



DUET

Diversified Utility and Energy Trusts

Investor Presentation

June / July 2004



Agenda

1. DUET Overview
2. Existing Assets
3. Financial Overview
4. Details of the Offer
5. Appendices



Overview

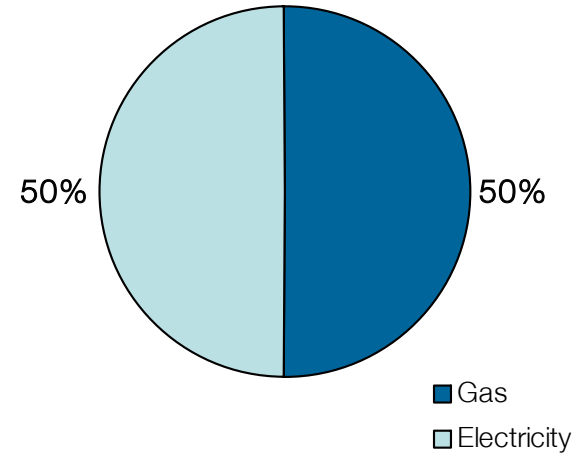


1. DUET Overview

Introduction

→ DUET is an investment fund established to invest in energy and utility assets primarily in Australia and New Zealand

→ DUET offers a balanced exposure to electricity and gas



→ DUET's Existing Assets

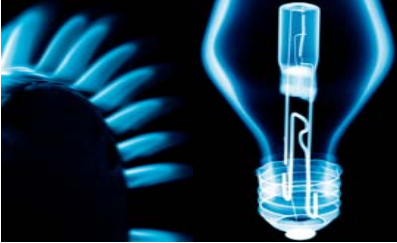
	% Equity	% Sub-debt	\$m Value	% of DUET's Assets
UED	66%	100%	469	50%
Multinet	75%	100%	343	35%
AlintaGas Networks	26%	100%	135	15%



1. DUET Overview

DUET's Competitive Advantage

- Financial Owner vs Industry Player
- Defined Growth Strategy
- AMP Capital / Macquarie Resources Support
- Electricity Network Exposure



1. DUET Overview

Investment Highlights

- Attractive Yield
- Stable Distributions
- Diversification
- Macquarie and AMP Life cornerstones
- Experienced Board and Management

