

AMPCI Macquarie Infrastructure Management No 1 Limited

ABN 99 108 013 672

AFS Licence No. 269286

AMPCI Macquarie Infrastructure Management No 2 Limited

ABN 15 108 014 062

AFS Licence No. 269287

DUET Investment Holdings Limited

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10 October 2012

ASX RELEASE

MANAGEMENT INTERNALISATION PROPOSAL EXPLANATORY MEMORANDUM AND INDEPENDENT EXPERT REPORT

On 31 July the Independent Directors of the DUET Group ("DUET" or "the Group") announced that they had reached agreement with AMP Capital Holdings Limited ("AMP Capital") and Macquarie Capital Group Limited ("Macquarie") to internalise the management of DUET (the "Proposal"), subject to securityholder approval.

The Independent Directors of DUET unanimously recommend that DUET securityholders vote in favour of the Proposal at the security holder meeting to be held on 23 November. DUET notes that the Independent Expert, Grant Samuel & Associates, has concluded that the Proposal is fair and reasonable to, and in the best interests of, non-associated securityholders of DUET.

On behalf of the Independent Directors, Mr Doug Halley said "Internalisation of management is the next important step in DUET's evolution. It will enhance DUET's corporate governance framework and bring DUET's management arrangements in line with current market practice.

"The Proposal, which will be accretive to DUET's operating cash flows from 1 July 2013, is expected to deliver tangible benefits for securityholders. Annual corporate operating costs are expected to more than halve and the elimination of future external management fees and potential future performance fees will create greater certainty over and reduce the volatility of DUET's operating cash flows," Mr Halley said.

Terms of the Proposal

Under the Proposal, the estimated total consideration payable to Macquarie and AMP Capital will be \$95.6 million in respect of the internalisation consideration and for the provision of a range of support services during the transition to internalised management¹.

Of the total consideration, \$82.0 million will be applied by AMP Capital and Macquarie to subscribe for 41,578,144 stapled securities in the DUET Group at \$1.972 per stapled security.

The total consideration represents an implied multiple of 7.1 times the expected annual corporate cost savings and 3.5 times those savings and the average annual historical performance fee, which the Independent Directors believe is attractive when compared to similar recent internalisation transactions.

None of the entities noted in this document is an authorised deposit-taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia) and their obligations do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542 (MBL) or AMP Bank Limited ABN 15 081 596 009 (AMP Bank). AMP Capital Holdings Limited (ABN 69 078 651 966) has arranged for an external bank limited \$2.5 million guarantee which together with an MBL limited \$2.5 million guarantee are provided to the Australian Securities and Investments Commission in respect of Corporations Act obligations of each of AMPCI Macquarie Infrastructure Management No. 1 Limited and AMPCI Macquarie Infrastructure Management No. 2 Limited as responsible entities of managed investment schemes. MBL and AMP Bank and their related corporations do not otherwise guarantee or provide assurance in respect of the obligations of AMPCI Macquarie Infrastructure Management No. 1 Limited or AMPCI Macquarie Infrastructure Management No. 2 Limited or any other entity noted in this document.

Independent Expert's Report

The Independent Expert, Grant Samuel & Associates, has concluded that the Proposal is fair and reasonable to, and in the best interests of, non-associated securityholders of DUET. The Independent Expert has assessed the total effective cost of the Proposal to be substantially below the net present value ("NPV") of the net saving in operating costs (management fees saved less incremental costs incurred) that will arise over the life of the existing management contracts (approximately \$158 - \$176 million).

Next Steps

The attached Explanatory Memorandum, Prospectus and Independent Expert's Report, along with a personalised proxy form will be sent to securityholders by 24 October 2012.

Securityholders are advised to read all of the Proposal materials in their entirety before deciding how to vote on the Proposal.

General Meetings for Diversified Utility and Energy Trust No.1 (DUET1), Diversified Utility and Energy Trust No.2 (DUET2), Diversified Utility and Energy Trust No.3 (DUET3), along with the Annual General Meeting for DUET Investment Holdings Limited (DIHL), will be held on Friday 23 November 2012 at 11:00am Sydney time at Intercontinental Hotel, Level 2, 117 Macquarie Street, Sydney NSW 2000.

For further information, please contact:

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End notes:

⁽¹⁾ Total Transaction Consideration

The \$95.6 million total consideration comprises \$82.0 million plus a Share Sale Cash Payment (expected to be \$4.1 million), equivalent to base management fee income from 1 October 2012 to the Implementation Date plus an estimated total of \$9.5 million to be paid to 30 June 2013 for the provision of a range of transition and separation services from AMP Capital and Macquarie to 30 June 2013.

The table below provides a summary of implied multiples relating to the estimated total consideration to be paid to AMP Capital and Macquarie should the Proposal be approved.

		Estimated Total Payments from Approval through to 30 June 2013 \$m
A	Payment to AMP Capital and Macquarie	95.6
B	Anticipated annual operating cost savings (pro forma)	13.4
C	Historical annual average performance fee*	13.5
	Implied Multiples:	
	Annual opex savings (A/B)	7.1x
	Annual opex savings and performance fee (A/(B+C))	3.5x

*Since listing in 2004, calculated by dividing the total of all performance fees paid by the number of years since listing.

All numbers in the above table exclude GST and/or non recoverable GST.

MEETING BOOKLET

NOTICES OF MEETING AND EXPLANATORY MEMORANDUM

DUET Investment Holdings Limited

AMPCI Macquarie Infrastructure Management No. 1 Limited as
responsible entity of Diversified Utility and Energy Trust No. 1

AMPCI Macquarie Infrastructure Management No. 2 Limited as
responsible entity of Diversified Utility and Energy Trust No. 2
and Diversified Utility and Energy Trust No. 3

PROSPECTUS

AMPCI Macquarie Infrastructure Management No. 1 Limited,
AMPCI Macquarie Infrastructure Management No. 2 Limited and
DUET Investment Holdings Limited

MEETING DATE

Friday 23 November 2012

Intercontinental Hotel
Level 2, 117 Macquarie Street
Sydney

The Independent Expert has concluded that the Proposal is fair and reasonable to, and in the best interests of, Non-Associated Securityholders of the DUET Group.

The DUET Group Independent Directors unanimously recommend that Securityholders vote in favour of the Proposal, in the absence of a superior competing proposal.

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GUIDE TO THE CONTENT OF THIS MEETING BOOKLET

This Meeting Booklet includes the following documents:

NOTICES OF MEETING AND EXPLANATORY MEMORANDUM

(pages 2 to 162), in relation to the proposal to internalise the management of the DUET Group (as well as in relation to the ordinary business and other special business of the DUET Group), divided into the following Sections:

1. Key Dates and Meeting Location
2. Letter from the Chairmen of the Independent Board Committees
3. Summary of the Proposal
4. Frequently Asked Questions
5. Explanatory Memorandum
6. Additional Information
7. Glossary
8. Other Important Information

ANNEXURES

- Annexure A: Independent Expert's Report
- Annexure B: Tax Report
- Annexure C: Summary of the Material Documents
- Annexure D: Constitutional Amendments (Base Fee Resolutions)
- Annexure E: Constitutional Amendments (Trust Constitution Amendment Resolutions)
- Annexure F: Independence Criteria
- Annexure G: Notices of Meeting

The Table of Contents for the Explanatory Memorandum is on page 5.

PROSPECTUS

(pages 163 to 210), in relation to the issue of shares in RE1 and RE2, and the sale by DIHL of shares in RE1 and RE2 to Macquarie and AMP Capital, divided into the following Sections:

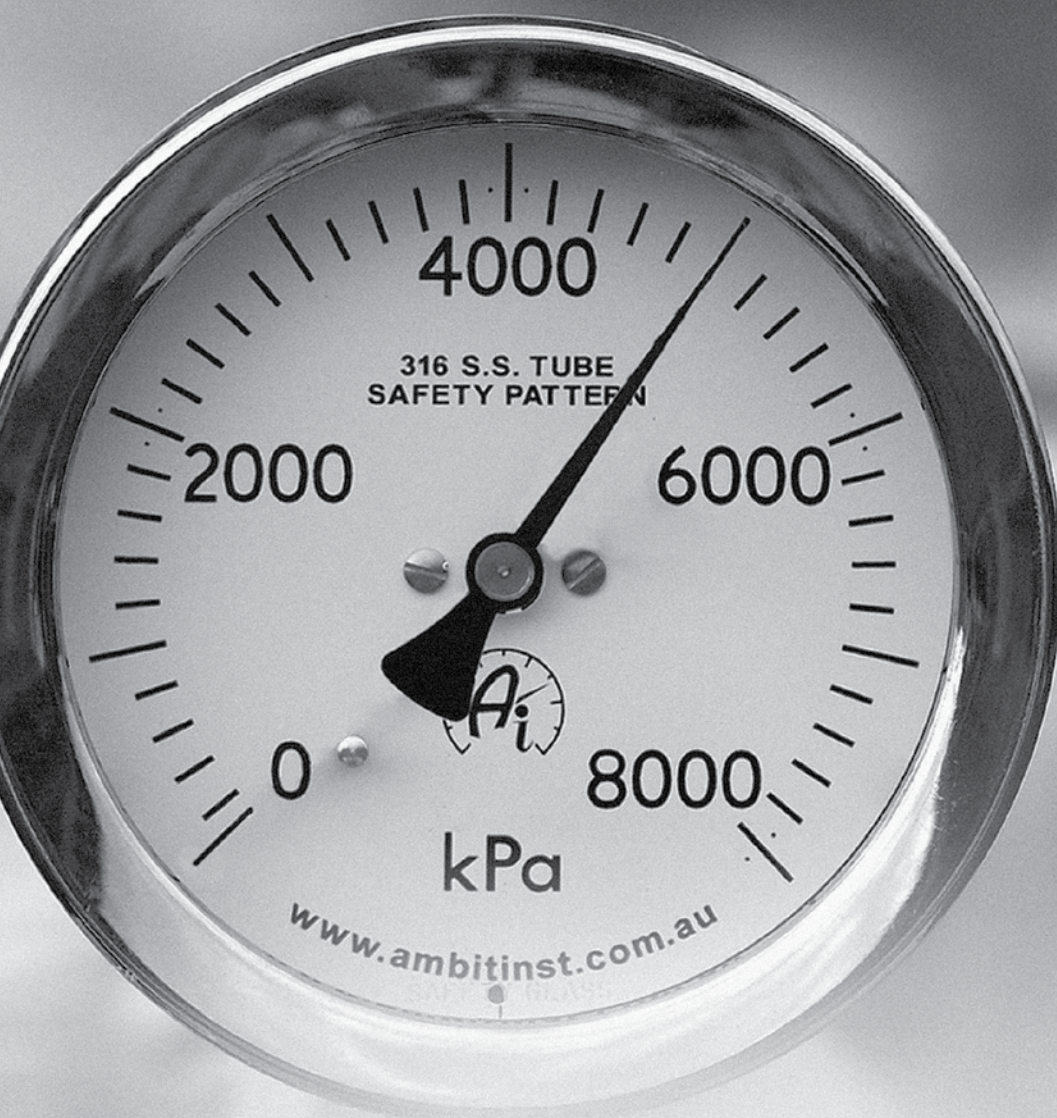
1. Key Dates
2. Letter from the Chairmen of the Independent Board Committees
3. Investment Overview
4. Key Features of the Issue
5. Key Terms of RE1 Shares and RE2 Shares
6. Overview of the DUET Group
7. Overview of RE1 and RE2
8. Financial Information
9. Risks
10. Key People
11. Additional Information
12. Glossary
13. Other Important Notices

The Table of Contents for the Prospectus is on page 165.

CORPORATE DIRECTORY

A PROXY FORM ACCOMPANIES THIS MEETING BOOKLET

NOTICES OF MEETING AND EXPLANATORY MEMORANDUM



NOTICES OF GENERAL MEETING AND ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM

THE DUET GROUP COMPRISING DIVERSIFIED UTILITY AND ENERGY TRUST NO. 1, DIVERSIFIED UTILITY AND ENERGY TRUST NO. 2, DIVERSIFIED UTILITY AND ENERGY TRUST NO. 3 AND DUET INVESTMENT HOLDINGS LIMITED

For General Meetings of each of Diversified Utility and Energy Trust No. 1 (**DUET1**), Diversified Utility and Energy Trust No. 2 (**DUET2**), Diversified Utility and Energy Trust No. 3 (**DUET3**), together with the Annual General Meeting of DUET Investment Holdings Limited (**DIHL**) (together, the **DUET Group**), to consider (among other things) a recommended proposal for the management of the DUET Group to be internalised through the steps set out in the overview in Section 3.1.2 and explained in more detail in Section 5.1.3.

To be held on Friday 23 November 2012 at 11.00am Sydney time at Intercontinental Hotel, Level 2, 117 Macquarie Street, Sydney NSW 2000.

The DUET Group Independent Directors unanimously recommend that Securityholders vote in favour of the Internalisation Resolutions, in the absence of a superior competing proposal.

The Independent Expert, Grant Samuel & Associates, has concluded that the Proposal is fair and reasonable to, and in the best interests of, Non-Associated Securityholders.

This document and the separate Prospectus that accompanies this document are each an important document and require your immediate attention. You should read this document and the separate prospectus in their entirety before deciding how to vote on the resolutions and consult your investment, financial, tax, legal or other professional adviser if you are in any doubt about what to do.

Securityholders may obtain a paper copy of this document (including the Independent Expert's Report in Annexure A) free of charge at any time before the Meeting by contacting the DUET Securityholder Information Line on 1800 009 874 (within Australia) or +61 3 9415 4189 (outside Australia), Monday to Friday between 9.00am and 6.00pm. This document (including the Independent Expert's Report in Annexure A) will also be available free of charge before the Meeting on the DUET Group's website at www.duet.net.au.

If you have any questions, please contact the DUET Securityholder Information Line on 1800 009 874 (within Australia) or +61 3 9415 4189 (outside Australia), Monday to Friday between 9.00am and 6.00pm.

Issued by AMPCI Macquarie Infrastructure Management No. 1 Limited (ACN 108 013 672; AFSL 269286) as responsible entity of Diversified Utility and Energy Trust No. 1 (ARSN 109 363 037), AMPCI Macquarie Infrastructure Management No. 2 Limited (ACN 108 014 062; AFSL 269287) as responsible entity of each of Diversified Utility and Energy Trust No. 2 (ARSN 109 363 135) and Diversified Utility and Energy Trust No. 3 (ARSN 124 997 986), and DUET Investment Holdings Limited (ACN 120 456 573).

IMPORTANT NOTICES

Purpose of this notice of Securityholders' meetings and explanatory memorandum (Explanatory Memorandum)

This Explanatory Memorandum, dated 10 October 2012, provides holders of stapled securities in the DUET Group (**Securityholders**) with information about a Proposal that, if approved, will result in the internalisation of the management of the DUET Group through: (i) the acquisition by the DUET Group of the shares in RE1 and RE2; (ii) the issue of shares in RE1 and RE2 to Securityholders, and the sale by DIHL of its shares in RE1 and RE2 to Macquarie and AMP Capital; and (iii) the stapling of each share in RE1 and RE2 to each existing stapled security in the DUET Group. This Explanatory Memorandum also contains information in relation to other resolutions (see Sections 5.12.2 and 5.12.3). To properly understand the Proposal, this Explanatory Memorandum must be read in conjunction with the Prospectus for the issue of shares in RE1 and RE2 dated 10 October 2012 which has been provided with this Explanatory Memorandum by the DUET Group.

This Explanatory Memorandum and the accompanying Prospectus do not constitute an offer or recommendation of securities in any jurisdiction, or to any person to whom it would be unlawful to make such an offer. For details of the selling restrictions that apply to the issue of shares in RE1 and RE2 in foreign jurisdictions, see the Prospectus.

You should consider the contents of this document carefully. Securityholders should read this Explanatory Memorandum in its entirety before deciding how to vote on the resolutions to be considered at the Meeting. You may also wish to obtain independent advice, particularly about matters that concern you as an individual including tax, financial planning and investment risk tolerance. If you have any questions, please contact the DUET Securityholder Information Line on 1800 009 874 (within Australia) or +61 3 9415 4189 (outside Australia), Monday to Friday between 9.00am and 6.00pm.

Alternatively you may visit the website at www.duet.net.au which contains information on the Proposal. We cannot provide any advice as to the effect the Proposal may have on your personal circumstances.

The Proposal is subject to a number of conditions, including Securityholder approval of the Internalisation Resolutions (see Section 5.12.1). If the Proposal is approved, it will be binding on every Securityholder (whether or not a Securityholder voted, and whether or not a Securityholder voted in favour of or against the Proposal).

Responsibility for this Explanatory Memorandum

Except as outlined below, RE1, in its capacity as responsible entity for DUET1, and RE2, in its capacity as responsible entity for DUET2 and DUET3, and DIHL, are responsible for the information in this Explanatory Memorandum. No party consenting has withdrawn their consent before the date of this Explanatory Memorandum.

Grant Samuel & Associates has prepared and is responsible for the Independent Expert's Report in relation to the Proposal included as Annexure A to the Explanatory Memorandum. Neither RE1, RE2 nor DIHL nor any of their respective directors, officers and advisers, assume any responsibility for the accuracy or completeness of the Independent Expert's Report, except in relation to information given by them to the Independent Expert for the purposes of preparing the Independent Expert's Report. Grant Samuel & Associates does not assume any responsibility for the accuracy or completeness of any other part of this Explanatory Memorandum.

Macquarie has provided, and is solely responsible for, the Macquarie Information and the DUET Group and its directors, officers, employees and advisers do not assume any responsibility for and accept no liability for the accuracy or completeness of the Macquarie Information. Macquarie does not assume any responsibility for the accuracy or completeness of the information contained in this Explanatory Memorandum other than the Macquarie Information.

AMP Capital has provided, and is solely responsible for, the AMP Capital Information and the DUET Group and its directors, officers, employees and advisers do not assume any responsibility for and accept no liability for the accuracy or completeness of the AMP Capital Information. AMP Capital does not assume any responsibility for the accuracy or completeness of the information contained in this Explanatory Memorandum other than the AMP Capital Information.

No authorised deposit taking institutions

None of the entities noted in this document is an authorised deposit taking institution for the purposes of the *Banking Act 1959* (Cth) and their obligations do not represent deposits or other liabilities of MBL or AMP Bank. Section 912A(1)(d) of the Corporations Act (read with ASIC Regulatory Guide 166 – Licensing: Financial requirements) requires a financial services licensee that is not regulated by the Australian Prudential Regulation Authority to have available adequate financial resources to provide the financial services covered by its AFSL and to carry out supervisory arrangements. AMP Capital has arranged for an external bank limited \$2.5 million guarantee which, together with an MBL \$2.5 million guarantee, are provided to ASIC to enable each of RE1 and RE2 as holders of AFSLs and responsible entities of managed investment schemes to meet that requirement. MBL and AMP Bank and their related corporations do not otherwise guarantee or provide assurance in respect of the obligations of RE1 or RE2 or any other entity noted in this document.

Defined terms

Capitalised terms used in this Explanatory Memorandum are defined in the Glossary in Section 7.

Date

This Explanatory Memorandum is dated 10 October 2012.

More important notices

Other important information in relation to the Proposal and this Explanatory Memorandum is found in Section 8. You should have regard to this other important information when considering the contents of this Explanatory Memorandum.

CONTENTS

1	Key Dates and Meeting Location	6	Annexures	83
2	Letter from the Chairmen of the Independent Board Committees	7	Annexure A: Independent Expert's Report	84
3	Summary of the Proposal	10	Annexure B: Tax Report	132
3.1	Background and overview of the Proposal	10	Annexure C: Summary of the Material Documents	136
3.2	Overview of the DUET Group	10	Annexure D: Constitutional Amendments (Base Fee Resolutions)	147
3.3	Impact of the Proposal on the DUET Group	12	Annexure E: Constitutional Amendments (Trust Constitution Amendment Resolutions)	149
3.4	Macquarie and AMP Capital's interests in the Proposal	13	Annexure F: Independence Criteria	153
3.5	Summary of the reasons you should vote in favour of the Proposal	16	Annexure G: Notices of Meeting	154
3.6	Summary of the reasons why you might vote against the Proposal	16		
3.7	Alternatives to the Proposal	17		
3.8	Independent Directors' recommendation	17		
3.9	Independent Expert's Report	17		
3.10	Summary of the risks of the Proposal	18		
3.11	Summary of implications if the Proposal is not approved	18		
3.12	Summary of the implications if the Proposal is approved	18		
3.13	Securityholders approvals sought for the Proposal	19		
3.14	Key conditions to the Proposal	20		
4	Frequently Asked Questions	21		
5	Explanatory Memorandum	30		
5.1	Details of the Proposal	30		
5.2	Macquarie and AMP Capital's involvement and interests in the Proposal	44		
5.3	Alternatives considered	48		
5.4	Financial impact of the Proposal	50		
5.5	Reasons why you should vote in favour of the Proposal	53		
5.6	Reasons why you might vote against the Proposal	54		
5.7	Independent Directors' recommendation	56		
5.8	Independent Expert's Report	56		
5.9	Risks	56		
5.10	Implications if the Proposal is not approved	57		
5.11	Implications if the Proposal is approved	58		
5.12	Securityholder approvals sought	59		
5.13	Voting instructions and information	66		
5.14	Tax Report and stamp duty	69		
6	Additional Information	70		
6.1	Interests in the Proposal	70		
6.2	Securityholders participating in the Proposal	72		
6.3	Acquisition of New Stapled Securities by foreign persons	72		
6.4	Continuous disclosure	72		
6.5	Regulatory consents	73		
6.6	Consents and disclaimers	74		
6.7	Directors' consent to lodgement	75		
6.8	Updates to the Proposal	75		
7	Glossary	76		
8	Other Important Information	81		

1 KEY DATES AND MEETING LOCATION

1.1 KEY DATES

Last date and time to lodge Proxy Forms	11.00am Wednesday 21 November 2012
Voting Record Date – Date and time to determine your eligibility to vote at the Meeting	7.00pm Wednesday 21 November 2012
Meeting Date to approve the Proposal	11.00am Friday 23 November 2012
ASX announcement of results of Meeting	Friday 23 November 2012

If the Proposal is approved by Securityholders and all other conditions in connection with the Proposal are fulfilled or waived

Last day of trading in Existing Stapled Securities	Monday 26 November 2012
New Stapled Securities commence trading on ASX on a deferred settlement basis	Tuesday 27 November 2012
Record Date – the date and time which determines the entitlements of Securityholders for implementation of the Proposal	7.00pm Monday 3 December 2012
Implementation of the Proposal	Tuesday 4 December 2012
Despatch of holding statements to Securityholders	Monday 10 December 2012
New Stapled Securities end trading on ASX on a deferred settlement basis	Monday 10 December 2012
New Stapled Securities commence trading on ASX on a normal T+3 settlement basis	Tuesday 11 December 2012

Note: Dates and times are indicative only and subject to change. Unless otherwise specified, all times and dates refer to Sydney time. Any changes to the timetable will be notified to ASX and posted on the DUET Group's website at www.duet.net.au.

1.2 MEETING LOCATION

The Meeting will be held at:

Location

Intercontinental Hotel
Level 2, 117 Macquarie Street
Sydney NSW 2000

Date

Friday 23 November 2012

Time

11.00am

What do you need to do next?

Step 1 Carefully read this Explanatory Memorandum and the accompanying separate Prospectus

You should read this Explanatory Memorandum and the accompanying separate Prospectus in full before deciding how to vote. The frequently asked questions in Section 4 may help answer some of your questions. If you have any doubts about what action to take, you should seek your own independent financial, legal, tax or other professional advice before deciding how to vote at the Meeting.

Step 2 Vote on the resolutions

If you are a Securityholder on the Voting Record Date you are entitled to vote on the resolutions at the Meeting.

You can vote:

- by proxy, by completing and returning a Proxy Form; or
- in person, by attending the Meeting to be held at Intercontinental Hotel, Level 2, 117 Macquarie Street, Sydney NSW 2000, commencing at 11.00am on Friday 23 November 2012.

To ensure your Proxy Form is valid, you should return it so that it is received by 11.00am on Wednesday 21 November 2012. Instructions for completing and returning your Proxy Form are in Section 5.13.2.

2 LETTER FROM THE CHAIRMEN OF THE INDEPENDENT BOARD COMMITTEES

10 October 2012

Dear Securityholder,

On 31 July 2012, the Independent Directors of the DUET Group (**DUET** or the **Group**) announced they had reached agreement with AMP Capital Holdings Limited (**AMP Capital**) and Macquarie Capital Group Limited (**Macquarie**) to internalise the management of DUET, subject to the approval of DUET's securityholders (**Securityholders**).

Background to the Proposal

Over the past 18 months DUET has undergone a significant transformation from a sector-based investment fund into a business with an operational focus. It has completed a number of major strategic and capital initiatives that have simplified and degeared the Group. Today DUET owns, in aggregate, majority stakes in three regulated Australian energy utilities with strong prospects.

The investment community has responded favourably to this transformation. In the 12 month period to 30 June 2012, DUET outperformed its benchmark index by 13.7% and the improvement in its security price resulted in a Performance Fee of \$16.2 million being paid to Macquarie and AMP Capital for the six months to 30 June 2012.

Throughout this period, the Independent Directors were aware of market developments in respect of the internalisation of other externally-managed groups. When the Independent Directors conducted their periodic review of the management arrangements in March 2012, an opportunity was identified to reform the governance structure while delivering an economic benefit to Securityholders.

It was against the backdrop of DUET's successful initiatives, the prospect of material increases in the Management Fee, and a greater likelihood of further Performance Fees, that the Independent Directors sought an internalisation proposal from Macquarie and AMP Capital. The Independent Directors then appointed financial and legal advisors and entered into a lengthy period of negotiation.

The Independent Directors considered various alternative approaches to internalisation and determined that this Proposal provided the best risk-adjusted outcome for Securityholders. The alternative approaches to the Proposal that were considered by the Independent Directors are discussed in more detail in Sections 3.7 and 5.3.

Benefits of the Proposal to Securityholders

The internalisation of DUET's management is expected to deliver a number of tangible benefits to Securityholders.

- It will strengthen the alignment of interests of DUET's boards and management with Securityholders. In particular:
 - management will be employed by DUET Investment Holdings Limited (**DIHL**) and be directly and solely accountable to DUET's boards;
 - management performance incentives will be linked to the interests of Securityholders; and
 - from 2013, all directors of DUET will become subject to nomination and re-election by Securityholders on a rotational basis.
- It is expected to more than halve DUET's annual corporate operating costs¹ and, in doing so, be accretive to DUET's operating cash flows from 1 July 2013.
- It will eliminate externally paid Management Fees, giving DUET greater control and certainty over its future corporate operating costs instead of those costs being subject to fluctuations from movements in DUET's market capitalisation under the current management fee arrangements.
- It will eliminate Performance Fees from 1 July 2012, removing a significant element of volatility from DUET's future cash flows and distributions.
- It is expected to broaden DUET's appeal to the investment community and potentially expand its investor base by removing the external management arrangements.

Risks and disadvantages of the Proposal

There are a number of risks and disadvantages associated with internalising management under the Proposal which you should take into account in deciding how to vote.

- DUET will need to pay one-off external transaction and implementation costs associated with the Proposal.
- DUET will no longer enjoy access to Macquarie and AMP Capital's expertise and global reach.
- Although (as noted above) DUET's corporate operating costs are expected to more than halve if the Proposal is implemented, these costs will now be paid directly by DUET rather than by Macquarie and AMP Capital if the Proposal is implemented.

The risks and disadvantages of the Proposal are described in more detail in Sections 3.6, 3.10, 5.6 and 5.9.

¹ The pre-internalisation corporate operating expense budget for the 2013 financial year is \$25.2 million. Following internalisation, proforma operating costs are expected to be approximately \$11.8 million. See Section 5.4.3 for more details.

2 LETTER FROM THE CHAIRMEN OF THE INDEPENDENT BOARD COMMITTEES CONTINUED

The terms of the Proposal

If the Proposal is approved then:

- DUET will become an independent self-managed group;
- DUET will acquire its responsible entities from AMP Capital and Macquarie and procure the issue of the shares in these companies to Securityholders; and
- the current management team, led by David Bartholomew (Chief Executive Officer) and Jason Conroy (Chief Financial Officer) will be directly employed by DIHL.

Under the Proposal, total payments to Macquarie and AMP Capital for the internalisation will be \$95.6 million.² Of this amount, \$82.0 million will be used to subscribe for 41,578,144 stapled securities in the DUET Group at \$1.972³ per stapled security. At 7.1 times the expected annual corporate cost savings and 3.5 times those savings and the average annual historical performance fee, the Independent Directors believe the \$95.6 million in total payments to be attractive when compared to similar recent transactions.

DUET will also pay Macquarie and AMP Capital \$5.0 million for restructuring advisory services to evaluate, develop and (if appropriate) implement a simplification of DUET's group structure.

DUET has Secured an Experienced Board and Management team

All of the Independent Directors (including Doug Halley, the chairman-elect of DUET) will remain as directors of DUET and, from 2013, will be subject to nomination and re-election by Securityholders on a rotational basis.

Under the Heads of Agreement entered into between DUET, Macquarie and AMP Capital, one of John Roberts and Scott Davies (who is currently Philip Garling's alternate) will remain on each DUET Board. Scott Davies will retire on 30 June 2013 and John Roberts will retire at the DUET Group 2013 Annual General Meetings expected to be held in November 2013, unless invited by the Independent Directors to stand for re-election. Following these dates, Macquarie and AMP Capital will no longer have the right to appoint directors to DUET's boards.

DUET's current management team will be employed by DUET on financial close of the transaction which is expected in early December 2012. The accumulated knowledge and experience of the team in managing DUET (and the large and complex businesses which it owns) provides the Independent Directors with a high degree of comfort and certainty around the transition to independent management and the ongoing success of the Group.

DUET's Independent Directors Recommend the Proposal

The Independent Directors of DUET unanimously recommend that you vote in favour of the Proposal in the absence of a superior competing proposal. The directors will vote the Existing Stapled Securities they own or control in favour of the Proposal (where they are entitled to vote).

The Independent Expert has concluded that the Proposal is fair and reasonable to, and in the best interests of, Non-Associated Securityholders

This Explanatory Memorandum contains a copy of the Independent Expert's Report, prepared by Grant Samuel & Associates (**Independent Expert**). The Independent Expert has concluded that the Proposal is fair and reasonable to, and in the best interests of, Non-Associated Securityholders.

Your Vote is Important

For the Proposal to proceed, Securityholders must pass all Internalisation Resolutions proposed at the Securityholders' Meeting.

Please read this Explanatory Memorandum and accompanying separate Prospectus carefully in their entirety before making your decision and voting (whether in person, by corporate representative or by proxy) at the Securityholders' Meeting on Friday 23 November 2012.

2 The \$95.6 million comprises: (i) \$55.0 million for the termination of the current management arrangements, entering into the Transaction Documents and structuring, proposing and facilitating the Proposal; (ii) \$27.0 million plus the Share Sale Cash Payment (expected to be \$4.1 million and equivalent to Management Fee income from 1 October 2012 to the Implementation Date) in consideration for the sale of shares in RE1 and RE2; and (iii) an estimated total of \$9.5 million for separation and transition services to be made available and provided by Macquarie and AMP Capital to 30 June 2013. See Sections 5.2.3, 5.2.4, 5.3.1 and 5.3.2 for more details.

3 The method for calculating the issue price as set out in the Heads of Agreement has been amended with the price now to be calculated in accordance with the existing constitutions of DUET1, DUET2 and DUET3. The subscription price of \$1.972 under the constitutions is marginally more favourable to Securityholders than the \$1.9715 price under the Heads of Agreement.

How to Obtain Further Information

If you have any queries on the resolutions or material contained in the attached documents then please contact the DUET Securityholder Information Line on 1800 009 874 (within Australia) or +61 3 9415 4189 (outside Australia) or your financial adviser or accountant.

We are very excited about the future of DUET. We recommend this Proposal to you and encourage you to vote in its favour given the significant and tangible benefits for Securityholders.

We look forward to your participation at the Securityholders' Meeting.

Yours sincerely



Doug Halley

Independent Board Committee Chairman

DUET Investment Holdings Limited and AMPCI
Macquarie Infrastructure Management No 1 Limited
as responsible entity of Diversified Utility and
Energy Trust No. 1



Ron Finlay

Independent Board Committee Chairman

AMPCI Macquarie Infrastructure Management No 2
Limited as responsible entity of Diversified Utility and
Energy Trust No. 2 and Diversified Utility and
Energy Trust No. 3

3 SUMMARY OF THE PROPOSAL

3.1 BACKGROUND AND OVERVIEW OF THE PROPOSAL

3.1.1 Background

Having undertaken a number of major strategic, operational and capital initiatives, the Independent Directors believe that internalisation of management is the next important step in the DUET Group's evolution.

When the Independent Directors conducted their periodic review of the management arrangements in March 2012, an opportunity was identified to reform the governance structure while delivering an economic benefit to Securityholders.

It was against the backdrop of the DUET Group's successful transformation, the prospect of significant increases in the Management Fee, and a greater likelihood of further Performance Fees, that the Independent Directors sought an internalisation proposal from Macquarie and AMP Capital.

3.1.2 Overview of the Proposal

The Proposal involves the internalisation of management of the DUET Group, thereby eliminating the external Management Fee and Performance Fees.

Key aspects	Description	More information
Key features of the Proposal	<p>The DUET Group's management will be employed directly by DIHL post internalisation, rather than by Macquarie and AMP Capital.</p> <p>The DUET Group will acquire the responsible entities who currently manage the DUET Group entities from Macquarie and AMP Capital.</p>	Sections 5.1.3 and 5.1.6
Key Steps for effecting the Proposal	<p>The Proposal will be effected through the following key steps:</p> <ul style="list-style-type: none"> – DIHL acquires all of the shares in RE1 and RE2, being the responsible entities who currently manage the DUET Group, from Macquarie and AMP Capital for \$27.0 million plus the Share Sale Cash Payment (estimated to be \$4.1 million). – Consideration of \$55.0 million is payable by DUET1, DUET2 and DUET3 to Macquarie and AMP Capital largely in connection with the termination of the current management arrangements, for entering into the Transaction Documents, their role in structuring, proposing and facilitating the Proposal and assisting in transitioning employees to DIHL. – The DUET Group will apply \$82.0 million³ of the total amount payable by the DUET Group, on behalf of Macquarie and AMP Capital, towards payment of the subscription price for the Placement Securities issued to Macquarie and AMP Capital. – A Capital Reduction by DIHL, the proceeds of which will be applied towards the issue of RE1 Shares and RE2 Shares to Securityholders and the sale of shares in RE1 and RE2 held by DIHL to Macquarie and AMP Capital. – Shares in RE1 and RE2 being quoted on the ASX and stapled to the Existing Stapled Securities to form New Stapled Securities. 	Section 5.1.3
The key financial benefits associated with the Proposal	<p>In the first year on a proforma basis, DUET is expected to more than halve its annual corporate operating costs to \$11.8 million.</p> <p>The Proposal eliminates the external Management Fee and Performance Fees, reducing cashflow volatility and removing the relationship between costs and market capitalisation.</p>	Sections 5.4.3 and 5.5(c)

3 The amount of \$82.0 million is comprised as follows:

- (i) an aggregate amount of \$27.0 million payable by DIHL to Macquarie and AMP Capital in part consideration for the sale of their RE1 Shares and RE2 Shares; and
- (ii) an aggregate amount of \$55.0 million payable by DUET1, DUET2 and DUET3 to Macquarie and AMP Capital largely for entering into the Transaction Documents, their role in structuring, proposing and facilitating the Proposal and assisting in transitioning employees to DIHL.

Key aspects	Description	More information
Consideration and payments to Macquarie and AMP Capital in connection the Proposal	<p>If the Proposal is implemented, the DUET Group will pay to Macquarie and AMP Capital an aggregate amount estimated to be \$95.6 million (excluding GST, where it is relevant)⁴ as consideration in connection with the implementation of the Proposal. This amount comprises:</p> <ul style="list-style-type: none"> – an amount of \$55.0 million payable by DUET1, DUET2 and DUET3 to Macquarie and AMP Capital largely for the termination of the current management arrangements, their entering into the Transaction Documents, their role in structuring, proposing and facilitating the Proposal and assisting in transitioning employees to DIHL; – an amount of \$27.0 million payable by DIHL to Macquarie and AMP Capital in part consideration for the sale of their RE1 Shares and RE2 Shares; – the Share Sale Cash Payment, being a payment equivalent to the Management Fee for the period from 1 October 2012 to the Implementation Date (estimated to be \$4.1 million), which will be paid directly to Macquarie and AMP Capital in part consideration for the acquisition by DIHL of Macquarie and AMP Capital's shares in RE1 and RE2;⁵ and – an estimated total of \$9.5 million comprising the following: <ul style="list-style-type: none"> – an Availability Fee of \$1.25 million per calendar month, estimated to be \$8.6 million in total, to make certain agreed transition and separation services available to the DUET Group from the Implementation Date to 30 June 2013;⁶ and – an estimated amount of \$0.9 million, charged on a cost-recovery basis, for the use of those transition and separation services provided by Macquarie and AMP Capital. 	Sections 3.4, 5.2.3 and 5.2.4
Other payments to Macquarie and AMP Capital following implementation of the Proposal	A total advisory fee of \$5.0 million pursuant to a separate advisory mandate, under which Macquarie and AMP Capital have been engaged to evaluate, develop and, if appropriate, implement a simplification of the DUET Group to be compatible with the internalised management. When considering this appointment, the Independent Board Committees took account of Macquarie and AMP Capital's extensive knowledge of the structure and history of the DUET Group, coupled with their experience with these types of complex structures.	Section 5.2.4(d)
Other one-off costs associated with the Proposal	<p>One-off costs associated with the Proposal are:</p> <ul style="list-style-type: none"> – transaction advisory costs, estimated to be \$3.9 million;⁷ and – costs associated with the establishment of head-office and IT systems, estimated to be \$1.0 million. 	Section 5.4.3(b)

4 Any GST payable will be paid cash.

5 For detail on how the Management Fee is calculated, see Section 5.2.1(a).

6 For more detail on the transition and separation services available to the DUET Group, see Section 5.2.4 and Annexure C.

7 The transaction advisory costs include the special services fee of \$330,000 payable to the Independent Directors. See Sections 5.1.6 and 6.1(e) for more information. If the Proposal is not implemented, the DUET Group is expected to incur transaction advisory costs relating to the Proposal of \$3.5 million (rather than \$3.9 million).

3 SUMMARY OF THE PROPOSAL CONTINUED

3.2 OVERVIEW OF THE DUET GROUP

DIHL, DUET1, DUET2 and DUET3 form the DUET Group, a quadruple-stapled group listed on the ASX which owns and operates energy utility assets in Australia.

The responsible entities of DUET1, DUET2 and DUET3 are RE1 and RE2, and RE1 is also the manager of DIHL. RE1 and RE2 are joint ventures between AMP Capital, a subsidiary of AMP Limited, and Macquarie, a wholly owned subsidiary of MGL.

MGL acts primarily as an investment intermediary for institutional, corporate and retail clients and counterparties around the world. MGL's diverse range of services includes corporate finance and advisory, equities research and broking, funds and asset management, foreign exchange, fixed income and commodities trading, lending and leasing and private wealth management.

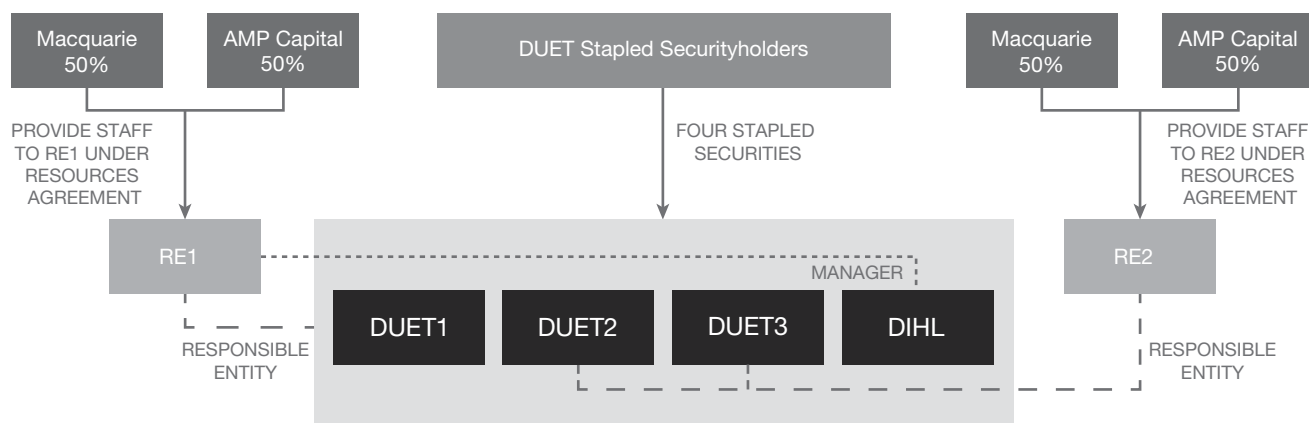
AMP Capital is a diversified investment manager, managing investments across major asset classes including equities, fixed interest, infrastructure, property, diversified funds, multi-manager and multi-asset funds. It invests across a range of infrastructure sectors, lifecycles and geographies and focuses on generating long-term, stable returns for its clients.

3.3 IMPACT OF THE PROPOSAL ON THE DUET GROUP

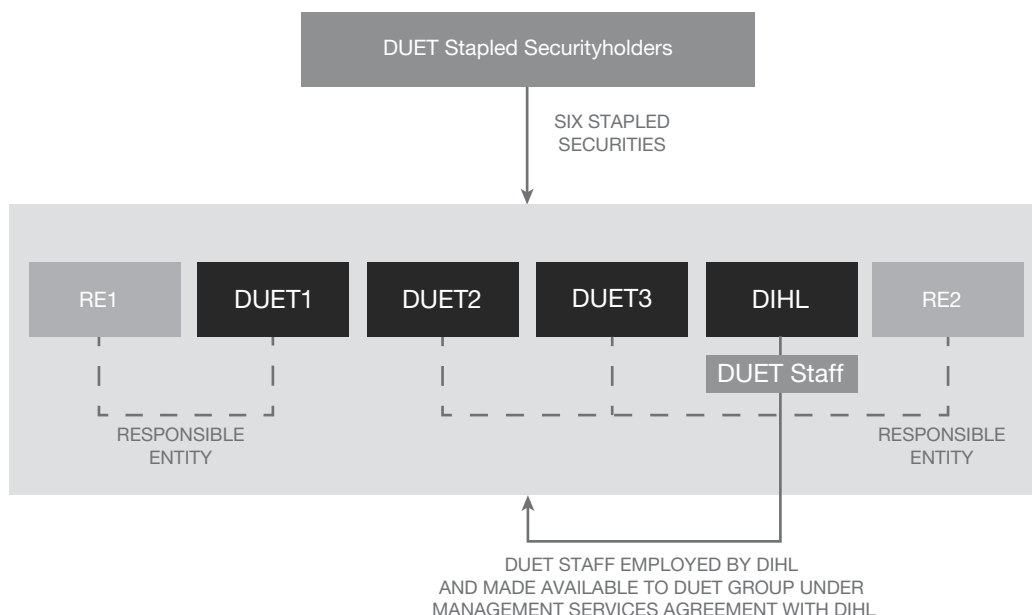
If the Proposal is implemented, on the Implementation Date Macquarie and AMP Capital will cease to jointly own RE1 and RE2, Securityholders will become the shareholders of RE1 and RE2 by being issued one RE1 Share and one RE2 Share for every Existing Stapled Security that they hold on the Record Date.

The units in each of DUET1, DUET2 and DUET3 and the shares in DIHL will be stapled to the RE1 Shares and the RE2 Shares to form the New Stapled Securities and a six-stapled group. The New Stapled Securities will trade on the ASX under the DUET Group's existing ASX code 'DUE'.

The following diagram represents the current structure of the DUET Group before the implementation of the Proposal:



The following diagram represents the structure of the DUET Group if the Proposal is implemented:



The DUET Group has secured Independent Directors and an executive team of a high calibre. The executive team will comprise the current management with their unique set of knowledge and expertise, who will transfer to the business and become employees of DIHL, and be led by David Bartholomew as Chief Executive Officer and Jason Conroy as Chief Financial Officer (they are currently employed by AMP Capital and Macquarie respectively).

The executive remuneration packages agreed with the Chief Executive Officer and the Chief Financial Officer include elements that require the approval of Securityholders (Termination Benefits Resolution). These executive remuneration packages are summarised in Section 5.1.8.

3.4 MACQUARIE AND AMP CAPITAL'S INTERESTS IN THE PROPOSAL

Macquarie and AMP Capital's interests in the Proposal are described in detail in Sections 5.2.3 and 5.2.4. Set out below is a summary of their interests.

Key aspects	Description	More information
Existing management rights	<p>Macquarie and AMP Capital currently provide management services to the DUET Group through RE1 and RE2, in consideration for which RE1 and RE2 are entitled to management fees consisting of the Management Fee (paid quarterly, calculated at 1% per year of Net Investment Value) and Performance Fees (paid every six months at 30 June and 31 December) in the event that the DUET Group accumulation index outperforms the benchmark index.</p> <p>In addition, Macquarie and AMPCIL (a related body corporate of AMP Capital) provide staff to RE1 and RE2 under Resources Agreements. As noted above, the DUET Group pays management fees to Macquarie and AMPCIL through RE1 and RE2 and under the Resources Agreements, RE1 and RE2 (in their personal capacity) pay the resource fees. These Resources Agreements will be terminated as part of the Proposal.</p> <p>RE1 (in its personal capacity) and DIHL are also parties to the DIHL Management Services Agreement under which RE1 provides certain management services to DIHL and is entitled to a management fee and a performance fee if certain benchmarks are met. This DIHL Management Services Agreement will be terminated if the Proposal is implemented.</p>	Section 5.2.1
Services provided by Macquarie and AMP Capital in connection with the Proposal	<p>Macquarie and AMP Capital have agreed to:</p> <ul style="list-style-type: none"> – assist the DUET Group with establishing an independent operation by providing transition services, including the transfer of certain personnel, provision of premises and other services from the Implementation Date until 30 June 2013; – grant perpetual royalty-free intellectual property licences for the use of certain information, records, data and intellectual property by the DUET Group; and – transfer the ownership of RE1 and RE2, the current responsible entities of DUET1, DUET2 and DUET3, to DIHL. 	Section 5.2.3

3 SUMMARY OF THE PROPOSAL CONTINUED

Key aspects	Description	More information
Benefits to Macquarie and AMP Capital if the Proposal is implemented	Benefit	Aggregate Amount
	If the Proposal is implemented, the DUET Group will pay to Macquarie and AMP Capital an aggregate amount estimated to be \$95.6 million (excluding GST, where it is relevant) ⁸ as consideration in connection with the Proposal. This amount is broken down as set out below.	
	Consideration largely for the termination of the current management arrangements, entering into the Transaction Documents, their role in structuring, proposing and facilitating the Proposal and assisting in transitioning employees to DIHL.	\$55.0 million
	Part consideration for Macquarie and AMP Capital's shareholding in each of RE1 and RE2.	\$27.0 million
	The Share Sale Cash Payment, being a payment equivalent to the Management Fee for the period from 1 October 2012 to the Implementation Date to be paid directly to Macquarie and AMP Capital in part consideration for the acquisition by DIHL of Macquarie and AMP Capital's shares in RE1 and RE2. ⁹ RE1 and RE2 will not receive a Management Fee for that period. If the Proposal does not proceed, the amount equivalent to the Share Sale Cash Payment will still be payable as part of the Management Fee under the DUET1, DUET2 and DUET3 constitutions.	\$4.1 million (estimate)
	– An Availability Fee of \$1.25 million per calendar month, estimated to be \$8.6 million in total, to make certain agreed transition and separation services available to the DUET Group from the Implementation Date to 30 June 2013. ¹⁰	\$9.5 million (estimate)
	– An estimated amount of \$0.9 million, charged on a cost-recovery basis, for the use of those transition and separation services provided by Macquarie and AMP Capital.	
Other payments to Macquarie and AMP Capital following implementation of the Proposal	Under a separate advisory mandate, Macquarie and AMP Capital have been engaged to evaluate, develop and, if appropriate, implement a simplification of the DUET Group to be compatible with the internalised management, for a fee of \$5.0 million. When considering this appointment, the Independent Board Committees took account of Macquarie and AMP Capital's extensive knowledge of the structure and history of the DUET Group, coupled with their experience with these types of complex structures.	Section 5.2.4(d)

8 Any GST payable will be paid in cash.

9 For detail on how the Management Fee is calculated, see Section 5.2.1(a).

10 For more detail on the transition and separation services available to the DUET Group, see Section 5.2.4 and Annexure C.

