



23 February 2022

ASX ANNOUNCEMENT

APA Group (ASX: APA)

INTERIM FINANCIAL RESULTS

APA Group provides the attached for the half year ended 31 December 2021:

- Australian Pipeline Trust Appendix 4D
- Australian Pipeline Trust Interim Financial Report
- APT Investment Trust Interim Financial Report

Authorised for release by Amanda Cheney

Company Secretary
Australian Pipeline Limited

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About APA Group (APA)

APA is a leading Australian Securities Exchange (ASX) listed energy infrastructure business. We own and/or manage and operate a diverse, \$21 billion portfolio of gas, electricity, solar and wind assets. Consistent with our purpose to strengthen communities through responsible energy, we deliver approximately half of the nation's gas usage and connect Victoria with South Australia and New South Wales with Queensland through our investments in electricity transmission assets. We are also one of the largest owners and operators of renewable power generation assets in Australia, with wind and solar projects across the country. 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.

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Australian Pipeline Trust
Results for announcement to the market
For the half year ended 31 December 2021
Appendix 4D



Results				Dec 2021 \$'000	Restated ^(a)
					Change
Revenue including share of profits from equity accounted investments	Up	6.9%	to	1,384,357	1,295,030
Profit/(loss) after tax including significant items ^(b)	Up	1,104.8%	to	155,593	(15,485)
Profit after tax excluding significant items	Down	2.2%	to	155,593	159,040
Free cash flow ^(c)	Up	22.6%	to	515,055	420,032
Free cash flow per security	Up	8.1¢	to	43.7¢	35.6¢
Earnings/(loss) per security including significant items	Up	14.5¢	to	13.2¢	(1.3¢)
Earnings per security excluding significant items	Down	0.3¢	to	13.2¢	13.5¢

(a) Restated for the impact of accounting for Software-as-a-Service ("SaaS") following the IFRS Interpretation Committee's Agenda Decision published in April 2021.

(b) Refer to note 2 of the Financial Statements.

(c) Free cash flow is operating cash flow less stay-in-business ("SIB") capital expenditure ("SIB" capital expenditure includes operating assets lifecycle replacement costs and technology lifecycle costs).

Australian Pipeline Trust
Results for announcement to the market
For the half year ended 31 December 2021
Appendix 4D



Reporting Period

The above results are for the half year ended 31 December 2021. Reference is made to movements from the previous corresponding period being the half year ended 31 December 2020.

Distributions paid and proposed	APA Group	
	Amount per security	Franking credits per security
Interim distribution proposed		
profit distribution	10.76¢	4.04¢
capital distribution	14.24¢	-
	25.0¢	4.04¢

The record date for determining entitlements to the unrecognised interim distribution in respect of the current financial year is 31 December 2021.

Distribution information is presented on an accounting classification basis. The APA Group Annual Tax Statement and Annual Tax Return Guide (released in September) 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 maintain the suspension of the Distribution Reinvestment Plan until further notice.

Net asset backing per security	31 December 2021	Restated^(d) 31 December 2020
	\$	\$
Net tangible asset backing per security	(0.64)	(0.41)
Net asset backing per security	2.39	2.77

(d) Restated for the impact of accounting for SaaS arrangement and re-presentation of software and licences from property, plant and equipment to intangible assets.

Additional information and commentary on results for the half year

For additional disclosures refer to the APA Group interim report for the half year ended 31 December 2021 accompanying this Appendix 4D.



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APA Group

Interim Financial Report

For the half year ended
31 December 2021



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AUSTRALIAN PIPELINE TRUST DIRECTORS' REPORT

The Directors of Australian Pipeline Limited (Responsible Entity) submit their interim financial report of Australian Pipeline Trust (APT) and its controlled entities (together APA or Consolidated Entity) for the half year ended 31 December 2021. 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 half year and since the half year ended 31 December 2021 are:

Michael Fraser	Chairman
Robert (Rob) Wheals	Chief Executive Officer and Managing Director
Steven (Steve) Crane	Director
James Fazzino	Director
Debra (Debbie) Goodin	Director
Shirley In't Veld	Director
Rhoda Phillippo	Director
Peter Wasow	Director

Amanda Cheney is the Company Secretary of the Responsible Entity and held that role during the half year ended 31 December 2021. Nevenka Codevelle also held the role of Company Secretary of the Responsible Entity until her resignation on 22 October 2021.

2 Principal Activities

The principal activities of APA during the period 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 assets located across Australia;
- asset management services for the majority of APA's energy investments and for third parties; and
- investments in unlisted energy infrastructure entities.

There were no significant changes to the principal activities or state of affairs of APA during the reporting period.

3 Subsequent Events

On 23 February 2022, the Directors declared an interim distribution of 25.0 cents per security (\$295.0 million) for APA Group, an increase of 4.2%, or 1.0 cent per security over the previous corresponding period (31 December 2020: 24.0 cents). This is comprised of a distribution of 20.12 cents per security from APT and a distribution of 4.88 cents per security from APTIT. The APT distribution represents 9.43 cents per security profit distribution and 10.69 cents per security capital distribution. The APTIT distribution represents a 1.33

cent per security unfranked profit distribution and 3.55 cents capital distribution. The distribution will be paid on 17 March 2022.

Subsequent to 31 December 2021, APA has entered into further contractual commitments to acquire additional interests in the senior secured debt of Basslink at a discount, with a face value of approximately of \$335.8 million. Financial close is subject to sale conditions being met by the parties to the transaction. This brings the total contractual commitment to \$524.6 million as at the date of this report. If financial close is completed, APA will own 100% of Basslink's senior secured debt with a face value of \$623.7 million.

On 10 February 2022, Hydro Tasmania terminated the Basslink Services Agreement (BSA) with Basslink Pty Ltd. Concurrent with that termination, Hydro Tasmania made an offer to Basslink's receivers for an interim arrangement under which the key elements of the BSA would be put back in place for one month whilst the parties discuss possible alternative arrangements. The receivers have declined Hydro Tasmania's offer. Hydro Tasmania has indicated that it remains willing to discuss with receivers an alternative commercial arrangement that would provide funding during the receivership and help transition the asset to an alternative commercial model.

As at the time of reporting, the ongoing 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 to or additional disclosure in these financial statements as a result of any recent COVID-19 developments. Whilst global supply chain interruptions and tight labour markets have not yet had a material impact on APA's operations to date, these conditions could have an unfavourable impact on operations and / or the delivery of new projects if they persist in the future.

Other than noted above and as disclosed elsewhere in this report, there has not arisen in the interval between the half year ended 31 December 2021 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 Strategy Overview

APA is well positioned to play a key role in the development and deployment of the energy solutions of tomorrow as Australia and the world continues to decarbonise energy supply systems. Natural gas will remain critical in the future energy mix, unlocking the vast expansion of renewable energy that is required to replace the planned retirement of coal power stations. Natural gas will ensure Australia will continue to have access to reliable, flexible and affordable energy solutions with significantly lower carbon emissions relative to coal. Natural gas is also essential to powering hard-to-abate and hard-to-electrify industrial sectors, as well as essential heating needs in colder climates.

Strategy to unlock the vast opportunities as the energy market transitions

- Respond to the changing needs of our customers and communities
- Invest in gas, electricity and renewables infrastructure (contracted and regulated) in Australia and North America
- Leverage our energy infrastructure capabilities into next generation energy technologies (Pathfinder Program)
- Maintain disciplined investment, securityholder returns and maintain a strong balance sheet (including BBB/Baa2 credit ratings)

The strategy enables APA to capture the vast opportunities to invest in contracted and regulated energy infrastructure in our target markets of Australia and North America. APA estimates that the investment opportunities in these target markets is in excess of US\$2.8 trillion over the next 40 years across renewable energy, firming and storage, gas pipelines and electricity infrastructure.

During 1H22, APA continued to execute its growth strategy across energy infrastructure consistent with market and customer needs. Upon reaching Final Investment Decision on Stages 1&2 of the Mica Creek Solar Farm, APA's organic growth capital expenditure is expected to exceed \$1.4 billion over the FY22-24 period. The ~\$150 million investment in Mica Creek Solar will provide affordable, reliable and low emissions power to Mount Isa, a minerals rich region of Queensland, further strengthening the region's economic prosperity.

During the period, APA delivered a non-binding indicative proposal to the board of AusNet Services to acquire all the issued shares in AustNet with a cash and scrip offer. The proposal would have brought together two high quality businesses and create an Australian listed flagship energy group with the scale and capability to accelerate the \$20 billion growth in electricity transmission infrastructure needed to support the decarbonisation of Australia's economy. The AusNet business was ultimately acquired by Brookfield Asset Management, Inc. (Brookfield), with the Scheme of Arrangement effective on 4 February 2022. Whilst disappointed to not acquire the business, APA was and continues to be focussed on remaining financially disciplined to ensure our investments continue to create long term value for our Securityholders. APA remains confident that it is well positioned to pursue the significant growth opportunities that will evolve to deliver the electricity infrastructure required to support Australia's evolving energy requirements.

On 22 November 2021, APA announced the acquisition of a \$99.5 million interest in the senior secured debt of Basslink, at discount to face value. Basslink owns and operates the 370km high voltage direct current (HVDC) electricity connector between Victoria and Tasmania. On 21 February 2022, APA entered into agreements to purchase 100% of the senior secured Basslink debt from the Receivers and managers. If successful APA will work with Hydro Tasmania, the State of Tasmania, the Australian Energy Regulator and other key stakeholders to convert Basslink to a regulated asset.

4.1 Progress on our Net Zero ambition and Climate Transformation Program

APA has announced its ambition for Net Zero operations emissions by 2050 and intends to set and publish interim targets during 2022. Significant progress has been made towards the enhancement of APA's emissions inventory and process controls in the reporting period, which will be critical to support both the development of emissions targets and measurement going forward.

Under the 'Innovate' pillar of our governing Climate Change Management Framework, APA continues to build momentum through our technology initiatives and partnerships. In the past six months, APA has announced partnerships in two hydrogen production and distribution feasibility studies currently underway in Queensland and Western Australia. Both are due for completion in 2H22 and are discussed below in section 4.2 Pathfinder Program.

APA continues to invest directly in the energy transition, with the [announcement](#) during the reporting period of a staged plan to build an 88 MW solar farm at Mica Creek in Mount Isa, supporting customers in the North West Minerals Province with affordable, renewable electricity.

APA has maintained its stance as a responsible advocate for action on climate change and a net zero future, with APA's CEO and Managing Director Rob Wheals joining the [Australian Climate Leaders Coalition \(CLC\)](#) during the reporting period. The CLC is a group of cross-sectoral Australian corporate CEOs supporting the Paris Agreement commitments and setting public decarbonisation targets. APA is participating in the Coalition's deep dive initiative on Scope 3 emissions and was pleased to support the development of the Coalition's Roadmap to 2030.

APA's FY21 report under the National Greenhouse and Energy Reporting Act 2007 (NGER Act) was submitted to the Australian Clean Energy Regulator in October 2021. Reasonable Assurance was conducted on the submission by a third-party auditor and no significant corrections or misstatements were identified. For information on APA's FY21 Emissions Inventory please refer to section 10.1 of this report.

4.2 Pathfinder Program

APA's Pathfinder program, established in FY21, continues to grow and deliver new opportunities in emerging energy infrastructure markets including clean molecules, storage, and microgrids.

Our landmark Parmelia Gas Pipeline conversion project is continuing to provide insights into the potential role that natural gas transmission pipelines can play in transporting hydrogen. At the APGA 2021 conference, we released the project's Phase 1 findings and are proceeding with Phase 2 which includes laboratory testing of the pipeline material in gaseous hydrogen conditions.

As mentioned in section 5.1 of this report, APA has joined a consortium of Australian and Japanese energy players in an effort to establish Queensland's largest green hydrogen project. When built, the proposed green hydrogen project would be the largest in Queensland – commencing production in the mid-2020s, the project would scale up to over 3,000 MW of electrolysis capacity by the early 2030s. APA will continue to work with Stanwell and Japanese companies Iwatani Corporation, Kawasaki Heavy Industries, Kansai Electric Power Company and Marubeni to complete a detailed feasibility study on the Central Queensland project during FY22.

APA is also investigating opportunities for blue hydrogen, incorporating hydrogen production with carbon capture and storage (CCS) in Western Australia. In a consortium with Pilot Energy and Warrego Energy Limited, APA has commenced a feasibility study assessing the potential use of the Cliff Head oil project and other reservoirs across the broader Perth Basin to store the captured carbon dioxide.

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 the Consolidated Entity, and these are therefore described in this report as 'underlying' measures.

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

	31 Dec 2021	31 Dec 2020	Changes	
	\$000	\$000 ⁽⁵⁾	\$000	%
Total revenue	1,384,357	1,295,030	89,327	6.9%
Pass-through revenue ⁽¹⁾	266,611	223,223	43,388	19.4%
Total revenue excluding pass-through	1,117,746	1,071,807	45,939	4.3%
Underlying EBITDA⁽²⁾	859,825	822,836	36,989	4.5%
– Fair value gains/losses on contract for difference	8,228	17,794	(9,566)	(53.8%)
– Technology transformation projects	(2,682)	(5,896)	3,214	(54.5%)
Total reported EBITDA⁽²⁾	865,371	834,734	30,637	3.7%
Depreciation and amortisation expenses	(371,236)	(330,876)	(40,360)	12.2%
Total reported EBIT⁽²⁾	494,135	503,858	(9,723)	(1.9%)
Finance costs and interest income	(239,172)	(246,870)	7,698	(3.1%)
Significant items				
– Impairment of property, plant and equipment	-	(249,322)	249,322	(100.0%)
Profit before income tax	254,963	7,666	247,297	3,225.9%
Income tax (expense) / benefit	(99,370)	(23,151)	(76,219)	329.2%
Profit / (Loss) after tax including significant items	155,593	(15,485)	171,078	1,104.8%
Profit after tax excluding significant items	155,593	159,040	(3,447)	(2.2%)
Free cash flow ⁽³⁾	515,055	420,032	95,023	22.6%
Free cash flow per security (cents)	43.7	35.6	8.1	22.6%
Earnings/(loss) per security including significant items (cents)	13.2	(1.3)	14.5	1,115.4%
Earnings per security excluding significant items (cents)	13.2	13.5	(0.3)	(2.2%)
Distribution per security (cents)	25.0	24.0	1.0	4.2%
Distribution payout ratio (%) ⁽⁴⁾	57.3%	67.4%	-	(10.1%)
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) Excludes significant items.
- (3) Free cash flow is operating cash flow less SIB capex (SIB capex includes operational assets lifecycle replacement costs and technology lifecycle costs).
- (4) Distribution payout ratio = total distribution applicable to the financial year as a percentage of free cash flow.
- (5) 1H21 is restated as a result of change in the APA Group's accounting policy following the IFRS Interpretations Committee's ("IFRIC") Agenda Decision published in April 2021 related to accounting for Software-as-a-Service ("SaaS") arrangements.

APA's total revenue (excluding pass-through revenue) for the six months to 31 December 2021, increased compared to the previous corresponding period, increasing by \$45.9 million or 4.3% to \$1,117.7 million (1H21 \$1,071.8 million).

Underlying EBITDA for the six months to 31 December 2021, increased by 4.5% or \$37.0 million to \$859.8 million, compared to the previous corresponding period underlying EBITDA of \$822.8 million.

The 1H22 results reflects operating revenue growth across all segments, with particularly strong growth from the Victorian Transmission System and Diamantina Power Station. APA is also favourably exposed to rising inflation, with almost all of APA's revenues being inflation linked.

Australian Pipeline Trust (ARSN 091 678 778) and its Controlled Entities
Interim Financial Report for the half year ended 31 December 2021

Profit after tax including significant items was \$155.6 million, an increase of \$171.1 million to the prior corresponding period, noting that the prior period was impacted by a non-cash impairment charge of \$249.3 million recognised against the Orbest Gas Processing Plant (1H21 loss after tax: \$15.5 million). Net interest and other finance costs decreased for the period by 3.1% to \$239.2 million, whilst depreciation and amortisation expenses increased by 12.2% to \$371.2 million, due to growth in the asset base and changes to the useful life of certain assets for their current replacement management plan. Income tax expense increased over the period in line with the growth in earnings.

Free cash flow was \$515.1 million for the six-month period, an increase of 22.6% or \$95.1 million on the previous corresponding period (1H21 \$420.0 million), primarily due to increased earnings, lower tax and lower interest paid. The reduction in tax and interest paid was largely driven by the positive effects of APA's liability management exercise undertaken in March 2021.

Total FY22 distributions are expected to be 53.0 cents per security, with any franking credits which may be allocated to the final distribution attaching to that cash payout.

Growth capital expenditure is now expected to exceed \$1.4 billion over FY2022 to FY2024.

5.1 Business Segment Performances and Operational Review

APA reports across the three business segments:

- **Energy Infrastructure:** APA's wholly or majority owned energy infrastructure assets across transmission, 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 Energy Investments; and
- **Energy Investments:** APA's interests in energy infrastructure investments.