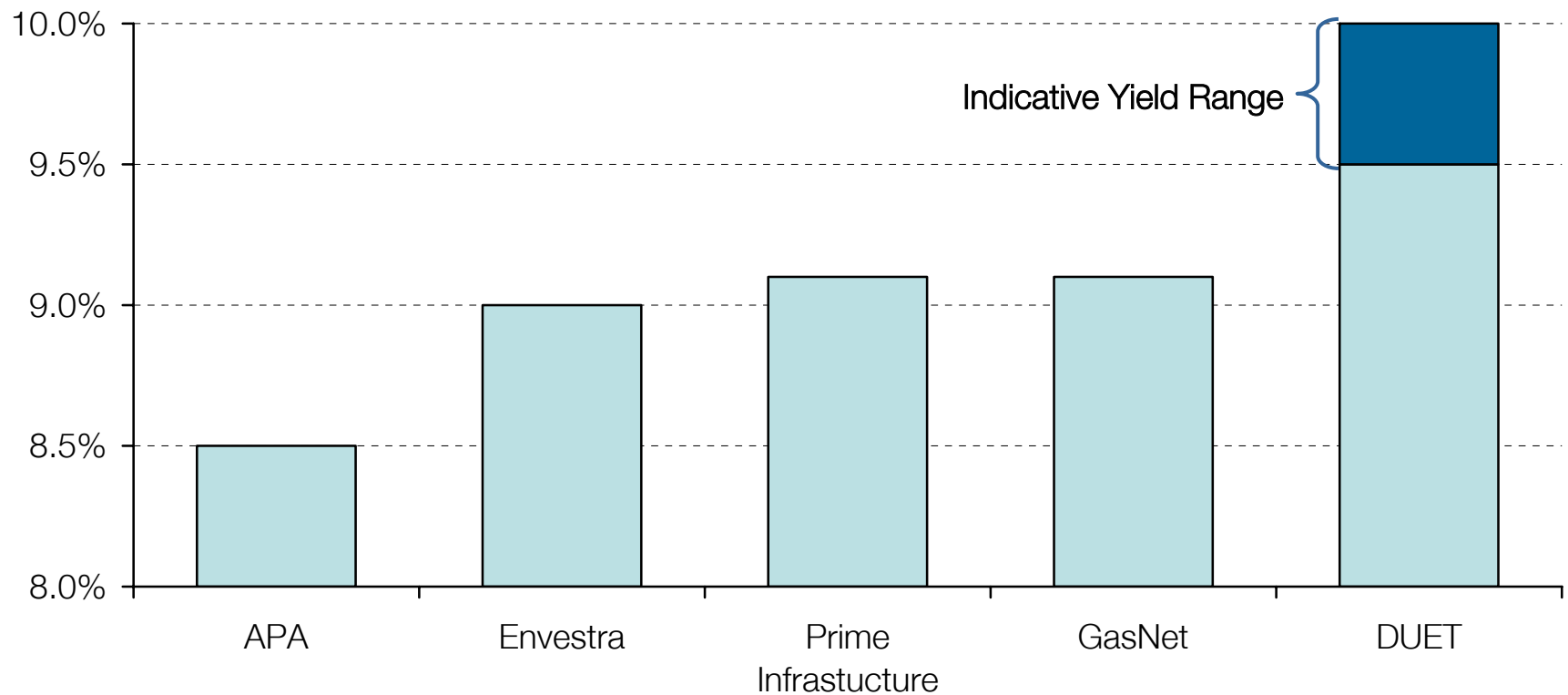


1. DUET Overview

Attractive Yield

➔ DUET's forecast FY2005 yield is 9.5%

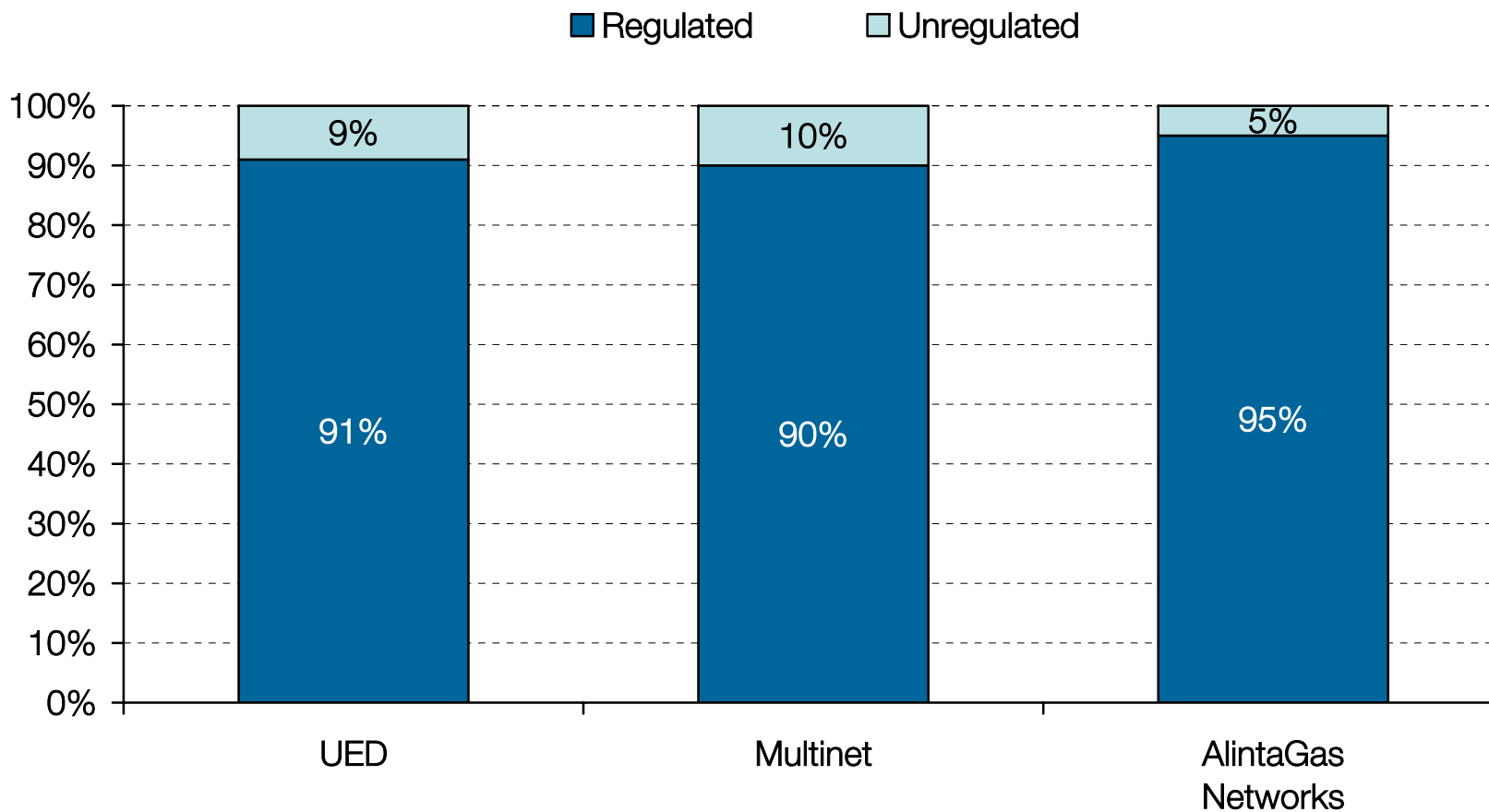
FY2005 Cash Yield





1. DUET Overview

Predictable Revenue Streams



➔ DUET's Existing Assets are characterised by stable and predictable revenues



1. DUET Overview

Diversification Benefits

Energy Source

- UED (electricity) balances Multinet/AlintaGas Networks (gas)
- electricity summer peak vs. gas winter peak

Regulation

- Different regulatory reset dates
- Regulator diversity - ESC (UED, Multinet), ERA (AlintaGas)

Geography

- East Coast / West Coast

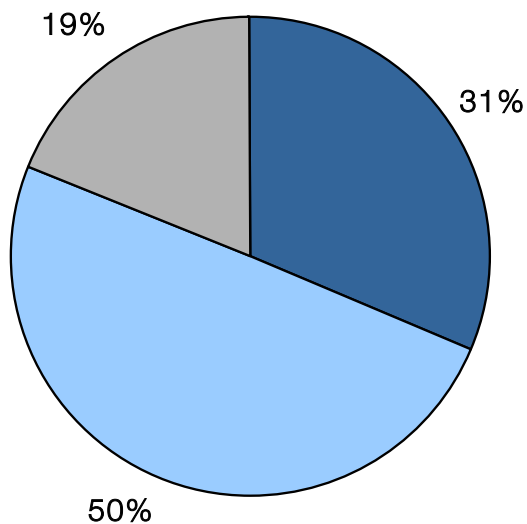


1. DUET Overview

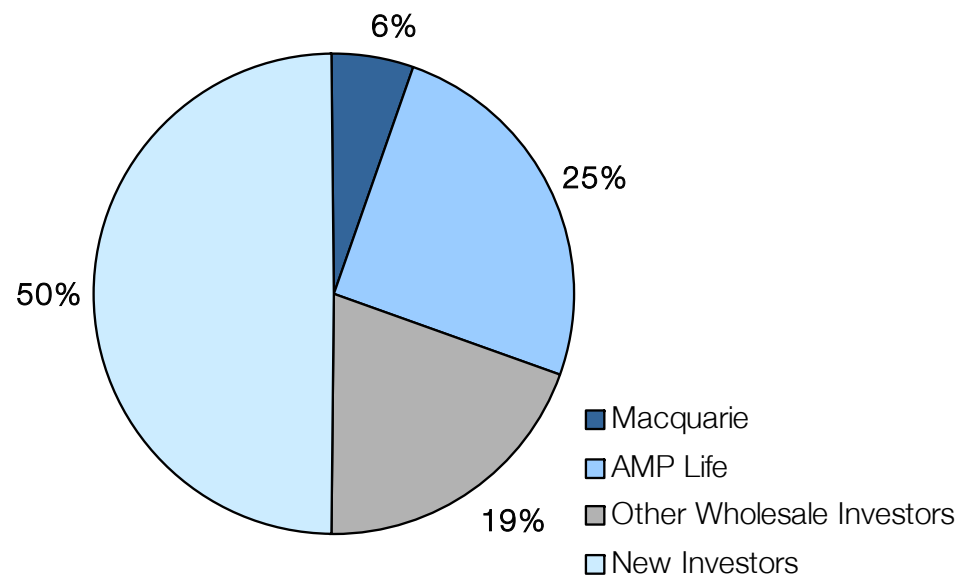
Macquarie and AMP Cornerstones

- Selldown by Macquarie and AMP Life
- \$30 million cornerstone investment each until at least 30 June 2005