Key aspects	Description	More information
Application of \$82.0 million consideration to subscription for Placement Securities	If the Proposal is approved by the requisite majority of Securityholders, Macquarie and AMP Capital will subscribe for, and the DUET Group will issue, the Placement Securities (in value equal to \$82.0 million). The DUET Group will, pursuant to a direction from Macquarie and AMP Capital, apply the \$82.0 million ¹¹ which is payable by the DUET Group, on behalf of Macquarie and AMP Capital, towards payment of the subscription price for the Placement Securities issued to each of Macquarie and AMP Capital (the subscription price being \$1.972 per Placement Security).	Sections 5.1.3 and 5.2.3
Effect of the issue of the Placement Securities on Macquarie and AMP Capital's holdings of Existing Stapled Securities	<p>As at 20 September 2012 (being the latest practical date prior to issuing the Meeting Booklet):</p> <ul style="list-style-type: none"> – Macquarie had a relevant interest in 47,256,526 Existing Stapled Securities (4.23% of the Existing Stapled Securities on issue); and – AMP Capital had a relevant interest in 79,692,719 Existing Stapled Securities (7.14% of the Existing Stapled Securities on issue). <p>Macquarie and AMP Capital are associates under the Corporations Act in relation to their holdings of Existing Stapled Securities. For that reason, their voting power in the DUET Group is combined in accordance with section 610 of the Corporations Act. Therefore, as at 20 September 2012 (being the latest practical date prior to issuing the Meeting Booklet):</p> <ul style="list-style-type: none"> – the aggregate relevant interest of Macquarie and its associates (or voting power) (including the association between Macquarie and AMP Capital) was in 126,949,245 Existing Stapled Securities (voting power of 11.37%); and – the aggregate relevant interest of AMP Capital and its associates (or voting power) (including the association between AMP Capital and Macquarie) was in 126,949,245 Existing Stapled Securities (voting power of 11.37%). <p>If the Proposal is approved and the Placement Securities are issued (and assuming there is no change to Macquarie and AMP Capital's relevant interest between 20 September 2012 and the Implementation Date):</p> <ul style="list-style-type: none"> – Macquarie's relevant interest will increase to 68,045,598 New Stapled Securities; and – AMP Capital's relevant interest will increase to 100,481,791 New Stapled Securities, <p>and, together, Macquarie and AMP Capital will then have a combined voting power in the DUET Group (under section 610 of the Corporations Act) of 14.55%.</p>	Section 5.2.1(c)

11 The amount of \$82.0 million is comprised as follows:

- (i) an aggregate amount of \$27.0 million payable by DIHL to Macquarie and AMP Capital in part consideration for the sale of their RE1 Shares and RE2 Shares; and
- (ii) an aggregate amount of \$55.0 million payable by DUET1, DUET2 and DUET3 to Macquarie and AMP Capital largely for entering into the Transaction Documents, their role in structuring, proposing and facilitating the Proposal and assisting in transitioning employees to DIHL.

3 SUMMARY OF THE PROPOSAL CONTINUED

3.5 SUMMARY OF THE REASONS WHY YOU SHOULD VOTE IN FAVOUR OF THE PROPOSAL

- (a) The Independent Directors consider that the Proposal is in the best interests of Securityholders in the absence of a superior competing proposal.
- (b) The Independent Directors believe that the key governance benefits from an internalised management structure include:
 - greater alignment with the interests of Securityholders because the boards of the DUET Group and the management team will be directly remunerated by the DUET Group;
 - a possible broadening of investment community appeal to supporters of internalised management models. This has the potential to, over time, enhance the quality of the DUET Group's securityholder register, increase the liquidity of New Stapled Securities and position the DUET Group for future growth;
 - making the DUET Group a self-managed independent group, with the management team in full control of the DUET Group's corporate operating costs; and
 - enhanced Securityholder influence on the composition of the boards of the DUET Group. With a simple majority, Securityholders will be able to pass a resolution relating to the appointment, re-election and removal of directors and, after the 2013 annual general meeting of the DUET Group, Macquarie and AMP Capital will no longer have special rights to appoint directors to the boards of the DUET Group.
- (c) The Proposal is expected to:
 - more than halve the DUET Group's annual corporate operating costs and, in doing so, be accretive to the DUET Group's operating cash flows from 1 July 2013. In particular, the externally paid Management Fee and Performance Fees are eliminated. (Note that \$137 million (excluding GST) and \$122 million (excluding GST) in Management Fees and Performance Fees respectively have been paid to Macquarie and AMP Capital since 2003.) However, certain new expenses (of approximately \$7.5 million) will be borne by the DUET Group (which were previously borne by Macquarie and AMP Capital) if the Proposal is implemented, such as director and executive remuneration costs. These are described in Sections 5.1.8, 5.6(e) and 5.12.3(c);
 - provide DUET with greater control and certainty over its future corporate operating costs; and
 - remove the link between the DUET Group's corporate operating costs and market capitalisation.
- (d) The Independent Expert has concluded that the Proposal is fair and reasonable to, and in the best interests of, Non-Associated Securityholders.

More information on the reasons why you should vote in favour of the Proposal is provided in Section 5.5.

3.6 SUMMARY OF THE REASONS WHY YOU MIGHT VOTE AGAINST THE PROPOSAL

- (a) You may disagree with the conclusion of the Independent Directors.
- (b) You may disagree with the conclusion of the Independent Expert.
- (c) You may think the payments to Macquarie and AMP Capital in connection with the Proposal exceed the future financial benefits of the Proposal to the DUET Group. The Independent Board Committees are satisfied that the net present value of cost savings to be achieved under an internalised management structure exceeds the total consideration to be paid.
- (d) You may think that the estimated ongoing corporate cost savings from internalisation are too low. More information on these savings can be found in Sections 5.4.3 and 5.5(c).
- (e) You may think that the estimated one-off transaction and implementation costs are too high. More information on these costs can be found in Section 5.6(e).
- (f) You may think that new expenses that will be borne by the DUET Group (which were previously borne by Macquarie and AMP Capital) if the Proposal is implemented (such as director and executive remuneration costs) are too high. More information on these costs can be found in Sections 5.1.8 and 5.12.3(c).
- (g) You may consider that the loss of the direct relationship between the DUET Group and Macquarie and AMP Capital will have a detrimental impact on the DUET Group. It should be noted, however, that the DUET Group will retain the services of an experienced and knowledgeable management team.
- (h) You may consider that other responsible entities are better placed to operate and manage DUET1, DUET2 and DUET3. This would mean that the DUET Group would continue to operate as an externally managed group.
- (i) You may consider that the need for the DUET Group to establish its own staff and head office infrastructure will have a detrimental impact. If the Proposal is implemented, the DUET Group will use transition services provided by Macquarie and AMP Capital through to 30 June 2013 while it develops separate head office infrastructure appropriate for a self-managed, independent business.
- (j) You may consider that the Proposal will not broaden the investor base, improve appeal to the investment community or improve the security price of New Stapled Securities.
- (k) You may not wish your interest in the DUET Group to be diluted as a result of the issue of the Placement Securities to Macquarie and AMP Capital. It should be noted, however, that the extent of any such dilution would be small, the expected countervailing benefits are significant, and for the reasons set out in Section 5.3.3, the issue of New Stapled Securities to Macquarie and AMP Capital is considered to be more beneficial for Securityholders than a cash outlay.

- (l) You may consider it a negative consequence that the issue of the Placement Securities to Macquarie and AMP Capital will increase their combined voting power in the DUET Group stapled securities from 11.37% to 14.55%.¹²
- (m) You may consider that the risks associated with the Proposal outweigh the benefits.

More information on the reasons why you might vote against the Proposal is provided in Section 5.6.

3.7 ALTERNATIVES TO THE PROPOSAL

Alternatives considered by the Independent Board Committees were:

- (a) maintaining Macquarie and AMP Capital as the joint managers of the DUET Group;
- (b) unilateral removal or retirement (subject to Securityholder vote) of RE1 and RE2 as responsible entities of DUET1, DUET2 and DUET3, with either: (i) another external manager being appointed; or (ii) a new DUET Group entity being appointed as manager (resulting in an internalised management structure); and
- (c) funding an internalisation of the DUET Group through a cash payment to each of Macquarie and AMP Capital. This would require the DUET Group to draw on its corporate debt facility or to undertake a placement or entitlement offer to raise the necessary funding.

The Independent Board Committees considered all of the available options and, after consultation with their advisers, concluded that the Proposal is in the best interests of Securityholders and recommend the Proposal to Securityholders.

More information on alternative options to the Proposal is provided in Section 5.3.

3.8 INDEPENDENT DIRECTORS' RECOMMENDATION

The Independent Directors of the DUET Group unanimously recommend that you vote in favour of the Proposal in the absence of a superior competing proposal. The directors will vote the Existing Stapled Securities they own or control in favour of the Proposal where they are entitled to vote in the absence of a superior competing proposal.

3.9 INDEPENDENT EXPERT'S REPORT

The Independent Expert has provided an assessment of the Proposal for the benefit of Non-Associated Securityholders. The Independent Expert has concluded that the Proposal is fair and reasonable to, and in the best interests of, Non-Associated Securityholders. In reaching this opinion, the Independent Expert has taken into account, among other things, the following factors:

- Internalisation of the management of the DUET Group would be beneficial for Securityholders but is unlikely to occur except through negotiation of an agreed settlement with Macquarie and AMP Capital.
- The Proposal provides a net present value benefit to Securityholders of \$57–81 million, excluding the impact of potential Performance Fees, and assuming:
 - the total effective cost of the Proposal is \$95.4–101.6 million. For the purposes of its analysis, Grant Samuel has adjusted the total consideration of \$95.6 million payable to Macquarie and AMP Capital to:
 - value the Placement Securities to be issued to Macquarie and AMP Capital in line with recent market trading prices since announcement of the Proposal (\$2.00–2.15) to reflect the approximate market value of the Placement Securities subscribed for with the consideration;
 - include non recoverable GST (\$2.7 million) because it is directly associated with the consideration; and
 - exclude the Share Sale Cash Payment as this amount would be payable as the base management fee under the constitutions of DUET1, DUET2 and DUET3 in the absence of the Proposal;
 - the Management Contracts (as defined in the Independent Expert's Report) remain on foot on their present terms;
 - DUET's market capitalisation grows at a rate of approximately 2.5% per annum;
 - annualised incremental operating costs are \$7.5 million (excluding GST) in the year to 30 June 2013, increasing at inflation thereafter;
 - the net cash flow savings do not incur taxation; and
 - discount rates of 9–10%.
- If potential Performance Fees and/or future capital raisings are allowed for, the net present value benefit would be materially higher.
- The total effective cost of the Proposal represents a multiple of 6.9–7.3 times the proforma net annual cost savings (excluding Performance Fees).
- There are a number of other advantages and benefits arising from the Proposal. At the same time, there are certain costs (other than the consideration), disadvantages and risks. These negative factors are not trivial but, in the Independent Expert's opinion, are not substantive and are outweighed by the benefits.

A copy of the Independent Expert's Report can be found in Annexure A of the Explanatory Memorandum.

¹² Macquarie and AMP Capital are associates under the Corporations Act in relation to their holdings of Existing Stapled Securities. For that reason, their voting power in the DUET Group is combined in accordance with section 610 of the Corporations Act. Voting power of 11.37% is held as at 20 September 2012.

3 SUMMARY OF THE PROPOSAL CONTINUED

3.10 SUMMARY OF THE RISKS OF THE PROPOSAL

There are a number of risks associated with internalising management under the Proposal. Some of the risks and governance arrangements associated with the Proposal:

- (a) There are inherent risks in internalising management of any business as new systems are implemented, including those related to existing governance arrangements. The DUET Group will seek to manage this risk by procuring the continued support of the directors of the DUET Group, the continued employment of key management team members with sector expertise, including the current Chief Executive Officer and the current Chief Financial Officer of the DUET Group and the entry into transitional arrangements with Macquarie and AMP Capital.
- (b) Through Macquarie and AMP Capital, the DUET Group currently has access to high quality executives to fill any vacant positions. If the Proposal is implemented, the DUET Group will be reliant on retaining and attracting its own senior executives and other employees. The loss of the services of any of the DUET Group's senior management or the inability to attract new qualified personnel in a competitive recruitment market could adversely affect the DUET Group's operations.
- (c) Some investors may consider the loss of Macquarie and AMP Capital's involvement to have a negative impact on the market's perception of the DUET Group. Through Macquarie and AMP Capital, the DUET Group has institutional support, including access to individuals with sector-based experience, potential financiers and suppliers and information resources.
- (d) While the Independent Board Committees believe that an internalised management structure will broaden the investor appeal of the DUET Group, there is no guarantee that the price of New Stapled Securities will increase as a result.
- (e) These and other risks are described in more detail in Section 5.9. Securityholders should also consider the information in the Prospectus in relation to risks associated with the issue of the RE1 Shares and RE2 Shares under the Proposal.

3.11 SUMMARY OF IMPLICATIONS IF THE PROPOSAL IS NOT APPROVED

If the Proposal is not approved:

- (a) Securityholders will not receive the anticipated benefits from the implementation of the Proposal;
- (b) the current directors of the DUET Group (including John Roberts as the common chairman of RE1, RE2 and DIHL) will remain in place and the current management team will continue to manage the DUET Group's operations as per the current arrangements;
- (c) the DUET Group will continue to pay the external Management Fee (including any amount that would have been otherwise due and payable from 1 October 2012) and (potentially) Performance Fees to RE1 and RE2;
- (d) the DUET Group will not pay \$95.6 million to Macquarie and AMP Capital comprising \$55.0 million in connection with the termination of the current management arrangements, their entering into the Transaction Documents, their role in structuring, proposing and facilitating the Proposal, assisting in transitioning employees to DIHL, and \$27.0 million plus the Share Sale Cash Payment (estimated to be \$4.1 million) in connection with the acquisition of all of the shares in RE1 and RE2 by DIHL, as well as the transition and separation services until 30 June 2013 for an estimated cost of \$9.5 million;
- (e) Macquarie and AMP Capital will not subscribe for the Placement Securities;
- (f) Existing Stapled Securities will continue to trade on ASX and the DUET Group will remain an ASX-listed quadruple stapled entity;
- (g) the DUET Group will pay transaction advisory costs incurred to date relating to the Proposal of around \$3.5 million;
- (h) the DUET Group will not incur the estimated \$1.0 million in capital costs associated with the establishment of head-office and IT systems;
- (i) the DUET Group will not incur approximately \$7.5 million in operating costs (including director and executive remuneration) which will continue to be borne by Macquarie and AMPCIL; and
- (j) the separate advisory mandate, under which Macquarie and AMP Capital have been engaged to evaluate and, if appropriate, implement a simplification of the DUET Group, and be paid a total advisory fee of \$5.0 million, will not proceed.

More information on the implications if the Proposal is not approved can be found in Section 5.10.

3.12 SUMMARY OF THE IMPLICATIONS IF THE PROPOSAL IS APPROVED

If the Proposal is approved and is implemented:

- (a) Securityholders will receive the anticipated benefits from the implementation of the Proposal;
- (b) RE1 Shares and RE2 Shares will be issued to Securityholders and stapled to Existing Stapled Securities;
- (c) the DUET Group will no longer pay the external Management Fee from 1 October 2012 and Performance Fees from 1 July 2012 to RE1 and RE2. However RE1 and RE2 will receive a reduced management fee as responsible entities of DUET1, DUET2 and DUET3 (as applicable) to enable them to meet expenses incurred in their personal capacity which they cannot recover from the assets of DUET1, DUET2 and DUET3 (as applicable). These expenses are expected to include audit fees in relation to their own financial statements, insurance premiums unrelated to the trusts and costs associated with maintaining their AFSs;

- (d) the DUET Group will pay \$95.6 million to Macquarie and AMP Capital comprising \$55.0 million in connection with the termination of the current management arrangements, their entering into the Transaction Documents, their role in structuring, proposing and facilitating the Proposal, assisting in transitioning employees to DIHL and \$27.0 million plus the Share Sale Cash Payment (estimated to be \$4.1 million), being a payment equivalent to the Management Fee for the period from 1 October 2012 to the Implementation Date¹³ (RE1 and RE2 will not receive a Management Fee for that period), in connection with the acquisition of all of the shares in RE1 and RE2 by DIHL, as well as Macquarie and AMP Capital will provide transition and separation services until 30 June 2013 for an estimated cost of \$9.5 million;
- (e) Macquarie and AMP Capital will subscribe for the Placement Securities. These Placement Securities will be subject to a Holding Lock until 30 June 2013 or earlier in the event of a change of control or takeover of the DUET Group, or the announcement of a bona fide offer to acquire the DUET Group;
- (f) the existing management team of the DUET Group will transfer to DIHL;
- (g) Macquarie and AMP Capital will grant the DUET Group royalty-free perpetual intellectual property licences for the use of certain information, records, data and intellectual property by the DUET Group;
- (h) the DUET Group will pay transaction advisory costs relating to the Proposal of about \$3.9 million;
- (i) the DUET Group is expected to incur an estimated \$1.0 million in capital costs associated with the establishment of head office and IT systems;
- (j) the DUET Group will internalise approximately \$7.5 million in operating costs, including director and executive remuneration, previously borne by Macquarie and AMPCL, in the first year after implementation of the Proposal;
- (k) the separate advisory mandate, under which Macquarie and AMP Capital have been engaged to evaluate and, if appropriate, implement a simplification of the DUET Group, and be paid a total advisory fee of \$5.0 million, will become effective;
- (l) the boards of RE1, RE2 and DIHL will undergo a realignment, including the replacement of John Roberts with Doug Halley as the common chairman of RE1, RE2 and DIHL; and
- (m) the name of RE1 will be changed to 'DUET Management Company 1 Limited' and the name of RE2 will be changed to 'DUET Management Company 2 Limited'.

More information on the implications if the Proposal is approved can be found in Section 5.11.

3.13 SECURITYHOLDERS APPROVAL SOUGHT FOR THE PROPOSAL

Securityholders will be asked to consider and vote on the following Internalisation Resolutions at the Meeting, both of which are required to be passed in order to implement the Proposal:

- (a) the Proposal Approval Resolution is an ordinary resolution of Securityholders approving the Proposal and authorising RE1 and RE2 and DIHL to give effect to the Proposal; and
- (b) the Capital Reduction Resolution is an ordinary resolution of Securityholders (as shareholders of DIHL) authorising a reduction in DIHL's capital in relation to an issue of shares by RE1 and RE2 and the Residual RE Share Sale.

The Internalisation Resolutions are conditional upon each other. This means that if the Proposal Approval Resolution or the Capital Reduction Resolution is not passed, the Proposal will not be approved.

More information on the Internalisation Resolutions can be found in Section 5.12.1.

In addition to the Internalisation Resolutions, Securityholders will be asked to consider and vote on one Ordinary Business Resolution and five Other Business Resolutions at the Meeting. The Ordinary Business Resolution and Other Business Resolutions are not required to be passed to implement the Proposal. However, if the Internalisation Resolutions are not passed then the Buy-Back Resolution, Termination Benefits Resolution and Base Fee Resolutions will not be implemented. More information on the Ordinary Business Resolution and Other Business Resolutions can be found in Sections 5.12.2 and 5.12.3 respectively.

13 For detail on how the Management Fee is calculated, see Section 5.2.1(a).

3 SUMMARY OF THE PROPOSAL CONTINUED

3.14 KEY CONDITIONS TO THE PROPOSAL

The Proposal will not proceed unless the conditions precedent set out in the Heads of Agreement are all satisfied or waived (see the summary of the Heads of Agreement in Annexure C of the Explanatory Memorandum).

The conditions are:

Condition	Status
Securityholder approval: The Internalisation Resolutions approving the Proposal are passed by the requisite majority of Securityholders.	A Meeting of Securityholders is to be held on Friday 23 November 2012.
The Heads of Agreement not having been terminated: The Heads of Agreement can be terminated for certain reasons summarised in Section 4 and detailed in Annexure C, including if the majority of the Independent Board Committees change their recommendation on fiduciary grounds (including as a result of a superior competing proposal).	The DUET Group is not aware of any such grounds.
ASIC relief and ASX waivers/confirmation: (a) all relevant ASIC relief has been granted; (b) all relevant ASX waivers and confirmations have been granted.	ASIC has granted relief necessary to issue the Prospectus, and has indicated that it is minded to grant all other relevant ASIC relief. ASX has confirmed that it will grant all relevant ASX waivers and confirmations.
ASX listing of RE1 and RE2: ASX Limited approves admission to official list and the quotation of the shares in RE1 and RE2 to be stapled to the units in DUET1, DUET2 and DUET3 and shares in DIHL.	The listing applications were lodged on 10 October 2012.
All consents obtained: All necessary consents to the implementation of the Proposal are obtained.	The DUET Group has approached the third parties whose consent is required and is not aware of any reason why this condition will not be satisfied.
No legal or regulatory restraint: There is no legal or regulatory restraint or prohibition preventing a material aspect of the Proposal in effect as at the date of the Meeting.	The DUET Group is not aware of any such restraint or prohibition being in effect at the date of this Explanatory Memorandum.
Material representations and warranties true and correct: The material representations and warranties of each party to the Heads of Agreement remain true and correct at all relevant times up to and including the date of the Meeting.	The DUET Group does not have any reason to believe any of the material representations or warranties are not true and correct.
No material breach: There is no material breach of the Heads of Agreement as at the date of the Meeting.	The DUET Group is not aware of any such breach.

4 FREQUENTLY ASKED QUESTIONS

4.1 DETAILS OF THE PROPOSAL

Question	Answer	Where to find more information
What is the Proposal?	<p>The Proposal is to internalise the management of the DUET Group.</p> <p>If the Proposal is implemented, Securityholders will directly own RE1 and RE2 as part of a six-stapled security.</p>	Sections 3.1.2 and 5.1.3
Do the Independent Directors recommend that you vote in favour of the Proposal?	<p>The Independent Directors unanimously recommend that you vote in favour of the Proposal, in the absence of a superior competing proposal. If an alternative proposal is received by the DUET Group before the Meeting, the Independent Directors will consider that proposal and take appropriate action.</p> <p>The non-independent directors on the DUET Boards (being John Roberts as the Macquarie nominee and Philip Garling as the AMP Capital nominee) are not giving a recommendation on how Securityholders should vote on the Proposal because of their interest in the Proposal.</p>	Section 5.7
Who will manage the DUET Group if the Proposal is implemented?	<p>The executive team will comprise the current management team members.</p> <p>If the Proposal is implemented:</p> <ul style="list-style-type: none"> – the directors of RE1 will be Doug Halley, John Roberts, Emma Stein and Michael Lee; – the directors of RE2 will be Doug Halley, Scott Davies, Eric Goodwin, Duncan Sutherland and Ron Finlay; and – the directors of DIHL will be Doug Halley, John Roberts, Emma Stein and Ron Finlay. 	Section 5.1.7
Can the Proposal be terminated?	<p>The Proposal can be terminated in a number of circumstances, including:</p> <ul style="list-style-type: none"> – if a step or condition necessary to complete the Proposal has not occurred on or before 30 November 2012; – if the requisite majorities of Securityholders do not pass the Internalisation Resolutions at the Meeting; – if a majority of the Independent Directors change or withdraw their recommendation to Securityholders before the Meeting (where a superior competing proposal emerges, the Independent Expert opines that the Proposal is not fair and reasonable or is not in the best interests of Securityholders, or the Independent Directors determine that continuing to recommend the Proposal would constitute a breach their fiduciary or statutory obligations); – by the DUET Group, if there is a breach by Macquarie or AMP Capital of any term of the Heads of Agreement which is material to the Proposal; or – by Macquarie or AMP Capital, if there is a breach by RE1, RE2 and DIHL of any term of the Heads of Agreement which is material to the Proposal (provided that, in the case of RE1 and RE2, Macquarie and AMP Capital did not cause the breach). 	Section 4 and Annexure C
Who are the current Independent Directors of DIHL, RE1 and RE2?	<p>The Independent Directors of DIHL are Doug Halley, Ron Finlay and Emma Stein.</p> <p>The Independent Directors of RE1 (as responsible entity of DUET1) are Doug Halley, Emma Stein and Michael Lee.</p> <p>The Independent Directors of RE2 (as responsible entity of DUET2 and DUET3) are Ron Finlay, Duncan Sutherland and Eric Goodwin.</p> <p>The Independent Directors evaluated the Proposal for the purpose of making a recommendation to Securityholders.</p>	Sections 5.1.2 and 5.1.7

4 FREQUENTLY ASKED QUESTIONS CONTINUED

Question	Answer	Where to find more information
Who are the remaining directors of DIHL, RE1 and RE2 and are they making recommendations in relation to the Proposal?	<p>The remaining directors of the DUET Group are John Roberts, who is Macquarie's nominee, and Philip Garling, who is AMP Capital's nominee. Mr Roberts and Mr Garling are not making any recommendation (and did not vote) in relation to the Proposal.</p> <p>If the Proposal is implemented, Mr Roberts will remain on the boards of RE1 and DIHL while Mr Garling will cease to be a director on the DUET Boards and be replaced on the board of RE2 only by his current alternate director, Scott Davies. Mr Davies will retire on 30 June 2013 and Mr Roberts will retire at the 2013 Annual General Meeting unless asked by the Independent Directors to stand for re-election.</p>	Section 5.1.7
What are the key documents for the Proposal?	<p>The Heads of Agreement, the Placement Securities Subscription Agreements, the Share Sale Agreement, and the Transition and Separation Services Agreement.</p> <p>The key terms of the material documents are summarised in Annexure C.</p>	Annexure C
What amounts are payable to Macquarie and AMP Capital in connection with the Proposal?	<p>If the Proposal is implemented, the DUET Group will pay to Macquarie and AMP Capital an aggregate amount estimated to be \$95.6 million (excluding GST, where it is relevant)¹⁴ as consideration in connection with the implementation of the Proposal, which amount comprises:</p> <ul style="list-style-type: none"> - An amount of \$82.0 million, comprising: <ul style="list-style-type: none"> - an amount of \$55.0 million payable by DUET1, DUET2 and DUET3 to Macquarie and AMP Capital largely for the termination of the current management arrangements, entering into the Transaction Documents, their role in structuring, proposing and facilitating the Proposal and assisting in transitioning employees to DIHL; and - an amount of \$27.0 million payable by DIHL to Macquarie and AMP Capital in part consideration for the sale of their RE1 Shares and RE2 Shares. <p>The obligation to settle the \$82.0 million payable will be satisfied as follows:</p> <ul style="list-style-type: none"> - Macquarie and AMP Capital will subscribe for Placement Securities; and - the DUET Group's obligation to pay the consideration will be applied to pay the subscription price for the Placement Securities. <p>These Placement Securities will be subject to a Holding Lock until 30 June 2013 or earlier in the event of a change of control or takeover of the DUET Group, or the announcement of a bona fide offer to acquire the DUET Group.</p> - The Share Sale Cash Payment, being a payment equivalent to the Management Fee for the period from 1 October 2012 to the Implementation Date (estimated to be \$4.1 million), which will be paid directly to Macquarie and AMP Capital in part consideration for the acquisition by DIHL of Macquarie and AMP Capital's shares in RE1 and RE2.¹⁵ RE1 and RE2 will not receive a Management Fee for that period. If the Proposal does not proceed, the amount equivalent to the Share Sale Cash Payment will still be payable as part of the Management Fee under the DUET1, DUET2 and DUET3 constitutions. 	Section 5.2.3

¹⁴ Any GST payable will be paid in cash.

¹⁵ For detail on how the Management Fee is calculated, see Section 5.2.1(a).

Question	Answer	Where to find more information
What amounts are payable to Macquarie and AMP Capital in connection with the Proposal? (continued)	<ul style="list-style-type: none"> - An estimated total of \$9.5 million comprising: <ul style="list-style-type: none"> - an Availability Fee of \$1.25 million per calendar month, estimated to be \$8.6 million in total, to make certain agreed transition and separation services available to the DUET Group from the Implementation Date to 30 June 2013;¹⁶ - an estimated amount of \$0.9 million, charged on a cost-recovery basis, for the use of those transition and separation services provided by Macquarie and AMP Capital. 	
What other amounts are payable to Macquarie and AMP Capital?	Under a separate advisory mandate, Macquarie and AMP Capital have been engaged to evaluate, develop and, if appropriate, implement a simplification of the DUET Group to be compatible with the internalised management arrangements. In aggregate, Macquarie and AMP Capital will be paid a total advisory fee of \$5.0 million for these services. When considering the appointment, the Independent Board Committees took account of Macquarie and AMP Capital's extensive knowledge of the structure and history of the DUET Group, coupled with their experience with these types of complex structures.	Section 5.2.4(d)
How was the consideration provided to Macquarie and AMP Capital under the Proposal determined?	<p>In determining the payment to Macquarie and AMP Capital, the Independent Directors had regard to all of the potential benefits that the Proposal would deliver to Securityholders, and in particular the view that engagement with Macquarie and AMP Capital as the existing owners of RE1 and RE2 had the likelihood of delivering a better outcome for Securityholders through Macquarie and AMP Capital's cooperation and provision of a range of transition services. In addition, regard was given to the fact that the Proposal is expected to more than halve the DUET Group's annual corporate operating costs and, in doing so, be accretive to the DUET Group's cash flows from 1 July 2013.</p> <p>Finally, in respect of the Share Sale Cash Payment, regard was had to the fact that RE1 and RE2 will no longer receive a Management Fee for the period from 1 October 2012 to the Implementation Date.</p>	Sections 5.2.2, 5.2.3 and 5.4.3(a)
What is the payment to Macquarie and AMP Capital in consideration for?	<p>The payment to Macquarie and AMP Capital is to acquire the shares in RE1 and RE2, and in consideration for facilitating a range of outcomes in connection with the Proposal, including:</p> <ul style="list-style-type: none"> - termination of the management arrangements between RE1, RE2 and the DUET Group,¹⁷ to be effected by way of an acquisition by DIHL of the Existing RE Shares; by entering into the Transaction Documents, including agreements terminating the Resources Agreements and the DIHL Management Services Agreement; and by amending the constitutions of DUET1, DUET2 and DUET3; - structuring, proposing and assisting with the Proposal; - assisting in the transfer to the DUET Group of officers and employees of Macquarie or AMP Capital who have previously been provided to RE1 and RE2 to work in relation to the DUET Group before the date of this Explanatory Memorandum; - assisting the DUET Group to establish its independent operation; - providing transition support services to the DUET Group from the Implementation Date up to 30 June 2013; and - assisting with the transfer of knowledge regarding the assets and business of the DUET Group. 	Sections 5.2.3 and 5.2.4

16 For more detail on the transition and separation services available to the DUET Group, see Section 5.2.4 and Annexure C.

17 These 'management arrangements' are collectively referred to in the Independent Expert's Report as the 'Management Contracts'.

4 FREQUENTLY ASKED QUESTIONS CONTINUED

Question	Answer	Where to find more information
Are Macquarie and AMP Capital engaged to provide any other services not directly relating to the Proposal?	Macquarie and AMP Capital have been engaged to evaluate, develop and, if appropriate, assist with implementation of a simplification of the DUET Group to be compatible with the internalised management arrangements. In aggregate, Macquarie and AMP Capital will be paid a total advisory fee of \$5.0 million for these services.	Section 5.2.4(d)
Can Macquarie and AMP Capital vote their respective 4.23% and 7.14% interests in Existing Stapled Securities on the Internalisation Resolutions?	Macquarie and AMP Capital (and their respective Associates) are unable to vote on the Proposal Approval Resolution. The effect of this is that the Proposal will not proceed unless approved by an ordinary resolution of Securityholders on which none of Macquarie, AMP Capital or their respective Associates may vote. Macquarie and AMP Capital and their Associates may vote on the Capital Reduction Resolution, which is an ordinary resolution of shareholders of DIHL (ie, Securityholders).	Annexure G and Section 5.13
What is the conclusion of the Independent Expert?	The Independent Expert has concluded that the Proposal is fair and reasonable to, and in the best interests of, Non-Associated Securityholders.	Section 5.8 and Annexure A
What will happen if the Independent Expert changes its conclusion?	If the Independent Expert changes its conclusion that the Proposal is fair and reasonable to, and in the best interests of, Non-Associated Securityholders, then the Independent Directors may change their recommendation and cause the termination of the Heads of Agreement. If the Heads of Agreement is terminated, the Proposal will not be implemented.	Section 3.14 and Annexure C
What was the DUET Group's process in considering the Proposal?	Given Macquarie's and AMP Capital's interests in the Proposal, the Independent Directors independently considered a number of alternatives to ensure the best interests of Securityholders were advanced on an independent basis. The Independent Directors engaged Gresham Advisory Partners Limited as financial adviser and Allens as legal adviser and engaged Grant Samuel & Associates to prepare an independent expert's report. Key features of the process included: <ul style="list-style-type: none"> – the establishment of the Independent Board Committees to review the alternatives in more detail; and – the implementation of governance protocols to manage any potential conflict of interest between Macquarie, AMP Capital and the DUET Group. 	Sections 5.1.1 and 5.1.2
Will the Proposal impact the distribution guidance of 16.5 cents per stapled security for the financial year ending 2013 previously provided by the DUET Group?	There will be no change to the distribution guidance of 16.5 cents per stapled security for the financial year ending 30 June 2013 as a consequence of the Proposal being approved and implemented.	Section 5.4.1
How does key management remuneration compare to market?	As part of the Proposal, the Independent Board Committees commissioned a report from Mercer in relation to remuneration. The Mercer Report proposed a level of remuneration for key executives based on benchmarking to an Australian listed peer group. The DUET Boards used the Mercer Report as a guide in determining management remuneration, including base salaries and short-term and long-term incentives, and consider the remuneration of the DUET Group's key executives to be comparable with Australian listed peers. Short-term and long-term incentives will be performance-based to align the interests of key executives with Securityholders.	Sections 5.1.8 and 5.12.2(b)

Question	Answer	Where to find more information
How does key management remuneration post-implementation compare to the current remuneration system?	The DUET Group's Chief Executive Officer and Chief Financial Officer are currently employees of AMP Capital and Macquarie respectively and are made available to the DUET Group through Resources Agreements. The current remuneration of each of the Chief Executive Officer and Chief Financial Officer cannot be disclosed by the DUET Group as they are not employees of the DUET Group and that remuneration is not known to the DUET Group. Under the Proposal, each of the Chief Executive Officer and Chief Financial Officer are to be employed by DIHL. The proposed remuneration to be paid by DIHL to the Chief Executive Officer and Chief Financial Officer is detailed in Section 5.1.8 and was market tested by the Independent Directors by reference to a report prepared by Mercer. The overall approach taken by the Independent Directors in remunerating the Chief Executive Officer and Chief Financial Officer is expected to achieve an appropriate balance between risk and return that aligns their interests with those of Securityholders.	Sections 5.1.6, 5.1.8, 5.2.1 and 5.12.2(b)
What incentives will be provided to DUET Group management to enhance Securityholder value?	Remuneration of senior management of the DUET Group will be performance-based, including the payment of short term and long term incentive benefits.	Section 5.1.8
Why are termination benefits part of the key management remuneration packages?	The remuneration packages have been developed to attract, retain and incentivise the key executives. The packages include, among other elements, a termination benefit component. For example, on termination of the Chief Executive Officer with notice, he would be entitled to receive any payment in lieu of his entitlement to 3 months' notice plus 12 months' base salary plus at least 50%–75% of the on-target short term incentive, depending on the year of termination as well as up to 100% of unvested long term incentive awards from prior years. Further details of the proposed termination benefit arrangements for the Chief Executive Officer and Chief Financial Officer are provided in Section 5.12.3(c).	Sections 5.1.8 and 5.12.3(c)
Will my interest as a Securityholder change if the Proposal is implemented?	If the Proposal is implemented you will be issued with RE1 Share and RE2 Shares. You will hold the same number of RE1 Shares and RE2 Shares as the number of Existing Stapled Securities you hold as at the Record Date. The RE1 Shares and RE2 Shares will be stapled to the Existing Stapled Securities, and the New Stapled Securities will be listed on ASX.	Sections 5.1.3 and 5.11
What happens if some of the Internalisation Resolutions are approved but others are not?	The Internalisation Resolutions are inter-conditional. If either one of the Internalisation Resolutions is not approved by the requisite majority, the Proposal will not be implemented. The Ordinary Business Items/Resolutions and Other Business Resolutions are not inter-conditional with the Internalisation Resolutions. Accordingly, if any one of the Ordinary Business Items/Resolutions is not approved by the requisite majority, the Proposal will still occur if the Internalisation Resolutions are approved by the requisite majorities.	Section 5.12
What if I do not vote on the Internalisation Resolutions or vote against an Internalisation Resolution?	The majority required to approve the Internalisation Resolutions is more than 50% of votes cast at the Meeting by Securityholders entitled to vote on the relevant Internalisation Resolution. If the Internalisation Resolutions are approved by the requisite majorities, the Proposal will be implemented even if you did not vote on the resolutions or voted against the resolutions.	Section 5.12

4 FREQUENTLY ASKED QUESTIONS CONTINUED

Question	Answer	Where to find more information
What if I do not vote on the Other Business Resolutions or vote against an Other Business Resolutions?	If the Internalisation Resolutions are passed by the requisite majorities, the Proposal will be implemented even if you did not vote on the Other Business Resolutions or voted against the Other Business Resolutions. However, if the Internalisation Resolutions are not passed then the Buy-Back Resolution, the Termination Benefits Resolution and the Base Fee Resolutions will not be implemented.	Section 5.12
What happens if the Proposal is not approved?	If the Proposal is not approved, then Securityholders will not receive the anticipated benefits from the implementation of the Proposal; the current directors of RE1 and RE2 will remain in place and the current members of management of the DUET Group will continue to manage the operations; the DUET Group will continue to pay the Management Fee and (potentially) Performance Fees; the DUET Group will not pay to Macquarie and AMP Capital an aggregate amount estimated to be \$95.6 million as consideration in connection with the implementation of the Proposal; the DUET Group will have incurred advisory costs of around \$3.5 million ¹⁸ in relation to the Proposal which are not recoverable; the DUET Group will not pay the structure simplification advisory fee of \$5.0 million to Macquarie and AMP Capital; and the Existing Stapled Securities will continue to trade on ASX.	Section 5.10
Will the Proposal trigger any review or change of control provisions in the DUET Group's finance facilities?	Either unilateral replacement of RE1 and RE2 as responsible entities or a change of control of those entities would be a change of control event that would, in the absence of financier consent being obtained, trigger a review event under the DUET Group's corporate debt facility. The DUET Group has formally requested financier consent to the Proposal (which consent is required in order to avoid triggering a review event) and expects to receive it before the Meeting. As part of obtaining this consent, and with the current management team remaining in place, the DUET Group does not anticipate any changes to the key commercial terms to the facility, including pricing, tenor and covenants. If this consent is not forthcoming, then the DUET Group proposes to cancel the facility as it is undrawn. Implementation of the Proposal would have no effect on any other finance facilities of the DUET Group or on the finance facilities of its assets companies.	Section 5.3.2
Are there change of control provisions in the agreements relating to the DUET Group's interests or assets that are impacted by the Proposal?	There are no change of control provisions relating to the DUET Group's interests or assets that are triggered by the Proposal.	N/A
What costs will be incurred if the Proposal is not implemented?	There are no break fees or break costs payable by the DUET Group if (for whatever reason) the Proposal is not implemented. However, if the Proposal is not implemented, the DUET Group is expected to bear transaction advisory costs of around \$3.5 million. The DUET Group will also remain liable to pay the Management Fee and (potentially) Performance Fees to RE1 and RE2.	Sections 5.4.3(b) and 5.10

18 The amount of \$3.5 million relates to transaction advisory costs if the Proposal is not implemented. If, on the other hand, the Proposal is implemented, transaction advisory costs of around \$3.9 million (rather than \$3.5 million) will be incurred.

Question	Answer	Where to find more information
What alternatives were considered by the Independent Directors to the transaction in its current form?	<p>The alternatives considered by the Independent Board Committees were:</p> <ul style="list-style-type: none"> – maintaining Macquarie and AMP Capital as the joint managers of the DUET Group; – unilateral removal or retirement (subject to Securityholder vote) of RE1 and RE2 as responsible entities of DUET1, DUET2 and DUET3, with either: (i) another external manager being appointed; or (ii) a new DUET Group entity being appointed as manager (resulting in an internalised management structure); and – funding an internalisation of the DUET Group through a cash payment to each of Macquarie and AMP Capital. This would require the DUET Group to draw on its corporate debt facility or to undertake a placement or entitlement offer to raise the necessary funding. <p>The Independent Board Committees considered all of the alternatives and, after consultation with their advisers, concluded that the Proposal is in the best interests of Securityholders and recommend the Proposal to Securityholders in the absence of a superior competing proposal.</p>	Section 5.3
What are the tax implications of the Proposal on Securityholders?	<p>A general summary of the Australian tax implications of the Proposal for Australian resident Securityholders who hold their Existing Stapled Securities as capital assets for taxation purposes is set out in the tax report in Annexure B.</p> <p>All Securityholders are encouraged to seek advice specific to their circumstances from a tax professional.</p>	Annexure B
Are there benefits to Securityholders under the Proposal?	<p>Yes, the Independent Board Committees expect the Proposal to deliver a number of benefits for Securityholders including:</p> <ul style="list-style-type: none"> – more than halving the expected annual corporate costs of the DUET Group in the first year of independent operation; – eliminating the Performance Fees payable to RE1 and RE2; – greater alignment of the interests of Securityholders, the boards of the DUET Group and management, and enhanced board accountability as a result of an internalised structure; – potential for broadening the investor base and investment community appeal; – access to intellectual property and the current management team; and – termination of board appointment rights currently held by Macquarie and AMP Capital. 	Section 5.5
What are the disadvantages of the Proposal?	<p>While the Independent Directors recommend that Securityholders vote in favour of the Proposal, there are some disadvantages associated with the Proposal which Securityholders should consider, including:</p> <ul style="list-style-type: none"> – no certainty that the Proposal will broaden the investor base and investment community appeal; – a number of operating costs (primarily director and staff costs) would be paid directly by the DUET Group rather than by Macquarie and AMP Capital if the Proposal is implemented; – one-off external transaction and implementation costs associated with the Proposal; – the loss of Macquarie and AMP Capital's expertise and global reach; and – the risk that conditions to the Proposal may not be satisfied. <p>See Sections 5.6 and 5.9 for a full list of the disadvantages of the Proposal.</p>	Sections 5.6 and 5.9

4 FREQUENTLY ASKED QUESTIONS CONTINUED

Question	Answer	Where to find more information
Where do I find information about Macquarie and/or AMP Capital's involvement in the Proposal?	<p>Information about Macquarie and AMP Capital's interests in the Proposal and the extent of their ongoing involvement with the DUET Group is set out in Sections 5.2.3 and 5.2.4.</p> <p>Section 5.2.3 describes the negotiated outcome with Macquarie and AMP Capital in terms of the payments they will receive from the DUET Group in connection with the Proposal.</p> <p>Section 5.2.4 describes the nature of Macquarie and AMP Capital's ongoing involvement with the DUET Group if the Proposal is implemented, which will involve Macquarie and AMP Capital facilitating the transfer of personnel to the DUET Group, providing transition and separation services and granting intellectual property licences to the DUET Group.</p>	Sections 5.2.1(c) and 5.2.3 and 5.2.4
What will be Macquarie and AMP Capital's role in relation to the DUET Group post-implementation of the Proposal?	<ul style="list-style-type: none"> – <i>Board appointments:</i> Macquarie and AMP Capital will be jointly entitled to nominate one board director to each DUET Board, limited to two individual nominees. One of the nominees will retire on 30 June 2013 and the other nominee will retire at the DUET Group 2013 Annual General Meetings, expected to be held in November 2013, unless asked by the Independent Directors to stand for re-election. Following these dates, Macquarie and AMP Capital will no longer have the right to appoint directors to the DUET Group boards. – <i>Transition and separation services:</i> Macquarie and AMP Capital will provide transition support services to the DUET Group from the Implementation Date up to 30 June 2013, including access to Macquarie and AMP Capital personnel, premises, IT, compliance and risk management assistance, marketing and communications support, accounting and tax services and other operational support and co-operation. The costs payable to Macquarie and AMP in this regard are described in Section 5.2.4(b). – <i>Structure simplification advisory role:</i> Macquarie and AMP Capital have been engaged to evaluate, develop and, if appropriate, assist in the implementation of a simplification of the DUET Group to be compatible with the internalised management arrangements. The fees in respect of this engagement are described in Section 5.2.4(d). – <i>Grant of royalty free licences:</i> Macquarie and AMP Capital will grant royalty-free perpetual intellectual property licences for the use of certain information, records, data and intellectual property by the DUET Group. 	Section 5.2.4

4.2 THE MEETING

Question	Answer	Where to find more information
Are Macquarie and AMP Capital able to vote on the Resolutions?	<p>Macquarie and AMP Capital (and their respective Associates) are unable to vote on the Proposal Approval Resolution. The effect of this is that the Proposal will not proceed unless approved by an ordinary resolution of Securityholders on which none of Macquarie, AMP Capital or their respective Associates may vote.</p> <p>Macquarie and AMP Capital and their Associates may vote on the Capital Reduction Resolution, which is also an ordinary resolution of shareholders of DIHL (ie, Securityholders).</p> <p>There are Ordinary Business Items/Resolutions and Other Business Resolutions which will also be considered at the Meetings, but the Proposal is not conditional on those resolutions being passed.</p>	Sections 5.12 and 5.13 and Annexure G

Question	Answer	Where to find more information
Can Securityholders vote differently on each resolution?	Yes. The Proposal is not conditional on the approval of the Ordinary Business Items/Resolutions or Other Business Resolutions. If the Internalisation Resolutions are approved but not the Ordinary Resolutions or Other Business Resolutions, then (subject to satisfaction of the other conditions), the Proposal will still be implemented.	Section 5.12 and Annexure G
When and where is the meeting?	The Meeting is scheduled for 11.00am on Friday 23 November 2012 and will be held at: Intercontinental Hotel Level 2, 117 Macquarie Street Sydney NSW 2000	Annexure G
Am I entitled to vote?	If you are a Securityholder on the register as at 7.00pm on Wednesday 21 November 2012, you will be entitled to vote at the Meeting, unless you are otherwise excluded in the manner set out in the Notices of Meeting in Annexure G.	Sections 1.2 and 5.13.3 and Annexure G
Where and when do I send my Proxy Form?	<p>To vote by proxy, you need to complete and return the Proxy Form accompanying this Explanatory Memorandum.</p> <p>You must ensure that your Proxy Form (and a certified copy of the relevant authority under which it is signed) is received by the registry, Computershare Investor Services Pty Ltd on behalf of the DUET Group, by no later than 11.00am on Wednesday 21 November 2012:</p> <ul style="list-style-type: none"> – by mail at Computershare Investor Services Pty Ltd's postal address at GPO Box 242, Melbourne, VIC 3001; – by hand delivery at Computershare Investor Services Pty Ltd's physical address at Level 4, 60 Carrington Street, Sydney NSW 2000; or – by fax at Computershare Investor Services Pty Ltd's fax number; <ul style="list-style-type: none"> – 1800 783 447 (within Australia); or – +613 9473 2555 (outside Australia); – electronically at www.investorvote.com.au (as detailed on the Proxy Form). <p>Intermediaries (custodians) with access to Intermediary Online through Computershare Investor Services Pty Ltd should lodge their votes through www.intermediaryonline.com.</p>	Section 5.13.2
Any other questions?	You may contact the DUET Securityholder Information Line on 1800 009 874 (within Australia) or +61 3 9415 4189 (outside Australia), Monday to Friday between 9.00am and 6.00pm.	N/A

5 EXPLANATORY MEMORANDUM

5.1 DETAILS OF THE PROPOSAL

5.1.1 Background to the Proposal

Since late 2010, the DUET Group has undertaken a number of strategic, operational and capital initiatives. These have included reducing gearing at the asset level, eliminating debt at the corporate level, increasing stakes in Dampier to Bunbury Pipeline and Multinet, and divesting minority equity interests in Duquesne Light and WA Gas Networks. As a result, the DUET Group has changed from a sector-based investment fund, into a business with an operational focus, managing majority stakes in three Australian regulated utility assets.

