Australian Pipeline Ltd ACN 091 344 704 | Australian Pipeline Trust ARSN 091 678 778 | APT Investment Trust ARSN 115 585 441
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APA Group | apa.com.au

23 February 2021

ASX ANNOUNCEMENT

APA Group (ASX: APA)

INTERIM FINANCIAL REPORTS

APA Group (ASX: APA), a leading Australian energy infrastructure business today released the following to the market:

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

Authorised for release by Nevenka Codevelle
Company Secretary
Australian Pipeline Limited

For further information, please contact:

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About APA Group (APA)

APA is a leading Australian energy infrastructure business. Its gas transmission pipelines span every state and territory on mainland Australia, delivering approximately half of the nation's gas usage. APA has direct management and operational control over its assets and the majority of its investments. APA holds ownership interests in a number of energy infrastructure enterprises including SEA Gas Pipeline, SEA Gas (Mortlake) Partnership, Energy Infrastructure Investments and GDI Allgas Gas Networks. APA is one of Australia's largest owners and operators of renewable power generation assets, with wind and solar projects across Western Australia, South Australia and Queensland. APA recently announced its first hybrid energy microgrid project at the Gruyere Gold Mine in Western Australia, combining solar energy with battery energy storage.

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

Australian Pipeline Trust

Results for announcement to the market

For the half year ended 31 December 2020

Appendix 4D

Results		**Change**		**Amount $'000**
Revenue	down	1.4%	to	1,295,030
(Loss)/profit after tax including significant item	down	106.7%	to	(11,706)
Profit after tax excluding significant item	down	7.0%	to	162,820
Operating cash flow	up	1.4%	to	519,227
Operating cash flow per security	up	0.6¢	to	44.0¢
Loss per security including significant item	down	15.8¢	to	(1.0¢)
Earnings per security excluding significant item	down	1.0¢	to	13.8¢

Reporting Period

The above results are for the half year ended 31 December 2020. Reference is made to movements from the previous corresponding period being the half year ended 31 December 2019.

	APA Group	
Distributions proposed	**Amount per security**	**Franking credits per security**
Interim distribution proposed		
profit distribution	1.97¢	-
capital distribution	22.03¢	-
	24.00¢	-

The record date for determining entitlements to the unrecognised interim distribution in respect of the current financial year is 31 December 2020.

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 retain the suspension of the Distribution Reinvestment Plan until further notice.

Australian Pipeline Trust

Results for announcement to the market

For the half year ended 31 December 2020

Appendix 4D

Net asset backing per security	**31 December 2020 $**	31 December 2019 $
Net tangible asset backing per security	**(0.37)**	(0.36)
Net asset backing per security	**2.78**	2.94

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 2020 accompanying this Appendix 4D.

Australian Pipeline Trust
Results for announcement to the market
For the half year ended 31 December 2020
Appendix 4D

Compliance Statement

Information on Audit or Review

(a) The half year report is based on accounts to which one of the following applies.

☐	The accounts have been audited.	☒	The accounts have been subject to review.
☐	The accounts are in the process of being audited or subject to review.	☐	The accounts have not yet been audited or reviewed.

(b) Description of likely dispute or qualification if the accounts have not yet been audited or subject to review or are in the process of being audited or subjected to review.

- N/A -

(c) Description of dispute or qualification if the accounts have been audited or subjected to review.

- N/A -

(d) The entity has a formally constituted audit committee.

Sign here:

Chairman

23 February 2021

Australian Pipeline Trust

ARSN 091 678 778

Interim Financial Report.

For the half year ended
31 December 2020

energy. connected.

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 2020. This report refers to the consolidated results of APT and APT Investment Trust (APTIT).

1 Directors

The names of the Directors of the Responsible Entity during the half year and since the half year ended 31 December 2020 are:

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

The Company Secretaries of the Responsible Entity during the half year and since the half year ended 31 December 2020 are Nevenka Codevelle and Amanda Cheney.

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 of APA during the reporting period.

3 State of Affairs

On 16 November 2020, Adam Watson commenced as APA's Chief Financial Officer, as a result of Peter Fredricson's retirement on 31 December 2020.

4 Subsequent Events

On 23 February 2021, the Directors declared an interim distribution of 24.0 cents per security ($283.2 million) for APA Group, an increase of 4.3%, or 1.0 cent per security, over the previous corresponding period (1H FY2020: 23.0 cents, $271.4 million). The distribution is comprised of a distribution of 16.29 cents per security from APT and a distribution of 7.71 cents per security from APTIT. The APT distribution represents a 16.29 cents per security capital distribution. The APTIT distribution represents a 1.97 cent per security profit distribution and a 5.74 cents capital distribution. The distribution is anticipated to be paid on 17 March 2021.

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 2020 and the date of this report any matter or circumstance that has significantly affected or may significantly affect, the Group's operations, the results of those operations, or the Group's state of affairs, in future financial years.

5 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 'normalised' measures.

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

	1H FY2021 ($000)	1H FY2020 ($000)	Changes in $000	Changes in %
Total revenue	1,295,030	1,313,834	(18,804)	(1.4%)
Pass-through revenue(1)	223,223	236,016	(12,793)	(5.4%)
Total revenue excluding pass-through	**1,071,807**	**1,077,818**	**(6,011)**	**(0.6%)**
EBITDA(2)	**822,836**	**842,207**	**(19,371)**	**(2.3%)**
Depreciation and amortisation expenses	(331,372)	(319,410)	(11,962)	(3.7%)
EBIT(2)	**491,464**	**522,797**	**(31,333)**	**(6.0%)**
Finance costs and interest income	(229,076)	(245,337)	16,261	6.6%
Significant item – Impairment of property, plant and equipment	(249,322)	-	(249,322)	-
Profit before tax	13,066	277,460	(264,394)	(95.3%)
Income tax expense	(24,772)	(102,413)	77,641	(75.8%)
(Loss)/Profit after tax including significant item	**(11,706)**	**175,047**	**(186,753)**	**(106.7%)**
Profit after tax excluding significant item	**162,820**	**175,047**	**(12,227)**	**(7.0%)**
Operating cash flow (3)	519,227	511,853	7,374	1.4%
Operating cash flow per security (cents)	44.0	43.4	0.6	1.4%
(Loss)/earnings per security including significant item (cents)	(1.0)	14.8	(15.8)	(106.8%)
Earnings per security excluding significant item (cents)	13.8	14.8	(1.0)	(6.8%)
Distribution per security (cents)	24.0	23.0	1.0	4.3%
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 item
(3) Operating cash flow = net cash from operations after interest and tax payments.

APA's total revenue (excluding pass-through revenue) for the six months to 31 December 2020, was relatively flat compared to the previous corresponding period, decreasing by $6.0 million or 0.6% to $1,071.8 million. (1H FY2020: $1,077.8 million).

EBITDA[1] for the six months to 31 December 2020, decreased by 2.3% or $19.4 million to $822.8 million, compared to the previous corresponding period (1H FY2020) EBITDA[1] of $842.2 million.

The 1H FY2021 results reflects APA's resilient business profile against the backdrop of challenging market conditions. Revenue was unfavourably impacted by softer contract renewals and lower energy consumption due largely to COVID-19 restrictions and higher network curtailment at one of

[1] Excludes significant item

our renewables sites. Importantly, gas volumes grew in key markets including the Goldfields regions of Western Australia, the Northern Territory, and sections of the East Coast Grid. Operating cost growth was generally consistent with inflation, with the exception of compliance costs (ongoing regulatory requirements) and insurance premiums. Cost growth also reflected APA's investment in capability to progress its attractive development pipeline, as well as an investment in its senior leadership more broadly.

Loss after tax including significant item was $11.7 million due to a non-cash impairment of $249.3 million recognised against the Orbost Gas Processing Plant during the period (1H FY2020 profit after tax: $175.0 million). Excluding the significant item, APA generated a profit after tax of $162.8 million. Net interest and other finance costs decreased for the period by 6.6% to $229.1 million, whilst depreciation and amortisation expenses increased by 3.7% to $331.4 million, due to a slight increment in asset base(2). Income tax expense(2) decreased over the period.

Operating cash flow was $519.2 million for the six month period, an increase of 1.4% or $7.4 million on the previous corresponding period (1H FY2020: $511.9 million), primarily due to the timing of customer receipts and payments to suppliers and employees during the period. Operating cash flow per security increased by 1.4%, or 0.6 cents, to 44.0 cents per security (1H FY2020: 43.4 cents per security).

Total FY2021 distributions are expected to be in the order of 51.0 cents, with any franking credits which may be allocated to the final distribution attaching to that cash payout.

Based on current operating plans and available information, APA reaffirms the EBITDA(2) guidance expectation for FY2021 to be within the range of $1,625 million to $1,665 million and net interest expense is expected to be $490 million to $500 million. Growth capital expenditure is now expected to exceed $1 billion over FY2021 to FY2023.

[2] Excludes significant item

6 Strategy Overview

The energy transition is now well underway in Australia and around the world. Natural gas will continue to play an important role in the future energy mix supporting the integration of renewable energy with flexible power (such as gas, hydro, battery) into our energy system. This will be increasingly important as coal-fired generation is retired and removed from the energy mix. Natural gas is also essential to powering hard-to-abate and hard-to-electrify sectors such as industrial heat and feedstock, as well as heating needs in cold climates.

At the same time, new energy infrastructure investment opportunities are significant across the globe, including in Australia and North America. APA will continue to pursue geographical, asset class and energy future diversification that further strengthens our position in the energy transition.

APA has refreshed its strategy to create a stronger alignment with APA's Vision and Purpose, and to better reflect the broader energy infrastructure opportunities in front of APA as the energy markets transition.

Refreshed Strategy

- Invest in contracted and regulated energy infrastructure (gas, electricity and renewables) in Australia and North America
- Invest in new energy technologies (Pathfinder Program), leveraging APA's energy infrastructure capabilities
- Deliver on our Customer Promise
- Disciplined investment, optimising securityholder returns and maintain a strong balance sheet (including BBB/Baa2 credit ratings)

During the period, APA continued to execute its growth strategy across core gas infrastructure and progressively into related energy infrastructure consistent with market and customer needs. It is now expected that growth capital expenditure will exceed $1 billion over FY2021-2023. The $460 million Northern Goldfields Interconnect will create an interconnected Western Australia Gas Grid and will not only provide much needed extra capacity to the minerals rich Goldfields region, but also gas supply options for those mining customers. The Gruyere Hybrid Energy Microgrid also in the WA's Goldfields region ensures that our customer at the remote Gruyere Gold Mine has access to secure, reliable and clean energy supply.

APA has continued to assess opportunities in North America, where the energy infrastructure investment opportunity is significant. Factors such as COVID-19, and the US Federal election, have resulted in a number of opportunities being put on hold during 2020, however in 2021 more activity is expect as conditions stabilise. Importantly, whilst opportunities in the region remains attractive, APA will remain disciplined to ensure investment outcomes are consistent with its purpose and strategy, and deliver value for all our stakeholders.

APA has made progress in its support for the global transition to a lower carbon future and confirmed its ambition to achieve Net Zero operations emissions (Scope 1 and 2) by 2050. This builds on APA's recent climate resilience testing, demonstrating the resilience of its existing portfolio under a range of scenarios including 1.5c, and the publication of APA's Climate Change Resilience Report in October 2020.

APA has developed a Climate Change Management Plan Framework, submitted the first Modern Slavery Statement, and provided customer and supplier support during COVID-19, which all form an important part of its approach to sustainability. A Sustainability Roadmap is under development to strengthen APA's sustainability performance and approach.

Innovation and technology will be key to a lower carbon future and our new Pathfinder Program is designed to leverage APA's proven capability in energy infrastructure to unlock next generation energy solutions. One of the projects that will seed this program includes the Parmelia Gas Pipeline hydrogen transformation project. Under this project, it is proposed that a section of the Parmelia Gas Pipeline will be transformed into Australia's first 100 per cent hydrogen-ready transmission pipeline – making it one of only five hydrogen ready pipelines in the world.

Over the last 12 to 18 months, APA has been focused on strengthening its strategy execution capabilities. The new executive leadership team and organisational structure is in place with clear accountabilities, including a single responsibility for customer relations. There is a refreshed focus on ensuring APA remains efficient and scalable as it grows, which will likely see ongoing investment in systems and processes. APA is also assessing its capital management strategy to ensure a strong balance sheet is maintained whilst optimising returns for Securityholders.

6.1 Ambition to achieve Net Zero Operations Emissions by 2050

APA supports the global transition to a lower carbon future, aligned with the Paris Agreement. APA understands the challenges and opportunities that climate presents for its business and for the long-term prosperity of global economies and communities and APA is building on our track record of action in this critical area.

In 2020, APA published a Climate Change Position Statement and joined the Australian Industry Energy Transitions Initiative. APA also delivered its first Climate Change Resilience Report (October 2020) which communicates the results of a comprehensive analysis of the resilience of APA's current asset portfolio under three divergent climate scenarios to 2050. Importantly, the analysis confirms that APA's current asset portfolio remains robust under each of the modelled scenarios, including a 1.5 degree Celsius pathway.

Building on this work, APA commits to an ambition to achieve Net Zero operations emissions by 2050 (scope 1 and 2). A Climate Management Plan Framework to achieve this has been developed with five priority areas below and interim targets will be developed during FY2022.

- **Reduce and Avoid** - Optimise scope 1 and 2 emissions reduction opportunities throughout APA's asset portfolio and avoid emissions during Front End Engineering Design (FEED) and construction;
- **Innovate** - Leverage technology initiatives, partnerships and other innovations to advance progress towards net zero, build readiness and support reduction and avoidance initiatives;
- **Invest** - The net zero ambition is embedded in our portfolio strategy and capital allocation decision-making, planning and valuation;
- **Robust** - The approach is built on strong foundations of governance, risk management, reward and recognition, and quality data, modelling and measurement; and,
- **Responsible** - Take a responsible and transparent approach in our disclosure, public policy engagement and the way in which we integrate and implement our approach to climate.

6.2 Transformation and Technology – Pathfinder

APA has established the Pathfinder Program, an innovation investment program to unlock energy solutions of the future. The Pathfinder Program will guide the business to become world class through the energy transition with an innovation investment program dedicated to identifying opportunities in new and adjacent technologies. The program is part of the business' refreshed strategy, operating model and our ambition to achieve Net Zero operations emissions by 2050.

The program is designed to identify opportunities to extend our core business as our customers decarbonise in an evolving energy market. Pathfinder will focus primarily on scalable and replicable innovative energy infrastructure or similar projects relating to new technology and customer partnerships. This will ensure that APA is ready to deliver on the energy solutions for our customers well into the future.

One of the projects that will seed this program includes the Parmelia Gas Pipeline hydrogen transformation project. Under this project, it is proposed that a section of the Parmelia Gas Pipeline will be transformed into Australia's first 100 per cent hydrogen-ready transmission pipeline – making it one of few hydrogen-ready transmission pipelines in the world.