Pre-IPO



On Completion of IPO*

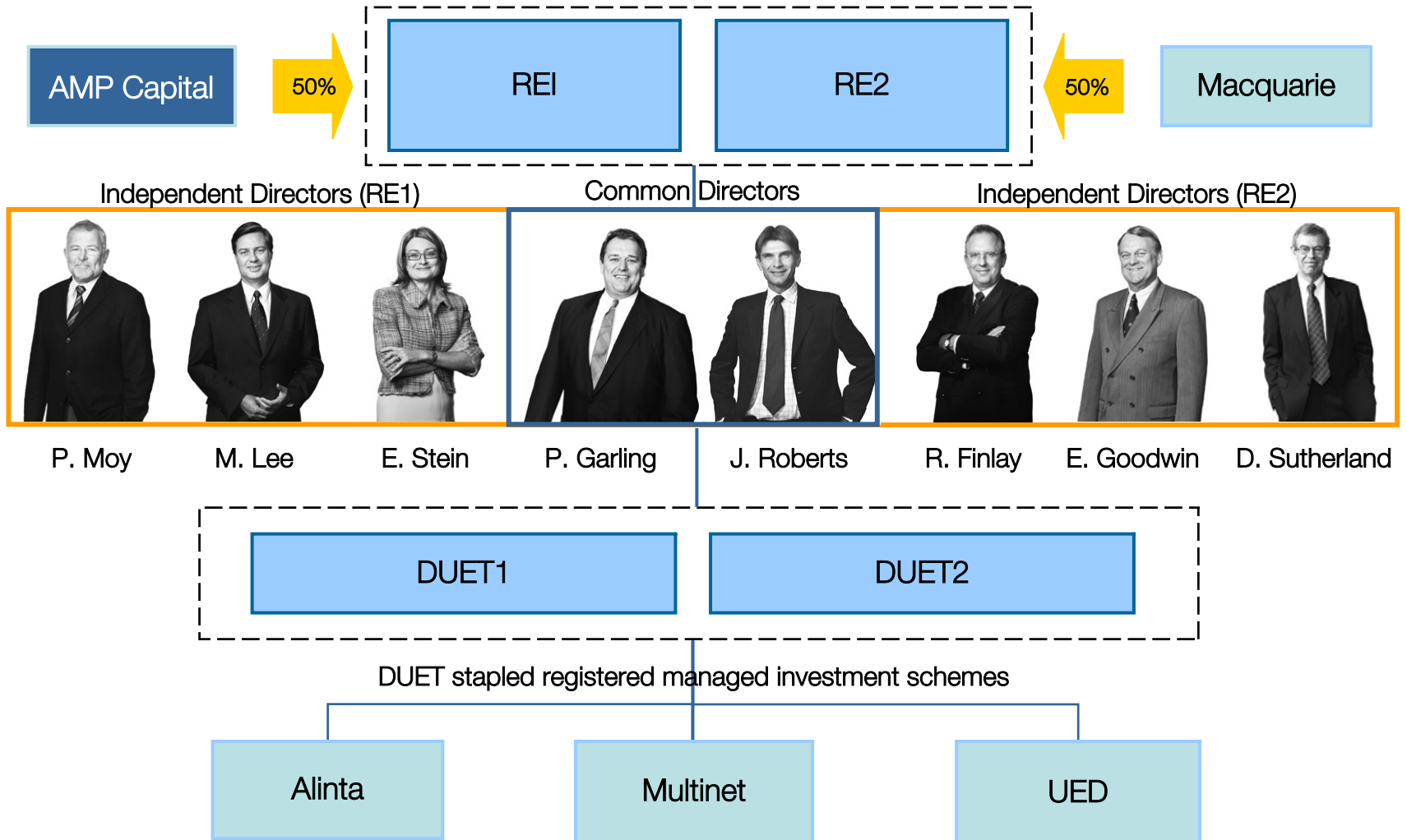


*Anticipated unitholding structure



1. DUET Overview

DUET Structure



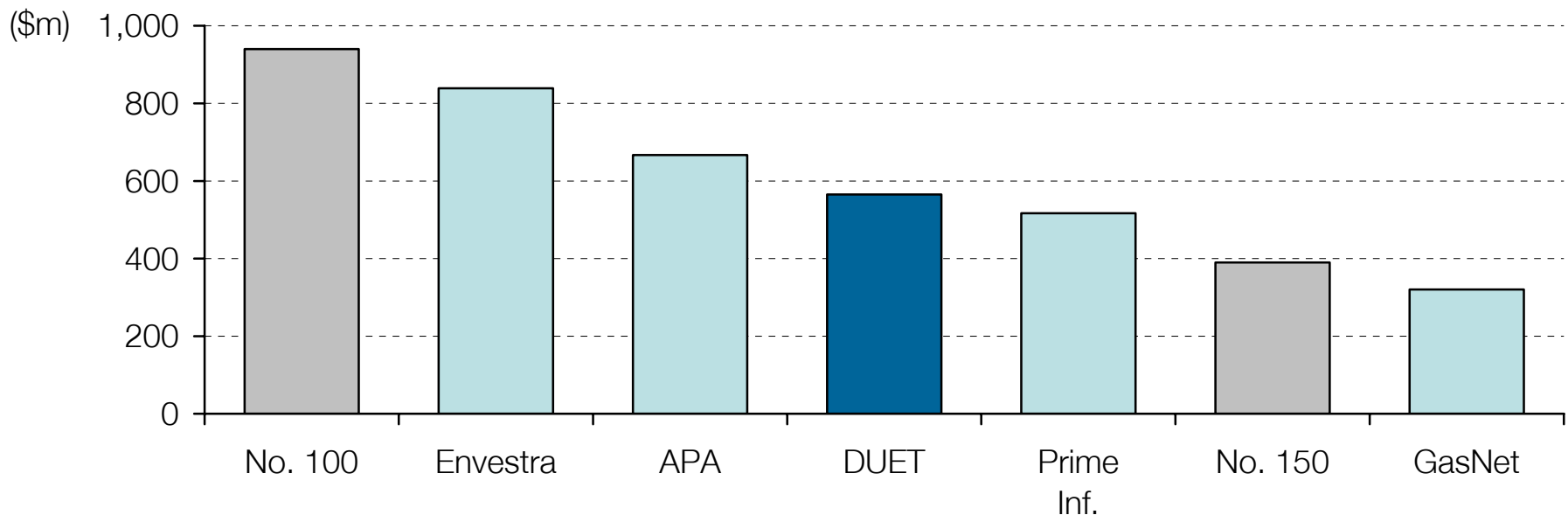


1. DUET Overview

Pricing Metrics*

- Forecast yield range 9.5%
- IPO Price \$2.29
- Offer size \$258 million
- Market capitalisation \$565 million
- Enterprise value \$3,130 million

Market Cap of ASX Energy Sector Participants



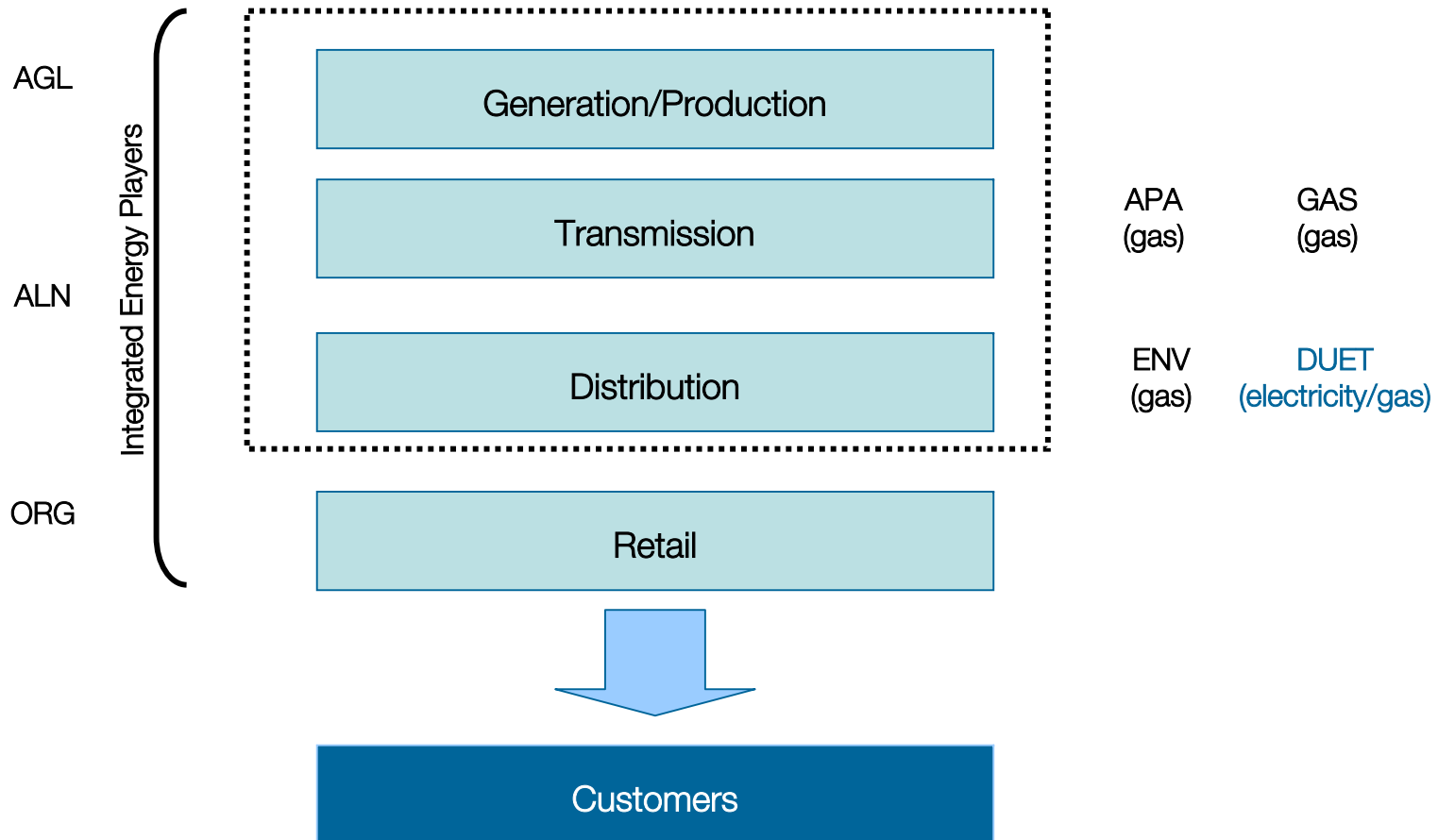
Existing Assets

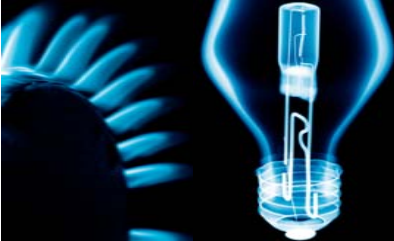




2. Existing Assets

DUET's Position in the Energy Value Chain





2. Existing Assets

Overview



- ➔ UED
 - ➔ Victorian electricity distribution
 - ➔ Services south-east Melbourne and the Mornington Peninsula

- ➔ Multinet
 - ➔ Victorian gas distribution
 - ➔ Services Melbourne's inner, outer eastern and south-eastern suburbs

- ➔ AlintaGas Networks
 - ➔ Western Australian gas distribution
 - ➔ Services Perth, Kalgoorlie and Albany