The investment community has responded favourably to these initiatives and, in the 12 month period to 30 June 2012, the DUET Group outperformed its benchmark index by 13.7%. As a result of this strong performance, the Management Fee increased and a Performance Fee of \$16.2 million (exclusive of GST) was paid to RE1 and RE2 for the six months to 30 June 2012.

The Independent Directors conducted a periodic review of the management arrangements in March 2012. After taking into consideration the DUET Group's strong security price performance, the potential for material increases in the Management Fee, the greater likelihood of further Performance Fees and the internalisation of other externally-managed groups, the Independent Directors identified an opportunity to reform the governance structure to the economic benefit of Securityholders.

The Independent Directors appointed financial and legal advisors to assess a range of alternatives then entered a lengthy period of negotiation with Macquarie and AMP Capital.

On 31 July 2012, the DUET Group announced that agreement had been reached with Macquarie and AMP Capital in relation to the Proposal.

5.1.2 Establishment of Independent Board Committees

The DUET Boards established the Independent Board Committees to review a range of alternatives. Given Macquarie and AMP Capital's personal interest in the Proposal, the Independent Board Committees comprise only directors who are independent of Macquarie and AMP Capital. The DUET Boards also put in place governance protocols to manage any potential conflict of interest between Macquarie, AMP Capital and the DUET Group appropriately and transparently. The Independent Board Committees are advised by a financial adviser, Gresham Advisory Partners Limited, and a legal adviser, Allens.

The composition of the Independent Board Committees is as follows:

- the Independent Board Committee of DIHL is Doug Halley (chairman), Emma Stein and Ron Finlay;
- the Independent Board Committee of RE1 as responsible entity for DUET1 is Doug Halley (chairman), Emma Stein and Michael Lee; and
- the Independent Board Committee of RE2 as responsible entity for DUET2 and DUET3 is Ron Finlay (chairman), Duncan Sutherland and Eric Goodwin.

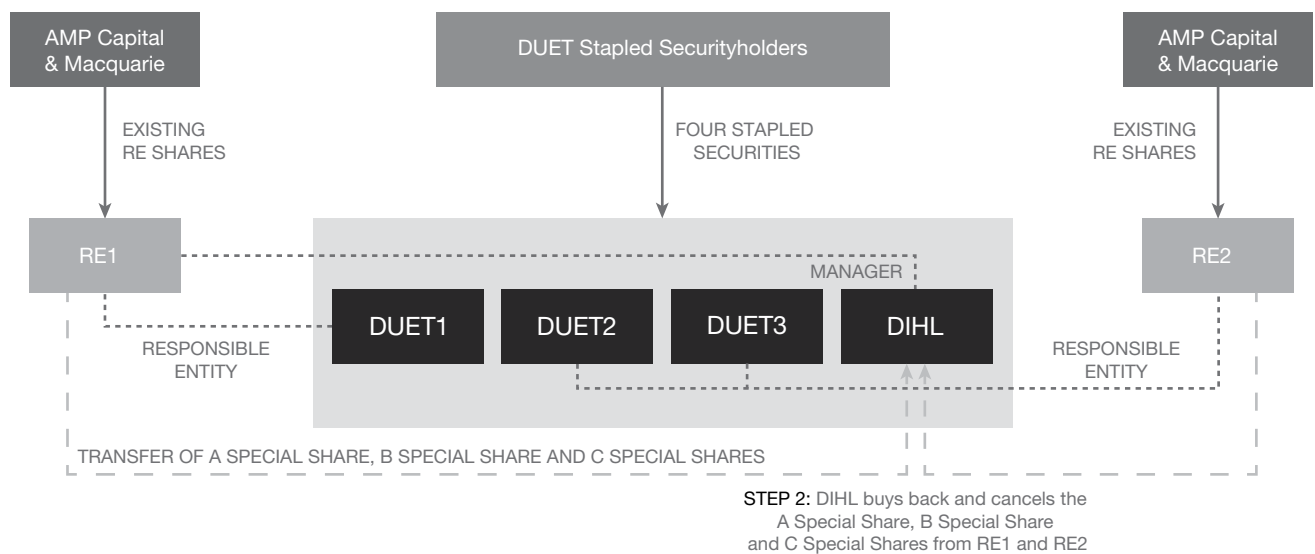
5.1.3 Steps involved in respect of the Proposal

If approved by Securityholders, the Proposal will be implemented in accordance with the following steps:

Step	Description of Step
Step 1	Meeting held: A meeting of Securityholders is held and Securityholders vote on the Internalisation Resolutions.

The following steps will only take place if the Internalisation Resolutions are approved.

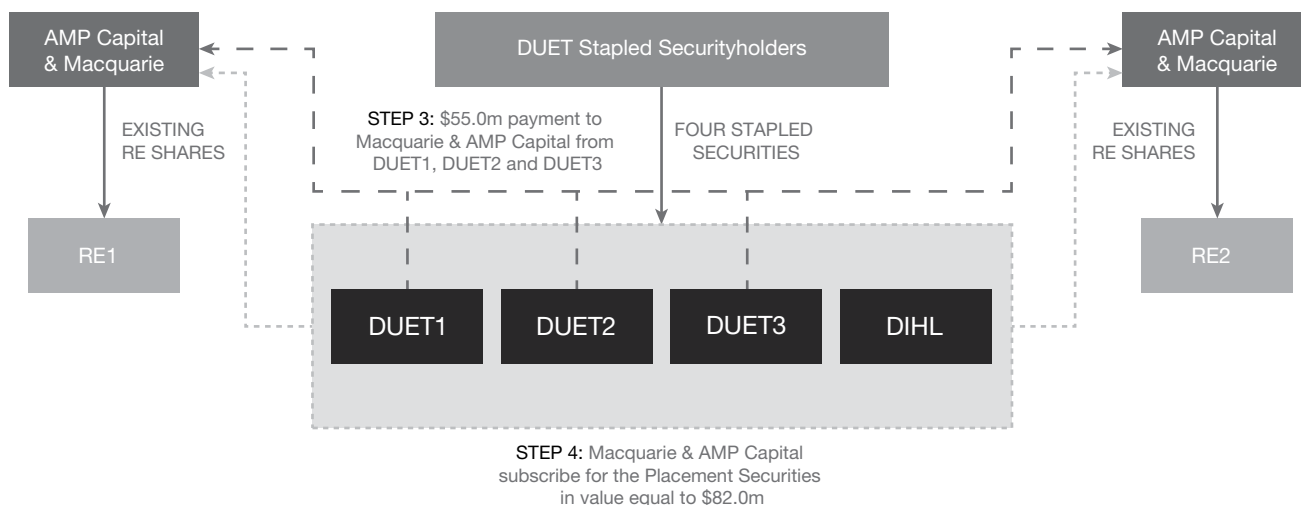
Step 2	DIHL buys back A Special Share, B Special Share and C Special Shares: DIHL buys back the A Special Share, B Special Share and C Special Shares from RE1 and RE2, thereby removing RE1 and RE2's rights to appoint directors to the DIHL board. DIHL registers the transfer of the A Special Share, B Special Share and C Special Shares, and those shares are cancelled.
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Step 3	Payment by DUET1, DUET2 and DUET3 to Macquarie and AMP Capital: Under the Heads of Agreement, DUET1, DUET2 and DUET3 will pay Macquarie and AMP Capital \$27.5 million each (ie, \$55.0 million in aggregate) (exclusive of GST). Macquarie and AMP Capital have agreed that this amount will be applied towards part payment of the subscription price for the Placement Securities referred to in Step 4 below.
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5 EXPLANATORY MEMORANDUM CONTINUED

Step	Description of Step
Step 4	<p>Issue of Placement Securities to Macquarie and AMP Capital: Macquarie and AMP Capital subscribe for, and the DUET Group issues to Macquarie and AMP Capital, the Placement Securities (in value equal to \$82.0 million at a subscription price of \$1.972¹⁹ per Placement Security). The DUET Group will apply the \$82.0 million²⁰ payable by the DUET Group, on behalf of Macquarie and AMP Capital, towards payment of the subscription price for the Placement Securities issued to each of Macquarie and AMP Capital. These Placement Securities will be subject to a Holding Lock until 30 June 2013 or earlier in the event of a change of control or takeover of the DUET Group, or the announcement of a bona fide offer to acquire the DUET Group.</p>



¹⁹ The price of \$1.972 for the New Stapled Securities to be issued was calculated by the arithmetic average of the daily volume-weighted average price over the 10 trading day period from 23 July 2012 to 3 August 2012 (inclusive). No discount was applied to this price to determine the number of New Stapled Securities to be issued.

²⁰ The amount of \$82.0 million is comprised as follows:

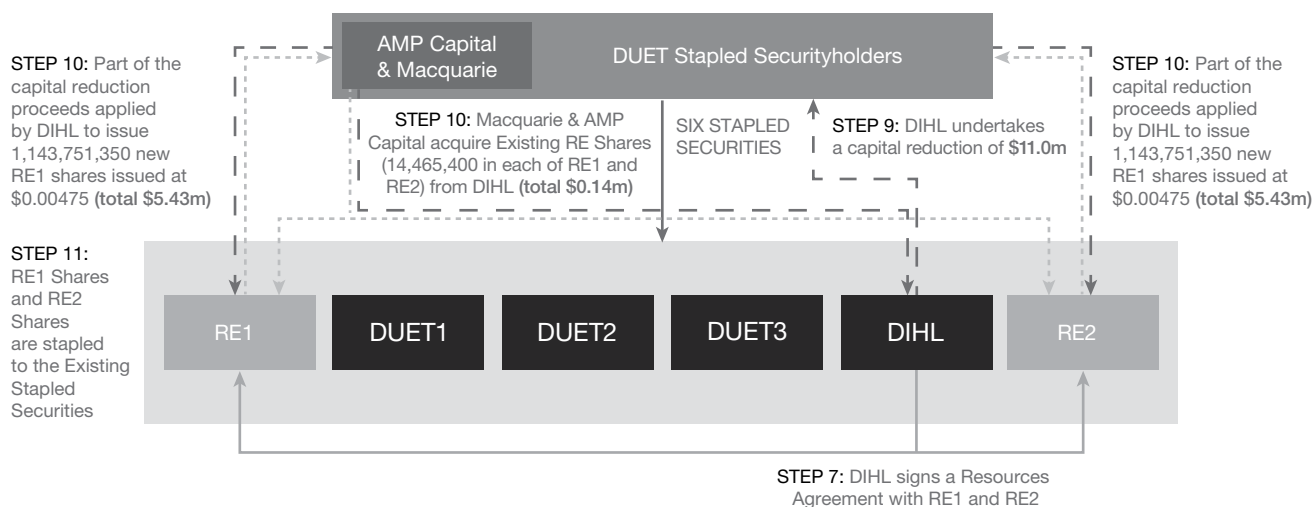
- (i) an aggregate amount of \$27.0 million payable by DIHL to Macquarie and AMP Capital in part consideration for the sale of their RE1 Shares and RE2 Shares; and
- (ii) an aggregate amount of \$55.0 million payable by DUET1, DUET2 and DUET3 to Macquarie and AMP Capital largely for entering into the Transaction Documents, their role in structuring, proposing and facilitating the Proposal and assisting in transitioning employees to DIHL.

Step	Description of Step
Step 5	<p>DIHL acquires shares in RE1 and RE2: DIHL acquires the Existing RE Shares from Macquarie and AMP Capital. Under the Share Sale Agreement DIHL will pay Macquarie and AMP Capital an aggregate amount of \$27.0 million plus the Share Sale Cash Payment in consideration for their shares in RE1 and RE2. Macquarie and AMP Capital have directed DIHL to apply \$27.0 million, on their behalf, towards payment of the subscription price for the Placement Securities referred to in Step 4 above. The Share Sale Cash Payment, being a payment equivalent to the Management Fee for the period from 1 October 2012 to the Implementation Date (estimated to be \$4.1 million), will be paid directly to Macquarie and AMP Capital in part consideration for the acquisition by DIHL of Macquarie and AMP Capital's shares in RE1 and RE2.²¹</p> <p>STEP 5: \$27.0m plus Share Sale Cash payment (estimated to be \$4.1m) to Macquarie & AMP Capital from DIHL for existing RE Shares in RE1 and RE2</p>
Step 6	<p>Amendment of constitutions of DUET1, DUET2 and DUET3: The constitutions of DUET1, DUET2 and DUET3 are modified to (among other things) reduce the Management Fee payable to RE1 and RE2 (as applicable).</p>
Step 7	<p>DIHL Resources Agreement: DIHL agrees to provide services to RE1 and RE2 in their personal capacity, and to procure that they are able to comply with ASIC's financial requirements under ASIC Regulatory Guide 166: <i>Licensing: Financial Requirements</i>.</p>
Step 8	<p>Transition support services: Macquarie and AMP Capital will provide transitional support services to the DUET Group until 30 June 2013 (unless there is an earlier Change of Control Event), including access to personnel and providing assistance and support in relation to information technology, compliance and risk management assistance, human resources support and accounting and tax compliance services, as well as providing interim premises and support services in relation to securing new permanent premises.</p>
Step 9	<p>Capital Reduction: DIHL undertakes the Capital Reduction.</p>

5 EXPLANATORY MEMORANDUM CONTINUED

Step	Description of Step
Step 10	<p>RE1 and RE2 issue 1,143,751,350 securities to Securityholders so that 1,158,216,750 RE1 Shares and RE2 Shares can be stapled to the DUET Group on a one-for-one basis</p> <p>In order for RE1 Shares and RE2 Shares to be able to be stapled to the DUET Group in a 1:1:1:1:1:1 ratio, DIHL will apply \$11 million of the proceeds from the Capital Reduction so that each Securityholder receives one RE1 Share and one RE2 Share for every Existing Stapled Security they hold as at the Record Date. Each RE1 Share and RE2 Share will be priced at \$0.00475.</p> <p>RE1 and RE2 each have 14,465,400 Existing RE Shares on issue. In order to staple on a one-for-one basis, RE1 and RE2 will each need to issue a further 1,143,751,350 new shares.</p> <p>To effect this, DIHL will apply \$10.864 million of the Capital Reduction proceeds to subscribe for new shares in RE1 and RE2 on behalf of Securityholders. Note in the case of Macquarie and AMP Capital, only a portion of their allotted Capital Proceeds will be used to subscribe for new RE shares.</p> <p>DIHL as agent for Macquarie and AMP Capital will use the remaining portion of Macquarie and AMP Capital's allotted Capital Reduction proceeds (being \$136,000) as consideration to acquire the Existing RE Shares from DIHL.</p> <p>All Securityholders will end up with one share in each of RE1 and RE2 for every Existing Stapled Security they hold.</p>

Step 11	Stapling to Existing Stapled Securities: RE1 Shares and RE2 Shares are stapled to the Existing Stapled Securities to form the New Stapled Securities.
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Step 12	Change of name of RE1 and RE2: the name of RE1 is changed to 'DUET Management Company 1 Limited' and the name of RE2 is changed to 'DUET Management Company 2 Limited'.
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Steps 9 and 10 in the above table set out the steps that are particularly relevant to (i) the Capital Reduction, (ii) the issue of RE1 Shares and RE2 Shares to Securityholders, and (iii) the Residual RE Share Sale.

Macquarie and AMP Capital's entitlement to Capital Reduction proceeds will be applied as follows: (i) partly to an issue of RE1 Shares and RE2 Shares, and (ii) the balance to a transfer of the RE1 Shares and RE2 Shares held by DIHL to Macquarie and AMP Capital.

After the Capital Reduction, the issue of RE1 Shares and RE2 Shares to Securityholders, and the Residual RE Share Sale, each Securityholder (including Macquarie and AMP Capital) will hold the same number of RE1 Shares and RE2 Shares as it holds Existing Stapled Securities.

If the Proposal is approved and implemented, Securityholders are neither required to pay any new capital for the shares nor complete any application form.

Each RE1 Share and the RE2 Share will be stapled to a unit in DUET1, a unit in DUET2, a unit in DUET3 and a DIHL Share so that Securityholders may only trade all 6 securities together.

Annexure C summarises the material documents relating to the Proposal.

5.1.4 Key conditions to the Proposal

The Proposal is subject to the following conditions:

Condition	Status
Securityholder approval: The Internalisation Resolutions approving the Proposal are passed by the requisite majority of Securityholders.	A Meeting of Securityholders is to be held on Friday 23 November 2012.
The Heads of Agreement not having been terminated: The Heads of Agreement can be terminated for certain reasons summarised in Section 4 and detailed in Annexure C, including if the majority of the Independent Board Committees change their recommendation on fiduciary grounds (including as a result of a superior competing proposal).	The DUET Group is not aware of any such grounds.
ASIC relief and ASX waivers/confirmation: <ul style="list-style-type: none"> – all relevant ASIC relief has been granted; – all relevant ASX waivers and confirmations have been granted. 	ASIC has granted relief necessary to issue the Prospectus, and has indicated that it is minded to grant all other relevant ASIC relief. ASX has confirmed that it will grant all relevant ASX waivers and confirmations.
ASX listing of RE1 and RE2: ASX Limited approves admission to official list and the quotation of the shares in RE1 and RE2 to be stapled to the units in DUET1, DUET2 and DUET3 and shares in DIHL.	The listing applications were lodged on 10 October 2012.
All consents obtained: All necessary consents to the implementation of the Proposal are obtained.	The DUET Group has approached the third parties whose consent is required and is not aware of any reason why this condition will not be satisfied.
No legal or regulatory restraint: There is no legal or regulatory restraint or prohibition preventing a material aspect of the Proposal in effect as at the date of the Meeting.	The DUET Group is not aware of any such restraint or prohibition being in effect at the date of this Explanatory Memorandum.
Material representations and warranties true and correct: The material representations and warranties of each party to the Heads of Agreement remain true and correct at all relevant times up to and including the date of the Meeting.	The DUET Group does not have any reason to believe any of the material representations or warranties are not true and correct.
No material breach: There is no material breach of the Heads of Agreement as at the date of the Meeting.	The DUET Group is not aware of any such breach.

The DUET Group, Macquarie and AMP Capital have agreed in the Heads of Agreement to use their best endeavours to procure that these conditions are satisfied without delay and on or before 30 November 2012. The DUET Group will announce to the ASX any material developments in the status of these conditions.

The DUET Group, Macquarie and AMP Capital may terminate the Heads of Agreement if:

- (a) any of the conditions are not fulfilled or waived by 30 November 2012 or such other date agreed by them;
- (b) the requisite majorities of Securityholders do not pass the Internalisation Resolutions at the Meeting; or
- (c) a majority of the Independent Directors change or withdraw their recommendation before the Meeting in circumstances where either:
 - (i) a superior competing proposal emerges;
 - (ii) the Independent Expert opines that the Proposal is not fair and reasonable to, or is not in the best interests of, Securityholders or, having concluded that the Proposal is fair and reasonable to, and in the best interests of, Non-Associated Securityholders, varies adversely or withdraws that conclusion; or
 - (iii) the Independent Directors determine in good faith and acting reasonably after receiving written advice from their external legal and independent financial advisers that continuing to comply with this clause would or would reasonably be expected to constitute a breach of a director's fiduciary or statutory obligations.

In addition:

- (a) the DUET Group may terminate the Heads of Agreement if there is a material breach by Macquarie or AMP Capital of its warranties or obligations under the Heads of Agreement or the Share Sale Agreement which is material to the Proposal as a whole; and
- (b) Macquarie or AMP Capital may terminate the Heads of Agreement if there is a breach by the DUET Group of its warranties or obligations under the Heads of Agreement or the Share Sale Agreement which is material to the Proposal as a whole.

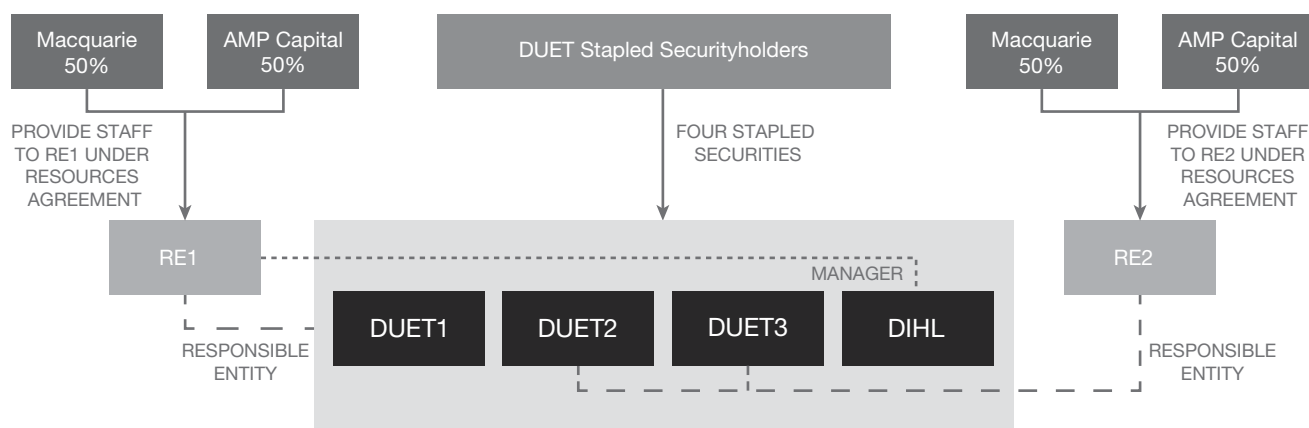
5 EXPLANATORY MEMORANDUM CONTINUED

5.1.5 Impact of the Proposal on the structure of the DUET Group

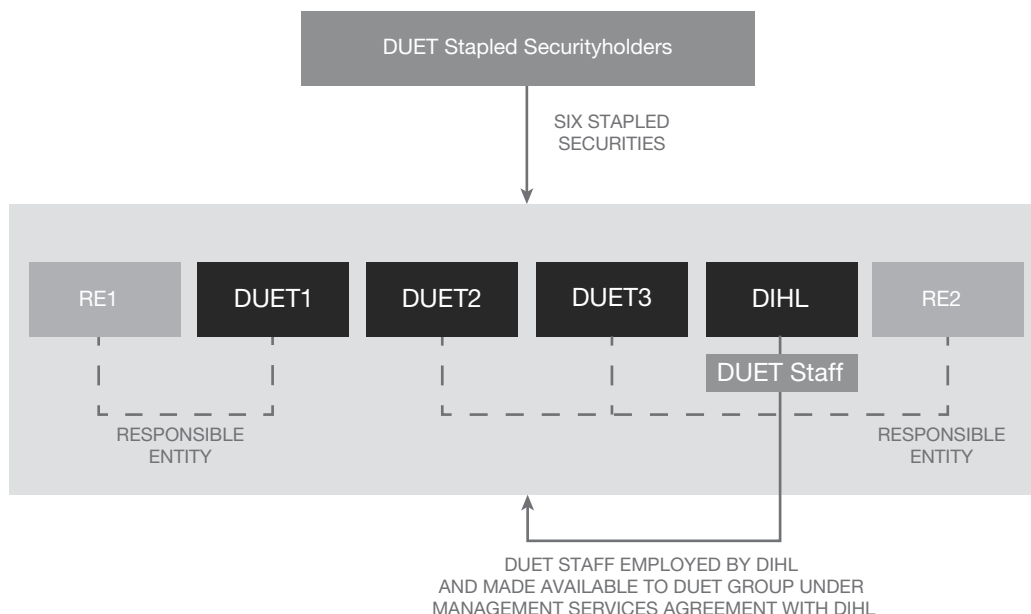
DUET1, DUET2, DUET3 and DIHL currently form an ASX-listed quadruple stapled group in which each unit in DUET1 is stapled to one unit in DUET2 and to one unit in DUET3 and to one share in DIHL to form the Existing Stapled Securities. The Existing Stapled Securities are quoted and traded on the ASX under the code 'DUE'. The responsible entities of DUET1, DUET2 and DUET3 are RE1 and RE2 (as applicable) and RE1 is also the manager of DIHL. RE1 and RE2 are joint ventures between AMP Capital, a subsidiary of AMP Limited, and Macquarie, a wholly owned subsidiary of MGL.

If the Proposal is implemented, the DUET Group will change to a six-stapled structure in which each unit in DUET1 is stapled to one unit in DUET2, to one unit in DUET3, to one share in DIHL, to one share in RE1 and to one share in RE2 to form the New Stapled Securities. The New Stapled Securities will trade on ASX under the DUET Group's existing ASX code 'DUE'. RE1 and RE2 will cease to be jointly owned by Macquarie and AMP Capital.

The following diagram represents the current structure of the DUET Group before the implementation of the Proposal:



The following diagram represents the structure of the DUET Group if the Proposal is implemented:



5.1.6 The DUET Group corporate governance arrangements pre-and post internalisation

The DUET Group Annual Report sets out a summary of the corporate governance arrangements that apply to the DUET Group as an externally managed vehicle. Upon implementation of the Proposal there will be various changes to the corporate governance arrangements which are summarised in the table below and set out in more detail in the Sections referred to in the final column. While there may be incremental costs incurred by the DUET Group as a self-managed and independent business as a result of these changes (which were previously borne by Macquarie and AMPCIL), these costs are expected to be more than offset by the elimination of the Management Fee paid to RE1 and RE2 as described below.

Issue	Pre-Proposal	Post-Proposal	Further information
Board Composition	Macquarie and AMP Capital have appointment rights to the boards of RE1 and RE2. DIHL has special shares on issue giving RE1 and RE2 director appointment rights. Each DUET Board has a majority of independent directors	Securityholders will be entitled to vote on director appointments, re-elections and removals. ²² One Macquarie/AMP Capital nominee director (Scott Davies) is to retire on 30 June 2013 and the other nominee director (John Roberts) will retire unless invited by the Independent Directors to stand for re-election at the 2013 Annual General Meeting	Sections 5.1.7 and 5.2.1(b)
Board Eligibility	No set criteria other than the Board composition requirements and Principle 2 of the DUET Group's corporate governance statement ²³	Constitutions of RE1 and RE2 will contain criteria regarding the eligibility of directors, to the effect that a person may not simultaneously be a director of both RE1 and RE2 unless that person is also chairman of the boards of RE1 and RE2	Section 5.1.7(a) and Annexure F
Board Chair	AMP Capital or Macquarie nominee acts as chairman	Independent director, Doug Halley, to act as chairman	Section 5.1.7(a)
Director Fees	DIHL securityholders pay DIHL director fees. Director fees for RE1 and RE2 are paid by Macquarie and AMP Capital	Securityholders will bear the cost of all director fees. An aggregate amount of \$330,000 will be payable to the Independent Directors in connection with special services fees ²⁴	Section 6.1.1(d)

22 If the Buy-Back Resolution is not passed by the requisite majority of Securityholders, then RE1 and RE2 will give practical effect to the intention to allow Securityholders to vote on director appointments by signing a governance deed poll in favour of Securityholders under which they undertake to exercise their rights attaching to the A Special Share, B Special Share and C Special Shares to appoint DIHL directors in accordance with the majority vote of Securityholders.

23 The independence of the Independent Directors is determined in accordance with Principle 2 of the DUET Group's corporate governance statement, which can be found on the DUET Group's website at www.duet.net.au and which is reproduced in Annexure F. The Independent Directors would be classified as independent directors for the purposes of Recommendation 2.1 of the ASX Corporate Governance Principles and Recommendations.

24 This amount is part of the one-off transaction advisory costs (expected to be around \$3.9 million in total) associated with implementing the Proposal. The special services fee reflects the significant volume of additional work undertaken by the Independent Directors in regard to the Proposal as well as the time estimated to be required from the time of announcing the Proposal to the time of the Meeting. From June 2012 until the date of Explanatory Memorandum, that additional work included an additional two board and ten Independent Board Committee meetings and four due diligence committee meetings as well as negotiations with Macquarie and AMP Capital, liaison with advisers and senior management of the DUET Group, attending investor presentations and preparation for the Meeting. The Independent Directors' entitlement to the special services fees is not contingent on the Proposal proceeding.

5 EXPLANATORY MEMORANDUM CONTINUED

Issue	Pre-Proposal	Post-Proposal	Further information
Aggregate Director Fee Cap	DIHL director fee cap of \$400,000 RE1 and RE2 fee cap not applicable	DIHL Director Fee cap of \$400,000 RE1 and RE2 fee cap of \$750,000 each	Section 6.1.1(d)
Management Fee	RE1 and RE2 entitled to Management Fee payable quarterly and Performance Fee determined half yearly	No Performance Fee payable. RE1 and RE2 (as responsible entities of DUET1, DUET2 and DUET3 (as applicable)) will receive a reduced management fee of up to \$500,000 per year for each trust of which it is the responsible entity, to enable them to meet expenses incurred in their personal capacity which they cannot recover from the assets of each trust. These expenses may include certain audit fees in relation to their own financial statements, insurance premiums unrelated to the trusts, and costs associated with maintaining their AFSLs	Sections 5.2.1(a), 5.4.3 and 5.5(c)
Staff remuneration	Macquarie and AMPCIL provide staff to RE1 and RE2 under Resources Agreements. Macquarie and AMPCIL pay staff costs	Staff will be employed by DIHL and made available to the rest of the DUET Group under a resources agreement. Under this resources agreement DIHL will also procure that RE1 and RE2 are able to comply with ASIC's financial requirements under ASIC Regulatory Guide 166: <i>Licensing: Financial Requirements</i>)	Section 5.2.1(a)

5.1.7 Directors and senior management of the DUET Group

(a) Directors of RE1, RE2 and DIHL

At the date of this Explanatory Memorandum, the directors of RE1, RE2 and DIHL are:

RE1	RE2	DIHL
John Roberts (chairman)	John Roberts (chairman)	John Roberts (chairman)
Doug Halley (independent)	Philip Garling	Philip Garling
Philip Garling	Eric Goodwin (independent)	Doug Halley (independent)
Emma Stein (independent)	Duncan Sutherland (independent)	Emma Stein (independent)
Michael Lee (independent)	Ron Finlay (independent)	Ron Finlay (independent)

If the Proposal is implemented the following will occur:

- Philip Garling will cease to be a director of RE1, RE2 and DIHL;
- John Roberts will retire as a director of RE2;
- Scott Davies (Philip Garling's current alternate) will be appointed to replace Philip Garling as a director of RE2;
- Doug Halley will be appointed as a director of RE2; and
- Doug Halley will replace John Roberts as the common chairman of RE1, RE2 and DIHL and become the only common director of DIHL, RE1 and RE2.

Therefore, if the Proposal is implemented, there will continue to be a majority of independent directors on each Board. The directors of RE1, RE2 and DIHL will be:

RE1	RE2	DIHL
Doug Halley (independent chairman)	Doug Halley (independent chairman)	Doug Halley (independent chairman)
John Roberts	Scott Davies	John Roberts
Emma Stein (independent)	Eric Goodwin (independent)	Emma Stein (independent)
Michael Lee (independent)	Duncan Sutherland (independent)	Ron Finlay (independent)
	Ron Finlay (independent)	

If the Proposal is implemented, the constitutions of RE1 and RE2 will contain criteria regarding the eligibility of directors who can be appointed to the boards, to the effect that a person may not simultaneously be a director of both RE1 and RE2 unless that person is also a chairman of the boards of RE1 and RE2.

(b) Senior management of the DUET Group

Set out below are the current senior management personnel of the DUET Group who will become employees of DIHL on the Implementation Date.

Role	Incumbent
Chief Executive Officer	David Bartholomew
Chief Financial Officer	Jason Conroy

5 EXPLANATORY MEMORANDUM CONTINUED

(c) Profiles of directors and senior management of the DUET Group



Independent Non-Executive Chairman-elect post implementation of the Proposal – Doug Halley

Bcom (UNSW), MBA (UNSW), FAICD Independent director – RE1 and DIHL (and also RE2 post implementation of the Proposal)

Doug held senior financial and general management positions for over 30 years in Australia, UK and the Netherlands in both banking and commercial sectors. His executive expertise covers treasury, finance, business development, investor relations, restructuring, corporate strategy and large scale acquisitions and divestments.

His executive appointments included Group Treasurer, Philips Electrical Australia; Director, Treasury, Hill Samuel Australia (now Macquarie Bank); Director, Treasury, Rothschild Australia; GM, Finance & Corporate Development, Goodman Fielder Group; Finance Director, John Fairfax Holdings; CFO, IBM Global Services Australia; and CFO then CEO for Asia Pacific, Thomson Corporation (now Thomson Reuters). He has prior listed company board experience with John Fairfax Holdings, Television and Media Services, Corum Group and Mikoh Corporation.

Other current directorships are: chairman, Foyson Resources Limited; Aurora Community Television Limited; director, Print & Digital Publishing Pty Limited ("Time Out" magazine); and chairman, Advisory Board of Australian Enterprise Holdings Pty Limited.



Independent Non-Executive Director – Eric Goodwin

BEng (UNSW), MIE (Aust) Independent director – RE2

Eric joined the Lend Lease Group in 1963 as a cadet engineer. During his 43 year career with Lend Lease he held a number of senior executive and subsidiary board positions in their Australian operations. Eric has extensive experience in design, construction and project management, general management and investment and funds management. Eric managed the MLC property portfolio during the 1980s and was the founding fund manager of Australian Prime Property Fund.

Other current directorships are: Macquarie Global Property Fund Advisors; the GPT Group; and Eureka Funds Management Limited. Eric is also the chair of Jarjum College Council.



Independent Non-Executive Director – Ron Finlay

LLB (Sydney) Independent director – RE2 and DIHL

Ron is a lawyer and chief executive of Finlay Consulting, with over 37 years experience in property, construction development and infrastructure projects, including as project manager or facilitator of major infrastructure projects in Australia and overseas for both public and private sector organisations (such as the Commonwealth Government Solar Flagships Program).

Other current directorships are: Macquarie Generation, NSW's largest generator; Chairman of AquaSure Group, the SPV for the Victorian Desalination Project PPP; independent chairman on a number of government and private sector Project Control Groups and Dispute Resolution Boards for major projects (such as Brisbane's New Parallel Runway Project and the Brisbane Legacy Way Project).

Formerly, Ron was for six years chair of the New South Wales Transport Infrastructure Development Corporation.



Independent Non-Executive Director – Duncan Sutherland

BA (Yale), MBA (Wayne State) Independent director – RE2

Duncan has broad experience in the mining, metals and auto industries, where his focus areas included acquisitions and divestment, business analysis and corporate planning. Duncan joined CRA Limited in 1980, and was most recently responsible for acquisitions and divestments and corporate strategy. After CRA merged with RTZ in 1995 to form Rio Tinto, Duncan was appointed managing director, Energy Developments, responsible for business development and the management of acquisitions and divestments in the energy sector.

During his career, Duncan has also worked overseas in the USA, Europe, Brazil and Argentina.

Other current directorships are: independent director of a Macquarie-owned manager of a number of unlisted managed vehicles and a director of Haileybury College, Melbourne.



Independent Non-Executive Director – Michael Lee

BSc (UNSW), BEng (hons1) (UNSW), FIE (Aust)

Independent director – RE1

Michael is an electrical engineer. He served in the Australian Parliament for 17 years, and was Minister for Resources, Tourism, Communications and The Arts in the Keating Government. He is currently president of the NSW Branch of the Australian Labor Party.

Other current directorships are: Sydney Airport; Chairman, Communications Alliance Limited, and Superpartners Limited.

Former roles include chairman of NSW TAFE Commission Board and the Central Coast Campuses Board; a director of Essential Energy (formerly Country Energy); a councillor of the City of Sydney; and a member of the NSW Architects Registration Board.



Independent Non-Executive Director – Emma Stein

BSc (Hons) Physics (Manch), MBA (Manch)

Independent director – RE1 and DIHL

Emma's operational utilities experience includes energy retailing and asset management, international business operations, strategy development and implementation, acquisition integration and divestment.

Before leaving the UK in 2003, Emma was the UK managing director for French utility Gaz de France's energy retailing operations. She was also a non-executive director for Cofathec Heatsave Limited and an executive UK board director for Gaz de France Energy.

Other current directorships are: Clough Limited; Programmed Maintenance Group; Alumina Limited; and Transpacific Industries Limited.

Emma is also a member of University of Western Sydney's Board of Trustees and a NSW Ambassador for the Guides.

Formerly, Emma was a non-executive director of ARC Energy and of Merlin Petroleum Limited (Australian oil and gas exploration and production companies) and Transfield Services Infrastructure Fund.



Non-Executive Director – Philip Garling

B.Build (UNSW) FAIB, FAICD, FIE (Aust)

Currently non-executive director – RE1, RE2 and DIHL (if the Proposal is implemented, Philip will retire from each of the DUET Boards)

Philip is the AMP Capital representative on responsible entity and DIHL boards. He has over 30 years' experience in infrastructure, construction, development and investment. He retired from full-time executive roles mid last year. He was formerly Global Head of Infrastructure at AMP Capital Investors for nine years and was also CEO of Tenix Infrastructure.

Philip was also a long-term senior executive with Lend Lease Corporation, culminating in his role as CEO of Lend Lease Capital Services, the development capital and infrastructure investment and development arm of Lend Lease. He also spent two years in Singapore implementing Lend Lease's Asian infrastructure strategy.

Philip holds the Advanced Diploma from the Australian Institute of Company Directors and is a Fellow of the Australian Institute of Building, Australian Institute of Company Directors and Institution of Engineers Australia.

Other current directorships are: Downer EDI, Australian Renewable Fuels (Chair), The Infrastructure Fund of India and Asian Giants Infrastructure Fund (Chair).



Non-Executive Director – John Roberts

LLB (Canterbury)

Current Executive Chairman – RE1, RE2 and DIHL (if the Proposal is implemented, John will continue as a non-executive director of RE1 and DIHL)

John joined Macquarie in 1991 and is based in Sydney, Australia. He is the Macquarie representative on each of the responsible entity and DIHL boards.

John is executive chairman of the Macquarie Funds Group, which has over US\$300 billion of capital under management and includes the activity of the Macquarie Infrastructure and Real Assets division (MIRA). John serves on the Boards and/or Investment Committees of a number of MIRA-managed funds to provide oversight and strategic direction to individual fund management executive teams.

Previous roles within Macquarie include Head of Europe; Joint Head of Macquarie Capital Advisors; and Global Head of Macquarie Capital Funds.

Other directorships are: Sydney Airport Holdings Limited, Macquarie Atlas Roads Limited and Chairman of the NYSE listed Macquarie Infrastructure Company.

His former directorships include Macquarie International Infrastructure Fund Limited and Macquarie Infrastructure Company Inc.

5 EXPLANATORY MEMORANDUM CONTINUED



Alternate Director to Philip Garling – Scott Davies

LLB

Alternate Director to Philip Garling (if the Proposal is implemented, Scott will replace Philip Garling on the board of RE2)

Scott is the Global Head of Infrastructure at AMP Capital and currently alternate director to Philip Garling on the RE1, RE2 and DIHL boards. If the Proposal is implemented, Scott will be a director on the RE2 board (only). Scott has over 20 years investment experience in infrastructure. Prior to joining AMP Capital in July 2011, he was CEO of ASX listed Macquarie Communications Infrastructure Group from its inception in 2002 until its acquisition in 2009.

Between 1995 and 2002, Scott held senior investment roles for Macquarie Capital in New York and London. He has also held similar roles at Hambros Bank in London and Sydney and previously worked as a corporate lawyer in Sydney.

Other current directorships are: Australian Pacific Airports Corporation, The Infrastructure Fund of India, Codan Ltd and the Asian Giants Infrastructure Fund.



Alternate Director to John Roberts – Shemara Wikramanayake

LLB, BCom (UNSW)

Alternate Director to John Roberts

Shemara is an Executive Director of Macquarie and Head of the Macquarie Funds Group, which offers a diverse range of products, including infrastructure and real asset management, securities investment management and fund and equity based structured products.

Prior to becoming Head of Macquarie Funds Group, Shemara spent 20 years in the Macquarie Capital division. During this period, Shemara held roles as Head of Macquarie Infrastructure and Real Assets, North America; Head of Prudential, Sydney; and established and led the corporate advisory businesses in New Zealand, Hong Kong and Malaysia.

Prior to joining Macquarie in 1987, Shemara worked as a corporate lawyer at Blake Dawson Waldron in Sydney.

Shemara holds no other listed entity directorships.



Chief Executive Officer – David Bartholomew

Bachelor of Economics, Honours (Adelaide)

Master of Business Administration (AGSM)

David was appointed Chief Executive Officer in February 2011 and has extensive experience in the utilities sector. He is a director of each of the DUET Group's asset companies and has been an integral part of the DUET Group's senior executive team since joining the DUET Group in 2006 as Chief Operating Officer. Before joining the DUET team, David was director of Infrastructure at Hastings Funds Management for five years, during which time he was instrumental in the establishment and IPO of the Hastings Diversified Utilities Fund. He held senior management roles for a number of unlisted funds within the Hastings group and was responsible for fund and asset-company operating and financial outcomes in utilities, toll roads, ports, rail and forestry. David's employment experience also includes Lend Lease, the Boston Consulting Group and BHP Minerals.



Chief Financial Officer – Jason Conroy

Bachelor of Commerce (Accounting) (UWS)

Master of Business Administration (UNE)

Certified Practising Accountant (ASCPA)

Jason was appointed Chief Financial Officer in June 2008.

He has extensive expertise in the utilities, energy and infrastructure sectors.

Jason is a director of each of the DUET Group's businesses with primary responsibility for developing and implementing the Group's capital and risk management strategies, including debt refinancings and funding for growth opportunities, as part of optimising the DUET Group's return on investments.

Before joining the DUET Group, Jason worked for Origin Energy where he was responsible for corporate finance. Before Origin Energy, he gained finance and investment expertise from roles and projects in Australia, North America and Europe.

(d) **Governance deed poll**

If the Proposal is implemented, DIHL will acquire all of the shares in RE1 and RE2 from Macquarie and AMP Capital and will be the sole shareholder of RE1 and RE2 pending the issue of further RE1 and RE2 shares under the proposal and the stapling of those shares to Existing Stapled Securities.

DIHL will sign a governance deed poll pursuant to which it will undertake not to exercise any of its voting rights as a shareholder of RE1 and RE2 except as approved or directed by an ordinary resolution of Securityholders, and except to the extent that compliance with the undertaking would cause DIHL or any of its directors and other officers to act unlawfully or in breach of any duty owed by that director or officer.

5.1.8 Remuneration of senior management

(a) **Base remuneration package and incentives**

The following table describes the benefits of the senior management of the DUET Group:

Role	Name	Base salary (inc super)	Short Term Incentive		Long Term Incentive	
			Max %	Max Amount	Max %	Max Amount
Chief Executive Officer	David Bartholomew	\$800,000	66% of base salary	\$528,000	75% of base salary	\$600,000
Chief Financial Officer	Jason Conroy	\$600,000	42% of base salary	\$252,000	42% of base salary	\$252,000

The Chief Executive Officer and Chief Financial Officer will be entitled to short term incentives (**STI**) of up to the specified percentages of their base remuneration package, subject to the achievement of certain quantitative and qualitative targets. They will also be eligible to participate in a long term incentive (**LTI**) scheme with performance-based hurdles based on a total Securityholder return basis over three years to align their interests with Securityholders.

If either of the Chief Executive Officer or Chief Financial Officer are terminated with notice or made redundant then, over and above payment in lieu of notice or accrued leave entitlements, they will be eligible for a payment equivalent to their annual base remuneration package and a percentage of their respective on-target STI amount for that year and all STI retentions and unvested LTI awards from prior years. See Section 5.12.3(c) for further details.

The Independent Board Committees consider that an STI scheme and an LTI scheme are appropriate because they reward performance, and performance-based remuneration is aligned with Securityholders' interests.

This overall approach to remuneration is expected to achieve an appropriate balance between risk and return that aligns the interests of the management team and Securityholders.

(b) **Redundancy policy**

It is proposed that the DUET Group will establish a redundancy policy. Each employee transferring from Macquarie or AMP Capital to DIHL will be treated by DIHL as if their service with the predecessor employer was a continuous period of service with DIHL.

5.1.9 Transitional arrangements

Under the Transition and Separation Services Agreement, AMP Capital and Macquarie must ensure that the DUET Group retains access to the suite of management services and systems currently provided by AMP Capital and Macquarie throughout the period from the Implementation Date to 30 June 2013, and also to provide various separation services to assist with the transition of personnel, functions and systems.

The details of these arrangements are set out in Section 5.2.4.

5 EXPLANATORY MEMORANDUM CONTINUED

5.2 MACQUARIE AND AMP CAPITAL'S INVOLVEMENT AND INTERESTS IN THE PROPOSAL

This Section sets out the interests of Macquarie and AMP Capital with respect to the DUET Group, how these are affected by the Proposal and the benefits Macquarie and AMP Capital will receive from the Proposal.

5.2.1 Overview of current arrangements with Macquarie and AMP Capital

(a) Management of the DUET Group by Macquarie and AMP Capital

(i) Overview

Macquarie and AMP Capital currently provide management services to the DUET Group through RE1 and RE2.

RE1 and RE2 are entitled to quarterly management fees consisting of the Management Fee (calculated at 1% per year of Net Investment Value) and Performance Fees payable at 30 June and 31 December each year in the event that the DUET Group accumulation index outperforms the benchmark index.

Since 1 July 2003 to the date of this Explanatory Memorandum, the DUET Group has paid the total Management Fees and Performance Fees of \$258 million to RE1 and RE2:

*Management Fees and Performance Fees*²⁵

June Year End (\$m)	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	Total
Management Fee	3.6	8.2	10.5	18.0	18.8	18.8	19.6	20.0	19.2	136.6
Performance Fee	–	–	8.8	42.5	54.2	–	–	–	16.2	121.8
Total	3.6	8.2	19.3	60.6	73.0	18.8	19.6	20.0	35.4	258.4

If the Proposal is implemented, neither RE1 nor RE2 receive or have any right to receive:

- the Management Fee from 1 October 2012. However, if the Proposal is implemented, RE1 and RE2 will each receive a reduced management fee of up to \$500,000 per year for each trust of which it is the responsible entity, to be used to pay the responsible entity's costs, including all overheads that cannot be recovered from the assets of DUET1, DUET2 or DUET3 (as applicable), such as audit expenses and insurance premiums.²⁶ The DUET Group will pay the Share Sale Cash Payment to Macquarie and AMP Capital, being an amount equal to the Management Fee from 1 October 2012 until the implementation of the Proposal,²⁶ in part consideration for DIHL's acquisition of the shares in RE1 and RE2; and
- Performance Fees from (and including) 1 July 2012.

(ii) Key terms of the Management Fee and Performance Fees

Management Fee

As described in Section 5.2.1(a), the DUET Group is required to pay the Management Fee to RE1 and RE2 for management services provided by RE1 and RE2.

The Management Fee is payable quarterly and is calculated at 1% per year of the Net Investment Value of DUET Group.

Net Investment Value is the market value of the DUET Group plus the amount of any fund level external borrowings and firm commitments for future investments less fund level cash or cash equivalents.

Market value is the volume weighted average market capitalisation over the last 20 ASX trading days in each quarter.

Performance Fees

The DUET Group is also required to pay Performance Fees to RE1 and RE2 at 30 June and 31 December if earned.

A Performance Fee is payable in the event that the DUET accumulation index (the **Return**) outperforms the S&P/ASX200 Industrials accumulation index (the **Benchmark Return**) for the period having made up for underperformance in previous periods.

The Performance Fee is equal to 20% of the amount (if any) by which the Return exceeds the Benchmark Return for that period. Any underperformance deficit from prior periods must be made up before future performance fees can be earned.

RE1 and RE2 may nominate another person to apply the Performance Fee in subscription for the DUET Group securities. The price of DUET Group securities is the volume weighted average trading price of the DUET Group securities traded on the ASX during the last 20 ASX trading days of the relevant period.

²⁵ Management and performance fees exclude GST and non-recoverable GST.

²⁶ Under the Proposal, the ongoing liability for the Management Fee to be paid to RE1 and RE2 will cease from 1 October 2012 and the relevant amounts, after deduction of costs, will be retained by the DUET Group. However, DIHL will pay Macquarie and AMP Capital the Share Sale Cash Payment, which is an amount equal to the Management Fee attributable to the period from 1 October 2012 to the Implementation Date, in part consideration for the acquisition by DIHL of the shares in RE1 and RE2 from Macquarie and AMP Capital.

