



# DUET

Diversified Utility and Energy Trusts

Investor Presentation

Dampier to Bunbury Natural Gas Pipeline (DBNGP)

2 for 3 Non-Renounceable Entitlement Offer

November 2004

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The issuers of the DUET units are AMPCI Macquarie Infrastructure Management No 1 Limited (ABN 99 108 013 672) (AFSL 269286) and AMPCI Macquarie Infrastructure Management No 2 Limited (ABN 15 108 014 062) (AFSL 269287). A product disclosure statement will be made available when the DUET stapled units become payable for subscription by retail clients. It is expected this will occur by the end of November 2004. The product disclosure statement will be available from Macquarie Equity Capital Markets Limited.

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# Agenda

1. Key Points
2. Overview
3. Investment Highlights
4. DBNGP Acquisition
5. Financial Impact on DUET
6. Details of the Offer
7. Conclusion
8. Appendices

# Key Points

## DBNGP Acquisition

- ➔ DUET (60% - on a fully diluted basis, initially 89%), Alinta (20%) & Alcoa (20%) consortium acquire DBNGP for \$2,045m\*
- ➔ Delivering on DUET strategy
  - ➔ Further diversification across asset, energy & geographic mix
  - ➔ Positive financial impact
  - ➔ Leveraging AMP/Macquarie joint venture
- ➔ Funding
  - ➔ Stapled Units: \$395m non-renounceable 2 for 3 entitlement offer
  - ➔ POWERS: \$155m non-renounceable 1 for 5 entitlement offer & placement
- ➔ Post offer DUET market capitalisation approximately \$1 billion – largest of sector peers

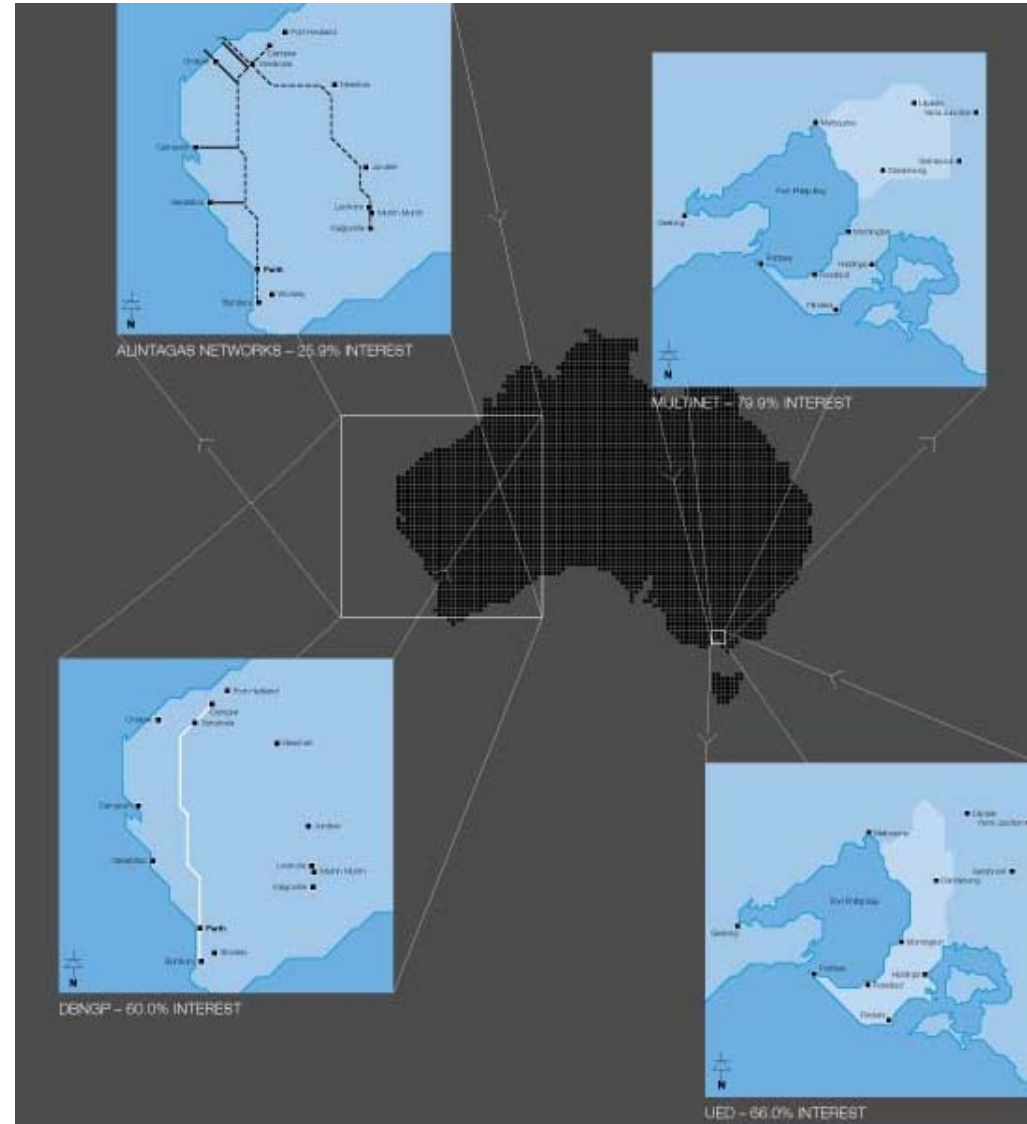


# Overview

# Overview

## DBNGP - Investment Highlights

- ➔ Attractive yield
  - full year 05 distribution
- ➔ Delivering on growth strategy
- ➔ Increased diversification
  - reduced regulatory exposure via long term shipper (customer) contracts
- ➔ Long term financial benefits
- ➔ Exposure to forecast growth in Western Australian gas market