2. Existing Assets

United Energy Distribution

→ One of five Victorian electricity distribution networks

→ Network area (km²): 1,450

→ Connections: 597,000

→ Load (GWh): 7,359

→ Network Assets

→ Overhead wooden-poled distribution system

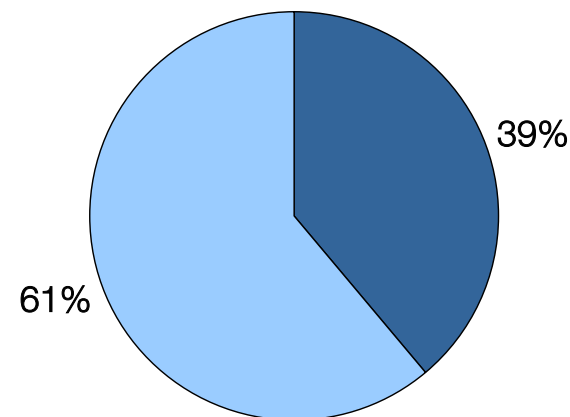
→ 12,260 kms of lines

→ 16.7% underground cables

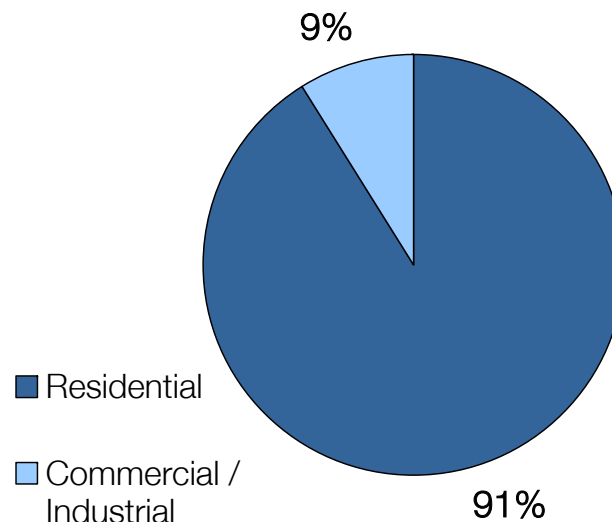
→ Projected asset lives > 40 years

→ Connected to 25% of Victorian households

Electricity Load (2003)



User Connections (2003)

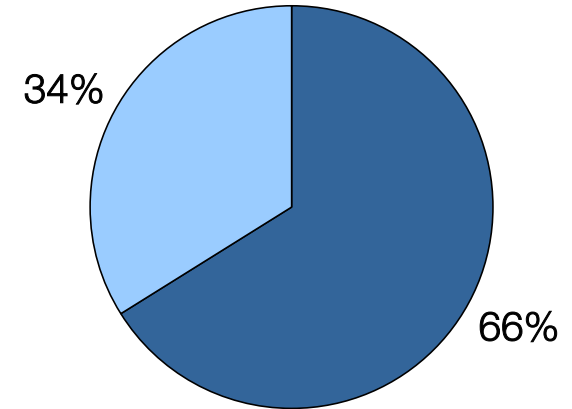


2. Existing Assets

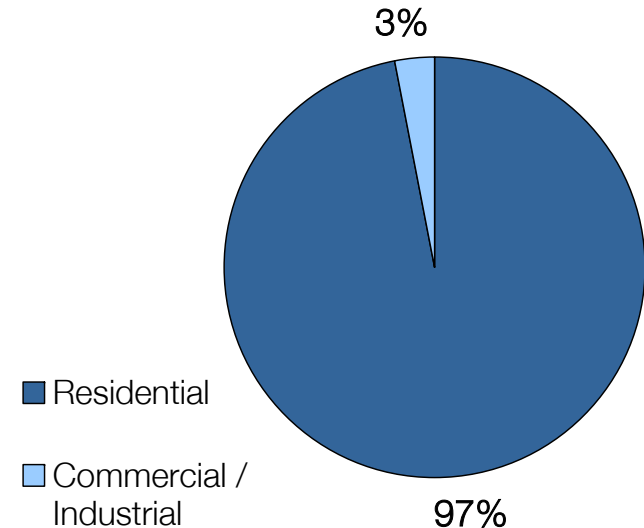
Multinet

- One of three Victorian gas distribution networks
 - Network area (km²): 1,603
 - Connections: 634,000
 - Load (PJ): 60.4
 - Length of distribution mains (km): 9,280
 - Network Assets
 - Distribution mains – steel (44%), polyethylene (26%) cast iron (21%) and PVC (9%),
 - Projected asset lives > 50 years

Gas Load (2003)



User Connections (2003)





2. Existing Assets

AlintaGas Networks

→ Owns and operates the four gas distribution networks in Western Australia

→ Connections: 490,000

→ 2003 Load (PJ): 29.6

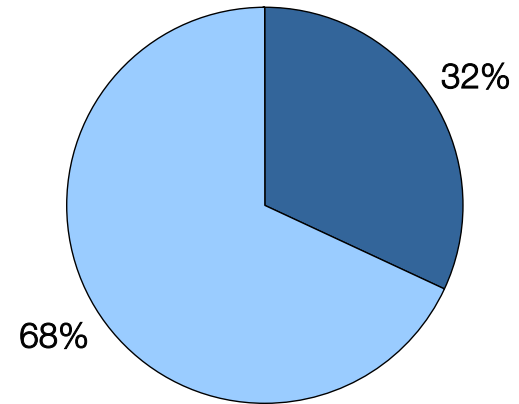
→ Total distribution pipes (km): 11,500

→ Network Assets

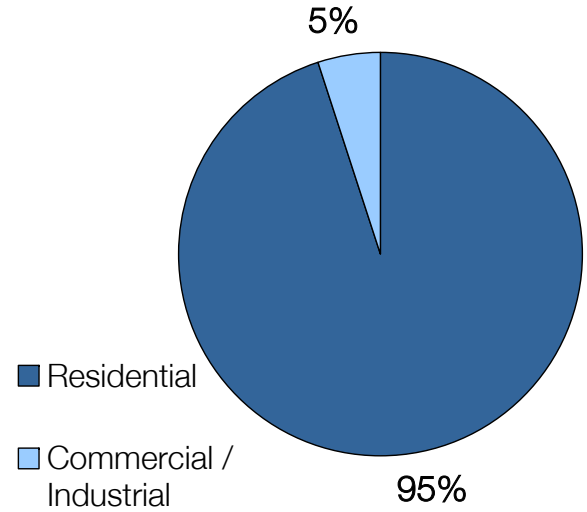
→ Distribution mains – PVC (86%), steel (9%), polyethylene (4%) and cast iron (1%)

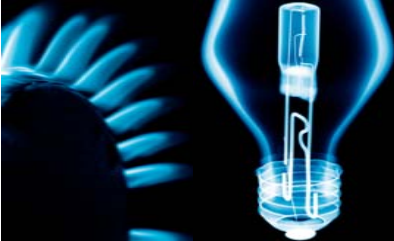
→ Projected asset lives > 50 years

Gas Load (2003)