(iii) *Overview of existing services arrangements provided*

Management services through RE1 and RE2

RE1 and RE2 collectively manage the day-to-day operations of the DUET Group under the supervision and instruction of the DUET Boards.

Resources Agreements

RE1 and RE2 and AMPCIL are parties to a Resources Agreement under which AMPCIL provides RE1 and RE2 with sufficient staff with appropriate qualifications, skills and experience, equipment, software and other resources to enable RE1 and RE2 to perform various administrative and management functions. RE1 and RE2 are also party to a Resources Agreement with Macquarie under which Macquarie provides RE1 and RE2 with sufficient staff with appropriate qualifications, skills and experience, equipment, software and other resources to enable RE1 and RE2 to perform various administrative and management functions and to also satisfy their obligations under their AFSs granted by ASIC.

The DUET Group pays management fees to AMPCIL and Macquarie and under the Resources Agreements RE1 and RE2 (in their personal capacity) pay the resource fees.

Each of these Resource Agreements will be terminated under the Proposal. DIHL will instead employ a number of the employees who have, under the Resources Agreements, been provided to RE1 and RE2 to work wholly or partly in relation to the DUET Group before the date of this Explanatory Memorandum.

Therefore, if the Proposal is implemented, staff will be employed by DIHL and made available to the rest of the DUET Group under a resources agreement. DIHL will have its own employees, rather than relying on AMPCIL and Macquarie to provide management services. DIHL will not pay resource or management fees to AMPCIL or Macquarie. Instead, the DUET Group will directly incur the costs of relevant staff, resources and services that were previously provided by AMPCIL and Macquarie to the DUET Group. The Independent Directors expect that the DUET Group will internalise approximately \$7.5 million in operating costs, including director and executive remuneration, previously borne by Macquarie and AMPCIL, in the first year after implementation of the Proposal.

DIHL Management Services Agreement

RE1 (in its personal capacity) and DIHL are currently parties to the DIHL Management Services Agreement under which RE1 provides certain management services to DIHL and is entitled to a management fee and a performance fee if certain benchmarks are satisfied. This DIHL Management Services Agreement will be terminated if the Proposal is implemented.

(b) Structure of the DUET Boards

Under the DIHL constitution:

- (i) RE1 (in its personal capacity) has been issued with an A Special Share which entitles it to appoint up to 40% of the DIHL Board;
- (ii) RE2 (as responsible entity of DUET2) has been issued with a B Special Share which entitles it to appoint up to 40% of the DIHL Board; and
- (iii) RE1 (as responsible entity of DUET1) and RE2 (as responsible entity of DUET2) have each been issued with a C Special Share which entitle them jointly to appoint up to 20% of the DIHL Board.

RE1 and RE2 are jointly owned by AMP Capital (which holds 50% of the shares in RE1 and RE2) and Macquarie (which holds the remaining 50%). The shareholders agreement between RE1, RE2, Macquarie and AMP Capital (as amended) provides that:

- (i) Macquarie can appoint one nominee director to the boards of each of RE1 and RE2;
- (ii) AMP Capital can appoint one nominee director to the boards of each of RE1 and RE2;
- (iii) Macquarie can appoint one independent director to the boards of each of RE1 and RE2;
- (iv) AMP Capital can appoint one independent director to the boards of each of RE1 and RE2; and
- (v) the third independent director on the boards of each of RE1 and RE2 is appointed by the other two independent directors.

Subject to the Buy-Back Resolution being passed by the requisite majority, DIHL will conduct a selective buy-back of the A Special Share, B Special Share and C Special Shares from RE1 and RE2. If the Buy-Back Resolution is not passed, then RE1 and RE2 will enter into a governance deed poll under which they undertake to exercise their rights to appoint DIHL directors in accordance with the majority vote of Securityholders.

5 EXPLANATORY MEMORANDUM CONTINUED

(c) Macquarie and AMP Capital's holdings of Existing Stapled Securities

As at 20 September 2012:

	Pre-implementation of Proposal	Post-implementation of Proposal
Relevant interest of Macquarie	14,328,628 Existing Stapled Securities	35,117,700 New Stapled Securities
Relevant interest of AMP Capital	43,409,244 Existing Stapled Securities	64,198,316 New Stapled Securities
Aggregate relevant interest of Macquarie and its associates (or voting power) (but ignoring the association between Macquarie and AMP Capital)	47,256,526 Existing Stapled Securities (voting power of 4.23%)	68,045,598 New Stapled Securities (voting power of 5.88%)
Aggregate relevant interest of AMP Capital and its Associates (or voting power) (but ignoring the association between Macquarie and AMP Capital)	79,692,719 Existing Stapled Securities (voting power of 7.14%)	100,481,791 New Stapled Securities (voting power of 8.68%)
Aggregate relevant interest of Macquarie and its Associates (or voting power) (including the association between Macquarie and AMP Capital)	126,949,245 Existing Stapled Securities (voting power of 11.37%)	168,527,389 New Stapled Securities (voting power of 14.55%)
Aggregate relevant interest of AMP Capital and its associates (or voting power) (including the association between Macquarie and AMP Capital)	126,949,245 Existing Stapled Securities (voting power of 11.37%)	168,527,389 New Stapled Securities (voting power of 14.55%)

Macquarie and AMP Capital have a combined voting power of 11.37% (being a relevant interest in 126,949,245 Existing Stapled Securities) as at 20 September 2012.

All of the above percentages have been determined on the basis that:

- (i) as at 20 September 2012 the DUET Group had 1,116,638,606 Existing Stapled Securities on issue; and
- (ii) immediately post-implementation of the Proposal the DUET Group has 1,158,216,750 New Stapled Securities on issue,

and the above percentages assume there is no change in Macquarie Capital Group Limited's relevant interest or voting power or AMP Capital's relevant interest or voting power and the total number of Existing Stapled Securities on issue between 20 September 2012 and implementation of the Proposal on a fully diluted basis.

Macquarie and AMP Capital are associates under the Corporations Act in relation to their holdings of Existing Stapled Securities. For that reason, Macquarie and AMP Capital have combined voting power in the DUET Group for the purposes of section 610 of the Corporations Act (despite holding different interests in Existing Stapled Securities).

(d) Financial advisory and debt advisory services

The DUET Group has appointed Macquarie Capital Advisers (a related body corporate of Macquarie) as its provider of equity capital raising services and financial advisory services, and AMPCIL (a related body corporate of AMP Capital) as its provider of debt and debt advisory services (subject in each case to any conflicts of interest and compliance with the related party protocol in relation to a particular engagement). The key terms of the appointments are recorded in separate mandate letters between the DUET Group and each of Macquarie Capital Advisers and AMPCIL.

The relevant mandate letters (and the services provided by Macquarie Capital Advisers and AMPCIL to the DUET Group under them) will be terminated with effect from 30 June 2013 if the Proposal is implemented.

At United Energy and Multinet there are separate standing agreements to those of the DUET Group in place with AMPCIL for the exclusive provision of treasury, administration and transaction services (including debt advisory) until June 2013 at market rates. These arrangements are unaffected by implementation of the Proposal.

5.2.2 Reason for involvement of Macquarie and AMP Capital in the Proposal

Having determined that the Proposal was the best alternative for the DUET Group, the Independent Board Committees also identified the need for capabilities and services to be provided to implement the Proposal.

Additionally, and as part of the process of evaluating the Proposal, the Independent Board Committees took into account the likelihood of delivering a better outcome for Securityholders by engaging the co-operation of Macquarie and AMP Capital to facilitate the implementation of the Proposal and provide assets, services and resources to the DUET Group.

Given the significant amount of work and cooperation that would be required to facilitate the successful implementation of the Proposal, the Independent Board Committees determined that it would be appropriate to compensate Macquarie and AMP Capital for the termination of the current management arrangements and for their assistance in respect of this cooperation on the terms set out in Section 5.2.3. It was on this basis that the Independent Board Committees entered into negotiations with Macquarie and AMP Capital.

5.2.3 The negotiated outcome with Macquarie and AMP Capital

In negotiating with Macquarie and AMP Capital, the Independent Board Committees sought an outcome that would provide the necessary support and assistance to deliver tangible benefits to Securityholders. The Independent Board Committees subsequently negotiated and agreed to pay to Macquarie and AMP Capital an aggregate amount estimated to be \$95.6 million as consideration in connection with the implementation of the Proposal, which amount comprises:

- an amount of \$55.0 million payable by DUET1, DUET2 and DUET3 to Macquarie and AMP Capital largely for the termination of the management arrangements²⁷ between RE1, RE2 and the DUET Group (to be effected by way of an acquisition by DIHL of the Existing RE Shares and agreements terminating the Resources Agreements and the DIHL Management Services Agreement, and by amending the constitutions of DUET1, DUET2 and DUET3); for their entering into the Transaction Documents; and for their role in structuring, proposing and facilitating the Proposal and assisting in transitioning employees to DIHL;
- an amount of \$27.0 million payable by DIHL to Macquarie and AMP Capital in part consideration for the sale of their RE1 Shares and RE2 Shares;
- the Share Sale Cash Payment, being a payment equivalent to the Management Fee for the period from 1 October 2012 to the Implementation Date (estimated to be \$4.1 million), which will be paid directly to Macquarie and AMP Capital in part consideration for the acquisition by DIHL of Macquarie and AMP Capital's shares in RE1 and RE2;²⁸
- an Availability Fee of \$1.25 million per calendar month, estimated to be \$8.6 million in total, to make certain agreed transition and separation services available to the DUET Group from the Implementation Date to 30 June 2013;²⁹ and
- an estimated amount of \$0.9 million, charged on a cost-recovery basis, for the use of those transition and separation services provided by Macquarie and AMP Capital.

If the Proposal is implemented, the amount of \$82.0 million (excluding GST where it is relevant) from the total consideration will be paid to Macquarie and AMP Capital, to be applied to subscribe for the Placement Securities (being 20,789,072 Existing Stapled Securities each) at an agreed subscription price of 1.972³⁰ per Placement Security, and the DUET Group's obligations to pay the consideration will be offset by Macquarie and AMP Capital's obligation to pay the subscription price for the Placement Securities.

For the purposes of participating in the Capital Reduction, the Placement Securities issued to each of Macquarie and AMP Capital will be treated as being held by Macquarie and AMP Capital on the Record Date, notwithstanding that the Placement Securities will only be issued to Macquarie and AMP on the Implementation Date (in other words, after the Record Date). Therefore, RE1 Shares and RE2 Shares will also be stapled to the Placement Securities, thereby forming New Stapled Securities. In this regard, ASX has provided in-principle confirmation that the timetable as set out in Section 1.1 complies with the requirements of Listing Rule 7.40, including with respect to Macquarie and AMP Capital participating in the Capital Reduction in relation to the Placement Securities, notwithstanding that they will not hold those Placement Securities on the Record Date.

The Existing Stapled Securities which are issued to Macquarie and AMP Capital under the placement will be subject to a Holding Lock from the date of issue until the earliest of:

- (a) the date on which a majority of the directors of DIHL, RE1 and RE2 recommend a superior competing proposal;
- (b) the occurrence of a Change of Control Event;
- (c) the announcement of a bona fide offer to acquire the DUET Group; and
- (d) 30 June 2013.

The Holding Lock will permit transfers to related bodies corporate and custodians.

In addition, RE1 and RE2 will no longer receive a Management Fee in relation to the period from 1 October 2012 to the Implementation Date. Instead, Macquarie and AMP Capital will receive the Share Sale Cash Payment.

In return for these benefits, Macquarie and AMP Capital have agreed to:

- (a) assist the DUET Group with establishing an independent operation by providing transition services, including the transfer of certain personnel, provision of premises and other services from the implementation of the Proposal until 30 June 2013;
- (b) grant perpetual royalty-free intellectual property licences for the use of certain information, records, data and intellectual property by the DUET Group;
- (c) transfer the ownership of RE1 and RE2, the current responsible entities of DUET1, DUET2 and DUET3, to DIHL; and
- (d) give up their opportunity to receive revenue in respect of the DUET Group arising out of RE1 and RE2's ongoing management of the DUET Group (see Section 5.2.1(a) for further details).

27 These 'management arrangements' are collectively referred to in the Independent Expert's Report as the 'Management Contracts'.

28 For detail on how the Management Fee is calculated, see Section 5.2.1(a).

29 For more detail on the transition and separation services available to the DUET Group, see Section 5.2.4 and Annexure C.

30 The price of \$1.972 for the New Stapled Securities to be issued was calculated by the arithmetic average of the daily volume-weighted average price over the 10 trading day period from 23 July 2012 to 3 August 2012 (inclusive). No discount was applied to this price to determine the number of New Stapled Securities to be issued.

5 EXPLANATORY MEMORANDUM CONTINUED

5.2.4 Ongoing arrangements with Macquarie and AMP Capital

Set out below is a summary of the ongoing arrangements between the DUET Group, Macquarie and AMP Capital.

(a) Transfer of personnel to the DUET Group

Macquarie and AMP Capital have agreed to facilitate the transfer of the DUET Group's management team to DIHL if the Proposal is implemented. The terms of these arrangements for certain key personnel are set out in Section 5.1.8.

(b) Transition and separation services

Macquarie and AMP Capital will ensure that the DUET Group retains access to the suite of management services and systems currently provided by Macquarie and AMP Capital for the period from the Implementation Date to 30 June 2013, and also to provide additional agreed transition and separation services to assist with the transition of personnel, functions and systems, for an Availability Fee of \$1.25 million per calendar month, estimated to be \$8.6 million in total. Macquarie and AMP Capital will be entitled to be paid the Availability Fee in quarterly instalments however the unpaid portion of this fee is immediately payable if there is a Change of Control Event before 30 June 2013.

On request from the DUET Group, Macquarie and AMP Capital will provide such services to the DUET Group, on a cost-recovery basis (estimated to be \$0.9 million).

These arrangements include transition and separation services in relation to:

- Premises;
- Financial Reporting and Accounting;
- Tax;
- Risk and Compliance;
- Information Technology;
- Legal and Company Secretarial;
- Communication and Marketing;
- Business Management;
- Human Resources; and
- Treasury.

The obligation of AMP Capital and Macquarie to provide these transition services ceases if there is a Change of Control Event in relation to the DUET Group.

(c) Intellectual property licences

As part of the Proposal, Macquarie and AMP Capital will grant royalty-free perpetual intellectual property licences for the use of certain information, records, data and intellectual property by the DUET Group.

(d) Structure simplification advisory fee

Under a separate mandate, AMP Capital and Macquarie have been engaged to evaluate, develop and, if appropriate, assist in the implementation of a simplification of the DUET Group to be compatible with the internalised management arrangements. In aggregate, AMP Capital and Macquarie will be paid a total advisory fee of \$5.0 million for these services. When considering the appointment of Macquarie and AMP Capital, the Independent Board Committees took account of Macquarie and AMP Capital's extensive knowledge of the structure and history of the DUET Group, coupled with their experience with these types of complex structures.

5.3 ALTERNATIVES CONSIDERED

The Proposal is the outcome of the Independent Board Committees having explored various alternatives for the DUET Group to address, among other issues, the nature of the external management arrangements, the cashflow volatility created by the fee structure and the potential to enhance the operational efficiency and corporate governance of the DUET Group's structure. In doing so, the Independent Board Committees, assisted by financial and legal advisors, carried out scenario analyses, including assessing qualitative aspects and potential impacts on different investor classes.

The following alternatives were considered by the Independent Board Committees:

5.3.1 Maintaining the status quo

Under the current externally managed structure, the total return to Securityholders since listing has significantly outperformed the benchmark index. However, maintaining the status quo would not have changed the DUET Group's management structure to be in line with current preferred market practices or delivered to Securityholders the tangible benefits that are expected to be created if the Proposal is implemented.

5.3.2 Change of responsible entities

This alternative would have involved the retirement or removal of RE1 and RE2 as the responsible entities of DUET1, DUET2 and DUET3 (as applicable), and the termination of the DIHL Management Services Agreement without payment to Macquarie and AMP Capital. This would require an ordinary resolution of Securityholders, and Macquarie and AMP Capital, as Securityholders, would be entitled to vote on such a resolution.

If RE1 and RE2 were removed or retired as responsible entities without the assistance of Macquarie and AMP Capital, the Independent Directors considered that the following costs and risks would be likely to eventuate:

- The DUET Group would have no access to existing personnel as all staff are employed by either Macquarie Group entities or AMP Group entities who, unlike RE1 and RE2, have no obligation to act in the best interests of Securityholders. The existing management team is employed by entities in Macquarie Group and AMP Group, and it was represented to the Independent Board Committees that key members of the existing management team are also subject to non-compete clauses. This led the Independent Directors to conclude that continuity of existing management would be highly unlikely.
- The price of the DUET Group's Existing Stapled Securities could fall as a result of uncertainty relating to a lack of management continuity, with any new management team requiring a period of time to understand the DUET Group, develop relationships with stakeholders and prove that they were as capable as the current management team.
- The DUET Group would need to source its own facilities and services, giving rise to immediate business and operational risks. Transition support beyond the strict requirements of section 601FR of the Corporations Act from Macquarie and AMP Capital under the Proposal would not be available under this alternative and the Independent Directors did not believe that they could otherwise provide financial support to put such facilities or services in place. In addition, there would be no obligation on Macquarie and AMP Capital to transfer intellectual property (possibly including financial models) to the DUET Group in excess of the requirements of the Corporations Act.
- If, on the one hand, the DUET Group were to establish new companies (within the group) to replace RE1 and RE2 as the responsible entities there would likely be other costs and risks involved, such as: (i) the newly established DUET Group entities would need to apply to ASIC for (and be granted) AFSs in circumstances where the current responsible managers would probably no longer be available to the DUET Group, and (ii) there would be time, costs and risks in attracting and hiring a senior management team of the same quality to that already in place, and securing premises for the Group.
- If, on the other hand, the DUET Group were to seek to appoint an external replacement manager, then RE1 and RE2 would expect to incur significant preparatory expenses (both in their personal capacity and their trustee capacity) in identifying an appropriately skilled, qualified and licensed replacement manager, capable of operating a complex business in circumstances where the Independent Directors could not be confident that the unilateral internalisation would ultimately be successful. The time, cost and risk involved would be to the detriment of RE1 and RE2 (particularly in circumstances where they could not recover those expenses from DUET1, DUET2 and DUET3 and may be unable to recover them from Macquarie and AMP Capital) or to the detriment of Securityholders (to the extent these costs could be recovered from the DUET1, DUET2 and DUET3 assets).
- Failing identification and appointment of such a manager, DUET1, DUET2 and DUET3 would be wound up if RE1 and RE2 were nonetheless removed as responsible entities, or RE1 and RE2 would need to apply to court for appointment of a temporary responsible entity or, failing such application or appointment, withdraw their retirement (in a retirement situation).
- The removal of Macquarie and AMP Capital as manager would be a change of control triggering a review event under the DUET Group's \$200 million revolving debt facility, potentially resulting in a cancellation or renegotiation of the terms of the facility in the absence of financier consent being obtained. Whilst this potential outcome could occur from either the unilateral replacement of Macquarie and AMP Capital as the responsible entities of the DUET Group or from a change of control of RE1 and RE2 (as contemplated in the Proposal), the Independent Directors consider that consent is more likely to be obtained or that the outcome would be better managed and likely to be more favourable with existing senior management remaining in place as contemplated by the Proposal. Although it is not currently drawn, the corporate revolving debt facility is an important source of potential working capital for the DUET Group.
- As detailed in Section 5.2, Macquarie and AMP Capital have a combined voting power of 11.37%³¹ in the DUET Group and have the discretion to vote that interest against any proposal that would lead to the unilateral removal of RE1 and RE2 as responsible entities.

31 Macquarie and AMP Capital are associates under the Corporations Act in relation to their holdings of Existing Stapled Securities. For that reason, their voting power in the DUET Group is combined in accordance with section 610 of the Corporations Act. Voting power of 11.37% is held as at 20 September 2012.

5 EXPLANATORY MEMORANDUM CONTINUED

The Independent Board Committees considered it important that the knowledge, expertise and track record of the current management team assigned to the DUET Group, as well as their relationships with regulators, rating agencies, investors, lenders, government, co-investors and asset company management be retained. The Independent Board Committees also considered it important to have certainty of continued access to the current management team's knowledge and expertise in managing and administering the DUET Group's group structure.

After due consideration of the relative risk of execution and the timeliness of the Proposal, it was determined that a unilateral change of the responsible entities could not deliver the same continuity of management, certainty over operational performance or tangible benefits to Securityholders as the Proposal.

5.3.3 Internalisation involving cash consideration to Macquarie and AMP Capital

Payment of the consideration to Macquarie and AMP Capital in the form of cash was also considered.

This alternative was ruled out for the following reasons:

- Following payment of its June 2012 distribution (net of the dividend and distribution reinvestment plan proceeds), performance fees, capital expenditure requirements and other costs, and accounting for a prudent level of working capital to fund future capital commitments (particularly in view of the uncertainty arising from the need to obtain financier consent to maintain the availability of the undrawn corporate debt facility as a consequence of acquiring the responsible entities), the DUET Group would have insufficient cash to pay the consideration. Although the DUET Group could draw on its \$200 million revolving debt facility this would (in the view of the DUET Group based on the expectation from its credit rating agency that the facility is to be used for short term liquidity purposes and, if drawn, is effectively a bridge to equity) have led the investment community to assume that the DUET Group intended to repay the facility with the proceeds of a discounted equity issue. Any placement to third parties could reasonably be expected to have been more dilutive to Securityholders than the issue of the Placement Securities under the Proposal. This could be expected to have depressed the price of stapled securities, to the detriment of Securityholders. Further, drawing on the facility would have imposed an added interest cost on the DUET Group, which would be avoided by an issue of stapled securities.
- Issuing new Existing Stapled Securities by way of a placement or entitlement offer process would most likely have resulted in new equity having to be raised at a discount to DUET Group's market price of \$1.95 per Existing Stapled Security on the trading day prior to 31 July 2012 (being the date of announcement of the Proposal), rather than the nil discount applied at that time to the Placement Securities to AMP Capital and Macquarie.³² Any placement to third parties could reasonably be expected to have been more dilutive to Securityholders than the issue of the Placement Securities under the Proposal. This could be expected to have depressed the price of stapled securities to the detriment of Securityholders. This alternative would also have incurred capital raising costs (potential underwriting and legal fees) and would have been subject to equity market risk.

The Independent Board Committees considered all of the alternatives and, after consultation with their advisers, concluded that the Proposal is in the best interests of Securityholders and recommend the Proposal to Securityholders in the absence of a superior competing proposal. Section 5.5 describes why Securityholders might vote in favour of the Proposal and Section 5.6 describes why Securityholders might vote against the Proposal.

5.4 FINANCIAL IMPACT OF THE PROPOSAL

5.4.1 Distribution guidance for financial year ending 30 June 2013

The DUET Group has previously provided to the market a distribution guidance of 16.5 cents per stapled security for the financial year ending 30 June 2013.

As at the date of this Explanatory Memorandum, the Independent Directors do not consider that the Proposal will impact this distribution guidance, and they reaffirm the distribution guidance of 16.5 cents per stapled security for the financial year ending 30 June 2013.

³² Following agreement between the parties to the Heads of Agreement entered into on 31 July 2012, the method for calculating the issue price set out in the Heads of Agreement was amended, and the price instead calculated in accordance with the existing constitutions of DUET1, DUET2 and DUET3. This subscription price of \$1.972 is marginally more favourable to Securityholders than the \$1.9715 price calculated by reference to the original method in the Heads of Agreement.

5.4.2 Basis of preparation

The financial information contained in this Section has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards. However, it is presented in an abbreviated form and therefore does not include all of the disclosures, statements or comparative information required by the Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act. The accounting policies used in preparing the financial information are the same as those of the DUET Group, which are given in its financial report for the year ended 30 June 2012.

5.4.3 Effect on financial position if the Proposal is successful:

(a) Proforma corporate cost savings if the Proposal is implemented:

In the first year, on a proforma basis,³³ the Proposal is expected to more than halve the DUET Group's annual corporate operating costs as set out in the table below.

Corporate Operating Costs (\$m)³⁵	Pre-Internalisation (\$m)	Adjustments (\$m)	Proforma Post-Internalisation (\$m)
Management Fee	20.9	(20.9)	–
Other Operating Costs	4.3	7.5	11.8
Total	25.2	(13.4)	11.8

Other operating costs pre-internalisation include ASX and registry fees, insurances, director fees and corporate revolver commitment fees. Adjustments to other operating costs are primarily related to staff remuneration which is currently borne by Macquarie and AMP Capital.

No other income or expense items of the DUET Group are expected to be materially impacted by the Proposal.

(b) Costs of negotiating and implementing the Proposal:

The DUET Group is expected to pay \$4.9 million in costs associated with negotiating and implementing the Proposal.

One-off costs associated with negotiating and implementing the Proposal	(\$m)
External transaction advisory costs ³⁶	3.9
Establishment of office and IT systems	1.0
Total	4.9

No component of the transaction advisory costs is payable to Macquarie or AMP Capital.

The costs of establishing an office and IT systems are capital in nature, and will be depreciated over the assets' useful lives. The other one-off internalisation costs listed above will be expensed to the statutory consolidated income statement.

The DUET Group will separately pay the Availability Fee (estimated to be \$8.6 million) to Macquarie and AMP Capital. This amount is included in the total consideration (estimated to be \$95.6 million) payable to Macquarie and AMP Capital, described in detail in Section 3.1.2.

33 Pre-internalisation operating costs represent the pre-internalisation corporate operating expense budget for the 2013 financial year. Post-internalisation proforma represents the DUET Group's post-internalisation corporate operating expense budget from the Implementation Date to 30 June 2013 on an annualised basis.

34 Costs exclude GST and non-recoverable GST.

35 These costs include (i) the fees payable to the independent advisers to the Independent Board Committees and the DUET Group, namely Gresham Advisory Partners Limited, Allens, PricewaterhouseCoopers, Ernst & Young, and (ii) the fee payable to the Independent Expert. See section 10.9.2 of the Prospectus for a description of the adviser fees.

5 EXPLANATORY MEMORANDUM CONTINUED

(c) Historical and pro-forma balance sheets of the DUET Group

The table below sets out the consolidated balance sheet of the DUET Group as at 30 June 2012 and the proforma balance sheet post implementation of the Proposal.

	30-Jun-12 DUET Group Actual	DUET Group Pro Forma Pre- Transaction	1	2	3	4	5	6	7	DUET Group Pro Forma Post- Transaction
\$m			Transaction							
Current assets										
Cash and cash equivalents	243.6	(97.4)	146.2	(4.1)	(11.0)	5.5	5.5	-	(13.3)	128.8
Other current assets	167.2	-	167.2	-	-	0.4	0.2	-	-	167.7
Total current assets	410.8	(97.4)	313.4	(4.1)	(11.0)	5.9	5.7	-	(13.3)	296.5
Non-current assets										
Property, plant and equipment	5,473.2	-	5,473.2	-	-	-	-	-	-	5,473.2
Other non-current assets	2,234.7	-	2,234.7	0.5	-	0.2	0.3	(0.5)	-	2,235.2
Total non-current assets	7,707.9	-	7,707.9	0.5	-	0.2	0.3	(0.5)	-	7,708.4
Total assets	8,118.7	(97.4)	8,021.3	(3.6)	(11.0)	6.1	5.9	(0.5)	(13.3)	8,004.9
Current liabilities										
Interest bearing liabilities	325.3	-	325.3	-	-	-	-	-	-	325.3
Other current liabilities	544.8	(110.7)	434.0	-	-	0.4	0.2	-	-	434.6
Total current liabilities	870.0	(110.7)	759.3	-	-	0.4	0.2	-	-	759.9
Non-current liabilities										
Interest bearing liabilities	4,799.8	-	4,799.8	-	-	-	-	-	-	4,799.8
Other non-current liabilities	880.1	-	880.1	-	-	-	-	-	-	880.1
Total non-current liabilities	5,679.9	-	5,679.9	-	-	-	-	-	-	5,679.9
Total liabilities	6,550.0	(110.7)	6,439.3	-	-	0.4	0.2	-	-	6,439.8
Net Assets	1,568.7	13.3	1,582.0	(3.6)	(11.0)	5.7	5.7	(0.5)	(13.3)	1,565.1
Equity										
Contributed equity	2,230.8	13.3	2,244.1	82.0	(11.0)	17.9	17.9	(24.7)	-	2,326.1
Reserves/Accumulated (losses)	(854.0)	-	(854.0)	(85.6)	-	(12.1)	(12.1)	24.2	(13.3)	(952.9)
Other non-controlling interest	191.8	-	191.8	-	-	-	-	-	-	191.8
Total equity	1,568.7	13.3	1,582.0	(3.6)	(11.0)	5.7	5.7	(0.5)	(13.3)	1,565.1

1 Subsequent settlement of 30 June 2012 transactions

- Performance fee (\$16.6m, inclusive of non-recoverable GST) for the period to 30 June 2012 subsequently paid on 4 July 2012.
- Management fee (\$5.3m, inclusive of non-recoverable GST) for the quarter ended 30 June 2012 subsequently paid on 20 August 2012.
- Final distribution payment (\$88.8m) for 30 June 2012 financial year (net of DRP), paid 14 August 2012.

2 Consideration paid of \$82.0m reinvested in securities and the Share Sale Cash Payment of \$4.1m (Transaction Steps 2, 3 & 4).

3 Reinvestment of DIHL return of capital in equity (Transaction Step 7)

4 Balance sheet of RE1 stapled to DUET Group (Transaction Steps 3 & 6 & 8).

5 Balance sheet of RE2 stapled to DUET Group (Transaction Steps 3 & 6 & 8).

6 Accounting consolidation adjustment.

7 Costs of negotiating and implementing the proposal including \$3.9m transaction costs and an estimated \$9.5m of separation and transition costs.

5.5 REASONS WHY YOU SHOULD VOTE IN FAVOUR OF THE PROPOSAL

This Section is a summary only and is not intended to address all the relevant issues for Securityholders in respect of the Proposal. This Section should be read in conjunction with the other Sections of this Explanatory Memorandum and the Prospectus.

(a) The Independent Directors consider the Proposal is in the best interests of Securityholders, in the absence of a superior competing proposal

The Independent Directors considered maintaining the status quo, a unilateral change of responsible entities of the DUET Group and an internalisation involving the payment of cash to Macquarie and AMP Capital, as outlined in Section 5.2.3. After consultation with their advisers, they have concluded that the Proposal is in the best interests of Securityholders and recommend the Proposal to Securityholders in the absence of a superior competing proposal.

(b) Governance benefits

- **Greater alignment of interests:** The Proposal will allow greater alignment of the interests of Securityholders and RE1, RE2 and DIHL management as the proposed remuneration arrangements relate directly to the DUET Group and will be solely focused on the DUET Group and its future performance. This is also conducive to longer term succession planning. If the Proposal is approved, the management team will be directly accountable to the DUET Boards and to Securityholders.
- **Potential for broadening the investor base and appeal:**
 - The Independent Board Committees believe that the Proposal is likely to broaden the DUET Group's appeal to the investment community by removing the external management arrangements that are currently in place.
 - The Independent Directors believe that this has the potential to attract new investors to the DUET Group that were previously unable to invest in an externally managed entity or were reluctant to do so.
 - Some investors may consider that internally managed structures eliminate any perceived conflicts of interest that may arise between the manager and the investors.
- **The DUET Group will have direct control over corporate operating costs:** The DUET Group will become an independent self-managed entity, separate from Macquarie and AMP Capital and their Associates, and the internalised management team will have direct control over corporate operating costs.
- **Senior management and key personnel transferring on internalisation:**
 - David Bartholomew (current Chief Executive Officer of the DUET Group) will remain the Chief Executive Officer of the DUET Group. Jason Conroy (current Chief Financial Officer of the DUET Group) will remain the Chief Financial Officer of the DUET Group.
 - In addition, a number of individuals who have worked closely with the business of the DUET Group and have the requisite expertise and accumulated knowledge will transfer their employment to DIHL from the Implementation Date.
 - Doug Halley has been appointed as independent chairman-elect of the DUET Group, subject to approval of the Proposal. Mr Halley is currently the chairman of the Independent Board Committees of RE1 and DIHL. All Independent Directors will remain as directors of the DUET Group and from the 2013 annual general meeting will be subject to nomination and re-election on a rotational basis.
 - The DUET Group therefore expects that RE1 and RE2 will have available a sufficient scale and experience in its team to be in a position efficiently and effectively to continue their operation as the responsible entities of the DUET Group if the Proposal is implemented.
- **Transition services support:** Transition support services described in Section 5.2.4 will be available to DUET during its separation from AMP Capital and Macquarie.
- **Access to intellectual property and management:** Under the Proposal, Macquarie and AMP Capital will grant royalty-free perpetual intellectual property licences for the use of certain information, records, data and intellectual property by the DUET Group.
- **Enhanced board accountability:** The requirement for periodic election will ensure that the RE1 and RE2 boards are directly accountable to Securityholders for the performance of the DUET Group. Additionally internalisation will provide Securityholders with the ability to vote in an advisory manner (ie, non-binding) only on the appointment of and remuneration structure for RE1 and RE2 directors.
- **Termination of Board appointment rights:**
 - Under the current management arrangements, Macquarie and AMP Capital each have the right to appoint one director to the boards of RE1 and RE2, and are each able to nominate one independent director to the boards of RE1 and RE2.
 - Under the Proposal, Securityholders will be able to pass a resolution relating to the appointment, re-election and removal of directors of the DUET Boards, with a simple majority. With effect from the Implementation Date, Macquarie and AMP Capital will be jointly entitled to nominate one board director to each DUET Board, limited to two individual nominees. Scott Davies will retire on 30 June 2013 and John Roberts will retire at the DUET Group 2013 Annual General Meetings unless asked by the Independent Directors to stand for re-election, expected to be held in November 2013. Following these dates, Macquarie and AMP Capital will no longer have special rights to appoint directors to the DUET Group boards.

5 EXPLANATORY MEMORANDUM CONTINUED

(c) Financial Impact

- **Reduce corporate operating costs:** The Proposal is expected to more than halve the DUET Group's annual corporate operating costs³⁶ in the first year of independence and, in doing so, be accretive to the DUET Group's operating cash flows from 1 July 2013.
- **Elimination of the externally paid Management Fee and Performance Fees:** The Proposal eliminates the externally paid Management Fee and Performance Fees, giving the DUET Group greater control and certainty over its future operating costs.

While the DUET Group will incur its own annual operating costs and one-off transaction costs as a result of internalised management, the Independent Board Committees believe that the anticipated savings to the DUET Group from eliminating the Management Fee and Performance Fees are expected to substantially outweigh the incremental costs of internalised management (see Section 5.4.3 for an illustration of potential savings). In doing so, the Proposal is expected to be accretive to the DUET Group's operating cashflows from 1 July 2013.

- **Removal of the relationship between the DUET Group's operating costs and its security price:** The Proposal will also ensure that any market outperformance will be entirely available to Securityholders as outperformance will no longer attract a Performance Fee. In addition, the elimination of Performance Fees will reduce volatility in the DUET Group's future cashflows.

(d) The Independent Expert has concluded that the Proposal is fair and reasonable to, and in the best interests of, Non-Associated Securityholders

Grant Samuel & Associates was engaged by the Independent Directors of the DUET Group to provide an assessment of the Proposal for the benefit of Securityholders. The Independent Expert has concluded that the Proposal is fair and reasonable to, and in the best interests of, Non Associated Securityholders.

A full copy of the Independent Expert's Report can be found in Annexure A.

5.6 REASONS WHY YOU MIGHT VOTE AGAINST THE PROPOSAL

(a) You may disagree with the conclusion of the Independent Directors

You may disagree with the conclusion of the Independent Directors that the Proposal secures the best outcome available for the DUET Group.

(b) You may disagree with the conclusion of the Independent Expert

You may disagree with the conclusions of the Independent Expert that the Proposal is fair and reasonable to, and in the best interests of, Non-Associated Securityholders.

(c) You may think the payment to Macquarie and AMP Capital exceeds the future financial benefits to the DUET Group

You may think the \$95.6 million³⁷ payment to Macquarie and AMP Capital in connection with the Proposal exceeds the future financial benefits of the Proposal to the DUET Group. The Independent Board Committees are satisfied that the net present value of cost savings to be achieved under an internalised management structure exceeds the consideration to be paid.

(d) You may think that the estimated ongoing cost savings from internalisation are too low

You may think that the estimated ongoing cost savings from internalisation are too low. Whilst the DUET Group will no longer incur the Management Fee and Performance Fees following internalisation, a number of operating costs, primarily staff costs, would be paid directly by the DUET Group rather than by Macquarie and AMP Capital. Accordingly, on a proforma basis, the DUET Group is expected to save about \$20.9 million in Management Fees though it is also expected to directly incur an additional \$7.5 million in its own costs, including staff remuneration. The DUET Group will also benefit from no further Performance Fees, which for example were \$16.2 million for the year ended 30 June 2012.

36 See Section 5.4.3 for more details.

37 The amount of \$95.6 million is comprised as follows:

- an amount of \$55.0 million payable by DUET1, DUET2 and DUET3 to Macquarie and AMP Capital largely for entering into the Transaction Documents, their role in structuring, proposing and facilitating the Proposal and assisting in transitioning employees to DIHL;
- an amount of \$27.0 million payable by DIHL to Macquarie and AMP Capital in part consideration for the sale of their RE1 Shares and RE2 Shares;
- the Share Sale Cash Payment, being a payment equivalent to the Management Fee for the period from 1 October 2012 to the Implementation Date (estimated to be \$4.1 million), which will be paid directly to Macquarie and AMP Capital in part consideration for the acquisition by DIHL of Macquarie and AMP Capital's shares in RE1 and RE2 ; and
- an estimated total of \$9.5 million comprising the following:
 - an Availability Fee of \$1.25 million per calendar month, estimated to be \$8.6 million in total, to make certain agreed transition and separation services available to the DUET Group from the Implementation Date to 30 June 2013; and
 - an estimated amount of \$0.9 million, charged on a cost-recovery basis, for the use of those transition and separation services provided by Macquarie and AMP Capital.

(e) You may think that the one-off external transaction and implementation costs are too high

You may think that the one-off external transaction and implementation costs are too high. If the Proposal is implemented, the DUET Group will incur \$3.9 million in external transaction advisory costs and \$1.0 million in costs associated with establishing a separate head-office and IT system.

(f) You may consider that the loss of Macquarie and AMP Capital's expertise and investment exposure will have a detrimental impact

If the Proposal is implemented, the DUET Group will no longer be part of the Macquarie or AMP Capital network and accordingly will lose the support and global reach provided by those groups.

The DUET Group's relationship with Macquarie and AMP Capital provides the DUET Group with access to additional expertise in managing funds and their businesses, and sourcing of new acquisition opportunities. If the Proposal is implemented, the DUET Group will no longer be able to leverage these relationships and resources in the same way that it has been able to in the past. There can be no certainty as to the impact that this may have on the DUET Group or its security price. The DUET Group may not enjoy the same access to acquisition opportunities from the Macquarie and AMP Capital networks as has historically been the case.

The Independent Board Committees believe that the internalised management team will be able to implement the strategic and operational objectives of the business effectively as an independent self-managed entity, without needing to leverage the expertise of Macquarie and AMP Capital.

(g) You may consider that another responsible entity is better placed to manage the DUET Group

You may prefer that another manager is appointed, rather than retaining RE1 and RE2 under the Proposal. The appointment of another responsible entity would mean the DUET Group would remain an externally managed group, it would not have access to the existing management team and none of the benefits described in the Letter from the Chairmen and Section 5.5 would materialise.

(h) You may consider that the need for the DUET Group to establish staff and head office infrastructure will have a detrimental impact

If the Proposal is implemented, the DUET Group will need to rely on its own staff and develop head office infrastructure appropriate for a self-managed and independent business, to replace the services currently provided by Macquarie and AMP Capital. The Independent Board Committees have considered in detail the nature of transition services to be provided by Macquarie and AMP Capital through to 30 June 2013, and consider that they are appropriate, in view of minimising disruption to the DUET Group's operational activities.

(i) You may consider that the Proposal will not broaden the investor base, investor appeal or improve the security price of New Stapled Securities

While the Independent Board Committees expect that an internalised management model may broaden the investor base and appeal of the DUET Group, there is no guarantee that this will in fact occur or that the DUET Group's security price will increase. The DUET Group's security price may be affected by other factors that are unrelated to the Proposal such as performance of its businesses and movements in capital markets.

The DUET Group Board has reaffirmed distribution guidance of 16.5 cents per stapled security for the financial year ending 30 June 2013.

(j) You may not wish your interest in the DUET Group to be diluted as a result of the issue of the Placement Securities to Macquarie and AMP Capital

It should be noted, however, that the extent of any such dilution would be small, the expected countervailing benefits are significant, and for the reasons set out in Section 5.3.3, paying Macquarie and AMP Capital by way of an issue of New Stapled Securities is considered to be more beneficial for Securityholders than paying in cash.

(k) You may consider it a negative consequence that the issue of the Placement Securities to Macquarie and AMP Capital will increase their combined voting power in the DUET Group stapled securities will increase from 11.37% to 14.55%³⁸

Macquarie and AMP Capital are associates under the Corporations Act in relation to their holdings of Existing Stapled Securities. For that reason, their voting power in the DUET Group is combined in accordance with section 610 of the Corporations Act.

(l) You may consider that the risks associated with the Proposal outweigh any potential benefits

You should evaluate the potential benefits of the Proposal (see the Letter from the Chairmen and Section 5.5) against the risks associated with the Proposal (see Section 5.9).

38 Macquarie and AMP Capital are associates under the Corporations Act in relation to their holdings of Existing Stapled Securities. For that reason, their voting power in the DUET Group is combined in accordance with section 610 of the Corporations Act. Voting power of 11.37% is held as at 20 September 2012.

5 EXPLANATORY MEMORANDUM CONTINUED

5.7 INDEPENDENT DIRECTORS' RECOMMENDATION

For the reasons set out in this Explanatory Memorandum, subject to there being no superior competing proposal and the Independent Expert not changing or withdrawing its conclusion that the Proposal is fair and reasonable to, and in the best interests of, Non-Associated Securityholders, each Independent Director recommends that Securityholders vote in favour of the Internalisation Resolutions.

5.8 INDEPENDENT EXPERT'S REPORT

The Independent Expert has provided an assessment of the Proposal for the benefit of Non-Associated Securityholders. The Independent Expert has concluded that the Proposal is fair and reasonable to, and in the best interests of, Non-Associated Securityholders.

A copy of the Independent Expert's Report can be found in Annexure A, and a summary of factors the Independent Expert has taken into account in reaching its opinion can be found at Section 3.9.

5.9 RISKS

There are a number of factors, both specific to the DUET Group and of a general nature which may affect the future operating and financial performance of the DUET Group and the outcome of an investment in the DUET Group. There can be no guarantees that the DUET Group will achieve its stated objectives, that forecasts will be met or that forward looking statements will be realised.

As Securityholders are already subject to the risks relevant to their investment in the DUET Group, this Section describes the specific risks associated with the Proposal and which are unique to the DUET Group.

(a) Internalisation risks

– Establishing new stand-alone systems and migrating to a new control environment

There are inherent risks in establishing a new operating environment, including the establishment and migration of information, processes, systems and equipment. In addition, there are risks associated with ensuring the existing corporate governance framework, including assurance regime, remains appropriate in light of the new operating environment.

– One-off costs of internalisation may be higher than forecast and ongoing savings from internalisation may be lower than forecast

Forecasts by their very nature are subject to uncertainties and contingencies, many of which are outside the control of the DUET Group. As a consequence there is a risk that benefits from internalisation will not be realised to the extent forecast.

– Loss of Macquarie and AMP Capital involvement

If implemented, RE1 and RE2 will no longer be jointly owned by Macquarie and AMP Capital, which will end Macquarie and AMP Capital involvement in the management of the DUET Group.

Through Macquarie and AMP Capital, the DUET Group has access to:

- institutional support;
- ready-made succession pool for key individuals;
- individuals with sector-based experience;
- information resources; and
- potential financiers, suppliers and other stakeholders.

If the Proposal is implemented, the DUET Group will be reliant on retaining and attracting quality senior executives and other employees. Through Macquarie and AMP Capital, the DUET Group currently has access to alternative high quality executives to fill any vacant positions as part of the transition services. The loss of the services of any of the DUET Group's senior management, or the inability to attract new qualified personnel, could adversely affect the DUET Group's operations.

With the continuity of management if the Proposal is implemented and greater access to personnel at the DUET Group asset level for planned succession purposes, the Independent Board Committees are of the view however that this risk is manageable and therefore is unlikely to have a material adverse impact on the future operating and financial performance of the DUET Group.

– Security price performance following the Proposal

While the Independent Board Committees believe that an internalised management structure will broaden the investor appeal of the DUET Group, there is no guarantee that the security price of the New Stapled Securities will increase as a result.

– New expenses will be incurred

New expenses will be incurred by the DUET Group if the Proposal is implemented (such as director and executive remuneration costs) which were previously borne by Macquarie and AMP Capital. These are described in Sections 5.1.6, 5.1.8 and 5.12.3(c).

– **Dilution of interest in the DUET Group**

You may not wish your interest in the DUET Group to be diluted as a result of the issue of the Placement Securities to Macquarie and AMP Capital. It should be noted, however, that the extent of any such dilution would be small, the expected countervailing benefits are significant, and for the reasons set out in Section 5.3.3, allowing Macquarie and AMP Capital to subscribe for New Stapled Securities is considered to be more beneficial for Securityholders than paying them in cash.

– **Increase in Macquarie and AMP Capital's voting power**

As a consequence of the issue of the Placement Securities to Macquarie and AMP Capital their aggregate voting power in the DUET Group stapled securities will increase from 11.37% to 14.55%.³⁹

– **Tax risk**

Securityholders will become the owners of RE1 and RE2 and there may be unknown tax liabilities in these entities. This risk is mitigated by the fact that Macquarie and AMP Capital are providing customary tax warranties and indemnities that will protect Securityholders.

(b) Other general risks associated with an existing investment in the DUET Group

If the Proposal is implemented, Securityholders will acquire shares in RE1 and RE2 which will be stapled to their Existing Stapled Securities. There are general risks associated with investing in Existing Stapled Securities, including, for example:

- the risk that there could be changes to the regulatory environment in which the DUET Group operates due to changes in government fiscal, monetary and regulatory policies;
- the risk that changes in prevailing market interest rates and the strength of capital markets will influence the DUET Group's interest costs and its ability to refinance debt respectively;
- the risk that general economic conditions, including fluctuations in energy market prices, inflation and consumer demand, will influence the DUET Group's operating performance and financial results;
- the risk that the DUET Group will become involved in litigation or disputes, which could adversely affect financial performance and security value; and
- the risk that changes in tax law (including goods and services taxes and stamp duties), or changes in the way tax laws are interpreted in the various jurisdictions in which the DUET Group operates, may impact the tax liabilities of the DUET Group and the trusts and joint ventures in which it holds an interest.

Although the Proposal, if implemented, will result in Securityholders holding a direct investment in the New Stapled Securities, the Independent Board Committees consider that, except as otherwise described in this Section 5.9, the general risks which are relevant to the Existing Stapled Securities are not materially different from the risks that Securityholders will face if the Proposal is implemented and they become the holders of the New Stapled Securities.

The above risks are not an exhaustive list of the risks involved in the implementation of the Proposal or an investment in New Stapled Securities. Please refer to the Prospectus for further detail about the risks facing the DUET Group.