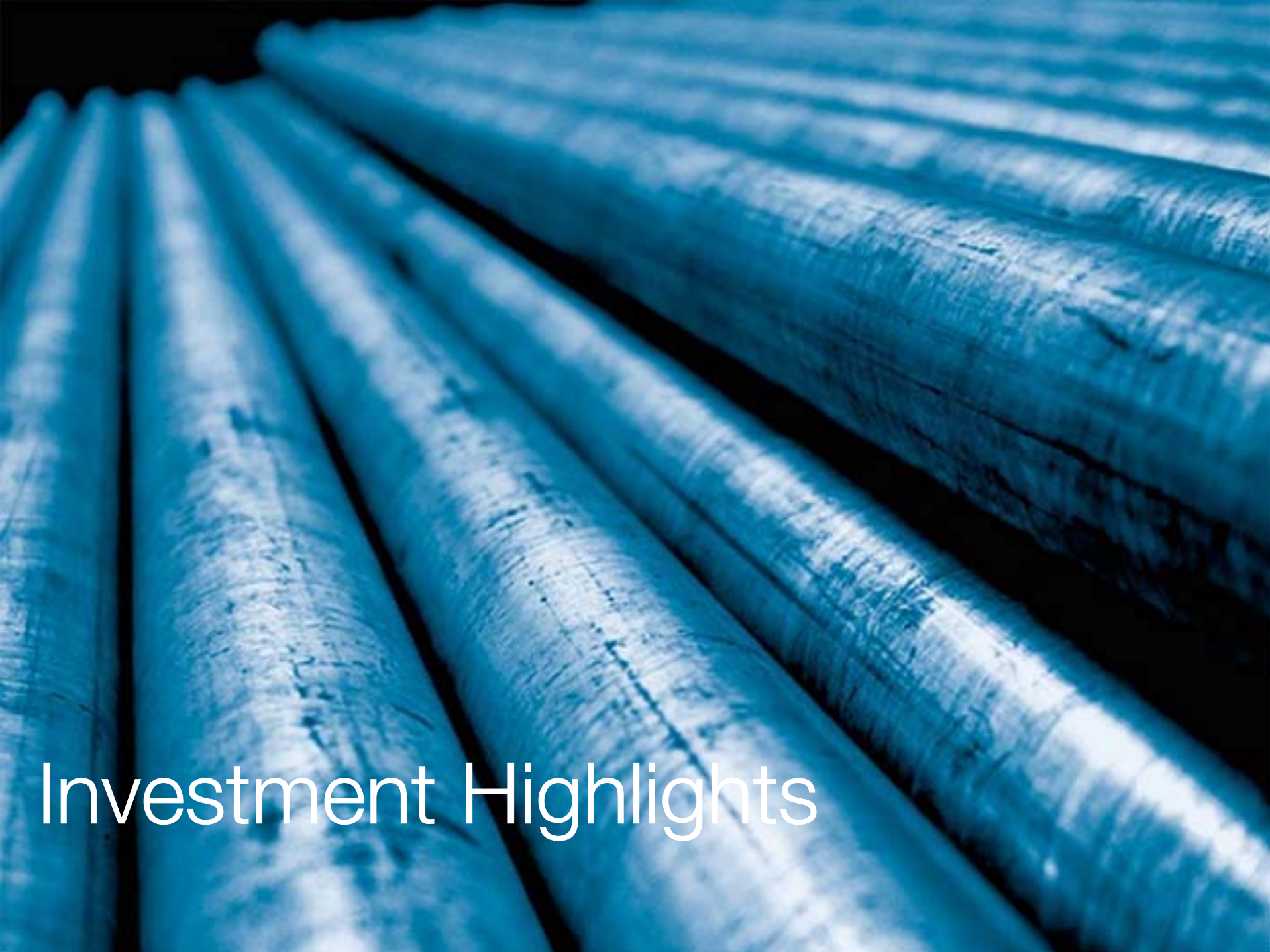


# Overview

## Investment Outcome - DBNGP

- ➔ Strategic gas transmission asset
- ➔ Fully contracted
- ➔ Pent up additional demand
- ➔ Economic monopoly – sole supply from NWS to Perth & surrounds
- ➔ WA heavy reliance on gas as energy source
- ➔ Confirms execution of DUET's unique, competitive structural model