Reported revenue and EBITDA⁽¹⁾ performance of APA's business segments is set out in the table below.

	31 Dec 2021 \$000	31 Dec 2020 \$000 ⁽¹⁾	Changes \$000	%
Revenue⁽¹⁾				
Energy Infrastructure				
East Coast Gas	411,470	395,560	16,120	4.1%
West Coast Gas	166,545	164,223	2,322	1.4%
Wallumbilla Gladstone Pipeline	280,332	271,473	8,859	3.3%
Power Generation	179,603	168,289	11,314	6.7%
Energy Infrastructure total	1,038,250	999,545	38,705	3.9%
Asset Management	60,911	51,571	9,340	18.1%
Energy Investments	16,174	16,159	15	0.1%
Other non-contract revenue	2,102	1,985	117	5.9%
Total segment revenue	1,117,437	1,069,260	48,177	4.5%
Pass-through revenue	266,611	223,223	43,388	19.4%
Unallocated revenue ⁽²⁾	309	2,547	(2,238)	(87.9%)
Total revenue	1,384,357	1,295,030	89,327	6.9%
EBITDA				
Energy Infrastructure				
East Coast Gas	341,893	326,793	15,100	4.6%
West Coast Gas	137,054	135,846	1,208	0.9%
Wallumbilla Gladstone Pipeline	278,803	269,953	8,850	3.3%
Power Generation	99,809	86,206	13,603	15.8%
Energy Infrastructure total	857,559	818,798	38,761	4.7%
Asset Management	41,694	30,967	10,727	34.6%
Energy Investments	16,174	16,159	15	0.1%
Corporate costs	(55,602)	(43,088)	(12,514)	29.0%
Underlying EBITDA	859,825	822,836	36,989	4.5%
– Fair value gains/losses on contract for difference	8,228	17,794	(9,566)	(53.8%)
– Technology transformation projects	(2,682)	(5,896)	3,214	(54.5%)
Total reported EBITDA⁽³⁾	865,371	834,734	30,637	3.70%

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) Excludes significant items.

5.2 Energy Infrastructure

APA's Energy Infrastructure business includes our interconnected East Coast Grid and Western Australian pipelines, renewable and gas-fired electricity generation assets, as well as complementary energy infrastructure assets such as gas processing and storage assets.

⁽¹⁾ 1H21 is restated as a result of change in the APA Group's accounting policy following the IFRIC Agenda Decision published in April 2021 related to accounting for SaaS arrangements.

Energy Infrastructure segment revenue was \$1,038.3 million, which represents an increase of \$38.7 million on the previous corresponding period (1H21 \$999.5 million).

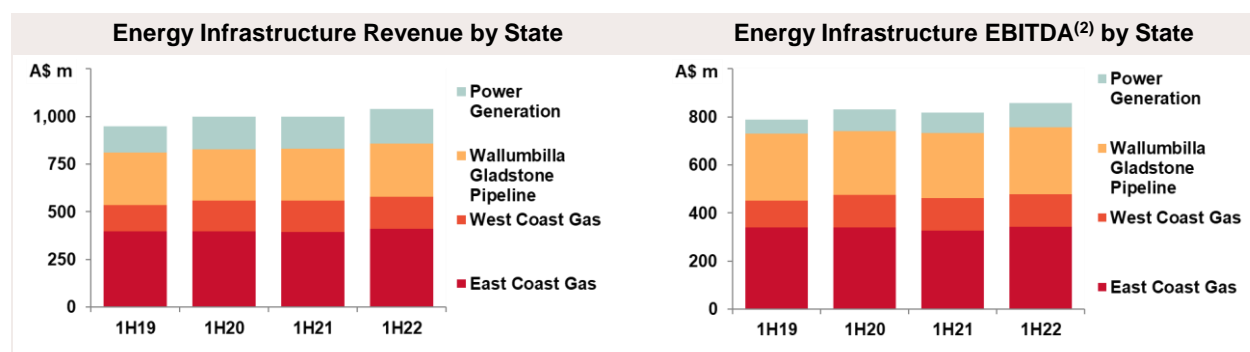
Energy Infrastructure underlying EBITDA was up 4.7% or \$38.8 million on the previous corresponding period to \$857.6 million (1H21 \$818.8 million).

East Coast underlying EBITDA for 1H22 increased 4.6% or \$15.1 million on the previous corresponding period to \$341.9 million (1H21 \$326.8 million). The increase was influenced by higher gas consumption in the Victorian Transmission System and higher output from the Orbest Gas Processing Plant.

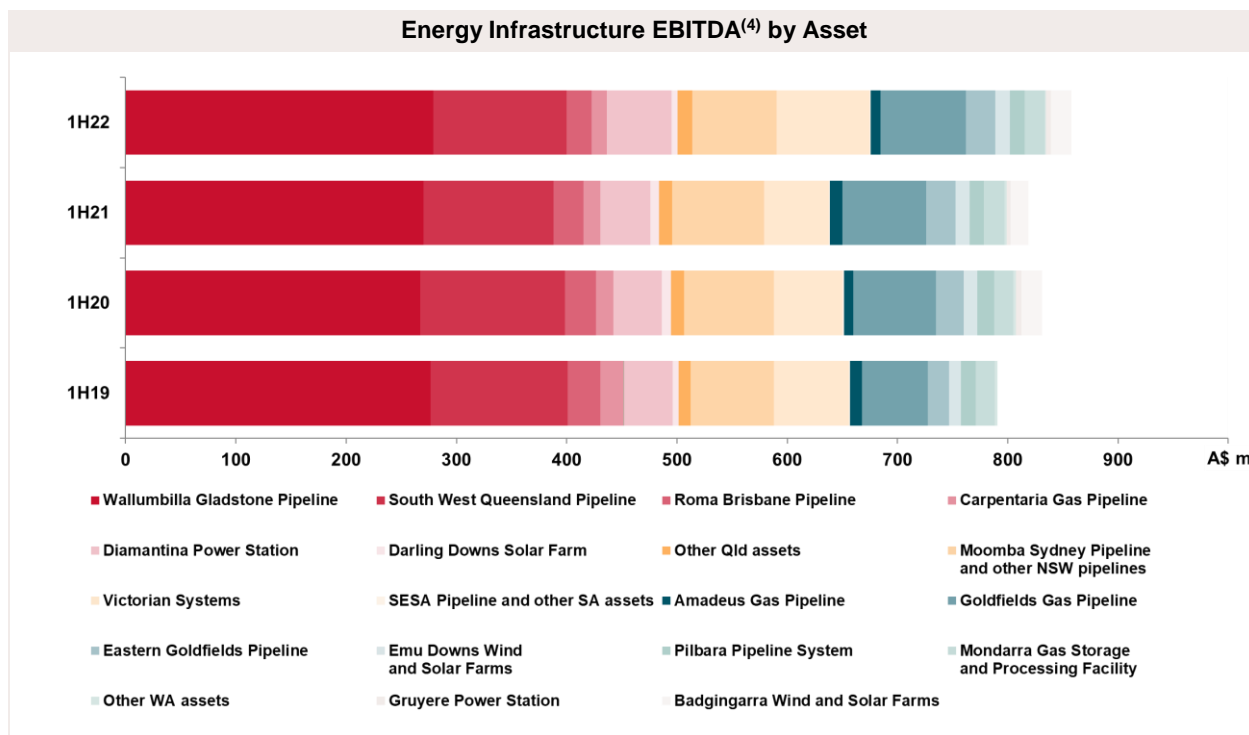
West Coast underlying EBITDA increased to \$137.1 million up 0.9% or \$1.2 million over the previous corresponding period (1H21 \$135.8 million). The increase included positive contributions from the recently commissioned Karlawinda and Lake Way Gas Laterals on the Goldfield Gas Pipeline.

The Wallumbilla Gladstone Pipeline underlying EBITDA increased by 3.3% or \$8.9 million to \$278.8 million (1H21 \$270.0 million). The increase was due to tariff escalation, which is linked to the US inflation rate, and was further supported by favourable foreign exchange hedge rates during the period. Due to the timing of tariff escalation, the impacts of the higher CY21 inflation rate is expected to be partially captured in the FY22 results.

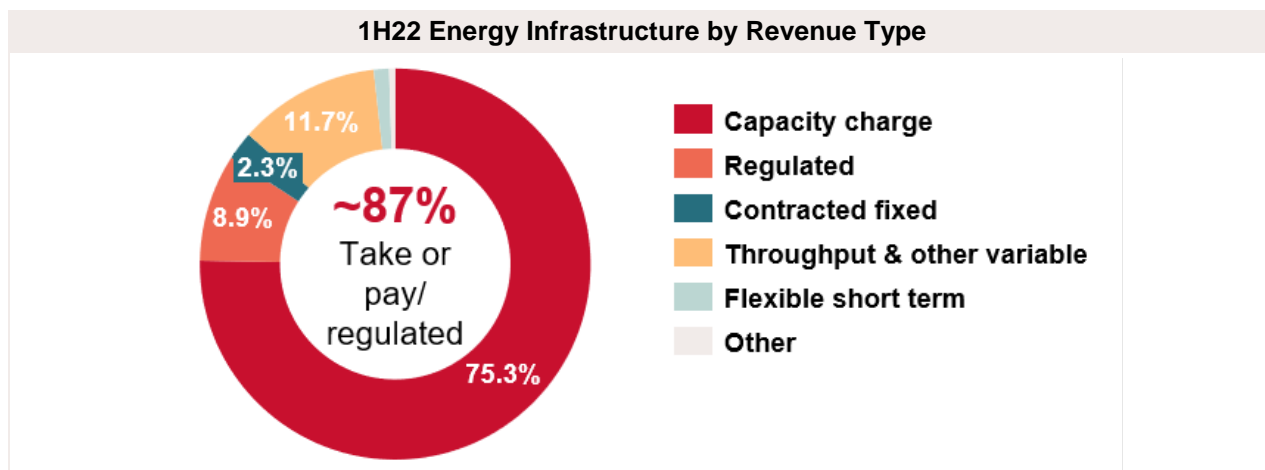
Power Generation underlying EBITDA increased by 15.8% or \$13.6 million to \$99.8 million (1H21 \$86.2 million). The increase is largely due to higher output from the Diamantina Power Station, although this is expected to reduce to long term sustainable levels for the remainder of FY22. The result also benefitted from higher wind resources for the Badgingarra Wind Farm.

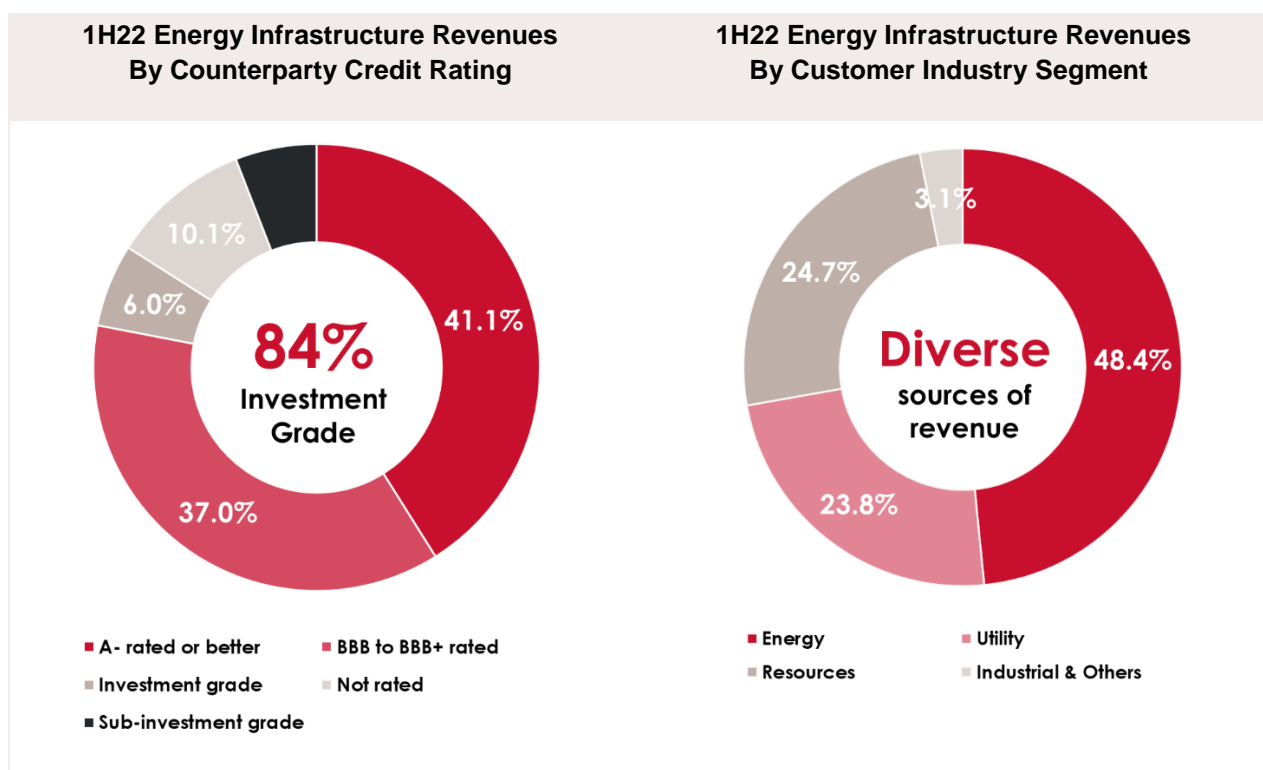


² Excludes significant item



During the six-month period, 75.3% of Energy Infrastructure revenue (excluding pass-through revenue) (1H21 77.7%) was from capacity reservation charges from long term contracts. Throughput charges and other variable revenues accounted for 11.7% of revenues. APA also received revenues from the provision of flexible short term services and other services, accounting for 1.8% of total Energy Infrastructure revenues received. The portion of APA's revenue that is subject to regulated tariffs was approximately 8.9% of 1H22 Energy Infrastructure revenue (1H21 8.2%).





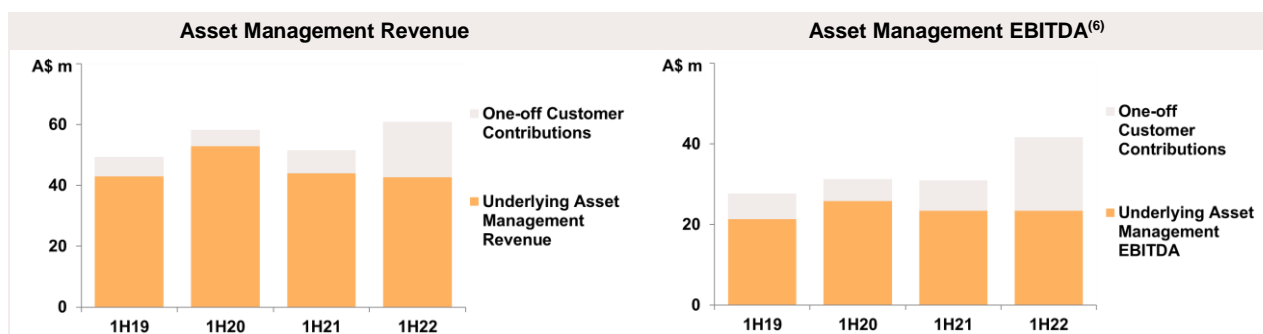
Notes: An investment grade credit rating from either S&P (BBB- or better) or Moody's (Baa3 or better), or a joint venture with an investment grade average rating across owners. Ratings shown as equivalent to S&P's rating scale.

APA manages its counterparty risk in a variety of ways. One aspect is to consider customers' credit ratings. During the period, approximately 84% of all Energy Infrastructure revenues were received from counterparties with investment grade credit ratings. Diversification of our customer base is another risk moderator. During 1H22 48.4% of revenue was from energy sector customers (1H21 48.7%); 23.8% of revenue was from customers in the utilities sector (1H21 25.4%); 24.7% from resources sector customers (1H21 24.7%); and 3.1% from industrial and other customers (1H21 3.1%).

5.3 Asset Management

APA provides asset management and operational services under long term contracts to the majority of its energy investments and to a number of third parties who own assets where APA has significant operating expertise. APA's main customers are Australian Gas Networks Limited (AGN), Energy Infrastructure Investments Pty Limited (EII) and GDI (EII) Pty Limited (GDI) who between them have over 1.4 million direct customer connections.






Revenue (excluding pass-through revenue) from asset management services increased by \$9.3 million or 18.1% to \$60.9 million (1H21 \$51.6 million) and underlying EBITDA increased by \$10.7 million or 34.6% to \$41.7 million (1H21 \$31.0 million). Asset Management revenues are largely driven by timing of customer "third-party" projects. The increase in revenue was due to higher contribution from a number of project works including pipeline relocation projects in New South Wales, Western Australia and the Northern Territory, and gas metering upgrades in Victoria.