Ultimately the transition to a low carbon world will be more affordable if existing infrastructure can be utilised in combination with greater electrification. As such, the Pathfinder Program will initially focus on clean molecules, off-grid renewables and storage, with an ability to pivot as technologies evolve.

6.3 North American Strategy

North America remains an attractive growth market for APA and we have continued our assessment of opportunities, where the energy infrastructure investment pipeline is significant.

APA continues to see opportunities to acquire attractive businesses in both the listed and unlisted space. Through our recent assessment of opportunities, we have found that a large proportion of gas infrastructure assets are contained within diversified energy infrastructure businesses, many of which are integrated across gas and electricity transmission and storage.

The uncertainties created by COVID-19 and the US Federal election have resulted in a number of opportunities being put on hold during 2020, but APA expects 2021 to be a more active period as conditions stabilise. Importantly, whilst opportunities in the region remain attractive, APA will continue its disciplined approach to ensure investment outcomes are consistent with its purpose and strategy, and deliver value for all our stakeholders.

APA continues to explore opportunities in the region through the lens of the strategic themes listed below.

Strategic themes of APA's North American growth ambition:

- Significant energy infrastructure investment pipeline
- Supportive regulatory environment
- Strong long term market dynamics through:
  - Colder climate regions that support long-term natural gas generation use
  - Resource rich regions with access to low-priced natural gas
- Compatibility with long-term energy transition expectations requiring gas and renewable power generation, storage and electricity infrastructure investments.
- Transaction pathway entry either via gas pipelines and utilities, or electricity integrated energy infrastructure

6.4 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 all categories – 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 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.

	1H FY2021	1H FY2020	Change	
	$000	$000	$000	%
Revenue(2)				
Energy Infrastructure				
East Coast: Queensland	593,089	604,859	(11,770)	(1.9%)
East Coast: New South Wales	95,974	92,692	3,282	3.5%
East Coast: Victoria	87,223	79,610	7,613	9.6%
East Coast: South Australia	1,539	1,530	9	0.6%
East Coast: Northern Territory	16,909	14,592	2,317	15.9%
Western Australia	204,811	204,583	228	0.1%
Energy Infrastructure total	999,545	997,866	1,679	0.2%
Asset Management	51,571	58,033	(6,462)	(11.1%)
Energy Investments	16,159	18,430	(2,271)	(12.3%)
Other non-contract revenue	1,985	2,639	(655)	(24.8%)
Total segment revenue	**1,069,260**	**1,076,968**	**(7,708)**	**(0.7%)**
Pass-through revenue	223,223	236,016	(12,793)	(5.4%)
Unallocated revenue(3)	2,547	850	1,697	199.6%
Total revenue	**1,295,030**	**1,313,834**	**(18,804)**	**(1.4%)**
EBITDA(1)				
Energy Infrastructure				
East Coast: Queensland	495,526	506,250	(10,724)	(2.1%)
East Coast: New South Wales	83,553	81,563	1,990	2.4%
East Coast: Victoria	58,374	62,277	(3,903)	(6.3%)
East Coast: South Australia	1,209	1,194	15	1.3%
East Coast: Northern Territory	11,408	8,569	2,839	33.1%
Western Australia	168,728	171,091	(2,363)	(1.4%)
Energy Infrastructure total	818,798	830,944	(12,146)	(1.5%)
Asset Management	30,967	31,255	(288)	(0.9%)
Energy Investments	16,159	18,430	(2,271)	(12.3%)
Corporate costs	(43,088)	(38,422)	(4,666)	(12.1%)
Total EBITDA(1)	**822,836**	**842,207**	**(19,371)**	**(2.3%)**

Notes: Numbers in the table may not add up due to rounding.
(1) Excludes significant item
(2) Refer to revenue Note 4 in the APT Interim Financial Report for additional disclosure on revenue streams from contracts with customers disaggregated by geographical location and major sources.
(3) Represents interest income which is not included in calculation of EBITDA, but nets off against interest expense in calculating net interest expense.

6.5 Energy Infrastructure

APA's Energy Infrastructure business includes our interconnected 7,600 km East Coast Grid, Central and Western Australian pipeline assets, as well as gas processing and storage assets, renewable and gas-fired electricity generation assets and a small number of other wholly owned energy infrastructure assets.

This segment is the largest contributor to the Group, contributing 93.5% of Group revenue (excluding pass-through) and 94.6% of Group EBITDA[3] (before corporate costs) during the period.

Energy Infrastructure segment revenue was $999.5 million, which represents an increase of $1.6 million on the previous corresponding period (1H FY2020: $997.9 million).

Energy Infrastructure EBITDA[3] was down 1.5% or $12.1 million on the previous corresponding period to $818.8 million (1H FY2020: $830.9 million).

East Coast EBITDA[3] for 1H FY2021 decreased 1.5% or $9.8 million on the previous corresponding period to $650.1 million (1H FY2020: $659.9 million).

- Queensland was down 2.1% or $10.8 million to $495.5 million EBITDA[3] (1H FY2020: $506.3 million). The decline was largely due to softer contract renewal on the South West Queensland Pipeline, including Incitec Pivot's gas transportation agreement ending in FY2020, where it sourced gas from the Amadeus Basin in Northern Territory, and has reverted to sourcing gas from the Surat Basin.

- NSW increased by 2.4% or $2.0 million to $83.6 million EBITDA[3] (1H FY2020: $81.6 million). The increase was largely due to higher gas volume transported along the Moomba Sydney Pipeline.

- Victoria was down 6.3% or $3.9 million to $58.4 million EBITDA[3] (1H FY2020: $62.3 million). COVID-19 restrictions and the extended Victorian lock down caused temporary reductions in energy consumption with lower gas volume consumed across industrial users. Commercial operation delays continued during 1H FY2021 for the Orbost Gas Processing Plant in Victoria. In August 2020, APA announced a joint Transition Agreement with our customer Cooper Energy (ASX: COE) outlining the terms for both parties to work together to complete commissioning. In October the Transition Agreement was then amended to enable the commencement of Cooper Energy's gas sales agreements. Significant reconfiguration works on the sulphur removal technology were undertaken in November and December 2020. On 18 February 2021, APA announced it will recognise a non-cash impairment of $249.3 million in 1H FY2021 on the processing plant. The impairment reflects increase capital expenditure and reassessment of the plant's future cash flows following commissioning work during the half year period.

- Northern Territory increased 33.1% or $2.8 million to $11.4 million EBITDA[3] (1H FY2020: $8.6 million), due to new contracts effective 1 January 2020.

- South Australia EBITDA[3] remained stable at $1.2 million (1H FY2020: $1.2 million).

West Coast EBITDA[3] decreased to $168.7 million down 1.4% or $2.4 million over the previous corresponding period (1H FY2020: $171.1 million). The Goldfields and Eastern Goldfields Pipelines continue to be supported by strong demand from gold mines in the region. This increase was offset by lower wind resource and network curtailment.

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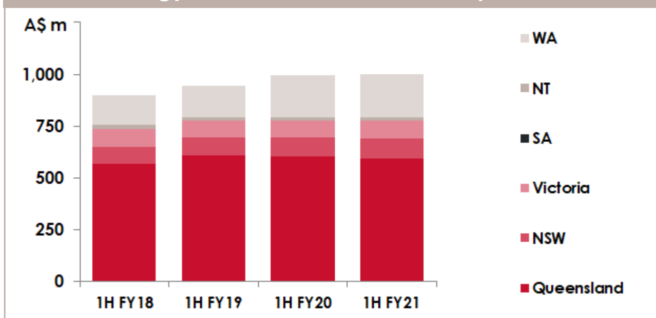
[3] Excludes significant item

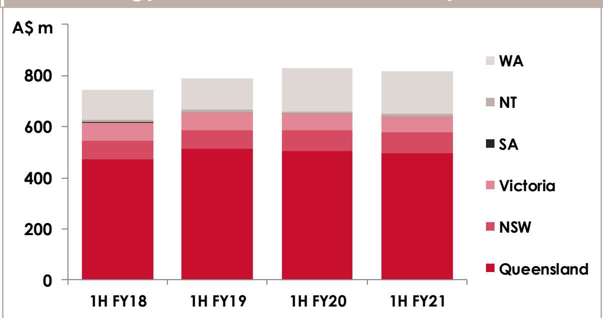
During 1H FY2021, APA announced two significant projects totalling approximately $500 million in growth capital investment over the next 18 months in Western Australia.

- In November 2020, APA announced an investment of up to $460 million to construct the new 580 km Northern Goldfields Interconnect (NGI) pipeline to connect emerging gas fields in the Perth Basin to the mineral rich and energy hungry Goldfields region. When complete in mid CY2022, the pipeline which will connect in the east to APA's Goldfields Gas Pipeline and Eastern Goldfields Pipeline network, will create an interconnected APA gas pipeline system covering 2,690 kms from north to south and west to east in Western Australia. As the NGI will also connect to the Dampier Bunbury Pipeline in the west, APA's new pipeline completes the missing link to create the WA Gas Grid, which will be a significant piece of infrastructure for WA's future economic development.
- In December 2020, APA announced the expansion of the Gruyere gas-fired Power Station, as well as the addition of a hybrid energy microgrid, comprising a solar farm and battery storage system, to supply our existing Gruyere Gold Mine customer. This will be APA's first hybrid energy microgrid investment and demonstrates APA's agility to adapt to the needs of our customers seeking reliable low carbon solutions by integrating technology advancements, supported by the reliability of gas-fired power. Completion of the expansion projects is expected progressively from late Q4 FY2021 to Q2 FY2022.

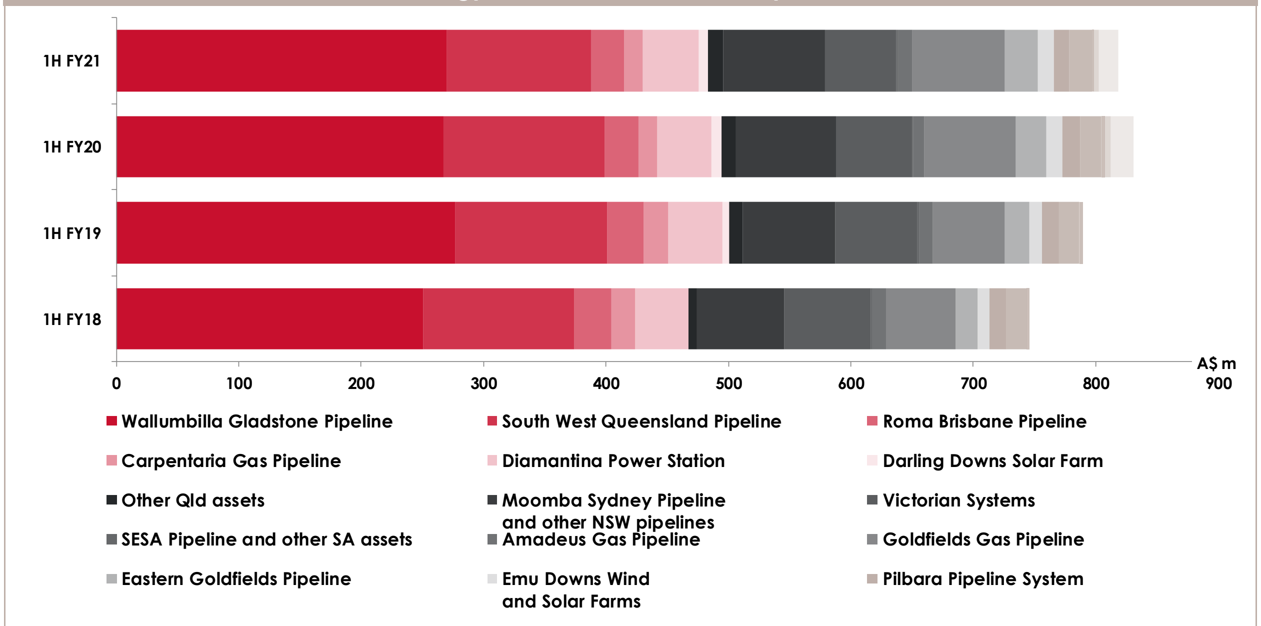
Energy Infrastructure Revenue by State



Energy Infrastructure EBITDA[4] by State



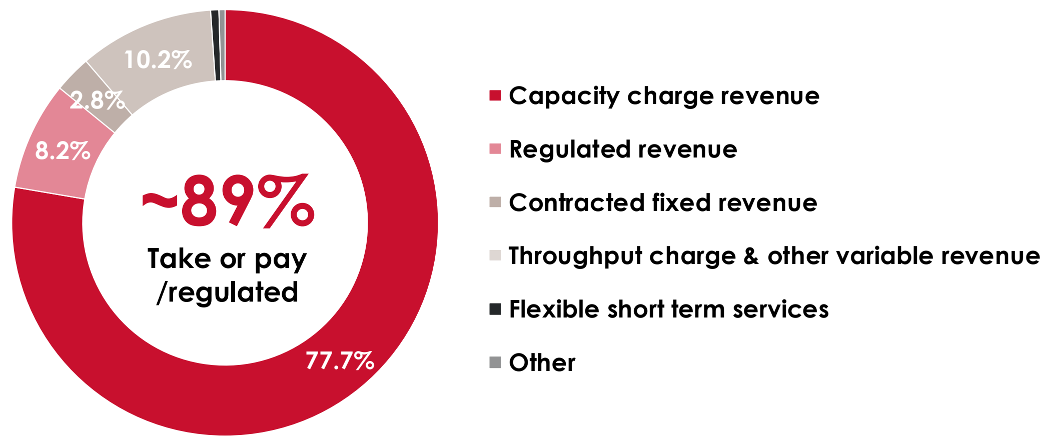
Energy Infrastructure EBITDA[4] by Asset



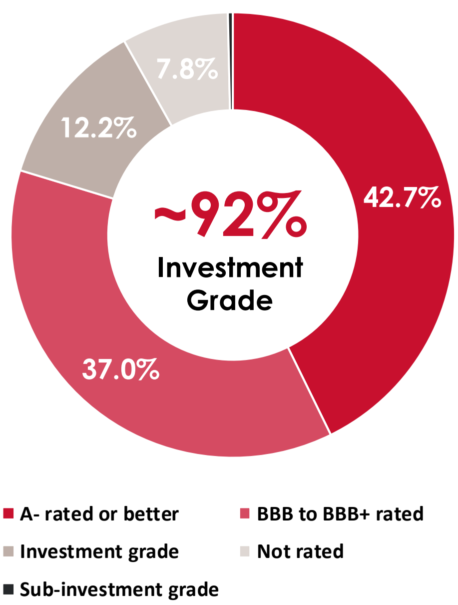
[4] Excludes significant item

During the six-month period, 77.7% of Energy Infrastructure revenue (excluding pass-through revenue) (1H FY2020: 78.2%) was from capacity reservation charges from long term contracts. Throughput charges and other variable revenues accounted for 10.2% of revenues, which was an increase of 0.9% period on period. APA also received revenues from the provision of flexible short term services, accounting for less than 1% of total Energy Infrastructure revenues received. The portion of APA's revenue that is subject to regulated tariffs was approximately 8.2% of 1H FY2021 Energy Infrastructure revenue (1H FY2020: 8.7%).

