Income Financing Trust ^{(b),(d)}	—	100	100
Ethane Pipeline Income Trust ^{(b),(d)}	—	100	100
Gasinvest Australia Pty Ltd ^{(b),(c)}	Australia	100	100
GasNet A Trust ^(d)	—	100	100
GasNet Australia Investments Trust ^(d)	—	100	100
GasNet Australia Trust ^{(b),(d)}	—	100	100
Goldfields Gas Transmission Pty Ltd ^(b)	Australia	100	100
Gorodok Pty. Ltd. ^{(b),(c)}	Australia	100	100
Griffin Windfarm 2 Pty Ltd ^(b)	Australia	100	100
Moomba to Sydney Ethane Pipeline Trust ^{(b),(d)}	—	100	100
N.T. Gas Distribution Pty Limited ^{(b),(c)}	Australia	100	100
N.T. Gas Easements Pty. Limited ^{(b),(c)}	Australia	100	100
N.T. Gas Pty Limited	Australia	96	96
Roverton Pty. Ltd. ^{(b),(c)}	Australia	100	100
SCP Investments (No. 1) Pty Limited ^{(b),(c)}	Australia	100	100
SCP Investments (No. 2) Pty Limited ^{(b),(c)}	Australia	100	100
SCP Investments (No. 3) Pty Limited ^{(b),(c)}	Australia	100	100
Sopic Pty. Ltd. ^{(b),(c)}	Australia	100	100
Southern Cross Pipelines (NPL) Australia Pty Limited ^{(b),(c)}	Australia	100	100
Southern Cross Pipelines Australia Pty Limited ^{(b),(c)}	Australia	100	100
Trans Australia Pipeline Pty Ltd ^{(b),(c)}	Australia	100	100
Votrant No. 1606 Pty Limited ^(b)	Australia	100	100
Votrant No. 1613 Pty Limited ^(b)	Australia	100	100
Western Australian Gas Transmission Company 1 Pty Ltd ^{(b),(c)}	Australia	100	100
Wind Portfolio Pty Ltd ^{(b),(c)}	Australia	100	100

a) Australian Pipeline Trust is the head entity within the APA tax-consolidated group.

b) These entities are members of the APA tax-consolidated group.

c) These wholly-owned subsidiaries have entered into a deed of cross guarantee with APT Pipelines Limited pursuant to ASIC Corporations Instrument 2016/785 and are relieved from the requirement to prepare and lodge an audited financial report.

d) These trusts are unincorporated and not required to be registered.

notes to the consolidated financial statements. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Other

25. Commitments and contingencies

	2020 \$000	2019 \$000
Capital expenditure commitments		
APA Group – plant and equipment	168,391	172,774
APA Group's share of jointly controlled operations – plant and equipment	11,107	8,596
	179,498	181,370
Contingent liabilities		
Bank guarantees	51,483	52,233

As at 30 June 2020 and 30 June 2019 APA Group had no material contingent liabilities, other than those disclosed above.

APA Group had no contingent assets as at 30 June 2020 and 30 June 2019.

26. Director and Executive Key Management Personnel remuneration

Remuneration of Directors

The aggregate remuneration of Directors of APA Group is set out below:

	2020 \$	2019 \$
Short-term employment benefits	1,549,332	1,664,631
Post-employment benefits	147,185	158,168
Total remuneration: Non-Executive Directors	1,696,517	1,822,799
Short-term employment benefits	2,395,588	3,629,920
Post-employment benefits	25,453	25,000
Cash settled security-based payments	1,879,646	1,515,047
Equity settled security-based payments	368,121	—
Total remuneration: Executive Director ^(a)	4,668,808	5,169,967
Total remuneration: Directors	6,365,325	6,992,766

Remuneration of Executive Key Management Personnel ^(a)

The aggregate remuneration of Executive Key Management Personnel of APA Group is set out below:

Short-term employment benefits	6,179,703	7,763,114
Post-employment benefits	88,123	101,666
Cash settled security-based payments	2,891,305	2,864,008
Equity settled security-based payments	675,161	—
Total remuneration: Executive Key Management Personnel	9,834,292	10,728,788

a) The remuneration for the former Chief Executive Officer and Managing Director, Michael (Mick) McCormack to 5 July 2019 and current Chief Executive Officer and Managing Director, Rob Wheals from 6 July 2019, are included in both the remuneration disclosure for Directors and Executive Key Management Personnel. In addition Mr McCormack is entitled to his outstanding reference units, due to be paid in August 2021, August 2022 and August 2023, with a total value of \$3,632,979 (based on a VWAP of \$11.1579).

notes to the consolidated financial statements. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Other

27. Remuneration of external auditor

	2020 \$	2019 \$
Amounts received or due and receivable by Deloitte Touche Tohmatsu for:		
Audit or review of the financial reports:		
Group	691,000	679,300
Subsidiaries	8,100	7,800
Total audit or review of the financial reports	699,100	687,100
Statutory assurance services required by legislation to be provided by the auditor		
Assurance services in relation to the AER financial reporting requirements ^(a)	2,170,000	250,000
Agreed-upon procedures in relation to ASIC Regulatory Guide 231 requirements ^(b)	84,800	10,400
ASIC Compliance plan audit	20,500	19,700
Financial services licence audit	8,100	7,800
Total statutory assurance services required by legislation to be provided by the auditor	2,283,400	287,900
Other assurance services ^(c)	106,600	246,300
Total remuneration of external auditor	3,089,100	1,221,300

a) Service provided in FY20 includes one-off procedures covering 7-year historical period. Represent total fees for contracted services, partly incurred at period end.

b) Service provided includes Agreed-upon procedures in relation to ASIC Regulatory Guide 231 requirements (FY2020 includes triennial procedures required under RG231, procedures last undertaken in FY2017).

c) Services provided were in accordance with the external auditor independence policy. Other assurance services mainly comprise assurance services in relation to security related transactions (debt raisings).

28. Related party transactions

a) Equity interest in related parties

Details of the percentage of ordinary securities held in subsidiaries are disclosed in Note 24 and the details of the percentage held in joint operations, joint ventures and associates are disclosed in Note 23.

b) Responsible Entity – Australian Pipeline Limited

The Responsible Entity is wholly owned by APT Pipelines Limited.

c) Transactions with related parties within APA Group

Transactions between the entities that comprise APA Group during the financial year consisted of:

- dividends;
- asset lease rentals;
- loans advanced and payments received on long-term inter-entity loans;
- management fees;
- operational services provided between entities; and
- payments of distributions.

The above transactions were made on normal commercial terms and conditions. The Group charges interest on inter-entity loans from time to time.

All transactions between the entities that comprise APA Group have been eliminated on consolidation.

Refer to Note 24 for details of the entities that comprise APA Group.

Australian Pipeline Limited

Management fees of \$5,909,078 (2019: \$4,696,351) were paid to the Responsible Entity as reimbursement of costs incurred on behalf of APA Group. No amounts were paid directly by APA Group to the Directors of the Responsible Entity, except as disclosed at Note 26.

Australian Pipeline Limited, in its capacity as trustee and Responsible Entity of the Trust, has guaranteed the payment of principal, interest and other amounts as provided in the senior debt facilities of APT Pipelines Limited, the principal borrowing entity of APA Group.

notes to the consolidated financial statements. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Other

28. Related party transactions (continued)

d) Transactions with other associates and joint ventures

The following transactions occurred with APA Group's associates and joint ventures on normal market terms and conditions:

	Dividends from related parties \$000	Sales to related parties \$000	Purchases from related parties \$000	Amount owed by related parties \$000	Amount owed to related parties \$000
2020					
SEA Gas	49,162	6,666	86	23	—
Energy Infrastructure Investments	3,055	45,666	—	7,085	—
EII 2	3,933	803	—	343	—
GDI (EII)	6,129	53,715	—	5,534	—
	62,279	106,850	86	12,985	—
2019					
SEA Gas	9,551	7,809	—	122,626	—
Energy Infrastructure Investments	4,466	39,198	—	7,627	—
EII 2	3,732	1,020	—	335	—
GDI (EII)	4,701	53,654	—	10,123	—
	22,450	101,680	—	140,710	—

At 30 June 2020, APA Group had no loan receivable from SEA Gas (2019: \$122.3 million).

29. Parent entity information

The accounting policies of the parent entity, which have been applied in determining the financial information below, are the same as those applied in the consolidated financial statements.

	2020 \$000	2019 \$000
Financial position		
Assets		
Current assets	2,361,345	2,533,019
Non-current assets	678,738	707,803
Total assets	3,040,083	3,240,822
Liabilities		
Current liabilities	128,854	130,337
Total liabilities	128,854	130,337
Net assets	2,911,229	3,110,485
Equity		
Issued capital	2,902,123	3,103,806
Retained earnings	9,106	6,679
Total equity	2,911,229	3,110,485
Financial performance		
Profit for the year	238,228	216,818
Total comprehensive income	238,228	216,818

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

Australian Pipeline Limited, in its capacity as Trustee and Responsible Entity of the Trust, has guaranteed the payment of principal, interest and other amounts as provided in the senior debt facilities of APT Pipelines Limited, the principal borrowing entity of APA Group.

Due to the contingent nature of these financial guarantees no liability has been recorded (2019: \$nil).