Customer contributions for the period were \$18.3 million. The current major projects are pipeline protection works in Wilton NSW, Channel Island Bridge pipeline replacement project in Northern Territory and the Thornlie Link extension project in Western Australia.

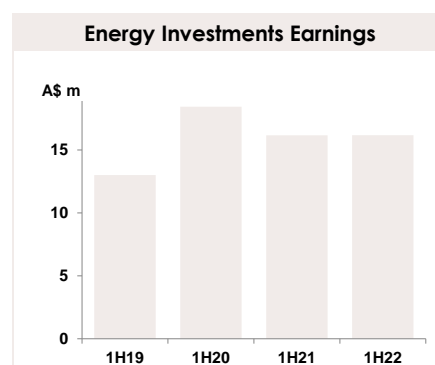
5.4 Energy Investments

APA has interests in a number of complementary energy investments across Australia as summarised in the table below:

Asset and ownership interests	Asset details and 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)	~3,850 km Allgas gas distribution network in Queensland with ~116,200 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 243 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 enhances business growth, harnesses in-house expertise and ensures synergies are delivered from a lower cost base over a broader portfolio of assets.

Earnings from Energy Investments increased by \$0.02 million or 0.1% to \$16.2 million (1H21 \$16.2 million).



5.5 Corporate Costs

Corporate costs for the half increased by \$12.5 million over the previous corresponding period to \$55.6 million (1H21 \$43.1 million). The increase was largely due to costs associated with strategic growth opportunities in Australia, including a rise in project evaluation costs. APA has also continued to strengthen its commercial development capability as well as capability within the Pathfinder Program, which is designed to unlock opportunities in next generation energy technologies, such as creating international consortiums to undertake feasibility studies on hydrogen solutions. APA has continued to build the capability and resilience of its business, including strengthening investments in areas such as sustainability, community engagement and cyber security.

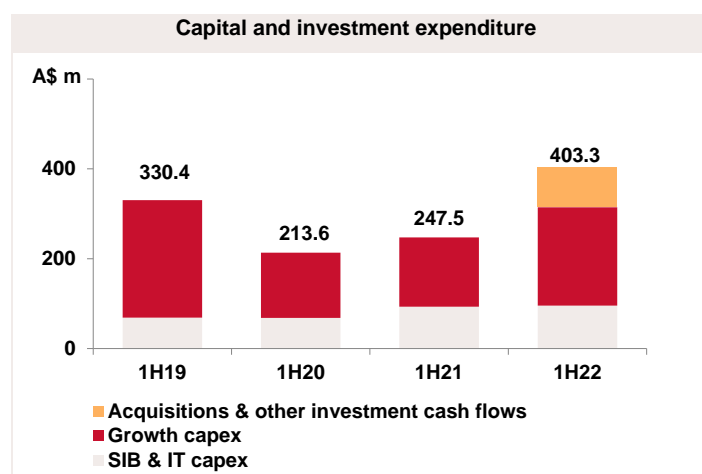
6 Capital and Investment Expenditure

Total capital expenditure for the period was \$403.3 million including stay-in-business capital and other technology expenditure, and an investment in senior secured Basslink debt of \$88.8m (1H21 \$245.7 million).

Growth capex for the reporting period was \$218.7 million, compared to the previous corresponding period of \$154.2 million.

Stay-in-business capex for 1H22 was \$77.6 million (1H21 \$83.1 million).

Other technology capital expenditure for the reporting period was \$18.1 million (1H21 \$10.2 million).



Australian Pipeline Trust (ARSN 091 678 778) and its Controlled Entities
Directors' Report for the half year ended 31 December 2021

Capital and investment expenditure for 1H22 is detailed in the table below.

Capital and investment expenditure ⁽¹⁾	Description of major projects	1H22 (\$ million)	1H21 (\$ million)
Growth expenditure			
<i>Regulated</i>	Western Outer Ring Main (WORM); Victorian Transmission System, Roma Brisbane Pipeline and Goldfields Gas Pipeline Access Arrangement allowed expenditure	34.7	21.3
<i>Non-regulated</i>			
East Coast Gas	South West Queensland Pipeline and Moomba Sydney Pipeline capacity expansion, upgrade of Orbost Gas Plant, Kurri Kurri Gas Lateral	57.5	58.1
West Coast Gas	Northern Goldfields Interconnect, Lake Way Gas Pipeline, Karlawinda Gas Pipeline, King of the Hills Gas Lateral	76.3	33.7
Power Generation	Thomson Power Station, Gruyere Hybrid Energy Microgrid, Mica Creek Solar Farm	27.0	31.9
Customer contribution projects and others	Channel Island Bridge Pipeline Replacement Project, Thornlie Link Parmelia Pipeline re-location Project and Wilton property development	23.2	9.2
Sub-total non-regulated capex		184.0	132.9
Total growth capex		218.7	154.2
Stay-in business capex ⁽²⁾		77.6	83.1
Other technology expenditure		18.1	10.2
Total capital expenditure		314.4	247.5
Investment and acquisitions		88.8	-
Total capital and investment expenditure		403.3	247.5

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

- (1) The capital expenditure shown in this table represents payments for property, plant and equipment 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.

Major growth capital expenditure projects invested in during the reporting period include:

Regulated growth capital expenditure

- **Western Outer Ring Main (WORM) project:** Engineering and approvals work including landholder liaison and surveys and studies continued during the reporting period. The Environmental Effects Statement (EES) was submitted to the Victorian Government and was on public exhibition from 7 July to 17 August 2021. Public panel hearings were held in October 2021 and a determination on the EES was made in January 2022 that the environmental impacts of the project are acceptable conditional on the project being implemented in accordance with the Minister's assessment, which APA is able to comply with. Project completion is scheduled for late FY23. Growth capital expenditure is underwritten by the regulatory framework. The project will enhance gas security of supply by supporting higher Iona withdrawals in summer and injections in winter.

Unregulated growth capital expenditure

East Coast Gas

- **East Coast Grid Expansion:** Due to strong customer demand for transportation capacity, APA has reached a Final Investment Decision to commence the expansion of the East Coast Grid. The two stage expansion is expected to require a capital investment of up to \$270 million and to increase winter peak capacity of the East Coast Grid by 25%.

The first stage of expansion works is expected to increase Wallumbilla to Wilton capacity by 12% and is targeted for commissioning in the first quarter of CY23, in advance of forecast southern state winter supply risks identified in the 2021 AEMO Gas Statement Of Opportunities. Approvals, engineering and procurement are well advanced with construction expected to commence on site in late Q1

CY2023. Stage 2 of the expansion works, which is expected to add a further 13% of capacity, will be staged to meet customer demand.

The expansion will allow APA to respond quickly and efficiently to customer requirements to meet the forecast 2023/2024 shortfall of gas supply on the East Coast of Australia.

- **Kurri Kurri Lateral Pipeline:** APA has been working exclusively to support the Hunter Power Project in the development of a pipeline, compressor station and underground gas storage to provide gas from the existing network to the proposed 660MW Hunter Power Station at Kurri Kurri in NSW. The project is being designed with the ability to deliver blended hydrogen to the receipt station. APA has been proceeding with early works for the project including engineering, stakeholder engagement and surveys and studies to inform the proposed EIS. The NSW Department of Planning, Industry and Environment (DPIE) issued the Secretary's Environmental Approval Requirements (SEARs) in July to allow APA to commence preparing the EIS. For APA's scope Final Investment Decision is expected in Q4 CY22.
- **Orbost Gas Processing Plant:** The Orbost Gas Processing Plant has been processing at rates of up to 50 TJ/day. Consistent foaming and fouling within the Sulphur Reduction Units (SRU) has led to regular absorber cleans to enable continuous gas supply. Further capital has been invested by both APA and Cooper Energy to improve reliability and to increase production rates. Cooper Energy has exercised its option to extend the Transition Agreement, which allows the revenue and cost sharing structure to continue for another 12 months to 1 May 2022.

West Coast Gas

- **Northern Goldfields Interconnect (NGI):** The Northern Goldfields Interconnect pipeline was announced in November 2020 and will connect to APA's Goldfields Gas Pipeline (GGP), which in turn connects to APA's Eastern Goldfields network. The project scope includes a 580km 12" pipeline and an inlet compressor station at Eradu on the western end of the pipeline. All four shipments of coated line pipe have been received into Geraldton and are being stockpiled on site. APA took delivery of the two compressors into Perth in August. Site surveys and studies and consultation with stakeholders including landowners and Indigenous groups continued during the period. Work to obtain the necessary approvals continued with the WA EPA approving the project in January 2022. Construction is expected to commence in late Q1 CY2022 and completion is now expected in Q1 CY2023.

Power Generation

- **Gruyere Power Station Expansion and Hybrid Energy Microgrid:** Expansion of the power station continued during the period. An additional engine has been installed and construction and commissioning was completed in the period.

The Gruyere Microgrid is APA's first hybrid energy microgrid investment and will expand the existing reciprocating gas-fired power station, with a 13MWp solar farm backed up by a 4.4MW/4.4MWh battery energy storage system. It will utilise a hybrid control system that combines cloud and weather forecasting, battery control and the existing reciprocating engine control systems to optimise efficiency and maximise the use of renewable generation. The battery component of the project has been completed and is expected to be commissioned in Q1 CY2022. The solar farm is near complete and is expected to be completed and commissioned in Q1 CY2022 as well. Upon completion, total installed capacity of the microgrid will be 64MW (60 MW of power generation and 4.4 MW of battery storage).

- **Mica Creek Solar Farm:** During 1H22, APA has reached Final Investment Decision to build the 88MW Mica Creek Solar Farm. Stage one (44MW) and Stage two were both approved in 1H22, which will require investment of approximately \$150 million. The project is underpinned by a new 15 year solar offtake agreement to supply renewable energy to MMG Dugald River mine and a variation to an existing agreement to supply renewable energy for 15 years with existing APA customer, Mount Isa Mines Limited.

APA also entered into a 32-year lease agreement with the Queensland Government to locate the solar farm on a site near the Diamantina Power Station Complex. The first stage of the solar farm is expected to be operational by the first quarter of CY2023 and second stage in the second quarter of CY2023.

7 Financing Activities

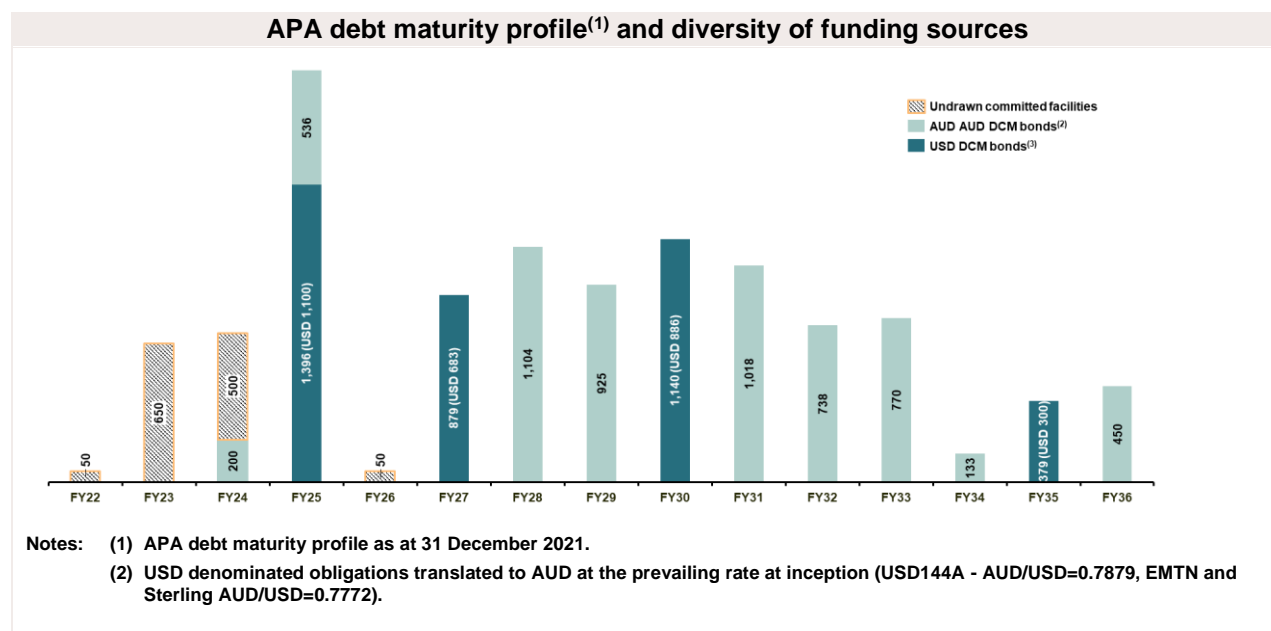
7.1 Capital Management

As at 31 December 2021, APA had 1,179,893,848 securities on issue. This is unchanged from 31 December 2020.

APA is well positioned to fund its planned growth activities with \$1.8 billion in cash and committed undrawn facilities available to assist in the ongoing funding of the business as at 31 December 2021. APA remains committed to funding its growth with appropriate levels of equity, cash retained in the business, and debt in order to maintain investment grade BBB and Baa2 credit ratings.

We also note we are in the process of amending our constitution to facilitate buy backs. Any assessment regarding the implementation of a buyback would be done within the context of maximising shareholder value.

At 31 December 2021 APA had \$9,667.0 million (\$9,665.8 million as at 30 June 2021) of committed drawn debt facilities, with an additional \$1,250 million of undrawn committed bank facilities. APA has issued long-term debt into a diverse range of global debt capital markets over the years, including 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 FY2036, with an average maturity of drawn debt of 7.3 years.



APA has a prudent treasury policy that requires high levels of interest rate hedging to minimise the potential impacts from adverse movements in interest rates. As at 31 December 2021, 100.0% (30 June 2021: 100.0%) of interest obligations on gross borrowings was either hedged into or issued at fixed interest rates for varying periods extending out to 2036.

APA acquired the Wallumbilla Gladstone Pipeline (WGP) in June 2015. Revenues are denominated in USD and were first received in June 2015 from the 20-year foundation contracts. Operating costs are passed through to the shippers. A range of AUD:USD forward Exchange Contracts (FECs) were entered into to minimise the foreign exchange volatility of the cash inflows and cash outflows, up to March 2022. In addition, debt borrowed to support the acquisition was also fixed in USD to support the natural hedge against the USD cash inflows. As at 31 December 2021, around US\$3.0 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 debt that was borrowed

to assist with funding the acquisition, is fixed in USD at an all-in annual interest rate of 4.6%. For accounting purposes, this USD debt is considered a "designated hedge" to manage foreign currency exposure for the revenues that are generated from the WGP.

The average AUD to USD FX rate on realised revenue cash flows from WGP was 0.72 in FY21 and will be 0.71 from July 2021 to March 2022. From March 2022 (through December 2025) the next phase of the hedging strategy for the WGP revenue cash flows will be effective by way of a series of

- FECs for the monthly revenue cash flows at a AUD:USD rate of ~0.72
- FECs for the bi-annual interest payment at a AUD:USD rate of ~0.72
- A FEC for the repayment of the US\$1.1 billion 144A Notes due March 2025 at an AUD:USD rate of 0.71.

There will be an additional revenue adjustment (impacting EBITDA) recorded to the profit and loss for the impact of exiting the original hedging relationship and replacing it with the new FECs. This will result in a non-cash ~A\$130 million FX accounting loss which will be brought to account over the period February 2022 through October 2025. The resulting outcome is that revenue is recognised at a blended rate of ~0.76 between 2022 and 2025 (i.e. blending of the old and new). The impact of the non-cash adjustment to revenue and EBITDA for 2H22 is ~A\$14 million. The annualised impact of the non-cash adjustment to revenue and EBITDA is approximately ~A\$36 million per annum.

The impact on operating cash flows is expected to be immaterial because the FECs have been entered into at similar AUD:USD rates as those that have been in place for recent previous reporting periods.

7.2 Borrowings and finance costs

For the reporting period, net finance costs decreased by \$7.7 million or 3.1%, to \$239.2 million (1H21 \$246.9 million). The decrease in 1H22 relative to 1H21 is primarily due to lower average interest rates on bank accounts and borrowings (the later as a result of the Liability Management exercise in 2H21) and unrealised gains on hedges, partially offset by lower capital interest. The average interest rate (including credit margins) that applied to drawn debt was 4.6% for the current period, down from 5.2% in 1H21.

7.3 Credit ratings

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

- BBB long-term corporate credit rating (outlook Stable) assigned by Standard & Poor's (S&P) in June 2009, and last confirmed on 25 November 2021; and
- Baa2 long-term corporate credit rating (outlook Stable) assigned by Moody's Investors Service (Moody's) in April 2010, and last confirmed on 1 September 2021.

APA calculates the Funds From Operations (FFO) to Interest to be 3.3 times (FY2021: 3.1 times) and FFO to Net Debt to be 11.5% for the 12 months to 31 December 2021 (FY21: 11.3%). 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.