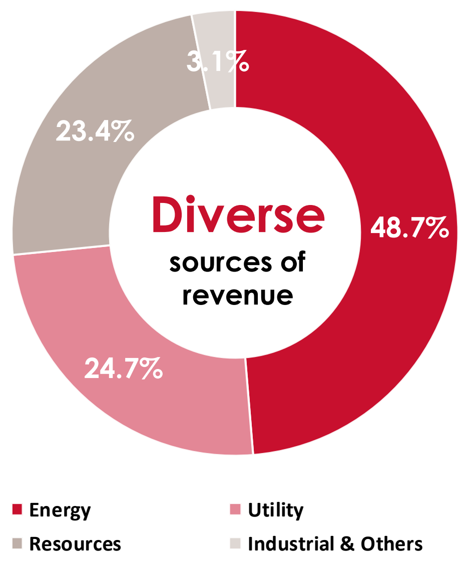
1H FY2021 Energy Infrastructure by Revenue Type



1H FY2021 Energy Infrastructure Revenues By Counterparty Credit Rating



1H FY2021 Energy Infrastructure Revenues By Customer Industry Segment



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

APA continues to work closely with customers to ensure services meet their changing needs. Since the gas market reforms were introduced in August 2017 which enhanced information transparency and enabled customers to seek commercial arbitration on contractual terms, no customers have sought to initiate the commercial arbitration process.

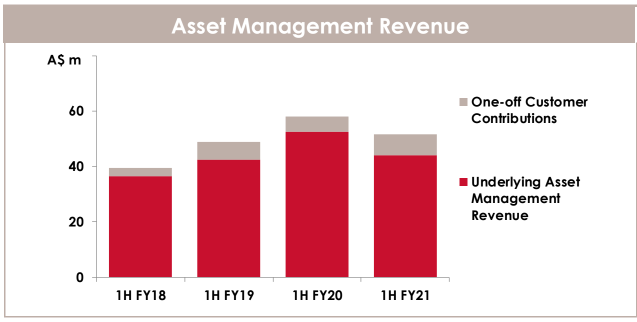
With the dynamic nature of the energy market and the tight supply-demand balance of gas on the east coast, it is to be expected that customers will require more flexibility and shorter contract terms so that they can react to the changing market conditions. APA is able to accommodate these bespoke requests and contract nuances on our existing assets because of the flexible nature of our multi-asset and multi-service contracts and associated systems.

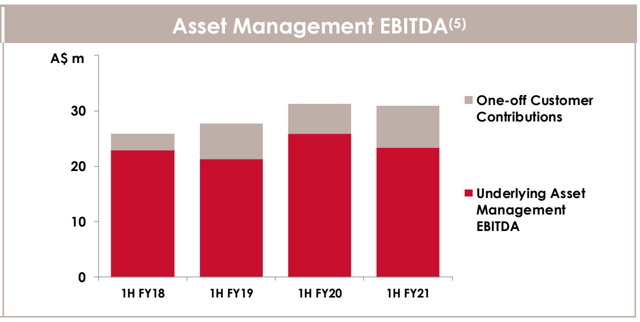
APA manages its counterparty risk in a variety of ways. One aspect is to consider customers' credit ratings. During the period, approximately 92% of all Energy Infrastructure revenues were received from counterparties with investment grade credit ratings. Diversification of our customer base is another risk moderator. During 1H FY2021, 48.7% of revenue was from energy sector customers (1H FY2020: 46.7%); 24.7% of revenue was from customers in the utilities sector (1H FY2020: 25.4%); 23.4% from resources sector customers (1H FY2020: 21.4%); and 3.1% from industrial and other customers (1H FY2020: 6.5%).

6.6 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 decreased by \$6.4 million or 11.1% to \$51.6 million (1H FY2020: \$58.0 million) and EBITDA[5] decreased by \$0.3 million or 0.9% to \$31.0 million (1H FY2020: \$31.3 million). Asset Management revenues are largely driven by timing of third-party projects. The decrease during 1H FY2021 was due to third-party projects completed in Queensland and Victoria during FY2020, offset by new third-party projects started in Northern Territory and Western Australia.





Customer contributions for the period were \$7.6 million. These are payments from third parties for APA to undertake work on APA managed assets to accommodate the third party's project. The current major projects are the Channel Island Bridge Pipeline Replacement Project in the Northern Territory and the Thornlie Link Parmelia Pipeline re-location in Western Australia.

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[5] Excludes significant item

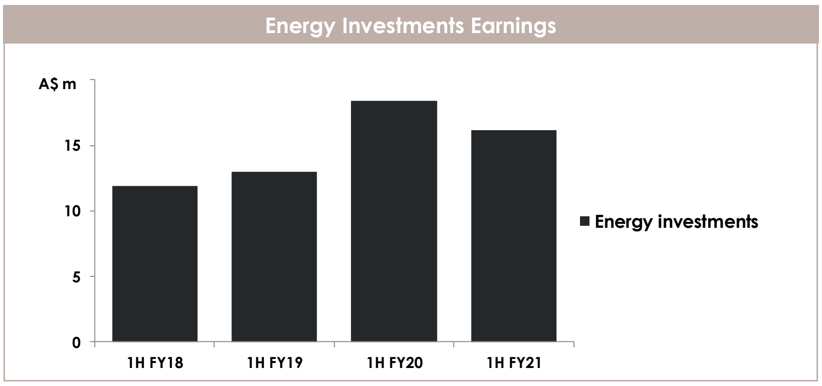
6.7 Energy Investments

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 provides flexibility in growing those businesses, harnesses in-house expertise and ensures synergies are delivered from a lower cost base over a broader portfolio of assets.

Earnings from Energy Investments decreased by $2.2 million or 12.3% to $16.2 million (1H FY2020: $18.4 million) due to a lower but more normalised equity income from Energy Investments. Allgas distribution network revenue was impacted by gas mains replacements completed during the half and SEA Gas Pipeline revenue was impacted by lower interest earned on shareholder loans to SEA Gas that were repaid in June 2020.



6.8 Corporate Costs

Corporate costs for the half increased by $4.7 million over the previous corresponding period to $43.1 million (1H FY2020: $38.4 million). The increase of $4.7 million was largely due to costs related to the departure of two members of the executive team in 1H FY2021, a general increase in insurance premiums and higher executive recruitment cost as a result of APA's operating structure review.

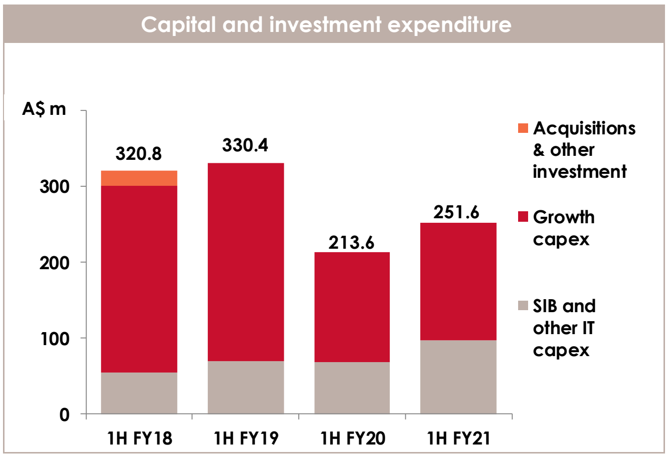
7 Capital and Investment Expenditure

Total capital expenditure for the period was $251.6 million including stay-in-business capital and other technology expenditure (1H FY2020: $213.6 million).

Growth capex for the reporting period was $154.2 million, compared to the previous corresponding period of $145.1 million.

Stay-in-business capex for 1H FY2021 was $81.3 million (1H FY2020: $52.6 million). The increase in stay-in-business capex for the half was largely driven by a periodic major overhaul on the Diamantina Power Station, in advance of its peak contracted output period.

Other technology capital expenditure for the reporting period was $16.1 million (1H FY2020: $15.9 million).



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Capital and investment expenditure for 1H FY2021 is detailed in the table below.

Capital and investment expenditure[(1)]	Description of major projects	1H FY2021 ($ million)	1H FY2020 ($ million)
Growth expenditure			
Regulated	Western Outer Ring Main (WORM); Victorian Transmission System, Roma Brisbane Pipeline and Goldfields Gas Pipeline Access Arrangement allowed expenditure	21.3	28.4
Non-regulated			
Queensland	Thomson Power Station, Wallumbilla Hub capacity upgrade	39.5	14.1
Victoria	Orbost Gas Processing Plant, early works on Crib Point to Pakenham Pipeline	42.5	77.7
New South Wales	Moomba Sydney Pipeline southern haul reliability and capacity expansion; Young Wagga Compression upgrade; early works on Western Slopes Pipeline	2.7	7.0
Western Australia and Northern Territory	Eastern Goldfields Pipeline expansion; Lakeways Gas Lateral; Murrin Murrin Looping; Karlawinda Gas Lateral; Northern Goldfields Interconnect; Gruyere Hybrid Energy Microgrid Expansion	39.0	10.6
Customer contribution projects and others	Channel Island Bridge pipeline replacement project	9.2	7.3
Sub-total non-regulated capex		**132.9**	**116.7**
Total growth capex		**154.2**	**145.1**
Stay-in business capex[(2)]	Routine overhaul completed on the Diamantina Power Station	81.3	52.6
Other technology expenditure		16.1	15.9
Total capital expenditure		**251.6**	**213.6**
Investment and acquisitions		-	-
Total capital and investment expenditure		**251.6**	**213.6**

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**: The Victorian Department of Environment, Land, Water and Planning advised on 23 December 2019 that the project will require an Environmental Effects Statement (EES). Engineering and approvals work including landholder liaison and surveys and studies required for the EES continued during the reporting period. Scoping requirements of the EES were approved by the Victorian Government in August 2020 and the EES is expected to be complete and submitted in Q3 FY 2021. Project completion is not expected before Q1 FY2022. Growth capital expenditure is underwritten by the regulatory framework. The project will enhance gas supply flexibly to meet seasonal loads in the Victorian Market and support gas-fired electricity generation.

Unregulated growth capital expenditure

Queensland

- **Thomson Power Station in Queensland:** Construction of the 18 MW reciprocating engine power station was completed during the reporting period, with commissioning expected to be completed in Q3 FY2021. The new power station will supplement generation from APA's Diamantina/Leichhardt Power Stations for the Mount Isa region. A further expansion to 22 MW was approved in the period, with that expansion expected to be complete in Q4 FY2021.

Diamantina Power Station major overhaul effort

One of the four gas turbines disassembled during the overhaul

Four major overhauls were successfully completed on the Diamantina Power Stations gas turbines during the half. The gas turbines and ancillary equipment were overhauled prior to the ramp up in contracted load that commenced 1 January 2021.

The $60 million project was completed on budget and time during a global pandemic. With more than 70,000 total hours worked and a peak of 105 people on site, the project was completed with no lost time injury or any instances with COVID-19.

Tremendous effort for the whole team given that the team had to navigate through the challenges of moving specialist technicians and parts from overseas and interstates and completed the overhaul with excellent health and safety performance.

Victoria

- **Orbost Gas Processing Plant in Victoria:** Foaming and fouling in the sulphur recovery unit (SRU) has continued to constrain the full stable processing capacity below 68 TJ/d, thereby impacting practical completion. A Transition Agreement with Cooper Energy was announced on 20 August 2020 including sharing of spot sales revenue and costs in certain circumstances. In October the Transition Agreement was then amended to enable the commencement of Sole gas sales agreements. Plant works were carried out during a shutdown from 14 November to 9 December that involved reconfiguration to enable the plant's absorbers to operate in parallel, sequentially or independently and therefore enabling continual gas supply during regular SRU cleans. Further shutdowns will likely be required on a regular basis during 2021 to further improve plant operability and throughput.

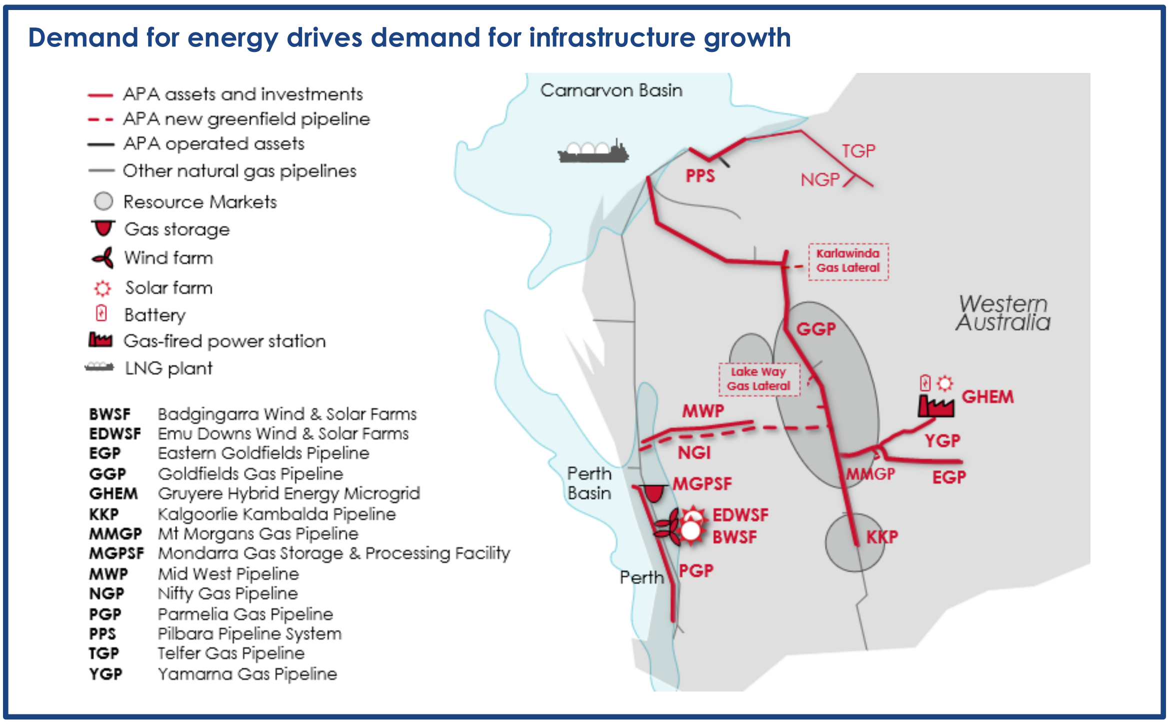
- **Additional gas field developments adjacent to Orbost Gas Processing Plant:** APA's pre-FEED study to expand the Orbost gas plant to process Emperor Energy's Judith gas was completed and submitted to Emperor Energy in the period.