Contingent liabilities of the parent entity

No contingent liabilities have been identified in relation to the parent entity.

notes to the consolidated financial statements. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Other

30. Adoption of new and revised Accounting Standards

Standards and Interpretations affecting amounts reported in the current period (and/or prior periods)

AASB 16 'Leases'

From 1 July 2019, APA Group has adopted AASB 16 'Leases' (AASB 16) that is effective for annual periods that begin on or after 1 July 2019. AASB 16 replaced AASB 117 'Leases' (AASB 117), IFRIC 4 Determining Whether an Arrangement Contains a Lease (IFRIC 4) and other related interpretations.

Under AASB 16, APA Group's accounting for leases as a lessee results in the recognition of a Right-of-Use (ROU) asset and an associated lease liability in the Consolidated Statement of Financial Position, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. The lease liability represents the present value of future lease payments. An interest expense is recognised on the lease liabilities and a depreciation charge is recognised for the ROU assets. There are additional disclosure requirements under the new standard. APA Group's accounting for leases as a lessor remains unchanged under AASB 16.

Previously under AASB 117, operating leases were off-balance sheet, APA Group recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

APA Group adopted AASB 16 using the modified retrospective approach. There is no restatement of the comparative information. Under this approach, the lease liability is measured at present value of future lease payments on the initial date of application, being 1 July 2019, and discounted using APA Group's incremental borrowing rate as of that date. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 3.69%.

For leases other than motor vehicles, the ROU asset is measured as if AASB 16 has been applied from the commencement of the lease with any difference between the ROU asset and the liability recognised as an adjustment to opening retained earnings. An adjustment of \$8.6 million net of tax was recognised as a debit to opening retained earnings on transition. For motor vehicle leases, the ROU asset is measured at an amount equal to the lease liability with nil impact on opening retained earnings. APA Group has recognised a temporary difference on initial recognition of lease assets and liabilities on adoption of AASB 16.

Practical expedients applied

In applying AASB 16 for the first time, APA Group has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- The accounting for operating leases with a remaining lease term of 12 months or less as at 1 July 2019 as short-term leases;
- The reliance on the previous assessment whether a contract is or contains a lease, on contracts entered into before 1 July 2019 applying AASB 117 and Interpretation 4;
- The reliance on previous assessments of whether leases are onerous (of which there were none); and
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Impact on initial adoption of AASB 16 at 1 July 2019

	1 Jul 2019 \$000
Assets	
Right-Of-Use assets – Property, plant and equipment	62,265
Deferred tax assets	3,690
Total assets recognised on transition	65,955
Liabilities	
Current lease liabilities	10,537
Non-current lease liabilities	66,227
Derecognition of other liabilities – lease incentive	(2,199)
Total liabilities recognised on transition	74,565
Retained earnings	8,610

notes to the consolidated financial statements. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Other

30. Adoption of new and revised Accounting Standards (continued)

Standards and Interpretations affecting amounts reported in the current period (and/or prior periods) (continued)

AASB 16 'Leases' (continued)

The difference between APA Group's undiscounted non-cancellable operating lease commitments at 30 June 2019 and lease liabilities upon transition are set out below:

	1 Jul 2019 \$000
Operating lease commitments disclosed as at 30 June 2019	65,803
Discounted using lessee's incremental borrowing rate at the date of initial application	59,763
Add: Extension options reasonably certain to be exercised	10,987
(Less): short-term leases recognised on a straight-line basis as expense	(1,094)
(Less): low-value assets recognised on a straight-line basis as expense	(553)
Lease liabilities as at 30 June 2019	69,103
Add: leases commencing on 1 July 2019	7,661
Lease liabilities recognised as at 1 July 2019	76,764

Impact on the consolidated statement of profit or loss and other comprehensive income

The following table sets out the amount of adjustment for each major financial statement line item affected by the application of AASB 16:

	2020 \$000
Decrease in asset operation and management expenses	16,120
Increase in EBITDA	16,120
Increase in finance costs	(2,638)
Increase in depreciation and amortisation expense	(12,562)
Increase in Profit before tax	920
Increase in income tax expense	(276)
Increase in Profit after tax	644

APA Group does not have any material expense relating to short-term leases, leases of low-value assets and variable lease payments not included in the measurement of lease liabilities, nor material income from subleasing right-of-use assets.

Impact on the statement of cash flows

The application of AASB 16 has an impact on the consolidated statement of cash flows of APA Group. Under AASB 16, lessees must present:

- Short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liabilities as part of the operating activities. APA Group has included these payments as part of payments to suppliers and employees;
- Cash paid for the interest portion of lease liabilities as either operating activities or financing activities, as permitted by AASB 107 Statement of Cash Flows. APA Group has included interest paid as part of operating activities, consistent with the presentation of other interest paid; and
- Cash payments for the principal portion of lease liabilities, as part of financing activities.

Under AASB 117, all lease payments on operating leases were presented as part of cash flows from operating activities. Consequently, the net cash generated by operating activities has increased by \$13.5 million and net cash used in financing activities increased by the same amount. Interest payments of \$2.6 million continue to be included in net cash generated by operating activities (previously forming part of payments to suppliers and employees, a subcategory of net cash generated by operating activities). AASB 16 does not have any impact on net cash flows.

New Accounting policies as a result of adoption of AASB 16

Refer to the accounting policies in Note 11 for ROU assets and Note 17 for lease liabilities. APA Group's accounting for leases as a lessor remains unchanged under AASB 16.

notes to the consolidated financial statements. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Other

30. Adoption of new and revised Accounting Standards (continued)

Standards and Interpretations issued not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations on issue but not yet effective are not expected to have material impact on APA Group's accounting policies or any of the amounts recognised in the financial statements.

31. Events occurring after reporting date

On 26 August 2020, the Directors declared a final distribution of 27.00 cents per security (\$318.6 million) for APA Group. This is comprised of a distribution of 20.27 cents per unit from APT and a distribution of 6.73 cents per unit from APTIT. The APT distribution represents a 8.53 cents per unit fully franked profit distribution and 11.74 cents per unit capital distribution. The APTIT distribution represents a 2.09 cent per unit profit distribution and a 4.64 cents per unit capital distribution. Franking credits of 3.66 cents per security will be allocated to the franked profit distribution. The distribution will be paid on 16 September 2020.

As at the time of reporting, the developing and uncertain situation in respect of COVID-19 pandemic continues to be closely monitored by management and the directors of APA Group. Nothing has come to the attention of APA Group that would require adjustment or additional disclosure in these financial statements as a result of any recent COVID-19 developments.

Other than the events disclosed above, there have not been any events or transactions that have occurred subsequent to year end that would require adjustment to or disclosure in the financial statements.

declaration by the directors of australian pipeline limited.

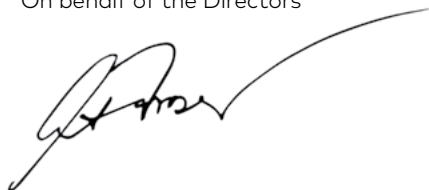
AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

The Directors declare that:

- a) in the Directors' opinion, there are reasonable grounds to believe that Australian Pipeline Trust will be able to pay its debts as and when they become due and payable;
- b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with Accounting Standards and giving a true and fair view of the financial position and performance of APA Group;
- c) in the Directors' opinion, the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board; and
- d) the Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors of the Responsible Entity made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the Directors



Michael Fraser
Chairman



Debra Goodin
Director

Sydney, 26 August 2020

auditor's independence declaration.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
TO AUSTRALIAN PIPELINE LIMITED AS RESPONSIBLE ENTITY FOR AUSTRALIAN PIPELINE TRUST



Deloitte Touche Tohmatsu
ABN 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

DX: 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

26 August 2020

The Directors
Australian Pipeline Limited as responsible entity for Australian Pipeline Trust
Level 25, 580 George Street
Sydney NSW 2000

Dear Directors

Auditor's Independence Declaration to Australian Pipeline Limited as responsible entity for Australian Pipeline Trust

In accordance with section 307C of the *Corporations Act 2001*, we are pleased to provide the following declaration of independence to the directors of Australian Pipeline Limited as responsible entity for Australian Pipeline Trust.

As lead audit partners for the audit of the financial statements of Australian Pipeline Trust for the financial year ended 30 June 2020, we declare that to the best of our knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

DELOITTE TOUCHE TOHMATSU

Jamie Gatt
Partner
Chartered Accountants

Taralyn Elliott
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Asia Pacific Limited and the Deloitte Organisation.

independent auditor's report.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
TO THE UNITHOLDERS OF AUSTRALIAN PIPELINE TRUST



Deloitte Touche Tohmatsu
ABN 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

DX: 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

Independent Auditor's Report to the Unitholders of Australian Pipeline Trust

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Australian Pipeline Trust (the Trust) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Australian Pipeline Limited (the Responsible Entity), would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

independent auditor's report. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
TO THE UNITHOLDERS OF AUSTRALIAN PIPELINE TRUST

Deloitte.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Orbost Gas Processing Plant (Orbost) recoverable amount assessment As at 30 June 2020 the carrying amount of Orbost, included in capital work in progress, as disclosed in Note 11 and Note 13 was \$443.9 million. The Orbost project has incurred additional capital costs compared to the original project budget as well as delays in the commissioning of the plant due to technical difficulties. The assessment of the recoverable amount of Orbost requires the exercise of significant judgement in respect of factors such as forecast revenue, inflation rates, forecast operating costs, forecast capital expenditure and discount rates. This is considered a key audit matter due to the significant judgements involved in estimating the recoverable amount.	Our procedures, performed in conjunction with our valuation specialists, included, but were not limited to: • Understanding the appropriateness of management's controls over the determination of the recoverable amount; • Challenging the Group's assumptions and estimates used to determine the recoverable amount, including those relating to: - forecast revenue with reference to: ▪ processing capacity of the plant; ▪ uncontracted capacity; - inflation rates with reference to external data; - forecast operating costs; - forecast capital expenditure; - discount rates with reference to: ▪ external data; ▪ Deloitte developed discount rates; • Testing the mathematical accuracy of the cash flow model; • Agreeing relevant data in the cash flow model to approved budgets and latest forecasts; • Evaluating management's sensitivity analysis in relation to key assumptions. We also assessed the appropriateness of the disclosures in Note 13 to the financial statements.