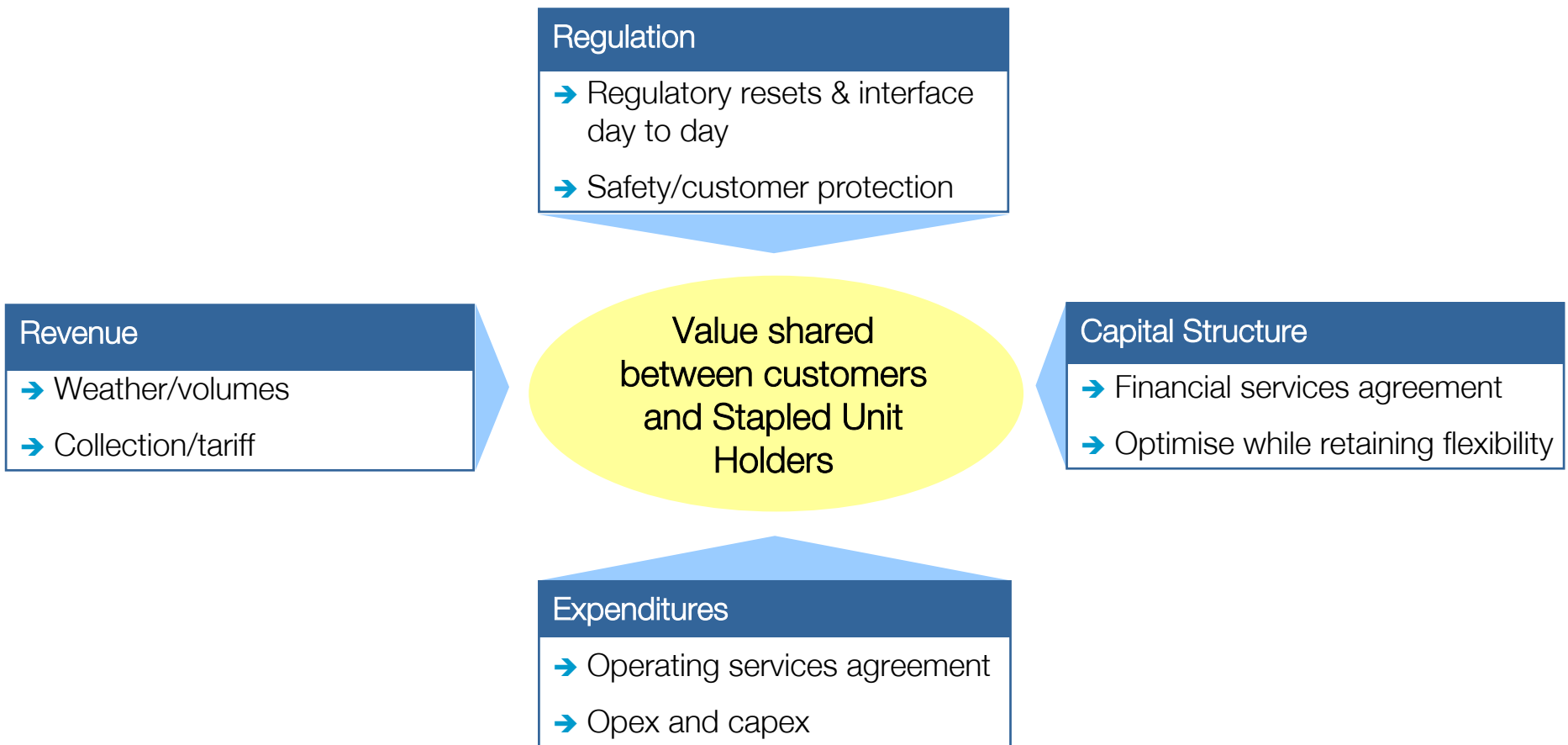
User Connections (2003)

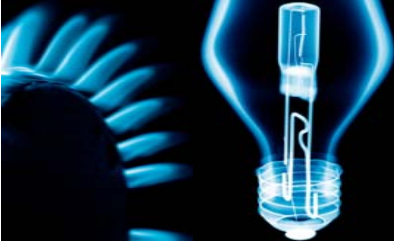




2. Existing Assets

Value Drivers

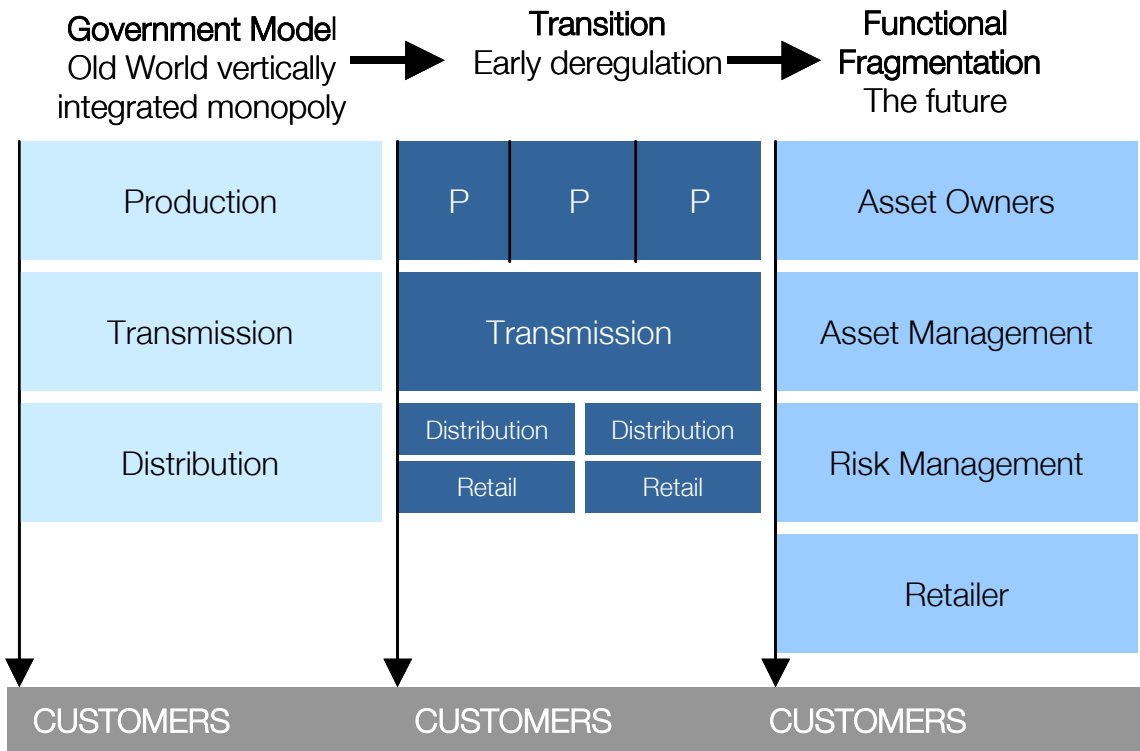




2. Existing Assets

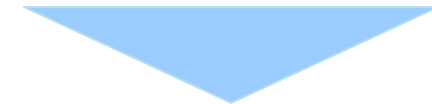
DUET Opportunity Set

Commercial Evolution - Gas and Electricity Utilities



Key industry trends

- ➔ Functional fragmentation
- ➔ Industry consolidation
- ➔ Capital redeployment

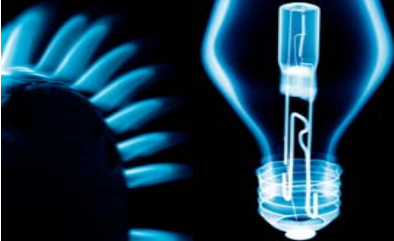


Opportunity set

- ➔ Restructures / secondary sales
- ➔ Partnerships
- ➔ Privatisations / PPPs
- ➔ MBL/AMPCI networks