East Coast Grid

- **Wallumbilla and Young expansion program: The expansion program will result in:**
  - the upgrade of the Wallumbilla compressors to increase compression capacity by ~130 TJ/d which could be redirected to increase western haul capacities of the Roma Brisbane and Berwyndale Pipelines; and
  - an 25 TJ/d increase incapacity on the Moomba Sydney Pipeline through the upgrade of the Young Wagga compressor.

  The increase in capacity at Wallumbilla involved the upgrade of three compressors, one during its planned 30,000-hour maintenance refit and bringing forward this maintenance on the other two compressors.

Western Australia



- **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 – creating an interconnected APA gas pipeline system covering 2,690 kms from north to south and west to east in Western Australia. The project scope includes a 580km 12" pipeline and an inlet compressor station at Eradu on the western end of the pipeline. Pipe and compressors have been ordered and work is underway on approvals, engineering and required site surveys and studies. Pipeline construction is expected to be complete in mid CY2022.

- **Gruyere Power Station Expansion and Hybrid Energy Microgrid:** Expansion of the power station commenced during the period. An additional engine has been procured and will be integrated into the existing power station with the expansion due for completion in late Q4 FY2021.

  A renewable energy agreement was executed with the Gruyere Gold Mine in December 2020 for the creation of the Gruyere Hybrid Energy Microgrid. The Gruyere Microgrid is APA's first hybrid energy micro grid 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 project is expected to be complete by Q2 FY2022 and as a result, total installed capacity of the microgrid is expected to be 64MW (60 MW of power generation and 4.4 MW of battery storage).

- **Karlawinda Gas Lateral:** APA is constructing a new 56 km lateral off the northern section of the Goldfields Gas Pipeline to our customer's proposed Karlawinda mine. Gas will be transported approximately 500 km along the Goldfields Gas Pipeline then along the new Karlawinda Gas Lateral. Approvals and design for the lateral are complete, coated pipe has been procured and delivered to site and fabrication of facilities and pipeline construction both commenced in Q2 FY2021. The lateral is scheduled to be operational in late Q3 FY2021.
- **Lake Way Gas Lateral:** All approvals and designs have been completed for the 26 km greenfield lateral from the Goldfields Gas Pipeline to the Lake Way mine. The pipe has been delivered to site and fabrication of facilities and pipeline construction commenced in Q2 FY2021. The lateral is expected to be operational in Q3 FY2021.
- **Beyondie Sulphate of Potash project in Western Australia:** APA completed and commissioned a new metering station for our customer's mine site during the reporting period. The metering station will supply gas from the Goldfields Gas Pipeline to the site.
- **Murrin Murrin Lateral Expansion:** The Murrin Murrin Lateral has been expanded via a 14 km pipeline loop constructed during the reporting period and successfully commissioned in December 2020.

Prospective projects

Preliminary work on a number of potential large projects remains on foot with counterparties who are each working through the feasibility of their own projects:

- **East Coast Grid Expansion:** Front End Engineering Design (FEED) has commenced on the expansion. The proposed three stage expansion for the South West Queensland Pipeline and the Moomba Sydney Pipeline will result in an increase in capacity of approximately 50% or >200 TJ/d to 615 TJ/d on the SWQP and 660 TJ/d on the MSP. 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.
- **Western Slopes Pipeline, NSW:** A development agreement and associated Gas Transportation Agreement is in place between APA and its customer. APA is to build own and operate the proposed ~460km Western Slopes Pipeline in northern NSW. The pipeline is to connect the Narrabri Gas Project to APA's Moomba Sydney Pipeline and subsequently the east coast domestic gas market. The Narrabri Gas Project received approval from the Independent Planning Commission and approval under the Environment Protection and Biodiversity Conservation (EPBC) Act during the reporting period. APA has completed a rigorous route selection process and other required studies to inform an Environmental Impact Statement (EIS) for the Western Slopes Pipeline. Submission of the EIS will not proceed without consent from our customer.
- **MOU with Comet Ridge and Vintage Energy, Queensland:** Non-binding Memorandums of Understanding (MOU) with customers are in place to investigate a potential pipeline route to connect Queensland's Galilee Basin to gas markets. The proposed 240 km Galilee Moranbah Pipeline and associated infrastructure would be built, owned and operated by APA, connecting gas sources in the Galilee Basin to Moranbah in Central Queensland. Moranbah is the gas processing and distribution hub for northern Bowen Basin gas resources. During FY2020, APA completed various studies, assessments, field surveys and stakeholder

engagement under the Survey Licence granted in July 2019. Discussions with both parties are ongoing.

- **Bowen Basin, Queensland:** A non-binding MOU remains in place with Blue Energy to investigate pipeline route options in both the Bowen and Galilee Basins. APA continues to engage with all resource holders in the Bowen Basin to progress the efficient development of infrastructure for delivery of gas to the East Coast Gas Grid. APA continues to explore the development of a pipeline to connect the Bowen Basin to APA's East Coast Grid. We have also engaged with the Queensland Government who are preparing the scope for an $5 million study on the development of the Bowen Basin and a pipeline connection.

- **Crib Point to Pakenham Pipeline, Victoria:** APA has a Development Agreement and associated Gas Transportation Agreement in place with a customer for the development and construction of a ~55 km transmission pipeline connecting the customer's proposed LNG import terminal facilities to APA's Victorian Transmission System and the east coast domestic gas market. The customer and APA have jointly prepared and submitted an Environmental Effects Statement (EES) for the project which was on public display from July to August 2020. The Inquiry and Advisory Committee (IAC) appointed by the Victorian Minister for Planning held public hearings on the EES from 12 October to 17 December 2020. APA continued engagement with stakeholders and continued to execute option agreements with affected landowners for a pipeline easement during the period.

- **Judith Gas Field MOU, Victoria:** APA entered into a non-binding Memorandum of Understanding (MOU) with its customer in October 2019 and proceeded, in May 2020, to enter into a Binding Agreement to progress with the pre-Front End Engineering Design (Pre-FEED) for the provision of midstream infrastructure and services related to gas potentially produced from the Judith Gas Field in the offshore Gippsland Basin, Victoria. The Pre-FEED study was completed in December 2020 and the project awaits the customer's further progression. Should the project proceed, the project will include building, owning, operating and maintaining a new 90 TJ/d gas processing train; 40 km sub-sea pipeline; and 12 km pipeline from the gas processing train to the market.

- **Dandenong Power Station project, Victoria:** In December 2019, the Victorian Government announced that APA's proposed 220MW gas-fired power generation project had been selected as one of two shortlisted Underwriting New Generation Investments (UNGI) projects to progress to agreement of key terms under the program. APA continues to engage with prospective customers to underwrite the project.

- **Gabanintha Vanadium Project MOU, Western Australia:** APA entered into a non-binding MOU with a customer for the provision of gas transportation services along a proposed ~152km new pipeline to supply gas to the Gabanintha Vanadium Project. The proposed pipeline would allow the customer the opportunity to source gas from the closer emerging Perth Basin gas fields.

- **Equus MOU, Transcontinental Pipeline:** In October 2020, APA entered into a non-binding MOU with a customer to undertake a joint development and marketing study to supply Equus gas to east coast gas markets via a transcontinental pipeline.

8 Financing Activities

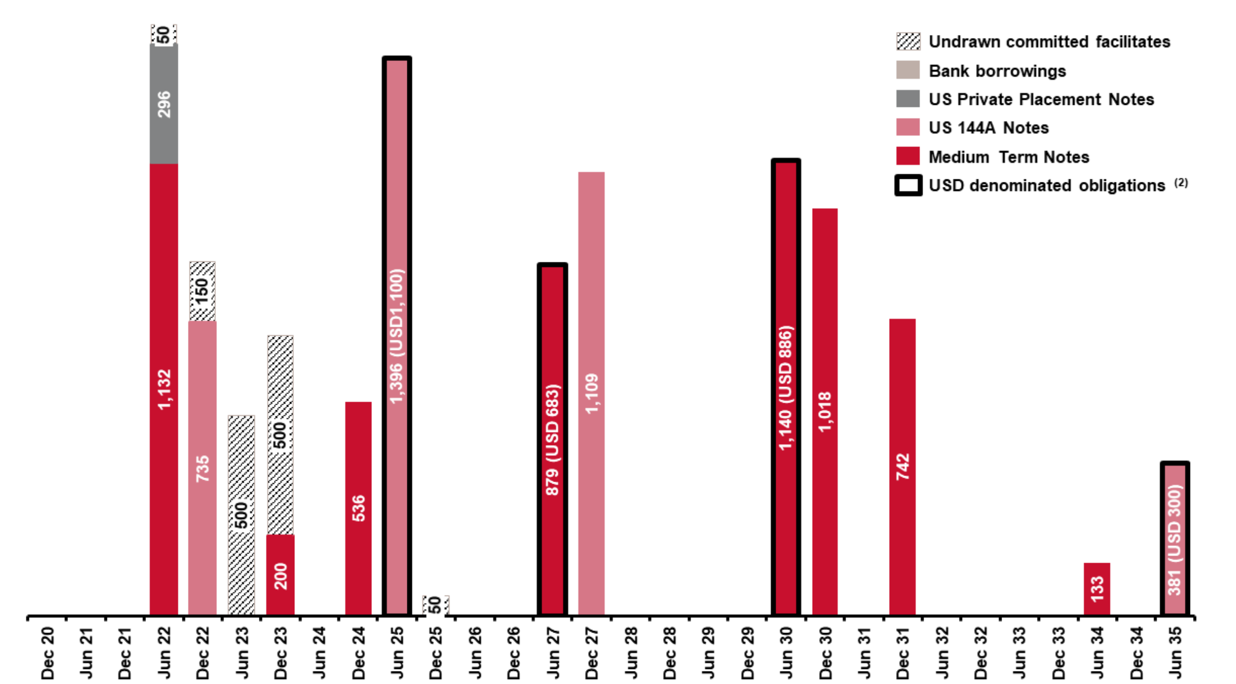
8.1 Capital Management

As at 31 December 2020, APA had 1,179,893,848 securities on issue. This is unchanged from 30 June 2020.

APA is well positioned to fund its planned growth activities with ~$2 billion in cash and committed undrawn facilities available to assist in the ongoing funding of the business as at 31 December 2020. APA remains committed to funding its growth with appropriate levels of equity, cash retained in the business, and debt in order to maintain strong BBB and Baa2 credit ratings.

At 31 December 2020 APA had $9,684.4 million ($9,983.6 million as at 30 June 2020) 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 FY2035, with an average maturity of drawn debt of 6.1 years.

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



Notes: (1) APA debt maturity profile as at 31 December 2020.
(2) USD denominated obligations translated to AUD at the prevailing rate at inception (USD144A - AUD/USD=0.7879, EMTN and Sterling AUD/USD=0.7772).

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 2020, 100.0% (30 June 2020: 100.0%) of interest obligations on gross borrowings was either hedged into or issued at fixed interest rates for varying periods extending out to 2035.

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. Today, around US$3 billion (i.e. US 144A Notes maturing in 2025 and 2035, Euro MTN maturing in 2027 and Sterling MTN maturing in 2030), of the original US$3.7 billion of debt that was borrowed to assist with funding of that acquisition, is retained in, or swapped into, US dollar denominated debt obligations at an all-in annual rate of 4.61%. This USD debt is being managed as a "designated hedge" for virtually certain revenues that come from the WGP.

APA has hedged revenues receivable to March 2022 at the rates in the table below.

Period	Average forward USD/AUD exchange rate
FY2021	0.7199
FY2022 (to 31 March 2022)	0.7099

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

8.2 Borrowings and finance costs

For the 6 months, net finance costs decreased by $16.2 million, or 6.6%, to $229.1 million (1H FY2020: $245.3 million). The decrease in 1H FY2021 relative to 1H FY 2020 is primarily due to unrealised gains on Contract for Difference hedges, higher interest earned and higher capitalised interest. The average interest rate (including credit margins) that applied to drawn debt was 5.18% for the current period, down from 5.35% in 1H FY2020.

8.3 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 26 November 2020; and
- Baa2 long-term corporate credit rating (outlook Stable) assigned by Moody's Investors Service (Moody's) in April 2010, and last confirmed on 4 September 2020.

APA calculates the Funds From Operations (FFO) to Interest to be 3.2 times (FY2020: 3.3 times) and FFO to Net Debt to be 12.1% for the 12 months to 31 December 2020 (FY2020: 12.2%). 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 12.1% and FFO to Interest of 3.2 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 FY2021.

8.4 Capital management strategy review

APA's refreshed strategy and new operating model has given rise to a review of the capital management strategy. The key pillars of the capital management strategy are summarised below and position APA for the next phase of growth:

- **Securityholder returns**: focus on maximising available free cash flow and consistently growing distributions;
- **Access to capital**: maintaining investment grade credit metrics and a diverse source of funding;
- **Capital allocation**: disciplined investments aligned to strategy and investment hurdles that drive long-term value;
- **Risk management**: funding strategy focused on diversification, tenor and maturities, with Treasury policies that support strong liquidity and reduce volatility; and

- **Market engagement**: proactive investor relations program that addresses the needs of our investors.

An assessment of the capital strategy is underway including a review of the distribution policy and the form of guidance.

8.5 Income tax

Income tax expense of $24.8 million includes a $74.8 million income tax benefit from the impairment of Orbost (significant item). Income tax expense excluding significant item for the current period of $99.6 million results in an effective income tax rate of 37.9%, compared to 36.9% for the previous corresponding period. The higher level of effective tax rate (compared with the corporate tax rate of 30%) is 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 FY2020 group tax returns, total cash tax of $84.5 million was paid in respect of FY2020 profits, resulting in an effective cash tax rate of 16.7%.

8.6 Distributions

On 16 September 2020, APA Group paid a final FY2020 distribution of 27.0 cents per security ($318.6 million). This represented an increase of 5.9%, or 1.5 cents per security over the previous corresponding period (2H FY2019: 25.5 cents). This was comprised of a distribution of 20.27 cents per security from APT and a distribution of 6.73 cents per security from APTIT. The APT distribution represented a 8.53 cents per security fully franked profit distribution and 11.74 cents per security capital distribution. The APTIT distribution represented a 2.09 cents per security profit distribution and a 4.64 cents per security capital distribution. Franking credits of 3.66 cents per security were allocated to the APT franked profit distribution.

On 23 February 2021, the Directors declared an interim distribution of 24.0 cents per security ($283.2 million) for APA Group, an increase of 4.3%, or 1.0 cent per security, over the previous corresponding period (1H FY2020: 23.0 cents, $271.4 million). The distribution is comprised of a distribution of 16.29 cents per security from APT and a distribution of 7.71 cents per security from APTIT. The APT distribution represents a 16.29 cents per security capital distribution. The APTIT distribution represents a 1.97 cent per security profit distribution and a 5.74 cents capital distribution. The distribution is anticipated to be paid on 17 March 2021. The Distribution Reinvestment Plan remains suspended.