independent auditor's report. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
TO THE UNITHOLDERS OF AUSTRALIAN PIPELINE TRUST

Deloitte.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Derivative transactions and balances including the application of hedge accounting for the Wallumbilla Gladstone Pipeline (WGP) As disclosed in Note 19, revenue received in respect of the WGP contract is denominated in US dollars and is contracted to be received until 2035. The Group manages the currency risk on this US dollar revenue by using: • US dollar borrowings (as a natural hedge of future US dollar revenue); • Cross currency interest rate swaps used to convert foreign currency denominated borrowings (in British Pounds and Euros) to US dollars; and • Foreign currency forward contracts to hedge the portion of the exchange rate risk not covered by the US dollar borrowings and cross currency interest rate swaps. The Group applies hedge accounting for the derivatives and US dollar borrowings. The application of hedge accounting in relation to the WGP revenue is complex, as the revenue and the instruments used as hedges have different cash flow profiles. Furthermore, these cross currency interest rate swaps need to be bifurcated into separate currency pairs for the application of hedge accounting.	Our procedures, performed in conjunction with our treasury specialists, included, but were not limited to: • Understanding management's controls over the recording of derivative transactions and the application of hedge accounting; • Evaluating the appropriateness of the valuation methodologies applied and testing, on sample basis, the valuation of the derivative financial instruments; • Testing, on a sample basis, the application of hedge accounting and evaluating that the financial instruments qualified for hedge accounting in accordance with the AASB 9 Financial Instruments; • Testing the hedge effectiveness assessment, taking into consideration the different cash flow profiles of the US Dollar revenue and hedges and the requirement to split the cross currency interest rate swaps; and • Testing that the effective portion of the fair value movement in the US Dollar borrowings and derivatives are appropriately deferred in reserves. We also assessed the appropriateness of the disclosures in Note 19 to the financial statements.

independent auditor's report. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
TO THE UNITHOLDERS OF AUSTRALIAN PIPELINE TRUST

Deloitte.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
East Coast Grid cash generating unit (CGU) recoverable amount assessment As at 30 June 2020 the carrying amount of goodwill allocated to the East Coast Grid CGU is \$1.1 billion, as disclosed in Note 12. The assessment of the recoverable amount of the East Coast Grid's goodwill requires the exercise of significant judgement to estimate future contract renewals, contracting of spare capacity and discount rates. This is considered a key audit matter due to the significance of the goodwill allocated to this CGU.	Our procedures, performed in conjunction with our valuation specialists, included, but were not limited to: • Understanding the appropriateness of management's controls over the determination of the recoverable amount; • Challenging the Group's assumptions and estimates used to determine the recoverable amount of the East Coast Grid CGU, including with reference to external data. The key estimates and assumptions included: - forecast revenue with reference to: ▪ expected future contract renewals; ▪ expected contracting of spare capacity; ▪ inflation rates; - discount rates with reference to: ▪ external data; ▪ Deloitte developed discount rates; • Assessing historical accuracy of management's budgeting and forecasting; • Testing the mathematical accuracy of the East Coast Grid cash flow model; • Agreeing relevant data in the cash flow model to approved budgets and latest forecasts; • Evaluating management's sensitivity analysis in relation to key assumptions. We also assessed the appropriateness of the disclosures in Note 13 to the financial statements.

independent auditor's report. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
TO THE UNITHOLDERS OF AUSTRALIAN PIPELINE TRUST

Deloitte.

Other Information

The directors of the Responsible Entity ("the Directors") are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Responsible Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

independent auditor's report. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
TO THE UNITHOLDERS OF AUSTRALIAN PIPELINE TRUST

Deloitte.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

independent auditor's report. continued.

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
TO THE UNITHOLDERS OF AUSTRALIAN PIPELINE TRUST

Deloitte.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report of Australian Pipeline Limited as responsible entity of Australian Pipeline Trust included on pages 48 to 62 of the Directors' Report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Australian Pipeline Limited for the year ended 30 June 2020, has been prepared in accordance with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors have voluntarily presented the Remuneration Report of the Responsible Entity of Australian Pipeline Trust which has been prepared in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



DELOITTE TOUCHE TOHMATSU



Jamie Gatt
Partner
Chartered Accountants
Sydney, 26 August 2020



Taralyn Elliott
Partner
Chartered Accountants
Sydney, 26 August 2020

directors' report.

APT INVESTMENT TRUST AND ITS CONTROLLED ENTITIES

APT Investment Trust Directors' Report

The Directors of Australian Pipeline Limited ("Responsible Entity") submit their report and the annual financial report of APT Investment Trust ("APTIT") and its controlled entities (together "Consolidated Entity") for the financial year ended 30 June 2020. This report refers to the consolidated results of APTIT, one of the two stapled entities of APA Group, with the other stapled entity being Australian Pipeline Trust (together "APA").

1. Directors

The names of the Directors of the Responsible Entity during the year and since the year end are:

	First appointed
Current Directors:	
Michael Fraser	1 September 2015
	Chairman: 27 October 2017
Robert (Rob) Wheals	Chief Executive Officer and Managing Director: 6 July 2019
Steven (Steve) Crane	1 January 2011
James Fazzino	21 February 2019
Debra (Debbie) Goodin	1 September 2015
Shirley In't Veld	19 March 2018
Rhoda Phillippo	1 June 2020
Peter Wasow	19 March 2018
Former Directors:	
Michael (Mick) McCormack	Retired as Chief Executive Officer and Managing Director: 5 July 2019

The Company Secretaries of the Responsible Entity during the year and since the year end are Nevenka Codevelle and Amanda Cheney (from 25 February 2020).

2. Principal Activities

The Consolidated Entity operates as an investment and financing entity within the APA Group.

3. State of Affairs

Rob Wheals commenced as APA's new Chief Executive Officer and Managing Director with effect from 6 July 2019, following Mick McCormack's retirement on 5 July 2019.

On 20 December 2019, APA's Chief Financial Officer (CFO), Peter Fredricson indicated his intention to retire from his position remaining until December 2020 at the latest to support the new CFO during the transition period.

4. Subsequent Events

On 26 August 2020, the Directors declared a final distribution of 6.73 cents per unit (\$79.4 million). The distribution represents a 2.09 cents per unit profit distribution and a 4.64 cents per unit capital distribution. The distribution is expected to be paid on 16 September 2020.

On 12 August 2020, APA announced that Adam Watson would join APA as the new CFO, commencing mid November 2020.

Other than what is noted above and as disclosed elsewhere in this report, there has not arisen in the interval between the end of the full year ended 30 June 2020 and the date of this report any matter or circumstance that has significantly affected, or may significantly affect, the Group's operations, the results of those operations, or the Group's state of affairs, in future financial years.

5. Review and Results of Operations

The Consolidated Entity reported net profit after tax of \$53.0 million (FY2019: \$65.1 million) for the year ended 30 June 2020 and total revenue of \$53.0 million (FY2019: \$65.1 million).

6. Distributions

Distributions paid to Securityholders during the financial year were:

	Final FY2019 distribution paid 11 September 2019		Interim FY2020 distribution paid 11 March 2020	
	Cents per security	Total distribution \$000	Cents per security	Total distribution \$000
APTIT profit distribution	2.55	30,056	2.40	28,335
APTIT capital distribution	3.98	47,002	2.49	29,372
Total	6.53	77,058	4.89	57,707

directors' report. continued.

APT INVESTMENT TRUST AND ITS CONTROLLED ENTITIES

On 26 August 2020, the Directors declared a final distribution for APTIT for the financial year of 6.73 cents per security which is payable on 16 September 2020 and will comprise the following components:

	Final FY2020 distribution payable 16 September 2020	
	Cents per security	Total distribution \$000
APTIT profit distribution	2.09	24,686
APTIT capital distribution	4.64	54,692
Total	6.73	79,378

Distribution information is presented on an accounting classification basis. The APA Group Annual Tax Statement (to be released in September 2020) and Annual Tax Return Guide will provide the classification of distribution components for the purposes of preparation of Securityholder income tax returns.

To assist APA Securityholders who wish to submit their annual tax return prior to receiving their annual APA Tax Statement in mid September, APA has developed an online tax estimator tool.

The Estimator tool will generate Pro Forma Tax Return Inputs based on information entered by Securityholders and therefore should be considered "indicative only" compared to the confirmed accurate information contained in APA's Annual Tax Statement. The Tax Estimator will be available under the Investor section on APA's website following confirmation by the Board via an ASX release of the final FY2020 distribution (<https://www.apa.com.au/investors/my-securities/apa-annual-tax-statement-estimator/>).