5.10 IMPLICATIONS IF THE PROPOSAL IS NOT APPROVED

If the Proposal is not approved:

- Securityholders will not receive the anticipated benefits from the implementation of the Proposal;
- the current directors of the DUET Group (including John Roberts as the common chairman of RE1, RE2 and DIHL) will remain in place and the current management team will continue to manage the DUET Group's operations;
- the DUET Group will continue to pay the external Management Fee (including an amount that would have been otherwise due and payable from 1 October 2012) and (potentially) Performance Fees to RE1 and RE2;
- the DUET Group will not pay \$95.6 million to Macquarie and AMP Capital comprising \$55.0 million in connection with the termination of the current management arrangements, their entering into the Transaction Documents, their role in structuring, proposing and facilitating the Proposal, assisting in transitioning employees to DIHL, and \$27.0 million plus the Share Sale Cash Payment (estimated to be \$4.1 million) in connection with the acquisition of all of the shares in RE1 and RE2 by DIHL, as well as the transition and separation services until 30 June 2013 for an estimated cost of \$9.5 million;
- Macquarie and AMP Capital will not subscribe for the Placement Securities;
- Existing Stapled Securities will continue to trade on ASX and the DUET Group will remain an ASX-listed quadruple stapled entity;
- the DUET Group will pay transaction advisory costs incurred to date relating to the Proposal of around \$3.5 million;
- the DUET Group will not incur the estimated \$1.0 million in capital costs associated with the establishment of head-office and IT systems;

³⁹ Macquarie and AMP Capital are associates under the Corporations Act in relation to their holdings of Existing Stapled Securities. For that reason, their voting power in the DUET Group is combined in accordance with section 610 of the Corporations Act. Voting power of 11.37% is held as at 20 September 2012.

5 EXPLANATORY MEMORANDUM CONTINUED

- the DUET Group will not incur approximately \$7.5 million in operating costs (including director and executive remuneration) which will continue to be borne by Macquarie and AMPCIL; and
- the separate advisory mandate, under which Macquarie and AMP Capital have been engaged to evaluate and, if appropriate, implement a simplification of the DUET Group, and be paid a total advisory fee of \$5.0 million, will not proceed.

5.11 IMPLICATIONS IF THE PROPOSAL IS APPROVED

If the Proposal is approved and is implemented:

- Securityholders will receive the anticipated benefits from the implementation of the Proposal;
- RE1 Shares and RE2 Shares will be issued to Securityholders and stapled to Existing Stapled Securities;
- the DUET Group will no longer pay the external Management Fee from 1 October 2012 and Performance Fees from 1 July 2012 to RE1 and RE2. However RE1 and RE2 will receive a reduced management fee as responsible entities of DUET1, DUET2 and DUET3 (as applicable) to enable them to meet expenses incurred in their personal capacity which they cannot recover from the assets of DUET1, DUET2 and DUET3 (as applicable). These expenses are expected to include audit fees in relation to their own financial statements, insurance premiums unrelated to the trusts and costs associated with maintaining their AFSLs;
- the DUET Group will pay \$95.6 million to Macquarie and AMP Capital comprising \$55.0 million in connection with the termination of the current management arrangements, their entering into the Transaction Documents, their role in structuring, proposing and facilitating the Proposal, assisting in transitioning employees to DIHL and \$27.0 million plus the Share Sale Cash Payment (estimated to be \$4.1 million), being a payment equivalent to the Management Fee for the period from 1 October 2012 to the Implementation Date⁴⁰ (RE1 and RE2 will not receive a Management Fee for that period), in connection with the acquisition of all of the shares in RE1 and RE2 by DIHL, as well as transition and separation services until 30 June 2013 for an estimated cost of \$9.5 million;
- Macquarie and AMP Capital will subscribe for the Placement Securities. These Placement Securities will be subject to a Holding Lock until 30 June 2013 or earlier in the event of a change of control or takeover of the DUET Group, or the announcement of a bona fide offer to acquire the DUET Group;
- the existing management team of the DUET Group will transfer to DIHL;
- Macquarie and AMP Capital will grant the DUET Group royalty-free perpetual intellectual property licences for the use of certain information, records, data and intellectual property by the DUET Group;
- the DUET Group will pay transaction advisory costs relating to the Proposal of about \$3.9 million;
- the DUET Group is expected to incur an estimated \$1.0 million in capital costs associated with the establishment of head office and IT systems;
- the DUET Group will internalise approximately \$7.5 million in operating costs, including director and executive remuneration, previously borne by Macquarie and AMPCIL, in the first year after implementation of the Proposal;
- the separate advisory mandate, under which Macquarie and AMP Capital have been engaged to evaluate and, if appropriate, implement a simplification of the DUET Group, and be paid a total advisory fee of \$5.0 million, will become effective;
- the boards of RE1, RE2 and DIHL will undergo a realignment, including the replacement of John Roberts with Doug Halley as the common chairman of RE1, RE2 and DIHL; and
- the name of RE1 will be changed to 'DUET Management Company 1 Limited' and the name of RE2 will be changed to 'DUET Management Company 2 Limited'.

5.12 SECURITYHOLDER APPROVALS SOUGHT

This Section explains the resolutions that will be considered by Securityholders at the Meeting.

Set out below is a summary of the resolutions to be put before Securityholders at the Meeting:

Resolution/Item of Business	Meeting	Section
Internalisation Resolutions		
Proposal Approval Resolution	DIHL, DUET1, DUET2, DUET3	Section 5.12.1
Capital Reduction Resolution	DIHL	
Ordinary Business Items/Resolutions		
Financial Accounts and Reports Item	DIHL	Section 5.12.2
Remuneration Report Resolution	DIHL	
Other Business Resolutions		
Proportional Takeover Provisions Resolutions	DIHL, DUET1, DUET2, DUET3	Section 5.12.3
Buy-Back Resolution	DIHL	
Termination Benefits Resolution	DIHL	
Base Fee Resolutions	DUET1, DUET2, DUET3	
Trust Constitution Amendment Resolutions	DUET1, DUET2, DUET3	

Section 5.12.1 explains the Internalisation Resolutions, Section 5.12.2 explains the Ordinary Business Items/Resolutions and Section 5.12.3 explains the Other Business Resolutions.

The Ordinary Business Items/Resolutions and Other Business Resolutions are not inter-conditional with the Internalisation Resolutions in that if the Internalisation Resolutions are passed by the requisite majorities, the Proposal will be implemented even if you did not vote on the Ordinary Business Items/Resolutions or Other Business Resolutions or voted against the Ordinary Business Items/Resolutions and Other Business Resolutions. However, the Buy-Back Resolution, the Termination Benefits Resolution and the Base Fee Resolutions are conditional on the Internalisation Resolutions being passed. If the Internalisation Resolutions are not all passed, the Buy-Back Resolution, the Termination Benefits Resolution and the Base Fee Resolutions will not be effective.

The full form of the resolutions is set out in the Notices of Meeting.

5.12.1 Internalisation Resolutions

Securityholders will be asked to consider and vote on the following resolutions regarding the Proposal, both of which are required to be passed to implement the Proposal:

- the Proposal Approval Resolution is an ordinary resolution of Securityholders approving the Proposal and authorising DIHL, RE1 and RE2 to give effect to the Proposal; and
- the Capital Reduction Resolution is an ordinary resolution of Securityholders (as shareholders of DIHL) authorising a reduction in DIHL's capital in relation to an issue of shares by RE1 and RE2.

The Internalisation Resolutions are conditional upon each other. This means that if either of the Internalisation Resolutions is not passed the Proposal will not be approved.

(a) Proposal Approval Resolution

DIHL Resolution 2, DUET1 Resolution 1, DUET2 Resolution 1, DUET3 Resolution 1

The Proposal Approval Resolution seeks Securityholder approval of the Proposal as described in Section 5.1.3 for the purposes of Listing Rule 10.1, Listing Rule 10.11 and for all other purposes and authorises DIHL, RE1 and RE2 to give effect to the Proposal, including:

- payment to Macquarie of a total fee of \$27.5 million (excluding GST) largely for the termination of the current management arrangements, its role in facilitating the implementation of the Proposal and the provision of assets, services and resources to the DUET Group;
- payment to AMP Capital of a total fee of \$27.5 million (excluding GST) largely for the termination of the current management arrangements, its role in facilitating the implementation of the Proposal and the provision of assets, services and resources to the DUET Group;
- payment to Macquarie of \$13.5 million plus 50% of the Share Sale Cash Payment (expected to be about 50% of \$4.1 million) in consideration for Macquarie's 50% shareholding in each of RE1 and RE2;
- payment to AMP Capital of \$13.5 million plus 50% of the Share Sale Cash Payment (expected to be about 50% of \$4.1 million) in consideration for AMP Capital's 50% shareholding in each of RE1 and RE2;

5 EXPLANATORY MEMORANDUM CONTINUED

- the issue of the Placement Securities to Macquarie and AMP Capital under the Placement Securities Subscription Agreements (with \$82.0 million of the above amounts being applied towards payment of the subscription price for these Placement Securities); and
- payment to Macquarie and AMP Capital of the Availability Fee (being a fee of \$1.25 million per calendar month, estimated to be \$8.6 million in total) to make certain agreed transition and separation services available, and an estimated amount of \$0.9 million for cost-recovery charges in relation to those services, from the Implementation Date to 30 June 2013.

Listing Rule 10.1

As set out above, under the Proposal the DUET Group will, among other things, pay Macquarie and AMP Capital an estimated total of \$95.6 million.

Listing Rule 10.1 allows an entity to acquire or dispose of a substantial asset from, or to, persons in a position of influence in relation to the entity if Securityholder approval is obtained. Macquarie and AMP Capital occupy positions of influence in relation to the DUET Group for the purposes of Listing Rule 10.1 and ASX considers that the payment of these amounts to Macquarie and AMP Capital constitutes the disposal of a substantial asset for the purposes of Listing Rule 10.1.

If the Proposal Approval Resolution is approved, it operates to satisfy the requirements of Listing Rule 10.1.

Listing Rule 10.10 also requires an Independent Expert Report to be prepared in respect of a resolution under Listing Rule 10.1. The Independent Expert has concluded that the Proposal is fair and reasonable to, and in the best interests of, Non-Associated Securityholders. More detail about the Independent Expert's opinion is set out in Section 5.8 and the Independent Expert's Report is contained in Annexure A.

Listing Rule 10.11

Listing Rule 10.11 requires, subject to certain exceptions, that Securityholder approval is obtained for the issue of securities to persons whose relationship with the issuer is, in ASX's opinion, such that approval should be obtained. In ASX's opinion, Securityholder approval under Listing Rule 10.11 should be obtained for the issue of the Placement Securities to Macquarie and AMP Capital under the Proposal.

If the issue of such Placement Securities is approved under Listing Rule 10.11, approval under Listing Rule 7.1 is not required in order for the Placement Securities to be excluded from the DUET Group's 15% limit under that Listing Rule.

As required by Listing Rule 10.13, the following information is provided to Securityholders regarding the proposed issue of Placement Securities to Macquarie and AMP Capital:

- a maximum of 20,789,072 Placement Securities will be issued to each of Macquarie and AMP Capital (41,578,144 Placement Securities in aggregate) at a subscription price of \$1.972 per Placement Security;
- the Placement Securities will be issued to Macquarie and AMP Capital on the Implementation Date in accordance with the terms of the Placement Securities Subscription Agreements, which are summarised in Annexure C; and
- Macquarie and AMP Capital will direct DIHL to apply on their behalf \$82.0 million from the total amounts payable in connection with the Proposal (as described above) to pay the subscription price for the Placement Securities, and no additional funds will be raised from the issue of the Placement Securities.

As required by Listing Rule 10.13.3, the Placement Securities will be issued no more than one month after the date of the Meeting (ie, on the Implementation Date).

To pass these resolutions, more than 50% of the votes cast by Securityholders entitled to vote on the resolutions must be cast in favour of the resolutions.

(b) Capital Reduction Resolution

DIHL Resolution 3

Under section 256C of the Corporations Act, an equal capital reduction must be approved by an ordinary resolution passed at a general meeting of DIHL.

Under section 256B of the Corporations Act, DIHL may only reduce its capital if it:

- is fair and reasonable to shareholders as a whole;
- does not materially prejudice DIHL's ability to pay its creditors; and
- is approved by shareholders in accordance with section 265C of the Corporations Act.

DIHL proposes to reduce its share capital by an amount of \$0.0095 for each DIHL Share (equivalent to about \$11.0 million in total) by way of an equal capital reduction. The proceeds of the Capital Reduction will be applied by DIHL to the issue to all holders of DIHL Shares registered on the Implementation Date immediately after the issue of the Placement Securities to AMP Capital and Macquarie of one RE1 Share and one RE2 Share for each DIHL Share they hold, and otherwise to the Residual RE Share Sale.

The Independent Directors believe that the Capital Reduction is fair and reasonable to shareholders in DIHL (ie, Securityholders) for the reasons set out throughout this Explanatory Memorandum and that the Capital Reduction will not prejudice DIHL's ability to pay its creditors.

To pass this resolution, more than 50% of the votes cast by Securityholders entitled to vote on the resolution must be cast in favour of the resolution.

5.12.2 Ordinary Business Items/Resolutions

DIHL shareholders will be asked to consider and vote on the following items or resolutions regarding ordinary business:

- the Financial Accounts and Reports Item is to receive and consider the audited financial statements of DIHL for the period to 30 June 2012; and
- the Remuneration Report Resolution a non-binding and advisory resolution to adopt the DIHL Remuneration Report included in the Directors' Report for the period to 30 June 2012.

(a) Financial Accounts and Reports Item

DIHL only

As required by the Corporations Act, the Financial Report, Directors' Report and Auditor's Report of DIHL as a listed public company for the most recent financial year will be laid before the meeting although no resolution is required.

A DIHL shareholder (ie, a Securityholder) who is entitled to vote at the DIHL meeting may submit a written question to DIHL's auditor under section 250PA of the Corporations Act if the question is relevant to the content of the DIHL Auditor Report or the conduct of the audit of the DIHL Financial Report. Any such Securityholder wanting to do so, must give the question to DIHL (attention Leanne Pickering) at the address for the DUET Group shown in the Corporate Directory no later than the 5th Business Day before the Meeting (ie, by Friday 16 November 2012). The auditor will also be available at the meeting to answer Securityholder questions on the conduct of the audit and the preparation and content of the auditor's report.

(b) Remuneration Report Resolution

DIHL Resolution 1

Under section 300A of the Corporations Act, DIHL must include a Remuneration Report in the Directors' Report and under section 250R of the Corporations Act a resolution that DIHL's Remuneration Report be adopted must be put to shareholders. The DIHL Remuneration Report appears in the Directors' Report for the period ending 30 June 2012 which was sent to Securityholders (note that it is not included in the DUET Concise Financial Report) and is also available from the DUET Group's website www.duet.net.au.

The DIHL Remuneration Report describes the policies behind and sets out the remuneration arrangements in place for each DIHL director.

As part of the Proposal, the Independent Board Committees commissioned a report from Mercer in regard to the remuneration of the non-executive directors. This report noted that the current DIHL director fees are generally in line with the median director fees across a selection of 18 peer companies when taking into account the DUET Group structure and the fact that the director fees are borne across the DUET Group entities if the director sits on more than one entity in the DUET Group. The Mercer Report did note that it is quite common that a premium fee is paid to the chairman of the Board and this is proposed to be implemented if the Proposal is implemented.

Those directors of DIHL who are both independent and non-executive are remunerated by DIHL and each received fees of \$55,000 per annum effective from 1 January 2012 (increased from \$42,500 per annum for the preceding half year) for acting as directors of DIHL. The Macquarie and AMP Capital nominee directors on the board of directors of RE1 and RE2 are presently remunerated by Macquarie and AMP Capital respectively.

None of the independent non-executive directors of DIHL are entitled to the DUET Group options or Existing Stapled Securities or to termination benefits as part of their remuneration package.

As noted in the Remuneration Report and the DUET Group's Annual Report, RE1 and RE2 make available employees (including senior executives) to discharge their obligations to DIHL. These staff are employed by entities in Macquarie Group and AMP Group and made available to DUET through formalised resourcing arrangements with RE1 and RE2. Their remuneration is paid by entities in Macquarie Group or AMP Group and is not recharged or known to the DUET Group.

An opportunity to ask questions about and make comments on the Remuneration Report will be provided at the meeting.

In accordance with section 250R(3) of the Corporations Act, the vote on this resolution is advisory only, and does not bind the DIHL directors.

5.12.3 Other Business Resolutions

Securityholders will be asked to consider and vote on the following resolutions regarding other special business of the DUET Group (which are not required to be passed to implement the Proposal):

- the Proportional Takeover Provisions Resolutions are special resolutions of Securityholders to renew the proportional takeover provisions in the constitutions of DIHL, DUET1, DUET2 and DUET3;
- the Buy-Back Resolution is a special resolution of Securityholders (as shareholders of DIHL) to approve the selective buy-back of the A Special Share, B Special Share and C Special Shares from RE1 and RE2 (as applicable);
- the Termination Benefit Resolutions are ordinary resolutions of Securityholders (as shareholders of DIHL) to approve the giving of termination benefits by DIHL to David Bartholomew (Chief Executive Officer) and Jason Conroy (Chief Financial Officer);

5 EXPLANATORY MEMORANDUM CONTINUED

- the Base Fee Resolutions are special resolutions of Securityholders (as unitholders of DUET1, DUET2 and DUET3) under section 601GC(1)(a) of the Corporations Act, to approve amendments to the fee provisions of the constitutions of DUET1, DUET2 and DUET3 (as described in Annexure D); and
- the Trust Constitution Amendment Resolutions are special resolutions of Securityholders (as unitholders of DUET1, DUET2 and DUET3 respectively) to approve other amendments to the constitutions of DUET1, DUET2 and DUET3 (as described in Annexure E).

(a) Proportional Takeover Provisions Resolutions

DIHL Resolution 4, DUET1 Resolution 2, DUET2 Resolution 2 and DUET3 Resolution 2

Introduction

The Corporations Act permits a company to include in its constitution a provision which enables the company to refuse to register a transfer of shares under a proportional (or partial) takeover offer, unless a resolution is first passed by members approving the offer.

Articles 5.11 to 5.16 of the DIHL constitution and clauses 3.22 to 3.27 of each of the DUET1, DUET2 and DUET3 constitutions currently contain provisions dealing with proportional takeover bids for the DUET Group securities in accordance with the Corporations Act. The provisions in the DIHL constitution will cease to have effect after 1 December 2012 and the provisions in the DUET1, DUET2 and DUET3 constitutions will cease to have effect after 27 November 2012. Accordingly, it is proposed to renew these provisions. If renewed, the proposed proportional takeover provisions will be in exactly the same terms as the previous provisions.

The Corporations Act requires that the following information be provided to shareholders when they are considering the inclusion of proportional takeover provisions in a constitution.

If a proportional takeover bid is made, the directors of DIHL and of the responsible entities of DUET1, DUET2 and DUET3 must ensure that Securityholders vote on a resolution to approve the bid more than 14 days before the bid period closes.

The vote is decided on a simple majority. Each person who, as at the end of the day on which the first offer under the bid was made, held bid class securities is entitled to vote. However, the bidder and its Associates are not allowed to vote. If the resolution is not passed, transfers which would have resulted from the acceptance of a bid will not be registered and the bid will be taken to have been withdrawn. If the bid is approved or taken to have been approved, the transfers resulting from the bid may be registered provided they comply with other provisions of the Corporations Act and DIHL's constitution and the DUET1, DUET2 and DUET3 constitutions.

The bid will be taken to have been approved if the resolution is not voted on. However, the directors of DIHL, RE1 and RE2 (as relevant) will breach the Corporations Act if they fail to ensure the approving resolution is voted on.

The proportional takeover approval provisions do not apply to full takeover bids.

Reasons

Without the proportional takeover approval provisions, a proportional takeover bid may enable control of DIHL and DUET1, DUET2 and DUET3 to pass without Securityholders having the opportunity to sell all their Existing Stapled Securities to the bidder. Securityholders may be exposed to the risk of being left as a minority in DIHL and DUET1, DUET2 and DUET3 and of the bidder being able to acquire control of DIHL and DUET1, DUET2 and DUET3 without payment of an adequate control premium for their Existing Stapled Securities. The proportional takeover provisions lessen this risk because they allow Securityholders to decide whether a proportional takeover bid is acceptable and should be permitted to proceed.

No knowledge of any acquisition proposals

At the date of this Explanatory Memorandum, no director of DIHL, RE1 or RE2 is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in DIHL, DUET1, DUET2 or DUET3.

Review of proportional takeover approval provisions

The Corporations Act requires that Securityholders be given a statement which retrospectively examines the advantages and disadvantages, for directors of DIHL, RE1 and RE2 and Securityholders, of the proportional takeover approval provisions proposed to be renewed. Such a statement follows.

While proportional takeover approval provisions have been in effect there have been no takeover bids for DIHL, DUET1, DUET2 or DUET3, either proportional or otherwise. So, there are no actual examples against which to review the advantages or disadvantages of the original proportional takeover provisions for the directors of DIHL, RE1 or RE2 and Securityholders. The directors DIHL, RE1 and RE2 are not aware of any potential takeover bid that was discouraged by the proportional takeover provisions. It follows that the directors of DIHL, RE1 and RE2 are not aware of any advantages or disadvantages of the proportional takeover provisions in the past.

Potential advantages and disadvantages

As well as a retrospective look at the provisions proposed to be renewed, the Corporations Act requires that Securityholders be given a statement of the potential future advantages and disadvantages, for directors of DIHL, RE1 and RE2 and Securityholders, of the provisions to be renewed.

The directors of DIHL, RE1 and RE2 consider that the proposed renewal of the proportional takeover approval provisions has no potential advantages or potential disadvantages for the directors of DIHL, RE1 and RE2 because they remain free to make a recommendation on whether a proportional takeover bid should be approved.

The potential advantages of the provisions to be renewed for Securityholders are:

- they give Securityholders their say in determining by majority vote whether a proportional takeover bid should proceed;
- they may assist Securityholders in not being locked in as a relatively powerless minority;
- they increase Securityholders' bargaining power and may assist in ensuring that any proportional bid is adequately priced; and
- knowing the view of the majority of Securityholders assists each individual security holder in assessing the likely outcome of the proportional takeover bid and whether to approve or reject that offer.

Some potential disadvantages to Securityholders are:

- it is a hurdle and may discourage the making of proportional takeover bids in respect of DIHL, DUET1, DUET2 and DUET3;
- this hurdle may depress the price of Existing Stapled Securities or deny Securityholders an opportunity to sell their Existing Stapled Securities at a premium; and
- it may reduce the likelihood of a proportional takeover being successful.

However, the boards of DIHL, RE1 and RE2 do not perceive those or any other possible disadvantages as justification for not renewing the proportional takeover approval provisions for a further three years.

To pass these resolutions, at least 75% of the votes cast by Securityholders entitled to vote on the resolution must be cast in favour of the resolution.

(b) Buy-Back Resolution

DIHL Resolution 5

Background

Under the DIHL constitution, RE1 (in its personal capacity) has been issued with an A Special Share, RE2 (as responsible entity of DUET2) has been issued with a B Special Share and RE1 and RE2 (in their capacity as responsible entities of DUET1 and DUET2 respectively) have each been issued with a C Special Shares. As described in Section 5.2.1(b), the A Special Share, B Special Share and C Special Shares entitle the holders to appoint directors to the DIHL board. The holders of the A Special Share, B Special Share and C Special Shares are not entitled to any dividends and are only entitled to the par value of those share on a winding up of DIHL.

Articles 1.7(f), 1.8(f) and 1.9(f) of the DIHL constitution provide that DIHL must not buy back the A, B and C Special Shares other than in accordance with the buy-back provisions of the Corporations Act or as provided for in the DIHL constitution.

Section 257A of the Corporations Act authorises an Australian company, such as DIHL, to buy-back its own shares if the buy-back does not materially prejudice the company's ability to pay its creditors and it follows the procedures set out in Division 2 of Part 2J.1 of the Corporations Act.

Reasons for the proposed buy-back

If the Proposal is implemented it will no longer be appropriate that the responsible entities of DUET1, DUET2 and DUET3 have the right to remove and appoint directors of DIHL. If DIHL buys back the A, B and C Special Shares then Securityholders will be able to vote on resolutions relating to the appointment, re-election and renewal of directors of DIHL, and will thereby have enhanced influence on the composition of the board of DIHL.

Summary of the terms of the buy-back

It is proposed that the buy-back will be implemented as a selective off-market buy-back of the A Special Share held by RE1, the B Special Share held by RE2 (as responsible entity of DUET2) and the C Special Shares held by each of RE1 and RE2 (in their capacity as responsible entities of DUET1 and DUET2 respectively), as follows:

- DIHL will offer to buy all the A Special Share, B Special Share and C Special Shares that RE1 and RE2 hold (as applicable). The selective buy-back will be conducted in accordance with the requirements of the Corporations Act and the DIHL constitution.
- The consideration for the selective buy-back will be \$1 per share, being \$4.00 in total.
- The A Special Share, B Special Share and C Special Shares will be cancelled when they are bought back.

How will DIHL fund the buy-back?

DIHL will pay for the A, B and C Special Shares with cash. The total consideration will be \$4.00.

What is the financial effect of the buy-back on DIHL?

The buy-back will have no financial effect on DIHL or the DUET Group.

The proposed buy-back is not expected to have any tax impact on the DUET Group.

The Independent Directors believe that the proposed buy-back will not materially prejudice DIHL's ability to pay its creditors.

5 EXPLANATORY MEMORANDUM CONTINUED

Alternatives to the buy-back

If the special resolution is not passed by the requisite majority, then RE1 and RE2 will enter into a governance deed poll under which they undertake to exercise their rights as holders of the A Special Share, B Special Share and C Special Share (as applicable) to appoint DIHL directors in accordance with the majority vote of Securityholders.

For the reasons set out below, the DUET Group has concluded that an off-market selective buy-back is in the best interests of Securityholders.

What are the potential advantages of the proposed buy-back?

The Independent Directors consider that the buy-back will result in Macquarie and AMP Capital no longer having special rights to appoint, remove and replace directors of DIHL. Rather, if the Buy-back Resolution is passed by the requisite majority, Securityholders will have an enhanced influence on the composition of the board of DIHL, in that with a simple majority vote, Securityholders will be able to pass a resolution relating to the appointment, re-election and removal of directors of DIHL.

What other factors should Securityholders consider in voting on the proposed buy-back?

The Independent Directors do not believe that the proposed Buy-Back poses any disadvantage to Securityholders.

When will the buy-back take place?

The DIHL directors intend to implement the proposed buy-back on the Implementation Date.

How will the Proposed Buy-Back affect the control of the DUET Group?

The proposed buy-back would, if approved, result in the transfer of the A Special Share, B Special Share and C Special Shares to DIHL and cancellation of those shares in accordance with the Corporations Act. The total number of ordinary DIHL Shares on issue at the date of this Explanatory Memorandum is 1,116,638,606. The A Special Share, B Special Share and C Special Shares are separate classes of shares. Upon completion of the proposed buy-back and cancellation of the A Special Share, B Special Share and C Special Shares, the total number of ordinary shares on issue in DIHL will not change. Additionally, under the DIHL constitution, the A Special Share, B Special Share and C Special Share carry restricted voting rights. Therefore the proposed buy-back will have no effect on the control of the DUET Group.

To pass this resolution, at least 75% of the votes cast by Securityholders entitled to vote on the resolution must be cast in favour of the resolution.

The Buy-Back Resolution is conditional on the Internalisation Resolutions being passed. If the Internalisation Resolutions are not all passed the Buy-Back Resolution will not be effective.

(c) Termination Benefits Resolution

DIHL Resolution 6

Background

If the Proposal is implemented, the existing DUET Group Chief Executive Officer, David Bartholomew and existing Chief Financial Officer, Jason Conroy, each will transfer his employment to DIHL.

To attract, retain and incentivise these key members of management, executive remuneration packages were required to be put in place. These packages include, among other elements, a termination benefit component.

Under sections 200B and 200E of the Corporations Act, DIHL may only give a person a benefit in connection with their ceasing to hold a managerial or executive office in DIHL or a related body corporate of DIHL if it is approved by DIHL shareholders (ie, Securityholders) or an exemption applies. 'Benefit' is defined broadly in the Corporations Act to include most forms of valuable consideration.

Approval sought

DIHL is seeking shareholder (ie, Securityholder) approval, for the purposes of sections 200B and 200E of the Corporations Act, so that any 'termination benefits' that may be provided to David Bartholomew and Jason Conroy under the terms of their remuneration packages in connection with their ceasing to hold a managerial or executive office. Provided that their employment is terminated with notice then, in addition to their ordinary statutory entitlements and unpaid leave, their termination benefits will include the following:

- any payment made in lieu of the executive's entitlement to 3 months' notice;
- an additional termination payment equivalent to 12 months' base salary; and
- short term and long term incentive payments as described below.

DIHL has no current intention to terminate the employment of any of the executives referred to above. The passing of this resolution is intended to allow DIHL to honour the terms and conditions of the agreed employment contracts, including those terms and conditions relating to termination benefits.

If the Internalisation Resolutions are not all passed the Termination Benefits Resolution will not be effective.

Short term and long term incentives

Mr Bartholomew and Mr Conroy will be entitled to retained short term incentives (**STI**) and unvested long term incentive (**LTI**) amounts which will vest upon termination of employment.

Mr Bartholomew and Mr Conroy will also receive, in respect of the year of service in which termination occurs:

- an amount equivalent to at least 75% of on-target STIs to be paid if termination takes effect on or before 30 June 2014 (being at least \$396,000 to Mr Bartholomew and \$189,000 to Mr Conroy);
- an amount equivalent to at least 50% of on-target STIs to be paid if termination takes effect on or after 1 July 2014 (being at least \$264,000 to Mr Bartholomew and \$126,000 to Mr Conroy); and
- an amount equivalent to up to 100% of unvested LTI awards (being up to \$600,000 per annum to Mr Bartholomew and \$252,000 per annum to Mr Conroy).

The amounts above do not include any interest or distributions that may be earned on STI retentions and LTI awards.

Board's discretion

The board of DIHL may determine that the STI payment for the year in which termination occurs will be greater than (but not less than) the 75% and 50% amounts referred to in the short term incentives section above.

Potential value of the termination benefits

The potential value of the total termination benefits (if any) that may be payable by reason of the benefits summarised above will depend on a range of factors including:

- the DUET Group's stapled security price;
- the individual's length of service as at the date of termination; and
- the value of certain benefits (other than termination benefits) that the individual may become entitled to.

To pass these resolutions, more than 50% of the votes cast by Securityholders entitled to vote on the resolution must be cast in favour of the resolution.

(d) Base Fee Resolutions

DUET1 Resolution 3, DUET2 Resolution 3, DUET3 Resolution 3

It is proposed that the constitutions of DUET1, DUET2 and DUET3 be amended on the Implementation Date to:

- reduce the base fee (to be renamed the 'management fee') payable to the responsible entity of each of DUET1, DUET2 and DUET3;
- delete the provisions regarding the payment of a performance fee to the responsible entities of each of DUET1, DUET2 and DUET3 and associated definitions which are no longer required; and
- clarify that the list of expenses listed in the constitution are examples of the types of expenses which are payable out of the assets of each of DUET1, DUET2 and DUET3 but are not intended to limit the expenses which are payable or reimbursable out of the assets of the Trusts.

A summary of the proposed amendments is set out in Annexure D.

The Independent Directors believe that the proposed amendments to the base fee and the deletion of the performance fee are in the best interests of Securityholders as the proposed amendments will (i) significantly reduce the aggregate amount of fees which are payable to RE1 and RE2 and (ii) allow RE1 and RE2 to pay operating expenses incurred in their personal capacity that they could not otherwise recover from the assets of DUET1, DUET2 and DUET3 and which they require to conduct their business for the benefit of Securityholders (such as audit fees in relation to their own financial statements, insurance premiums unrelated to the trusts, and costs associated with maintaining their AFSLs). RE1 and RE2 will no longer be externally-owned but will become part of the DUET Group and will be owned by Securityholders. As a result, the amended management fee will be paid to entities owned by Securityholders and used only to pay expenses that RE1 and RE2 incur in their personal capacity. RE1 and RE2 will not derive any direct financial benefit from the proposed amendments and, as RE1 and RE2 'are not expected to operate at a profit, their income will be directly linked to their anticipated personal expenses. Rather, as the owners of RE1 and RE2, Securityholders are the ultimate beneficiaries of the proposed amendments.

Securityholder approval of these amendments is sought for the purposes of section 601GC(1)(a) of the Corporations Act.

To pass these resolutions, at least 75% of the votes cast by Securityholders entitled to vote on the resolutions must be cast in favour of the resolutions.

The Base Fee Resolutions are conditional on the Internalisation Resolutions being passed. If the Internalisation Resolutions are not all passed the Base Fee Resolutions will not be effective.

5 EXPLANATORY MEMORANDUM CONTINUED

(e) Trust Constitution Amendment Resolutions

DUET1 Resolution 4, DUET2 Resolution 4, DUET3 Resolution 4

If the Proposal is implemented, it is proposed that the constitutions of DUET1, DUET2 and DUET3 be amended to:

- delete the provisions and associated definitions relating to the Preferred to Ordinary with Exchange and Reset Securities issued by the POWERS Trust;
- clarify the powers of the trustee in acting as agent and attorney of each unitholder in respect of the power to staple 'Additional Securities' in accordance with clause 12.13 of the constitutions of DUET1, DUET2 and DUET3;
- provide that any fees paid or payable to the directors of the board of RE1 and RE2 be an 'expense' which is reimbursable out of the assets of each of DUET1, DUET2 and DUET3 (as applicable), subject to a limit on annual fees being capped at \$1,900,000 in aggregate for the DUET Boards as a whole;
- provide that any expenses reimbursed to, or insurance premiums paid in respect of the directors of RE1 and RE2 be an 'expense' which is reimbursable out of the assets of each of DUET1, DUET2 and DUET3 (as applicable);
- provide that if securityholders nominate any electronic means by which they may be notified that documents are available and may access documents, service of documents on securityholders may be made by sending such notification by the relevant electronic means;
- provide that members must provide to the trustee any information reasonably necessary to comply with any law of Australia or request for information by a government authority, avoid amount being withheld from payment to the trust or securityholder, or to lessen the risk of the trust or any securityholder suffering a material detriment;
- to clarify the procedure to be applied when a chair of a meeting of securityholders is elected by securityholders;
- to delete definitions which are no longer required.

In addition, in respect of the DUET3 constitution, it is proposed that the constitution be amended to delete clause 25 (US Tax Matters).

A summary of the proposed amendments is set out in Annexure D.

Securityholder approval of these amendments is sought for the purposes of section 601GC(1)(a) of the Corporations Act.

To pass these resolutions, at least 75% of the votes cast by Securityholders entitled to vote on the resolutions must be cast in favour of the resolution.

5.13 VOTING INSTRUCTIONS AND INFORMATION

5.13.1 Required majorities for Resolutions

(a) Internalisation Resolutions

The Proposal Approval Resolution and Capital Reduction Resolution are ordinary resolutions. To pass these resolutions more than 50% of the votes cast by Securityholders entitled to vote on the resolution must be cast in favour of the resolution.

For the Proposal to proceed, all Internalisation Resolutions must be approved. The Internalisation Resolutions are inter-conditional on the approval of each other.

If the Internalisation Resolutions are passed by the requisite majorities, the Proposal will be implemented even if you did not vote on the Ordinary Business Items/Resolutions or Other Business Resolutions or voted against the Ordinary Business Items/Resolutions and Other Business Resolutions.

(b) Ordinary Business Items/Resolutions

In accordance with section 250R(3) of the Corporations Act, the vote on the Remuneration Report Resolution is advisory only, and does not bind the DIHL directors.

(c) Other Business Resolutions

The Termination Benefits Resolution is an ordinary resolution. To pass this resolution, more than 50% of the votes cast by Securityholders entitled to vote on the resolution must be cast in favour of the resolution.

The Proportional Takeover Provisions Resolutions, Buy-Back Resolution, Base Fee Resolutions and Trust Constitution Amendment Resolutions are special resolutions. To pass each of these resolutions, at least 75% of the votes cast by Securityholders entitled to vote on the resolution must be cast in favour of the resolution.

The Buy-Back Resolution, Termination Benefits Resolution and Base Fee Resolutions are conditional on the Internalisation Resolutions being passed. If the Internalisation Resolutions are not all passed the Buy-Back Resolution, Termination Benefits Resolution and Base Fee Resolutions will not be effective.

5.13.2 Voting

You can ensure your vote is cast, in one of four ways:

- attending the Meeting and voting in person or, if you are a corporate member, by corporate representative voting for you;
- appointing a proxy to attend and vote for you, using the enclosed Proxy Form;
- lodging your Proxy Form via fax to Computershare Investor Services Pty Ltd on 1800 783 447 (within Australia) or +613 9473 2555 (outside Australia); or
- lodging your Proxy Form online through the Computershare Investor Services Pty Ltd website.

Part 2G.4 Division 6 of the Corporations Act sets out the voting calculations to apply for the general meeting of a trust. On a poll, each unitholder of DUET1, DUET2 and DUET3 has 1 vote for each dollar of the value of the total interests they have in the relevant trust. Part 2G.2 Division 7 of the Corporations Act sets out the voting calculations to apply for the annual general meeting of DIHL. On a poll, each DIHL shareholder has 1 vote for each share they hold, subject to any rights or restrictions attached to any class of shares.

Voting in person

If you plan to attend the Meeting, we ask that you arrive at the Meeting venue at least 30 minutes before the time designated for the Meeting so that we may check your security holding against our register of Securityholders and note your attendance. The Meeting will be held at 11.00am Sydney time on Friday 23 November 2012 at Intercontinental Hotel, 117 Macquarie Street, Sydney NSW 2000.

Voting by corporate representative

If a corporate member plans to attend, it must appoint a person to act as its representative and the appointed person must bring appropriate written evidence of the appointment to the Meeting signed under the corporation's common seal or in accordance with section 127 of the Corporations Act.

Voting by proxy

If you do not intend to attend the Meeting and are entitled to vote on the resolutions, you may select a representative or the chairman of the Meeting to act as your proxy to attend and vote for you. A proxy can be any person or corporation you choose and need not be a Securityholder. Your proxy can be appointed in respect of some or all of your votes. If you are entitled to cast 2 or more votes at the meeting, you may appoint 2 proxies each to exercise a specified proportion of your voting rights. Where a proportion is not specified, each may exercise half of your voting rights.

You can lodge your proxy votes online from 3.00pm on Friday 19 October 2012 to 11.00am Wednesday 21 November 2012 through the Computershare Investor Services Pty Ltd website at www.investorvote.com.au (in which case your appointment will need to be authenticated in the manner described on that website).

Intermediaries with access to Intermediary Online through Computershare Investor Services Pty Limited should lodge their votes through www.intermediaryonline.com.

How is the proxy to vote?

Unless the proxy is required by law to vote, the proxy may decide whether or not to vote on any particular item of business. If the appointment of a proxy directs the proxy to vote on an item of business in a particular way, the proxy may only vote on that item as directed. Any undirected proxies on a given resolution may be voted by the appointed proxy as they choose, subject to the voting exclusions set out in section 5.13.3 below.

In relation to the Remuneration Report Resolution, the chairman will be entitled to vote an undirected proxy if the proxy appointment expressly authorises the chairman to exercise the proxy, even though the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Chairman's intention

The chairman intends to vote all valid undirected proxies received in favour of each resolution subject to the voting exclusions set out in Section 5.13.3 below.

Entitlement to vote

The DUET Group has determined that for the purpose of voting at the Meeting, Securityholders will be taken to be held by those persons recorded on the register as at 7.00pm Wednesday 21 November 2012. This means that if you are not the registered holder of an Existing Stapled Security at that time, you will not be entitled to vote in respect of that Existing Stapled Security.

5 EXPLANATORY MEMORANDUM CONTINUED

Timing and lodgement

For the appointment of a proxy, or lodgement of the proxy vote, to be effective, you must ensure that your Proxy Form (and a certified copy of the relevant authority under which it is signed) is received by the registry, Computershare Investor Services Pty Limited, on behalf of DUET, by no later than 11.00am on Wednesday 21 November 2012:

- by mail at Computershare Investor Services Pty Ltd's postal address at GPO Box 242, Melbourne, VIC 3001;
- by hand delivery at Computershare Investor Services Pty Ltd's physical address at Level 4, 60 Carrington Street, Sydney NSW 2000;
- by fax at Computershare Investor Services Pty Ltd's fax number 1800 783 447 (within Australia) or +613 9473 2555 (outside Australia); or
- electronically at www.investorvote.com.au (as detailed on the Proxy Form).

5.13.3 Voting exclusions

The Corporations Act and the Listing Rules require that certain persons must not vote, and DIHL, DUET1, DUET2 and DUET3 (as required) must disregard any votes cast by certain persons, on some of the resolutions to be considered at the Meeting. The voting exclusions (if any) for each resolution are described in the Notices of Meeting and summarised in the table below:

Description	Resolution	Who is excluded from voting on the resolutions?	Source of voting exclusion
Internalisation Resolutions			
Proposal Approval Resolution	DIHL Resolution 2 DUET1 Resolution 1 DUET2 Resolution 1 DUET3 Resolution 1	Macquarie, AMP Capital and their respective Associates (unless voting a directed proxy)	Listing Rules 10.1, 10.11 and 14.11.1
Capital Reduction Resolution	DIHL Resolution 3	No exclusions	Not applicable
Ordinary Business Items/Resolutions			
Remuneration Report Resolution	DIHL Resolution 1	Members of the Key Management Personnel or their Closely Related Parties (unless voting a directed proxy)	Section 250R(4) of the Corporations Act
Other Business Resolutions			
Proportional Takeover Provisions Resolutions	DIHL Resolution 4 DUET1 Resolution 2 DUET2 Resolution 2 DUET3 Resolution 2	No exclusions	Not applicable
Buy-Back Resolution	DIHL Resolution 5	RE1, RE2 and their respective Associates (unless voting a directed proxy)	Section 257D(1) of the Corporations Act
Termination Benefits Resolution	DIHL Resolution 6	David Bartholomew and Jason Conroy and their respective Associates (unless voting a directed proxy)	Section 200E(2A) of the Corporations Act
Base Fee Resolutions	DUET1 Resolution 3 DUET2 Resolution 3 DUET3 Resolution 3	RE1 and its Associates (unless voting a directed proxy) in relation to DUET1 Resolution 4 RE2 and its Associates (unless voting a directed proxy) in relation to DUET2 Resolution 4 and DUET3 Resolution 4	Section 253E of the Corporations Act
Trust Constitution Amendment Resolutions	DUET1 Resolution 4 DUET2 Resolution 4 DUET3 Resolution 4	RE1 and its Associates (unless voting a directed proxy) in relation to DUET1 Resolution 5 RE2 and its Associates (unless voting a directed proxy) in relation to DUET2 Resolution 5 and DUET3 Resolution 5	Section 253E of the Corporations Act

5.13.4 More information

If you have any questions, please contact the DUET Securityholder Information Line on 1800 009 874 (within Australia) or +61 3 9415 4189 (outside Australia), Monday to Friday between 9.00am and 6.00pm.

5.14 TAX REPORT AND STAMP DUTY

PricewaterhouseCoopers was engaged by the DUET Boards to advise on the tax consequences for Securityholders that will arise from implementation of the Proposal.

The Australian tax consequences of the Proposal for Securityholders are set out in the tax report in Annexure B of this Explanatory Memorandum.

A general summary of the Australian tax implications of the Proposal for Australian resident Securityholders holding their Existing Stapled Securities as capital assets are described in part 2 and part 3 of the tax report in Annexure B.

In addition, the DUET Group does not expect the Proposal, if implemented, to give rise to any material adverse stamp duty consequences for the members of the DUET Group or their underlying companies, or to Securityholders.

The directors of DIHL, RE1 and RE2 recommend to Securityholders that they seek their own tax advice relevant to their own specific circumstances.

6 ADDITIONAL INFORMATION

6.1 INTERESTS IN THE PROPOSAL

6.1.1 Interests of directors

(a) Interests of directors of RE1, RE2 and DIHL in the DUET Group

- (i) The following table lists the Existing Stapled Securities held directly, indirectly or beneficially by or on behalf of each director (and alternate director) of RE1, RE2 and DIHL as at the date of this Explanatory Memorandum.

Director	% of Existing Stapled Securities held	Number of Existing Stapled Securities held
John Roberts	0.4856%	5,422,901
Philip Garling	0.0078%	87,300
Michael Lee	0.0016%	17,979
Emma Stein	0.0045%	50,506
Doug Halley	0.0120%	134,000
Ron Finlay	0.0018%	20,237
Eric Goodwin	0.0048%	54,005
Duncan Sutherland	0.0134%	150,000
Shemara Wikramanayake (alternate director)	0.1650%	1,842,987
Scott Davies (alternate director)	Nil	Nil

- (ii) The directors of RE1, RE2 and DIHL, whether as directors, members, creditors or otherwise, have no material interest in the Proposal, the resolutions or any other arrangements or matters contemplated by this Explanatory Memorandum, except as members holding Existing Stapled Securities as set out in paragraph (i) above or as otherwise disclosed in Section 5.1.7 (in relation to the role held by John Roberts at Macquarie) and Section 6.1.1(e) (in relation to the special services fee payable to the Independent Directors).
- (iii) The effect of the Proposal on those interests is the same as its effect on the interests of other Securityholders.

(b) Interest of RE1, RE2 and DIHL directors in agreements or arrangements relating to the Proposal

- (i) None of the directors of RE1, RE2 or DIHL has an interest in any contract entered into which is conditional on, or related to, the Proposal (including the contracts listed in Annexure C).
- (ii) There is no agreement or arrangement between a director of RE1, RE2 or DIHL and another person in connection with or conditional on the implementation of the Proposal.
- (iii) However, directors of RE1, RE2 and DIHL will be entitled to participate in the Proposal in respect of any securities held by or on behalf of them in the same way as other Securityholders.

(c) Payments and other benefits to directors, secretaries, executive officers or related bodies corporate

Other than as set out in Section 5.1.8, no payment or other benefit is proposed to be made or given (in connection with or conditional on the Proposal) to any director, secretary or executive officer of RE1, RE2 or DIHL, as consideration for loss of, or as consideration for, or in connection with his or her retirement from office in RE1, RE2 or DIHL or their respective related bodies corporate.

Sections 5.2.3 and 5.2.4 describe the amounts payable to Macquarie and AMP Capital). No payment or other benefit is proposed to be made or given to any related body corporate of RE1, RE2 or DIHL in connection with or conditional on the Proposal.

The existing Chief Executive Officer and Chief Financial Officer will transfer their employment to the DIHL. Their remuneration packages include a termination benefit component that will require Securityholders' approval (Termination Benefits Resolution).

(d) Remuneration of the DUET Group directors

If the Proposal is implemented, the constitutions of RE1, RE2 and DIHL will contain caps on the aggregate annual remuneration payable to directors, as follows:

Entity (\$ per year)	Cap on directors' remuneration
RE1	750,000
RE2	750,000
DIHL	400,000
Total	1,900,000

The following table lists the annual remuneration for each of the current or proposed directors of RE1, RE2 and DIHL if the Proposal is implemented.

Director (\$ per year)	RE1	RE2	DIHL	Total
John Roberts	30,000		30,000	60,000
Scott Davies		50,000		50,000
Michael Lee	110,000			110,000
Emma Stein	61,000		61,000	122,000
Doug Halley	80,000	80,000	80,000	240,000
Ron Finlay		61,000	61,000	122,000
Eric Goodwin		122,000		122,000
Duncan Sutherland		110,000		110,000
Total	281,000	423,000	232,000	936,000

(e) Special services fee

The following table describes the special services fee payable to the Independent Directors in connection with the Proposal⁴¹:

Director (\$)	RE1	RE2	DIHL	Total
Doug Halley	50,000		50,000	100,000
Emma Stein	20,000		20,000	40,000
Ron Finlay		35,000	35,000	70,000
Duncan Sutherland		40,000		40,000
Eric Goodwin		40,000		40,000
Michael Lee	40,000			40,000
Total	110,000	115,000	105,000	330,000

The special services fee reflects the significant volume of additional work undertaken by the Independent Directors in regard to the Proposal as well as the time estimated to be required from the time of announcing the Proposal to the time of the Meeting. From June 2012 until the date of Explanatory Memorandum, that additional work included an additional two board and ten Independent Board Committee meetings and four due diligence committee meetings as well as negotiations with Macquarie and AMP Capital, liaison with advisers and senior management of the DUET Group, attending investor presentations and preparation for the Meeting. The Independent Directors' entitlement to the special services fees is not contingent on the Proposal proceeding.

41 The special services fees are part of the one-off transaction advisory costs (expected to be around \$3.9 million in total) associated with implementing the Proposal.