8.7 Guidance for 2021 financial year

Total FY2021 distributions are expected to be in the order of 51.0 cents, with any franking credits which may be allocated to the final distribution attaching to that cash payout.

Based on current operating plans and available information, APA reaffirms the EBITDA[6] guidance expectation for FY2021 to be within the range of $1,625 million to $1,665 million and net interest expense is expected to be $490 million to $500 million. Growth capital expenditure is now expected to exceed $1 billion over FY2021 to FY2023.

[6] Excludes significant item

9 Economic Regulatory Matters

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

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

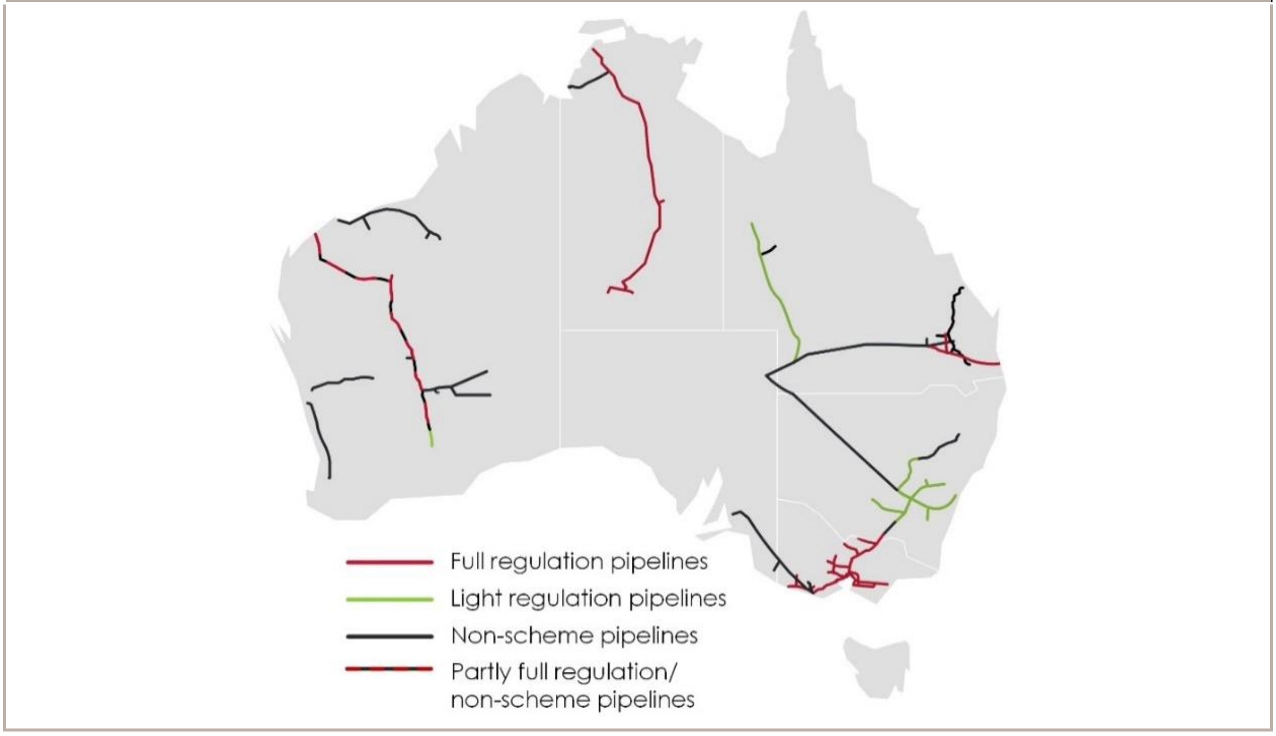
1) Scheme pipelines (NGR Parts 8-12) subject to either:

- full regulation, where the AER or ERA must approve a full access arrangement that sets out reference tariffs, terms and conditions. Pipeline users can opt for negotiated non-regulated services on full regulation pipelines; or
- light regulation, where pipeline owners must publish services and prices and comply with information provision requirements to support negotiations or alternatively seek regulatory approval for a limited access arrangement. A regulatory negotiate-arbitrate mechanism is available in the case of access disputes.

2) Non-Scheme pipelines (NGR Part 23) – for these pipelines, customer services are on a negotiated basis. The Part 23 regime came into effect from August 2017 and provides for additional information disclosure and a commercial negotiate-arbitrate mechanism as part of a dispute resolution framework.

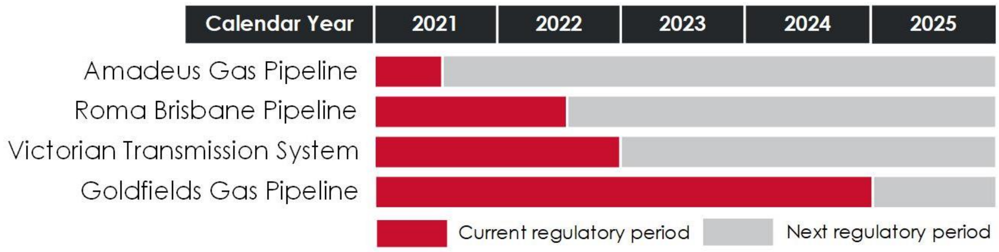
The map below shows APA pipelines by regulation type:

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



Regulatory resets

The diagram below shows the scheduled regulatory reset dates for pipelines owned and operated by APA. During 1H FY2021, approximately 8.2% of APA's Energy Infrastructure revenues were revenues that remain subject to regulated outcomes.



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

Amadeus Gas Pipeline 2021-2026 access arrangement - draft decision

The AER released its draft decision on the Amadeus Gas Pipeline Access Arrangement on 27 November 2020. The AER draft decision included an interruptible service reference service, in addition to the existing firm service reference service. The draft decision envisions a decline in the current Firm Service Reference Tariff, reflecting a lower rate of return and a larger volume associated with Northern Gas Pipeline interconnection. The reduced reference tariff has limited impact on APA because the pipeline is subject to a long-term contract for the vast majority of gas transported. APA submitted a revised proposal to the AER in January 2021 accepting the relatively minor amendments required by the AER.

In the Draft Decision, the AER complemented APA on its stakeholder engagement process which preceded submission of the access arrangement revision proposal. Further information on stakeholder engagement for the Amadeus Gas Pipeline can be found on APA's website.

Roma Brisbane Pipeline 2022-2027 access arrangement – consumer consultation

Building on its successful experience in the Amadeus Access Arrangement process, APA has established the RBP Stakeholder Engagement Group as part of the regulatory process for review of the 2022-2027 RBP access arrangement. APA is required to submit revisions on 1 July 2021, to have effect for a period of five years from 1 July 2022. Stakeholder engagement ahead of our submission will provide APA with better insights from people ultimately served by the pipeline and will help shape our proposal to the Australian Energy Regulator (AER). Further information on consumer engagement for the RBP can be found on APA's website.

Victorian Transmission System 2023-2027 access arrangement – consumer consultation

APA has also established the VTS Stakeholder Engagement Group as part of the regulatory process for review of the 2023-2027 VTS access arrangement. APA will submit revisions on 1 December 2021, which have effect for a period of five years from 1 January 2023. APA will incorporate insights obtained during stakeholder engagement into its proposal. Further information on stakeholder engagement for 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 is actively engaging with the Government and the Department of Science, Industry, Energy and Resources in relation to the National Gas Infrastructure Plan and the development of an Australian Gas Hub.

Regulatory Impact Statements (RIS)

At the end of October 2019, the Council of Australian Governments (COAG) Energy Council released for consultation its Regulatory Impact Statement (RIS) "Options to improve gas pipeline regulation". This RIS process addresses the Energy Council's initiative in August 2018 to consider further improvements to the regulatory framework and the mandated review of Part 23 of the NGR.

The Final RIS is expected to be released in the first half of CY2021. Following its release, it is expected Government will undertake a process of legislative and rule changes.

10 Sustainability

10.1 Sustainability Roadmap

APA has continued the development of a comprehensive Sustainability Roadmap. Consultation and alignment works are underway to identify the sustainability areas of focus for long term value creation at APA. This work is being guided by maturity pathways and materiality assessments and will be progressed during FY2021.

10.2 Climate Change

On the 8th October 2020 APA released the APA Climate Change Resilience Report. This report provided a comprehensive analysis of the resilience of APA's current asset portfolio under three divergent climate scenarios to 2050 and confirms APA's current portfolio of assets remains robust under each of the modelled scenarios, including a 1.5 degree Celsius pathway, while under all modelled outcomes, there is no impairment impact on the APA asset portfolio.

Our ambition to achieve Net Zero operations emissions by 2050, announced today, will be embedded into decision-making, planning and business processes with the established Climate Change Management Plan through the five key priorities listed in section 6.1.

APA prepared and submitted its FY2020 report in line with the National Greenhouse and Energy Reporting Act 2007 (NGER Act) in October 2020. Further greenhouse gas emissions information will be disclosed in the full year reporting suite.

Indicator[7]	FY2020	FY2019	FY2018	FY2017	Units
Scope 1 total GHG emissions	1,322,249	1,228,015	1,205,766	1,241,632	t-CO2e
Scope 2 total GHG emissions	87,765	176,980	178,445	367,387	t-CO2e
Total GHG emissions (Scope 1&2)	1,410,014	1,404,995	1,384,211	1,609,019	t-CO2e
Energy consumed net	16,168,020	18,113,009	17,700,862	18,109,910	GJ
Energy Produced (total)	15,910,629	9,689,220	8,076,341	8,683,358	GJ
Energy Consumed (total)	32,078,649	27,802,229	25,777,203	26,793,268	GJ

The increase in scope 1 emissions is primarily due to the Orbost Gas Processing Plant (Orbost) becoming operational in March 2020; an increase in gas used to generate electricity at Daandine Power Station; and an increase in gas combustion on the Goldfields Gas Pipeline (GGP).

The decrease in scope 2 emissions is largely due to a revised, more reflective calculation method for line loss on the Murraylink Interconnector.

Energy Consumed (net) variation is due to a refinement in the energy produced and consumed methodology at the Kogan North Gas Processing Facility, combined with increased energy produced and energy consumed at Orbost.

[7] Greenhouse gas emissions & energy have generally been calculated in accordance with methodologies under the National Greenhouse and Energy Reporting Act 2007.

10.3 Customers and stakeholders

Energy Charter

During September 2020 APA submitted its second annual disclosure to the Energy Charter's Independent Accountability Panel. This disclosure assessed our maturity against the Energy Charter principles, sets out what we are doing and intend to do, and what difference it has and will make for our customers and the community. The Independent Accountability Panel recognised APA for its self-aware, self-assessment acknowledging that APA had made good progress in understanding its role in the energy value chain and noting our re-confirmed commitment to achieving customer-centric outcomes.

Stakeholder engagement for regulated assets

APA's pilot program to enhance stakeholder engagement and transparency as part of developing access arrangements for our transmission pipelines has proved successful. The Australian Energy Regulator (AER) praised APA during the most recent Amadeus Gas Pipeline access arrangement process for showing "a marked improvement in its consumer engagement supporting this access arrangement, compared to engagements in previous access arrangements for other assets", going on to say, "We recognise and congratulate APA on its consumer engagement approach in developing its 2021–26 proposal."

APA has commenced similar stakeholder engagement programs for the Roma Brisbane Pipeline and Victorian Transmission System.

Shipper's Winter Forum

In October, APA hosted a Winter Shipper Forum for all transmission pipeline customers. The forum focused on the East Coast Gas Grid's role in delivering gas to southern markets in winter and provided an opportunity for collaborative discussions with customers about pipeline operations, maintenance and services during winter 2020 and 2021.

APA Grid portal has gone live

This new user friendly interface offers a calendar view of upcoming maintenance activities and improved access to transmission customers' operational reports.

COVID-19 response

APA has continued to support customers, suppliers and the community facing difficult circumstances due to the ongoing COVID-19 pandemic in the following ways:

- In the gas networks business. APA has worked with network owners and energy retailers to provide fee relief and ensure consumers are not disconnected without consent;
- in the gas transmission and power generations business, APA has offered flexible terms (service and payment) for customers and offered additional gas market and systems training to help customers optimise their gas portfolios;
- accelerated payments for certain suppliers (with < 50 employees) and regional businesses; and
- participated as part of the broader energy industry in the Energy Charter's 'We've Got You' campaign to provide information and support to customers and the community.

10.4 People and Culture

Diversity and Inclusion

The Diversity and Inclusion (D&I) Strategy out to 2025 was launched in January 2021. The new Strategy has four key areas of focus as outlined below.

Gender Equity

We are committed to a level playing field giving women and men the same chance to reach their full potential.

Flexibility

Flex APA means we encourage flexible ways of working and empower people to think differently about where, when and how work is completed to meet the professional and personal goals, priorities and lifestyles.

Inclusive Culture

We are committed to creating an inclusive culture that values all people and addresses biases.

(Age, cultural backgrounds, LGBTIQ, disability, indigenous)

Inclusive Leadership

Inclusive Leadership is about making sure all our people feel a sense of belonging, are treated fairly and respectfully, and all our people voice are heard and valued.

The strategy includes a D&I Plan for the next two years of initiatives and measures to track progress. This plan incorporates our Gender Target Action Plan and actions arising from our CEO, Rob Wheals, involvement in the Champions of Change Coalition. These are aimed at achieving our agreed Gender Targets as set out below:

Category (female participation)	Target by 2025	Previous Target	FY2020
Total Workforce	40%	30%	29.2%
Senior Leaders	30%	25%	19.8%
Extended Leadership	40%	-	32.3
Talent Pipeline	50%	50%	40.6%

Senior Leaders - "Other executives/general managers" and "senior managers" (mainly Levels 3 and 4) as reported to WGEA.
Talent Pipeline refers to the pipeline of candidates in our Senior Leader talent pools. Extended leadership - level 3 and level 4 leaders (with direct reports) at APA.

Culture Program of Work

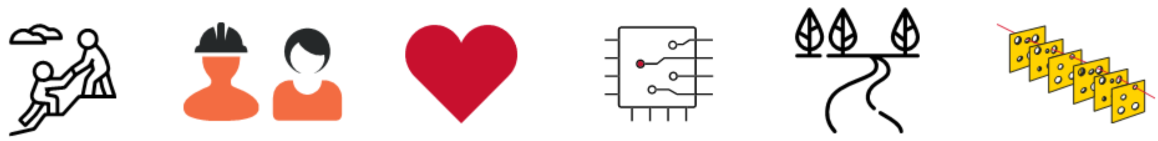
The Culture Program of Work is a critical enabler to the achievement of our organisational strategy. Work is underway to define the refreshed culture of APA with a focus on high performance, accountability, collaboration and inclusivity.

This two-year program of work will involve embedding the refreshed APA culture in all aspects of the employee experience.