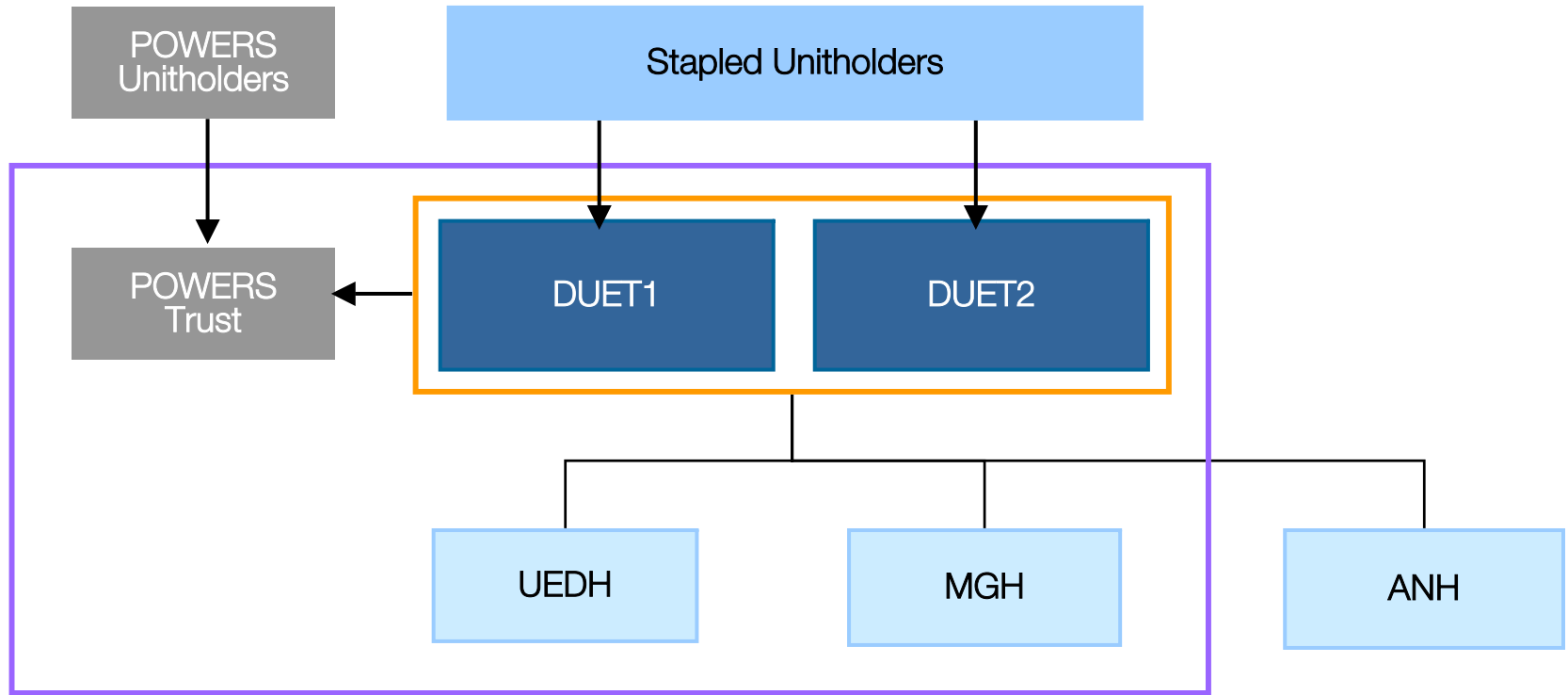


Financial Overview



3. Financial Overview

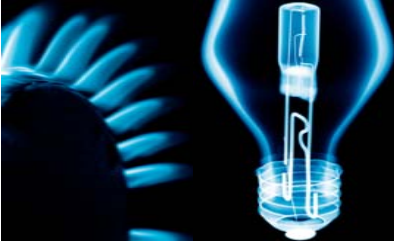
DUET Group/DUET Parent



Consolidated Entity / DUET Group

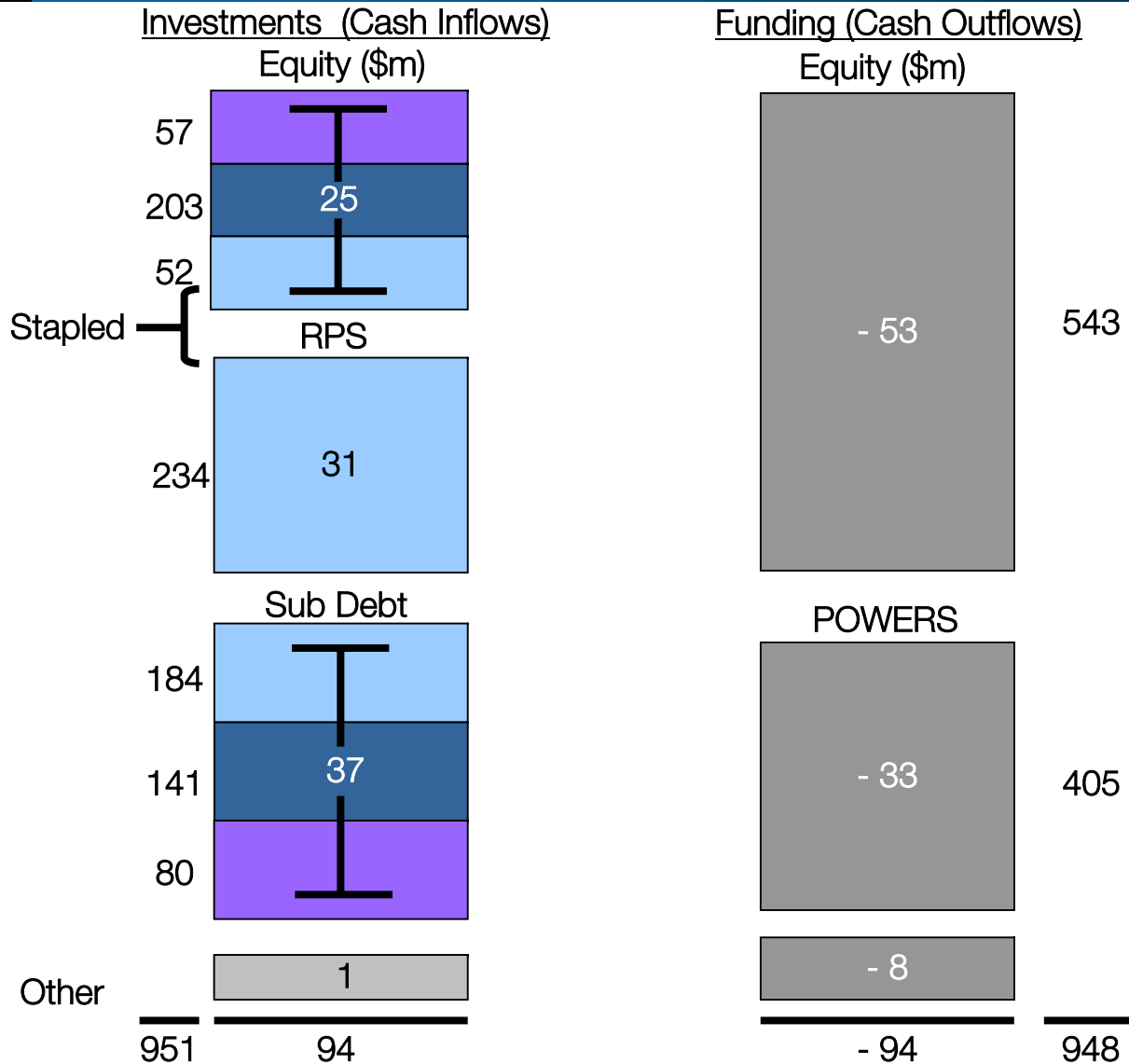


Parent Entity / DUET Parent



3. Financial Overview

DUET Parent Funding and Distributions





3. Financial Overview

DUET Group Gearing

Pro forma
1 Jan 2004

→ Calculations based on
pro forma 1 Jan 2004
Balance Sheet

Net Debt

Cash	(62)
OEI RPS	120
POWERS	405
Senior Debt	2,112
Subtotal Net Debt	2,575

→ Gearing of DUET Parent - 43%

→ Gearing of DUET Group - 76%

→ Asset level gearing - 68% to 71%

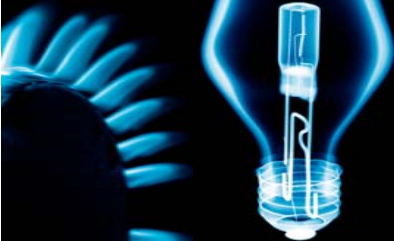
Total Assets	3,370
Net Debt to Total Assets	76%