6 ADDITIONAL INFORMATION CONTINUED

6.2 SECURITYHOLDERS PARTICIPATING IN THE PROPOSAL

- (a) For the purpose of identifying the Securityholders entitled to participate in the Proposal, if the Proposal is approved at the Meeting, and all other conditions are satisfied, dealings in Existing Stapled Securities will only be recognised if:
- (i) for dealings effected using CHESS (the computer system used by the ASX to effect the settlement of the purchase or sale of financial products), the transferee is registered in the DUET Group's register of members as the holder of the relevant Existing Stapled Security at the Record Date; and
 - (ii) for other types of dealings, dealings that occur before the close of business on the Meeting Date and in respect of which registrable transmission applications or transfers in registrable form in respect of those dealings are received at or before the Record Date at 4.00pm.
- (b) The DUET Group will not accept for registration or recognise for any purpose any transmission application or transfer in respect of Existing Stapled Securities received after the times stated above.

6.3 ACQUISITION OF NEW STAPLED SECURITIES BY FOREIGN PERSONS

- (a) Under the *Foreign Acquisitions and Takeovers Act 1975* (Cth), it is compulsory to notify the Federal Treasurer of acquisitions of interests in Australian urban land by foreign persons and acquisitions of a substantial shareholding in an Australian company by foreign persons in certain circumstances. The acquisition of a New Stapled Security may constitute an acquisition of an interest in Australian urban land and an acquisition of a share in an Australian company. Investors who may be foreign persons for the purposes of the *Foreign Acquisitions and Takeovers Act 1975* (Cth) and are affected by these requirements include:
- (i) a natural person not ordinarily resident in Australia;
 - (ii) a corporation in which a natural person not ordinarily resident in Australia or a foreign corporation alone or together with an associate or associates holds not less than 15% of the voting power in the corporation or holds interests in not less than 15% of the issued shares of the corporation;
 - (iii) a corporation in which two or more persons, each of whom is a natural person not ordinarily resident in Australia, or a foreign corporation, alone or together with an associate or associates, hold not less than 40% of the voting power in the corporation or hold interests in not less than 40% of the issued shares of the corporation;
 - (iv) the trustee of a trust estate in which a natural person not ordinarily resident in Australia or a foreign corporation alone, or together with an associate or associates, holds a beneficial interest in not less than 15% of the corpus or income of the trust estate; and
 - (v) the trustee of a trust estate in which two or more persons, each of whom is either a natural person not ordinarily resident in Australia or a foreign corporation, alone or together with an associate or associates, hold, in the aggregate, beneficial interests in not less than 40% of the corpus or income of the trust estate.
- (b) Investors should consider whether notification under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) to the Federal Treasurer (through the Foreign Investment Review Board) is required in respect of a proposed investment or further investment in New Stapled Securities and should consult their professional adviser.

6.4 CONTINUOUS DISCLOSURE

- (a) The DUET Group is a disclosing entity for the purposes of the Corporations Act and is subject to periodic reporting and disclosure obligations under the Corporations Act and the Listing Rules.
- (b) These obligations require the DUET Group to notify the ASX of information about specified matters and events as they occur for the purpose of making that information available to the market.
- (c) In particular, the DUET Group has an obligation (subject to limited exceptions) to notify the ASX immediately on becoming aware of any information which a reasonable person would expect to have a material effect on the price or value of an Existing Stapled Security.
- (d) Publicly disclosed information about all ASX-listed entities, including the DUET Group, is available on the ASX website at www.asx.com.au.

6.5 REGULATORY CONSENTS

(a) ASIC relief

Relief for issue of RE1 Shares and RE2 Shares

ASIC has granted the following relief:

- (i) **(Section 711(6) and 723(1) – prospectus content)** modifications to allow the Prospectus not to include an expiry date or an application form.
- (ii) **(Section 734 – advertising provisions)** modifications to allow statements to be made in advertising and promotional materials without referring to the application form for RE1 Shares or RE2 Shares or the availability of a disclosure document.

Relief for stapling

ASIC has indicated that it is minded to grant the following relief:

- (i) **(Sections 601FC(1)(c) and 601FD(1)(c) – best interests)** modifications to RE1 and RE2's duty to act in the best interests of Securityholders to allow RE1 and RE2 and their respective directors and officers to have regard to the interests of members of the DUET Group as a whole, rather than the interests of members of DIHL, DUET1, DUET2 and DUET3 alone.
- (ii) **(Section 501GAA (as notionally inserted by ASIC Class Order [CO 05/26] – responsible entity setting issue price)** modifications to allow RE1 and RE2, for future issues of New Stapled Securities, to allocate the issue price for a New Stapled Security between the component parts of the six-stapled security instead of a quadruple Existing Stapled Security as granted in an existing ASIC relief instrument (07/0710).
- (iii) **(Sections 601LC – scheme property)** modifications to allow RE1 and RE2 to give financial benefits out of trust property to entities such as DIHL whose underlying securities are stapled to other entities in the DUET Group and those entities' respective controlled entities without member approval being required.
- (iv) **(Part 6D.2 and 7.9 – dividend and distribution reinvestment plan)** to facilitate the operation of a dividend and distribution plan for the six-stapled DUET Group (which includes RE1 and RE2) without the issue of a prospectus or a product disclosure statement.

(b) ASX waivers and confirmations

ASX has provided an in-principle decision to grant waivers and confirmations of the following Listing Rules as they apply to DIHL, DUET1, DUET2, DUET3, RE1 and RE2.

Waivers

- (i) **(Listing Rule 1.1 condition 7 – spread requirements)** an in-principle waiver to the extent necessary not to require RE1 and RE2 to comply with the spread requirements in that Listing Rule, on condition that each RE1 Share and RE2 Share is stapled to a unit in DUET1, a unit in DUET2, a unit in DUET3 and a share in DIHL, and that the DUET Group satisfies Listing Rule 12.4 at the time RE1 and RE2 are admitted to the official list of ASX.
- (ii) **(Listing Rule 1.1 condition 8 – asset test and profit test)** an in-principle waiver to the extent necessary not to require RE1 and RE2 to comply with Listing Rule 1.2 (profit test) and 1.3 (asset test), on condition that each RE1 Share and RE2 Share is stapled to an Existing Stapled Security, and the DUET Group satisfies Listing Rules 12.1 and 12.2 at the time RE1 and RE2 are admitted to the official list of ASX.
- (iii) **(Listing Rule 2.1 condition 2 – issue price)** an in-principle waiver to the extent necessary to permit the issue price of shares in RE1 and shares in RE2 to each be less than 20 cents in cash, on condition that each RE1 Share and RE2 Share is stapled to an Existing Stapled Security.
- (iv) **(Listing Rule 8.10 – register a transfer)** an in-principle waiver to allow DIHL and RE1 and RE2 as responsible entities of DUET1, DUET2 and DUET3 to respectively refuse to register a transfer of a security (comprising one part of a New Stapled Security) if not accompanied by a corresponding transfer of in respect of the other security or securities that comprise the New Stapled Security.
- (v) **(Listing Rule 10.1 – substantial asset to related party)** an in-principle waiver to allow the transfer of substantial assets and other relevant dealings between DIHL, DUET1, DUET2, DUET3, RE1 and RE2 and their subsidiaries without Securityholder approval, on condition that each RE1 Share and RE2 Share is stapled to an Existing Stapled Security, and the stapled entities do not issue any other securities that are not stapled to the corresponding number of securities of the other entities.

6 ADDITIONAL INFORMATION CONTINUED

Confirmations

- (i) **(Listing Rule 1.1 condition 1 – structure)** an in-principle confirmation that the structure and operations of each of RE1 and RE2 is appropriate for a listed entity.
- (ii) **(Listing Rule 1.1 condition 8 and Listing Rule 1.3.5(a))** an in-principle confirmation, on condition that the waiver from Listing Rule 1.1 condition 8 is granted, that each of RE1 and RE2 is not required to provide ASX with accounts for the last three full financial years:
- (iii) **(Listing Rule 1.1 condition 8 and Listing Rule 1.3.5(c))** an in-principle confirmation that the pro forma financial statements which are included in the Meeting Booklet satisfy the requirements of Listing Rule 1.3.5(c) in respect of each of RE1 and RE2.
- (iv) **(Listing Rule 2.1 condition 1)** an in-principle confirmation that the terms of the shares in each of RE1 and RE2 comply with Chapter 6 of the Listing Rules.
- (v) **(Listing Rule 3.1)** an in-principle confirmation that disclosure by one entity within the DUET Group (as a six-stapled group) on behalf of the DUET Group satisfies the requirements of Listing Rule 3.1.
- (vi) **(Listing Rule 6.1 – terms of security)** an in-principle confirmation that the terms applying to the RE1 Shares and RE2 Shares, and ultimately the New Stapled Securities, are appropriate and equitable.
- (vii) **(Listing Rule 7.40)** an in-principle confirmation that the proposed timetable (including with respect to Macquarie and AMP Capital participating in the Capital Reduction in relation to the Placement Securities) as set out in Section 1.1 of the Meeting Booklet complies with the requirements of Listing Rule 7.40.
- (viii) **(Listing Rule 19.12)** an in-principle confirmation that the shares in each of RE1 and RE2 constitute 'equity securities' for the purpose of the definition set out in Listing Rule 19.12.
- (ix) **(Guidance Note 2)** an in-principle confirmation that the ASX is satisfied that the stapling provisions in the constitution of each of RE1 and RE2 are satisfactory to ASX.

6.6 CONSENTS AND DISCLAIMERS

- (a) The following persons have given and have not, before the date of this Explanatory Memorandum, withdrawn their consent to:
 - (i) be named in this Explanatory Memorandum in the form and context in which they are named;
 - (ii) the inclusion of their respective reports or statements noted next to their names and the references to those reports or statements in the form and context in which they are included in this Explanatory Memorandum; and
 - (iii) the inclusion of other statements in this Explanatory Memorandum which are based on or referable to statements made in those reports or statements, or which are based on or referable to other statements made by those persons in the form and context in which they are included:

Name of person	Named as	Reports or statements
Grant Samuel & Associates	Independent Expert	Independent Expert's Report set out in Annexure A
Computershare Investor Services Pty Limited	Registry Manager	–
Allens	Legal adviser	–
PricewaterhouseCoopers	Tax expert	Tax Report set out in Annexure B
Ernst & Young	Auditor	–
Gresham Advisory Partners Limited	Financial adviser	–
Macquarie		Macquarie Information
AMP Capital		AMP Capital Information

- (b) Each of the above persons:
 - (i) does not make, or purport to make, any statement in this Explanatory Memorandum other than those statements referred to above and as consented to by that person; and
 - (ii) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Explanatory Memorandum other than with respect to the statements and references included in this Explanatory Memorandum with the consent of that party (as set out above).

6.7 DIRECTORS' CONSENT TO LODGEMENT

- (a) The issue of this Explanatory Memorandum has been authorised by the directors of RE1 and RE2.
- (b) The directors of RE1 and RE2 have given (and not withdrawn) their consent to lodgement of this Explanatory Memorandum with ASIC.
- (c) A copy of this Explanatory Memorandum has been lodged with ASIC and ASX. None of ASIC, ASX nor any of its officers takes any responsibility for the contents of this Explanatory Memorandum.

6.8 UPDATES TO THE PROPOSAL

The terms of the Proposal may change from time to time. If DIHL, RE1 or RE2 become aware of any significant change to the Proposal or Significant new circumstance affecting the Proposal between the date of issue of this Explanatory Memorandum and the date of implementation of the Proposal (if approved at the Meeting), DIHL, RE1 and/or RE2 (as applicable) will notify Securityholders in such a way as it determines is appropriate, which may include (but is not limited to) publishing information on the DUET Group website, an announcement on the ASX, an announcement at the Meeting, the issue of a supplement to the Prospectus or the issue of a supplementary explanatory memorandum.

7 GLOSSARY

AFSL	an Australian Financial Services Licence
AMP Bank	AMP Bank Limited (ABN 15 081 596 009)
AMP Capital	AMP Capital Holdings Limited (ABN 69 078 651 966) and, in relation to the payment of any amount to AMP Capital, the issue of Placement Securities to AMP Capital and the sale by DIHL of its Existing RE Shares to AMP Capital, includes any nominee of AMP Capital
AMP Capital Information	<ul style="list-style-type: none"> – the statement that if the Proposal is implemented, Philip Garling will cease to be a director on the DUET Boards and be replaced by Scott Davies on the board of RE2 only; – the statement that Scott Davies will retire as a director of the DUET Group on 30 June 2013; – the description of AMP Capital in paragraph 4 of Section 3.2; – to the extent they relate to AMP Capital, the statements in response to the question ‘What will be Macquarie and AMP Capital’s role in relation to the DUET Group post-implementation of the Proposal?’ in Section 4; – the profile of Philip Garling in Section 5.1.7(c); – the profile of Scott Davies in Section 5.1.7(c); and – all statements in relation to the number or percentage of Existing Stapled Securities AMP Capital has a relevant interest in or voting power over
AMPCIL	AMP Capital Investors Limited (ACN 001 777 591)
AMP Group	AMP Limited and each of its related body corporates
AMP Limited	AMP Limited (ACN 079 354 519)
ARSN	Australian Registered Scheme Number
ASIC	the Australian Securities and Investments Commission or any replacement or successor authority
A Special Share	an A Special Share in the capital of DIHL, the rights attaching to which are set out in the DIHL constitution
Associate	has the same meaning as in the Corporations Act
ASX	ASX Limited (ACN 008 624 691) or the financial market operated by it, as the context requires
Availability Fee	the total fee payable under the Transition and Separation Services Agreement, being a fee equal to \$1.25 million multiplied by the number of months in the period from the Implementation Date to 30 June 2013 (with the first month pro rated if the Implementation Date is not the first day of a month), estimated to be \$8.6 million in total. The Availability Fee is payable calendar quarterly in arrears from the Implementation Date up to (and including) 30 June 2013, except if there is a Change of Control Event
Base Fee Resolutions	the special resolutions of Securityholders to approve amendments to the fee provisions of the constitutions of DUET1, DUET2 and DUET3, as set out in the Notices of Meeting
B Special Share	a B Special Share in the capital of DIHL, the rights attaching to which are set out in the DIHL constitution
Business Day	a business day in Sydney
Buy-Back Agreement	the agreement between DIHL, RE1 and RE2 pursuant to which RE1 and RE2 agree to sell, and DIHL agrees to buy, the A Special Share, B Special Share and C Special Shares
Buy-Back Resolution	the special resolution of Securityholders to approve the selective buy-back by DIHL of the A Special Share, B Special Share and C Special Shares from RE1 and RE2 (as applicable)
Capital Reduction	the equal reduction of capital of DIHL Shares under Part 2J.1 of the Corporations Act by DIHL to reduce its share capital by an amount of \$0.0095 for each DIHL share (equivalent to about \$11.0 million), and the application of the proceeds to the issue to Securityholders of one RE1 Share and one RE2 Share and the Residual RE Share Sale
Capital Reduction Resolution	the ordinary resolution of Securityholders to approve the Capital Reduction, as set out in the Notices of Meeting

Change of Control Event	<ul style="list-style-type: none"> – a person acquires (whether directly or indirectly) or becomes the holder of, or otherwise has a right to acquire or have an economic interest in the whole or a part of the business conducted by the DUET Group or the DUET Group's assets or its related bodies corporate; – a person acquires (whether directly or indirectly) control of the DUET Group within the meaning of section 50AA of the Corporations Act; – a person acquires a relevant interest in, or voting power of, 50% or more of the DUET Group stapled securities; – a person otherwise acquires, or merges or amalgamates with, the DUET Group or any of its related bodies corporate; – a change of ownership of RE1 or RE2 other than (i) as a result of completion of the Proposal and (ii) where shares in RE1 and RE2 are stapled to the units in DUET1, DUET2 and DUET3 and the shares in DIHL; or – a change in the responsible entity of DUET1, DUET2 or DUET3 other than as a result of completion of the Proposal
Closely Related Party	has the same meaning as in the Corporations Act
Corporations Act	<i>Corporations Act 2001</i> (Cth)
C Special Share	a C Special Share in the capital of DIHL, the rights attaching to which are set out in the DIHL constitution
DIHL	DUET Investment Holdings Limited (ABN 22 120 456 573)
DIHL Board	the board of directors of DIHL
DIHL Management Services Agreement	the DIHL Management Services Agreement between DIHL and RE1 (in its personal capacity) pursuant to which RE1 agrees to provide management services to DIHL
DIHL Share	a fully paid up ordinary share in the capital of DIHL, which forms part of the Existing Stapled Security
DUET1	Diversified Utility and Energy Trust No. 1 (ARSN 109 363 037)
DUET2	Diversified Utility and Energy Trust No. 2 (ARSN 109 363 135)
DUET3	Diversified Utility and Energy Trust No. 3 (ARSN 124 997 986)
DUET Boards	the boards of directors of RE1, RE2 and DIHL
DUET Group	the DUET Group, a stapled vehicle made up of DUET1, DUET2, DUET3 and DIHL and where the context requires, means DUET1, DUET2, DUET3 and DIHL or any one of them
Existing RE Shares	the 14,465,400 fully paid ordinary shares of RE1 and 14,465,400 fully paid ordinary shares of RE2, which will be acquired by DIHL from Macquarie and AMP Capital pursuant to the Share Sale Agreement
Existing Stapled Security	a stapled security in the DUET Group, which comprises of a unit in DUET1, a unit in DUET2, a unit in DUET3 and DIHL share
Explanatory Memorandum	this notice of Securityholders' meetings and explanatory memorandum in relation to the Meeting
Financial Accounts and Reports Item	an item of business to be considered by Securityholders at the Meeting involving receiving and considering the audited financial statements of DIHL for the period to 30 June 2012, as set out in the Notices of Meeting accompanying this Explanatory Memorandum
Grant Samuel & Associates	Grant Samuel & Associates Pty Limited (ABN 28 050 036 372)
GST	has the same meaning as in the GST Law
GST Law	has the meaning given to that term in <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth) and any other Act or regulation relating to the imposition or administration of GST

7 GLOSSARY CONTINUED

Heads of Agreement	the deed between DIHL, RE1 (in its capacity as responsible entity of DUET1 and in its personal capacity), RE2 (in its capacity as responsible entity of DUET2 and DUET3 and in its personal capacity), Macquarie and AMP Capital dated 31 July 2012 and released on ASX on 2 August 2012, as amended by an amending deed dated 30 August 2012 and from time to time
Holding Lock	has the meaning given in section 2 of the ASX Settlement Operating Rules issues by ASX Settlement Pty Ltd (ABN 49 008 504 532)
Implementation Date	the date on which the Proposal is implemented in accordance with the implementation steps set out in the Heads of Agreement
Independent Board Committees	the independent board committees established by the boards of directors of RE1 and RE2 and DIHL's board of directors, comprised only of directors of RE1, RE2 and DIHL who are independent of Macquarie and AMP Capital
Independent Directors	the independent directors on the boards of DIHL, RE1 and RE2 as at the date of this Explanatory Memorandum, being Doug Halley, Ron Finlay, Emma Stein, Duncan Sutherland, Eric Goodwin and Michael Lee. The independence of the Independent Directors is determined in accordance with Principle 2 of the DUET Group's corporate governance statement, which can be found on the DUET Group's website at www.duet.net.au and which is reproduced in Annexure F. The Independent Directors would be classified as independent directors for the purposes of Recommendation 2.1 of the ASX Corporate Governance Principles and Recommendations
Independent Expert	Grant Samuel & Associates
Independent Expert's Report	the report prepared by the Independent Expert dated 3 October 2012 attached as Annexure A
Internalisation Resolutions	the resolutions of Securityholders to be considered at the Meeting that are necessary to implement the Proposal, being the: <ul style="list-style-type: none"> – Proposal Approval Resolution; and – Capital Reduction Resolution.
Key Management Personnel	those persons having authority and responsibility for planning, directing and controlling the activities of the DUET Group, directly or indirectly, namely RE1, RE2 and the directors (and alternate directors) of DIHL
Listing Rules	the listing rules of ASX, as amended or replaced from time to time except to the extent of any express written waiver by ASX
Macquarie	Macquarie Capital Group Limited (ABN 54 096 705 109) and, in relation to the payment of any amount to Macquarie, the issue of Placement Securities to Macquarie and the sale by DIHL of its Existing RE Shares to Macquarie, includes any nominee of Macquarie
Macquarie Capital Advisers	Macquarie Capital (Australia) Limited (ACN 79 123 199 548)
Macquarie Group	MGL and each of its related body corporates
Macquarie Information	<ul style="list-style-type: none"> – the statement that John Roberts will retire as a director of the DUET Group at the DUET Group 2013 Annual General Meetings expected to be held in November 2013, unless invited by the Independent Directors to stand for re-election; – the description of the Macquarie Group in paragraph 3 of Section 3.2; – to the extent they relate to Macquarie, the statements in response to the question 'What will be Macquarie and AMP Capital's role in relation to the DUET Group post-implementation of the Proposal?' in Section 4; – the profile of John Roberts in Section 5.1.7(c); – the profile of Shemara Wikramanayake in Section 5.1.7(c); and – all statements in relation to the number or percentage of Existing Stapled Securities Macquarie has a relevant interest in or voting power over
Management Fee	has the meaning given to 'Base Fee' in the constitution of each DUET1, DUET2 and DUET3 (as applicable)

MBL	Macquarie Bank Limited (ABN 46 008 583 542)
Meeting	the simultaneous general meetings of unitholders in DUET1, DUET2 and DUET3, together with the Annual General Meeting of DIHL, to be held on Friday 23 November 2012 convened by RE1, RE2 and DIHL to vote on whether to approve the Internalisation Resolutions, the Ordinary Business Items/Resolutions, and the Other Business Resolutions together with any adjournment
Meeting Date	the date on which the Meeting is held or any adjournment of the Meeting
MGL	Macquarie Group Limited (ABN 94 122 169 279) and each of its related body corporates
Net Investment Value	has the meaning given in Section 5.2.1(a)(ii)
New Stapled Securities	a stapled security after implementation of the Proposal which comprises of a unit in DUET1, a unit in DUET2, a unit in DUET3, a share in DIHL, a share in RE1 and a share in RE2
Non-Associated Securityholders	the Securityholders of the DUET Group whose votes are not to be disregarded in relation to the Proposal
Notices of Meeting	the notices of Meeting set out in Annexure G
Ordinary Business Items/Resolutions	the item of business and resolution of Securityholders to be considered at the Meeting that relate to the ordinary business of the DUET Group, being the: <ul style="list-style-type: none"> – Financial Accounts and Reports Item; and – Remuneration Report Resolution
Other Business Resolutions	the resolutions of Securityholders to be considered at the Meeting that relate to special business of the DUET Group but which are not required to be passed to implement the Proposal, being the: <ul style="list-style-type: none"> – Proportional Takeover Provisions Resolutions; – Buy-Back Resolution; – Termination Benefits Resolution; – Base Fee Resolutions; and – Trust Constitution Amendment Resolutions
Performance Fee	has the meaning given in the constitution of each DUET1, DUET2 and DUET3 (as applicable)
Placement Securities	the 20,789,072 Existing Stapled Securities to be issued to Macquarie and 20,789,072 Existing Stapled Securities to be issued to AMP Capital, being an aggregate of 41,578,144 Existing Stapled Securities, under the Placement Securities Subscription Agreements, as described in Step 4 in the table in Section 5.1.3
Placement Securities Subscription Agreements	each of the agreements under which Macquarie and AMP Capital subscribe for the Placement Securities
Proposal	the proposed arrangements to internalise the management of the DUET Group as set out in Section 5.1
Proposal Approval Resolution	the ordinary resolutions of Securityholders to approve the Proposal for the purposes of Listing Rule 10.1, Listing Rule 10.11 and for all other purposes, as set out in the Notices of Meeting
Proportional Takeover Provisions Resolutions	the special resolutions of Securityholders to renew the proportional takeover provisions in the constitutions of DIHL, DUET1, DUET2 and DUET3, as set out in the Notices of Meeting
Prospectus	the prospectus issued by RE1 and RE2 in respect of: (i) the issue of shares in RE1 and RE2 to Securityholders, and (ii) the sale of shares in RE1 and RE2 to Macquarie and AMP Capital, as amended from time to time
Proxy Form	the form which accompanies this Explanatory Memorandum which provides for Securityholders to give voting instructions and appoint proxies for the Meeting
RE1	AMPCI Macquarie Infrastructure Management No 1 Limited (ACN 108 013 672)
RE1 Share	a fully paid up ordinary share in the capital of RE1 to be issued to Securityholders pursuant to the Prospectus
RE2	AMPCI Macquarie Infrastructure Management No 2 Limited (ACN 108 014 062)

7 GLOSSARY CONTINUED

RE2 Share	a fully paid up ordinary share in the capital of RE2 to be issued to Securityholders pursuant to the Prospectus
Record Date	7.00pm Monday 3 December 2012 being the date and time which determines the entitlements of Securityholders for implementation of the Proposal
Register	the register or registers of the Securityholders
Remuneration Report Resolution	the non-binding and advisory resolution of Securityholders to adopt the Remuneration Report included in the Directors' Report for the period to 30 June 2012
Residual RE Share Sale	the sale of the Existing RE Shares from DIHL to Macquarie and AMP Capital
Resources Agreements	each of the resources agreement between AMPCIL, RE1 and RE2 and between Macquarie, RE1 and RE2
Securityholder	a registered holder of an Existing Stapled Security
Share Sale Agreement	the agreement dated 30 August 2012 between DIHL, Macquarie and AMP Capital pursuant to which Macquarie and AMP Capital agreed to sell, and DIHL agreed to buy, the Existing RE Shares
Share Sale Cash Payment	part payment of consideration for shares in RE1 and RE2 sold by Macquarie and AMP Capital to DIHL, expected to be about \$4.1 million in total, payable in cash and equal to the Management Fee attributable to the period from 1 October 2012 to the Implementation Date. For detail on how the Management Fee is calculated, see Section 5.2.1(a)
Termination Benefits Resolution	the ordinary resolution of Securityholders to approve the giving of termination benefits to Key Management Personnel, as set out in the Notices of Meeting
Transaction Documents	all documents necessary or desirable to give effect to the Proposal, including the Transition and Separation Services Agreement, the Share Sale Agreement, the Placement Securities Subscription Agreements, the royalty-free perpetual intellectual property licences granted to the DUET Group by AMP Capital and Macquarie, the Buy-Back Agreement, any notice, deed or agreement terminating the Resources Agreements and a deed terminating the DIHL Management Services Agreement
Transition and Separation Services Agreement	the Transition and Separation Services Agreement between Macquarie, AMP Capital, DIHL, RE1 and RE2
Trust Constitution Amendment Resolutions	the special resolutions of Securityholders to approve amendments to the constitutions of DUET1, DUET2 and DUET3, as set out in the Notices of Meeting
Trust	DUET1, DUET2 and DUET3 or any one of them
Voting Record Date	7.00pm Wednesday 21 November 2012, the date and time when the holdings of Securityholders are ascertained for the purposes of attendance and voting at the Meeting

8 OTHER IMPORTANT INFORMATION

NO INVESTMENT ADVICE

This Explanatory Memorandum does not constitute financial product advice and has been prepared without reference to your investment objectives, financial situation, tax position or particular needs, or those of any other person. Your investment in the DUET Group is subject to investment and other risks, including possible delays in repayment and loss of income and principal invested. In particular, in considering the Proposal, it is important that you consider the risk factors identified in Section 5.9 and other information contained in this Explanatory Memorandum in light of your own particular circumstances. DIHL, RE1 and RE2 do not give any guarantee or assurance as to the performance of the DUET Group or the repayment of capital. If you are in any doubt in relation to these matters, you should consult your investment, financial, tax, legal or other professional adviser.

Neither this Explanatory Memorandum nor the tax report in Annexure B constitute tax advice. You will need to consult your own independent professional tax adviser regarding the consequences of the Proposal in light of your particular circumstances.

FORWARD LOOKING STATEMENTS

Certain statements in this Explanatory Memorandum relate to the future. The forward looking statements in this Explanatory Memorandum are not based on historical facts, but rather reflect the current expectations of RE1, RE2, DIHL and the DUET Group concerning future results and events. These statements generally may be identified by the use of forward-looking words or phrases such as 'believe', 'aim', 'expect', 'anticipated', 'intending', "foreseeing", 'likely', 'should', 'planned', 'may', 'estimate', 'potential', or other similar words and phrases. Similarly, statements that describe RE1's or RE2's or DIHL's or the DUET Group's objectives, plans, goals or expectations are or may be forward looking statements.

These forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performance or achievements of the DUET Group to be materially different from future results, performance or achievements expressed or implied by such statements. Such forward looking statements are based on numerous assumptions regarding present and future operating strategies and the environment in which the DUET Group will operate in the future.

The risks described in the Explanatory Memorandum could affect future results of the DUET Group, causing these results to differ materially from those expressed, implied or projected in any forward looking statements. These factors are by no means all of the important factors that could cause actual results to differ materially from those expressed in any forward looking statement. Other unknown factors could also have a material adverse effect on future results of the DUET Group.

Forward looking statements should, therefore, be construed in light of such risks and undue reliance should not be placed on forward looking statements.

Securityholders should note that the historical financial performance of the DUET Group is no assurance or indicator of future financial performance of the DUET Group (whether or not the Proposal proceeds). RE1 and RE2 do not guarantee any particular rate of return or the performance of nor does it guarantee the repayment of capital or any particular tax treatment in respect of any investment in the DUET Group.

All subsequent written and oral forward looking statements attributable to RE1, RE2, DIHL, DUET1, DUET2 or DUET3 or any person acting on their behalf are qualified by this cautionary statement.

Other than as required by law, DIHL, RE1 and RE2 and none of their directors gives any representation, assurance, warranty (whether express or implied) or guarantee that the accuracy, likelihood or occurrence of the events or results expressed or implied in any forward looking statements in this Explanatory Memorandum will actually occur.

The forward looking statements in this Explanatory Memorandum reflect views held only at the date of this Explanatory Memorandum. Subject to any continuing obligations under the ASX Listing Rules or the Corporations Act, DIHL, RE1 and RE2 and their respective directors disclaim any obligation or undertaking to distribute after the date of this Explanatory Memorandum any updates or revisions to any forward-looking statements to reflect any change in expectations in relation thereto or any change in events, conditions or circumstances on which any such statement is based.

UNITED STATES SECURITYHOLDERS

This Explanatory Memorandum is neither an offer to sell nor a solicitation of an offer to buy securities as such terms are defined under the US Securities Act of 1933, as amended (**US Securities Act**). Neither the RE1 Shares nor the RE2 Shares to be issued under the Proposal, nor the New Stapled Securities, have been or will be registered under the US Securities Act. In addition, neither the DUET Group nor any of the stapled entities that comprise (or, if the Proposal is implemented, will comprise) the DUET Group, including RE1 or RE2, have been or will be registered under the US Investment Company Act of 1940, as amended (**US Investment Company Act**), pursuant to Section 3(c)(7) of the US Investment Company Act.

None of the US Securities and Exchange Commission (**SEC**), any US state securities commission or any other US regulatory authority has passed comment upon or endorsed the merits of the Proposal or the accuracy, adequacy or completeness of this Explanatory Memorandum. Any representation to the contrary may be a criminal offence.

8 OTHER IMPORTANT INFORMATION CONTINUED

PRIVACY AND PERSONAL INFORMATION

DIHL, RE1 and RE2 and their respective registries may collect personal information in the process of implementing the Proposal. The personal information may include the names, addresses, other contact details, bank account details and details of the holdings of the Securityholders, and the names of individuals appointed by the Securityholders as proxies, corporate representatives or attorneys at the Meeting.

The collection of some of this information is required or authorised by the Corporations Act. Securityholders who are individuals and the other individuals in respect of whom personal information is collected as outlined above have certain rights to access the personal information collected in relation to them. Such individuals should contact DUET Investor Relations on 1800 005 049 (within Australia) or + 612 8232 4491 (outside Australia), Monday to Friday between 9.00am and 6.00pm in the first instance if they wish to request access to that personal information.

The personal information is collected for the primary purpose of assisting RE1 and RE2 and DIHL to implement the Proposal and conduct the Meeting. The personal information may be disclosed to related bodies corporate of DIHL, RE1 and/or RE2, third party service providers (including print and mail service providers and parties otherwise involved in the conduct of the Meeting), professional advisers and to regulatory authorities, and also where disclosure is otherwise required or allowed by law. Personal information of the Securityholders may also be used to call them in relation to their Existing Stapled Securities, their New Stapled Securities (if applicable) or the Proposal.

Securityholders who appoint an individual as their proxy, corporate representative or attorney to vote at the Meeting should ensure that they inform such an individual of the matters outlined above.

CURRENCY

Unless stated otherwise, all references to dollars, \$, cents or ¢ in this Explanatory Memorandum are to Australian currency.

TIME

Unless stated otherwise, all references to time in this Explanatory Memorandum are to Australian Eastern Daylight Time, being the time in Sydney, Australia.

REGULATORY INFORMATION

A copy of this Explanatory Memorandum was lodged with ASIC on 10 October 2012 along with the Prospectus. Neither ASIC nor any of its officers takes any responsibility for the contents of this Explanatory Memorandum or the Prospectus.

RE1 and RE2 will each apply for admission to the official list of ASX and for quotation of all RE1 Shares and RE2 Shares on the ASX within seven days following the lodgement of the Prospectus with ASIC.

A copy of this Explanatory Memorandum has been lodged with the ASX. Neither the ASX nor any of its officers takes any responsibility for the contents of this Explanatory Memorandum. The fact that ASX may admit RE1 and RE2 to the official list of ASX does make any statement regarding, and shall not be taken in any way as an indication of the merits of an investment in RE1 or RE2.

SUPPLEMENTARY INFORMATION

The DUET Group may issue a supplementary document to this Explanatory Memorandum if it becomes aware of any of the following between the date of lodgement of this Explanatory Memorandum and the date of the Meeting:

- a material statement in this Explanatory Memorandum is false or misleading;
- a material omission from this Explanatory Memorandum;
- a significant change affecting a matter in this Explanatory Memorandum; or
- a significant new matter has arisen and it would have been required to be included in this Explanatory Memorandum if known at the date of lodgement with ASIC.

Depending on the nature of the timing of the changed circumstances and subject to obtaining any relevant approvals, the DUET Group may circulate and publish any supplementary document by:

- placing an advertisement in a prominently placed newspaper which is circulated generally throughout Australia;
- posting the supplementary document on the DUET Group's website www.duet.net.au; or
- posting the supplementary document to all Securityholders.

ANNEXURES



ANNEXURE A: INDEPENDENT EXPERT'S REPORT

GRANT SAMUEL



GRANT SAMUEL & ASSOCIATES

LEVEL 19 GOVERNOR MACQUARIE TOWER

1 FARRER PLACE SYDNEY NSW 2000

GPO BOX 4301 SYDNEY NSW 2001

T: +61 2 9324 4211 / F: +61 2 9324 4301

www.grantsamuel.com.au

3 October 2012

The Independent Directors
AMPCI Macquarie Infrastructure
Management No.1 Limited ("RE1") as
responsible entity for Diversified Utility
and Energy Trust No.1
c/- Level 11
No. 1 Martin Place
Sydney NSW 2000

The Independent Directors
AMPCI Macquarie Infrastructure
Management No.2 Limited ("RE2") as
responsible entity for Diversified Utility
and Energy Trust No.2 and Diversified
Utility and Energy Trust No.3
c/- Level 11, No. 1 Martin Place
Sydney NSW 2000

The Independent Directors
DUET Investment Holdings
Limited ("DIHL")
c/- Level 11
No. 1 Martin Place
Sydney NSW 2000

Dear Directors

Internalisation Proposal

1 Introduction

DUET Group ("DUET") is a quadruple stapled entity listed on the Australian Securities Exchange ("ASX") that owns and operates energy utility assets in Australia. DUET currently owns 100% of Multinet, an 80%¹ interest in Dampier Bunbury Pipeline and a 66% interest in United Energy.

AMPCI Macquarie Infrastructure Management No.1 Limited ("RE1") and AMPCI Macquarie Infrastructure Management No.2 Limited ("RE2") are the responsible entities or managers of the various entities that comprise the DUET stapled group. For the purposes of the report these entities are collectively referred to as "the Managers" and the arrangements between RE1, RE2 and the DUET entities are collectively referred to as "the Management Contracts". RE1 and RE2 are joint ventures between subsidiaries of AMP Limited ("AMP") and Macquarie Group Limited ("Macquarie").

On 31 July 2012, the directors of RE1, RE2 and DIHL who are not associated with AMP and Macquarie ("the independent directors") announced that agreement had been reached on terms to internalise the management of DUET ("the Proposal"). In essence, DUET will no longer be externally managed but will instead employ its own management team and establish its own board of directors directly elected by securityholders.

The terms of the Proposal are set out in full in the Notices of Meeting and Explanatory Memorandum ("Explanatory Memorandum") to be sent to DUET securityholders. In summary, the key terms are:

- the Management Contracts will be terminated and a DUET group company will acquire all of the shares in RE1 and RE2 in exchange for \$82 million plus a cash amount equivalent to the base management fee for the period 1 October 2012 to implementation date. In turn, AMP and Macquarie have each agreed to subscribe for 20,789,072 DUET stapled securities at a price of \$1.972 per security;
- RE1 and RE2 will remain the responsible entities for the DUET entities and shares in RE1 and RE2 will be stapled to the other securities comprising DUET;
- all of DUET's senior management, who are employees of AMP and Macquarie, will be transferred to DUET and DUET will acquire royalty free perpetual intellectual property licences in respect of DUET related materials owned by AMP and Macquarie;

¹ DUET's current equity interest and related rights to distribution in Dampier Bunbury Pipeline is 81.9% and will reduce to 80% as the minority shareholder meets equity calls.

GRANT SAMUEL

■ ■ ■

- no performance fees payable to the Managers will be incurred from 1 July 2012 and no base management fees payable to the Managers will be incurred from 1 October 2012. In addition:
 - all amounts owing to, and cash held by, RE1 and RE2 (in their own right) less any accrued liabilities will be paid to AMP and Macquarie; and
 - AMP and Macquarie's advisory mandates with DUET will be terminated from 30 June 2013;
- AMP and Macquarie will make certain transition and separation services available to DUET from implementation until 30 June 2013 for a total fee estimated at \$8.6 million (excluding GST) and an amount estimated at \$0.9 million (excluding GST) will be payable for the use of those services (on a cost recovery basis); and
- the board representation of AMP and Macquarie will be reduced from one nominee to each DUET entity board to one joint appointment per DUET entity board, limited to two individual nominees. One nominee will retire on 30 June 2013 and the other will retire at the 2013 Annual General Meetings, unless asked by the independent directors to stand for re-election.

In addition, DUET has entered into an advisory mandate (conditional on DUET securityholders' approval of the Proposal) whereby AMP and Macquarie will assist in a potential simplification of DUET's group structure for a fee of \$5 million.

The independent directors have engaged Grant Samuel & Associates Pty Limited ("Grant Samuel") to prepare an independent expert's report for the purposes of Listing Rule 10.1 stating whether, in Grant Samuel's opinion, the Proposal is fair and reasonable to, and in the best interests of, securityholders not associated with AMP or Macquarie ("non associated securityholders"). A copy of the report is to accompany the Explanatory Memorandum to be sent by DUET to its securityholders prior to meetings at which they will vote on the resolutions dealing with the Proposal.

2 Opinion

In Grant Samuel's opinion the Proposal is fair and reasonable to, and in the best interests of, non associated securityholders.

3 Summary of Key Conclusions

The external management model is out of favour with investors because of perceived conflicts of interest and other factors such as performance fees. There are clear benefits to securityholders from internalising management. In pursuing internalisation, there are essentially two options:

- unilateral termination of the incumbent manager, with or without compensation; or
- negotiation of an agreed settlement under which the manager receives compensation for the forgone income and assists in achieving a smooth transition.

Unilateral termination may be possible in the case of DUET because of the relatively limited contractual entrenchment of the Managers (see Section 3.3 of the Report). However, it is unlikely to occur for a variety of reasons including the absence of a party that wishes to drive this outcome. The independent directors do not believe unilateral termination would be in the best interests of securityholders because of the risks inherent in this course of action. Accordingly, the best available option for DUET securityholders is to negotiate an agreed settlement with AMP and Macquarie so that securityholders can realise the benefits of internalisation without disruption.

Evaluation of the consideration to be paid to AMP and Macquarie is not straightforward in so far as there is no "market value" for management contracts. Nevertheless, Grant Samuel believes that the consideration to be paid to the AMP and Macquarie is "fair":

- the cost is substantially below the net present value ("NPV") of the net saving in operating costs (management fees saved less incremental costs incurred) that will arise over the life of the existing Management Contracts. Allowing only for savings in base management fees, the NPV of the net

ANNEXURE A: INDEPENDENT EXPERT'S REPORT CONTINUED

GRANT SAMUEL



savings is approximately \$158-176 million or \$57-81 million greater than the cost of the Proposal (see Section 4.3.2 of the Report). The key assumptions underlying this analysis include:

- the total effective cost of the Proposal is \$95.4-101.6 million. Grant Samuel has adjusted the total consideration of \$95.6 million payable to AMP and Macquarie to value the 41.6 million DUET securities to be issued to AMP and Macquarie in line with recent market trading prices since the announcement of the Proposal (\$2.00-2.15) to reflect the approximate market value of the security consideration, to include non recoverable GST (\$2.7 million) because it is directly associated with the consideration and to exclude the Cash Payment as this amount would be payable as the base management fee (up to the implementation date) under the constitutions of DUET1, DUET2 and DUET3 in the absence of the Proposal;
- the Management Contracts remain on foot indefinitely on their current terms;
- DUET's market capitalisation grows at a rate of approximately 2.5% per annum;
- annualised incremental operating costs are \$7.5 million (excluding GST) in the year to 30 June 2013, increasing at inflation thereafter (salaries 4%, other costs 2.5%);
- the net cash flow savings do not incur taxation; and
- discount rates of 9-10%.

If potential performance fees and/or future capital raisings are allowed for, the NPV of the net savings would be materially higher. While Grant Samuel does not believe performance fees should be included in the core analysis they are a significant factor particularly now that DUET has recouped the performance deficit (a performance fee of \$16.2 million was paid for the six months to 30 June 2012).

Looked at another way, the payback period, allowing only for base management fees, is six to seven years (i.e. assuming the Management Contract ceased in six to seven years, the NPV of savings equals the consideration paid to AMP and Macquarie). Allowing for performance fees or capital raisings, the payback period is materially shorter; and

- the total effective cost of the Proposal (based on current market prices) represents a multiple of 6.9-7.3 times the pro forma net annual cost savings (excluding performance fees). This is at the low end of the range compared to Australian internalisations over the past five years (see Section 4.3.3 of the Report). Multiples at the low end are appropriate given the limited contractual entrenchment of the Managers and these multiples are reasonable particularly in view of the potential for performance fee payments.

As the consideration is fair, the Proposal is also reasonable and, accordingly, in the best interests of non associated securityholders.

In any event, Grant Samuel believes that the benefits and advantages of the Proposal outweigh the costs, disadvantages and risks. These are set out in Section 4.4 of the Report. Key benefits include:

- removal of any valuation discount applied by the market because of the external management structure;
- an uplift in pro forma earnings and cash flow per security. As a result, distributions after the current financial year have the potential to be higher than they would otherwise have been;
- enhanced corporate operating cash flows;
- direct accountability of directors and executive management to DUET securityholders and better alignment of management's incentives. Securityholders will have direct input into the appointment, election and removal of directors;
- more predictable returns through elimination of lumpy performance fees; and

GRANT SAMUEL

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- increased flexibility and capacity to pursue transactions and increased potential for a change of control event.

The costs (other than the consideration), disadvantages and risks are not trivial but are not substantive and are outweighed by the benefits. They include:

- a decrease in net assets per security;
- that incremental costs may be higher than expected;
- loss of access to the expertise and resources of AMP and Macquarie;
- transaction costs;
- potential overhang of AMP and Macquarie securityholdings in DUET; and
- failure to obtain lender consent in relation to the corporate debt facility.

Overall, Grant Samuel believes that if the Proposal is implemented, securityholders will be better off than under the status quo. The net financial benefits coupled with the other advantages of internalisation should result in a market rerating of DUET securities. This is evidenced by the uplift in the DUET security price since the announcement of the Proposal.

4 Other Matters

This report is general financial product advice only and has been prepared without taking into account the objectives, financial situation or needs of individual DUET securityholders. Accordingly, before acting in relation to their investment, securityholders should consider the appropriateness of the advice having regard to their own objectives, financial situation or needs. Securityholders should read the Explanatory Memorandum issued by DUET in relation to the Proposal.

Voting for or against the Proposal is a matter for individual securityholders based on their views as to the net value of terminating the Management Contracts and the implications of internalisation generally. Securityholders who are in doubt as to the action they should take in relation to the Proposal should consult their own professional adviser.

Grant Samuel has prepared a Financial Services Guide as required by the Corporations Act, 2001. The Financial Services Guide is included at the beginning of the full report.

This letter is a summary of Grant Samuel's opinion. The full report from which this summary has been extracted is attached and should be read in conjunction with this summary.

The opinion is made as at the date of this letter and reflects circumstances and conditions as at that date.

Yours faithfully

GRANT SAMUEL & ASSOCIATES PTY LIMITED

Grant Samuel & Associates

ANNEXURE A: INDEPENDENT EXPERT'S REPORT CONTINUED



**Financial Services Guide
and
Independent Expert's Report
in relation to a
Proposal to Internalise Management**

Grant Samuel & Associates Pty Limited
(ABN 28 050 036 372)

3 October 2012

GRANT SAMUEL



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Financial Services Guide

Grant Samuel & Associates Pty Limited ("Grant Samuel") holds Australian Financial Services Licence No. 240985 authorising it to provide financial product advice on securities and interests in managed investments schemes to wholesale and retail clients.

The Corporations Act, 2001 requires Grant Samuel to provide this Financial Services Guide ("FSG") in connection with its provision of an independent expert's report ("Report") which is included in a document ("Disclosure Document") provided to members by the company or other entity ("Entity") for which Grant Samuel prepares the Report.

Grant Samuel does not accept instructions from retail clients. Grant Samuel provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Samuel does not provide any personal retail financial product advice to retail investors nor does it provide market-related advice to retail investors.

When providing Reports, Grant Samuel's client is the Entity to which it provides the Report. Grant Samuel receives its remuneration from the Entity. In respect of the Report for DUET Group in relation to a proposal to internalise management ("the DUET Report"), Grant Samuel will receive a fixed fee of \$300,000 plus reimbursement of out-of-pocket expenses for the preparation of the Report (as stated in Section 5.3 of the DUET Report).

No related body corporate of Grant Samuel, or any of the directors or employees of Grant Samuel or of any of those related bodies or any associate receives any remuneration or other benefit attributable to the preparation and provision of the DUET Report.

Grant Samuel is required to be independent of the Entity in order to provide a Report. The guidelines for independence in the preparation of Reports are set out in Regulatory Guide 112 issued by the Australian Securities & Investments Commission on 30 March 2011. The following information in relation to the independence of Grant Samuel is stated in Section 5.3 of the DUET Report:

"Grant Samuel and its related entities do not have at the date of this report, and have not had within the previous two years, any business or professional relationship with DUET, Macquarie or AMP or any financial or other interest that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposal.

Grant Samuel commenced analysis for the purposes of this report in June 2012 prior to the announcement of the Proposal. This work did not involve Grant Samuel participating in the setting the terms of, or any negotiations leading to, the Proposal.

Grant Samuel had no part in the formulation of the Proposal. Its only role has been the preparation of this report.

Grant Samuel will receive a fixed fee of \$300,000 for the preparation of this report. This fee is not contingent on the outcome of the Proposal. Grant Samuel's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Samuel will receive no other benefit for the preparation of this report.

Grant Samuel considers itself to be independent in terms of Regulatory Guide 112 issued by the ASIC on 30 March 2011."

Grant Samuel has internal complaints-handling mechanisms and is a member of the Financial Ombudsman Service, No. 11929. If you have any concerns regarding the DUET Report, please contact the Compliance Officer in writing at Level 19, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000. If you are not satisfied with how we respond, you may contact the Financial Ombudsman Service at GPO Box 3 Melbourne VIC 3001 or 1300 780 808. This service is provided free of charge.

Grant Samuel holds professional indemnity insurance which satisfies the compensation requirements of the Corporations Act, 2001.

Grant Samuel is only responsible for the DUET Report and this FSG. Complaints or questions about the Disclosure Document should not be directed to Grant Samuel which is not responsible for that document. Grant Samuel will not respond in any way that might involve any provision of financial product advice to any retail investor.