7. Directors

7.1 Information on Directors and Company Secretaries

See pages 06 to 07 for information relating to qualifications and experience of the Directors and Company Secretary Nevenka Codevelle. Information on APA's additional Company Secretary Amanda Cheney is below:

Amanda Cheney LLB (Hons) BArts General Counsel & Company Secretary (Effective 25 February 2020)	Amanda has been with APA Group since August 2012 and holds the role of General Counsel and Company Secretary. Amanda has over 18 years' experience in energy and infrastructure industries, having worked as a senior projects lawyer in Australia and Japan. She holds a Graduate Diploma of Applied Corporate Governance from the Governance Institute of Australia and is a member of the Australian Institute of Company Directors.
--	--

7.2 Directorships of other listed companies

Directorships of other listed companies held by Directors at any time in the three years immediately before the end of the financial year are as follows:

Name	Company	Period of directorship
Michael Fraser	Aurizon Holdings Limited	Since February 2016
Robert Wheals	—	—
Steven Crane	nib holdings limited SCA Property Group	Since September 2010, Chair since October 2011 Since December 2018
James Fazzino	Tassal Group Limited Incitec Pivot Limited	Since May 2020 July 2005 to November 2017
Debra Goodin	Senex Energy Limited oOh!media Limited Atlas Arteria Limited Ten Network Holdings Limited	Since May 2014 Since November 2014 Since September 2017 August 2016 to November 2017
Shirley In't Veld	Northern Star Resources Limited Alumina Limited	Since September 2016 Since August 2020
Rhoda Phillippo	Vocus Group Ltd	March 2015 (previously as M2 Group Ltd) to August 2018
Peter Wasow	Oz Minerals Limited Alcoa Australia Limited	Since November 2017 January 2014 to July 2017

directors' report. continued.

APT INVESTMENT TRUST AND ITS CONTROLLED ENTITIES

7. Directors (continued)

7.3 Directors' meetings

During the financial year, 13 Board meetings, four Audit and Risk Management Committee meetings, four People and Remuneration Committee meetings, four Health Safety and Environment Committee meetings and three Nomination Committee meetings were held. The following table sets out the number of meetings attended by each Director while they were a Director or a committee member:

Directors	Board		People & Remuneration Committee		Audit & Risk Management Committee		Health Safety & Environment Committee		Nomination Committee	
	A	B	A	B	A	B	A	B	A	B
Michael Fraser	13	13	—	—	4	4	—	—	4	4
Robert Wheals ⁽¹⁾	13	13	—	—	—	—	—	—	—	—
Michael McCormack ⁽²⁾	0	0	—	—	—	—	—	—	—	—
Steven Crane	13	12	4	4	4	4	—	—	4	4
James Fazzino	13	13	—	—	4	4	4	4	—	—
Debra Goodin	13	13	—	—	4	4	4	4	4	4
Shirley Int'd Veld	13	13	4	4	—	—	4	4	—	—
Peter Wasow	13	13	4	4	4	4	—	—	—	—
Rhoda Phillippo ⁽³⁾	2	2	—	—	—	—	1	1	—	—

A) Number of meetings held during the time the Director held office or was a member of the committee during the financial year.

B) Number of meetings attended.

1) Robert Wheals appointed as a Director on 6 July 2019.

2) Michael McCormack retired as a Director on 5 July 2019.

3) Rhoda Phillippo appointed as a Director 1 June 2020.

7.4 Directors' securityholdings

The aggregate number of APA securities held directly, indirectly or beneficially by Directors or their Director related entities at 30 June 2020 is 385,260 (2019: 721,576 ⁽¹⁾).

The following table sets out Directors' relevant interests in APA securities as at 30 June 2020:

Directors	Fully paid securities as at 1 July 2019	Securities acquired	Securities disposed	Fully paid securities as at 30 June 2020
Michael Fraser	102,942	—	—	102,942
Robert Wheals ⁽²⁾	38,883	7,505	—	46,388
Michael McCormack ⁽³⁾	350,000	—	—	—
Steven Crane	130,000	—	—	130,000
Debra Goodin	23,000	1,179	—	24,179
James Fazzino	30,751	—	—	30,751
Shirley Int'd Veld	25,000	—	—	25,000
Peter Wasow	21,000	5,000	—	26,000
Rhoda Phillippo ⁽⁴⁾	—	—	—	—
	721,576	13,684	—	385,260

1) At 30 June 2019 the aggregate number of APA securities held directly or beneficially by Directors or their related entities included 350,000 securities held by Michael McCormack who retired on 5 July 2019. The aggregate number of APA Securities held directly or beneficially by the current Directors or their related entities as at 30 June 2019 was 371,576.

2) Robert Wheals was appointed as a Director on 6 July 2019. He held 38,883 securities on appointment.

3) Michael McCormack retired as a Director on 5 July 2019. He held 350,000 securities on retirement.

4) Rhoda Phillippo was appointed as a Director effective 1 June 2020. She held nil securities on appointment.

As at 30 June 2020, Robert Wheals held 217,872 performance rights granted under APA Group's long term incentive plan. Each performance right is a right to receive one ordinary stapled security in APA subject to satisfaction of certain performance hurdles. Further information can be found in APA's Remuneration Report on pages 48 to 62.

The Directors hold no other rights or options over APA securities. There are no contracts to which a Director is a party or under which the Director is entitled to a benefit and that confer a right to call for or deliver APA securities.

directors' report. continued.

APT INVESTMENT TRUST AND ITS CONTROLLED ENTITIES

8. Options Granted

In this report, the term "APA securities" refers to stapled securities each comprising a unit in Australian Pipeline Trust stapled to a unit in APT Investment Trust and traded on the Australian Securities Exchange (ASX) under the code "APA".

No options over unissued APA securities were granted during or since the end of the financial year, no unissued APA securities were under option as at the date of this report, and no APA securities were issued during or since the end of the financial year as a result of the exercise of an option over unissued APA securities.

9. Indemnification of Officers

During the financial year, the Responsible Entity paid a premium in respect of a contract insuring the Directors and Officers of the Responsible Entity and any APA Group entity against any liability incurred in performing those roles to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits specific disclosure of the nature of the liability and the amount of the premium.

Australian Pipeline Limited, in its own capacity and as Responsible Entity of Australian Pipeline Trust and APT Investment Trust, indemnifies each Director and Company Secretary, and certain other executives, former executives and officers of the Responsible Entity or any APA Group entity under a range of deed polls and indemnity agreements which have been in place since 1 July 2000. The indemnity operates to the full extent allowed by law but only to the extent not covered by insurance, and is on terms the Board considers usual for arrangements of this type.

Under its constitution, Australian Pipeline Limited (in its personal capacity) indemnifies each person who is or has been a Director, Company Secretary or executive officer of that company.

The Responsible Entity has not otherwise, during or since the end of the financial year, indemnified or agreed to indemnify an officer or external auditor of the Responsible Entity or any APA Group entity against a liability incurred by such an officer or auditor.

10. Information Required for Registered Schemes

Fees paid to the Responsible Entity and its associates (including Directors and Secretaries of the Responsible Entity, related bodies corporate and Directors and Secretaries of related bodies corporate) out of APA scheme property during the financial year are disclosed in Note 18 to the financial statements.

Except as disclosed in this report, neither the Responsible Entity nor any of its associates holds any APTIT units.

The number of APTIT units issued during the financial year, and the number of APTIT units on issue at the end of the financial year, are disclosed in Note 13 to the financial statements.

The value of the Consolidated Entity's assets as at the end of the financial year is disclosed in the balance sheet in total assets, and the basis of valuation is disclosed in the notes to the financial statements.

11. Auditor's Independence Declaration

A copy of the independence declaration of the auditor, Deloitte Touche Tohmatsu ("Auditor") as required under section 307C of the Corporations Act 2001 is included at page 143.

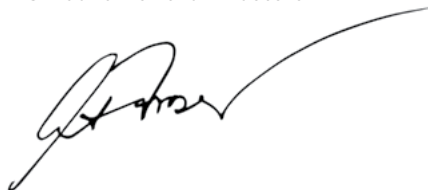
12. Rounding of Amounts

The Consolidated Entity is an entity of the kind referred to in ASIC Corporations Instrument 2016/191 and, in accordance with that Class Order, amounts in the Directors' report and the financial report are rounded to the nearest thousand dollars, unless otherwise indicated.

13. Authorisation

The Directors' Report is signed in accordance with a resolution of the Directors of the Responsible Entity made pursuant to section 298(2) of the Corporations Act 2001.

On behalf of the Directors



Michael Fraser
Chairman

Sydney, 26 August 2020



Debra Goodin
Director

consolidated statement of profit or loss and other comprehensive income.APT INVESTMENT TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Note	2020 \$000	2019 \$000
Revenue	4	53,033	65,082
Expenses	4	(12)	(12)
Profit before tax		53,021	65,070
Income tax expense	5	—	—
Profit for the year		53,021	65,070
Other comprehensive income			
Total comprehensive income for the year		53,021	65,070
Profit Attributable to:			
Unitholders of the parent		53,021	65,070
		53,021	65,070
Total comprehensive income attributable to:			
Unitholders of the parent		53,021	65,070
		53,021	65,070
Earnings per unit		2020	2019
Basic and diluted (cents per unit)	6	4.5	5.5

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

consolidated statement of financial position.

APT INVESTMENT TRUST AND ITS CONTROLLED ENTITIES
AS AT 30 JUNE 2020

	Note	2020 \$000	2019 \$000
Current assets			
Receivables	8	852	813
Non-current assets			
Receivables	8	6,073	6,925
Other financial assets	11	905,631	986,562
Non-current assets		911,704	993,487
Total assets		912,556	994,300
Current liabilities			
Trade and other payables	9	25	25
Total liabilities		25	25
Net assets		912,531	994,275
Equity			
Issued capital	13	887,845	964,219
Retained earnings		24,686	30,056
Total equity		912,531	994,275

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

consolidated statement of changes in equity.