With FFO to Net Debt of 11.5% 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 support both organic growth and longer-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 FY22.

7.4 Income tax

Income tax expense for the period of \$99.4 million results in an effective income tax rate of 39.0%, compared to 38.1% for the previous corresponding period (excluding significant items). The higher level of effective tax rate (compared with the corporate tax rate of 30%) is largely caused by the amortisation charges relating to

contract intangibles acquired with the Wallumbilla Gladstone Pipeline which are not deductible for tax purposes.

Following completion of the FY21 group tax returns, total cash tax of \$46.8 million was paid in respect of FY21 profits, resulting in an effective cash tax rate of 17.4% (excluding significant items).

7.5 Distributions

On 15 September 2021, APA Group paid a final distribution of 27.0 cents per security (\$318.6 million), consistent with the previous corresponding period (FY20 final distribution: 27.0 cents per security). This was comprised of a distribution of 18.63 cents per security from APT and a distribution of 8.37 cents per security from APTIT. The APT distribution represented a 18.63 cents per security capital distribution. The APTIT distribution represented a 1.67 cents per security profit distribution and a 6.70 cents per security capital distribution.

On 23 February 2022, the Directors declared an interim distribution of 25.0 cents per security (\$295.0 million) for APA Group, an increase of 4.2%, or 1.0 cent per security, over the previous corresponding period (1H21 24.0 cents per security or \$283.2 million). The distribution is comprised of a distribution of 20.12 cents per security from APT and a distribution of 4.88 cents per security from APTIT. The APT distribution represents a 9.43 cent per security profit distribution and 10.69 cents per security capital distribution. The APTIT distribution represents a 1.33 cent per security profit distribution and a 3.55 cents capital distribution. The distribution is anticipated to be paid on 17 March 2022. The Distribution Reinvestment Plan remains suspended.

7.6 Guidance for 2022 financial year

APA has guided for FY22 distributions of 53.0 cents per security, which would represent a 3.9% increase on the prior period. This increase is largely driven by higher earnings and the interest and tax savings that have been generated through the March 2021 liability management exercise.

Looking ahead, APA is in a strong position to continue executing its strategy and investing for the long-term energy needs of its customers. Organic growth capital expenditure is expected to be in excess of \$1.4 billion over the period from FY22 to FY24. Incremental revenue from the current growth capital expenditure projects will improve APA's financial performance in future periods.

8 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 currently two 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 in a negotiate-arbitrate framework. 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 arbitration 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 tariffs and terms to be negotiated, supported by additional information disclosure and a commercial arbitration mechanism in the event of a dispute.

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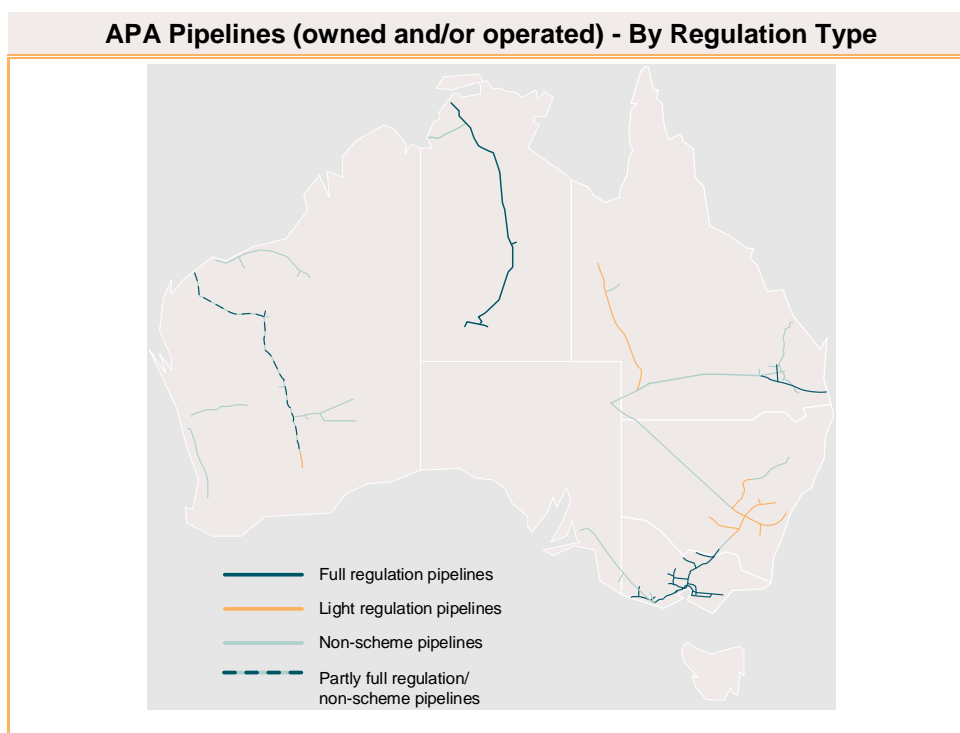
In May 2021, the Energy National Cabinet Reform Committee (ENCRC) published a Regulation Impact Statement decision on Ministers' preferred option to improve gas pipeline regulation, which proposed to discontinue light regulation and transition to two forms of regulation:

- a "heavier" form, based on the current full regulation, and
- a "lighter" form, based on the current Part 23 regime for non-scheme pipelines.

Pipelines currently subject to full regulation will not experience much change whilst non-scheme pipelines and pipelines currently subject to light regulation will transition to the new "lighter" form of regulation.

In September 2021 Energy Ministers published a Consultation Paper and a draft legislative package to give effect to the preferred option to improve gas pipeline regulation. The draft legislative package, if approved by Energy Ministers, provides the AER with the power to decide that gas pipelines will be subject to the new "heavier" form of regulation. Subject to the completion of the regulatory amendment process, the new regulatory arrangements are expected to take effect in 2022.

The map below shows APA pipelines by regulation type:



Regulatory resets

The diagram below shows the scheduled regulatory reset dates for pipelines owned and operated by APA. During 1H22, approximately 8.9% of APA's Energy Infrastructure revenues were revenues that remain subject to regulated outcomes.

Current regulatory period	2022	2023	2024	2025	2026
Roma Brisbane Pipeline	■				
Victorian Transmission System	■				
Goldfields Gas Pipeline	■	■	■	■	
Amadeus Gas Pipeline	■	■	■	■	■

Key regulatory matters relating to APA assets addressed during the reporting period included:

Roma Brisbane Pipeline 2022-2027 access arrangement

Following an extensive engagement with the RBP Stakeholder Group as part of developing its proposal for the 2022-2027 RBP access arrangement, APA submitted revisions to its access arrangement on 1 July 2021. Stakeholder engagement ahead of our submission has provided APA with better insights from people ultimately served by the pipeline and helped shape our proposal to the Australian Energy Regulator (AER).

The AER issued its draft Decision on our proposal on 26 November 2021, and we lodged a revised proposal on 14 January 2022. Key matters addressed in the draft decision are demand forecasts which include the announced closure by Incitec Pivot of its Brisbane facility at the end of 2022 and updates for demand for transportation in a westerly direction; and further details on forecast costs to meet new obligations under the Security of Critical Infrastructure legislation. The AER Final Decision is expected at the end of April and the revised access arrangement will have effect for a period of five years from 1 July 2022.

Further information on the RBP can be found on [APA's website](#).

Victorian Transmission System 2023-2027 access arrangement

APA met monthly with the VTS Stakeholder Engagement Group from October 2020 to December 2021 as part of the regulatory process for review of the 2023-2027 VTS access arrangement. APA incorporated insights obtained during stakeholder engagement into its proposal, and submitted revisions on 1 December 2021. Following a consultation process, the AER is expected to release a Final Decision on the VTS access arrangement in November 2022, which will have effect for a period of five years from 1 January 2023. Further information on the VTS can be found on [APA's website](#).

Energy Industry developments

On 15 September 2020, Prime Minister Scott Morrison announced as part of the post COVID-19 gas led recovery that the Government would reset the east coast gas market and create a more competitive and transparent Australian Gas Hub by unlocking gas supply, delivering an efficient pipeline and transportation market, and empowering gas customers. APA is supportive of the government's strategy and the opportunities it creates for APA's core gas transmission business.

To maximise the potential benefits to APA and the community, APA actively engaged with the Government and the Department of Industry, Science, Energy and Resources in relation to the development of its first National Gas Infrastructure Plan (NGIP). Published in November 2021, the NGIP signals to the market priority infrastructure investments for Australia's east coast. The Government is also considering options for the development of an Australian Gas Hub at Wallumbilla, and APA has been actively engaged in this process.

State Governments are pursuing decarbonisation initiatives which may impact gas utilisation and therefore pipelines. The Victorian Government, for example, is currently consulting on the development of a Gas Substitution Roadmap which could outline possible transition pathways of the gas sector to net zero emissions. APA is actively engaging in the development of initiatives such as the Victorian Roadmap to

ensure the key role gas will play in decarbonising the economy is recognised. In addition, APA is pursuing strategies to minimise any adverse consequences on the economic life of our assets.

9 Sustainability

Sustainability Roadmap

Following the announcement of [APA's Sustainability Roadmap](#) in August 2021, work on the material issue areas of Climate Change Transition & Risk and Community & Social Performance is well underway.

Sustainability highlights for this period

- Net Zero operations emissions by 2050 (Scope 1 & 2) ambition embedded in business strategy
- Net Zero & Climate Transformation Program underway – see section 5.1
- Joined the CEO Climate Leaders' Coalition and the UN Global Compact, further strengthening our commitments to climate and sustainability.
- Submitted APA's FY21 report under the National Greenhouse and Energy Reporting Act 2007 to the Australian Clean Energy Regulator in October 2021. Third party Reasonable Assurance found no significant corrections or misstatements.
- Joined as Founding Members of [Materials & Embodied Carbon Leaders' Alliance](#) (MECLA) to be a part of an industry-wide and cross-sector conversation seeking to stimulate demand for low-carbon materials, including steel and concrete.
- Participating with the [Global Compact Network Australia's](#) (GCNA) six-month Sustainable Development Goal (SDG) Ambition Accelerator to accelerate the integration of SDGs into core business management.
- Supporting health and wellbeing outcomes for our employees through workplace facilities
- Our new Perth office is has a 5-star NABERs energy rating
- Contributed to the Energy Charter's partner, [Uniting](#), to support a 12 month program assisting vulnerable community members impacted by COVID-19, through tailored, one-on-one advice and assistance for managing energy usage and costs to support energy affordability.

9.1 Climate Change Transition & Risk

APA has maintained the momentum towards its ambition to achieve Net Zero operations emissions by 2050 during the reporting period with key activities of the Net Zero & Climate Transformation Program underway. For information on this strategic progress please refer to section 5.1 of the Directors' Report.

Emissions footprint

APA's FY21 report under the National Greenhouse and Energy Reporting Act 2007 (NGER Act) was submitted to the Australian Clean Energy Regulator in October 2021. Reasonable Assurance was conducted on the submission by a third party auditor and no significant corrections or misstatements were identified. In line with recognised reporting frameworks and previous year's disclosures, APA will provide a detailed breakdown of its emission footprint in the full year results.

In FY21 APA's total emissions footprint increased relative to FY20 with gross scope 1 and 2 emissions rising 6.7%.

APA's overall Scope 1 emissions in FY21 increased 8.1% to 1,429,954 tCO_{2-e}. Energy production in our portfolio increased 55% compared to the previous year, primarily due to an increase in output of the Diamantina Power Station and a full year of production at the Orbest Gas Processing Plant. The increase

in energy production drove an increase in energy consumption on these assets.

APA's Scope 2 emissions decreased 6.8% compared to FY2020 due to reduced demand on electricity interconnector assets (resulting in reduced line losses) and an overall decrease in electricity consumption from the grid across all assets.

Changes in APA's yearly emissions footprint is correlated to asset expansion and gas and energy demand in the market. Operational investigations under the Net Zero & Climate Transformation Program into underlying emissions source data is improving understanding of how we can continue to deliver energy services and begin to reduce and avoid net emissions.

GHG emissions and energy⁽¹⁾	FY21	FY20
Scope 1 ⁽²⁾ CO _{2-e} emissions (tonnes)	1,429,954	1,322,249
Scope 2 ⁽³⁾ CO _{2-e} emissions (tonnes)	81,792	87,765
Energy Produced ⁽⁴⁾ (GJ)	24,628,194	15,910,629
Energy Consumed ⁽⁵⁾ (GJ)	41,935,664	32,078,649
Energy Consumed Net ⁽⁶⁾ (GJ)	17,307,470	16,168,020

Notes:

(1) GHG emissions and energy calculated in accordance with methodologies under the National Greenhouse and Energy Reporting Act 2007.

(2) Scope 1: greenhouse gas emissions are the emissions released to the atmosphere as a direct result of an activity, or series of activities at a facility level. Scope 1 emissions are sometimes referred to as direct emissions.

(3) Scope 2: greenhouse gas emissions are the emissions released to the atmosphere from the indirect consumption of an energy commodity

(4) Energy Produced is referring to total calculation of energy produced across all facilities within APA's operational control.

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

(6) Energy Consumed Net equals 'Energy Consumption' minus 'Energy Produced'

9.2 Sustainable Development

The development of a dedicated framework to define our approach and outcomes in relation to Sustainable Development has commenced. This includes a new investment framework which is currently undergoing internal consultation. Development of the approach includes a reassessment of existing partnerships to ensure alignment and delivery of sustainable outcomes for communities.

9.3 Community & Social Performance

APA continued the development phase of our Community & Social Performance Strategy (2022-2025) during the reporting period. Key activities have been internal discovery; benchmarking against best practices; awareness and capability building. Internal consultation is currently underway to test objectives and directions with stakeholders.

On APA's projects, social impact investigations are underway on the Kurri Kurri lateral pipeline project in the Hunter Valley and the CQ Hydrogen Project in Queensland, with community consultation a key focus of project development.

A heritage e-learning package called 'Being Heritage Aware' was implemented in HY22 to boost the awareness and capability of our people in the management of built heritage, Aboriginal and Torres Strait Islander cultural heritage and natural heritage if encountered during their work. The awareness module supports ongoing implementation of a new heritage standard, procedure and subordinate tools and templates into our day to day operations. Implementation of heritage processes will be finalised in 2H22.

A review and feedback survey of APA's annual face-to-face Landholder Contact Program (LCP) – a critical control in maintaining asset safety in the community – was conducted in the reporting period. The results clearly showed the effectiveness of the program in positively changing attitudes and behaviours. Unauthorised landholder encroachments on our assets have declined over the last three calendar years and, based on the half-year to date, are forecast to decline even further. Complementing this, comparison of landholder feedback surveys from 2017 and 2021 have shown:

- Perceived program usefulness rose up from 17% to 35%.
- Satisfactory follow up on landholder requests rose from 41% to 67%.
- Use of APA calendar up from 68% to 84%.

The strength of APA relationships with communities and landholders was demonstrated by 21% of landholders being most likely to contact their regular maintenance/inspection person directly, whilst 70% of landholders being most likely to contact APA about general matters on our 1800 number (up 10% since 2017).

9.4 First Nations People

Development of the APA First Nations Plan has commenced. Awareness building among our workforce of First Nations people has been a focus, ahead of formalisation of our First Nations Plan. In July, celebrations were held across APA for NAIDOC Week where we celebrated the history, culture and achievements of Aboriginal and Torres Strait Islander peoples.

On our Projects, APA and the Boonthamurra People of southwest Queensland have successfully negotiated an Indigenous Land Use Agreement (ILUA) for the development of a compressor site on the South West Queensland Pipeline, to underpin the expansion of the East Coast Grid. The implementation of this ILUA is the result of close consultation between APA's Infrastructure Planning and Approvals team and Boonthamurra representatives. As an outcome of the negotiations, APA has committed to local benefits including the facilitation of employment opportunities for Boonthamurra People in the construction phase of the project. In recognition of the Boonthamurra People's connection to the land, the Boonthamurra People named the new compressor station "Moonah" which means "snake" in their language, representing the Carpet Snake totem of the Boonthamurra People. Cultural heritage surveys of all areas proposed for use during the construction of the project have been conducted and detailed measures are in place to guide us during these works.

9.5 Customers & Suppliers

Energy Charter

APA submitted its [2021 disclosure](#) to the Energy Charter's Independent Accountability Panel in September 2021. This annual disclosure is a self-assessment of how we are delivering against the [Energy Charter Principles](#).

Notable achievements from the reporting period include updating APA's CEO and Executive's performance plans with customer and stakeholder focused KPIs to further incentivise customer outcomes from business decisions and delivery of a new "APA Grid 90-day Planned Maintenance visualisation" which improves customers' ability to access information as well as improving timing and accuracy of invoicing.

The Energy Charter's Independent Accountability Panel noted in its [2021 review](#) of Charter Signatories disclosures that Signatories need to speed up their maturation against the Energy Charter Principles so they can tackle the main goal of an efficient and fair energy transition. The Panel congratulated APA for contributing to the development of the Better Practice Consumer Advocacy Guide in August 2021 as part of the #BetterTogether Know Your Customers and Communities initiative, and noted that APA is clearly on a journey to become better connected with a newly defined group of stakeholders and customers.