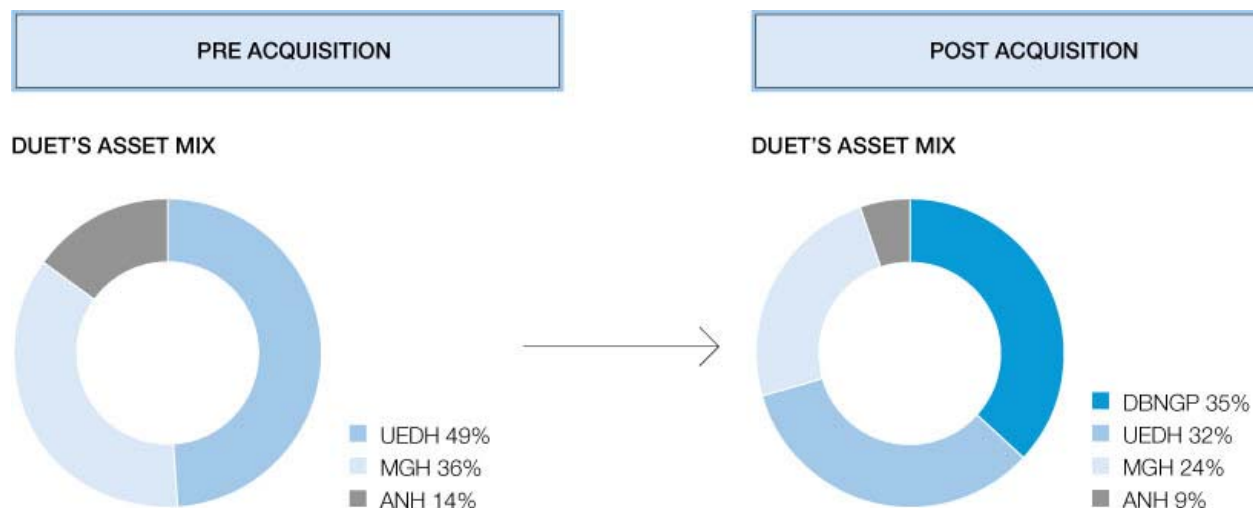


# Investment Highlights

# Investment Highlights

## Increased Diversification - Asset Mix

- The DBNGP will represent approximately 35% of DUET's total asset portfolio worth \$5.5billion



# Investment Highlights

## Increased Diversification – Energy & Geographic Mix

→ Greater geographic diversification

PRE ACQUISITION

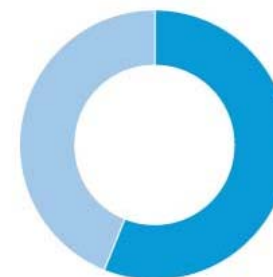
DUET'S GEOGRAPHIC MIX



■ VICTORIA 85%  
■ WESTERN AUSTRALIA 15%

POST ACQUISITION

DUET'S GEOGRAPHIC MIX



■ VICTORIA 56%  
■ WESTERN AUSTRALIA 44%

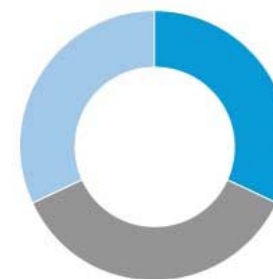
→ Gas transmission pipeline added to gas and electricity distribution networks

DUET'S ENERGY MIX



■ Electricity Distribution 49%  
■ Gas Distribution 51%

DUET'S ENERGY MIX

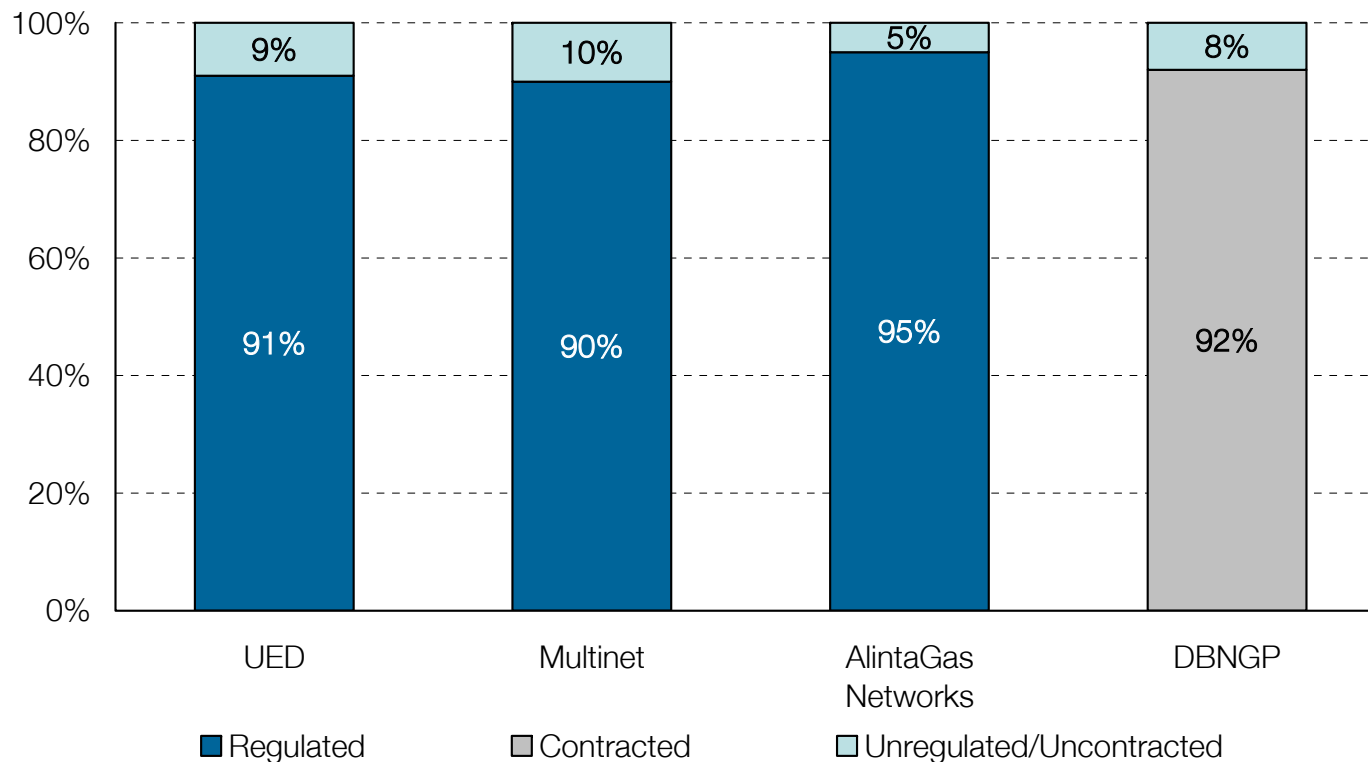


■ Electricity Distribution 32%  
■ Gas Distribution 33%  
■ Gas Transmission 35%

# Investment Highlights

## Reduced Regulatory Exposure

Breakdown of Revenue by Regulated/Contracted Source



- ➔ The DBNGP Group has entered long term gas transportation agreements with the major shippers
- ➔ The tariffs which have been agreed under these contracts apply until 2016 when they revert to the Regulated Tariff