APT INVESTMENT TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Note	Issued capital \$000	Retained earnings \$000	Total \$000
Balance at 1 July 2018		1,030,176	34,228	1,064,404
Profit for the year		—	65,070	65,070
Total comprehensive income for the year		—	65,070	65,070
Issue cost of units	13	(63)	—	(63)
Distributions to unitholders	7	(65,894)	(69,242)	(135,136)
Balance at 30 June 2019		964,219	30,056	994,275
Balance at 1 July 2019		964,219	30,056	994,275
Profit for the year		—	53,021	53,021
Total comprehensive income for the year		—	53,021	53,021
Distributions to unitholders	7	(76,374)	(58,391)	(134,765)
Balance at 30 June 2020		887,845	24,686	912,531

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

consolidated statement of cash flows.

APT INVESTMENT TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	2020 \$000	2019 \$000
Cash flows from operating activities		
Trust distribution – related party	24,373	26,833
Interest received – related parties	27,948	37,523
Proceeds from repayment of finance leases	1,167	1,167
Receipts from customers	358	333
Payments to suppliers	(12)	(66)
Net cash provided by operating activities	53,834	65,790
Cash flows from investing activities		
Receipts from related parties	80,931	69,409
Net cash provided by investing activities	80,931	69,409
Cash flows from financing activities		
Payment of unit issue costs	—	(63)
Distributions to unitholders	(134,765)	(135,136)
Net cash used in financing activities	(134,765)	(135,199)
Net increase in cash and cash equivalents	—	—
Cash and cash equivalents at beginning of financial year	—	—
Cash and cash equivalents at end of financial year	—	—

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

notes to the consolidated financial statements.

APT INVESTMENT TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Basis of Preparation

1. About this report

In the following financial statements, note disclosures are grouped into six sections being: Basis of Preparation; Financial Performance; Operating Assets and Liabilities; Capital Management; Group Structure; and Other. Each note sets out the accounting policies applied in producing the results along with any key judgements and estimates used.

Basis of Preparation

1. About this report	131
2. General information	132

Financial Performance

3. Segment information	133
4. Profit from operations	133
5. Income tax	133
6. Earnings per unit	133
7. Distributions	134

Operating Assets and Liabilities

8. Receivables	134
9. Payables	135
10. Leases	135

Capital Management

11. Other financial assets	136
12. Financial risk management	137
13. Issued capital	138

Group Structure

14. Subsidiaries	138
------------------	-----

Other

15. Commitments and contingencies	139
16. Director and Executive Key Management Personnel remuneration	139
17. Remuneration of external auditor	139
18. Related party transactions	139
19. Parent entity information	140
20. Adoption of new and revised Accounting Standards	141
21. Events occurring after reporting date	141

notes to the consolidated financial statements. continued.

APT INVESTMENT TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Basis of Preparation

2. General information

APT Investment Trust ("APTIT" or "Trust") is one of the two stapled trusts of APA Group, the other stapled trust being Australian Pipeline Trust ("APT"). Each of APT and APTIT are registered managed investment schemes regulated by the Corporations Act 2001. APTIT units are "stapled" to APT units on a one-to-one basis so that one APTIT unit and one APT unit form a single stapled security which trades on the Australian Securities Exchange under the code "APA".

This financial report represents the consolidated financial statements of APTIT and its controlled entities (together the "Consolidated Entity"). For the purposes of preparing the consolidated financial report, the Consolidated Entity is a for-profit entity.

All intragroup transactions and balances have been eliminated on consolidation. Where necessary, adjustments are made to the assets, liabilities, and results of subsidiaries, joint arrangements and associates to bring their accounting policies into line with those used by the Consolidated Entity.

APTIT's registered office and principal place of business is as follows:

Level 25
580 George Street
Sydney NSW 2000
Tel: (02) 9693 0000

APTIT operates as an investment entity within APA Group.

The financial report for the year ended 30 June 2020 was authorised for issue in accordance with a resolution of the directors on 26 August 2020.

This general purpose financial report has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board ("AASB"), and also complies with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The financial report has been prepared on the basis of historical cost, except for the revaluation of financial instruments. The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$000) in accordance with ASIC Corporations Instrument 2016/191, unless otherwise stated.

notes to the consolidated financial statements. continued.

APT INVESTMENT TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Financial Performance

3. Segment information

The Consolidated Entity has one reportable segment being energy infrastructure investment.

The Consolidated Entity is an investing entity within the Australian Pipeline Trust stapled group. As the Trust only operates in one segment, it has not disclosed segment information separately.

4. Profit from operations

Profit before income tax includes the following items of income and expense:

	2020 \$000	2019 \$000
Revenue		
Distributions		
Trust distribution – related party	24,373	26,833
	24,373	26,833
Finance income		
Interest – related parties	27,948	37,523
Finance lease income – related party	355	393
	28,303	37,916
Other revenue		
Other	357	333
Total revenue	53,033	65,082
Expenses		
Audit fees	(12)	(12)
Total expenses	(12)	(12)

Revenue is recognised at an amount that reflects the consideration to which the Consolidated Entity expects to be entitled. Amounts disclosed as revenue are net of duties and taxes paid. Revenue is recognised for the major business activities as follows:

- **Interest revenue**, which is recognised as it accrues and is determined using the effective interest method;
- **Distribution revenue**, which is recognised when the right to receive a distribution has been established; and
- **Finance lease income**, which is recognised when receivable.

5. Income tax

Income tax expense is not brought to account in respect of APTIT as, pursuant to Australian taxation laws, APTIT is not liable for income tax provided that its realised taxable income (including any assessable realised capital gains) is fully distributed to its unitholders each year.

6. Earnings per unit

	2020 cents	2019 cents
Basic and diluted earnings per unit	4.5	5.5
The earnings and weighted average number of units used in the calculation of basic and diluted earnings per unit are as follows:		
	2020 \$000	2019 \$000
Net profit attributable to unitholders for calculating basic and diluted earnings per unit	53,021	65,070
	2020 No. of units 000	2019 No. of units 000
Adjusted weighted average number of ordinary units used in the calculation of basic and diluted earnings per unit	1,179,894	1,179,894

notes to the consolidated financial statements. continued.

APT INVESTMENT TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Financial Performance

7. Distributions

	2020 cents per unit	2020 Total \$000	2019 cents per unit	2019 Total \$000
Recognised amounts				
Final FY2019 distribution paid on 11 September 2019				
(2019: Final FY2018 distribution paid on 12 September 2018)				
Profit distribution ^(a)	2.55	30,056	2.90	34,229
Capital distribution	3.98	47,002	3.14	37,022
	6.53	77,058	6.04	71,251
Interim distribution paid on 11 March 2020				
(2019: Interim FY2019 distribution paid on 13 March 2019)				
Profit distribution ^(a)	2.40	28,335	2.97	35,014
Capital distribution	2.49	29,372	2.45	28,872
	4.89	57,707	5.42	63,886
Total distributions recognised				
Profit distributions	4.95	58,391	5.87	69,242
Capital distributions (Note 13)	6.47	76,374	5.59	65,894
	11.42	134,765	11.46	135,136
Unrecognised amounts				
Final FY2020 distribution payable on 16 September 2020 ^(b)				
(2019: Final FY2019 distribution paid on 11 September 2019)				
Profit distribution ^(a)	2.09	24,686	2.55	30,056
Capital distribution	4.64	54,692	3.98	47,002
	6.73	79,378	6.53	77,058

a) Profit distributions unfranked (2019: unfranked).

b) Record date 30 June 2020.

The final distribution in respect of the financial year has not been recognised in this financial report because the final distribution was not declared, determined or publicly confirmed prior to the end of the financial year.

Operating Assets and Liabilities

8. Receivables

	2020 \$000	2019 \$000
Finance lease receivable – related party (Note 10)	852	813
Current	852	813
Finance lease receivable – related party (Note 10)	6,073	6,925
Non-current	6,073	6,925

In determining the recoverability of a receivable, the Consolidated Entity considers any change in the credit quality of the receivable from the date the credit was initially granted up to the reporting date. The directors believe that there is no expected credit loss required.

None of the above receivables is past due.

notes to the consolidated financial statements. continued.

APT INVESTMENT TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Operating Assets and Liabilities

9. Payables

	2020 \$000	2019 \$000
Other payables	25	25

Trade and other payables are recognised when the Consolidated Entity becomes obliged to make future payments resulting from the purchase of goods and services. Trade and other payables are stated at amortised cost.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. GST receivable or GST payable is only recognised once a tax invoice has been issued or received.

10. Leases

Consolidated Entity as lessor

Leases are classified as finance leases when the terms of the lease transfer substantially all of the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Finance lease receivables relate to the lease of a pipeline lateral.

There are no contingent rental payments due.

	2020 \$000	2019 \$000
Finance lease receivables		
Not longer than 1 year	1,167	1,167
Longer than 1 year and not longer than 5 years	4,669	4,669
Longer than 5 years	2,335	3,502
Minimum future lease payments receivable^(a)	8,171	9,338
Less: Future finance income	(1,246)	(1,600)
Present value of lease receivables	6,925	7,738
Included in the financial statements as part of:		
Current receivables (Note 8)	852	813
Non-current receivables (Note 8)	6,073	6,925
	6,925	7,738

a) Minimum future lease payments receivable include the aggregate of all lease payments receivable and any guaranteed residual.

The Consolidated Entity does not have any operating leases where it is the lessor.