Market Cap (at mid-point)	565
Net Debt to EV	82%

3. Financial Overview

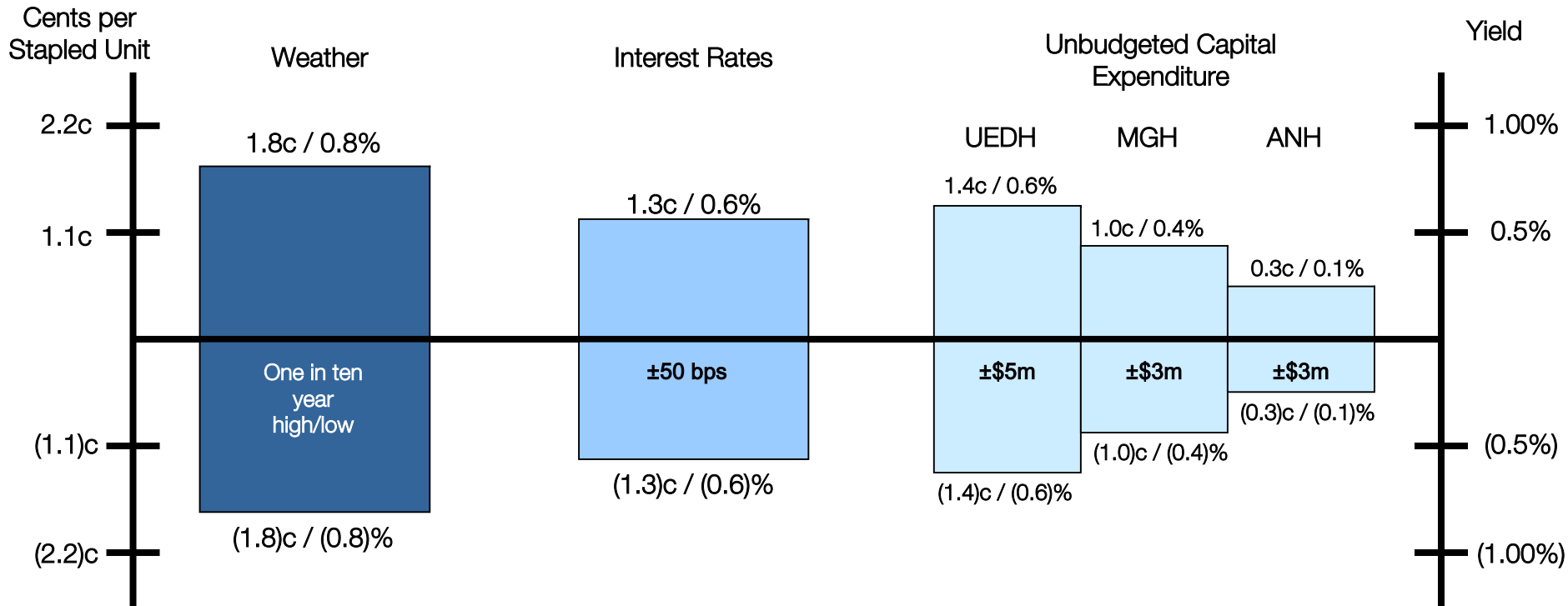
FY2005 Financial Performance – FY2005

DUET Group	DUET Group (\$m)	DUET Parent (\$m)	DUET Parent
Distribution revenue	518	69	Interest income
Other revenue	49	25	Dividend income
Total revenue	567	94	Total income
Operating expenses	(205)	(2)	Operating expenses
Management fees	(6)	(6)	Management fees
EBITDA	357	86	EBITDA
Depreciation and amortisation	(105)	-	Depreciation and amortisation
Senior debt interest	(142)	-	Senior debt interest
Sub-debt interest	(37)	(33)	POWERS interest
OEI and eliminations	(3)	-	OEI and eliminations
Net profit before tax	71	53	Net profit before tax
Tax	(9)	-	Tax
OEI	(9)	-	OEI
Net profit attributable to members of the DUET Group	53	53	Net profit attributable to members of the DUET Group



3. Financial Overview

Sensitivity Analysis – Impact on DUET Distributions





Details of the Offer



4. Details of the Offer

Offer Structure

Issuers

- The responsible entities of DUET1 and DUET2
- Offer of new Stapled Units to fund the redemption of existing units held by the Selling Unitholders

Offer Structure

- Institutional Offer and Retail Offer (including Broker Firm and General Public Offers)
- Guaranteed minimum allocation of 1,000 Stapled Units in the Retail Offer for POWERS Holders who pre-register

Lead Manager

- Macquarie Equity Capital Markets Limited

Co Managers

- Macquarie Financial Services
- ABN Amro
- Ord Minnett
- Grange Securities

4. Details of the Offer

Key Offer Statistics*

IPO Price	\$2.29
Forecast distribution per Stapled Unit for the year ending 30 June 2005**	21.8 cents
Forecast FY2005 Yield**	9.5%
Total number of Stapled Units available under the Offer	113 million
Total number of Stapled Units on issue following the Offer and IPO	247 million
Offer size	\$258 million
Market capitalisation	\$543 million
Enterprise Value	\$3,130 million
Net asset value per Stapled Unit	\$2.15 - \$2.50

** No assurance is given that forecasts will be achieved

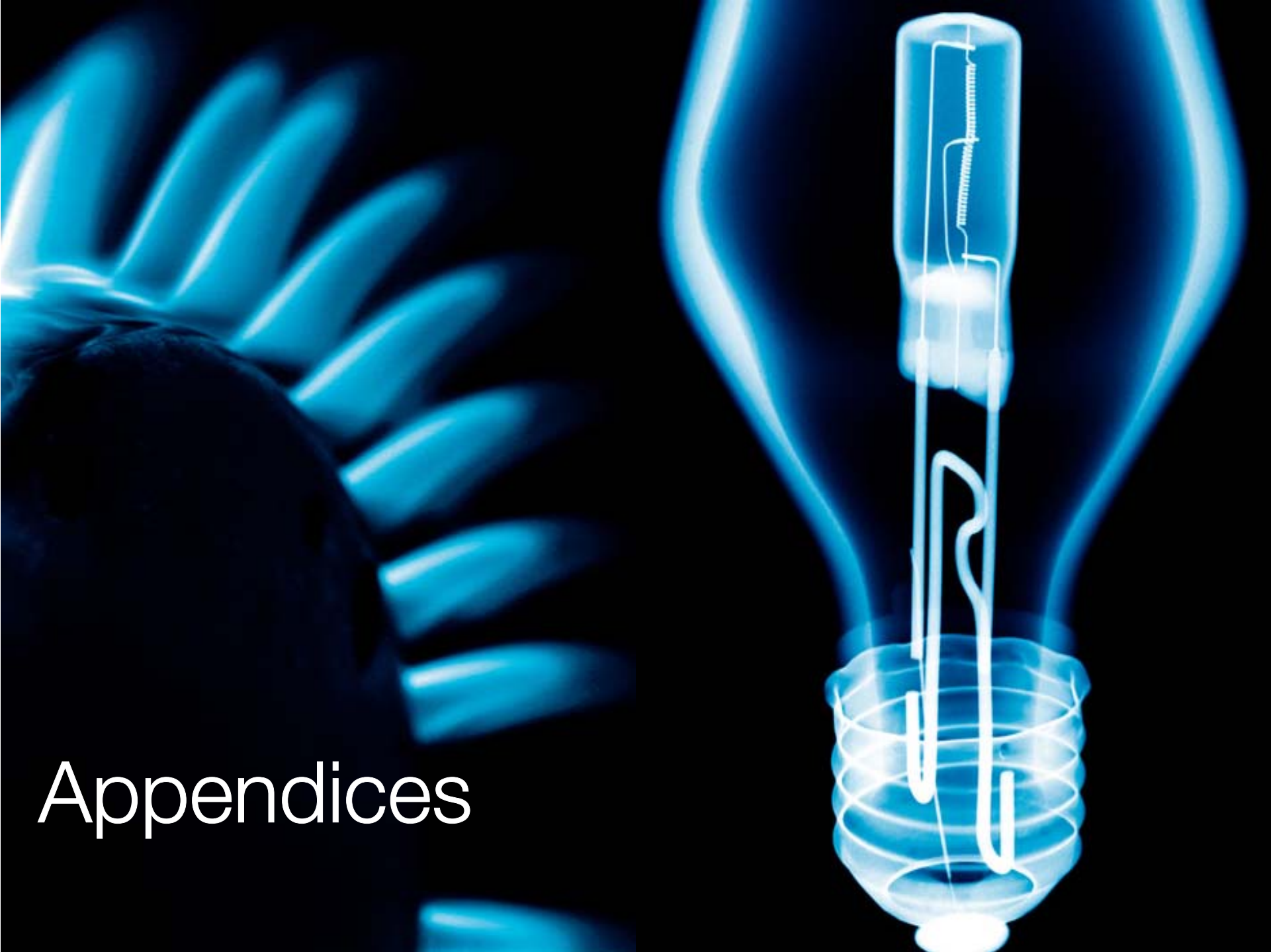
4. Details of the Offer

Offer Timetable

Offer Timetable

PDS Lodged	Monday, 28 June 2004
Institutional bookbuild	Wednesday, 14 July 2004
IPO Price announced	Thursday, 15 July 2004
Supplementary PDS lodged (containing IPO Price)	Thursday, 15 July 2004
Broker firm settlement	Wednesday, 11 August 2004
Retail offer	Monday, 19 July 2004 – Friday, 13 August 2004
Allotment	Thursday, 19 August 2004
Retail and institutional settlement	Thursday, 19 August 2004
Stapled Units expected to commence trading on ASX on a deferred settlement basis	Friday, 13 August 2004
Expected commencement of normal trading	Tuesday, 17 August 2004

*The dates are indicative only. The POWERS Exchange process described in the PDS starts 28 June 2004 and completes prior to the institutional bookbuild. The Issuers, in consultation with the Lead Manager, reserve the right to vary the dates.