# Investment Highlights

## Exposure to Growing WA Gas Market

- DBNGP links the north-west shelf gas fields with Perth and surrounding regions industrial, commercial and residential customers
- Natural gas accounts for 46% of Western Australia's energy consumption
- Western Australian gas consumption has more than doubled over the last 10 years
- The Carnarvon and Browse Basins, which supply the DBNGP, contain more than 80% of Australia's total known gas reserves

# Investment Highlights

## Key Drivers for Growth in the WA Gas Market

1. Increased alumina production
  - WA produces 20% of the worlds supply of alumina
  - Significant expansions by Alcoa and BHP Billiton to meet increased demand from China
  
2. New electricity demand
  - 70% of new electricity demand is expected to be fuelled by natural gas
  - Western Power – Power Procurement Process Stage 2
  - Alinta cogeneration
  
3. Economic growth
  - Growth in the WA economy (historically 3%) continues to fuel gas consumption



# DBNGP Acquisition

# DBNGP Acquisition

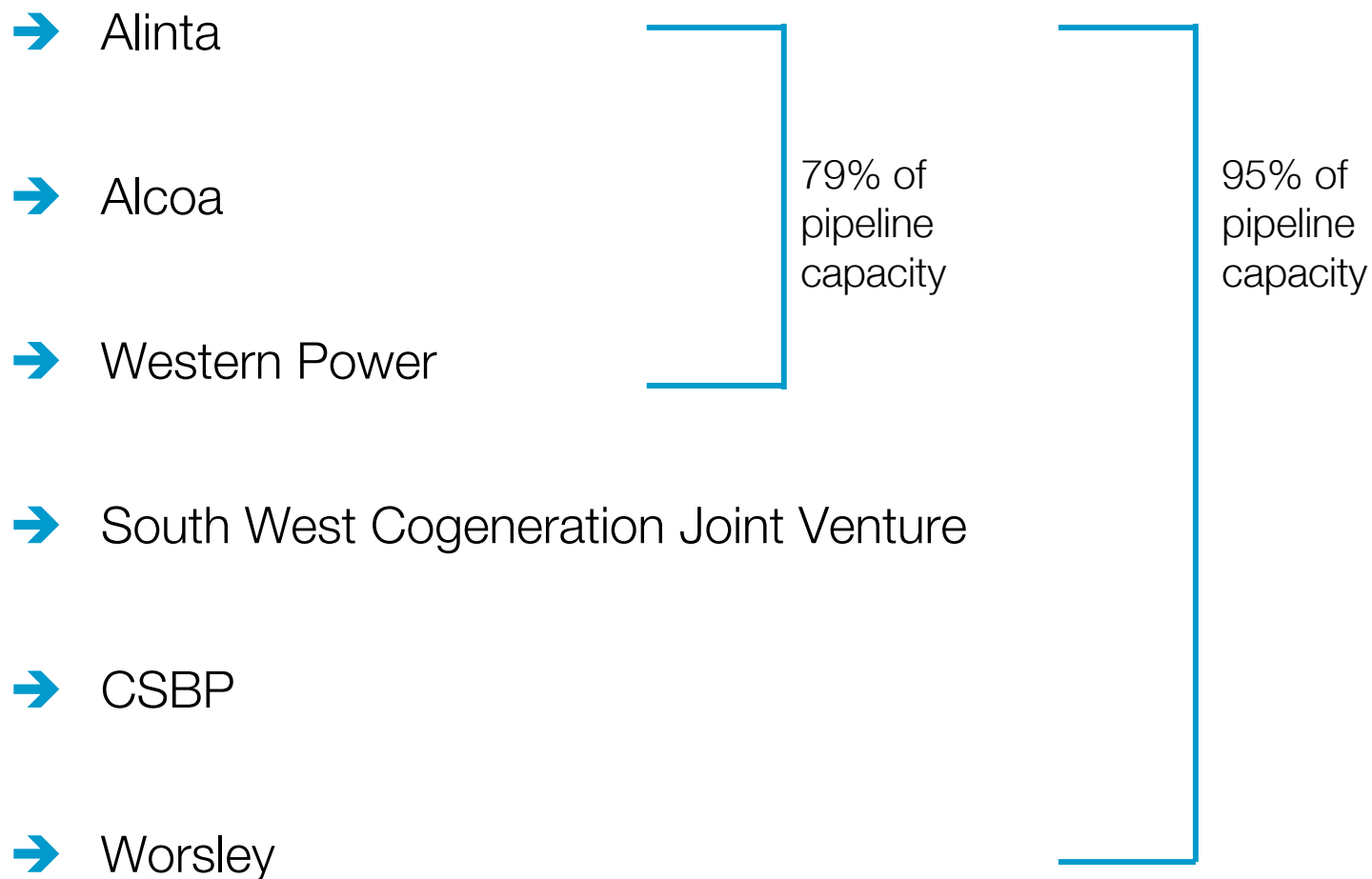
## Asset Profile

- Western Australia's largest gas transmission pipeline linking the north west shelf with Perth and surrounding areas
  - Pipeline length (km): 1,597
  - Capacity (TJ/day): 620 - 650
  - Network Assets
    - 10 mainline compressor stations
    - 52 meter stations
    - 157 mainline valves