Modern Slavery Statement

APA submitted our Modern Slavery Statement 2021 to the Department of Home Affairs under the Modern Slavery Act 2018 (Cth) capturing our activities from FY2021. The risk of modern slavery in our operations is mitigated by APA's compliance with applicable legislative requirements in Australia and its internal policies and processes. APA's most salient risks of modern slavery are likely to exist in the deeper tiers of its supply chain. Please access APA's [2021 Modern Slavery Statement](#) for more information.

In 1H22, APA took a number of important steps to deepen understanding of modern slavery and strengthen its actions to manage potential modern slavery risks:

- Updated APA's modern slavery risk management approach;
- Embedded a modern slavery risk clause in relevant Precedent Agreements;
- Implemented modern slavery risk awareness training across the procurement function and issued modern slavery risk awareness communications to the broader business; and

- Undertaken risk assessments for a number of suppliers in accordance with the risk management approach, to understand and assess their approach to modern slavery risk management and their supply chains.

9.6 Environmental & Heritage Management

Strategic Items

The final APA Environmental Standard (of 8 in total) for the area of 'Air Quality and Amenity' was finalized in 1H22. This Standard, along with group level Standards for Biodiversity, Water, Waste, Pests Weeds & Diseases, Spills & Contamination, Heritage and Soil Management now clarify the minimum performance expectations in these areas of the APA business. Development of subordinate documentation, supporting processes and integration activities are underway in 2H22.

Improving environment risk management by increasing access to and capture of operational environmental data has been a focus area in 1H22. Environment datasets have been integrated into operational GIS tools to enable in-field data visualisation, whilst ongoing improvements to baseline environment data capture have been rolled out. For instance the Wide Bay Pipeline in Queensland was physically surveyed for the presence of pests, diseases and weeds, with the results being analyzed and fed back into operational GIS tools for business use.

Compliance Performance

During 1H22 APA recorded three (3) notifiable environmental incidents:

- The test limit of contaminants in an oily water separator system was exceeded at the Gruyere Power Station. There was no impact to the environment from this event, however it is designated as notifiable in line with the environmental license for the asset. Rectification actions are currently underway, including pumping out of the oily water separator, and placement of a faulty oil level alarm probe.
- A hydrocarbon leak from underground infrastructure on the Goldfields Gas Pipeline (GGP) impacted the surrounding soil onsite. This incident was reported to applicable Western Australian regulatory Departments, a contaminated sites investigation was conducted and remediation works have been completed with approximately 50m³ of contaminated soil excavated from the site. The underground infrastructure is captured under a FY22 review to assess ongoing adequacy of GGP facility design. An improvement plan for the underground infrastructure will be prepared for implementation in 2H22.
- Operational trimming of mangrove vegetation on gas distribution assets in Eagle Farm, Queensland, occurred without a renewed permit. This incident was identified by APA and reported immediately to the Queensland regulatory Department. APA is currently conducting an investigation and cooperating with the Department to determine remedial actions.

Zero (0) environmental penalty notices and zero (0) environmental warning notices were received in 1H22.

APA is on track to complete all internal environment audits scheduled for FY22. To date, six (6) audits have been completed with 13 to be delivered in 2H22, no audits have detected material non-compliances.

9.7 Safety, Health & Wellbeing

Strategic Items

The current 3-year HSEH Strategic Plan will be completed as at year end FY22. Planning and development for the next 3-year strategy (FY23-25) has commenced during the reporting period. Key activities have been ambition scoping and engagement with key internal stakeholders.

Closeout of the current HSEH Strategic Plan has continued throughout the reporting period with Hygiene Risk Assessments and a Contractor Management Assurance Audit on schedule. Under the 'Technology, Systems & Analytics' pillar, existing HSEH Hazard and Incident reporting tools have been migrated onto a

mobile digital app during the reporting period and contractor HSEH pre-qualification assessments have been integrated into APA's online subcontractor portal. These upgrades are improving the accessibility, efficiency and quality of reporting across all organisational divisions.

Safety, Health and Wellbeing awareness campaigns across the workforce have been ongoing through the reporting period, with sessions in 1H22 focusing on Process Safety Fatal Risks and safety leadership via Management Interactions.

Health and Safety Performance

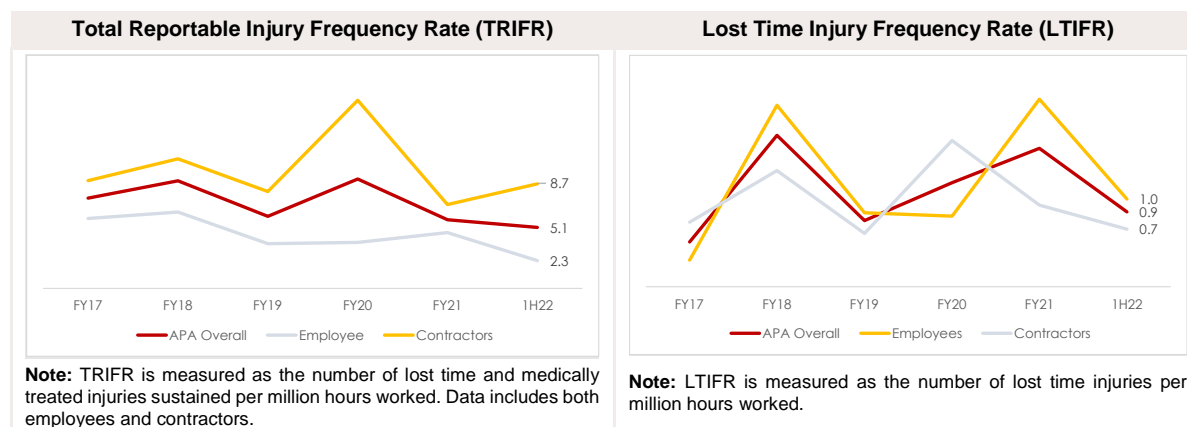
APA set the following Health and Safety indicator targets for FY22:

Indicator	FY22 Target	FY21 Actual
Number of fatalities	0	0
APA Total Recordable Injury Frequency Rate (TRIFR)	≤4.6	5.7 ³
APA Lost Time Injury Frequency Rate (LTIFR)	≤1	1.6
Health and Safety penalty notices	<1	0
Tier 1 Process Safety incidents	0	1

As at 31 December 2021 APA's Total Recordable Injury Frequency Rate (TRIFR) is 5.1, trending above the target of ≤4.6. This is an improvement on the prior period (FY21: 5.7⁴), driven by a reduction in the APA employee TRIFR during the period, currently at 2.3 (FY21: 4.6). Contractor injury frequency remains unfavourable versus target at 8.7. This is being addressed by improvement plans tailored for individual contractors. In 2H22 the Contractor HSE Assessment Tool will be incorporated into APA's online contractor prequalification process, to embed a proactive HSE assessment prior to contractor engagement.

Pleasingly, lost time resulting from injuries is trending down during FY22 for employees and contractors. As at 31 December 2021 APA's LTIFR was 0.9 (FY21 full year: 1.6) below the target of ≤1.0. Both APA employee and APA contractor components of the APA LTIFR have fallen during the reporting period.

APA again remains employee and contractor fatality free in 1H22.



APA received one safety penalty notice during the reporting period. The notice was issued by Work Health Safety Queensland in relation to a Safe Work Method Statement (SWMS) document not being prepared prior to work commencing. An Infringement Notice penalty of \$3,600 was issued, along with an Improvement Notice to prepare a SWMS for the job. APA has subsequently reviewed and rectified the SWMS and work crews have completed further refresher and education on implementing these safe working requirements.

³ The FY21 Actual TRIFR rate has been amended from 6.3 to 5.7 in response to receipt of additional contractor hours post the FY21 result.

9.8 Diversity & Inclusion

Inclusion & Diversity continued to be an area of focus during the reporting period, with a particular emphasis on flexible ways of working and empowering our people to think differently about where, when and how they complete work to meet their professional and personal goals and priorities.

Complementing the update of APA's Flexibility Procedure during FY21, we [announced an enhancement of parental leave benefits](#) during 1H22. These beneficial changes were developed following a benchmarking review against our industry peers and other leading businesses. We intend for these enhanced parental leave benefits to contribute towards meeting our commitment to Gender Equity, inclusion, and effect positive change in leveling the superannuation gender pay gap for primary carers.

Effective as of 1 October 2021, the parental leave benefits are:

- Increase in paid primary parental leave from 14 to 18 weeks.
- Increase in paid secondary parental leave from two to four weeks.
- Paying superannuation on primary parental paid and unpaid leave up to 52 weeks.
- Enabling greater flexibility in how and when parental leave is taken over a two-year period.
- Reducing the parental leave qualifying period from 12 to six months service.
- Expanding the scope of leave options to include birth, surrogacy, fostering, adoption, stillbirth, and miscarriage.

9.9 People & Culture

APA's 2021 Culture Survey was completed during the period, achieving an 85% participation rate (8% increase from 2019). The 2021 Culture Survey benchmarked APA against other global businesses on: Engagement Capital; Engagement; Discretionary effort; Intent to Stay; and Employee Inclusion.

The survey results showed an overall 66% engagement capital score, which places APA in the top quartile of global businesses. This informed APA that its people feel connected to the organisation – they are committed and enjoy working here. Other results demonstrated that most of APA's people are willing to go above and beyond in their roles, their work feels impactful, they feel safe and able to raise issues and risks and immediate leaders are well regarded. Employees noted the need for improvement in our systems and processes to drive greater efficiency in the way we operate.

Other initiatives included ongoing focus on APA's Covid-19 management response, APA's graduate program, APA's intern program and the Ignite Leap program.

10 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 is included at page 53.

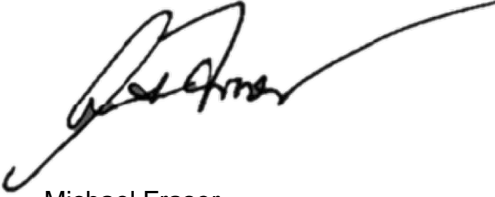
11 Rounding of Amounts

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

12 Authorisation

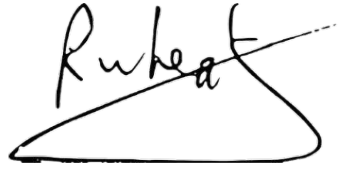
The Directors' report is signed in accordance with a resolution of the Directors of the Responsible Entity.

On behalf of the Directors



Michael Fraser

Chairman



Robert Wheals

CEO and Managing Director

23 February 2022

Australian Pipeline Trust and its Controlled Entities
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half year ended 31 December 2021

		31 Dec 2021 \$000	Restated 31 Dec 2020 \$000
Revenue		1,369,300	1,279,447
Share of net profits of associates and joint ventures using the equity method		15,057	15,583
	4	1,384,357	1,295,030
Asset operation and management expenses		(86,605)	(98,124)
Depreciation and amortisation expenses ^(a)	5	(371,236)	(330,876)
Other operating costs – pass-through	5	(266,611)	(223,223)
Finance costs	5	(239,481)	(249,417)
Employee benefit expense		(160,173)	(141,162)
Other expenses ^(a)		(13,516)	(13,034)
Fair value gains on contract for difference		8,228	17,794
Impairment of property, plant and equipment ^(b)	2	-	(249,322)
Profit before tax		254,963	7,666
Income tax expense		(99,370)	(23,151)
Profit/(loss) for the period		155,593	(15,485)
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain on defined benefit plan		4,378	7,018
Income tax relating to items that will not be reclassified subsequently		(1,313)	(2,105)
		3,065	4,913
Items that may be reclassified subsequently to profit or loss:			
Transfer of gain on cash flow hedges to profit or loss		78,639	80,110
(Loss)/gain on cash flow hedges taken to equity		(74,198)	469,120
Gain/(loss) on associate hedges taken to equity		2,890	(2,472)
Income tax relating to items that may be reclassified subsequently		(2,199)	(164,027)
		5,132	382,731
Other comprehensive income for the period (net of tax)		8,197	387,644
Total comprehensive income for the period		163,790	372,159
Profit/(loss) attributable to:			
Unitholders of the parent		139,946	(58,386)
Non-controlling interest – APT Investment Trust unitholders		15,647	42,901
APA stapled securityholders		155,593	(15,485)
Total comprehensive income attributable to:			
Unitholders of the parent		148,143	329,258
Non-controlling interest – APT Investment Trust unitholders		15,647	42,901
APA stapled securityholders		163,790	372,159

		31 Dec 2021	Restated 31 Dec 2020
Earnings/(loss) per security			
Basic (cents per security)	6	13.2	(1.3)
Diluted (cents per security)	6	13.1	(1.3)

(a) Half year ended 31 December 2020 is restated as a result of change in the APA Group's accounting policy following the IFRS Interpretations Committee's ("IFRIC") Agenda Decision published in April 2021 related to accounting for Software-as-a-Service ("SaaS") arrangements. Refer to note 11.

(b) An impairment loss of \$249.3 million was recognised for Orbest Gas Processing Plant during the half year ended 31 December 2020. Refer to note 2.

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

Australian Pipeline Trust and its Controlled Entities
Condensed Consolidated Statement of Financial Position
As at 31 December 2021

	31 Dec 2021 \$000	30 Jun 2021 \$000
Current assets		
Cash and cash equivalents	524,614	652,352
Trade and other receivables	285,569	298,574
Other financial assets	37,289	56,717
Inventories	43,852	41,066
Other	21,898	26,978
Assets classified as held for sale ^(a)	1,193	343
Current assets	914,415	1,076,030
Non-current assets		
Trade and other receivables ^(b)	98,635	10,375
Other financial assets	284,970	218,900
Investments accounted for using the equity method	244,239	240,201
Property, plant and equipment	9,516,156	9,500,772
Goodwill	1,183,604	1,183,604
Other intangible assets	2,392,301	2,481,336
Other	31,569	31,650
Non-current assets	13,751,474	13,666,838
Total assets	14,665,889	14,742,868
Current liabilities		
Trade and other payables	318,919	314,560
Lease liabilities	14,223	13,828
Borrowings	2,579	2,721
Other financial liabilities	166,081	169,031
Provisions	92,519	93,759
Unearned revenue	10,022	10,750
Liabilities directly associated with assets classified as held for sale ^(a)	261	258
Current liabilities	604,604	604,907
Non-current liabilities		
Trade and other payables	16,930	13,390
Lease liabilities	43,790	49,228
Borrowings	10,013,608	9,921,317
Other financial liabilities	205,121	262,117
Deferred tax liabilities	798,530	756,993
Provisions	99,743	102,352
Unearned revenue	67,720	63,336
Non-current liabilities	11,245,442	11,168,733
Total liabilities	11,850,046	11,773,640
Net assets	2,815,843	2,969,228

(a) On 8 October 2021, APA Group entered into an Asset Sale and Purchase Agreement to divest the Group's 50% ownership in Mid West Pipeline. The agreed consideration is \$5.0 million adjusted for net cashflow from the Mid West Pipeline JV from 1 October 2021 through to financial close. Financial close is subject to customary regulatory approvals and consents.

(b) On 20 November 2021, APA Group acquired an interest in the senior secured debt of Nexus Australia Management Pty Ltd (Basslink) at a discount with a face value of approximately \$99.5 million. The debt is classified as a financial asset and measured at amortised cost. There has been no movement in expected credit losses since the date of acquisition.

