

## APT Investment Trust and its Controlled Entities (ARSN 115 585 441) Directors' Report for the year ended 30 June 2016

The Directors of Australian Pipeline Limited ("Responsible Entity") submit their report and the annual financial report of APT Investment Trust ("APTIT") and its controlled entities (together "Consolidated Entity") for the financial year ended 30 June 2016. This report refers to the consolidated results of APTIT, one of the two stapled entities of APA Group, with the other stapled entity being Australian Pipeline Trust (together "APA").

### 1. Directors

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

Leonard Bleasel AM	Chairman
Michael (Mick) McCormack	Chief Executive Officer and Managing Director
Steven (Steve) Crane	
John Fletcher	
Michael Fraser	Appointed effective 1 September 2015
Debra (Debbie) Goodin	Appointed effective 1 September 2015
Russell Higgins AO	
Patricia McKenzie	
Robert Wright	Retired 22 October 2015

The Company Secretary of the Responsible Entity during and since the current period is as follows:

Nevenka Codevelle	Appointed 22 October 2015
Mark Knapman	Retired 22 October 2015

### 2. Principal Activities

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

### 3. State of Affairs

No significant change in the state of affairs of the Consolidated Entity occurred during the year.

### 4. Subsequent Events

Except as disclosed elsewhere in this report, the Directors are unaware of any matter or circumstance that has occurred since the end of the year that has significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in future years.

### 5. Review and Results of Operations

The Consolidated Entity reported net profit after tax of \$85.1 million (FY2015: \$46.3 million) for the year ended 30 June 2016 and total revenue of \$85.5 million (FY2015: \$46.4 million).

### 6. Distributions

Distributions paid to securityholders during the financial year were:

	Final FY 2015 distribution paid 16 September 2015		Interim FY 2016 distribution paid 16 March 2016	
	Cents per security	Total distribution \$000	Total distribution \$000	Total distribution \$000
APTIT profit distribution	2.38	26,488	3.88	43,290
APTIT capital distribution	-	-	-	-
<b>Total</b>	<b>2.38</b>	<b>26,488</b>	<b>3.88</b>	<b>43,290</b>

On 24 August 2016, the Directors declared a final distribution for APTIT for the financial year of 4.38 cents per security which is payable on 16 September 2016 and will comprise the following components:

	Final FY 2016 distribution payable 16 September 2016	
	Cents per security	Total distribution \$000
APTIT profit distribution	3.75	41,811
APTIT capital distribution	0.63	6,976
<b>Total</b>	<b>4.38</b>	<b>48,787</b>

Distribution information is presented on an accounting classification basis. The APA Group Annual Tax Statement and Annual Tax Return Guide (to be released in September 2016) will provide the classification of distribution components for the purposes of preparation of securityholder income tax returns.

## 7. Directors

### 7.1 Information on Directors and Company Secretary

See pages 6 to 7 for information relating to qualifications and experience on Directors and the Company Secretary.

### 7.2 Directorships of other listed companies

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

Name	Company	Period of directorship
Leonard Bleasel AM	–	–
Michael McCormack	Envestra Limited	July 2007 to September 2014
Steven Crane	nib holdings limited	Since September 2010
	Transfield Services Limited	February 2008 to February 2015
	Bank of Queensland Limited	December 2008 to January 2015
John Fletcher	–	–
Michael Fraser	Aurizon Holdings Limited	Since February 2016
	AGL Energy Limited	October 2007 to February 2015
Debra Goodin	Senex Energy Limited	Since May 2014
	oOh!media Limited	Since November 2014
Russell Higgins AO	Telstra Corporation Limited	Since September 2009
	Argo Investments Limited	Since September 2011
	Leighton Holdings Limited	June 2013 to May 2014
Patricia McKenzie	–	–

### 7.3 Directors' meetings

During the financial year, 14 Board meetings, five People and Remuneration Committee meetings, four Audit and Risk Management Committee meetings, four Health Safety and Environment Committee meetings and two Nomination Committee meetings were held. The following table sets out the number of meetings attended by each Director while they were a Director or a committee member:

Directors	Board		People and Remuneration Committee		Audit and Risk Management Committee		Health Safety and Environment Committee		Nomination Committee	
	A	B	A	B	A	B	A	B	A	B
Leonard Bleasel AM <sup>1</sup>	14	14	–	–	–	–	–	–	2	2
Michael McCormack	14	14	–	–	–	–	–	–	–	–
Steven Crane	14	13	5	5	4	4	–	–	2	2
John Fletcher	14	13	5	5	4	4	–	–	2	2
Michael Fraser <sup>2</sup>	12	12	3	3	–	–	3	3	2	2
Debra Goodin <sup>3</sup>	12	12	–	–	3	3	3	3	2	2
Russell Higgins AO	14	14	–	–	4	4	4	4	2	2
Patricia McKenzie	14	14	5	5	–	–	4	4	2	2
Robert Wright <sup>4</sup>	4	4	–	–	1	1	2	2	–	–

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

B: Number of meetings attended.

1) The Chairman attended all committee meetings of People and Remuneration, Audit & Risk Management and Health, Safety & Environment ex officio.

2) Michael Fraser was appointed as a Director effective 1 September 2015.

3) Debra Goodin was appointed as a Director effective 1 September 2015.

4) Robert Wright retired as a Director on 22 October 2015.

## 7.4 Directors' securityholdings

The aggregate number of APA securities held directly, indirectly or beneficially by Directors or their Director related entities at 30 June 2016 is 1,322,074 (2015: 1,305,883).

The following table sets out Directors' relevant interests in APA securities as at 30 June 2016:

Directors	Fully paid securities as at 1 July 2015	Securities acquired	Securities disposed	Fully paid securities as at 30 June 2016
Leonard Bleasel AM	614,216	–	–	614,216
Michael McCormack	278,120	21,880	–	300,000
Steven Crane	130,000	–	–	130,000
John Fletcher	88,250	–	–	88,250
Michael Fraser <sup>1</sup>	–	25,000	–	25,000
Debra Goodin <sup>2</sup>	–	19,000	–	19,000
Russell Higgins AO	122,719	–	–	122,719
Patricia McKenzie	19,986	2,903	–	22,889
Robert Wright <sup>3</sup>	52,592	–	–	–
	1,305,883	68,783	–	1,322,074

1) Michael Fraser was appointed as a Director effective 1 September 2015.

2) Debra Goodin was appointed as a Director effective 1 September 2015.

3) Robert Wright retired as a Director on 22 October 2015. He held 52,592 fully paid securities on retirement.

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

## 8. Options Granted

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

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

## 9. Indemnification of Officers and External Auditor

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

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

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

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

## 10. Information Required for Registered Schemes

Fees paid to the Responsible Entity and its associates (including directors and secretaries of the Responsible Entity, related bodies corporate and directors and secretaries of related bodies corporate) out of APA scheme property during the year are disclosed in Note 16 to the financial statements.

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

The number of APTIT units issued during the year, and the number of APTIT units at the end of the year, are disclosed in Note 11 to the financial statements.

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

## 11. Auditor's Independence Declaration

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A copy of the independence declaration of the auditor, Deloitte Touche Tohmatsu ("Auditor") as required under section 307C of the *Corporations Act 2001* is included at page 116.

## 12. Rounding of Amounts

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

## 13. Authorisation

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

On behalf of the Directors



Leonard Bleasel AM  
**Chairman**

Sydney, 24 August 2016



Steven Crane  
**Director**