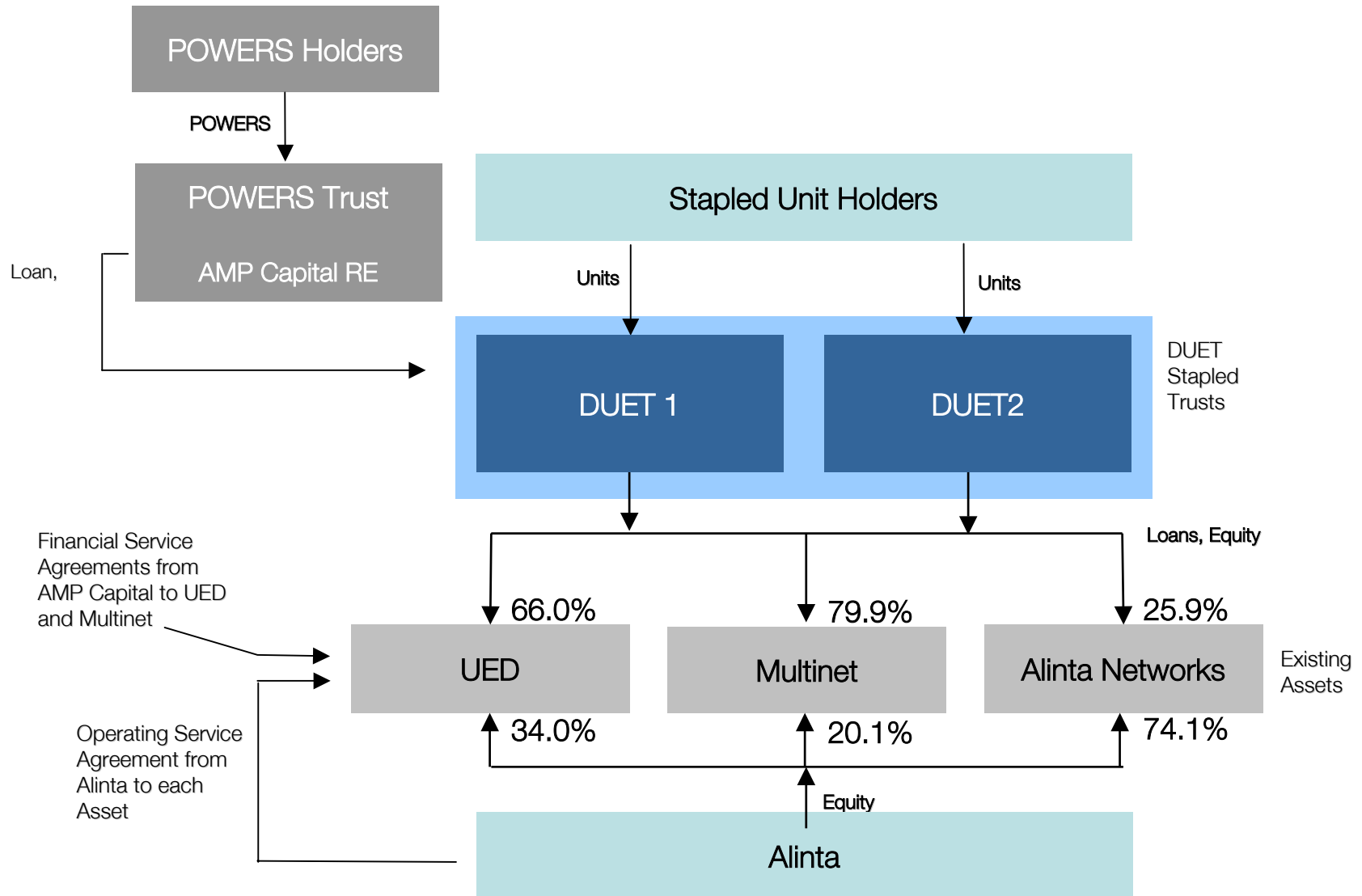


Appendices



5. Appendix

Detailed DUET Structure





5. Appendix

DUET Management Fees

- Management fees will 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 units¹
 - 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.

5. Appendix

Comparable Multiples

	DUET**	APT	Envestra	GasNet	Alinta	AGL
Market Cap. (\$m)	565	656	815	319	1,665	5,269
Enterprise Value (\$m)	3,130	1,414	2,595	1,002	3,156	7,379
Yield ('05) (%)	9.50	8.50	9.00	9.20	7.40	5.20
Gross Yield ('05) (%)	9.50	8.70	9.00	9.20	9.00	7.10
Gearing (%)*	82	63	78	70	56	39
P/E ('05) (x)	10.3	15.5	nmf	19.5	17.7	13.9
EV/EBITDA ('05)	8.7	9.1	12.5	12.5	10.0	7.6

As at 31 May 2004

* net debt/(net debt + equity)

** Based on the mid-point of the Indicative Price Range and assuming a minimal POWERS conversion

5. Appendix

DUET Financial Performance

\$'000 Year ending 30 June	Pro forma Historic 2003	Pro forma Forecast 2004	Forecast 2005
Distribution revenue	457,946	493,131	518,359
Other revenue	56,840	58,637	48,612
Operating expenses	(156,456)	(188,964)	(204,795)
EBITDA before management fees	358,330	362,804	362,176
Management fees		(3,572)	(5,565)
EBITDA	358,330	359,232	356,611
EBIT			251,492
Earnings before redeemable preference share interest, senior debt interest, POWERS interest and tax			262,416
Redeemable preference share interest			(16,253)
Senior debt interest			(141,779)
POWERS interest			(33,458)
Net profit before tax			70,926
Net profit after tax			62,144
Net profit attributable to members of the DUET group			53,344

5. Appendix

DUET Cashflow

\$'000	Forecast for the period 23 Jul 2003 – 30 Jun 2004	Forecast for the year ending 30 Jun 2005
EBITDA	312,375	356,611
Non cash items	6,315	6,873
Management fees	3,572	5,565
EBITDA before management fees and non cash items	322,262	369,049
Cash flow from operations	324,218	379,579
Asset replacement and capex	(70,370)	(67,259)
Growth capex	(52,292)	(67,867)
Net proceeds from the issue of new Stapled Units	432,964	9,700
Movement in borrowings	990,482	9,062
Payment for purchase of Asset Companies	(1,308,290)	-
Advances to Alinta Networks Group	(79,824)	-
Cash flow available before Debt service	236,888	263,215
Cash flow after Senior debt interest and financing costs	100,897	122,734
Cash flow available to POWERS, management fees and investors	81,818	101,317
POWERS distributions	(17,522)	(33,879)
Management fees paid	(1,592)	(5,132)
Cash flow attributable to investors	62,704	62,306
Closing DUET Group cash	45,704	48,710



5. Appendix

DUET Financial Position

\$'000	Actual 31 Dec 2003	Pro forma 1 Jan 2004
Current assets	151,644	161,284
Non-current assets	3,207,464	3,208,628
Total assets	3,359,108	3,369,912
Current liabilities	118,027	117,717
Non-current liabilities	2,732,557	2,722,182
Total liabilities	2,850,584	2,839,899
Net assets	508,524	530,013
Total equity	508,524	530,013



5. Appendix

Regulation Overview

- Existing assets earn revenue from distribution tariffs determined by independent state regulators
- Building Block Approach

$$\text{Total Target Revenue} = \left[\text{Regulated Asset Base} + \text{Net Working Capital} \right] \times \text{WACC} + \text{Depreciation} + \text{Operating and Maintenance Costs}$$

- Other key elements
 - Average tariffs capped (CPI – x) price control mechanism
 - Opportunity to realise efficiency gain
 - Volume variations passed through



5. Appendix

Regulation of Each Existing Asset

	UED	Multinet	AlintaGas
Parameter	1999	2001	2001
Initial regulated base	\$1016m	\$777m	\$536m
Real after tax WACC	6.8%	6.8%	7.54%*
X – factor (to be applied in CPI – X formula)	2001 : 9.1% Subsequent years:1.0%	2003 : 2.0% Subsequent years:-0.9%	2001 :5.3% Subsequent years: 2.55%
Regulator	Essential Services Commission	Essential Services Commission	Economic Regulation Authority
Next regulatory reset	1 January 2006	1 January 2008	1 January 2005

* Real pre-tax WACC

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A glowing lightbulb with a filament, set against a dark blue background with a subtle grid pattern.

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