# DBNGP Acquisition

## Key Customers



# DBNGP Acquisition

## Consortium Revenue Strategy

- Standard Shipper Contracts (SSC) key objectives
  - Transitional tariff profile that supports the acquisition price
  - Eventual reversion to a regulated tariff
  - Additional capacity for shippers
  
- Alcoa Exempt Contract retained
  - Alcoa foundation shipper underpinning pipeline construction
  - Evergreen contract based on original terms
  
- Expansion only if additional capacity contracted
  - Significant pent up demand
  - 100 TJ/d committed to ACCC and Western Australian Government
  - Financing committed for initial phase of expansion – partly paid units & debt finance

# DBNGP Acquisition

## Consortium Acquisition Strategy

- Re-commercialise DBNGP through:
  - Sustainable capital re-structure
  - Agreeing long term shipping contracts (11 years)
  - Committing to capacity expansion for growth

	Alinta	Alcoa	DUET
<b>Roles</b>	<ul style="list-style-type: none"> <li>→ Operational services provider</li> <li>→ Key shipper (approximately 29% of contracted capacity)</li> <li>→ Fund future growth through partly paid shares</li> </ul>	<ul style="list-style-type: none"> <li>→ Key shipper (approximately 41% of contracted capacity)</li> <li>→ Fund future growth through partly paid shares</li> </ul>	<ul style="list-style-type: none"> <li>→ Majority shareholding</li> <li>→ Treasury and Finance</li> </ul>

# DBNGP Acquisition

## Sale Process

### → Consortium members equity contributions

Equity in DBNGP Trust	\$1 Units (m)	Fully Paid (\$m)	Partly Paid (\$m)	Future Calls (\$m)	Total (\$m)	Voting Rights <sup>(1)</sup>
DUET <sup>(2)</sup>	362.7	362.7	-	-	362.7	60.0%
Alcoa	120.9	-	23.0	97.9	120.9	20.0%
Alinta	120.9	-	23.0	97.9	120.9	20.0%
	<b>604.6</b>	<b>362.7</b>	<b>46.0</b>	<b>195.9</b>	<b>604.6</b>	<b>100.0%</b>

Upfront	\$408.7m
Deferred	\$195.9m

Note:

1. Voting percentage reflects that the partly paid units have full voting rights
2. Pending completion of the Offer, DUET has funded its equity contribution by drawing down the Bridge Facility which has been provided by Macquarie, AMP Life and AMP Capital (as RE of SHYF)
3. The trustee of the DBNGP Trust, DBNGP Holdings Pty Ltd, may make calls to meet the capital expenses of expanding the DBNGP. Alcoa and Alinta must pay all of the unpaid balance of the issue price no later than 18 October 2008

# DBNGP Acquisition

## Funding

→ The funding of the Consortium Acquisition is detailed below:

Sources of Funds	\$ millions	Uses of Funds	\$ millions
Equity	409	Acquisition of Sale Securities and repayment of existing bank debt	1,768
Subordinated debt / POWERS	150	Compressor acquisition cost	25
Senior debt – Tranche A	500	Unwind of existing swaps	52
Senior debt – Tranche B	380	Receivers' costs	20
Senior debt bridge facility	500	= Payments to existing banks & receiver	1,865
Long term loan (WA Govt)	88	Stamp duty	88
Working Capital Facility	18	Transaction costs	81
		Transition cost reserve	11
<b>Total Sources of Funds</b>	<b>2,045</b>	<b>Total Uses of Funds</b>	<b>2,045</b>



# Financial Impact on DUET

# Financial Impact on DUET

## Capital Raised

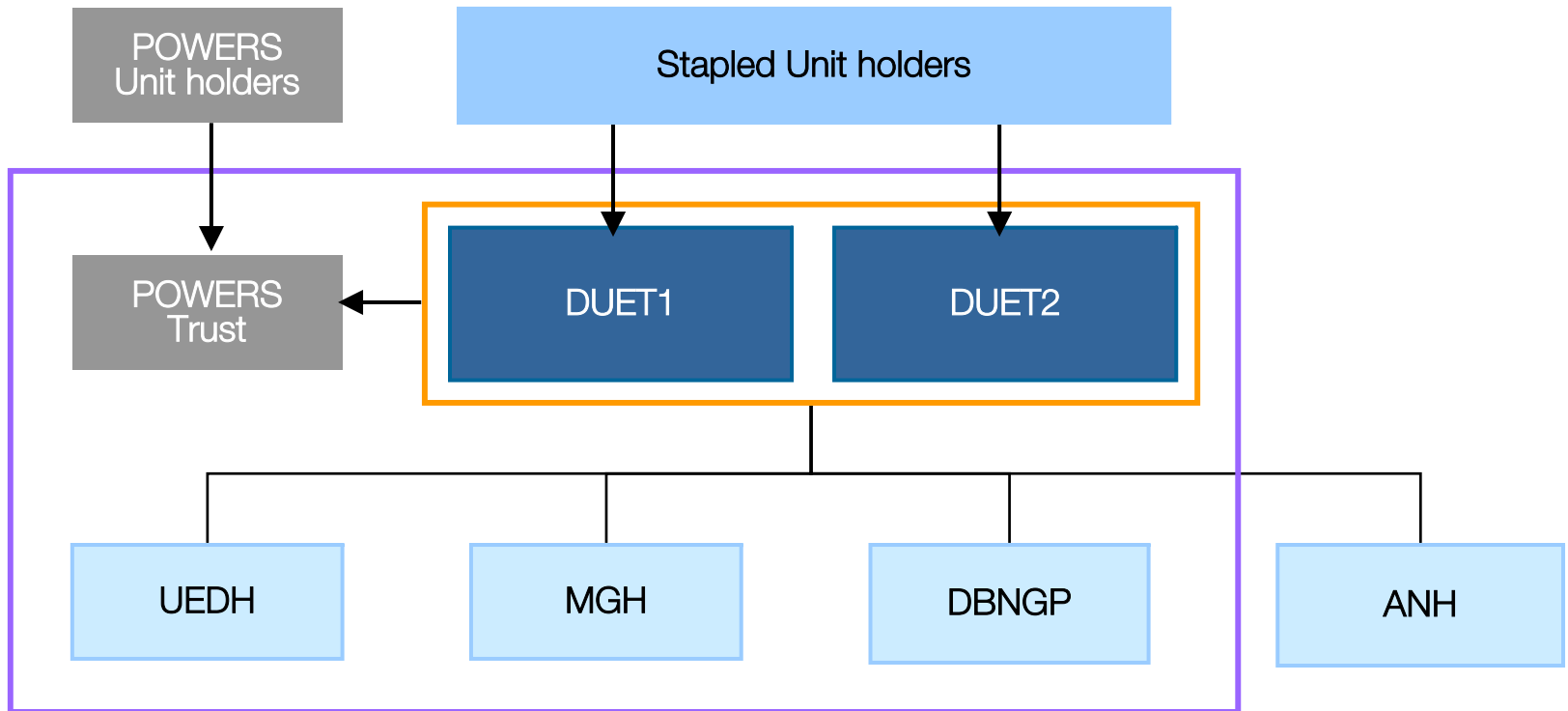
Application of funds raised (\$m)*	DUET	POWERS
Repayment of bridge facility	364.0	150.0
DDB Co working capital	10.8	-
DUET working capital	6.3	1.1
FOLA establishment fee	-	3.4
Stapled unit distribution	7.2	-
Expenses	6.7	0.5
<b>Total capital raised</b>	<b>395.0</b>	<b>155.0</b>