10.5 Health, Safety, Environment and Heritage

HSEH Strategic Plan

APA has updated its HSEH Strategic Plan for FY2020 through to end of FY2022. Implementation plans are in place for each of the six strategic themes.



HSEH leadership and culture	Contractor management	Health and wellbeing	Technology systems and analytics	Environment and heritage management	Process safety
Creating a proactive HSEH culture with empowering leadership and strong enabling behaviours	Critical to operational excellence – accountable, streamlined, performing	Caring for the whole person – at work and beyond	Increasing efficiency and simplicity of HSEH processes, data and analytics	Delivering on our responsibilities to the environment and communities – past, present and future	Clear ownership by the business and integrated processes to support operational excellence

During 1H FY2021 a safety culture survey was undertaken to inform future activities and programs.

Safety

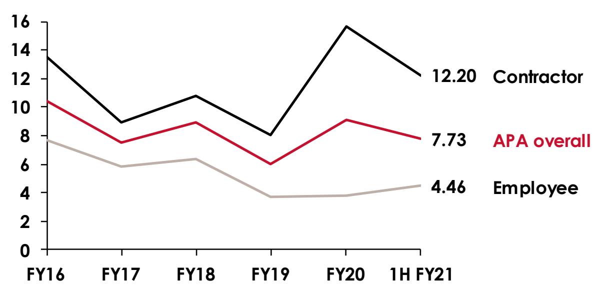
For FY2021, APA has set the target metric for the Total Reportable Injury Frequency Rate (TRIFR) at 6.5 and Lost Time Injury Frequency Rate (LTIFR) at 1.0.

As at 1H FY2021, the combined employee/contractor TRIFR is 7.73, a 15% decrease on the pervious reporting period. This equates to 7 medically treated injuries and 5 lost time injuries. The combined employee/contractor LTIFR is currently sitting at 1.93, which is above the year-end target of 1.0.

During the previous period, a detailed review has been undertaken to ensure that the way in which APA classifies Medical Treatment Injuries is consistent with international standards and industry practice.

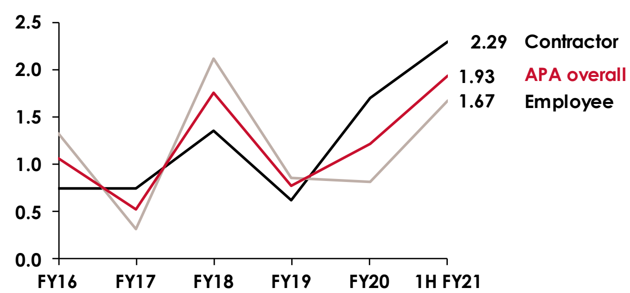
APA continues to implement safety education and awareness activities throughout the business, and in particular when on-boarding contractors. In addition to awareness programs, the HSEH strategic plan focuses on leadership capability, effective management of contractors, health and wellbeing, and the development of digital tools that will support improved data analytics and in-field safety operations.

Total Reportable Injury Frequency Rate (TRIFR)



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

Lost Time Injury Frequency Rate (LTIFR)



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

One of the biggest Safety and Wellbeing issues faced by the business during the previous period was the ability to continue to operate during the COVID-19 pandemic. A Crisis Management Team was formed to coordinate all activities across the business to minimise health and transmission risks while ensuring our ability to continue to operate. The team conducted risk assessments on operational capability as well as the emotional wellbeing of staff, as they adjusted to new working methodologies and isolation from workmates.

Process safety

The process safety improvement plan continues with education and awareness sessions being undertaken at APA sites. Process safety performance metrics were developed and are being rolled out across the business. The Process Safety Fatal Risk Protocol developed and implemented in the previous period, has now been rolled out to the business, along with self-assessment and other supporting tools.

Environment and heritage management

The following environment and heritage management initiatives are in place under the HSEH strategic plan:

- <u>Environment Management Plan Improvement Program</u>: program to deliver standardised environmental risk management across all facilities.
- <u>Environment Standards</u>: Environment standards are being developed over a 12-month period to clarify the minimum mandatory requirements associated with APA's significant environment and heritage aspects.
- <u>Heritage Improvement Program:</u> a program to refine and standardise requirements and processes; improve data quality; and raise awareness.
- <u>Energy and Emissions Improvement Program</u>: a program to improve data integrity; governance and assurance; energy and emissions data capture, management and reporting.

Environment reporting and regulatory matters

Federal, State/ Territory Environmental Reporting

APA operates its assets under a number of approved environmental regulatory instruments within relevant federal, state and territory jurisdictions. During the reporting period, APA delivered various compliance reports including state based environmental reporting against conditions of license, and submission of National Pollutant Inventory reports.

Regulatory matters

APA received 3 regulatory Notices in the reporting period:

- In August, APA experienced an off-site oil release of approximately 200-400L at the Brooklyn Compressor Station. The incident was reported to the Victorian Environment Protection Authority within required timeframes and clean up commenced immediately. Due to the nature of the incident, APA was issued with a Clean Up Notice, a Pollution Abatement Notice and an infringement penalty of $8,621. APA conducted an in-depth incident investigation, applied lessons learnt across the business, acted in full cooperation with the regulator and complied with all conditions within the Notices. The Notices have since been revoked.

- In August, APA was issued with a Pollution Abatement Notice regarding the likely presence of Per- and Polyfluorinated Alkyl Substances at the Orbost Gas Processing Plant. APA is in the process of addressing conditions within the Notice.
- In October, APA received a 'Warning Letter' from the Clean Energy Regulator following non-compliances detected in the FY2019 NGER Report. The non-compliances have been addressed and remedied in the recently submitted FY2020 report. Improvement initiatives are underway to ensure accuracy of data and information in future reports, as per the HSEH strategic plan.

10.6 Community

APA held three virtual community sessions in late 2020 on the topics of Project Overview, Ecology and Cultural Heritage and Community Impacts and Opportunities for the Western Outer Ring Main project. The online events included technical specialists as guest presenters with a live Q&A session. The project team is looking forward to offering an in person engagement opportunity to answer community questions face-to-face.

APA extended our long-term partnership with the Taronga Conservation Society and The Fred Hollows Foundation during 1H FY2021. These commitments reflect our enduring commitment to First Nations Australians and to conservation.

NAIDOC week events were held across APA during November to raise awareness of the history, culture and challenges faced by Aboriginal and Torres Strait Islander peoples under the theme "Always Was, Always Will Be". The program sought to raise awareness across the APA business of the strong links to Australia's traditional owners and how they are integral to us delivering on our purpose to strengthen communities through responsible energy.

10.7 Supply Chain

APA has provided its first Modern Slavery Statement to the Australian Border Force for publication ahead of the reporting timetable of March 2021.

11 Corporate Governance

At APA's Annual Meeting on 22 October 2020, special resolutions were passed by APA's securityholders to amend the Constitutions of Australian Pipeline Trust and APT Investment Trust. The amendments primarily updated the meetings provisions and provided enhanced flexibility for hybrid or virtual annual meetings in the future.

12 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 56.

13 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.

14 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 2021

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 2020

	Note	**31 Dec 2020 $000**	31 Dec 2019 $000
Revenue	4	**1,279,447**	1,298,101
Share of net profits of associates and joint ventures using the equity method	4	**15,583**	15,733
		1,295,030	1,313,834
Asset operation and management expenses		**(98,124)**	(98,885)
Depreciation and amortisation expenses	5	**(331,372)**	(319,410)
Other operating costs – pass-through	5	**(223,223)**	(236,016)
Finance costs	5	**(231,623)**	(246,187)
Employee benefit expense		**(141,162)**	(128,301)
Other expenses		**(7,138)**	(7,575)
Impairment of property, plant and equipment [(a)]	8	**(249,322)**	-
Profit before tax		**13,066**	277,460
Income tax expense		**(24,772)**	(102,413)
(Loss)/profit for the period		**(11,706)**	175,047
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain/(loss) on defined benefit plan		**7,018**	(4,235)
Income tax relating to items that will not be reclassified subsequently		**(2,105)**	1,271
		4,913	(2,964)
Items that may be reclassified subsequently to profit or loss:			
Transfer of gain on cash flow hedges to profit or loss		**80,110**	33,158
Gain/(loss) on cash flow hedges taken to equity		**469,120**	(19,059)
(Loss)/gain on associate hedges taken to equity		**(2,472)**	1,968
Income tax relating to items that may be reclassified subsequently		**(164,027)**	(4,820)
		382,731	11,247
Other comprehensive income for the period (net of tax)		**387,644**	8,283
Total comprehensive income for the period		**375,938**	183,330
(Loss)/profit attributable to:			
Unitholders of the parent		**(34,865)**	146,712
Non-controlling interest – APT Investment Trust unitholders		**23,159**	28,335
APA stapled securityholders		**(11,706)**	175,047
Total comprehensive income attributable to:			
Unitholders of the parent		**352,779**	154,995
Non-controlling interest – APT Investment Trust unitholders		**23,159**	28,335
APA stapled securityholders		**375,938**	183,330

(a) This is disclosed as a significant item.

(Loss)/earnings per security		**31 Dec 2020**	31 Dec 2019
Basic and diluted (cents per security)	6	**(1.0)**	14.8

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 2020

	31 Dec 2020 $000	30 Jun 2020 $000
Current assets		
Cash and cash equivalents	**806,803**	1,172,771
Trade and other receivables	**258,366**	264,137
Other financial assets	**77,233**	32,748
Inventories	**39,463**	34,181
Other	**16,878**	22,101
Assets classified as held for sale (a)	**139**	-
Current assets	**1,198,882**	1,525,938
Non-current assets		
Trade and other receivables	**11,021**	11,639
Other financial assets	**443,208**	581,027
Investments accounted for using the equity method	**225,662**	226,380
Property, plant and equipment	**9,588,787**	9,821,955
Goodwill	**1,183,604**	1,183,604
Other intangible assets	**2,536,100**	2,627,279
Other	**30,716**	29,343
Non-current assets	**14,019,098**	14,481,227
Total assets	**15,217,980**	16,007,165
Current liabilities		
Trade and other payables	**284,022**	308,764
Lease liabilities	**14,266**	13,544
Borrowings	**9,724**	310,613
Other financial liabilities	**180,622**	186,347
Provisions	**79,253**	89,636
Unearned revenue	**10,255**	10,753
Liabilities directly associated with assets classified as held for sale (a)	**255**	-
Current liabilities	**578,397**	919,657
Non-current liabilities		
Trade and other payables	**8,545**	4,826
Lease liabilities	**53,269**	56,333
Borrowings	**10,005,588**	10,607,382
Other financial liabilities	**375,113**	427,638
Deferred tax liabilities	**738,506**	594,832
Provisions	**109,464**	115,905
Unearned revenue	**66,602**	56,737
Non-current liabilities	**11,357,087**	11,863,653
Total liabilities	**11,935,484**	12,783,310
Net assets	**3,282,496**	3,223,855

(a) Relates to APA Group's 50% ownership in Mid West Pipeline to be disposed of in the next 12 months.

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 2020

	Note	**31 Dec 2020 $000**	30 Jun 2020 $000
<u>Equity</u>			
Australian Pipeline Trust:			
Issued capital	10	**2,763,595**	2,902,123
Reserves		**(307,459)**	(691,465)
(Accumulated deficit)/Retained earnings		**(29,952)**	100,666
Equity attributable to unitholders of the parent		**2,426,184**	2,311,324
Non-controlling interests:			
APT Investment Trust:			
Issued capital	10	**833,153**	887,845
Retained earnings		**23,159**	24,686
Equity attributable to unitholders of APT Investment Trust		**856,312**	912,531
Total equity		**3,282,496**	3,223,855

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 2020

	Australian Pipeline Trust						APT Investment Trust			
	Issued Capital $000	Asset Revaluation Reserve $000	Equity Based Payments Reserve $000	Hedging Reserve $000	(Accumulated deficit)/ Retained Earnings $000	Attributable to Owner of the Parent $000	Issued Capital $000	Retained Earnings $000	APT Investment Trust $000	Total $000
Balance at 30 June 2019	3,103,806	8,669	-	(608,016)	100,663	2,605,122	964,219	30,056	994,275	3,599,397
Impact of changes in accounting standard, net of tax [(a)]	-	-	-	-	(8,610)	(8,610)	-	-	-	(8,610)
Adjusted balance at 1 July 2019	3,103,806	8,669	-	(608,016)	92,053	2,596,512	964,219	30,056	994,275	3,590,787
Profit for the period	-	-	-	-	146,712	146,712	-	28,335	28,335	175,047
Other comprehensive income	-	-	-	16,067	(4,235)	11,832	-	-	-	11,832
Income tax relating to components of other comprehensive income	-	-	-	(4,820)	1,271	(3,549)	-	-	-	(3,549)
Total comprehensive income for the period	-	-	-	11,247	143,748	154,995	-	28,335	28,335	183,330
Payment of distributions	(123,153)	-	-	-	(100,663)	(223,816)	(47,002)	(30,056)	(77,058)	(300,874)
Equity settled long term incentives, net of tax	-	-	340	-	-	340	-	-	-	340
Balance at 31 December 2019	2,980,653	8,669	340	(596,769)	135,138	2,528,031	917,217	28,335	945,552	3,473,583
Balance at 1 July 2020	2,902,123	8,669	652	(700,786)	100,666	2,311,324	887,845	24,686	912,531	3,223,855
(Loss)/profit for the period	**-**	**-**	**-**	**-**	**(34,865)**	**(34,865)**	**-**	**23,159**	**23,159**	**(11,706)**
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**	**(29,952)**	**352,779**	**-**	**23,159**	**23,159**	**375,938**
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**
Balance at 31 December 2020	**2,763,595**	**8,669**	**1,927**	**(318,055)**	**(29,952)**	**2,426,184**	**833,153**	**23,159**	**856,312**	**3,282,496**

(a) APA Group has adopted AASB 16 Leases on a modified retrospective basis. This resulted in a charge of $8.6 million to retained earnings as at 1 July 2019, being the cumulative effect on initial application of the standard.