ANNEXURE A: INDEPENDENT EXPERT'S REPORT CONTINUED

GRANT SAMUEL

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Table of Contents

1	Terms of the Proposal	1
2	Scope of the Report.....	3
2.1	Purpose of the Report	3
2.2	Basis of Evaluation	4
2.3	Sources of the Information	5
2.4	Limitations and Reliance on Information	5
3	Profile of DUET	8
3.1	Background.....	8
3.2	Operations.....	8
3.3	Operating Structure	9
3.4	Financial Performance.....	11
3.5	Distributions	12
3.6	Financial Position	14
3.7	Capital Structure and Ownership.....	15
3.8	Security Price Performance.....	16
4	Evaluation of the Proposal.....	18
4.1	Summary	18
4.2	Rationale and Approach	19
4.3	Fairness	22
4.4	Reasonableness	33
4.5	Taxation Consequences.....	38
5	Qualifications, Declarations and Consents.....	39
5.1	Qualifications	39
5.2	Disclaimers	39
5.3	Independence	39
5.4	Declarations	40
5.5	Consents	40
5.6	Other.....	40

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ANNEXURE A: INDEPENDENT EXPERT'S REPORT CONTINUED

G R A N T S A M U E L

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1 Terms of the Proposal

DUET Group ("DUET") is a quadruple stapled entity listed on the Australian Securities Exchange ("ASX"). It comprises Diversified Utility and Energy Trust No.1 ("DUET1"), Diversified Utility and Energy Trust No.2 ("DUET2"), Diversified Utility and Energy Trust No.3 ("DUET3") and DUET Investment Holdings Limited ("DIHL"). DUET owns and operates energy utility assets in Australia.

AMPCI Macquarie Infrastructure Management No.1 Limited ("RE1") is the responsible entity for DUET1 and manager of DIHL and AMPCI Macquarie Infrastructure Management No.2 Limited ("RE2") is the responsible entity for DUET2 and DUET3. For the purposes of this report these entities are collectively referred to as "the Managers" and the arrangements between RE1, RE2 and the DUET entities are collectively referred to as "the Management Contracts". RE1 and RE2 are joint ventures between subsidiaries of AMP Limited ("AMP") and Macquarie Group Limited ("Macquarie").

On 31 July 2012, the directors of RE1, RE2 and DIHL who are not associated with AMP and Macquarie ("the independent directors") announced that agreement had been reached on terms to internalise the management of DUET ("the Proposal"). The terms of the Proposal are set out in full in the Notices of Meeting and Explanatory Memorandum ("Explanatory Memorandum") to be sent to DUET securityholders. In summary, the key terms are:

- the Management Contracts will be terminated and DIHL will acquire all of the shares in RE1 and RE2 in exchange for \$82 million plus a cash amount ("the Cash Payment") equivalent to the base management fee for the period 1 October 2012 to implementation date (estimated to be \$4.1 million excluding GST). In turn, AMP and Macquarie have each agreed to subscribe for 20,789,072 DUET stapled securities at a price of \$1.972 per security. These securities will rank equally with all other securities from implementation (i.e. they will qualify for the December 2012 distribution) and will be subject to a lock up period until 30 June 2013 or earlier in the event of a change of control or takeover of DUET;
- RE1 and RE2 will remain the responsible entities for the DUET entities and shares in RE1 and RE2 will be stapled to the securities of DUET1, DUET2, DUET3 and DIHL¹;
- all of DUET's senior management, who are employees of AMP and Macquarie, will be transferred to DUET and DUET will acquire royalty free perpetual intellectual property licences in respect of DUET related materials owned by AMP and Macquarie;
- no performance fees payable to the Managers will be incurred from 1 July 2012 and no base management fees payable to the Managers will be incurred from 1 October 2012. In addition:
 - all amounts owing to, and cash held by, RE1 and RE2 (in their own right) less any accrued liabilities will be paid to AMP and Macquarie; and
 - AMP and Macquarie's advisory mandates with DUET will be terminated from 30 June 2013 (but AMP's advisory arrangements with DUET's asset companies United Energy and Multinet will not be affected by implementation of the Proposal);
- AMP and Macquarie will make certain agreed transition and separation services² available from implementation until 30 June 2013 for a fee of \$1.25 million per month (estimated to total \$8.6 million, excluding GST) ("Availability Fee") and an amount estimated at \$0.9 million (excluding GST) will be payable for the use of those services (on a cost recovery basis); and
- the board representation of AMP and Macquarie will be reduced from one nominee to each DUET entity board to one joint appointment per DUET entity board, limited to two individual nominees. One nominee will retire on 30 June 2013 and the other will retire at the 2013 Annual General Meetings, unless asked by the independent directors to stand for re-election.

¹ To be implemented by way of a reduction of DIHL's capital and application of the proceeds as the subscription price for the shares in RE1 and RE2 on behalf of securityholders and the sale of the shares in RE1 and RE2 held by DIHL to AMP and Macquarie.

² For example, information technology ("IT"), premises, institutional support, legal, risk, compliance and company secretarial, tax and accounting support.

G R A N T S A M U E L



Other elements of the Proposal include:

- the independent directors will recommend the Proposal subject to no superior competing proposal emerging, the independent expert concluding that the Proposal is fair and reasonable to, and in the best interests of, DUET securityholders and the fiduciary and statutory obligations of the directors;
- until 30 June 2013, DUET and AMP and Macquarie will be prohibited from soliciting or becoming involved in a competing proposal unless a majority of the independent directors have changed or withdrawn their recommendation before the securityholder meeting to consider the Proposal; and
- a sunset date for completion of 30 November 2012.

In addition, DUET has entered into an advisory mandate (conditional on DUET securityholders' approval of the Proposal) whereby AMP and Macquarie will assist in a potential simplification of DUET's group structure for a fee of \$5 million³.

The Proposal is subject to the following conditions:

- approval of all required resolutions by the requisite majorities of DUET securityholders;
- the Australian Securities & Investments Commission ("ASIC") grants all relief necessary;
- the ASX grants all necessary waivers and confirmations and approves the admission of RE1 and RE2 to the official list of the ASX;
- receipt of all consents necessary to implement the Proposal including those from Westpac Banking Corporation ("Westpac") as facility agent of the DUET corporate debt facility;
- no legal or regulatory restraint or prohibition preventing a material aspect of the Proposal is in effect and no termination or material breach of the Proposal Heads of Agreement at the meeting date; and
- all material representations and warranties of each party to the Proposal remain correct up to and including the date of the meeting.

At the meetings to consider the Proposal, DUET securityholders will be asked to consider the following resolutions in order to implement the Proposal:

- an ordinary resolution of each of DIHL, DUET1, DUET2 and DUET3 to approve the Proposal and to authorise RE1, RE2 and DIHL to give effect to the Proposal; and
- an ordinary resolution of DIHL authorising a reduction in DIHL's share capital in relation to an issue of shares by RE1 and RE2 and the sale of the shares in RE1 and RE2 held by DIHL to AMP and Macquarie.

These resolutions are conditional upon each other. If any of the resolutions is not passed, the Proposal will not be implemented.

In addition, securityholders will be asked to approve a number of other resolutions. The Proposal is not dependent on these resolutions being passed.

³ \$2 million payable in cash at each of one and three months after securityholder approval of the Proposal and \$1 million on implementation of a simplified structure. The full fee becomes payable in the event that DUET terminates the mandate or, without the consent of AMP and Macquarie, declines to put a simplified structure to a securityholder vote, RE1 and RE2 are removed or if a simplified structure has not been implemented by 30 September 2013.

ANNEXURE A: INDEPENDENT EXPERT'S REPORT CONTINUED

G R A N T S A M U E L

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2 Scope of the Report

2.1 Purpose of the Report

The Proposal is subject to the approval of DUET securityholders in accordance with:

- Listing Rule 10.1 of the ASX Listing Rules ("Listing Rule 10.1");
- Listing Rule 10.11 of the ASX Listing Rules ("Listing Rule 10.11"); and
- Section 256C of the Corporations Act, 2001 ("Corporations Act") ("Section 256C").

Listing Rule 10.1 prohibits, among other things, an entity from acquiring an asset worth more than 5% of its net assets from a substantial holder without the approval of non associated securityholders. Under the Proposal, DIHL will acquire assets (the shares of RE1 and RE2) from AMP and Macquarie. AMP and its associates (including Macquarie) are (or in the six months preceding the internalisation will have been) substantial holders of DUET for the purposes of listing rule 10.1. Therefore, approval of securityholders not associated with AMP and Macquarie ("non associated securityholders") is required. Listing Rule 10.10 requires the notice of meeting at which such approval is sought to include an independent expert's report on whether the transaction is fair and reasonable to the non associated securityholders.

Listing Rule 10.11 prohibits an entity issuing securities to a related party without the approval of non associated securityholders. Under the Proposal, DUET will issue stapled securities to AMP and Macquarie. Notwithstanding AMP and Macquarie are not related parties of DUET, the ASX has exercised its discretion to require DUET to obtain the approval of non associated securityholders for this issue of stapled securities. An independent expert's report is not required for the purposes of Listing Rule 10.11.

Section 256C requires an equal capital reduction to be approved by a resolution passed by securityholders at a general meeting. In this case, the stapling of shares in RE1 and RE2 to securities in DUET1, DUET2, DUET3 and DIHL is to be effected by way of an equal reduction of DIHL's share capital and therefore securityholder approval is required. An independent expert's report is not required for the purposes of Section 256C.

The independent directors have engaged Grant Samuel & Associates Pty Limited ("Grant Samuel") to prepare an independent expert's report for the purposes of Listing Rule 10.1 stating whether, in Grant Samuel's opinion, the Proposal is fair and reasonable to, and in the best interests of, securityholders not associated with AMP or Macquarie ("non associated securityholders"). A copy of the report is to accompany the Explanatory Memorandum to be sent by DUET to its securityholders prior to the meetings at which they will vote on the resolutions dealing with the Proposal.

This report is general financial product advice only and has been prepared without taking into account the objectives, financial situation or needs of individual DUET securityholders. Accordingly, before acting in relation to their investment, securityholders should consider the appropriateness of the advice having regard to their own objectives, financial situation or needs. Securityholders should read the Explanatory Memorandum issued by DUET in relation to the Proposal.

Voting for or against the Proposal is a matter for individual securityholders based on their views as to the net value of terminating the Management Contracts and the implications of internalisation generally. Securityholders who are in doubt as to the action they should take in relation to the Proposal should consult their own professional adviser.

Similarly, it is a matter for individual securityholders as to whether to buy, hold or sell securities in DUET. This is an investment decision independent of a decision to vote for or against the Proposal upon which Grant Samuel does not offer an opinion. Securityholders should consult their own professional adviser in this regard.

GRANT SAMUEL



2.2 Basis of Evaluation

Listing Rule 10 applies to transactions between an entity and persons in a position to influence the entity.

The ASX does not provide specific guidance as to the analysis required in assessing whether a Proposal is fair and reasonable to non associated securityholders for the purposes of Listing Rule 10.1. However, ASIC has issued Regulatory Guide 111 which establishes guidelines in respect of independent expert's reports under the Corporations Act. ASIC Regulatory Guide 111 differentiates between the analysis required for "control transactions" and other transactions. In the context of control transactions (whether by takeover bid, by scheme of arrangement, by the issue of securities or by selective capital reduction or buyback), the expert is required to distinguish between "fair" and "reasonable". A proposal that was "fair and reasonable" or "not fair but reasonable" would be in the best interests of securityholders. For most other transactions the expert is to weigh up the advantages and disadvantages of the proposal for securityholders. If the advantages outweigh the disadvantages, the proposal would be in the best interests of securityholders.

ASIC Regulatory Guide 111 does not provide specific guidance on the form and content of reports prepared in respect of the internalisation of management rights. However, it does state that where an expert assesses whether a transaction with a person in a position of influence requiring approval of securityholders under Listing Rule 10.1 is "fair and reasonable", this involves a separate assessment of whether the transaction is "fair" and "reasonable", as in a control transaction.

A transaction under Listing Rule 10.1 will be "fair" if the value of the financial benefit to be provided by the entity to the person in a position of influence is equal to or less than the value of the consideration being provided to the entity. For this comparison, value is determined assuming 100% ownership of the target and a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. In valuing the financial benefit given and the consideration received by the entity, all material terms of the Proposal should be taken into account.

Reasonableness involves an analysis of other factors that securityholders might consider prior to voting for a proposal such as:

- the financial situation and solvency of the entity (including, where the consideration for the financial benefit is cash, benefits such as new capital to exploit business opportunities, a reduction in debt and interest or an injection of working capital);
- opportunity costs;
- the alternative options available to the entity and the likelihood of those options occurring;
- the entity's bargaining position;
- whether there is selective treatment of any securityholder, particularly the related party;
- the related party's pre-existing voting power in the securities in the entity;
- any special value of the transaction to the entity such as particular technology or the potential to write off outstanding loans from the target; and
- the liquidity of the market in the entity's securities.

Fairness is a more demanding criteria. A "fair" proposal will always be "reasonable" but a "reasonable" proposal will not necessarily be "fair". A Proposal under Listing Rule 10.1 could be considered "reasonable" if there were valid reasons to accept or vote in favour notwithstanding that it was not "fair".

Grant Samuel has:

- determined whether the Proposal is fair by comparing the estimated value of the financial benefit provided by DUET to AMP and Macquarie (i.e. the value of the securities to be issued together with any other costs) with the value of the benefits to be received by DUET

ANNEXURE A: INDEPENDENT EXPERT'S REPORT CONTINUED

G R A N T S A M U E L

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(i.e. the net present value of the net cost savings). The Proposal will be fair if the financial benefit provided to AMP and Macquarie is equal to or less than the value of the benefits derived by DUET; and

- assessed whether the Proposal is reasonable, by considering factors including:
 - the likely impact of the Proposal on the market price and liquidity of DUET stapled securities;
 - the impact of the Proposal on the financial position and earnings of DUET;
 - the impact of the Proposal on ownership and control of DUET;
 - the alternatives available to DUET;
 - the bargaining position of DUET in negotiating the Proposal;
 - any other advantages and benefits arising from the Proposal;
 - other costs (including opportunity costs), disadvantages and risks of the Proposal; and
 - whether further transactions are planned between DUET and AMP and Macquarie.

A proposal that is “fair and reasonable” or “not fair but reasonable” would be in the best interests of securityholders.

2.3 Sources of the Information

The following information was utilised and relied upon, without independent verification, in preparing this report:

Publicly Available Information

- the Explanatory Memorandum (including earlier drafts);
- annual reports for DUET for the three years ended 30 June 2011 and the financial results for DUET for the year ended 30 June 2012;
- DUET1 constitution, DUET2 constitution, DUET3 constitution, DIHL constitution and DIHL management services agreement;
- press releases, public announcements, media and analyst presentation material and other public filings by DUET including information available on its website;
- brokers' reports and recent press articles on DUET; and
- sharemarket data and related information on transactions involving the internalisation of management.

Non Public Information provided by DUET

- pro forma operating expense budget for DUET corporate for the year ending 30 June 2013 assuming the Proposal is implemented on 1 July 2012 which was prepared by DUET management and endorsed by the Managers (“2013 Pro Forma Corporate Budget”);
- a financial model reflecting DUET cost savings assuming the Proposal is implemented; and
- other confidential documents, board papers, presentations and working papers and third party reports prepared for the independent directors (including remuneration benchmarking analyses).

Grant Samuel has also held discussions with, and obtained information from, senior management of DUET and its advisers.

2.4 Limitations and Reliance on Information

Grant Samuel believes that its opinion must be considered as a whole and that selecting portions of the analysis or factors considered by it, without considering all factors and analyses together, could create a misleading view of the process underlying the opinion. The preparation of an opinion is a complex process and is not necessarily susceptible to partial analysis or summary.

G R A N T S A M U E L



Grant Samuel's opinion is based on economic, sharemarket, business trading, financial and other conditions and expectations prevailing at the date of this report. These conditions can change significantly over relatively short periods of time. If they did change materially, subsequent to the date of this report, the opinion could be different in these changed circumstances.

This report is also based upon financial and other information provided by DUET and its advisers. Grant Samuel has considered and relied upon this information. DUET has represented in writing to Grant Samuel that to its knowledge the information provided by it was complete and not incorrect or misleading in any material aspect. Grant Samuel has no reason to believe that any material facts have been withheld.

The information provided to Grant Samuel has been evaluated through analysis, inquiry and review to the extent that it considers necessary or appropriate for the purposes of forming an opinion as to whether the Proposal is fair and reasonable to, and in the best interests of, non associated securityholders. However, Grant Samuel does not warrant that its inquiries have identified or verified all of the matters that an audit, extensive examination or "due diligence" investigation might disclose. While Grant Samuel has made what it considers to be appropriate inquiries for the purposes of forming its opinion, "due diligence" of the type undertaken by companies and their advisers in relation to, for example, prospectuses or profit forecasts, is beyond the scope of an independent expert.

Accordingly, this report and the opinions expressed in it should be considered more in the nature of an overall review of the anticipated commercial and financial implications rather than a comprehensive audit or investigation of detailed matters.

An important part of the information used in forming an opinion of the kind expressed in this report is comprised of the opinions and judgement of management. This type of information was also evaluated through analysis, inquiry and review to the extent practical. However, such information is often not capable of external verification or validation.

Preparation of this report does not imply that Grant Samuel has audited in any way the management accounts or other records of DUET, RE1 or RE2. It is understood that the accounting information that was provided was prepared in accordance with generally accepted accounting principles and in a manner consistent with the method of accounting in previous years (except where noted).

The information provided to Grant Samuel included a financial model for DUET's expected cost savings assuming the Proposal is implemented. The model, which was prepared by DUET's financial advisers on the basis of information and assumptions provided by DUET, projects future management fees based on assumptions regarding distribution growth and distribution yield as well as incremental operating costs for DUET assuming the Proposal is implemented and one off transaction costs associated with the Proposal.

DUET is responsible for the information contained in the 2013 Pro Forma Corporate Budget and the financial model ("the forward looking information"). Grant Samuel has considered and, to the extent deemed appropriate, relied on this information for the purposes of its analysis. In relation to the financial model Grant Samuel has made adjustments to reflect its judgement on certain matters. The major assumptions underlying the forward looking information were reviewed by Grant Samuel. It should be noted that the forward looking information and the underlying assumptions have not been reviewed (nor is there a statutory or regulatory requirement for such a review) by an investigating accountant for reasonableness or accuracy of compilation and application of assumptions.

Subject to these limitations, Grant Samuel considers that, based on the inquiries it has undertaken and only for the purposes of its analysis for this report (which do not constitute, and are not as extensive as, an audit or accountant's examination), there are reasonable grounds to believe that the forward looking information has been prepared on a reasonable basis. In forming this view, Grant Samuel has taken the following factors into account that:

ANNEXURE A: INDEPENDENT EXPERT'S REPORT CONTINUED

GRANT SAMUEL



- forecast distributions in the financial model are based on DUET's long term plan (which was prepared for a separate purpose and is utilised by management in the day to day operations of DUET) and are consistent with DUET's medium term distribution growth target;
- DUET's assets are underpinned by long term contracts or are regulated and therefore revenue and costs are relatively stable and predictable;
- the financial model uses the 2013 Pro Forma Corporate Budget as a starting point. The 2013 Pro Forma Corporate Budget is based on actual corporate costs for DUET and the Managers for the 12 months ended 30 June 2012 as well as quotes for certain expenses (e.g. premises);
- the 2013 Pro Forma Corporate Budget was reviewed and endorsed by the independent directors; and
- the independent directors commissioned benchmarking reports from independent advisers on senior employee costs and directors fees as a stand alone entity. Other costs were estimated by DUET management on a line by line basis using comparisons to existing costs incurred by the Managers and external reference points.

Grant Samuel has no reason to believe that the forward looking information reflects any material bias, either positive or negative. However, the achievability of the assumptions, and management fees and incremental costs estimated on the basis of those assumptions, is not warranted or guaranteed by Grant Samuel. Future cash flows are inherently uncertain. They are predictions by management of future events that cannot be assured and are necessarily based on assumptions, many of which are beyond the control of DUET or its management. Actual results may be significantly more or less favourable.

In any event, the detailed 2013 Pro Forma Corporate Budget and the long term plan are not the major determinants of the value analysis for the internalisation. The value issues for securityholders primarily relate to the savings in management fees and the incremental operating costs incurred under internalisation. DUET's own performance is only relevant in so far as it impacts long term growth in market value (the primary driver of future management fees).

The directors of DUET have not included the forward looking information in the Explanatory Memorandum and therefore it has not been disclosed in this report. The forward looking information relating to DUET's performance was utilised by Grant Samuel in preparing its analysis but was not directly relied on for the purposes of forming its opinion.

In forming its opinion, Grant Samuel has also assumed that:

- matters such as title, compliance with laws and regulations and contracts in place are in good standing and will remain so and that there are no material legal proceedings, other than as publicly disclosed;
- the information set out in the Explanatory Memorandum sent by DUET to its securityholders is complete, accurate and fairly presented in all material respects;
- the publicly available information relied on by Grant Samuel in its analysis was accurate and not misleading;
- the Proposal will be implemented in accordance with its terms; and
- the legal mechanisms to implement the Proposal are correct and will be effective.

To the extent that there are legal issues relating to assets, properties, or business interests or issues relating to compliance with applicable laws, regulations, and policies, Grant Samuel assumes no responsibility and offers no legal opinion or interpretation on any issue.

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3 Profile of DUET

3.1 Background

DUET was formed in mid 2003 as an investment vehicle focused on energy utility infrastructure assets primarily in Australia and New Zealand. Its initial investments were a 66% interest in United Energy Distribution Holdings Limited ("United Energy"), a 74.9% interest in Multinet Group Holdings Limited ("Multinet"), a 25.9% interest in Alinta Network Holdings Limited ("WA Gas Networks") and 100% of subordinated debt in these entities. A wholly owned subsidiary of Alinta Limited provided management, operation and maintenance services to DUET's asset companies. DUET stapled securities were listed on the ASX in August 2004, allowing Macquarie and AMP to sell down their relevant interests (including fiduciary interests) to 7.4% and 35.5%, respectively.

DUET expanded its portfolio in October 2004 by acquiring a 60% interest in the Dampier Bunbury Natural Gas Pipeline ("Dampier Bunbury Pipeline") and in June 2007 with the acquisition a 29% interest in Duquesne Light Holdings LLC ("Duquesne"), an electricity gas and distribution network in Pennsylvania, United States.

From mid 2008, DUET's security price fell as a result of the decline in global equity markets and concerns about its ability to refinance existing asset company debt at appropriate interest margins, to fund asset company capital expenditure programs and ratings downgrades to asset level borrowings. Since then, DUET has reduced gearing and undertaken a number of strategic and financial initiatives to improve performance including:

- simplifying its portfolio by increasing its ownership in the Australian gas utility businesses and divesting minority interests (WA Gas Networks and Duquesne);
- initiating a capital review which resulted in a \$277 million entitlement offer in August 2011 and lower distributions per stapled security enabling DUET to reduce gearing; and
- commencing a process to internalise operational management of its assets.

Today, DUET owns an 80%⁴ interest in Dampier Bunbury Pipeline, a 100% interest in Multinet and a 66% interest in United Energy. DUET is externally managed but operational management at each of its three assets has been largely internalised. Prior to the announcement of the Proposal, DUET had a market capitalisation of approximately \$2.2 billion.

3.2 Operations

At 30 June 2012 DUET's asset companies had a regulated asset base ("RAB") of \$5.2 billion (proportionate basis) and each has established contracted volume levels, is regulated or has long term supply agreements and a strong competitive position.

Dampier Bunbury Pipeline (80%⁴)

Dampier Bunbury Pipeline is Western Australia's principal gas transmission pipeline. The pipeline reaches almost 1,600 kilometres and is the only pipeline connecting the natural gas reserves of the Carnarvon and Browse basins on Western Australia's North West Shelf with industrial, commercial and residential customers in Perth and the surrounding regions. The pipeline has no direct competition or material bypass risk. It mainly serves alumina refineries and base load gas fired power stations. Operational management has been internalised and the business currently employees around 205 employees. The remaining 20% is held by Alcoa of Australia Limited ("Alcoa").

Almost all revenue is derived from contracted gas transportation tariffs, charged to wholesale customers for shipping gas along the pipeline under long term gas transportation contracts which extend until at least 2019 (other than Alcoa which has an evergreen contract). While tariffs are currently under negotiated contracts, they will become regulated for the 2016-20 period unless contracts are renegotiated.

⁴ DUET's current equity interest and related rights to distribution in Dampier Bunbury Pipeline is 81.9% and will reduce to 80% as the minority shareholder meets equity calls.

ANNEXURE A: INDEPENDENT EXPERT'S REPORT CONTINUED

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A \$675 million expansion of the Dampier Bunbury Pipeline was completed in 2011. Medium term growth in pipeline capacity may be required to supply new gas-fired base load electricity generation capacity, alumina expansion and resource projects and Dampier Bunbury Pipeline is contemplating further expansion.

United Energy (66%)

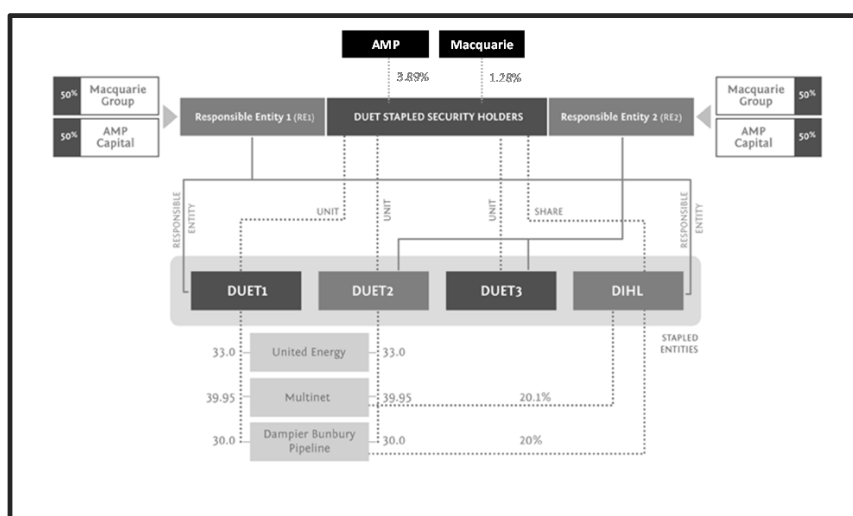
United Energy is an electricity distribution network which covers 1,472 km² of south east Melbourne and the Mornington Peninsula in Victoria. The network primarily serves retail customers and 92% of revenue is regulated. The next regulatory reset date is January 2016. United Energy has a major growth and maintenance capital expenditure program including a \$345 million smart meter rollout (40% complete at 30 June 2012), a capital expenditure program to enhance peak capacity and reliability of the distribution system and an IT infrastructure renewal program. United Energy's network was managed under a contract that expired in June 2011. Since then, management has been progressively internalised with corporate, financial and asset management and engineering functions substantially in house. Additional functions are expected to be internalised over the next 18 months while network operating and field maintenance functions will remain outsourced. The remaining 34% of United Energy is held by Singapore Power International Australia Pty Limited ("Singapore Power").

Multinet (100%)

Multinet is a Victorian gas distribution company with a network covering 1,860 km² of the eastern and south eastern suburbs of Melbourne and the Yarra Ranges. Multinet primarily serves retail customers and approximately 95% of revenues are regulated. The next regulatory reset date is January 2013. Multinet is undertaking a capital works programs designed to improve reliability and increase the capacity of the network. The service area partially overlaps with United Energy and is managed by the same management team. Multinet has brought its corporate and customer services management functions in house. On the expiry of the current operations and maintenance contract in June 2013, DUET proposes to internalise Multinet's key management functions, while continuing to outsource operating functions and network services.

3.3 Operating Structure

The structure of DUET is illustrated in the chart below:



Source: DUET

Note: AMP (3.89%) and Macquarie (1.28%) reflect direct interests only.

G R A N T S A M U E L



Each of DUET1, DUET2 and DUET3 is established under a constitution under which the Managers are appointed as responsible entities. The trusts have an indefinite life, however, they may be prevented from raising capital after 2083. RE1 and RE2 have the right to appoint the DIHL board and DIHL has a separate Management Services Agreement with RE1. Under the Management Contracts, the Managers are responsible for:

- corporate governance including appointment of DUET's chief executive officer ("CEO"), chief financial officer ("CFO") and company secretary, monitoring investment policy, acquisitions and divestments, risk management, compliance and financial reporting;
- strategic development, including the recommendation and implementation of asset acquisitions and divestments and capital management, including debt and equity financing;
- asset management; and
- financial reporting, board reporting, investor relations, fund administration including secretarial (subject to outsourcing registry and custodial services), risk management, compliance and litigation management.

AMP and Macquarie employ the CEO, CFO, company secretary and finance and operations support of DIHL. In addition, the Managers incur overhead costs such as premises and facilities and IT costs. The Managers are entitled to be reimbursed for all reasonable costs in relation to the performance of their role (e.g. audit, compliance, share registry) not including manager administration costs (e.g. premises, staff and facilities).

DUET pays the Managers the following fees for services provided:

- **Base Management Fees** – calculated as 1% per annum of the net investment value of DUET (being the market capitalisation of DUET plus corporate borrowings (excluding project debt) and firm commitments for future investments less uninvested cash). Market capitalisation is calculated by reference to the volume weighted average price for DUET securities for the 20 trading days prior to the date of calculation. The fee is calculated quarterly and paid quarterly in arrears in cash; and
- **Performance Fees** – payable if DUET's return for the six month period exceeds the performance of the benchmark S&P/ASX 200 Industrials Accumulation Index and calculated as 20% of DUET's excess return above the benchmark. If the fund return is less than the benchmark return in any period, the deficit amount is carried forward and taken into account in calculating whether a fee is payable in subsequent periods. The performance fees may be paid in cash or securities (calculated based on the volume weighted average price of DUET securities in the last 20 trading days of the relevant period).

In addition, AMP and Macquarie may provide services for which they are entitled to receive market based fees. AMP is appointed as DUET's preferred debt adviser, Macquarie is appointed preferred financial adviser and a subsidiary of Macquarie is the preferred underwriter and/or lead manager of any offer of stapled securities.

The responsible entities may be replaced as follows:

- without cause, by securityholder vote (at least 50% of votes cast) provided securityholders pass a resolution appointing a new responsible entity (failing which the trusts must be wound up). AMP and Macquarie are entitled to vote on the resolution;
- the responsible entities may retire if they convene a securityholders meeting to explain their reasons for retirement and enable securityholders to vote on a resolution to choose a new responsible entity; and
- if a court replaces the responsible entities on application by ASIC or a securityholder in circumstances where the responsible entities are no longer public companies or fail to hold the necessary Australian financial services licence.

DIHL's Management Services Agreement with RE1 has no set term. RE1 may resign as manager and can only be removed:

ANNEXURE A: INDEPENDENT EXPERT'S REPORT CONTINUED

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- if either or both of the responsible entities have been removed as the responsible entities of DUET1, DUET2 or DUET3 (as applicable); and
- for cause, where it is in liquidation, ceases to carry on business, lacks the appropriate licence or authorisation or commits a material breach which cannot be remedied subject to the discretion of DIHL's directors.

DUET is not a tax consolidated group although some DUET subsidiaries have created tax consolidated groups. DUET1, DUET2, and DUET3 are not liable for income tax provided taxable income is fully distributed to stapled securityholders each year. Distributions to DUET securityholders can be a combination of unit trust distributions (that may include interest and dividend income (that may be franked), capital gains and tax deferred amounts) and dividends from DIHL (that may be franked). DUET pays distributions half yearly for the periods ending 30 June (payable in mid August) and 31 December (payable in mid February).

3.4 Financial Performance

The financial performance of DUET for the four years ended 30 June 2012 is summarised below:

DUET - Financial Performance (\$ millions)				
	Year ended 30 June			
	2009 actual	2010 actual	2011 actual	2012 actual
Proportionate Revenue	1,064.5	1,032.2	1,059.1	928.8
Proportionate EBITDA of assets⁵	615.5	611.6	641.5	638.2
Additional EBITDA from controlled entities	186.3	239.0	266.0	168.5
Exclude non controlled entities	(170.4)	(139.7)	(129.6)	(32.1)
Consolidated EBITDA of assets	631.4	711.0	778.0	774.7
Depreciation and amortisation	(168.9)	(175.6)	(214.3)	(233.9)
Consolidated asset EBIT⁶	462.5	535.4	563.7	540.8
Base management fees	(18.9)	(20.0)	(20.5)	(19.7)
Other corporate expenses	(4.6)	(2.6)	(2.4)	(2.5)
Consolidated EBIT	438.9	512.8	540.8	518.6
<i>Asset companies:</i>				
Interest expense (net)	(324.0)	(389.2)	(437.4)	(451.1)
Share of profit/(loss) of associates	(123.9)	(4.7)	20.8	6.8
Changes in fair value of derivatives	(29.8)	25.0	4.2	(19.2)
<i>Corporate:</i>				
Interest expense (net)	10.2	5.9	(0.8)	3.5
Changes in fair value of derivatives	(30.8)	(5.2)	0.3	(0.3)
Foreign exchange gains/(losses) and other items	10.8	34.2	(54.7)	(3.9)
Performance fees	-	-	-	(16.6)
Profit on sale of associates	-	-	-	8.7
Operating profit before tax	(48.6)	178.6	73.4	46.3
Income tax expense	(1.4)	(4.9)	115.0	(2.3)
Operating profit after tax	(50.0)	173.8	188.4	44.0
Outside equity interests	(12.3)	(33.7)	(63.5)	3.6
Profit after tax attributable to DUET stapled securityholders	(62.3)	140.0	124.9	47.5
<i>Statistics</i>				
Basic earnings per security	(3.95)¢	4.88¢	7.70¢	7.23¢
Proportionate asset EBITDA growth ⁷	10.7%	(0.6%)	4.9%	(0.5)%
Proportionate asset EBITDA margin ⁷	57.8%	59.3%	60.6%	68.7%

Source: DUET and Grant Samuel analysis

⁵ Proportionate EBITDA of assets is DUET's proportionate interest (based on the relevant proportions that DUET holds beneficial ownership interests, weighted by days held in the period) in the earnings of its asset companies before net interest, tax, depreciation and amortisation, investment income, significant and non-recurring items and changes in fair value.

⁶ EBIT is earnings before net interest, tax, investment income, significant and non-recurring items and changes in fair value.

⁷ As calculated by Grant Samuel.

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DUET's relatively steady proportionate earnings from its asset companies reflects the long term contractual or regulated nature of their revenues. Performance in 2012 has benefitted from the structural simplification. DUET increased its aggregate interests in majority owned gas utility assets and sold equity interests in WA Gas Networks (effective 29 July 2011) and Duquesne (effective 13 September 2011). As at 30 June 2012, outside equity interests relate to Alcoa's 20% interest in Dampier Bunbury Pipeline and Singapore Power's 34% interest in United Energy.

Since listing, DUET has paid fees to the Managers and incurred non recoverable GST on these fees as follows:

DUET – Management Fees (\$ millions)									
	Year ended 30 June								
	2004 actual	2005 actual	2006 actual	2007 actual	2008 actual	2009 actual	2010 actual	2011 actual	2012 actual
Base management fees	3.6	8.2	10.5	18.0	18.8	18.8	19.6	20.0	19.2
Performance fees	-	-	8.8	42.5	54.2	-	-	-	16.2
Total fees to Managers	3.6	8.2	19.3	60.6	73.0	18.8	19.6	20.0	35.4
Non recoverable GST	-	-	0.5	1.4	1.7	0.1	0.4	0.5	0.9
Total fee expense	3.6	8.2	19.8	62.0	74.7	18.9	20.0	20.5	36.6

Source: DUET

DUET paid substantial performance fees in 2007 and 2008, however, its security price significantly underperformed the benchmark accumulation index in 2009 and, as a result of a deficit carried forward, did not pay a performance fee until the six months ended 30 June 2012 (which was settled in cash in July 2012).

DUET incurs corporate expenses of approximately \$2.5 million per annum including fees to external service providers (audit, tax, legal, compliance, registry), DIHL independent directors' fees and the reimbursement of expenses to the Managers. DUET also pays fees to AMP and Macquarie for debt arranging, underwriting, equity raising, transaction advisory and trustee fees (approximately \$1.0 million in 2010 and 2011 and \$16.9 million in 2012).

Interest expense has increased since mid 2008 as \$5.9 billion of borrowings were raised and/or refinanced at higher prevailing debt margins and borrowings were used to fund growth opportunities. In 2011, DUET repaid all corporate and subordinated debt.

All asset companies are notionally taxable at the statutory rate of 30%, however, DUET does not expect to pay tax for some years as a result of substantial pre acquisition tax losses and accelerated depreciation in its asset companies. The tax credit of \$115 million in 2011 relates primarily to previously unbooked tax losses in Dampier Bunbury Pipeline. At 30 June 2012, DUET's asset companies had carried forward income tax losses of approximately \$1,108 million (\$332.3 million of tax shield), \$418.1 million of which were recognised in the balance sheet. At 30 June 2012, DIHL had no accumulated franking credits.

3.5 Distributions

Cash available for distributions for the four years ended 30 June 2012 is summarised below:

ANNEXURE A: INDEPENDENT EXPERT'S REPORT CONTINUED

GRANT SAMUEL



DUET – Cash Available for Distribution (\$ millions)				
	Year ended 30 June			
	2009 actual	2010 actual	2011 actual	2012 actual
Proportionate EBITDA of assets	615.5	611.6	641.5	638.2
Customer contributions	-	-	-	(21.3)
Maintenance capital expenditure	(94.2)	(96.0)	(110.5)	(52.4)
Net interest expense	(290.7)	(290.8)	(320.7)	(334.3)
Net tax expense	(24.4)	(1.6)	(0.3)	(0.3)
Proportionate earnings of assets⁸	206.3	223.1	210.0	230.0
Earnings retained by asset companies	(23.8)	(42.5)	(35.9)	(26.9)
Asset company distributions to DUET	182.5	180.6	174.1	203.1
Other corporate income	2.8	0.3	-	3.5
Corporate operating expenses	(33.2)	(22.2)	(23.1)	(21.9)
Net interest (expense)/income	13.8	13.3	5.7	2.1
Significant items	-	-	(10.6) ⁹	-
Cash available for distribution	165.9	172.0	146.0	186.8
Statistics				
<i>Weighted average securities on issue</i>	<i>739.2</i>	<i>861.9</i>	<i>893.7</i>	<i>1,071.0</i>
<i>Payout ratio by asset companies⁷</i>	<i>88.5%</i>	<i>80.9%</i>	<i>82.9%</i>	<i>88.3%</i>
<i>Cash available for distribution per security</i>	<i>22.4¢</i>	<i>19.9¢</i>	<i>16.3¢</i>	<i>17.4¢</i>
<i>Distributions per security</i>	<i>24.1¢</i>	<i>20.0¢</i>	<i>20.0¢</i>	<i>16.0¢</i>
<i>Cash coverage of distribution</i>	<i>93.0%</i>	<i>99.8%</i>	<i>81.7%</i>	<i>109.0%</i>

Source: DUET and Grant Samuel analysis

Distributions to DUET by the asset companies are paid out of free operating cash flow. DUET receives distributions in the form of dividends as well as interest on preference shares, shareholder loans and hybrid securities (as appropriate).

Asset company distributions declined in 2010 and 2011 as a result of higher asset level interest costs and an increase in the proportion of cash retained (to approximately 20% of free operating cash flow) for growth and to reduce gearing. Cash available for distribution and distribution coverage in 2011 were also impacted by the timing of a distribution payment from Dampier Bunbury Pipeline which was received by DUET in the following financial year. Accordingly, in 2010 DUET distributions were reduced to 20 cents per stapled security. That level was maintained in 2011 although cash available for distribution was 16.3 cents per security. Excluding additional costs associated with the refinancing of the corporate debt facility and sale of Duquesne, cash available for distribution in 2011 was 17.5 cents per security and distribution coverage was 87.3%.

As a result of the capital review announced in July 2011, DUET lowered distribution guidance for 2012 (16 cents per security, down from 20 cents per security in 2011), followed by a 3% annual distribution growth target over the medium term (i.e. 16.5 cents in 2013 and 17.0 cents in 2014).

Asset company distributions increased in 2012 as a result of higher free operating cash flow (notwithstanding higher interest costs and significant items) and a decrease in the proportion of earnings retained. DUET's 2012 distribution of 16 cents was 109% covered by cash available for distribution. On 31 July 2012, DUET reaffirmed its distribution guidance of 16.5 cents per security for 2013.

⁸ In 2012, proportional free operating cash flow is presented after customer contributions, and therefore is not directly comparable to prior periods.

⁹ Includes \$8.8 million accrued interest paid and \$0.4 million legal and bank fees as a result of the refinancing of the DUET corporate debt facility in June 2011 and \$1.5 million transaction costs associated with the sale of Duquesne.

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3.6 Financial Position

The consolidated financial position of DUET as at 30 June 2012 is summarised below:

DUET - Financial Position ¹⁰ (\$ millions)	
	As at 30 June 2012 actual
Debtors and prepayments	140.3
Inventories	19.6
Creditors, accruals and provisions	(301.9)
Property, plant and equipment (net)	5,473.2
Distribution licences and other intangible assets (net)	1,304.5
Goodwill	789.8
Other assets (net)	33.3
Derivative financial instruments (net)	(294.6)
Deferred tax liability (net)	(387.2)
Distribution payable	(88.8)
Provisions	(32.8)
United Energy redeemable preference shares held by Singapore Power	(170.8)
Total funds employed	6,484.5
Cash and deposits	243.6
Finance leases	(21.6)
Borrowings ¹¹	(5,137.8)
Net borrowings	(4,915.8)
Net assets	1,568.7
Outside equity interests	(191.8)
Equity attributable to DUET stapled securityholders	1,376.9
Statistics	
Proportionate share of RAB	5,185.4
Stapled securities on issue at period end (million)	1,109.8
Net assets per stapled security ⁷	\$1.24
NTA ¹² per stapled security ⁷	\$(0.47)
Proportionate gearing ¹³	76.6%
Proportionate market gearing ^{7,14}	66.1%

Source: DUET and Grant Samuel analysis

Creditors, accruals and provisions includes \$5.3 million of base management fees and \$17.9 million of performance fees¹⁵. The performance fee was paid in cash in July 2012 and the base management fee was paid in August 2012.

At 30 June 2012 \$50.3 million of cash and deposits related to the asset companies and the remainder (\$172.7 million) related to DUET corporate entities.

DUET's group borrowings comprise capital market instruments and bank facilities as follows:

¹⁰ The grouping of some line items differs from the DUET presentation of financial position.

¹¹ Excludes \$44.4 million capitalised borrowing costs which have been included in other assets (net).

¹² NTA is net tangible assets, which is calculated as net assets less goodwill, distribution licences and other intangible assets (net).

¹³ Proportionate gearing is proportionate investment company net borrowings plus distribution payable less corporate level cash, divided by proportionate share of RAB.

¹⁴ Market gearing is proportionate investment company net borrowings plus distribution payable less corporate level cash, divided by DUET's market capitalisation at period end plus proportionate investment company net borrowings plus distribution payable less corporate level cash.

¹⁵ Including recoverable and non recoverable GST. This differs from the performance fee expense for the six months ended 30 June 2012 shown in Section 3.4 of the report which excludes GST.

ANNEXURE A: INDEPENDENT EXPERT'S REPORT CONTINUED

GRANT SAMUEL

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DUET – Borrowings at 30 June 2012 (\$ millions)			
	Facility Limit	100% Amount Drawn	Proportionate Amount Drawn
<i>Asset companies:</i>			
Capital market instruments	3,487.7	3,487.7	2,720.7
Bank facilities – term debt	1,683.0	1,513.4	1,276.1
Bank facilities – capital expenditure	480.0	121.5	98.7
Bank facilities – working capital	70.0	15.0	12.3
Total asset companies	5,720.7	5,137.6	4,107.7
Corporate facility	200.0	-	-
Total DUET	5,920.7	5,137.6	4,107.7

Source: DUET and Grant Samuel analysis

As at 30 June 2012, DUET's debt maturity profile was:

DUET – Maturities of Borrowing Commitments at 30 June 2012 (\$ millions)							
	Year ended 31 December						Total
	2013	2014	2015	2016	2017	2018	
Dampier Bunbury Pipeline	483.0	400.0	575.0	235.0	575.0	325.0	2,593.0
United Energy	80.0	957.0	-	279.0	602.0	120.0	2,038.0
Multinet	-	260.0	230.0	300.0	300.0	-	1,090.0
Corporate	-	200.0 ¹⁶	-	-	-	-	200.0
Total	563.0	1,817.0	805.0	814.0	1,477.0	445.0	5,921.0

Source: DUET and Grant Samuel analysis

Dampier Bunbury Pipeline and Multinet each have a Standard & Poor's ("S&P") rating of BBB- and a Moody's Investors Service, Inc. ("Moody's") rating of Baa3 while United Energy has an S&P rating of BBB and a Moody's rating of Baa2. S&P has also assigned a BBB- rating to DUET. All ratings have a stable outlook.

3.7 Capital Structure and Ownership

As at 31 August 2012, DUET had 1,116,638,606 stapled securities on issue and 17,732 registered securityholders. The top twenty securityholders accounted for approximately 48% of securities on issue and were principally institutional nominee or custodian companies or listed asset companies. DUET has received notices from the following substantial securityholders:

DUET – Substantial Securityholders as at 2 October 2012			
Shareholder	Date of Notice	Number of Securities	Percentage
AMP	31 July 2012	126,949,245 ¹⁷	11.37%
Macquarie	31 July 2012	126,949,245 ¹⁷	11.37%
Lazard Asset Management Pacific Co	6 December 2011	88,018,776	8.06%

Source: DUET

AMP has an interest of 7.14% (including a direct interest of 3.89% and 3.25% held through funds) and Macquarie has an interest of 4.23% (including a direct interest of 1.28% and 2.95% held through funds). As a consequence of the announcement of the Proposal, AMP and Macquarie are associates and have voting power in each other's interests and therefore both have voting power of 11.37%. DUET directors and Macquarie and AMP employees hold a further 0.90% interest.

DUET has a significant retail investor base with 60% of securityholders holding 10,000 or less securities although this represents less than 5% of securities on issue. DUET also has a substantial international investor base (23.4% of securities on issue).

¹⁶ Undrawn.

¹⁷ Updated to reflect movements in securityholdings to 2 October 2012.

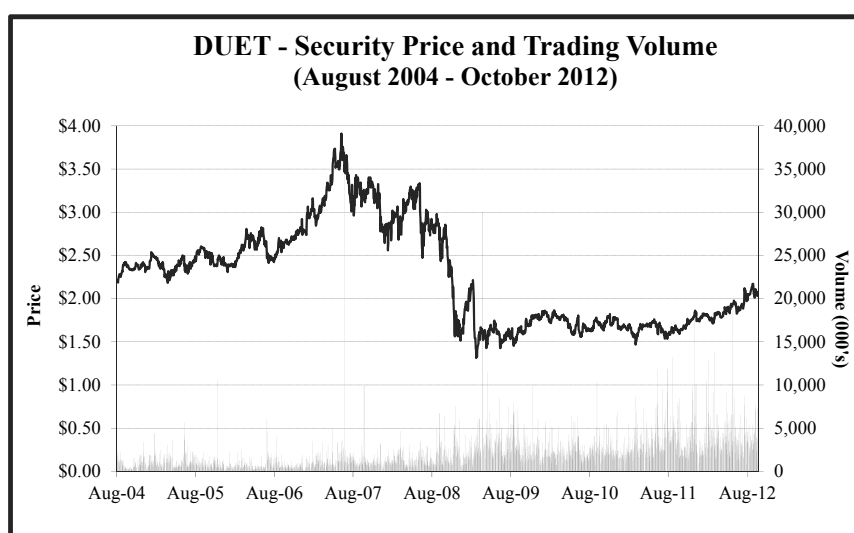
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DUET operates a Distribution and Dividend Reinvestment Plan (“DRP”) which enables investors to reinvest some or all of their distributions in new stapled securities at a discount of up to 10% to the volume weighted average price of stapled securities over a period of 10 trading days. The discount has historically been set at 2.5%. The participation rate was capped at 15% in relation to the distribution for the six months to 30 June 2012.