\*Based on application price of \$2.40

- Expenses notionally split between DUET and POWERS
- POWERS Trust will on lend \$155m to DUET, less a \$3.4m establishment fee.
- DUET working capital of \$10.8m injected into DUET Dampier Bunbury as equity
- DUET capitalised distributions ensures 21.7cps is distributed for FY2005

# Financial Impact on DUET

Consolidates Another Entity into Group



Consolidated Entity / DUET Group



Parent Entity / DUET Parent

# Financial Impact on DUET

## Statement of Financial Position

DUET Group Pro Forma Financial Position (\$m)	30 June 2004 Actual	1 July 2004 PF
Cash	55.1	83.1
Other current assets	99.7	126.2
Property, Plant and Equipment	1,851.0	3,118.1
Intangibles	1,138.0	2,029.7
Other non-current assets	162.7	190.6
<b>Total assets</b>	<b>3,306.5</b>	<b>5,547.6</b>
Current liabilities (excluding bridge facilities – to be refinanced)	115.3	88.3
Interest bearing liabilities	2,645.3	4,178.1
Other non-current liabilities	43.1	309.1
<b>Total liabilities</b>	<b>2,803.7</b>	<b>4,575.5</b>
<b>Net assets</b>	<b>502.8</b>	<b>972.2</b>
Outside equity interests	64.4	98.8
<b>DUET equity</b>	<b>438.4</b>	<b>873.4</b>
Gearing (Net Debt / Total Assets)	78.3%	73.8%