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

Australian Pipeline Trust and its Controlled Entities
Condensed Consolidated Statement of Financial Position (continued)
As at 31 December 2021

	Note	31 Dec 2021 \$000	30 Jun 2021 \$000
Equity			
Australian Pipeline Trust:			
Issued capital	9	2,351,600	2,571,420
Reserves		(349,011)	(355,540)
Retained earnings/(Accumulated deficit)		111,304	(31,707)
Equity attributable to unitholders of the parent		2,113,893	2,184,173
Non-controlling interests:			
APT Investment Trust:			
Issued capital	9	686,303	765,313
Retained earnings		15,647	19,742
Equity attributable to unitholders of APT Investment Trust		701,950	785,055
Total equity		2,815,843	2,969,228

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

Australian Pipeline Trust and its Controlled Entities
Condensed Consolidated Statement of Changes in Equity
For the half year ended 31 December 2021

	Australian Pipeline Trust						APT Investment Trust			Total \$000
	Issued capital \$000	Asset revaluation reserve \$000	Equity based payments reserve \$000	Hedging reserve \$000	Retained earnings/ (accumulated deficit) \$000	Attributable to owner of the parent \$000	Issued capital \$000	Retained earnings \$000	APT Investment Trust \$000	
	Balance at 1 July 2020	2,902,123	8,669	652	(700,786)	100,666	2,311,324	887,845	24,686	
Impact of changes in accounting policies, net of tax ^(a)	-	-	-	-	(8,997)	(8,997)	-	-	-	(8,997)
Restated balance at 1 July 2020	2,902,123	8,669	652	(700,786)	91,669	2,302,327	887,845	24,686	912,531	3,214,858
(Loss)/Profit for the period	-	-	-	-	(58,386)	(58,386)	-	42,901	42,901	(15,485)
Other comprehensive income	-	-	-	546,758	7,018	553,776	-	-	-	553,776
Income tax relating to components of other comprehensive income	-	-	-	(164,027)	(2,105)	(166,132)	-	-	-	(166,132)
Total comprehensive income for the period	-	-	-	382,731	(53,473)	329,258	-	42,901	42,901	372,159
Payment of distributions (note 7)	(138,528)	-	-	-	(100,666)	(239,194)	(54,692)	(24,686)	(79,378)	(318,572)
Equity settled long term incentives, net of tax	-	-	1,275	-	-	1,275	-	-	-	1,275
Restated balance at 31 December 2020	2,763,595	8,669	1,927	(318,055)	(62,470)	2,393,666	833,153	42,901	876,054	3,269,720
Balance at 1 July 2021	2,571,420	8,669	2,515	(366,724)	(31,707)	2,184,173	765,313	19,742	785,055	2,969,228
Profit for the period	-	-	-	-	139,946	139,946	-	15,647	15,647	155,593
Other comprehensive income	-	-	-	7,331	4,378	11,709	-	-	-	11,709
Income tax relating to components of other comprehensive income	-	-	-	(2,199)	(1,313)	(3,512)	-	-	-	(3,512)
Total comprehensive income for the period	-	-	-	5,132	143,011	148,143	-	15,647	15,647	163,790
Payment of distributions (note 7)	(219,820)	-	-	-	-	(219,820)	(79,010)	(19,742)	(98,752)	(318,572)
Equity settled long term incentives, net of tax	-	-	1,397	-	-	1,397	-	-	-	1,397
Balance at 31 December 2021	2,351,600	8,669	3,912	(361,592)	111,304	2,113,893	686,303	15,647	701,950	2,815,843

(a) APA Group has revised its accounting policy following the IFRIC Agenda Decision in April 2021 related to accounting for SaaS arrangements and made retrospective restatement. This has resulted in an accumulated charge of \$9.0 million to retained earnings as at 1 July 2020.

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

Australian Pipeline Trust and its Controlled Entities
Condensed Consolidated Statement of Cash Flows
For the half year ended 31 December 2021

	31 Dec 2021 \$000	Restated 31 Dec 2020 \$000
Notes		
Cash flows from operating activities		
Receipts from customers	1,506,240	1,408,916
Payments to suppliers and employees ^(a)	(657,765)	(619,184)
Dividends received from associates and joint ventures	13,909	13,827
Proceeds from repayments of finance leases	618	527
Interest received	1,417	4,929
Interest and other costs of finance paid	(223,641)	(234,258)
Income taxes paid	(37,925)	(61,426)
Net cash provided by operating activities	602,853	513,331
Cash flows from investing activities		
Payments for property, plant and equipment ^{(a),(b)}	(305,424)	(243,803)
Proceeds from sale of property, plant and equipment	1,150	279
Payments for intangible assets ^(b)	(10,451)	(3,679)
Payments for debt purchase ^(c)	(88,843)	-
Net cash used in investing activities	(403,568)	(247,203)
Cash flows from financing activities		
Proceeds from borrowings	10,400	-
Repayments of borrowings	(11,810)	(305,011)
Payments of debt and hedge break costs	(236)	-
Transaction costs related to borrowings	(277)	(572)
Repayment of lease liabilities	(6,794)	(7,636)
Distributions paid to:		
Unitholders of Australian Pipeline Trust	7 (219,820)	(239,194)
Unitholders of non-controlling interests – APT Investment Trust	7 (98,752)	(79,378)
Net cash used in financing activities	(327,289)	(631,791)
Net decrease in cash and cash equivalents	(128,004)	(365,663)
Cash and cash equivalents at beginning of the period	652,352	1,172,771
Effect of exchange rate changes on cash and cash equivalents	266	(305)
Cash and cash equivalents at end of the period	524,614	806,803

(a) Half year ended 31 December 2020 is restated as a result of change in APA Group accounting policy following the IFRIC Agenda Decision published in April 2021 related to accounting for SaaS arrangements. Refer to note 11.

(b) Half year ended 31 December 2020 is re-presented to reflect payment of \$3.6 million reclassified from payment for property, plant and equipment to payment for intangible assets, as a result of reclassification of software and licences from property, plant and equipment to intangible assets during financial year ended 30 June 2021.

(c) On 20 November 2021, APA Group acquired an interest in the senior secured debt of Nexus Australia Management Pty Ltd (Basslink) at a discount with a face value of approximately \$99.5 million. The debt is classified as a financial asset and measured at amortised cost.

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

Australian Pipeline Trust and its Controlled Entities

Notes to the condensed consolidated financial statements

For the half year ended 31 December 2021

Basis of Preparation

1. About this report

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

Basis of Preparation

1. About this report
2. General information

Financial Performance

3. Segment information
4. Revenue
5. Expenses
6. Earnings/(loss) per security
7. Distributions

Capital Management

8. Financial risk management
9. Issued capital

Other

10. Commitments and contingencies
11. Change in accounting policy
12. Adoption of new and revised Accounting Standards
13. Events occurring after reporting date

Australian Pipeline Trust and its Controlled Entities
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2021

Basis of Preparation

2. General information

The condensed consolidated general purpose financial statements for the half year ended 31 December 2021 have been prepared in accordance with AASB 134 'Interim Financial Reporting' and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half year 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.

The half year financial report does not include all of the notes of the type normally included in an annual financial report. Accordingly this report should be read in conjunction with the most recent annual financial report and any public announcements made by APA Group to the date of the issuance of the interim financial report in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies are consistent with those adopted and disclosed in the annual report for the financial year ended 30 June 2021.

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.

Despite the relative stability of the business, APA Group continues to ensure it maintains an appropriate level of liquidity during the uncertainty created by COVID-19.

As at 31 December 2021, APA Group had \$1,774.6 million in cash and committed un-drawn bank facilities available (30 June 2021: \$1,902.4 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.

Significant item

Individually significant item included in profit after income tax expense are as follows:

	31 Dec	31 Dec
	2021	2020
	\$000	\$000
Significant item impacting profit before tax		
Impairment of property, plant and equipment ^(a)	-	(249,322)
Total significant item impacting profit before tax	-	(249,322)
Income tax related to significant item above	-	74,797
Profit from significant item after income tax	-	(174,525)

(a) During the half year ended 31 December 2020, APA Group impaired the carrying value of the Orbest Gas Processing Plant. The impairment charge reflects the continuation of production levels and expenditure based on the current performance of the asset since reconfiguration and resumption of the processing plant, where current production is expected to achieve 45 TJ/day, and contracted renewal terms based on management's expectations.

Australian Pipeline Trust and its Controlled Entities

Notes to the condensed consolidated financial statements (continued)

For the half year ended 31 December 2021

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.

Australian Pipeline Trust and its Controlled Entities
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2021

Financial Performance

3. Segment information (continued)

Reportable segments

	Energy Infrastructure	Asset Management	Energy Investments	Other	Consolidated
Half year ended 31 December 2021	\$000	\$000	\$000	\$000	\$000
Segment revenue ^(a)					
Revenue from contracts with customers	1,038,250	60,911	-	-	1,099,161
Equity accounted net profits	-	-	15,057	-	15,057
Pass-through revenue	34,135	232,476	-	-	266,611
Other income	1,442	160	-	-	1,602
Finance lease and investment interest income	500	-	1,117	-	1,617
Total segment revenue	1,074,327	293,547	16,174	-	1,384,048
Other interest income					309
Consolidated revenue					1,384,357

Segment result

Segment underlying EBITDA ^(b)	857,059	41,694	-	-	898,753
Share of net profits of joint ventures and associates using the equity method	-	-	15,057	-	15,057
Finance lease and investment interest income	500	-	1,117	-	1,617
Corporate costs	-	-	-	(55,602)	(55,602)
Total underlying EBITDA ^(b)	857,559	41,694	16,174	(55,602)	859,825
Fair value gains on contract for difference ^(c)	8,228	-	-	-	8,228
Technology transformation projects ^(d)	-	-	-	(2,682)	(2,682)
Total reported EBITDA ^(e)	865,787	41,694	16,174	(58,284)	865,371
Depreciation and amortisation	(362,943)	(8,293)	-	-	(371,236)
Total reported EBIT ^(f)	502,844	33,401	16,174	(58,284)	494,135
Net interest cost ^(g)					(239,172)
Reported profit before tax					254,963
Income tax expense					(99,370)
Reported profit after tax					155,593

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

(b) Earnings before interest, tax, depreciation, and amortisation ("EBITDA") excludes recurring items arising from other activities, transactions that are not directly attributable to the performance of APA Group's business operations.

(c) The amount represents a net gain arising from a contract for difference in an electricity sales agreement with a customer that economically hedges the future cash flows of the electricity sales agreement for which hedge accounting is not applicable.

(d) The amount represents costs associated with technology and transformation projects to develop and uplift organisation capabilities, including SaaS customisation and configuration costs incurred during implementation.

(e) Earnings before interest, tax, depreciation, and amortisation ("EBITDA").

(f) Earnings before interest and tax ("EBIT").

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

Australian Pipeline Trust and its Controlled Entities
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2021

Financial Performance

3. Segment information (continued)

Reportable segments

	Energy Infrastructure \$000	Asset Management \$000	Energy Investments \$000	Consolidated \$000
As at 31 December 2021				
Segment assets	13,284,732	204,911	95,800	13,585,443
Carrying value of investments using the equity method	-	-	244,239	244,239
Unallocated assets ^(a)				836,207
Total assets				14,665,889
Segment liabilities	436,001	89,576	-	525,577
Unallocated liabilities ^(b)				11,324,469
Total liabilities				11,850,046

(a) Unallocated assets consist of cash and cash equivalents, fair value of cross currency swaps, foreign currency forward exchange contracts and equity forwards.

(b) Unallocated liabilities consist of current and non-current borrowings, deferred tax liabilities, fair value of cross currency swaps, foreign currency forward exchange contracts and equity forwards.

Australian Pipeline Trust and its Controlled Entities
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2021

Financial Performance

3. Segment information (continued)

Reportable segments (continued)

	Energy Infrastructure	Asset Management	Energy Investments	Other	Consolidated
Half year ended 31 December 2020 (Restated)	\$000	\$000	\$000	\$000	\$000
Segment revenue ^(a)					
Revenue from contracts with customers	999,545	51,571	-	-	1,051,116
Equity accounted net profits	-	-	15,583	-	15,583
Pass-through revenue	18,963	204,260	-	-	223,223
Other income	1,425	9	-	-	1,434
Finance lease and investment interest income	551	-	576	-	1,127
Total segment revenue	1,020,484	255,840	16,159	-	1,292,483
Other interest income					2,547
Consolidated revenue					1,295,030

Segment result

Segment underlying EBITDA ^(b)	818,247	30,967	-	-	849,214
Share of net profits of joint ventures and associates using the equity method	-	-	15,583	-	15,583
Finance lease and investment interest income	551	-	576	-	1,127
Corporate costs	-	-	-	(43,088)	(43,088)
Total underlying EBITDA ^(b)	818,798	30,967	16,159	(43,088)	822,836
Fair value gains on contract for difference ^(c)	17,794	-	-	-	17,794
Technology transformation projects ^(d)	-	-	-	(5,896)	(5,896)
Total reported EBITDA ^(e)	836,592	30,967	16,159	(48,984)	834,734
Depreciation and amortisation	(322,581)	(8,295)	-	-	(330,876)
Total reported EBIT ^(f)	514,011	22,672	16,159	(48,984)	503,858
Net interest cost ^(g)					(246,870)
Reported profit before tax excluding significant item					256,988
Income tax expense					(97,948)
Reported profit after tax excluding significant item					159,040
Significant item before tax ^(h)					(249,322)
Reported profit before tax					7,666
Significant item after tax					(174,525)
Reported loss after tax					(15,485)

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

(b) Earnings before interest, tax, depreciation, and amortisation ("EBITDA") excludes recurring items arising from other activities, transactions that are not directly attributable to the performance of APA Group's business operations.

(c) The amount represents a net gain arising from a contract for difference in an electricity sales agreement with a customer that economically hedges the future cash flows of the electricity sales agreement for which hedge accounting is not applicable.

(d) The amount represents costs associated with technology and transformation projects to develop and uplift organisation capabilities, including SaaS customisation and configuration costs incurred during implementation.

(e) Earnings before interest, tax, depreciation, and amortisation ("EBITDA").

(f) Earnings before interest and tax ("EBIT").

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

(h) Refer to note 2 significant item section for details.

Australian Pipeline Trust and its Controlled Entities
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2021

Financial Performance

3. Segment information (continued)

Reportable segments (continued)

	Energy Infrastructure	Asset Management	Energy Investments	Consolidated
As at 30 June 2021	\$000	\$000	\$000	\$000
Segment assets	13,343,202	210,228	10,685	13,564,115
Carrying value of investments using the equity method	-	-	240,201	240,201
Unallocated assets ^(a)				938,552
Total assets				14,742,868
Segment liabilities	423,008	90,007	-	513,015
Unallocated liabilities ^(b)				11,260,625
Total liabilities				11,773,640

(a) Unallocated assets consist of cash and cash equivalents, fair value of cross currency swaps, foreign currency forward exchange contracts and equity forwards.

(b) Unallocated liabilities consist of current and non-current borrowings, deferred tax liabilities, fair value of cross currency swaps, foreign currency forward exchange contracts and equity forwards.

Australian Pipeline Trust and its Controlled Entities
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2021

Financial Performance

4. Revenue

Disaggregation of revenue

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

	31 Dec 2021 \$000	31 Dec 2020 \$000
Energy Infrastructure		
Wallumbilla Gladstone Pipeline ^(a)	280,332	271,473
East Coast	411,770	395,560
West Coast	166,545	164,223
Power Generation	179,603	168,289
Energy Infrastructure revenue	1,038,250	999,545
Asset Management revenue	60,911	51,571
Energy Investments	16,174	16,159
Other non-contract revenue	2,102	1,985
Total segment revenue	1,117,437	1,069,260
Pass-through revenue	266,611	223,223
Unallocated revenue	309	2,547
Total revenue	1,384,357	1,295,030
Underlying EBITDA ^(b)		
Wallumbilla Gladstone Pipeline ^(a)	278,803	269,953
East Coast	341,893	326,793
West Coast	137,054	135,846
Power Generation	99,809	86,206
Energy Infrastructure total	857,559	818,798
Asset Management total	41,694	30,967
Energy Investments	16,174	16,159
Corporate costs	(55,602)	(43,088)
Total underlying EBITDA ^(b)	859,825	822,836

(a) Wallumbilla Gladstone Pipeline is separated from East Coast Grid in this note as a result of the significance of its revenue and EBITDA to the Group. It is categorised as part of the East Coast Grid cash-generating unit for impairment assessment purposes.

(b) Earnings before interest, tax, depreciation, and amortisation ("EBITDA") excludes recurring items arising from other activities, transactions that are not directly attributable to the performance of APA Group's business operations and significant items.

Information about major customers

Included in revenues arising from energy infrastructure of \$1,038.3 million (31 December 2020: \$999.5 million) are revenues of approximately \$354.6 million (31 December 2020: \$357.2 million) which arose from sales to APA Group's top three customers.

Australian Pipeline Trust and its Controlled Entities

Notes to the condensed consolidated financial statements (continued)

For the half year ended 31 December 2021

Financial Performance

5. Expenses

	31 Dec 2021 \$000	Restated 31 Dec 2020 \$000
Depreciation of non-current assets ^(a)	273,388	230,395
Amortisation of non-current assets ^(b)	97,848	100,481
Depreciation and amortisation expenses	371,236	330,876
Energy infrastructure costs – pass-through	34,135	18,963
Asset management costs – pass-through	232,476	204,260
Other operating costs – pass-through	266,611	223,223
Interest on bank and borrowings	225,940	253,885
Amortisation of deferred borrowing costs	3,878	3,728
Other finance costs	3,420	3,757
	233,238	261,370
Less: amounts included in the cost of qualifying assets	(3,850)	(14,420)
	229,388	246,950
Loss/(gain) on derivatives	3,723	(3,357)
Unwinding of discount on non-current liabilities	4,082	3,410
Interest incurred on deferred revenue balances	1,229	1,172
Interest incurred on lease liabilities	1,059	1,242
Finance costs	239,481	249,417

(a) Half year ended 31 December 2020 is restated as a result of change in the APA Group's accounting policy following the IFRIC Agenda Decision published in April 2021 related to accounting for SaaS arrangements. Refer to note 11.