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 2020

	Notes	**31 Dec 2020 $000**	31 Dec 2019 $000
Cash flows from operating activities			
Receipts from customers		**1,408,916**	1,417,557
Payments to suppliers and employees		**(613,288)**	(634,850)
Dividends received from associates and joint ventures		**13,827**	16,623
Proceeds from repayments of finance leases		**527**	733
Interest received		**4,929**	4,431
Interest and other costs of finance paid		**(234,258)**	(236,576)
Income taxes paid		**(61,426)**	(56,065)
Net cash provided by operating activities		**519,227**	511,853
Cash flows from investing activities			
Payments for property, plant and equipment		**(253,316)**	(213,648)
Proceeds from sale of property, plant and equipment		**279**	443
Payments for intangible assets		**(62)**	(230)
Repayment of loans by related parties		**-**	2,519
Net cash used in investing activities		**(253,099)**	(210,916)
Cash flows from financing activities			
Proceeds from borrowings		**-**	630,000
Repayments of borrowings		**(305,011)**	(903,694)
Transaction costs related to borrowings		**(572)**	(447)
Repayment of lease liabilities		**(7,636)**	(6,503)
Distributions paid to:			
Unitholders of APT	7	**(239,194)**	(223,816)
Unitholders of non-controlling interests – APTIT	7	**(79,378)**	(77,058)
Net cash used in financing activities		**(631,791)**	(581,518)
Net decrease in cash and cash equivalents		**(365,663)**	(280,581)
Cash and cash equivalents at beginning of the period		**1,172,771**	354,947
Effect of exchange rate changes on cash and cash equivalents		**(305)**	84
Cash and cash equivalents at end of the period		**806,803**	74,450

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

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. (Loss)/earnings per security
7. Distributions

Operating Assets

8. Impairment of property, plant and equipment

Capital Management

9. Financial risk management
10. Issued capital

Other

11. Contingencies
12. Adoption of new and revised Accounting Standards
13. Events occurring after reporting date

Basis of Preparation

2. General information

The condensed consolidated general purpose financial statements for the half year ended 31 December 2020 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 2020. In addition, APA has adopted amendments to standards and interpretations effective from 1 July 2020 as disclosed in Note 12.

COVID-19

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

As at 31 December 2020, APA Group had $2,056.8 million in cash and committed un-drawn bank facilities available (30 June 2020: $2,472.8 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.

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.

Financial Performance

3. Segment information (continued)

Reportable segments

Half year ended 31 December 2020	Energy Infrastructure $000	Asset Management $000	Energy Investments $000	Other $000	Consolidated $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 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 EBITDA [(b)]	**818,798**	**30,967**	**16,159**	**(43,088)**	**822,836**
Depreciation and amortisation	**(323,077)**	**(8,295)**	**-**	**-**	**(331,372)**
Total EBIT [(c)]	**495,721**	**22,672**	**16,159**	**(43,088)**	**491,464**
Net interest cost [(d)]					**(229,076)**
Significant item – Impairment of property, plant and equipment [(e)]	**(249,322)**	**-**	**-**	**-**	**(249,322)**
Profit before tax					**13,066**
Income tax expense					**(24,772)**
Loss for the period					**(11,706)**

As at 31 December 2020	Energy Infrastructure $000	Asset Management $000	Energy Investments $000	Consolidated $000
Segment assets	**13,477,471**	**187,602**	**10,688**	**13,675,761**
Carrying value of investments using the equity method	**-**	**-**	**225,662**	**225,662**
Unallocated assets [(f)]				**1,316,557**
Total assets				**15,217,980**
Segment liabilities	**394,174**	**97,340**	**-**	**491,514**
Unallocated liabilities [(g)]				**11,443,970**
Total liabilities				**11,935,484**

(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") excluding significant item.
(c) Earnings before interest and tax ("EBIT") excluding significant item.
(d) Excluding finance lease and investment interest income, and any gains or losses on revaluation of derivatives included as part of EBIT for segment reporting purposes, but including other interest income.
(e) An impairment loss has been recognised for Orbost Gas Processing Plant. Refer to Note 8 for more details.
(f) Unallocated assets consist of cash and cash equivalents, fair value of interest rate swaps, forward foreign exchange contracts and equity forwards.
(g) Unallocated liabilities consist of current and non-current borrowings, deferred tax liabilities, fair value of interest rate swaps and forward foreign exchange contracts.

Financial Performance

3. Segment information (continued)

Reportable segments (continued)

Half year ended 31 December 2019	Energy Infrastructure $000	Asset Management $000	Energy Investments $000	Other $000	Consolidated $000
Segment revenue [(a)]					
Revenue from contracts with customers	997,866	58,033	-	-	1,055,899
Equity accounted net profits	-	-	15,733	-	15,733
Pass-through revenue	21,622	214,394	-	-	236,016
Other income	1,834	204	-	-	2,038
Finance lease and investment interest income	601	-	2,697	-	3,298
Total segment revenue	1,021,923	272,631	18,430	-	1,312,984
Other interest income					850
Consolidated revenue					1,313,834
Segment result					
Segment EBITDA [(b)]	830,343	31,255	-	-	861,598
Share of net profits of joint ventures and associates using the equity method	-	-	15,733	-	15,733
Finance lease and investment interest income	601	-	2,697	-	3,298
Corporate costs	-	-	-	(38,422)	(38,422)
Total EBITDA [(b)]	830,944	31,255	18,430	(38,422)	842,207
Depreciation and amortisation	(311,118)	(8,292)	-	-	(319,410)
Total EBIT [(c)]	519,826	22,963	18,430	(38,422)	522,797
Net interest cost [(d)]					(245,337)
Profit before tax					277,460
Income tax expense					(102,413)
Profit for the period					175,047

As at 30 June 2020	Energy Infrastructure $000	Asset Management $000	Energy Investments $000	Consolidated $000
Segment assets	13,795,348	198,893	10,685	14,004,926
Carrying value of investments using the equity method	-	-	226,380	226,380
Unallocated assets [(e)]				1,775,859
Total assets				16,007,165
Segment liabilities	412,898	110,022	-	522,920
Unallocated liabilities [(f)]				12,260,390
Total liabilities				12,783,310

(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") excluding significant item.

(c) Earnings before interest and tax ("EBIT") excluding significant item.

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

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

(f) Unallocated liabilities consist of current and non-current borrowings, deferred tax liabilities, fair value of interest rate swaps and forward foreign exchange contracts.

Financial Performance

4. Revenue

Disaggregation of revenue

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

	Energy Infrastructure		
	Transmission	Power Generation	Total
Half year ended 31 December 2020	$000	$000	$000
Energy Infrastructure			
Queensland	**465,389**	**127,700**	**593,089**
New South Wales	**95,974**	**-**	**95,974**
Victoria	**87,223**	**-**	**87,223**
South Australia	**1,539**	**-**	**1,539**
Northern Territory	**16,909**	**-**	**16,909**
Western Australia	**164,223**	**40,588**	**204,811**
Energy Infrastructure revenue from contracts with customers	**831,257**	**168,288**	**999,545**
Asset Management revenue from contracts with customers			**51,571**
Pass-through revenue			**223,223**
Other income			**1,434**
Operating revenue			**1,275,773**
Interest income			**2,547**
Interest income from related parties			**576**
Finance lease income			**551**
Finance income			**3,674**
Total revenue			**1,279,447**
Share of net profits of joint ventures and associates using the equity method			**15,583**
			1,295,030

Financial Performance

4. Revenue (continued)

Disaggregation of revenue (continued)

	Energy Infrastructure		
		Power	
	Transmission	Generation	Total
Half year ended 31 December 2019	$000	$000	$000
Energy Infrastructure			
Queensland	476,738	128,121	604,859
New South Wales	92,692	-	92,692
Victoria	79,610	-	79,610
South Australia	1,530	-	1,530
Northern Territory	14,592	-	14,592
Western Australia	161,709	42,874	204,583
Energy Infrastructure revenue from contracts with customers	826,871	170,995	997,866
Asset Management revenue from contracts with customers			58,033
Pass-through revenue			236,016
Other income			2,038
Operating revenue			1,293,953
Interest income			850
Interest income from related parties			2,697
Finance lease income			601
Finance income			4,148
Total revenue			1,298,101
Share of net profits of joint ventures and associates using the equity method			15,733
			1,313,834

Financial Performance

4. Revenue (continued)

Information about major customers

Included in revenues arising from energy infrastructure of $999.5 million (31 December 2019: $997.9 million) are revenues of approximately $357.2 million (31 December 2019: $362.0 million) which arose from sales to APA Group's top three customers.

5. Expenses

	31 Dec 2020 $000	31 Dec 2019 $000
Depreciation of non-current assets	**240,131**	227,916
Amortisation of non-current assets	**91,241**	91,494
Depreciation and amortisation expenses	**331,372**	319,410
Energy infrastructure costs – pass-through	**18,963**	21,622
Asset management costs – pass-through	**204,260**	214,394
Other operating costs – pass-through	**223,223**	236,016
Interest on bank and borrowings	**253,885**	248,015
Amortisation of deferred borrowing costs	**3,728**	3,676
Other finance costs	**3,757**	3,469
	261,370	255,160
Less: amounts included in the cost of qualifying assets	**(14,420)**	(10,517)
	246,950	244,643
Gain on derivatives	**(21,151)**	(4,601)
Unwinding of discount on non-current liabilities	**3,410**	3,488
Interest incurred on deferred revenue balances	**1,172**	1,317
Interest incurred on lease liabilities	**1,242**	1,340
Finance costs	**231,623**	246,187

Financial Performance

6. (Loss)/earnings per security

	31 Dec 2020 cents	31 Dec 2019 cents
(Loss)/earnings per security including significant item		
Basic and diluted (loss)/earnings per unit attributable to the parent [(a)]	**(3.0)**	12.4
Basic and diluted earnings per unit attributable to the non-controlling interest	**2.0**	2.4
Basic and diluted (loss)/earnings per security	**(1.0)**	14.8

(a) There is no dilutive effect of the performance rights granted under long-term incentive plan as a result of the loss after tax in the half year ended 31 December 2020.

Earnings per security excluding significant item		
Basic and diluted earnings per unit attributable to the parent	**11.8**	12.4
Basic and diluted earnings per unit attributable to the non-controlling interest	**2.0**	2.4
Basic and diluted earnings per security	**13.8**	14.8

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 2020 $000	31 Dec 2019 $000
Net (loss)/profit including significant item		
Net (loss)/profit attributable to unitholders of the parent	**(34,865)**	146,712
Net profit attributable to unitholders of the non-controlling interest	**23,159**	28,335
Net (loss)/profit attributable to stapled securityholders for calculating basic and diluted earnings per security	**(11,706)**	175,047
Net profit excluding significant item		
Net profit attributable to unitholders of the parent	**139,661**	146,712
Net profit attributable to unitholders of the non-controlling interest	**23,159**	28,335
Net profit attributable to stapled securityholders for calculating basic and diluted earnings per security	**162,820**	175,047

	31 Dec 2020 No. of securities 000	31 Dec 2019 No. of securities 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 [(b)]	**1,180,652**	1,180,151

(b) Includes 1.3 million (31 December 2019: 0.5 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.

Financial Performance

7. Distributions

	31 Dec 2020 cents per security	**31 Dec 2020 Total $000**	31 Dec 2019 cents per security	31 Dec 2019 Total $000
Recognised amounts				
Final FY2020 distribution paid on 16 September 2020				
(30 June 2019: Final FY2019 distribution paid on 11 September 2019)				
Profit distribution – APT [(a)]	**8.53**	**100,666**	8.53	100,663
Capital distribution – APT	**11.74**	**138,528**	10.44	123,153
Profit distribution – APTIT [(b)]	**2.09**	**24,686**	2.55	30,056
Capital distribution – APTIT	**4.64**	**54,692**	3.98	47,002
	27.00	**318,572**	25.50	300,874
Unrecognised amounts				
Interim distribution payable on 17 March 2021 [(c)]				
(31 December 2019: Interim FY2020 distribution paid on 11 March 2020)				
Profit distribution – APT [(d)]	**-**	**-**	11.45	135,138
Capital distribution – APT	**16.29**	**192,175**	6.66	78,530
Profit distribution – APTIT [(b)]	**1.97**	**23,159**	2.40	28,335
Capital distribution – APTIT	**5.74**	**67,840**	2.49	29,372
	24.00	**283,174**	23.00	271,375

(a) APT final profit distributions were fully franked (31 December 2019: fully franked).
(b) APTIT profit distributions were unfranked (31 December 2019: unfranked).
(c) Record date 31 December 2020.
(d) 31 December 2019: 8.52 cents per security franked and 2.93 cents per security unfranked.

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 2020.

Operating Assets

8. Impairment of property, plant and equipment

Orbost Gas Processing Plant

During the 6 months to 31 December 2020, APA completed a re-configuration of the Orbost Gas Processing Plant. This was to enable operation of absorbers independently, in parallel or in series. Since the re-configuration and resumption of processing on 8 December 2020, the processing rates have been variable during testing and have yet to reach nameplate capacity of 68 TJ/day.

Following a further review of the plant operations and capital costs required to reach nameplate capacity of 68 TJ/day, APA has identified these matters as an impairment trigger and consequently, prepared an assessment of the recoverable amount based on a value in use methodology as at 31 December 2020, using discounted cash flows over the 25 year technical life of the plant.

Operating Assets

8. Impairment of property, plant and equipment (continued)

Orbost Gas Processing Plant (continued)

As at 31 December 2020, APA determined the recoverable amount to be $233.3 million on a pre-tax basis which results in a pre-tax impairment charge of $249.3 million. This has been disclosed as a significant item in the interim financial report.

The impairment charge reflects the continuation of production levels and expenditure based on the current performance of the asset since re-configuration and resumption of the processing plant, where current production is expected to achieve 45 TJ/day. APA has applied a pre-tax discount rate of 7.25% (30 June 2020: 7.75%).

The key sensitivity, holding all other assumptions constant, that could result in a further change in the carrying value of the asset based on a reasonably possible change, is a 1% increase to the discount rate, which could result in a further impairment charge in the order of $10 million.

APA will continue to monitor the project and will revise estimates should new material information become available.

Capital Management

9. 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 6 months to 31 December 2020 (30 June 2020: none). Transfers between Level 1 and Level 2 are triggered when there are changes to the availability of quoted prices in active markets. Transfers into Level 3 are triggered when the observable inputs become no longer observable, or vice versa for transfer out of Level 3.

Capital Management

9. Financial risk management (continued)

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 indexed revenue contract is derived from 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 internal discounted cash flow valuation methodology, which includes some assumptions that are not able to be supported by observable market prices or rates.

Capital Management

9. Financial risk management (continued)

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
- these instruments are classified in the fair value hierarchy at Level 3.

Changes in any of the aforementioned assumptions may be accompanied by changes in other assumptions which may have an offsetting impact.