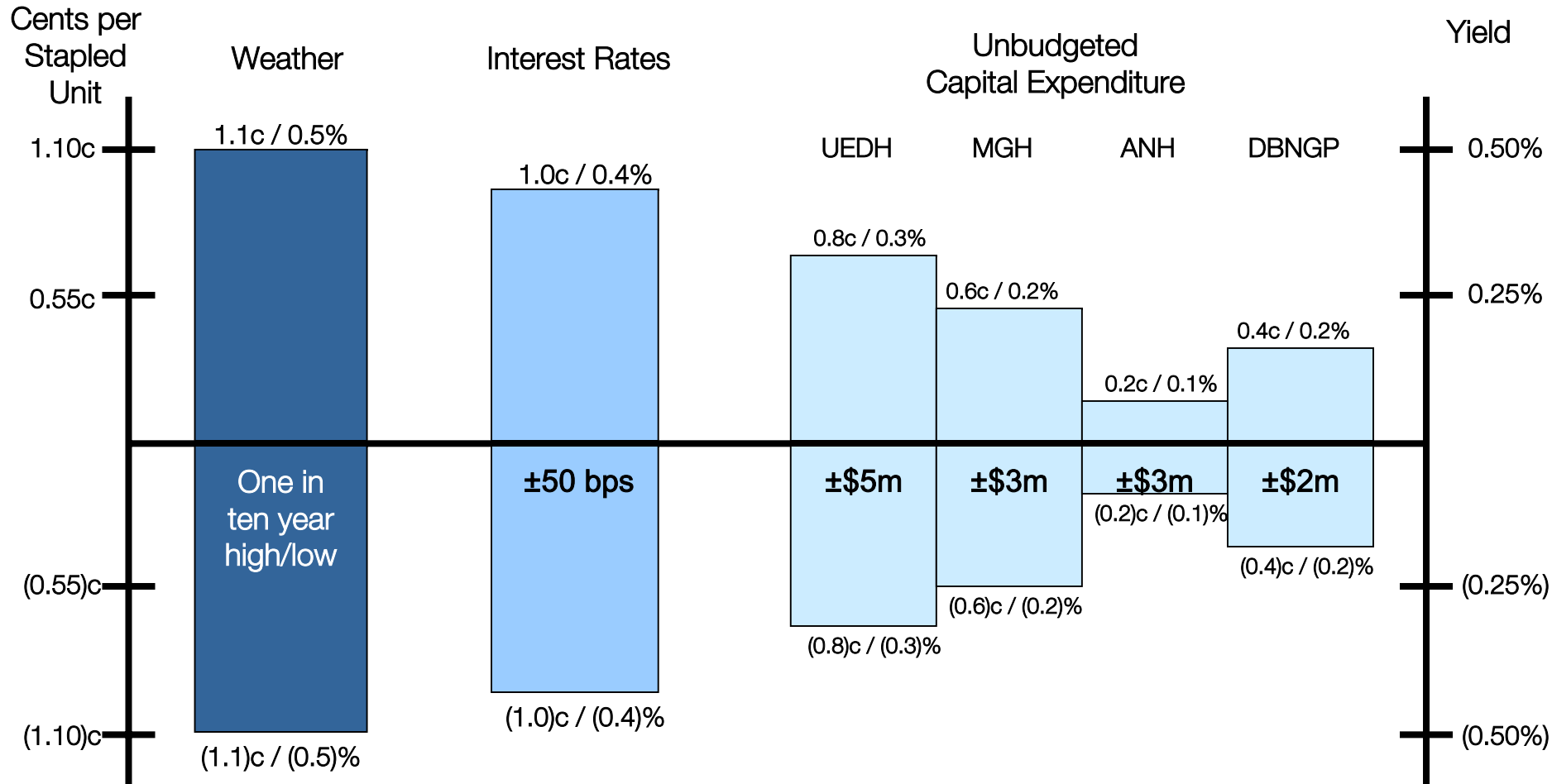
# Financial Impact on DUET

## Statement of Financial Performance

DUET Group	Group (\$m)	Parent (\$m)	DUET Parent
Distribution/Transmission revenue	703.9	105.4	Interest income
Other revenue	54.8	32.8	Dividend & other income
<b>Total revenue</b>	<b>758.7</b>	<b>138.2</b>	<b>Total income</b>
Operating expenses	251.8	2.9	Operating expenses
Management fees	9.4	9.4	Management fees
Transition costs	10.9		
<b>EBITDA</b>	<b>486.6</b>	<b>125.9</b>	<b>EBITDA</b>
Depreciation and amortisation	175.5		
Senior debt interest	220.2	8.2	Bridge debt interest and expenses
POWERS interest	38.6	38.6	POWERS interest
Other	9.9		
<b>Net profit before tax</b>	<b>42.4</b>	<b>79.1</b>	<b>Net profit before tax</b>
Tax	9.1		
OEI	3.3		
<b>Net profit attributable to members of the DUET Group</b>	<b>30.0</b>	<b>79.1</b>	<b>Net profit attributable to members of the DUET Group</b>
		<b>23.9</b>	<b>Weighted Average EPS (cps)</b>
		<b>21.7</b>	<b>DPS (cps)</b>

# Financial Impact On Duet

## Sensitivity Analysis – Impact on DUET Distributions



# Financial Impact on DUET

## Asset Companies ICRs and Distributions

FY2005	UED Group	Multinet Group	Alinta Networks	DBNGP Group
Senior lock up	1.40x	1.50x <sup>1</sup>	1.45x	1.40x
Forecast 30 June 2005 ICRs	1.61x	1.58x	1.56x	2.01x
Weather	±0.02x	±0.07x	n/a	n/a
Unhedged interest rates	±0.02x	±0.03x	±0.03x	±0.01x
Capital expenditure	±0.06x	±0.06x	±0.09x	±0.03x

Impact of lock up FY2005	Impact of lock up (\$m)	Residual DUET funds <sup>2</sup>	POWERS coverage (x)	Stapled unit distributions (cents)
FY2005 Forecast		127.1	3.3	21.7
UED Group lock up	-51.5	75.6	2.0	9.2
Multinet Group lock up	-33.5	93.6	2.4	13.6
Alinta Networks lock up	-11.9	115.2	3.0	18.8
DBNGP Group lock up	-35.3	91.8	2.4	13.1

1. Expected to reduce to 1.4x once the Common Terms Deed Poll is amended.
2. Represents DUET's income less fund opex and bridge interest/financing costs.



# Details of the Offer

# Details of the Offer

## Offer Structure

### Issuers

- The responsible entities of DUET1 and DUET2
- Non-Renounceable entitlement offer of 2 New Stapled Units for every 3 Existing Stapled Units

### Offer Structure

- Institutional Entitlement Offer
- Retail Entitlement Offer
- Public Offer

### Lead Manager

- Macquarie Equity Capital Markets Limited

### Underwriters

- Macquarie Equity Capital Markets Limited
- AMP Capital Investors Limited

# Details of the Offer

## Key Offer Statistics

Indicative Price Range	\$2.38 - \$2.48
Ratio of New Stapled Units to Existing Stapled Units	2 for 3
Forecast distribution per Stapled Unit for the year ending 30 June 2005*	21.7 cents
Forecast FY2005 Yield – New Stapled Units**	8.8% - 9.1%
Total number of Stapled Units available under the Offer	approx. 165 million
Total number of Stapled Units on issue following the Offer	approx. 412 million
Offer size	\$392 to \$408 million
Market capitalisation post Offer	approx. \$1,000 million

\* No assurance is given that forecasts will be achieved \*\* Based upon indicative price range

# Details of the Offer

## Offer Timetable\*

### Summary of Key Dates

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Institutional Offer	Tue 16 – Wed 17 November
Lodge PDS	Fri 19 November
Record Date	Fri 19 November
Retail Offer opens	Wed 24 November
Latest date for receipt of Application Forms and payment for Initial Allocation	Fri 3 December
Initial Allotment Date	Thu 9 December
Retail Offer closes	Fri 10 December
Normal trading on ASX of New Stapled Units under Initial Allocation	Tue 14 December
Final allotment Date	Mon 20 December
Normal trading on ASX of New Stapled Units under Final Allocation	Thurs 23 December

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\*The dates are indicative only. The Issuers, in consultation with the Lead Manager, reserve the right to vary the dates.