Amounts due from a lessee under a finance lease are recorded as receivables. Finance lease receivables are initially recognised at the amount equal to the present value of the minimum lease payments receivable plus the present value of any unguaranteed residual value expected to accrue at the end of the lease term. Finance lease receipts are allocated between interest revenue and reduction of the lease receivable over the term of the lease in order to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

notes to the consolidated financial statements. continued.

APT INVESTMENT TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Capital Management

11. Other financial assets

	2020 \$000	2019 \$000
Non-current		
Advance to related party	798,252	879,183
Investment in related party	107,379	107,379
	905,631	986,562

Investment in related party

The investment in related party reflects GasNet Australia Investments Trust's ("GAIT") investment in 100% of the B Class units in GasNet A Trust. The B Class units give GAIT preferred rights to the income and invested capital of GasNet A Trust, but hold no voting rights. The A Class unitholder may however suspend for a period or terminate all of the B Class unitholder rights to distributions of income and capital. As such, GAIT neither controls nor has a significant influence over GasNet A Trust. GasNet Australia Trust, a related party wholly owned by APA Group, owns 100% of the A Class units in GasNet A Trust and, accordingly, GasNet A Trust is included in the consolidation of the APA Group.

The investment in B Class units is measured at fair value through profit or loss. The measurement of fair value takes into consideration the fact that the A Class unitholders have discretion over the return of the initial capital invested and the instrument can be called on demand. Therefore, fair value is measured based on the amount that can be called on demand, adjusted for the credit and liquidity risk of GasNet A Trust. As the impact of credit and liquidity risk is not significant, the fair value of the B Class units is not materially different to the amount of capital invested.

The Consolidated Entity does not intend to dispose of its interest in GasNet A Trust.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss ("FVTPL").

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship.

Derivatives that the Consolidated Entity does not elect to apply hedge accounting or does not meet the hedge accounting criteria, are classified as 'financial assets/liabilities' for accounting purposes and accounted at FVTPL.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or where appropriate, a shorter period.

Receivables and loans

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Trade and other receivables are stated at their amortised cost less impairment.

notes to the consolidated financial statements. continued.

APT INVESTMENT TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Capital Management

11. Other financial assets (continued)

Impairment of financial assets

In relation to the impairment of financial assets, it is no longer necessary for a credit event to have occurred before credit losses are recognised. The Consolidated Entity applies an expected credit loss ("ECL") model to account for ECL and changes in these ECL at each reporting date to reflect changes in credit risk since initial recognition of a financial asset.

The Consolidated Entity recognises a loss allowance for ECL on investments in debt instruments that are measured at amortised cost, for example, loans advanced to related parties and receivables. For finance lease receivables, the Consolidated Entity applies the simplified approach to assessing ECL. Under the simplified approach, ECL on these financial assets is estimated using a provision matrix. This matrix is based on the Consolidated Entity's historical credit losses and reasonable and supportable information that is available without undue cost.

The amount of ECL under either approach is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Consolidated Entity recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account. Aside from the additional disclosure requirements, the history of collection rates and forward-looking information that is available without undue cost or effort shows that the Consolidated Entity does not have an expected loss on collection of debtors or loans.

12. Financial risk management

The Consolidated Entity's corporate Treasury department is responsible for the overall management of the Consolidated Entity's capital raising activities, liquidity, lender relationships and engagement, debt portfolio management, interest rate and foreign exchange hedging, credit rating maintenance and third party indemnities (bank guarantees) within risk management parameters reviewed by the Board.

The Consolidated Entity's activities generate financial instruments comprising of cash, receivables, payables and interest bearing liabilities which expose it to various risks as summarised below:

- a) Market risk including currency risk, interest rate risk and price risk;
- b) Credit risk; and
- c) Liquidity risk.

Risk	Sources	Financial exposure	Risk management framework
Market	Commercial transactions in foreign currency and funding activities	Refer to market risk section.	The Audit and Risk Management Committee ("ARMC") approves written principles for overall risk management, as well as policies covering specific areas such as liquidity risk, funding risk, foreign currency risk, interest rate risk and credit risk. The Consolidated Entity's ARMC ensures there is an appropriate Risk Management Policy for the management of treasury risk and compliance with the policy through the review of monthly reporting to the Board from the Treasury department.
Credit	Cash, receivables, interest bearing liabilities and hedging	The carrying amount of financial assets recorded in the financial statements, net of any collateral held or bank guarantees held by the Consolidated Entity, represents the Consolidated Entity's maximum exposure to credit risk in relation to those assets.	
Liquidity	Payables	Refer to liquidity risk section.	

a) Market risk

The Consolidated Entity's activities exposure is primarily to the financial risk of changes in interest rates. There has been no change to the Consolidated Entity's exposure to market risk or the manner in which it manages and measures the risk from the previous year.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates on loans with related parties. A 100 basis points increase or decrease is used and represents management's assessment of the greatest possible change in interest rates within a given period of time. At reporting date, if interest rates had been 100 basis points higher or lower and all other variables were constant, the Consolidated Entity's net profit would increase by \$4,901,000 or decrease by \$4,854,000 (2019: increase by \$5,974,000 or decrease by \$5,917,000 respectively). This is mainly attributable to the Consolidated Entity's exposure to interest rates on its variable rate inter-entity balances. The sensitivity has decreased due to lower inter-entity balances.

notes to the consolidated financial statements. continued.

APT INVESTMENT TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Capital Management

12. Financial risk management (continued)

b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity.

Credit risk management

The Consolidated Entity has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or bank guarantees where appropriate as a means of mitigating the risk of loss. For financial investments or market risk hedging, the Consolidated Entity's policy is to only transact with counterparties that have a credit rating of A- (Standard & Poor's)/A3 (Moody's) or higher unless specifically approved by the Board. Where a counterparty's rating falls below this threshold following a transaction, no other transactions can be executed with that counterparty until the exposure is sufficiently reduced or their credit rating is upgraded above the Consolidated Entity's minimum threshold. The Consolidated Entity's exposure to financial instrument and deposit credit risk is closely monitored against counterparty credit limits imposed by the Treasury Risk Management Policy approved by the ARMC. These limits are regularly reviewed by the Board.

Overview of the Consolidated Entity's exposure to credit risk

The carrying amount of financial assets recorded in the financial statements, net of any allowances, represents the Consolidated Entity's maximum exposure to credit risk in relation to those assets.

c) Liquidity risk

The Consolidated Entity's exposure to liquidity risk is limited to other payables of \$25,000 (2019: \$25,000), all of which are due in less than 1 year (2019: less than 1 year).

13. Issued capital

			2020 \$000	2019 \$000
Units				
1,179,893,848 units, fully paid (2019: 1,179,893,848 units, fully paid) ^(a)			887,845	964,219
	2020 No. of units 000	2020 \$000	2019 No. of units 000	2019 \$000
Movements				
Balance at beginning of financial year	1,179,894	964,219	1,179,894	1,030,176
Issue cost of units	—	—	—	(63)
Capital distributions paid (Note 7)	—	(76,374)	—	(65,894)
Balance at end of financial year	1,179,894	887,845	1,179,894	964,219

a) Fully paid units carry one vote per unit and carry the right to distributions.

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to issued capital from 1 July 1998. Therefore, the Trust does not have a limited amount of authorised capital and issued securities do not have a par value.

Group Structure

14. Subsidiaries

Subsidiaries are entities controlled by APTIT. Control exists where APTIT has power over an entity, i.e. existing rights that give APTIT the current ability to direct the relevant activities of the entity (those that significantly affect the returns); exposure, or rights, to variable returns from its involvement with the entity; and the ability to use its power to affect those returns.

Name of entity	Country of registration	Ownership interest	
		2020 %	2019 %
Parent entity			
APT Investment Trust			
Subsidiary			
GasNet Australia Investments Trust	Australia	100	100

notes to the consolidated financial statements. continued.

APT INVESTMENT TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Other

15. Commitments and contingencies

The Consolidated Entity had no material contingent assets, liabilities and commitments as at 30 June 2020 and 30 June 2019.

16. Director and senior Executive Key Management Personnel remuneration

Remuneration of Directors

The aggregate remuneration of Directors of the Consolidated Entity is set out below:

	2020 \$	2019 \$
Short-term employment benefits	1,549,332	1,664,631
Post-employment benefits	147,185	158,168
Total remuneration: Non-Executive Directors	1,696,517	1,822,799
Short-term employment benefits	2,395,588	3,629,920
Post-employment benefits	25,453	25,000
Cash settled security-based payments	1,879,646	1,515,047
Equity settled security-based payments	368,121	—
Total remuneration: Executive Director ^(a)	4,668,808	5,169,967
Total Remuneration: Directors	6,365,325	6,992,766

Remuneration of Executive Key Management Personnel ^(a)

The aggregate remuneration of Executive Key Management Personnel of the Consolidated Entity is set out below:

Short-term employment benefits	6,179,703	7,763,114
Post-employment benefits	88,123	101,666
Cash settled security-based payments	2,891,305	2,864,008
Equity settled security-based payments	675,161	—
Total remuneration: Executive Key Management Personnel	9,834,292	10,728,788

a) The remuneration for the former Chief Executive Officer and Managing Director, Michael (Mick) McCormack to 5 July 2019 and current Chief Executive Officer and Managing Director, Rob Wheels from 6 July 2019, are included in both the remuneration disclosure for Directors and Executive Key Management Personnel. In addition Mr McCormack is entitled to his outstanding reference units, due to be paid in August 2021, August 2022 and August 2023, with a total value of \$3,632,979 (based on a VWAP of \$11.1579).