Fair value hierarchy

As at 31 December 2020	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Financial assets measured at fair value				
Equity forwards designated as fair value through profit or loss	**-**	**22**	**-**	**22**
Cross currency interest rate swaps used for hedging	**-**	**405,981**	**-**	**405,981**
Forward foreign exchange contracts used for hedging	**-**	**55,169**	**-**	**55,169**
Contract for difference	**-**	**-**	**28,302**	**28,302**
	-	**461,172**	**28,302**	**489,474**
Financial liabilities measured at fair value				
Equity forwards designated as fair value through profit or loss	**-**	**578**	**-**	**578**
Cross currency interest rate swaps used for hedging	**-**	**498,017**	**-**	**498,017**
Forward foreign exchange contracts used for hedging	**-**	**25,534**	**-**	**25,534**
Indexed revenue contract	**-**	**5,149**	**-**	**5,149**
	-	**529,278**	**-**	**529,278**
As at 30 June 2020				
Financial assets measured at fair value				
Equity forwards designated as fair value through profit or loss	-	1,667	-	1,667
Cross currency interest rate swaps used for hedging	-	557,336	-	557,336
Forward foreign exchange contracts used for hedging	-	15,236	-	15,236
Contract for difference	-	-	10,508	10,508
	-	574,239	10,508	584,747
Financial liabilities measured at fair value				
Equity forwards designated as fair value through profit or loss	-	74	-	74
Cross currency interest rate swaps used for hedging	-	536,625	-	536,625
Forward foreign exchange contracts used for hedging	-	40,612	-	40,612
Indexed revenue contract	-	8,090	-	8,090
	-	585,401	-	585,401

Capital Management

9. Financial risk management (continued)

Reconciliation of Level 3 fair value measurements

	31 Dec 2020 $000	30 Jun 2020 $000
Opening balance	**10,508**	1,742
Revaluation	**14,906**	9,288
Settlement	**2,888**	(522)
Closing balance	**28,302**	10,508

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 not listed below are floating rate borrowings and not subject to fair value changes. The amortised cost as recorded in the financial statements approximate their fair values.

	Carrying amount		Fair value (Level 2) [(a)]	
	31 Dec 2020 $000	30 Jun 2020 $000	31 Dec 2020 $000	30 Jun 2020 $000
Financial liabilities				
Unsecured long term Private Placement Notes	**303,483**	322,353	**326,377**	351,357
Unsecured Australian Dollar Medium Term Notes	**200,000**	500,000	**215,792**	515,311
Unsecured Japanese Yen Medium Term Notes	**125,678**	134,338	**130,110**	136,838
Unsecured US Dollar 144A Medium Term Notes	**3,893,828**	4,350,348	**4,377,958**	4,821,607
Unsecured British Pound Medium Term Notes	**2,394,850**	2,423,481	**2,747,937**	2,620,897
Unsecured Euro Medium Term Notes	**3,090,716**	3,174,688	**3,302,183**	3,253,322
	10,008,555	10,905,208	**11,100,357**	11,699,332

(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.

Capital Management

10. Issued capital

	31 Dec 2020 $000	30 Jun 2020 $000
APT units		
1,179,893,848 securities, fully paid (30 June 2020: 1,179,893,848 securities, fully paid)[(a)]	**2,763,595**	2,902,123

	31 Dec 2020 No. of securities 000	31 Dec 2020 $000	30 Jun 2020 No. of securities 000	30 Jun 2020 $000
Movements				
Balance at beginning of financial year	**1,179,894**	**2,902,123**	1,179,894	3,103,806
Capital distributions paid (Note 7)	**-**	**(138,528)**	-	(201,683)
	1,179,894	**2,763,595**	1,179,894	2,902,123

	31 Dec 2020 $000	30 Jun 2020 $000
APTIT units		
1,179,893,848 securities, fully paid (30 June 2020: 1,179,893,848 securities, fully paid)[(a)]	**833,153**	887,845

	31 Dec 2020 No. of securities 000	31 Dec 2020 $000	30 Jun 2020 No. of securities 000	30 Jun 2020 $000
Movements				
Balance at beginning of financial year	**1,179,894**	**887,845**	1,179,894	964,219
Capital distributions paid (Note 7)	**-**	**(54,692)**	-	(76,374)
	1,179,894	**833,153**	1,179,894	887,845

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

Other items

11. Contingencies

	31 Dec 2020 $000	30 Jun 2020 $000
Contingent liabilities		
Bank guarantees	**49,683**	51,483

APA Group had no contingent assets as at 31 December 2020 (30 June 2020: None)

12. Adoption of new and revised Accounting Standards

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

APA Group has adopted the following new standards on their applicable start date.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Adoption date
• AASB 2018-6 Amendments – Definition of a Business	1 January 2020	1 July 2020
• AASB 2019-3 Amendments – Interest Rate Benchmark Reform	1 January 2020	1 July 2020
• AASB 2020-8 Amendments – Interest Rate Benchmark Reform Phase 2	1 January 2021	1 July 2020
• Amendments to AASB 116 Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022	1 July 2020

The adoption of the above Standards and Interpretations do not have material impact on APA Group's accounting policies or any of the amounts recognised in the financial statements.

AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform & AASB 2020-8 Amendments – Interest Rate Benchmark Reform Phase 2

The impact of Interbank Offered Rate (IBOR) reform is considered immaterial as all long term borrowings are at fixed rate and AASB has provided relief to continue the application of hedge accounting. APA Group will continue to monitor the development and outcomes of the reform.

Standards and Interpretations issued not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations on issue but not yet effective are not expected to have material impact on APA Group's accounting policies or any of the amounts recognised in the financial statements.

Other items

13. Events occurring after reporting date

On 23 February 2021, the Directors declared an interim distribution of 24.0 cents per security ($283.2 million) for APA Group, an increase of 4.4%, or 1.0 cents per security over the previous corresponding period (31 December 2019: 23.0 cents). This is comprised of a distribution of 16.29 cents per security from APT and a distribution of 7.71 cents per security from APTIT. The APT distribution represents 16.29 cents per security capital distribution. The APTIT distribution represents a 1.97 cent per security unfranked profit distribution and a 5.74 cents capital distribution. The distribution will be paid on 17 March 2021.

As at the time of reporting, the developing and uncertain situation in respect of COVID-19 pandemic continues to be closely monitored by management and the directors of APA Group. Nothing has come to the attention of APA Group that would require adjustment to or additional disclosure in theses financial statements as a result of any recent COVID-19 developments.

Other than the events disclosed above, there have not been any events or transactions that have occurred subsequent to 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 2020

The Directors declare that:

(a) in the Directors' opinion, there are reasonable grounds to believe that Australian Pipeline Trust will be able to pay its debts as and when they become due and payable; 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 2021

Deloitte.

Deloitte Touche Tohmatsu
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23 February 2021

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 2020, we declare that to the best of our knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
(ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Jamie Gatt

Jamie Gatt
Partner
Chartered Accountants

TElliott

Taralyn Elliott
Partner
Chartered Accountants

Deloitte Touche Tohmatsu
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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 2020, 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 34 to 55.

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 2020 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 2020 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

DELOITTE TOUCHE TOHMATSU

Jamie Gatt	Taralyn Elliott
Partner	Partner
Chartered Accountants	Chartered Accountants
Sydney, 23 February 2021	Sydney, 23 February 2021

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 2020. 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 2020 are:

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

The Company Secretaries of the Responsible Entity during the half year and since the half year ended 31 December 2020 are Nevenka Codevelle and Amanda Cheney.

2 Principal Activities

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

3 State of Affairs

On 16 November 2020, Adam Watson commenced as APA's Chief Financial Officer as a result of Peter Fredricson's retirement on 31 December 2020.

4 Subsequent Events

The following events have occurred subsequent to the period end:

On 23 February 2021, the Directors declared an interim distribution for the 2021 financial year of 7.71 cents per unit ($91.0 million). The distribution represents a 1.97 cents per unit profit distribution and 5.74 cents per unit capital distribution. The distribution is anticipated be paid on 17 March 2021.

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 2020 and the date of this report any matter or circumstance that has significantly affected, or may significantly affect, the Group's operations, the results of those operations, or the Group's state of affairs, in future financial years.

5 Review and Results of Operations

Consolidated Entity reported net profit after tax was $23.2 million (1H FY2020: $28.3 million) and total revenue was $23.2 million (1H FY2020: $28.3 million) for the half year ended 31 December 2020.

6 Distributions

On 16 September 2020, APTIT paid a final distribution for the 2020 financial year of 6.73 cents per unit ($79.4 million). The distribution represented a 2.09 cents per unit profit distribution and a 4.64 cents per unit capital distribution.

On 23 February 2021, the Directors declared an interim distribution for the 2021 financial year of 7.71 cents per unit ($91.0 million). The distribution represents a 1.97 cents per unit profit distribution and 5.74 cents per unit capital distribution. The distribution is anticipated be paid on 17 March 2021.

7 Corporate Governance

At APA's Annual Meeting on 22 October 2020, special resolutions were passed by securityholders to amend the Constitutions of Australian Pipeline Trust and APT Investment Trust. The amendments primarily updated the meetings provisions and provided enhanced flexibility for hybrid or virtual annual meetings in the future.

8 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 70.

9 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.

10 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 2021

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 2020

	Note	31 Dec 2020 $000	31 Dec 2019 $000
Revenue	3	**23,159**	28,335
Profit before tax		**23,159**	28,335
Income tax expense		**-**	-
Profit for the period		**23,159**	28,335
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		**23,159**	28,335
Profit Attributable to:			
Unitholders of the parent		**23,159**	28,335
		23,159	28,335
Total comprehensive income attributable to:			
Unitholders of the parent		**23,159**	28,335

Earnings per unit		31 Dec 2020	31 Dec 2019
Basic and diluted (cents per unit)	4	**2.0**	2.4

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 2020

	Note	31 Dec 2020 $000	30 Jun 2020 $000
<u>Current assets</u>			
Receivables		**873**	852
<u>Non-current assets</u>			
Receivables		**5,630**	6,073
Other financial assets		**849,822**	905,631
Total non-current assets		**855,452**	911,704
Total assets		**856,325**	912,556
<u>Current liabilities</u>			
Trade and other payables		**13**	25
Total liabilities		**13**	25
Net assets		**856,312**	912,531
<u>Equity</u>			
Issued capital	6	**833,153**	887,845
Retained earnings		**23,159**	24,686
Total equity		**856,312**	912,531

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

Condensed Consolidated Statement of Changes in Equity

For the half year ended 31 December 2020

	Note	Issued capital $000	Retained earnings $000	Total $000
Balance at 1 July 2019		964,219	30,056	994,275
Profit for the period		-	28,335	28,335
Total comprehensive income for the period		-	28,335	28,335
Payment of distributions	5	(47,002)	(30,056)	(77,058)
Balance at 31 December 2019		917,217	28,335	945,552
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**

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 2020

	Note	**31 Dec 2020 $000**	31 Dec 2019 $000
Cash flows from operating activities			
Trust distribution – related party		**11,667**	12,647
Interest received – related party		**11,154**	15,316
Proceeds from repayments of finance leases		**584**	584
Receipts from customers		**176**	178
Payments to suppliers		**(12)**	-
Net cash provided by operating activities		**23,569**	28,725
Cash flows from investing activities			
Proceeds from related party		**55,809**	48,333
Net cash provided by investing activities		**55,809**	48,333
Cash flows from financing activities			
Distributions to unitholders	5	**(79,378)**	(77,058)
Net cash used in financing activities		**(79,378)**	(77,058)
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.

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.

2. General information

The condensed consolidated general purpose financial statements for the half year ended 31 December 2020 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 2020.

Segment information

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

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

Financial Performance

3. Profit from operations

Profit before income tax includes the following items of income:

	31 Dec 2020 $000	31 Dec 2019 $000
Revenue		
Distributions		
Trust distribution – related party	**11,667**	12,647
	11,667	12,647
Finance income		
Interest – related party	**11,154**	15,316
Finance lease income – related party	**163**	182
	11,317	15,498
Other revenue		
Other	**175**	190
Total revenue	**23,159**	28,335

4. Earnings per unit

	31 Dec 2020 cents	31 Dec 2019 cents
Basic and diluted earnings per unit	**2.0**	2.4

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

	31 Dec 2020 $000	31 Dec 2019 $000
Net profit attributable to unitholders for calculating basic and diluted earnings per unit	**23,159**	28,335

	31 Dec 2020 No. of units 000	31 Dec 2019 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]	**1,180,652**	1,180,151

(a) Includes 1.3 million (31 December 2019: 0.5 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.

Financial Performance

5. Distributions

	31 Dec 2020 cents per unit	31 Dec 2020 Total $000	31 Dec 2019 cents per unit	31 Dec 2019 Total $000
Recognised amounts				
Final FY2020 distribution paid on 16 September 2020				
(30 June 2019: Final FY2019 distribution paid on 11 September 2019)				
Profit distribution [a]	**2.09**	**24,686**	2.55	30,056
Capital distribution	**4.64**	**54,692**	3.98	47,002
	6.73	**79,378**	6.53	77,058
Unrecognised amounts				
Interim distribution payable on 17 March 2021 [b]				
(31 December 2019: Interim FY2020 distribution payable on 11 March 2020)				
Profit distribution [a]	**1.97**	**23,159**	2.40	28,335
Capital distribution	**5.74**	**67,840**	2.49	29,372
	7.71	**90,999**	4.89	57,707

(a) Profit distributions unfranked (30 June 2019 and 31 December 2019: unfranked).
(b) Record date 31 December 2020.

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 2020.

Capital Management

6. Issued capital

	31 Dec 2020 $000	30 Jun 2020 $000
1,179,893,848 units, fully paid (30 June 2020: 1,179,893,848 units, fully paid) [a]	**833,153**	887,845

	31 Dec 2020 No. of units 000	31 Dec 2020 $000	30 Jun 2020 No. of units 000	30 Jun 2020 $000
Movements				
Balance at beginning of financial year	**1,179,894**	**887,845**	1,179,894	964,219
Capital distributions paid (Note 5)	**-**	**(54,692)**	-	(76,374)
	1,179,894	**833,153**	1,179,894	887,845

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

Other

7. Contingencies

The Consolidated Entity had no material contingent assets, liabilities and commitments as at 31 December 2020 (30 June 2020: $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 material impact on the Consolidated Entity's accounting policies or any of the amounts recognsied in the financial statements.

9. Events occurring after reporting date

On 23 February 2021, the Directors declared an interim distribution for the 2021 financial year of 7.71 cents per unit ($91.0 million). The distribution represents a 1.97 cents per unit unfranked profit distribution and 5.74 cents per unit capital distribution. The distribution will be paid on 17 March 2021.

As at the time of reporting, the developing and uncertain situation in respect of COVID-19 pandemic continues to be closely monitored by management and the directors of APA Group. Nothing has come to the attention of APA Group that would require adjustment to or additional disclosure in theses financial statements as a result of any recent COVID-19 developments.

Other than the events disclosed above, there have not been any events or transactions that have occurred subsequent to 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 2020

The Directors declare that:

(a) in the Directors' opinion, there are reasonable grounds to believe that APT Investment Trust will be able to pay its debts as and when they become due and payable; 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 2021

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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23 February 2021

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 2020, we declare that to the best of our knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
(ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Jamie Gatt	TElliott
Jamie Gatt	Taralyn Elliott
Partner	Partner
Chartered Accountants	Chartered Accountants

Deloitte.

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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 2020, 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 61 to 69.

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 2020 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.

Deloitte.

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 2020 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

DELOITTE TOUCHE TOHMATSU

Jamie Gatt
Partner
Chartered Accountants
Sydney, 23 February 2021

Taralyn Elliott
Partner
Chartered Accountants
Sydney, 23 February 2021