(b) Half year ended 31 December 2020 is re-presented to reflect \$9.2 million software and licences amortisation expenses that are reclassified from depreciation expenses, as a result of reclassification of software and licences from property, plant and equipment to intangible assets during financial year ended 30 June 2021.

Australian Pipeline Trust and its Controlled Entities
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2021

Financial Performance

6. Earnings/(Loss) per security

	31 Dec 2021 cents	Restated 31 Dec 2020 cents
Earnings/(Loss) per security		
Basic earnings/(loss) per unit attributable to the parent ^(a)	11.9	(4.9)
Basic earnings per unit attributable to the non-controlling interest	1.3	3.6
Basic earnings/(loss) per security	13.2	(1.3)
Diluted earnings/(loss) per security		
Diluted earnings/(loss) per unit attributable to the parent ^(a)	11.8	(4.9)
Diluted earnings per unit attributable to the non-controlling interest	1.3	3.6
Diluted earnings/(loss) per security	13.1	(1.3)
Earnings per security excluding significant item		
Basic earnings per unit attributable to the parent	11.9	9.9
Basic earnings per unit attributable to the non-controlling interest	1.3	3.6
Basic earnings per security	13.2	13.5
Diluted earnings per security		
Diluted earnings per unit attributable to the parent	11.8	9.9
Diluted earnings per unit attributable to the non-controlling interest	1.3	3.6
Diluted earnings per security	13.1	13.5
Underlying earnings per security ^(b)		
Underlying basic and diluted earnings per unit attributable to the parent	11.5	9.1
Underlying basic and diluted earnings per unit attributable to the non-controlling interest	1.3	3.6
Underlying basic and diluted earnings per security	12.8	12.7

(a) Half year ended 31 December 2020 was restated as a result of change in the APA Group's accounting policy following the IFRIC Agenda Decision in April 2021 related to accounting for SaaS arrangements. Refer to note 11.

(b) Excludes recurring items arising from other activities and transactions that are not directly attributable to the performance of APA Group's business operations.

Australian Pipeline Trust and its Controlled Entities
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2021

Financial Performance

6. Earnings/(Loss) per security

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

	31 Dec 2021 \$000	Restated 31 Dec 2020 \$000
Net profit/(loss)		
Net profit/(loss) attributable to unitholders of the parent ^(a)	139,946	(58,386)
Net profit attributable to unitholders of the non-controlling interest	15,647	42,901
Net profit/(loss) attributable to stapled securityholders for calculating basic and diluted earnings per security	155,593	(15,485)
Underlying net profit		
Net profit/(loss) attributable to unitholders of the parent	139,946	(58,386)
Significant item, net of tax	-	174,525
Net profit excluding significant item attributable to unitholders of the parent	139,946	116,139
Fair value gains on contract for difference, net of tax	(5,760)	(12,455)
Technology transformation projects, net of tax	1,879	3,779
Underlying net profit attributable to unitholders of the parent	136,065	107,463
Underlying net profit attributable to unitholders of the non-controlling interest	15,647	42,901
Underlying net profit attributable to stapled securityholder for calculating basic and diluted earnings per security	151,712	150,364

(a) Half year ended 31 December 2020 was restated as a result of change in the APA Group's accounting policy following the IFRIC Agenda Decision in April 2021 related to accounting for SaaS arrangements. Refer to note 11.

Australian Pipeline Trust and its Controlled Entities

Notes to the condensed consolidated financial statements (continued)

For the half year ended 31 December 2021

Financial Performance

6. Earnings/(Loss) per security (continued)

	31 Dec 2021	31 Dec 2020
	No. of securities	No. of securities
	000	000
Adjusted weighted average number of ordinary securities used in the calculation of		
Basic earnings per security	1,179,894	1,179,894
Diluted earnings per security ^(a)	1,181,272	1,180,652

(a) Includes 2.2 million (31 December 2020: 1.3 million) performance rights granted under 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 and board approval. Further information can be found in the most recent annual report. APA has historically instructed Link Market Services to acquire securities on-market to minimise dilution of existing securityholders.

7. Distributions

	31 Dec 2021	31 Dec 2021	31 Dec 2020	31 Dec 2020
	cents per security	Total \$000	cents per security	Total \$000
Recognised amounts				
Final FY2021 distribution paid on 15 September 2021				
(30 June 2020: Final FY2020 distribution paid on 16 September 2020)				
Profit distribution – APT ^(a)	-	-	8.53	100,666
Capital distribution – APT	18.63	219,820	11.74	138,528
Profit distribution – APTIT ^(b)	1.67	19,742	2.09	24,686
Capital distribution – APTIT	6.70	79,010	4.64	54,692
	27.00	318,572	27.00	318,572

Unrecognised amounts

Interim distribution payable on 17 March 2022 ^(c)

(31 December 2020: Interim FY2021 distribution paid on 17 March 2021)

Profit distribution – APT ^(d)	9.43	111,304	-	-
Capital distribution – APT	10.69	126,137	16.29	192,175
Profit distribution – APTIT ^(b)	1.33	15,647	1.97	23,159
Capital distribution – APTIT	3.55	41,886	5.74	67,840
	25.00	294,974	24.00	283,174

(a) APT profit distributions were unfranked (31 December 2020: fully franked).

(b) APTIT profit distributions were unfranked (31 December 2020: unfranked).

(c) Record date 31 December 2021.

(d) 31 December 2021: fully franked.

The interim distribution in respect of the financial year has not been recognised in this half year financial report because the distribution was not declared, determined or publicly confirmed prior to 31 December 2021.

Australian Pipeline Trust and its Controlled Entities

Notes to the condensed consolidated financial statements (continued)

For the half year ended 31 December 2021

Capital Management

8. Financial risk management

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).

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 the half year ended 31 December 2021 (year ended 30 June 2021: nil). 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 forward foreign exchange contracts 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 yield curves 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 value of the indexed revenue contract is derived from the present value of expected future cash flows based on observable inflation indices and yield curve at the end of the reporting period. 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 an internal discounted cash flow valuation methodology, which includes some assumptions that are not able to be supported by observable market prices or rates.

Australian Pipeline Trust and its Controlled Entities

Notes to the condensed consolidated financial statements (continued)

For the half year ended 31 December 2021

Capital Management

8. Financial risk management

Contract for difference (continued)

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 tradable and 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
- the instrument is 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	Level 2	Level 3	Total
As at 31 December 2021	\$000	\$000	\$000	\$000
Financial assets measured at fair value				
Equity forwards designated as fair value through profit or loss	-	1,618	-	1,618
Cross currency interest rate swaps used for hedging	-	242,351	-	242,351
Forward foreign exchange contracts used for hedging	-	7,170	-	7,170
Contract for difference	-	-	36,798	36,798
	-	251,139	36,798	287,937
Financial liabilities measured at fair value				
Equity forwards designated as fair value through profit or loss	-	875	-	875
Cross currency interest rate swaps used for hedging	-	340,868	-	340,868
Forward foreign exchange contracts used for hedging	-	2,538	-	2,538
Indexed revenue contract	-	3,481	-	3,481
Contract for difference	-	-	45	45
	-	347,762	45	347,807
As at 30 June 2021				
Financial assets measured at fair value				
Cross currency interest rate swaps used for hedging	-	193,004	-	193,004
Forward foreign exchange contracts used for hedging	-	22,724	-	22,724
Contract for difference	-	-	29,742	29,742
	-	215,728	29,742	245,470
Financial liabilities measured at fair value				
Equity forwards designated as fair value through profit or loss	-	2,211	-	2,211
Cross currency interest rate swaps used for hedging	-	386,241	-	386,241
Forward foreign exchange contracts used for hedging	-	10,110	-	10,110
Contract for difference	-	-	1,216	1,216
Indexed revenue contract	-	3,365	-	3,365
	-	401,927	1,216	403,143

Australian Pipeline Trust and its Controlled Entities

Notes to the condensed consolidated financial statements (continued)

For the half year ended 31 December 2021

Capital Management

8. Financial risk management

Reconciliation of Level 3 fair value measurements

	31 Dec 2021 \$000	30 Jun 2021 \$000
Opening balance	(28,526)	(10,508)
Revaluation	(7,585)	(13,943)
Settlement	(643)	(4,075)
Closing balance	(36,754)	(28,526)

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)	
	31 Dec 2021 \$000	30 Jun 2021 \$000	31 Dec 2021 \$000	30 Jun 2021 \$000
Financial liabilities				
Unsecured Australian Dollar Medium Term Notes	200,000	200,000	208,271	212,150
Unsecured Japanese Yen Medium Term Notes	119,474	120,079	121,092	123,105
Unsecured US Dollar 144A Medium Term Notes	3,094,485	3,001,400	3,410,079	3,405,782
Unsecured British Pound Medium Term Notes	2,977,747	2,945,695	3,098,838	3,173,349
Unsecured Euro Medium Term Notes	3,679,006	3,715,047	3,626,937	3,790,914
	10,070,712	9,982,221	10,465,217	10,705,300

(a) The fair values 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 APA Group's credit risk. These instruments are classified in the fair value hierarchy at Level 2.

Australian Pipeline Trust and its Controlled Entities

Notes to the condensed consolidated financial statements (continued)

For the half year ended 31 December 2021

Capital Management

9. Issued capital

	31 Dec 2021 \$000	30 Jun 2021 \$000
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APT units

1,179,893,848 securities, fully paid (30 June 2021: 1,179,893,848 securities, fully paid) ^(a)	2,351,600	2,571,420
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	31 Dec 2021 No. of securities 000	31 Dec 2021 \$000	30 Jun 2021 No. of securities 000	30 Jun 2021 \$000
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Movements

Balance at beginning of financial year	1,179,894	2,571,420	1,179,894	2,902,123
Capital distributions paid (note 7)	-	(219,820)	-	(330,703)
	1,179,894	2,351,600	1,179,894	2,571,420

	31 Dec 2021 \$000	30 Jun 2021 \$000
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APTIT units

1,179,893,848 securities, fully paid (30 June 2021: 1,179,893,848 securities, fully paid) ^(a)	686,303	765,313
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	31 Dec 2021 No. of securities 000	31 Dec 2021 \$000	30 Jun 2021 No. of securities 000	30 Jun 2021 \$000
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Movements

Balance at beginning of financial year	1,179,894	765,313	1,179,894	887,845
Capital distributions paid (note 7)	-	(79,010)	-	(122,532)
	1,179,894	686,303	1,179,894	765,313

(a) Fully paid securities carry one vote per security and carry the right to distributions.

Australian Pipeline Trust and its Controlled Entities

Notes to the condensed consolidated financial statements (continued)

For the half year ended 31 December 2021

Other items

10. Commitments and contingencies

	31 Dec 2021 \$000	30 Jun 2021 \$000
Capital expenditure commitments		
APA Group – plant and equipment	311,068	231,871
APA Group's share of jointly controlled operations – plant and equipment	14,293	19,708
	325,361	251,579

Other expenditure commitments

As at 31 December 2021, APA Group has entered into contractual commitments to acquire additional interests in the senior secured debt of Basslink at a discount, with a face value of approximately \$188.8 million. Financial close is subject to sale conditions being met by the parties to the transaction.

Contingent liabilities

Bank guarantees	39,387	46,207
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APA Group is subject to a range of operational matters, which can at times raise exposure to assets and liabilities that are uncertain and cannot be measured reliably. This includes our exposure to matters such as regulatory requirements, changes in law, climate change policy, changes to licencing and recognised practising codes including health, safety and environment, employee entitlements, environmental laws and regulations, occupational health and safety requirements, technical and safety standards and asset construction and operation compliance requirements. The preparation of the financial statements requires management to make judgements and estimates and form assumptions that affect the amounts of contingent assets and liabilities reported in the financial statements.

These judgements, estimates and assumptions are based on the most current facts and circumstances and are reassessed on an ongoing basis, the results of which form the basis of the reported amounts that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions. This may materially affect financial results and the financial position to be reported in future periods. APA Group continues to assess these judgements, estimates and assumptions relating to the disclosure of contingent assets and liabilities.

Contingent assets and liabilities relate predominantly to possible benefits or obligations whose existence will only be confirmed by uncertain future events and present obligations where the transfer of economic resources is not probable or cannot be reliably estimated. Therefore such amounts are not recognised in the financial statements.

On 18 May 2021, a statement of claim was filed against APA Group in respect of construction of the Orbest Gas Processing Plant. The statement of claim is subject to significant uncertainty, and it is not currently possible to make a reasonable estimate of the outcome, quantum or timing of any potential determination as at 31 December 2021.

As at 31 December 2021 APA Group had no material contingent liabilities, other than those disclosed above.

11. Change in accounting policy

Software-as-a-Service arrangements

IFRIC issued an Agenda Decision in April 2021 summarising IFRIC considerations and decisions relating to customisation and configuration costs in a SaaS arrangement where an intangible asset is not recognised under AASB 138 Intangible Assets. The standard requires the costs be recognised as an expense when services are received where these costs do not create a resource controlled by the company that is separate to the software.

During the financial year ended 30 June 2021, APA Group revised its accounting policy to record the configuration and customisation costs incurred in implementing SaaS arrangements as an operating expenses within profit or loss in response to the IFRIC Agenda Decision.

Australian Pipeline Trust and its Controlled Entities

Notes to the condensed consolidated financial statements (continued)

For the half year ended 31 December 2021

Other items

11. Change in accounting policy (continued)

Software-as-a-Service arrangements (continued)

Costs incurred to configure or customise the cloud provider's application software, are now recognised as operating expenses when the services are received. Previously, the Group capitalised the configuration and customisation costs as and when they are incurred during implementation and amortised them over the term of the SaaS arrangement outlined in the service contract, where material modifications and incremental capability was being added to the application software.

Some of these costs incurred are for the set-up of current IT environment or the development of software code that enhances or modifies, or creates the incremental capability to, existing on-premise systems or network and meets the definition of and recognition criteria for an intangible asset. These costs create a resource controlled by APA Group and are recognised as intangible software assets and amortised over the useful life of the software on a straight-line basis. The useful lives of these assets are reviewed at least at the end of each financial year, and any change is for prospectively as a change in accounting estimate.

APA Group has implemented the IFRIC Agenda Decision retrospectively as a change in accounting policy. Historical financial information has been restated to account for the impact of the change in accounting policy. The amount of the movements resulting from the change in accounting policy are as follows during the half year ended 31 December 2020:

	31 Dec 2020 \$000
Financial statement item	
Consolidated Statement of Profit or Loss and Other Comprehensive Income	
Other expenses	(5,896)
Depreciation and amortisation expense	496
Profit before tax	(5,400)
Income tax benefit	1,621
Profit after tax	(3,779)
Consolidated Statement of Cash Flows	
Payments to suppliers and employees	(5,896)
Net cash provided by operating activities	(5,896)
Payments for property, plant and equipment	5,896
Net cash used in investing activities	5,896

12. Adoption of new and revised Accounting Standards

New and amended Accounting Standards that are effective for the current period

AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2

Impact of the initial application of Interest Rate Benchmark Reform

In the prior year the Group adopted the Phase 1 amendments AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform. These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments are amended as a result of the interest rate benchmark reform.

In the current year the Group also adopted the Phase 2 amendments in AASB 2020-8. Adopting these amendments enables the Group to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as 'risk free rates' or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements. The Group has not restated the prior period.

Australian Pipeline Trust and its Controlled Entities

Notes to the condensed consolidated financial statements (continued)

For the half year ended 31 December 2021

Other items

12. Adoption of new and revised Accounting Standards (continued)

New and amended Accounting Standards that are effective for the current period (continued)

AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2 (continued)

Impact of the initial application of Interest Rate Benchmark Reform (continued)

Both the Phase 1 and Phase 2 amendments are relevant to the Group because it applies hedge accounting to its interest rate benchmark exposures, and in the current period no modifications in response to the reform are required to be made to the Group's derivative and non-derivative financial instruments that mature post 31 December 2021 (the date by which the reform is expected to be implemented). There is an indirect impact on the valuation on the cross currency interest rate swaps in relation to the benchmark reform.

The Group will continue to apply the Phase 1 and Phase 2 amendments to AASB 9 until the uncertainty arising from the interest rate benchmark reform with respect to the timing and the amount of the underlying cash flows to which the Group is exposed ends. The Group expects this uncertainty will continue until the Group's contracts that reference IBORs are amended to specify the date on which the interest rate benchmark will be replaced and the basis for the cash flows of the alternative benchmark rate are determined including any fixed spread.

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 a material impact on APA Group's accounting policies or any of the amounts recognised in the financial statements.

13. Events occurring after reporting date

On 23 February 2022, the Directors declared an interim distribution of 25.0 cents per security (\$295.0 million) for APA Group, an increase of 4.2%, or 1.0 cent per security over the previous corresponding period (31 December 2020: 24.0 cents). This is comprised of a distribution of 20.12 cents per security from APT and a distribution of 4.88 cents per security from APTIT. The APT distribution represents 9.43 cents per security profit distribution and 10.69 cents per security capital distribution. The APTIT distribution represents a 1.33 cent per security unfranked profit distribution and 3.55 cents capital distribution. The distribution will be paid on 17 March 2022.