17. Remuneration of external auditor

Amounts received or due and receivable by Deloitte Touche Tohmatsu for:

	2020 \$	2019 \$
Audit or review of the financial reports		
Group	6,300	6,100
Total audit or review of the financial reports	6,300	6,100
Statutory assurance services required by legislation to be provided by the auditor		
ASIC Compliance plan audit	6,000	5,800
Total statutory assurance services required by legislation to be provided by the auditor	6,000	5,800
Total remuneration of external auditor	12,300	11,900

18. Related party transactions

a) Equity interest in related parties

Details of the percentage of ordinary securities held in subsidiaries are disclosed in Note 14.

b) Responsible Entity – Australian Pipeline Limited

The Responsible Entity is wholly owned by APT Pipelines Limited (2019: 100% owned by APT Pipelines Limited).

notes to the consolidated financial statements. continued.

APT INVESTMENT TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Other

18. Related party transactions (continued)

c) Transactions with related parties within the Consolidated Entity

During the financial year, the following transactions occurred between the Trust and its other related parties:

- loans advanced and payments received on long-term inter-entity loans; and
- payments of distributions.

All transactions between the entities that comprise the Consolidated Entity have been eliminated on consolidation.

Refer to Note 14 for details of the entities that comprise the Consolidated Entity.

d) Transactions with other related parties

APTIT and its controlled entities have a loan receivable balance with another entity in APA. This loan is repayable on agreement between the parties. Interest is recognised by applying the effective interest method, agreed between the parties at the end of each month and is determined by reference to market rates.

The following balances arising from transactions between APTIT and its other related parties are outstanding at reporting date:

- current receivables totalling \$852,000 are owing from a subsidiary of APT for amounts due under a finance lease arrangement (2019: \$813,000);
- non-current receivables totalling \$6,073,000 are owing from a subsidiary of APT for amounts due under a finance lease arrangement (2019: \$6,925,000); and
- non-current receivables totalling \$798,252,000 (2019: \$879,183,000) are owing from a subsidiary of APT for amounts due under inter-entity loans.

Australian Pipeline Limited

Management fees of \$1,426,000 (2019: \$1,142,000) were paid to the Responsible Entity as reimbursement of costs incurred on behalf of APTIT. No amounts were paid directly by APTIT to the Directors of the Responsible Entity.

Australian Pipeline Trust

Management fees of \$1,426,000 (2019: \$1,142,000) were reimbursed by APT.

19. Parent entity information

The accounting policies of the parent entity, which have been applied in determining the financial information below, are the same as those applied in the consolidated financial statements.

	2020 \$000	2019 \$000
Financial position		
Assets		
Current assets	852	813
Non-current assets	911,704	993,487
Total assets	912,556	994,300
Liabilities		
Current liabilities	25	25
Total liabilities	25	25
Net assets	912,531	994,275
Equity		
Issued capital	887,845	964,219
Retained earnings	24,686	30,056
Reserves	—	—
Total equity	912,531	994,275
Financial performance		
Profit for the year	53,021	65,070
Other comprehensive income	—	—
Total comprehensive income	53,021	65,070

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

No guarantees have been entered into by the parent entity in relation to the debts of its subsidiaries.

Contingent liabilities of the parent entity

No contingent liabilities have been identified in relation to the parent entity.

notes to the consolidated financial statements. continued.

APT INVESTMENT TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Other

20. Adoption of new and revised Accounting Standards

Standards and Interpretations affecting amounts reported in the current period (and/or prior periods)

The company has adopted the following new standards on their applicable start date.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Adoption date
AASB 16 'Leases' (AASB 16)	1 January 2019	1 July 2019

AASB 16 replaces AASB 117 'Leases' and related interpretations. As the Consolidated Entity is a lessor only, the new standard does not have a material impact on the consolidated financial statements. The Consolidated Entity's accounting for leases as a lessor remains unchanged under AASB 16.

Standards and Interpretations issued not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations on issue but not yet effective are not expected to have material impact on the Consolidated Entity's accounting policies or any of the amounts recognised in the financial statements.

21. Events occurring after reporting date

On 26 August 2020, the Directors declared a final distribution for the 2020 financial year of 6.73 cents per unit (\$79.4 million). The distribution represents a 2.09 cents per unit unfranked profit distribution and 4.64 cents per unit capital distribution. The distribution will be paid on 16 September 2020.

As at the time of reporting, the developing and uncertain situation in respect of COVID-19 pandemic continues to be closely monitored by management and the directors of the Consolidated Entity. Nothing has come to the attention of the Consolidated Entity that would require adjustment to or additional disclosure in these financial statements as a result of any recent COVID-19 developments.

Other than the events disclosed above, there have not been any events or transactions that have occurred subsequent to year end that would require adjustment to or disclosure in the financial statements.

declaration by the directors of australian pipeline limited.

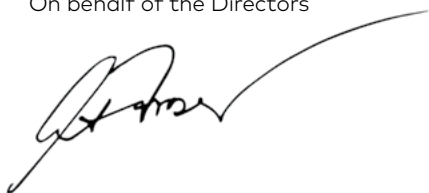
APT INVESTMENT TRUST AND ITS CONTROLLED ENTITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

The Directors declare that:

- a) in the Directors' opinion, there are reasonable grounds to believe that APT Investment Trust will be able to pay its debts as and when they become due and payable;
- b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with Accounting Standards and giving a true and fair view of the financial position and performance of the Consolidated Entity;
- c) in the Directors' opinion, the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board; and
- d) the Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors of the Responsible Entity made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the Directors



Michael Fraser
Chairman



Debra Goodin
Director

Sydney, 26 August 2020

auditor's independence declaration.

APT INVESTMENT TRUST AND ITS CONTROLLED ENTITIES
TO AUSTRALIAN PIPELINE LIMITED AS RESPONSIBLE ENTITY FOR APT INVESTMENT TRUST



Deloitte Touche Tohmatsu
ABN 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

DX: 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

26 August 2020

The Directors
Australian Pipeline Limited as responsible entity for APT Investment Trust
Level 25, 580 George Street
Sydney NSW 2000

Dear Directors

Auditor's Independence Declaration to Australian Pipeline Limited as responsible entity for APT Investment Trust

In accordance with section 307C of the *Corporations Act 2001*, we are pleased to provide the following declaration of independence to the directors of Australian Pipeline Limited as responsible entity for APT Investment Trust.

As lead audit partners for the audit of the financial statements of APT Investment Trust for the financial year ended 30 June 2020, we declare that to the best of our knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

DELOITTE TOUCHE TOHMATSU

Jamie Gatt
Partner
Chartered Accountants

Taralyn Elliott
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Asia Pacific Limited and the Deloitte Organisation.

independent auditor's report.

APT INVESTMENT TRUST AND ITS CONTROLLED ENTITIES
TO THE UNITHOLDERS OF APT INVESTMENT TRUST



Deloitte Touche Tohmatsu
ABN 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

DX: 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

Independent Auditor's Report to the Unitholders of APT Investment Trust

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of APT Investment Trust (the "consolidated entity"), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the consolidated entity is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the consolidated entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

independent auditor's report. continued.

APT INVESTMENT TRUST AND ITS CONTROLLED ENTITIES
TO THE UNITHOLDERS OF APT INVESTMENT TRUST

Deloitte.

Other Information

The directors of APT Investment Trust ("the Directors") are responsible for the other information. The other information comprises the information included in the consolidated entity's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the consolidated entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the consolidated entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the consolidated entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

independent auditor's report. continued.

APT INVESTMENT TRUST AND ITS CONTROLLED ENTITIES
TO THE UNITHOLDERS OF APT INVESTMENT TRUST

Deloitte.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information or business activities within the consolidated entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the consolidated entity audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



DELOITTE TOUCHE TOHMATSU



Jamie Gatt
Partner
Chartered Accountants
Sydney, 26 August 2020



Taralyn Elliott
Partner
Chartered Accountants
Sydney, 26 August 2020

additional information.

Additional information required by the Listing Rules of the Australian Securities Exchange Limited and not provided elsewhere in this report (the information is applicable as at 20 August 2020).

Twenty largest holders

	No. of securities	%
HSBC Custody Nominees (Australia) Limited	287,140,276	24.34
BNP Paribas Nominees Pty Ltd	204,953,023	17.37
J P Morgan Nominees Australia Limited	152,943,599	12.96
Citicorp Nominees Pty Limited	94,230,054	7.99
Custodial Services Limited	23,736,639	2.01
National Nominees Limited	21,944,806	1.86
Argo Investments Limited	10,882,525	0.92
BNP Paribas Noms Pty Ltd	9,833,274	0.83
BKI Investment Company Limited	5,770,434	0.49
HSBC Custody Nominees (Australia) Limited	4,891,132	0.41
Citicorp Nominees Pty Limited	4,868,392	0.41
Australian Foundation Investment Company Limited	4,040,000	0.34
Netwealth Investments Limited	2,711,992	0.23
Australian Foundation Investment Company Limited	2,625,000	0.22
Milton Corporation Limited	2,077,766	0.18
HSBC Custody Nominees (Australia) Limited-GSCO ECA	2,037,968	0.17
National Nominees Limited	1,980,797	0.17
HSBC Custody Nominees (Australia) Limited	1,914,679	0.16
BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd	1,900,749	0.16
AMP Life Limited	1,833,060	0.16
Total for Top 20	842,316,165	71.39

Distribution of holders

Ranges	No. of holders	%	No. of securities	%
100,001 and Over	129	0.17	870,869,266	73.81
10,001 to 100,000	7,492	9.67	150,168,308	12.73
5,001 to 10,000	9,744	12.57	69,673,738	5.91
1,001 to 5,000	30,057	38.79	77,322,136	6.55
1 to 1,000	30,070	38.80	11,860,400	1.00
Total	77,492	100.00	1,179,893,848	100.00

1,702 holders hold less than a marketable parcel of securities (market value less than \$500 or 44 securities based on a market price on 20 August 2020 of \$11.37).

