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4 April 2007

APA GROUP TO ACQUIRE ORIGIN ENERGY NETWORKS

APA Group (APA) today announced it has entered into a conditional agreement with Origin Energy Limited to purchase the Origin Energy Networks assets for \$556.5 million plus \$15.4 million of transaction costs (including stamp duty), complementing APA's existing portfolio of energy transmission and distribution assets and substantially extending its presence across Australia.

Origin Energy Networks assets comprise Origin Energy Asset Management (OEAM), which provides management and operations services to gas distribution and transmission company Envestra Ltd (Envestra), a 17 percent stake in Envestra and a one-third interest in the SEA Gas pipeline. OEAM also includes a range of smaller complementary assets including NGV stations, cogeneration facilities and an interest in a services provider to the water industry.

Highlights

- Increases group revenues by approximately 40%
- Increases cash available for distributions and investment
- Initial funding from a committed bridge facility

The total purchase price for the assets compares favourably to recent Australian energy asset transactions.

- The \$252.9 million purchase price for OEAM represents a multiple of 13.1 times APA's forecast of EBITDA for fiscal 2007.
- The 17.2 percent stake in Envestra was purchased for \$170.4 million, or \$1.20 per security, representing a 4.4% discount to the closing price at 3 April 2007 of \$1.255 and below both the three and one-month Volume Weighted Average Price (VWAP) (Origin is entitled to a distribution expected to be paid prior to completion).
- The \$133.2 million acquisition price for the 33.3 percent interest in the SEA Gas pipeline represents a multiple of 14.5 times APA's forecast of EBITDA for fiscal 2007.

APA Group Managing Director, Mick McCormack, said the acquisition of Origin Energy Networks is a strong strategic fit because the assets and businesses acquired are principally involved in the distribution or transmission of gas, which is APA Group's core business.

"Origin Energy Networks operates under long-term contracts and has highly predictable revenue and cash flow streams. This acquisition will increase our free cash flow which in



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turn enhances our ability to deliver on our strategy to increase distributions by at least CPI annually.

“The acquisition also expands APA Group’s footprint. We now have significant operations in every Australian mainland state and territory.

“The OEAM business gives additional depth to our strategy of internal management and operations, consistent with our recent acquisitions of GasNet and Allgas.

“SEA Gas will not only give APA Group access to gas consumers in South Australia, but will also contribute to achieving APA Group’s objective of developing an east coast gas grid.

“The Origin Energy Networks acquisition also underscores APA Group’s commitment to gas as a fuel of transition. Future gas supply is a matter of vital importance for Australia and APA Group over the next decade, especially in light of growing concerns about global warming, and adopting gas as a fuel of transition will lead to a reduction in carbon emissions,” Mr McCormack said. “These are essential assets supplying gas into growing markets.”

Strategic benefits to APA

The acquisition further strengthens APA’s position as a leader in energy transport in Australia.

The acquisition of OEAM strengthens APA’s internal management model and provides a range of complementary operating and technical capabilities to pursue growth initiatives, including organic growth of existing assets within APA Group.

SEA Gas provides APA with access to Adelaide and South Australian gas markets. Growth opportunities exist with current gas flows below pipeline capacity and the SEA Gas pipeline enabling Otway Basin gas to flow to South Australia.

The acquisition also positions APA as a cornerstone investor and largest shareholder in Envestra – Australia’s largest natural gas distributor. APA will seek a level of board representation consistent with its shareholding. Envestra provides APA with further diversification of asset type and geography.

The acquisition will initially be funded via acquisition bridge facilities. APA is currently in the process of refinancing its debt facilities on more favourable terms than current debt.

Level 5
Airport Central Tower
241 O'Riordan Street
PO Box 934
Mascot NSW 2020

Phone: 61 2 9693 0000
Fax: 61 2 8339 0005
www.pipelinetrust.com.au

APA
Group



Australian Pipeline Ltd
ACN 091 344 704

Australian Pipeline Trust
ARSN 091 678 778

APT Investment Trust
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Completion of the transaction is expected to occur during July and therefore APA's FY07 distribution guidance of 28 cents per unit is unchanged, with the positive benefits of the acquisition starting in FY08.

Following completion of the acquisition in July 2007 APA Group's gearing will be within existing debt covenants.

For further information please contact:

Mick McCormack, APA Group
Managing Director
Telephone: (02) 9693 0000

Email:
mmccormack@pipelinetrust.com.au

Paula Hannaford, Gavin Anderson &
Company
Telephone: (02) 9552 4499 or Mb: 0413 940
180
Email: phannaford@gavinanderson.com.au



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APPENDIX 1

About SEA Gas

The SEA Gas Partnership is owner of the SEA Gas Pipeline, a 114 PJ p.a. capacity pipeline linking the Victorian gas fields to South Australian markets. It has been in operation since January 2004 and the capacity of the pipeline is fully contracted until 2019 to Foundation Shippers (Origin Energy Retail, Pelican Point Power, TRUenergy) providing for stable, low risk revenue. APA's GasNet performs the maintenance of the pipeline. Although fully contracted, pipeline gas flows are below full capacity providing an opportunity for additional non-firm contracts revenues with new contracts.