# Conclusion

Acquisition of DBNGP results in substantial additional diversification of DUET portfolio:

- addition of strategic gas transmission asset
- supported by long term shipper contracts
- underpin stable, predictable operating cash flows

DUET portfolio is characterised by:

- a stable, predictable and sustainable distribution profile
- the potential for income growth through existing and additional assets
- well positioned to participate in further sector rationalisation
- supported by reach and resources of AMP/Macquarie joint venture

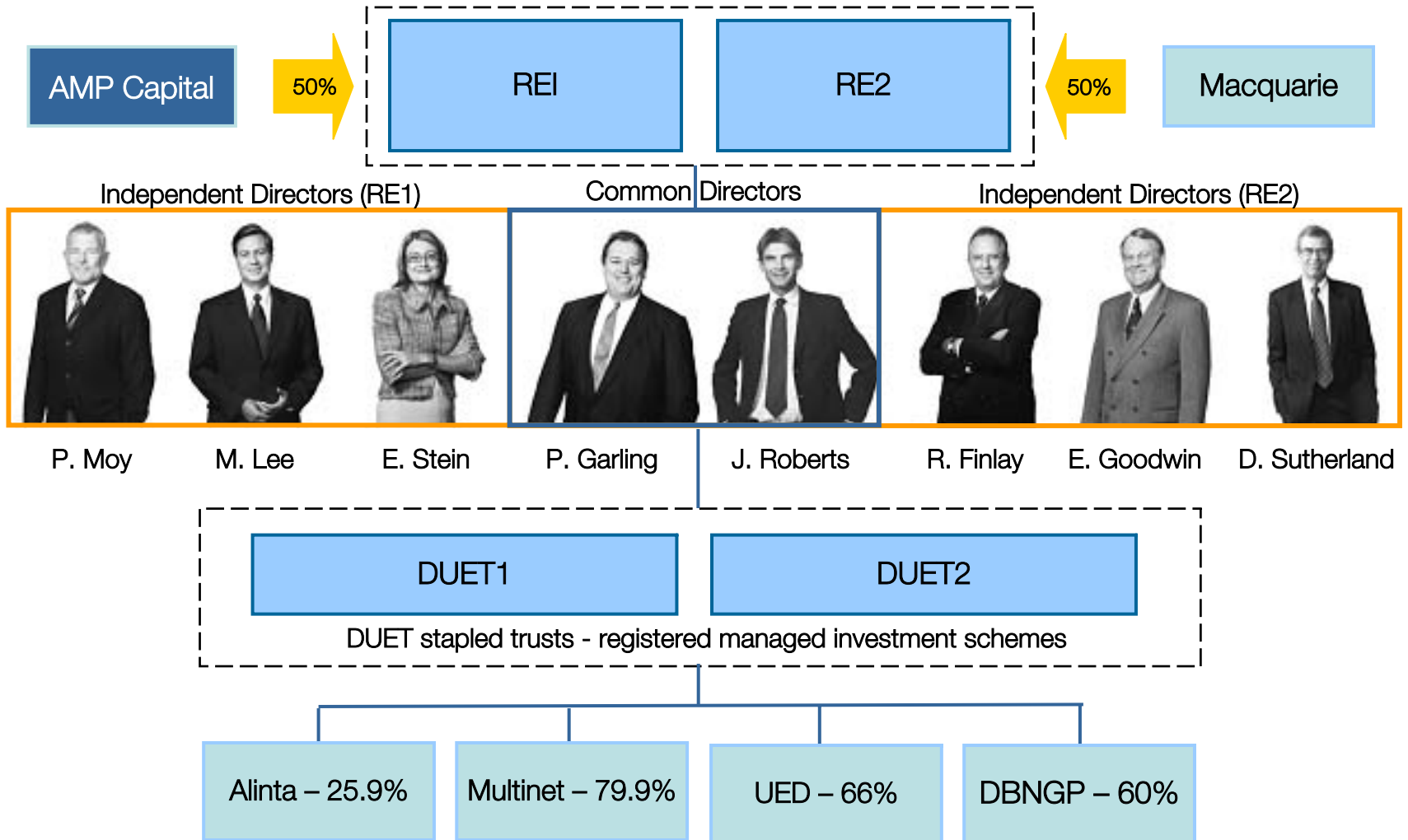


# Appendices

- Management fees comprise a Base Fee and a Performance Fee
- Base Fee
  - The base fee is calculated quarterly in arrears and is calculated as 1% per annum of the Net Investment Value (NIV)
  - NIV includes market capitalisation plus external borrowings and commitments to new investments, less cash held. Borrowings, cash or cash equivalents held in operating vehicles are not included.
- Performance Fee
  - Calculated and payable half yearly in arrears in cash or units<sup>1</sup>
  - 20% of out-performance by reference to the ASX S&P 200 Industrials Accumulation Index
  - Deficits carried forward

1. The Issuers are entitled to nominate a third person to subscribe for Stapled Units with the proceeds of the Performance Fee. The decision would be made by the independent directors acting in the interests of investors.

# Responsible Entities - Structure



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