Substantial holders

By notice dated 10 March 2020, The Vanguard Group Inc. advised that it had an interest in 71,349,836 stapled securities, as at 4 March 2020.

By notice dated 14 June 2019, BlackRock Group advised that it had an interest in 70,905,193 stapled securities, as at 12 June 2019.

By notice dated 13 March 2018, BNP Paribas Nominees Pty Limited as custodian for UniSuper Limited advised that it had an interest in 189,951,079 stapled securities, as at 09 March 2018.

Voting rights

On a show hands, each holder has one vote.

On a poll, each holder has one vote for each dollar of the value of the total interests they have in the scheme.

On-market buy-back

There is no current on-market buy-back.

five year summary.

Financial Performance (Statutory)		2020	2019	2018	2017	2016
Revenue	\$m	2,590.6	2,452.2	2,386.7	2,326.4	2,094.3
Revenue excluding pass-through ⁽¹⁾	\$m	2,129.5	2,031.0	1,941.4	1,888.3	1,656.0
EBITDA	\$m	1,653.9	1,573.8	1,518.5	1,470.1	1,330.5
Depreciation and amortisation expense	\$m	(651.6)	(611.4)	(578.9)	(570.0)	(520.9)
EBIT	\$m	1,002.4	962.4	939.6	900.1	809.7
Interest expense	\$m	(497.3)	(497.4)	(509.7)	(513.8)	(507.7)
Tax (expense) / benefit	\$m	(187.9)	(177.0)	(165.1)	(149.5)	(122.5)
Profit after tax including significant items	\$m	317.1	288.0	264.8	236.8	179.5
Significant items – after income tax	\$m	—	—	—	—	—
Profit after tax excluding significant items	\$m	317.1	288.0	264.8	236.8	179.5

Financial Position

Total assets	\$m	16,007.2	15,433.9	15,227.2	15,045.9	14,842.7
Total drawn debt ⁽²⁾	\$m	9,983.6	9,352.1	8,810.4	9,249.7	9,037.3
Total equity	\$m	3,223.9	3,599.4	4,126.8	3,978.2	4,029.1

Operating Cash Flow

Operating cash flow ⁽³⁾	\$m	1,095.9	1,012.1	1,031.6	973.9	862.4
------------------------------------	-----	---------	---------	---------	-------	-------

Key Financial Ratios

Earnings per security ⁽⁴⁾	cents	26.9	24.4	23.3	21.2	16.0
Operating cash flow per security ⁽⁴⁾	cents	92.9	85.8	90.7	87.1	77.1
Distribution per security	cents	50.0	47.0	45.0	43.5	41.5
Funds From Operations to Net Debt	%	12.2	10.7	10.7	10.8	9.5
Funds From Operations to Interest	times	3.3	3.0	3.0	3.0	2.7
Weighted average number of securities ⁽⁴⁾	m	1,179.9	1,179.9	1,136.9	1,118.5	1,118.5

EBITDA by Segment (Excluding Significant Items)

EBITDA (Continuing businesses)

Energy Infrastructure

East Coast:

Queensland	\$m	1,007.9	1,010.1	962.2	925.4	855.8
New South Wales	\$m	160.8	149.4	147.1	149.5	121.7
Victoria	\$m	101.9	114.0	124.6	123.0	120.6
South Australia	\$m	2.3	2.1	2.6	2.3	2.5
Northern Territory	\$m	19.9	19.2	22.9	18.8	17.5
Western Australia	\$m	337.1	277.8	237.6	234.7	217.6
Asset Management	\$m	63.3	53.0	66.2	58.7	53.9
Energy Investments	\$m	35.7	28.4	23.1	24.4	27.8
Corporate costs	\$m	(75.0)	(80.1)	(67.9)	(66.7)	(86.7)
Divested businesses	\$m	—	—	—	—	—

1) Pass-through revenue is revenue on which no margin is earned. Pass-through revenue arises in the asset management operations in respect of costs incurred and passed on to Australian Gas Networks Limited (AGN) and GDI in respect of the operation of the AGN and GDI assets respectively.

2) APA's liability to repay debt at relevant due dates of the drawn facilities. This amount represents current and non-current borrowings as per balance sheet and is adjusted for deferred borrowing costs, the effect of unwinding of discount, unrealised foreign exchange differences reported in equity and deducting other financial liabilities that are reported as part of borrowings in the balance sheet.

3) Operating cash flow = net cash from operations after interest and tax payments.

4) On the 23 March 2018, APA Group issued 65,586,479 new ordinary securities on completion of the fully underwritten pro-rata accelerated institutional tradeable renounceable entitlement offer, resulting in total securities on issue as at 30 June 2018 of 1,179,893,848. The entitlement offer was offered at \$7.70 per security, a discount to APA Group's closing market price of \$8.26 per security on the 23 February 2018, the last trading day before the record date of 26 February 2018. The numbers of securities used for calculation of earnings per security and operating cash flow per security from FY2016 to FY2018 have been adjusted. An adjustment factor of 1.0038 has been calculated, being the closing market price per security on 23 February 2018, divided by the theoretical ex-rights price (TERP) of \$8.23 per security.

investor information.

Calendar of events

Final distribution FY2020 record date	30 June 2020
Final distribution FY2020 payment date	16 September 2020
Annual meeting	22 October 2020
Interim results announcement	17 February 2021 ⁽¹⁾
Interim distribution FY2021 record date	31 December 2020 ⁽¹⁾
Interim distribution FY2021 payment date	10 March 2021 ⁽¹⁾

1) Subject to change.

Annual Meeting Details

Date: Thursday, 22 October 2020

Time: 10.00 am

To be held as a virtual meeting at <https://agmlive.link/APA20>

Please refer to the APA Group Notice of Meeting or the APA Group website for information.

ASX Listing

An APA Group security comprises a unit in Australian Pipeline Trust and a unit in APT Investment Trust. These units are stapled together to form a stapled security which is listed on the ASX (ASX Code: APA). Australian Pipeline Limited is the Responsible Entity of those trusts.

APA Group Responsible Entity and Registered Office

Australian Pipeline Limited

ACN 091 344 704
Level 25, 580 George Street,
Sydney NSW 2000
PO Box R41,
Royal Exchange NSW 1225
Telephone: +61 2 9693 0000
Facsimile: +61 2 9693 0093
Website: apa.com.au

Apa Group Registry

Link Market Services Limited

Level 12, 680 George Street,
Sydney NSW 2000
Locked Bag A14,
Sydney South NSW 1235
Telephone: +61 1800 992 312
Facsimile: +61 2 9287 0303
Email: apagroup@linkmarketservices.com.au
Website: linkmarketservices.com.au

Securityholder Details

It is important that Securityholders notify the APA Group registry immediately if there is a change to their address or banking arrangements. Securityholders with enquiries should also contact the APA Group registry.

Distribution Payments

Distributions will be paid semi-annually in March and September. Securityholders will receive annual tax statements with the final distribution in September. Payment to Securityholders residing in Australia and New Zealand will be made only by direct credit into an Australian or New Zealand bank account. Securityholders with enquiries should contact the APA Group registry.

For unclaimed or withheld distribution payments, please contact APA Group's Registry to update your bank account details.

Online Information

Further information on APA is available at apa.com.au, including:

- Results, market releases and news
- Asset and business information
- Corporate responsibility and sustainability reporting
- Securityholder information such as the current APA security price, distribution and tax information.

Electronic Communication

Securityholders can elect to receive communication electronically by registering their email address with the APA Group registry. Electing to receive annual reports electronically will reduce the adverse impact we have on the environment.

Disclaimer:

APA Group comprises two registered investment schemes, Australian Pipeline Trust (ARSN 091 678 778) and APT Investment Trust (ARSN 115 585 441), the securities of which are stapled together. Australian Pipeline Limited (ACN 091 344 704) is the responsible entity of Australian Pipeline Trust and APT Investment Trust. Please note that Australian Pipeline Limited is not licensed to provide financial product advice in relation to securities in APA Group. This publication does not constitute financial product advice and has been prepared without taking into account your objectives, financial situation or particular needs. Before relying on any statements contained in this publication, including forecasts and projections, you should consider the appropriateness of the information, having regard to your own objectives, financial situations and needs and seek professional advice if necessary.

This publication contains forward looking information, including about APA Group, its financial results and other matters which are subject to risk factors. APA Group believes that there are reasonable grounds for these statements and whilst due care and attention have been used in preparing this publication, certain forward looking statements are made in this publication which are not based on historical fact and necessarily involve assumptions as to future events and analysis, which may or may not be correct. These forward looking statements should not be relied on as an indication or guarantee of future performance.

All references to dollars, cents or '\$' in this presentation are to Australian currency, unless otherwise stated.

EBIT, EBITDA and other "normalised" measures are non-IFRS measures that are presented to provide an understanding of the performance of APA Group. Such non-IFRS information is unaudited, however the numbers have been extracted from the audited financial statements.

energy. **connected.**



From a gas transmission company in **2000.**