The SEA Gas Pipeline consists of three main interconnected legs comprising the Port Campbell to Adelaide (PCA) Pipeline, the Port Campbell to Adelaide (PCA) Lateral and the Port Campbell to Iona (PCI) Pipeline. The PCA Lateral is a 680 km pipeline that runs from the Minerva Gas Processing Plant in southwest Victoria to Pelican Point in Adelaide. It consists of a single (450 mm) pipeline for half its length and twin (350 mm) pipes between its two existing compressor stations. The PCA Lateral is a bi-directional lateral which branches off the PCA Pipeline just north of the Minerva gas processing plant, connecting the mainline to TRUenergy's Western Underground Gas Storage (WUGS) facility. The WUGS facility is connected to the PCA Lateral and the Victorian system. The PCI Pipeline is 11 km in length and connects the Minerva gas processing plant to the South West Pipeline at the Langley Connection Point (allowing gas to flow to or from Victoria's high-pressure gas transmission pipeline network).

About OEAM

OEAM provides the full range of services required to operate and manage gas and other energy and water infrastructure in Australia. Over 90% of OEAM's revenue is derived from its operating and management agreements with Envestra.

Other assets included in OEAM include:

- Natural gas vehicle (NGV) refuelling comprising 5 existing natural gas bus refuelling depots in Western Australia and South Australia operating under long term contracts and 14 forklift refuelling facilities in Victoria and South Australia
- Ownership of the SESA lateral, which is a 4km pipeline connecting the SEA Gas Pipeline to two power stations and the Snuggery Pipeline in South Australia
- Four hospital cogeneration facilities located in Queensland (Redcliffe, Toowoomba, Townsville) and Victoria (Geelong)
- Service and Installation Group (S&I Group) which provides hot water system services to domestic and industrial customers in South Australia and services to Origin Energy's LPG Group
- A 50% stake in CAMS, a joint venture with United Utilities which operates and manages the water and waste-water assets of Coliban Water in central Victoria. The contract commenced on 1 July 2003 and has a ten year term, with an option to extend for a further five years at Coliban Water's discretion. In August 2005, the joint venture was awarded additional works relating to operating, maintaining and upgrading the Epsom Bio-solids facility in Bendigo, under a three year contract.

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Total forecast FY07 revenues for OEAM and the other assets managed by OEAM (including the water joint venture) are approximately \$230.4 with EBITDA of \$19.3m. OEAM will be consolidated within the APA group of companies.

About Envestra

Envestra is Australia's largest natural gas distributor with approximately 19,100km of natural gas distribution networks and 1,029km of natural gas transmission pipelines. Envestra has gas distribution networks in Queensland, Victoria, New South Wales (Albury), South Australia and the Northern Territory and serves more than 980,000 consumers. Over 95% of Envestra's revenue is regulated.

During FY06 Envestra had revenues of \$340.2 million and EBITDA of \$240.8 million. Distributions from APA's shareholding in Envestra will be treated as income from associates.

About APA Group (APA)

APA Group, comprised of Australian Pipeline Trust and APT Investment Trust, is the major ASX-listed energy transmission company in Australia with interests in more than 10,000kms of natural gas pipeline infrastructure, over 2,300kms of gas distribution network in south east Queensland, a Coal Seam Gas processing plant, gas storage facilities and high voltage direct current interconnector systems including Murraylink and Directlink. The Group has a varied and quality customer base including AGL Energy, Cooper Eromanga Basin Producers, Xstrata, Newmont, CS Energy, BHP Billiton, Zinifex, Incitec Pivot, Origin, Energex, RioTinto, Nickel West, Synergy and Verve Energy.

Principal Advisers

Rothschild Australia Limited was financial adviser to APA on the acquisition, with legal advice provided by Chang, Pistilli & Simmons.



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APPENDIX 2

CONDITIONS OF AGREEMENT

OEAM business

Conditional on:

- Relevant Ministerial consents.
- Obtaining certain releases of the selling entities.
- The consent of Envestra and its financiers to an assignment of operating and management agreements from Origin Energy to APA Group.
- Simultaneous completion of the acquisition of the Envestra securities.

Envestra securities

Conditional only on simultaneous completion of the acquisition of the OEAM business.

Interest in SEA Gas

Conditional on no exercising of rights by other partners in the SEA Gas partnership.