Subsequent to 31 December 2021, APA Group has entered into further contractual commitments to acquire additional interests in the senior secured debt of Basslink at a discount, with a face value of approximately of \$335.8 million. Financial close is subject to sale conditions being met by the parties to the transaction. This brings the total contractual commitment to \$524.6 million as at the date of this report. If financial close is completed, APA Group will own 100% of Basslink's debt with a face value of \$623.7 million.

On 10 February 2022, Hydro Tasmania terminated the Basslink Services Agreement (BSA) with Basslink Pty Ltd. Concurrent with that termination, Hydro Tasmania made an offer to Basslink's receivers for an interim arrangement under which the key elements of the BSA would be put back in place for one month whilst the parties discuss possible alternative arrangements. The receivers have declined Hydro Tasmania's offer. Hydro Tasmania has indicated that it remains willing to discuss with receivers an alternative commercial arrangement that would provide funding during the receivership and help transition the asset to an alternative commercial model.

As at the time of reporting, the ongoing 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 to or additional disclosure in these financial statements as a result of any recent COVID-19 developments. Whilst global supply chain interruptions and tight labour markets have not yet had a material impact on APA Group's operations to date, these conditions could have an unfavourable impact on operations and / or the delivery of new projects if they persist in the future.

Other than the events disclosed above, there have not been any events or transactions that have occurred subsequent to the period end that would require adjustment to or disclosure in the financial statements.

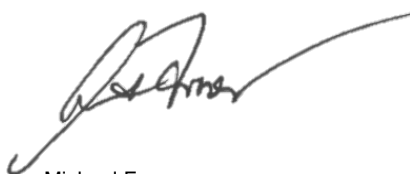
Australian Pipeline Trust and its Controlled Entities
Declaration by the Directors of Australian Pipeline Limited
For the half year ended 31 December 2021

The Directors declare that:

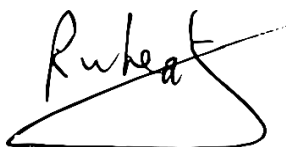
- (a) in the Directors' opinion, there are reasonable grounds to believe that Australian Pipeline Trust will be able to pay its debts as and when they become due and payable; and
- (b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with Accounting Standards and give a true and fair view of the financial position and performance of APA Group.

Signed in accordance with a resolution of the Directors of the Responsible Entity made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the Directors



Michael Fraser
Chairman



Robert Wheals
CEO and Managing Director

SYDNEY, 23 February 2022

23 February 2022

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 review of the half year financial report of Australian Pipeline Trust for the half year ended 31 December 2021, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

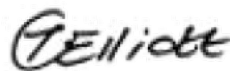
Yours faithfully



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 Review Report to the Unitholders of Australian Pipeline Trust

Conclusion

We have reviewed the half-year financial report of Australian Pipeline Trust (the "Trust") and its controlled entities (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2021, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 28 to 52.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the the Group is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and 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 annual 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 Trust, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibilities for the Half-year Financial Report

The directors of the Trust are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

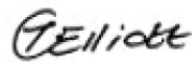
A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



DELOITTE TOUCHE TOHMATSU



Jamie Gatt
Partner
Chartered Accountants
Sydney, 23 February 2022



Taralyn Elliott
Partner
Chartered Accountants
Sydney, 23 February 2022

APT INVESTMENT TRUST DIRECTORS' REPORT

The Directors of Australian Pipeline Limited ("Responsible Entity") submit their interim financial report of APT Investment Trust ("APTIT") and its controlled entity (together "Consolidated Entity") for the half year ended 31 December 2021. This report and the financial statements attached refer 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 half year and since the half year ended 31 December 2021 are:

Michael Fraser	Chairman
Robert (Rob) Wheals	Chief Executive Officer and Managing Director
Steven (Steve) Crane	Director
James Fazzino	Director
Debra (Debbie) Goodin	Director
Shirley In't Veld	Director
Rhoda Phillippo	Director
Peter Wasow	Director

Amanda Cheney is the Company Secretary of the Responsible Entity and held that role during the half year ended 31 December 2021. Nevenka Codevelle also held the role of Company Secretary of the Responsible Entity until her resignation on 22 October 2021.

2 Principal Activities

The Consolidated Entity operates as an investment and financing entity within the APA stapled group.

There were no significant changes to the principal activities or state of affairs of the Consolidated Entity during the reporting period.

3 Subsequent Events

The following events have occurred subsequent to the period end:

On 23 February 2022, the Directors declared an interim distribution for the 2022 financial year of 4.88 cents per unit (\$57.5 million). The distribution represents a 1.33 cents per unit profit distribution and 3.55 cents per unit capital distribution. The distribution is anticipated be paid on 17 March 2022.

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 half year ended 31 December 2021 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 Review and Results of Operations

Consolidated Entity reported net profit after tax was \$15.6 million (1H21: \$23.2 million) and total revenue was \$15.6 million (1H21: \$23.2 million) for the half year ended 31 December 2021.

5 Distributions

On 15 September 2021, APTIT paid a final distribution for the 2021 financial year of 8.37 cents per unit (\$98.8 million). The distribution represented a 1.67 cents per unit profit distribution and a 6.70 cents per unit capital distribution.

On 23 February 2022, the Directors declared an interim distribution for the 2022 financial year of 4.88 cents per unit (\$57.5million). The distribution represents a 1.33 cents per unit profit distribution and 3.55 cents per unit capital distribution. The distribution is anticipated be paid on 17 March 2022.

6 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 is included at page 67.

7 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 Instrument, amounts in the Directors' report and the financial report are rounded to the nearest thousand dollars, unless otherwise indicated.

8 Authorisation

The Directors' report is signed in accordance with a resolution of the Directors of the Responsible Entity.

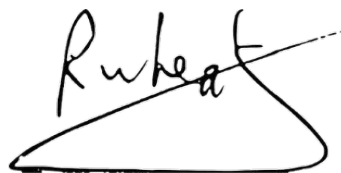
On behalf of the Directors



Michael Fraser

Chairman

23 February 2022



Robert Wheals

CEO and Managing Director

APT Investment Trust and its Controlled Entity

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 31 December 2021

	Note	31 Dec 2021 \$000	31 Dec 2020 \$000
Revenue	3	15,647	23,159
Profit before tax		15,647	23,159
Income tax expense		-	-
Profit for the period		15,647	23,159
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Other comprehensive income for the period (net of tax)		-	-
Total comprehensive income for the period		15,647	23,159
Profit Attributable to:			
Unitholders of the parent		15,647	23,159
		15,647	23,159
Total comprehensive income attributable to:			
Unitholders of the parent		15,647	23,159
Earnings per unit			
Basic and diluted (cents per unit)	4	1.3	2.0

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

APT Investment Trust and its Controlled Entity
Condensed Consolidated Statement of Financial Position
As at 31 December 2021

	31 Dec 2021 \$000	30 Jun 2021 \$000
Note		
<u>Current assets</u>		
Receivables	916	894
<u>Non-current assets</u>		
Receivables	4,714	5,177
Other financial assets	696,332	778,994
Total non-current assets	701,046	784,171
Total assets	701,962	785,065
<u>Current liabilities</u>		
Trade and other payables	12	10
Total liabilities	12	10
Net assets	701,950	785,055
<u>Equity</u>		
Issued capital	6	765,313
Retained earnings	15,647	19,742
Total equity	701,950	785,055

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

APT Investment Trust and its Controlled Entity
Condensed Consolidated Statement of Changes in Equity
For the half year ended 31 December 2021

	Note	Issued capital \$000	Retained earnings \$000	Total \$000
Balance at 1 July 2020		887,845	24,686	912,531
Profit for the period		-	23,159	23,159
Total comprehensive income for the period		-	23,159	23,159
Payment of distributions	5	(54,692)	(24,686)	(79,378)
Balance at 31 December 2020		833,153	23,159	856,312
Balance at 1 July 2021		765,313	19,742	785,055
Profit for the period		-	15,647	15,647
Total comprehensive income for the period		-	15,647	15,647
Payment of distributions	5	(79,010)	(19,742)	(98,752)
Balance at 31 December 2021		686,303	15,647	701,950

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

APT Investment Trust and its Controlled Entity
Condensed Consolidated Statement of Cash Flows
For the half year ended 31 December 2021

	31 Dec 2021	31 Dec 2020
Note	\$000	\$000
<u>Cash flows from operating activities</u>		
Trust distribution – related party	10,051	11,667
Interest received – related party	5,249	11,154
Proceeds from repayments of finance leases	584	584
Receipts from customers	206	176
Payments to suppliers	-	(12)
Net cash provided by operating activities	16,090	23,569
<u>Cash flows from investing activities</u>		
Proceeds from related party	82,662	55,809
Net cash provided by investing activities	82,662	55,809
<u>Cash flows from financing activities</u>		
Distributions to unitholders	5 (98,752)	(79,378)
Net cash used in financing activities	(98,752)	(79,378)
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of the period	-	-
Cash and cash equivalents at end of the period	-	-

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

APT Investment Trust and its Controlled Entity

Notes to the condensed consolidated financial statements

For the half year ended 31 December 2021

Basis of Preparation

1. About this report

In the following financial statements, note disclosures are grouped into four sections being: Basis of Preparation; Financial Performance; Capital Management; and Other.

Basis of Preparation

1. About this report
2. General information

Capital Management

6. Issued capital

Financial Performance

3. Profit from operations
4. Earnings per unit
5. Distributions

Other

7. Contingencies
8. Adoption of new and revised Accounting Standards
9. Events occurring after reporting date

2. General information

The condensed consolidated general purpose financial statements for the half year ended 31 December 2021 have been prepared in accordance with AASB 134 'Interim Financial Reporting' and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half year 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.

The half year financial report does not include all of the notes of the type normally included in an annual financial report. Accordingly this report should be read in conjunction with the most recent annual financial report and any public announcements made by APA Group to the date of the issuance of the interim financial report in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies are consistent with those adopted and disclosed in the annual report for the financial year ended 30 June 2021.

Segment information

The Consolidated Entity has one reportable segment being Energy Infrastructure Investment.

The Consolidated Entity is an entity within the APT Infrastructure Trust stapled group. As the Trust only operates in one segment, it has not disclosed segment information separately.

APT Investment Trust and its Controlled Entity

Notes to the condensed consolidated financial statements (continued)

For the half year ended 31 December 2021

Financial Performance

3. Profit from operations

Profit before income tax includes the following items of income:

	31 Dec 2021 \$000	31 Dec 2020 \$000
Revenue		
Distributions		
Trust distribution – related party	10,051	11,667
	10,051	11,667
Finance income		
Interest – related party	5,249	11,154
Finance lease income – related party	142	163
	5,391	11,317
Other revenue		
Other	205	175
Total revenue	15,647	23,159

4. Earnings per unit

	31 Dec 2021 cents	31 Dec 2020 cents
Basic and diluted earnings per unit	1.3	2.0

The earnings and weighted average number of units used in the calculation of basic and diluted earnings per unit are as follows:

	31 Dec 2021 \$000	31 Dec 2020 \$000
Net profit attributable to unitholders for calculating basic and diluted earnings per unit	15,647	23,159

	31 Dec 2021 No. of units 000	31 Dec 2020 No. of units 000
Adjusted weighted average number of ordinary units used in the calculation of		
Basic earnings per unit	1,179,894	1,179,894
Diluted earnings per unit ^(a)	1,181,272	1,180,652

(a) Includes 2.2 million (31 December 2020: 1.3 million) performance rights granted under 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 and board approval. Further information can be found in the most recent annual report. APA has historically instructed Link Market Services to acquire securities on-market to minimise dilution of existing securityholders.

APT Investment Trust and its Controlled Entity

Notes to the condensed consolidated financial statements (continued)

For the half year ended 31 December 2021

Financial Performance

5. Distributions

	31 Dec 2021 cents per unit	31 Dec 2021 Total \$000	31 Dec 2020 cents per unit	31 Dec 2020 Total \$000
Recognised amounts				
Final FY2021 distribution payable on 15 September 2021				
(30 June 2020: Final FY2020 distribution payable on 16 September 2020)				
Profit distribution ^(a)	1.67	19,742	2.09	24,686
Capital distribution	6.70	79,010	4.64	54,692
	8.37	98,752	6.73	79,378
Unrecognised amounts				
Interim distribution payable on 17 March 2022 ^(b)				
(31 December 2020: Interim FY2021 distribution payable on 17 March 2021)				
Profit distribution ^(a)	1.33	15,647	1.97	23,159
Capital distribution	3.55	41,886	5.74	67,840
	4.88	57,533	7.71	90,999

(a) Profit distributions unfranked (30 June 2020, 31 December 2020 and 30 June 2021: unfranked).

(b) Record date 31 December 2021.

The interim distribution in respect of the financial year has not been recognised in this half year financial report because the distribution was not declared, determined or publicly confirmed prior to 31 December 2021.

Capital Management

6. Issued capital

	31 Dec 2021 \$000	30 Jun 2021 \$000
1,179,893,848 units, fully paid (30 June 2021: 1,179,893,848 units, fully paid) ^(a)	686,303	765,313
	31 Dec 2021 No. of units 000	30 Jun 2021 No. of units 000
	31 Dec 2021 \$000	30 Jun 2021 \$000
Movements		
Balance at beginning of financial year	1,179,894	765,313
Capital distributions paid (note 5)	-	(79,010)
	1,179,894	686,303
	1,179,894	765,313

(a) Fully paid units carry one vote per unit and carry the right to distributions.

APT Investment Trust and its Controlled Entity
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2021

Other

7. Contingencies

The Consolidated Entity had no material contingent assets, liabilities and commitments as at 31 December 2021 (30 June 2021: \$nil).

8. Adoption of new and revised Accounting Standards

Standards and Interpretations affecting amounts reported in the current period (and/or prior periods)

There have not been any new or revised Standards and Interpretations issued by the AASB that are relevant to the Consolidated Entity's operations that are effective for the current reporting period.

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 a material impact on the Consolidated Entity's accounting policies or any of the amounts recognised in the financial statements.

9. Events occurring after reporting date

On 23 February 2022, the Directors declared an interim distribution for the 2022 financial year of 4.88 cents per unit (\$57.5 million). The distribution represents a 1.33 cents per unit unfranked profit distribution and 3.55 cents per unit capital distribution. The distribution will be paid on 17 March 2022.

As at the time of reporting, the ongoing 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 to or additional disclosure in these financial statements as a result of any recent COVID-19 developments. Whilst global supply chain interruptions and tight labour markets have not yet had a material impact on APA's operations to date, these conditions could have an unfavourable impact on operations and / or the delivery of new projects if they persist in the future.

Other than the events disclosed above, there have not been any events or transactions that have occurred subsequent to the period end that would require adjustment to or disclosure in the financial statements.

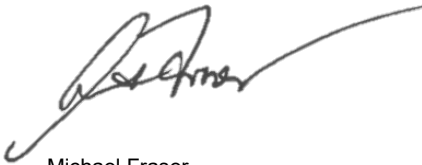
APT Investment Trust and its Controlled Entity
Declaration by the Directors of Australian Pipeline Limited
For the half year ended 31 December 2021

The Directors declare that:

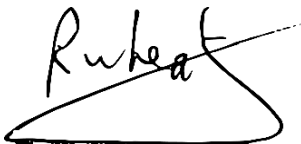
- (a) in the Directors' opinion, there are reasonable grounds to believe that APT Investment Trust will be able to pay its debts as and when they become due and payable; and
- (b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with Accounting Standards and give a true and fair view of the financial position and performance of the Consolidated Entity.

Signed in accordance with a resolution of the Directors of the Responsible Entity made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the Directors



Michael Fraser
Chairman



Robert Wheals
CEO and Managing Director

SYDNEY, 23 February 2022

23 February 2022

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 review of the half year financial report of APT Investment Trust for the half year ended 31 December 2021, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

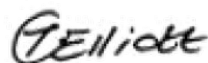
Yours faithfully



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 Review Report to the Unitholders of APT Investment Trust

Conclusion

We have reviewed the half-year financial report of APT Investment Trust ("APTIT") and its controlled entity (the "Consolidated Entity"), which comprises the condensed consolidated statement of financial position as at 31 December 2021, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 58 to 66.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Consolidated Entity is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Consolidated Entity in accordance with the ethical requirements of the Accounting Professional and 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 annual 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 Consolidated Entity, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibilities for the Half-year Financial Report

The directors of the Consolidated Entity are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

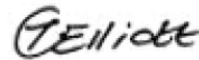
A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

The logo for Deloitte Touche Tohmatsu, written in a cursive script.

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink that reads "Jamie Gatt".

Jamie Gatt
Partner
Chartered Accountants
Sydney, 23 February 2022

A handwritten signature in black ink that reads "Taralyn Elliott".

Taralyn Elliott
Partner
Chartered Accountants
Sydney, 23 February 2022