3.8 Security Price Performance

DUET’s security price performance since listing in 2004 is shown below:



Source: IRESS

The DUET security price increased modestly from its issue price of \$2.29 in the two years after listing. From mid 2006, the security price strengthened significantly to reach \$4.02 in intraday trade on 20 June 2007, reflecting an expectation of strong distribution growth as a result of organic growth opportunities (i.e. Dampier Bunbury Pipeline Stage 5 expansion and the United Energy smart meter rollout), the Duquesne acquisition (and a favourable regulatory outcome) as well as increased corporate activity in the utilities infrastructure sector.

From the peak in July 2007 to September 2008 DUET’s security price traded largely in line with the stockmarket, declining steeply from September 2008 as the implications of the global financial crisis for world economic activity and capital markets emerged. The security price fell sharply to around \$1.56 in late November 2008 amid concern over the potential cost of refinancing of existing debt facilities, the ability to finance expansion opportunities, high gearing relative to peers, a downward revision by S&P of its rating for Multinet and speculation that DUET would need to raise equity.

The security price recovered to \$2.17 following DUET’s November 2008 confirmation that it did not intend to raise equity in 2009 to fund growth opportunities but subsequently fell sharply to \$1.31 following S&P’s downgrade of Dampier Bunbury Pipeline’s credit rating, lower distribution coverage for the six months ended 31 December 2008 and continued concern over the potential cost of refinancing existing debt. Following the refinancing of the Multinet debt facility in March 2009, it settled at around \$1.50 and remained relatively stable despite a \$265 million equity raising at \$1.30 (a 21.1% discount to the closing price on 30 March 2009) and a 20% lower distribution for 2010.

ANNEXURE A: INDEPENDENT EXPERT'S REPORT CONTINUED

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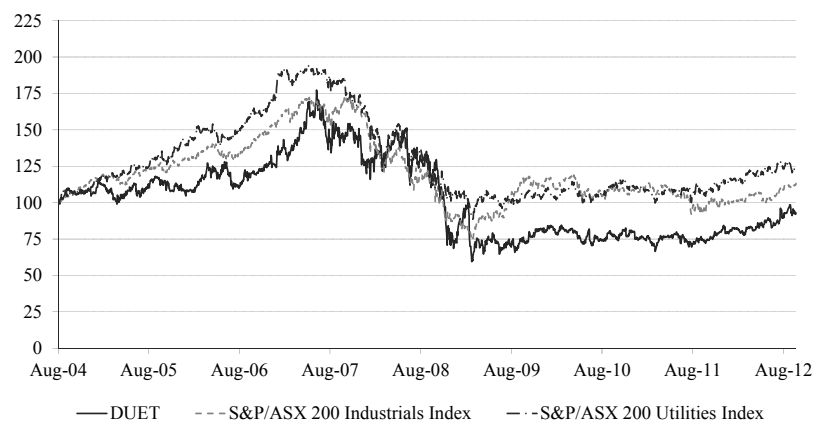


The security price has responded positively to strategic and financial initiatives undertaken over the last 18 months, increasing steadily from \$1.52 in August 2011 to close at \$1.95 on 30 July 2012 (the day immediately prior to the announcement of the Proposal). Since the announcement, DUET's securities have traded in the range \$1.97-2.20 (at a volume weighted average price of \$2.05) and closed at \$2.05 on 2 October 2012.

DUET is a reasonably liquid stock despite its low risk, yield focused business encouraging long term investors rather than traders. Average weekly volume over the twelve months prior to the announcement of the Proposal represented approximately 1.8% of average securities on issue or annual turnover of around 95.8% of total average issued capital.

DUET is a member of various indices including the S&P/ASX 200 Industrials Index and the S&P/ASX 200 Utilities Index. Its weighting in these indices is around 0.3% and 10.0% respectively. DUET's security price underperformed both indices from listing until early 2007 but recovered to outperform during 2007 as equity markets deteriorated sharply. From early 2008 until early 2009, it underperformed due to the issues outlined above. From August 2009, DUET's security price tracked both indices until July 2011 when it began to outperform the S&P/ASX 200 Industrials Index as its own performance improved and as investors sought greater exposure to defensive investments as the European debt crisis unfolded.

**DUET vs S&P/ASX 200 Industrials Index vs S&P/ASX 200 Utilities Index
(August 2004 - October 2012)**



Source: IRESS

Note: These are price indices and exclude the impact of distributions.

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4 Evaluation of the Proposal

4.1 Summary

In Grant Samuel's opinion the Proposal is fair and reasonable to, and in the best interests of, non associated securityholders.

The external management model is out of favour with investors because of perceived conflicts of interest and other factors such as performance fees. There are clear benefits to securityholders from internalising management. In pursuing internalisation, there are essentially two options:

- unilateral termination of the incumbent manager, with or without compensation; or
- negotiation of an agreed settlement under which the manager receives compensation for the forgone income and assists in achieving a smooth transition.

Unilateral termination may be possible in the case of DUET because of the relatively limited contractual entrenchment of the Managers (see Section 3.3). However, it is unlikely to occur for a variety of reasons including the absence of a party that wishes to drive this outcome. The independent directors do not believe unilateral termination would be in the best interests of securityholders because of the risks inherent in this course of action. Accordingly, the best available option for DUET securityholders is to negotiate an agreed settlement with AMP and Macquarie so that securityholders can realise the benefits of internalisation without disruption.

Evaluation of the consideration to be paid to AMP and Macquarie is not straightforward in so far as there is no "market value" for management contracts. Nevertheless, Grant Samuel believes that the consideration to be paid to AMP and Macquarie is "fair":

- the cost is substantially below the net present value ("NPV") of the net saving in operating costs (management fees saved less incremental costs incurred) that will arise over the life of the existing Management Contracts. Allowing only for savings in base management fees and assuming DUET's market capitalisation grows at a rate of approximately 2.5% per annum, the NPV of the net savings is approximately \$158-176 million or \$57-81 million greater than the cost of the Proposal (see Section 4.3.2).

If potential performance fees and/or future capital raisings are allowed for, the NPV of the net savings would be materially higher. While Grant Samuel does not believe performance fees should be included in the core analysis they are a significant factor particularly now that DUET has recouped the performance deficit (a performance fee of \$16.2 million was paid for the six months to 30 June 2012).

Looked at another way, the payback period, allowing only for base management fees, is six to seven years (i.e. assuming the Management Contract ceased in six to seven years, the NPV of savings equals the consideration paid to AMP and Macquarie). Allowing for performance fees or capital raisings, the payback period is materially shorter; and

- the total effective cost of the Proposal (based on current market prices) represents a multiple of 6.9-7.3 times the pro forma net annual cost savings (excluding performance fees). This is at the low end of the range compared to Australian internalisations over the past five years (see Section 4.3.3). Multiples at the low end are appropriate given the limited contractual entrenchment of the Managers.

As the consideration is fair, the Proposal is also reasonable and, accordingly, in the best interests of non associated securityholders.

In any event, Grant Samuel believes that the benefits and advantages of the Proposal outweigh the costs, disadvantages and risks. Key benefits include:

- removal of any valuation discount applied by the market because of the external management structure;
- an uplift in pro forma earnings and cash flow per security. As a result, distributions after the current financial year have the potential to be higher than they would otherwise have been;

ANNEXURE A: INDEPENDENT EXPERT'S REPORT CONTINUED

G R A N T S A M U E L

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- enhanced corporate operating cash flows;
- direct accountability of directors and executive management and better alignment of management's interests;
- increased potential for a change of control event; and
- more predictable returns through elimination of lumpy performance fees.

The costs (other than the consideration), disadvantages and risks are not trivial but are not substantive and are outweighed by the benefits. They include:

- a decrease in net assets per security;
- that incremental costs may be higher than expected;
- loss of access to the expertise and resources of AMP and Macquarie; and
- failure to obtain lender consent in relation to the corporate debt facility.

Overall, Grant Samuel believes that if the Proposal is implemented, securityholders will be better off than under the status quo. The net financial benefits coupled with the other advantages of internalisation should result in a market rerating of DUET securities. This is evidenced by the uplift in the DUET security price since the announcement of the Proposal.

4.2 Rationale and Approach

The external management model for listed entities was established in Australia in the late 1970's in the property sector with the creation of General Property Trust by Lend Lease Corporation Limited. It was also adopted for infrastructure investment vehicles as that sector developed through the 1990's and early 2000's. The model was promoted on the basis that the managed entities were effectively passive owners of assets with underlying annuity type income. The external manager brought expertise from its broader business operations as well as financing capability and access to future investment opportunities (deal flow) that would not otherwise be available to a standalone entity.

However, more recently, particularly since the global economic downturn commenced in mid 2007, the external management model has fallen out of favour with equity investors because of the perceived conflicts of interest, management issues and concerns about performance fees and underlying performance. Accordingly, over the last five years there has been a considerable move away from external management in favour of independently self managed entities and consequently there has been a considerable number of "internalisations" in both the property and infrastructure sectors. Indeed, DUET is now one of a small number of externally managed infrastructure investment vehicles remaining on the ASX.

There are a number of benefits that can arise from internalisation including:

- direct accountability of directors and executive management to investors and investor control over the appointment of directors;
- better alignment of management interests with those of investors and elimination of conflicts of interest;
- elimination of performance fees and increased predictability of earnings;
- removal of the discount that is applied by some analysts and investors to externally managed entities;
- expansion of the pool of potential investors (as some institutional investors are prohibited from investing in externally managed vehicles); and
- increased potential for a change of control event.

In pursuing internalisation, there are essentially two options:

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- unilateral termination of the incumbent manager (with or without payment). Under the Corporations Act, the responsible entity of a trust or other investment entity is able to be removed by way of an ordinary resolution of members of the entity; or
- negotiation of an agreed settlement under which the entity pays the manager compensation for the forgone income and the manager assists in achieving a smooth transition, particularly in relation to executive management and information transfers.

In some cases, unilateral termination is not practical or sensible because of the “entrenchment” of the manager. For example, there might be long term non-cancellable underlying asset management contracts (in relation to day to day management of individual assets or businesses) or substantial costs incurred because terms of key debt facilities are breached if the manager is dismissed. However, unilateral termination may be possible in the case of DUET, in light of the relatively limited level of formal entrenchment of the Managers. Nevertheless, the likelihood of unilateral termination of the Managers being achieved is minimal:

- typically unilateral termination requires a catalyst such as poor performance or poorly regarded management. Neither of these are present in DUET. The senior management team appears to be well regarded by the market and has been responsible for the successful restructuring of the business over the past 18 months. DUET’s security price has improved since that time and, in particular, has increased strongly since mid 2011 (from \$1.52 to almost \$2.00 just prior to announcement of the Proposal) in a generally weak equities market. As a consequence, the accumulated performance fee deficit has been eliminated;
- the independent directors have determined that they will not initiate unilateral termination because they do not believe it is in the best interests of securityholders. Unilateral termination is a complex and uncertain process fraught with issues. For a start, unilateral termination (certainly without compensation) is likely to be strongly resisted by AMP and Macquarie, particularly having regard to their extensive funds management businesses. Accordingly, it would almost certainly be attempted in a hostile environment with an active campaign by AMP and Macquarie to prevent it happening. AMP and Macquarie would also be able to vote their interests against a resolution for unilateral termination (and assuming less than a 100% turnout, their voting power would increase). In these circumstances, the risks for DUET securityholders include:
 - loss of the existing management team. The management team of 10, including the CEO and CFO, are employees of AMP and Macquarie and the independent directors have been advised that some of them are subject to various non compete provisions which means that for practical purposes they would not be available to become employees of DUET or to continue in any management role. Accordingly, to undertake a unilateral termination, the directors would need to:
 - establish new responsible entities to replace the Managers. Responsible entities require licencing by ASIC and need to be able to demonstrate the financial resources, organisational capacity, expertise and experience to undertake the task. Such licensing is not usually a rapid or simple process; and
 - recruit a new management team including CEO and CFO with the appropriate skills and track record that will be equally well regarded by the market; or
 - appoint, even if only as a temporary measure, an external organisation with the appropriate credentials and capacity to act as the responsible entity. There are relatively few obvious candidates for such a role particularly as it would be apparent that the role was likely to be temporary (given the ultimate objective of internalisation).

In some situations this may not be seen as a substantive concern (e.g. if the entity holds minority interests in various assets and is really a pass through vehicle). In the case of DUET, the risks are heightened because it has a controlling interest in each of its three assets and is in the process of “internalising” the operations of these businesses (i.e. converting from a largely outsourced model). The DUET group currently has more than 360 employees and this is expected to increase to over 500 by 2014;

ANNEXURE A: INDEPENDENT EXPERT'S REPORT CONTINUED

G R A N T S A M U E L

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- likely loss of access to intellectual property. The Corporations Act requires that the incumbent manager pass over only the books relating to the entity and provide “reasonable assistance” to any new manager. Essentially these books comprise accounting records and legal documents (compliance plans, minutes, contracts, constitutional documents etc.). In a hostile situation, DUET could lose access to other intellectual property that would be important to effective management of the business including policies and procedure manuals, templates, financial models and other analytical information;
- the loss of senior management and access to other personnel within AMP and Macquarie would result in the loss of corporate memory and access to expertise relating to the legal and tax structuring of DUET, the importance of which is accentuated by the potential simplification plan;
- termination of the Managers would trigger a review event under the \$200 million corporate standby facility which could allow a cancellation or renegotiation of the terms of the facility. Although not currently drawn, this facility is an important source of liquidity for DUET and cancellation could impact (even if only temporarily) on the credit ratings of the asset companies because of the impact on the ability of DUET to provide financial support;
- a hostile process may create apprehension in debt markets, which (depending on how long it took to determine an outcome) may mean DUET has difficulty in meeting upcoming refinancing requirements. DUET has approximately \$1.7 billion of debt to refinance over the next 18 months with the process expected to commence in the near future. DUET’s asset companies are relatively highly geared. Dampier Bunbury Pipeline and Multinet currently have an S&P rating of BBB- and a Moody’s rating of Baa3 while United Energy has an S&P rating of BBB and a Moody’s rating of Baa2. Any ratings downgrade could have a material impact on the cost of debt facilities and possibly even on the ability to secure funding given the continued volatile state of global debt markets. In any event, the ratings agencies (and lenders) are likely to take a cautious approach and require considerable reassurance in relation to new management teams, operational control and parent financing capability; and
- adverse reaction by DUET’s predominantly low risk, yield focused securityholder base, particularly by offshore investors. The risks of potential disruption to the business could lead some investors to exit the stock, at least until the “dust settles”, any new team is in place and the path forward is clear. This may have a negative impact on DUET’s security price.

In the view of the independent directors, these risks outweigh any benefits in terms of savings in compensation. The compensation for AMP and Macquarie under the Proposal represents less than 4% of DUET’s securities on issue, or approximately 8 cents per security. The independent directors believe there is a real risk that the cumulative negative impact of the factors outlined above could exceed 8 cents per security particularly if the process dragged on. In addition, they do not have access to the financial or other resources to undertake the necessary campaign (promotion of the case, lobbying of investors etc.) or arrange an alternative management team.

AMP and Macquarie have a material investment in DUET (collectively an 11.37% interest) and it is reasonable to assume that they are unlikely to do anything that would permanently damage the value of that investment. Accordingly, it could be argued that if unilateral termination was ultimately approved by securityholders, it would be in AMP and Macquarie’s own interests to assist with management transition, information transfers and any financing issues. However:

- it is a higher risk strategy for securityholders;
- during the period prior to any vote there would be a prospect of a “hostile” unilateral termination (with the attendant consequences noted above). Macquarie and AMP would also be campaigning against the change. These factors are likely to have a negative impact on the DUET security price, adversely affecting securityholders wanting to sell during this period; and

G R A N T S A M U E L



- Macquarie has a lower exposure than AMP (4.23% including managed funds but only 1.28% directly); and
- if the independent directors do not initiate termination, there are no obvious alternative candidates (such as disgruntled securityholders) to promote and take carriage of the process including the funding of the campaign and the arrangement of a credible alternative management team capable of stepping in immediately. Such a termination would undoubtedly be strongly resisted by AMP and Macquarie.

Accordingly, it is Grant Samuel's opinion that the best available option for DUET investors is to negotiate an agreed settlement with AMP and Macquarie so that securityholders can realise the benefits of internalisation without disruption, albeit at some cost, and, as a whole, be better off than the status quo. It is notable that this is the approach that has been adopted in the vast majority of internalisations implemented in Australia. As a general rule, the only situations where internalisation has been achieved by a unilateral termination of an incumbent manager has been in situations of financial distress. This suggests that a negotiated settlement is widely regarded as the most sensible, practical means of achieving internalisation in the case of well performing managers (assuming the cost is less than the direct financial benefits) and that investors are likely to be better off without the disruption and risks of a protracted and hostile situation.

The question then turns to what is a "fair" consideration to pay AMP and Macquarie. This issue is not straightforward as there is no "market value" for management contracts. Put simply, the less paid as compensation, the better for investors. In this context, it would be expected that the degree of contractual and practical entrenchment of the incumbent manager would be the key leverage point that would drive the price (i.e. where the degree of entrenchment is high it would be expected that a higher proportion of the financial benefit would need to be paid out to the manager and vice versa).

In Grant Samuel's view, the most appropriate basis on which to assess the fairness of the consideration to be paid to AMP and Macquarie is to:

- compare the consideration paid (together with any other costs) with the NPV of the net savings that will be achieved from internalisation assuming the existing Management Contracts remain on foot indefinitely on their present terms; and
- benchmark the consideration to other comparable precedent transactions (e.g. in terms of the consideration as a multiple of the net savings) taking into account the specific features of either the management contracts or other factors that contribute to the entrenchment of the managers.

This analysis is set out in Sections 4.3.

Section 4.4 addresses:

- the advantages and benefits of internalisation; and
- the costs, disadvantages and risks of internalisation.

These factors form the basis of the analysis as to reasonableness.

4.3 Fairness

4.3.1 Cost of the Proposal

Under the agreements, DUET will pay AMP and Macquarie \$82 million plus the Cash Payment (excluding any GST as relevant). As part of the Proposal, AMP and Macquarie have agreed to reinvest \$82 million in 41,578,144 DUET securities at a price of \$1.972 per security.

The issue price of \$1.972 per security was calculated by reference to the volume weighted average security price ("VWAP") over the 10 day period from 23 July to 3 August 2012.

ANNEXURE A: INDEPENDENT EXPERT'S REPORT CONTINUED

GRANT SAMUEL

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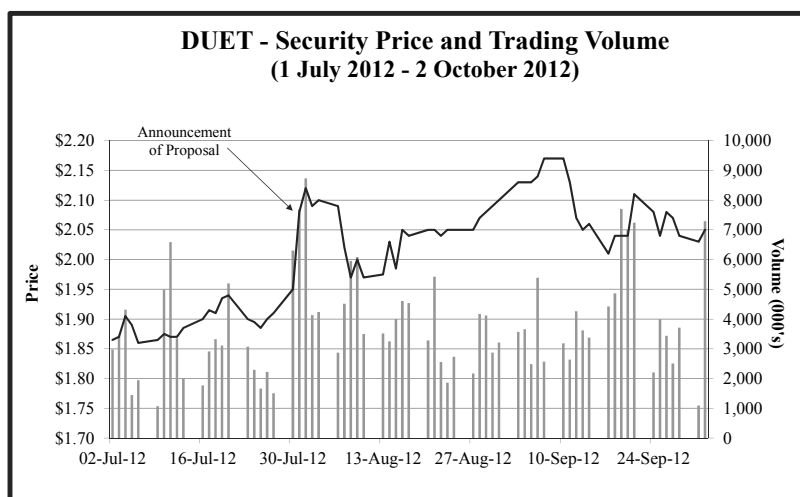
The Cash Payment is broadly the same as the base fee for the period from 1 October 2012 to implementation. This amount has not been included in the consideration for the purposes of the analysis as it would be the same if the base fee payment was made in the normal course.

The economic effect of these arrangements is that the consideration for termination of the Management Contracts comprises 41.6 million DUET securities.

The analysis of fairness requires an assessment of the value of the consideration provided. In Grant Samuel's opinion, the market price of DUET securities is the appropriate basis on which to assess the consideration for the following reasons:

- as a result of the Proposal, the relevant interests of AMP and Macquarie will increase from 11.37% to 14.55%. As the post transaction interests of AMP and Macquarie are less than 20%, the Proposal does not represent a "control transaction". Accordingly, the relevant basis on which to value the securities to be issued is the market value of the securities (rather than the full underlying value);
- DUET is a reasonably liquid stock and is followed by a range of market analysts;
- market prices are not materially different to broker analyst target prices;
- there are several listed entities comparable to DUET and DUET's key valuation parameters are reasonably in line with these entities (adjusted for specific differences); and
- the business generates relatively stable cash flows and distributions and the market price has not been volatile over the last two years.

The issue price of \$1.972 (being based on the VWAP) reflected market prices at the time of announcement. However, subsequent to the announcement of the Proposal, the security price increased to around \$2.10. After a brief decline, it rose steadily to \$2.20, then fell back towards the \$2.00-2.10 range and closed at \$2.05 on 2 October 2012:



Source: IRESS

On the basis of current market prices (\$2.00-2.15), the share consideration has a value of \$83.2-89.4 million (compared to \$82 million at the subscription price) and this is the appropriate basis on which to assess the Proposal. However, it should be noted that the securities are in lock up until 30 June 2013 and the market value of the shares will continue

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to fluctuate over this period. The consideration ultimately realised by AMP and Macquarie will reflect the price at that time.

In addition, DUET is to pay an Availability Fee of approximately \$8.6 million (\$1.25 million per month until 30 June 2013) and an estimated additional \$0.9 million for transition support services. In effect, this fee provides AMP and Macquarie with the same aggregate income they would have received had the Management Contracts remained on foot until 30 June 2013. DUET will receive a number of services related to the transition in return for this fee including IT, premises, institutional support, legal, risk, compliance and company secretarial, tax and accounting support. It is not possible or practical to assess the value of the services provided relative to the fee paid but, in any event, whether DUET receives full value or no value, it represents a cost to DUET of implementing the Proposal and therefore needs to be added to the consideration to determine the effective cost against which to measure the benefits received.

DUET will incur non recoverable GST of \$2.5 million on the portion of securities issued to AMP and Macquarie that relates to services provided (\$55 million) and \$0.2 million on the Availability Fee.

DUET has also agreed to pay a total of \$5 million to AMP and Macquarie for advisory services in relation to the potential simplification of DUET's group structure. This fee has not been included in the cost of the Proposal as it relates to a separate transaction to be undertaken subsequent to the Proposal (refer Section 4.4.4).

The total effective cost of the Proposal is summarised below:

DUET – Effective Cost of the Proposal (\$ millions)			
	Based on Subscription Price	Based on Current Market Prices (\$2.00-2.15)	
		Low	High
Value of securities to be issued to AMP and Macquarie	82.0	83.2	89.4
Availability Fee	9.5	9.5	9.5
Non recoverable GST	2.7	2.7	2.7
Total Effective Cost¹⁸	94.2	95.4	101.6

4.3.2 Comparison of Consideration to Net Present Value of Net Savings

(i) Approach

The primary approach utilised to assess the fairness of the Proposal is to undertake a discounted cash flow ("DCF") analysis that compares:

- the cost of the Proposal including the consideration to be paid to AMP and Macquarie; and
- the NPV of the savings in future management fees less the incremental operating costs, and one off transactions costs, incurred by DUET as a result of the Proposal.

For the purposes of the analysis:

¹⁸ Grant Samuel has adjusted the total consideration of \$95.6 million payable to AMP and Macquarie to value the 41.6 million DUET securities to be issued to AMP and Macquarie in line with recent trading prices since the announcement of the Proposal (\$2.00-2.15) to reflect the approximate market value of the security consideration, to include non recoverable GST (\$2.7 million) because it is directly associated with the consideration and to exclude the Cash Payment as this amount would be payable as the base management fee (up to the implementation date) under the constitutions of DUET1, DUET2 and DUET3 in the absence of the Proposal. These adjustments reflect Grant Samuel's opinion of the total effective cost to securityholders.

ANNEXURE A: INDEPENDENT EXPERT'S REPORT CONTINUED

GRANT SAMUEL

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- the future cash flows commence on, and are discounted back to, 1 July 2012. Cash flows are stated in nominal terms;
- the future cash flows related to the net savings are stated before taxes. As approximately 90% of the management fees (and operating costs) are paid by entities which are "pass through" entities (DUET1, DUET2 and DUET3) for tax purposes, no tax will be payable on the increased earnings of these entities. The operating entities under these trusts are corporations rather than trusts and are liable to pay corporate tax which theoretically could reduce the net value of the savings. However:
 - the operating entities each have substantial accumulated tax losses and the DUET group does not expect to pay tax over the medium term; and
 - even when these entities eventually become tax paying a proportion of the income will pass up to the top trusts on a pre tax basis and the reduction in the management costs of the trusts (\$13.9 million per annum including non recoverable GST savings) will not impact on the level of pre tax income that flows up; and
- the discount rate applied for the cash flows represents a weighted average cost of capital ("WACC") for DUET but takes into account the absence of a tax shield on the debt component of the funding mix.

The Base Case analysis assumes:

- the Management Contracts remain in place indefinitely on their current terms;
- only base management fees are saved (from the implementation date). In Grant Samuel's opinion, the core analysis should exclude potential future performance fees which are impossible to predict with any degree of reliability. However, they have been considered as part of the broader analysis; and
- there are no capital raisings other than through distribution reinvestment capped at 15% participation over the medium term.

(ii) Discount Rate

For the purposes of the analysis, Grant Samuel has utilised discount rates of 9-10%. The determination of appropriate discount rates for the analysis is difficult:

- the cost of equity capital is not a precise or provable number nor can it be estimated with any degree of reliability. The cost of equity capital is not directly observable and models such as the Capital Asset Pricing Model ("CAPM") do no more than infer it from other data using one particular theory about the way in which security prices behave. Any estimate therefore depends on the efficacy of the theory and the robustness of the data but the available tools such as CAPM involve:
 - models which have limited empirical validity (and competing formulation);
 - simplifying assumptions;
 - the use of historical data as proxy for estimates of forward looking parameters;
 - data of dubious statistical reliability; and
 - unresolved issues.

It is easy to over-engineer the process and to credit the output of models with a precision it does not warrant. The reality is that any cost of capital estimate or model output should be treated as a broad guide rather than an absolute truth. The cost of capital is fundamentally a matter of judgement, not merely a calculation;

- strict application of the CAPM at the present time give results that are unrealistically low (primarily because of very low government bond rates) and are inconsistent with other measures.

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Use of the CAPM¹⁹ based on current parameters would result in a cost of equity in the range 7.5-8.1% calculated as follows:

- a risk free rate of 3.0% based on the 10 year Commonwealth Government bond rate as at 2 October 2012;
- a market risk premium of 6%, which is similar to that used by a wide variety of analysts and practitioners (typically in the range 5-7%); and
- a beta factor in the range 0.75-0.85, based on betas for a range of Australian and New Zealand energy infrastructure entities and taking into account the ERA's October 2011 gas access arrangement decision for the Dampier Bunbury Pipeline (0.8) and the beta (0.8) adopted by the AER in its determination of the WACC for reset determinations for electricity distribution assets from May 2009 (e.g. in the recent determination for United Energy).

The resultant WACC²⁰ calculation (even allowing for no tax shelter on debt) is 6.8-7.2% assuming:

- a cost of debt of 6.2%, based on the risk free rate of 3.0%, DUET's premium to swap (approximately 2.5%) and swap spread (0.7%); and
- a debt/equity mix of 45-55% debt and 45-55% equity, having regard to peer entities.

In Grant Samuel's opinion, these calculations understate the true cost of capital. In this context:

- anecdotal information suggests that equity investors have substantially repriced risk since the global financial crisis and that acquirers are pricing offers on the basis of hurdle rates well above those implied by theoretical models. This can be evidenced through the decline in listed entity earnings multiples (relative to the peak in 2007) although it has yet to be translated into the measures of market risk premium (at least those based on longer term historical data). In this regard, an increase in the market risk premium of 1% (i.e. from 6% to 7%) would increase the calculated WACC range to 7.1-7.7%.

Another way of looking at this is to note that while long term interest rates have fallen by approximately 150-200 basis points over the past 12 months there has been no corresponding lift in earnings multiples, suggesting investors have offset this reduction with an increase in their risk premium and/or a reduction in long term earnings growth rates; and

- global interest rates, including long term bond rates, are at very low levels by comparison with historical norms reflecting the very substantial amounts of liquidity being pumped into many advanced economies to stimulate economic activity. Effective real interest rates are now extremely low, if not negative in some cases (e.g. the United States). Grant Samuel does not believe this position is sustainable. Conceptually, the interest rates used to calculate the discount rate should recognise this expectation (i.e. they should be forecast for each future period) but for practical ease market practice is that a single average rate based on the long term bond rate is generally adopted for valuation purposes. Some academics/valuation practitioners consider it to be inappropriate to add a "normal" market risk premium (e.g. 6%) to a temporarily depressed bond yield and therefore advocate that a "normalised" risk free rate should be used. On this basis, an increase in the risk free rate to (say) 5% would increase the calculated WACC range to 7.7-8.3%; and

¹⁹ The formula for deriving the cost of equity using CAPM is $Re = Rf + Beta (Rm - Rf)$, where Re = the cost of equity capital, Rf = the risk free rate and $Rm - Rf$ = the market risk premium.

²⁰ The formula used to calculate a WACC under a classical tax system is $WACC = (Re \times E/V) + (Rd \times (1-t) \times D/V)$, where E/V = the proportion of equity to total value (where $V = D + E$), D/V = the proportion of debt to total value, Re = the cost of equity capital, Rd = the cost of debt capital and t = the corporate tax rate.

ANNEXURE A: INDEPENDENT EXPERT'S REPORT CONTINUED

G R A N T S A M U E L

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- the general application of the CAPM to “pass through” structures (or non tax paying structures) such as DUET is always problematic compared to conventional corporates. While income of the entity is not taxed, the income distributed to investors is subject to tax in their hands in a different way to franked dividends and the mix (e.g. taxable or tax deferred) can vary substantially from entity to entity. This complexity is accentuated when these vehicles own underlying businesses operating through a corporate entity. In the real world, this can impact on the market price of securities. In addition, it is necessary to adjust the tax shelter on the cost of debt for the pass through structure (i.e. assume no tax benefit).

Given these circumstances, Grant Samuel believes that other approaches such as the Gordon Growth Model (“GGM”) provide more useful measures of the cost of equity for DUET. The GGM postulates that the cost of equity is equal to the current (strictly one year forecast) distribution or dividend yield plus the long term growth rate (it is essentially a restatement of the perpetuity formula). The advantages of this approach are that:

- it uses current actual market parameters;
- it effectively deals with the tax issues of pass through structures as yields reflect the actual tax status of distributions; and
- it is most useful where assets generate stable cash flows with steady long term growth rates (such as energy infrastructure assets).

Based on DUET’s current distribution yield of approximately 8% and its stated medium term distribution growth target of around 3%, the cost of equity is approximately 11% (closer to 12% using the pre announcement yield of approximately 8.6%). The resultant WACC, assuming DUET group’s current market based gearing of 60% and an interest cost of 6.2%, is 8.1% but this increases to around 9% if lower gearing in line with peers is assumed or if a higher cost of debt over the longer term is assumed (as the cash flows run into perpetuity it is not unrealistic to assume interest rates revert to long run norms over the period).

Analysis of research reports on Australian entities involved in energy infrastructure (i.e. Spark, APA Group, Envestra and HDUF) indicates that brokers are currently adopting costs of equity capital in the range 9.1-12.0% and WACC in the range 7.3-8.8% (but these reflect differing tax positions of the entities).

Having regard to the nature of the evaluation (and the pre tax cash flows that have been utilised), Grant Samuel believes that it is appropriate to err on the side of conservatism and adopt discount rates at the higher end to calculate the present value of the benefits of internalisation. On this basis, discount rates of 9-10% have been adopted.

(iii) Savings from Internalisation - Assumptions

Following implementation of the Proposal, DUET will no longer have to pay management fees to the Managers. On the other hand, it will be responsible for various costs currently incurred by the Managers, including the remuneration of senior executives of DUET. DUET will also incur one off transaction costs in relation to the Proposal.

Base Management Fees Avoided

The key assumptions adopted by Grant Samuel in estimating the forecast base management fees avoided include the following:

- the base management fee is calculated as 1% of net investment value (which is the sum of market capitalisation of DUET plus corporate borrowings and firm commitments less uninvested cash) plus non recoverable GST;
- market capitalisation is a function of the forecast DUET security price and number of securities on issue, where the number of securities on issue is adjusted for the

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operation of the DRP, which continues to operate over the medium term with a 15% participation rate and at a 2.5% discount. No other capital raisings are assumed;

- DUET's security price is determined as a function of DUET's pre announcement distribution yield of 8.6% and forecast distributions, which are based on DUET's guidance of 16.5 cents and 17.0 cents for 2013 and 2014, respectively, then on DUET's long term plan for 2015 to 2022, with 2.5% distribution growth thereafter.

The key assumptions underlying the DUET long term plan are:

Dampier Bunbury Pipeline

- shippers are recontracted rather than moving to a regulated tariff from January 2016; and
- a Stage 6 expansion is completed.

United Energy

- a substantial capital expenditure program is undertaken in 2013-2015;
- additional revenue is received from 2013-2015 in relation to the outcome of the recent regulatory appeal;
- internalisation of operational management is completed by December 2013; and
- regulatory outcomes are consistent with prior decisions.

Multinet

- achieves a regulatory outcome consistent with its submission (i.e. a return on equity using a long term average risk free rate, rather than a spot rate) effective from January 2013; and
- Multinet's key management functions are internalised on the expiry of the current operations and maintenance contract in June 2013; and
- corporate borrowings are assumed to be nil (consistent with 30 June 2012 balances).

The net effect of these assumptions is that the base management fee saved increases by an average of 2.3% per annum between 2013 and 2022 and by 2.5% thereafter.

Grant Samuel has also allowed for savings in non recoverable GST on the base management fees.

Incremental Operating Costs

The key assumptions adopted by Grant Samuel in estimating the forecast incremental costs include the following:

- cost items are:
 - salaries for 11 employees and incentive plans for senior management. DUET will operate a short term incentive plan for senior executives that includes rights that vest upon a predetermined service period and a long term incentive plan, which vests subject to DUET's total return over a three year period. Incentives for both plans are paid in cash. These costs take into consideration an external benchmarking report prepared by Mercer (Australia) Pty Limited ("Mercer") and are in line with the employment contracts that have been executed with the management team members transferring to DUET;
 - directors fees for the responsible entities. These costs take into consideration an external benchmarking report prepared by Mercer; and
 - incremental costs associated with operating as a standalone entity, including premises, IT, telecommunications, office costs, officers insurance, audit, tax, compliance and finance costs;

ANNEXURE A: INDEPENDENT EXPERT'S REPORT CONTINUED

GRANT SAMUEL

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- incremental costs in the year to 30 June 2013 are \$7.5 million (excluding non recoverable GST) of which \$3.8 million is the cash expense from 4 December 2012 allowing for the vesting periods for the short term and long term incentive plans;
- non recoverable GST on the incremental costs has been included;
- from 2013/14 it is assumed that 100% of short term and long term incentive targets are achieved; and
- salaries and directors fees increase by 4% per annum and other costs increase by 2.5% per annum.

One off Transaction Costs

One off transaction costs in the year to 30 June 2013 comprise:

- transaction costs (legal and financial advisers, printing, securityholder meetings etc.), assumed to be \$3.9 million;
- approximately \$1 million of capital costs associated with establishing office and IT systems; and
- non recoverable GST, assumed to be \$0.1 million.

(iv) NPV Outcomes and Sensitivity Analysis

The NPV of the net savings in future management fees (excluding any performance fees) and the net benefit of the Proposal is summarised below:

DUET – Net Benefit from Internalisation (\$ millions)			
	Report Reference	Discount Rate	
		10%	9%
Value of base management fees avoided		297.2	341.3
Value of incremental operating costs		(134.2)	(160.3)
Value of one off transaction costs		(4.8)	(4.8)
Total NPV of net savings		158.2	176.2
Effective cost of Proposal (based on current market prices)	4.3.1	(101.6)	(95.4)
Net benefit to DUET securityholders		56.6	80.8

The following table shows the NPV outcomes for a range of alternative assumptions:

DUET Internalisation – NPV Sensitivity Analysis (\$ millions)		
	Discount Rate	
	10%	9%
Total NPV of net savings:		
Base Case	158.2	176.2
Incremental Costs: +\$1 million in 2013, increasing by inflation/ labour cost growth	141.8	156.7
Market Value: growth rate -1% in each year relative to Base Case	124.4	132.3
Market Value: growth rate +1% in each year relative to Base Case	202.0	235.4
DRP continues until 2083	208.9	246.3
Net benefit to DUET securityholders:		
Base Case	56.6	80.8
Incremental Costs: +\$1 million in 2013, increasing by inflation/ labour cost growth	40.2	61.3
Market Value: growth rate -1% in each year relative to Base Case	22.8	36.9
Market Value: growth rate +1% in each year relative to Base Case	100.4	140.0
DRP continues until 2083	107.3	150.9

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These sensitivities do not, and do not purport to, represent the range of potential NPV outcomes for the net benefit to DUET securityholders under the Proposal. They are simply theoretical indicators of the sensitivity of the net present values. In this regard, the NPV outcomes show a relatively wide range across the different variables, highlighting the sensitivity to relatively small changes in assumptions. In particular, the sensitivity analysis indicates that:

- the NPV outcomes are very sensitive to changes in the assumptions that drive the growth in market capitalisation. In Grant Samuel's opinion, the base case assumption of 2.5% per annum growth is reasonable if not conservative; and
- capital raisings would result in a significant increase in the NPV of the savings from internalisation.

An alternative analysis is a "payback analysis" which involves the assessment of the number of years it would take for the Proposal to be value neutral to DUET (i.e. for the cumulative present value of the net savings to equate to the effective cost of the Proposal). Excluding any performance fee, the Proposal would be value neutral in approximately six to seven years (i.e. by June 2018 to June 2019). In other words, the value of the consideration is equivalent to the net savings if the Management Contracts were terminated in 2018 to 2019.

The core analysis above assumes that only base management fees are saved. However, DUET will also save any potential future performance fees if the Proposal is implemented. Potential future performance fees are impossible to predict with any degree of reliability. In addition, they are likely to only arise periodically rather than be paid consistently. Performance fees are a significant issue for DUET securityholders. The accumulated performance fee deficit has now been eliminated and a performance fee of \$16.2 million was paid in respect of the six months to 30 June 2012. There is a very real prospect of potentially material performance fees being paid in future, in particular if equity markets remain relatively weak. The performance fee is benchmarked to the S&P/ASX 200 Industrials Accumulation Index (rather than a sector index). In a weak market, low risk, high yield securities such as DUET can be expected to perform relatively better than the general market. Assuming DUET was to incur performance fees equal to the average performance fee since listing (approximately \$13.9 million per annum including non recoverable GST), the NPV of the net savings to DUET resulting from the internalisation would be substantially higher (approximately \$304-337 million using base case assumptions and a discount rate of 9-10%). Including these performance fees, the Proposal would be value neutral to DUET after approximately four years (i.e. by June 2016).

The base case analysis assumes there are no capital raisings other than through distribution reinvestment over the medium term. To the extent that DUET issues new securities (including in the event that the Managers elect to receive any future performance fees in the form of DUET securities) the net investment value and, therefore, base management fee savings, would be higher. While capital raisings are arguably unlikely at present in the absence of the Proposal (limited opportunities and the constraint of a yield above peer group entities) there is a prospect of some sort of raising at least up until 2083.

4.3.3 Comparison to Market Parameters

Since the onset of the global economic downturn in mid 2007, there have been a number of internalisations involving both infrastructure and property funds. However, transactions involving property funds are less relevant for DUET as the extent of management involvement and level of management fees is lower for property funds (e.g. less emphasis on performance fees).

The most relevant parameter in comparing internalisation transactions is multiples of net savings (i.e. base management fees avoided less incremental overhead costs). Parameters such as multiples of base management fees or consideration as a percentage of funds under

ANNEXURE A: INDEPENDENT EXPERT'S REPORT CONTINUED

GRANT SAMUEL



management do not take into account the relative cost structure of the management functions.

Set out below is a summary of internalisation transactions involving Australian entities since mid 2007 where the incumbent managers received consideration and for which there is sufficient information to calculate meaningful valuation parameters:

Precedent Internalisation Transactions				
Date	Entity	Consideration ²¹ (\$ millions)	Multiple of Base Management Fees ²² (times)	Multiple of Net Savings ²³ (times)
Jun 2012 (pending)	Australian Infrastructure Fund ²⁴	55.0	3.9	6.9 ²⁵
Apr 2011	Spark Infrastructure	49.0	5.6	13.6
Feb 2011	Qube Logistics Holdings	40.0	3.8	7.0
Oct 2009	Macquarie Media Group ²⁶	40.5	4.1	7.4
Oct 2009	Macquarie Infrastructure Group	50.0	2.9	5.4
Jul 2009	Macquarie Airports	345.0	7.9	10.7
Jun 2009	Macquarie Leisure Trust Group	15.9 ²⁷	5.3	15.9
May 2009	Orchard Industrial Property Fund	6.0	3.2	5.0
May 2009	Viridis Clean Energy Group	2.8	2.8	nmf ²⁸
Apr 2009	Babcock & Brown Japan Property Trust	20.0	1.7	na ²⁹
Mar 2009	Macquarie Communications Infrastructure Group ³⁰	96.5 ³¹	5.0	12.0
Dec 2008	Babcock & Brown Wind Partners	40.0	1.4	2.0
Nov 2008	Babcock & Brown Capital	5.0	0.3	na
May 2008	GEO Property Trust	2.5	0.7	nmf

Source: Grant Samuel analysis³²

A number of transactions reflect the internalisation of management for the purpose of separating from financially distressed managers (e.g. Babcock & Brown funds). In some cases, internalisations occurred as part of (or immediately prior to) recapitalisations or restructurings (e.g. Qube Logistics Holdings Limited ("Qube Logistics"), Orchard Industrial Property Fund, GEO Property Trust) or the manager was not paid a base management fee (only cost reimbursement) (e.g. Babcock & Brown Capital). Most of the transactions involved cash consideration except Qube Logistics (cash and scrip) and Viridis Clear Energy Group (scrip).

The analysis is complicated by the existence of additional benefits provided to the managers in addition to the cash or scrip consideration. Multiples for the Macquarie Infrastructure Group internalisation are understated as the headline consideration does not allow for the impact of the reset of the \$4.8 billion performance fee deficit for the demerged Macquarie Atlas Roads to nil. Theoretically, the present value of all future performance fees should be added to the consideration, however, the future performance fees were unknown. Since the transaction, performance fees of \$62.6 million have been paid by

²¹ Gross consideration for internalisation of management including payments for transition services.

²² Gross consideration divided by base management fees.

²³ Gross consideration divided by net savings (i.e. base management fees saved less incremental operating costs).

²⁴ Australian Infrastructure Fund is subject to corporate activity. It is uncertain if the proposed internalisation transaction will be implemented as announced.

²⁵ Incremental costs are expected to be less than half management fees avoided (\$14 million). Calculation assumes incremental costs of \$6 million.

²⁶ Calculated by reference to base management fee savings of \$10.4 million calculated after the proposed \$294 million entitlement offer as the entitlement offer was not conditional on the internalisation.

²⁷ Consideration is net of \$1.1 million management fees and reimbursable expenses waived by the manager.

²⁸ nmf = not meaningful

²⁹ na = not available

³⁰ The Canada Pension Plan Investment Board acquired 100% of Macquarie Communications Infrastructure Group and separately acquired the manager from Macquarie.

³¹ Includes NPV of advisory fees.

³² Grant Samuel analysis based on data obtained from IRESS, Capital IQ, company announcements and transaction documentation.

GRANT SAMUEL



Macquarie Atlas Roads. Including these performance fees in the consideration (but excluding potential future performance fees), the transaction implies multiples of 6.5 times base management fees and 12.2 times cost savings.

Multiples for internalisation transactions which do not involve distressed situations fall in a wide range of 7-16 times cost savings. The high end of the range is represented by transactions characterised by a high degree of entrenchment:

- the management contract is a long term contract that is only cancellable in unusual or unlikely circumstances (e.g. insolvency of the manager). This was the case, for example, in the internalisation of Spark;
- provisions embedded in loan agreements or ownership agreements that are triggered if the incumbent manager is no longer in place and result in a substantial cost or loss to the entity. Examples of such provisions include pre-emptive rights in favour of other parties in relation to partly owned assets and loans that are on favourable terms (particularly as to interest rate or quantum) that become immediately repayable. This was the case, for example, with Macquarie Airports ("MAP") and Macquarie Communications Infrastructure Group ("Macquarie Communications");
- the incumbent managers have a substantial interest in the fund, allowing them to potentially block a vote to remove them as responsible entity (e.g. MAP (22.6%)³³ and Macquarie Communications (21.6%)); and
- strong performance of the manager and the likelihood of paying a performance fee in future (e.g. MAP). Although Macquarie Leisure Trust Group had limited entrenchment issues and the incumbent manager only held a 5.8%³³ interest, it had nil carry forward performance deficit and, therefore, the multiple was high (15.9 times net savings).

The low end of the range is represented by the internalisation of Macquarie Media Group (which was suffering from weak financial performance) and Australian Infrastructure Fund (pending). Australian Infrastructure Fund is also in performance fee territory and its multiple is moderate (6.9 times net savings) despite there being limited entrenchment issues (including the incumbent manager only holding a 2.9%³³ interest).

The effective cost of the Proposal represents the following multiples of the pro forma annual net savings:

DUET Internalisation – Implied Multiples of Net Cost Savings				
	Variable (\$ millions)	Based on Subscripti on Price	Based on Current Market Prices (\$2.00-2.15)	
			Low	High
Share consideration only (\$ millions)		82.0	83.2	89.4
- Pro forma net savings excluding GST	13.4	6.1x	6.2x	6.7x
- Pro forma net savings including non recoverable GST	13.9	5.9x	6.0x	6.4x
Total effective cost (\$ millions)		94.2	95.4	101.6
- Pro forma net savings excluding GST	13.4	7.0x	7.1x	7.6x
- Pro forma net savings including non recoverable GST	13.9	6.8x	6.9x	7.3x

These multiples are at the low end of the (non distressed) market evidence. This needs to be considered in the context of:

- the relatively limited level of entrenchment for DUET:

³³ Includes interests held through funds.

ANNEXURE A: INDEPENDENT EXPERT'S REPORT CONTINUED

GRANT SAMUEL



- the Managers are not parties to long term management contracts relating to DUET's asset companies;
 - the debt trigger that could arise from termination of the Managers, while not trivial, should be capable of being resolved at modest cost; and
 - AMP and Macquarie control an interest in DUET that is less than in other situations (11.37% inclusive of managed funds); and
- the prospect of performance fees for DUET.

4.3.4 Conclusion

In Grant Samuel's opinion, the total effective cost payable to AMP and Macquarie is fair.

The consideration is substantially below the NPV of the net savings from internalisation (assuming the Management Contracts remain on foot on their present terms). There is a net benefit to DUET securityholders of \$57-81 million on the base case assumptions. In effect, DUET is only paying for the next seven years of the contract (or less if performance fees are allowed for).

The implied multiples of the net savings (including GST savings) of 6.9-7.3 (based on total effective cost at current market prices) and 6.8 (based on the subscription price) is at the low end compared to precedent transactions. While each transaction is directly driven by its own circumstances and there is no scientific way of scaling multiples for the differences, Grant Samuel believes the multiple for DUET fairly reflects the differences between its situation and those of the precedent transactions in relation to entrenchment, particularly having regard to the potential for performance fees.

4.4 Reasonableness

4.4.1 Conclusion

As the Proposal is fair it is also reasonable but, in any event, there are a number of other advantages and benefits arising from the Proposal. At the same time, there are certain costs, disadvantages and risks. These negative factors are not trivial but, in Grant Samuel's opinion, are substantially outweighed by the advantages and benefits of the Proposal.

4.4.2 Advantages and Benefits

The advantages and benefits for non associated securityholders if the Proposal is approved include:

(i) Potential for a rerating of DUET securities

The Proposal should lead to a market rerating of DUET's securities. Apart from the general benefits of internalisation:

- a number of broking analysts apply a direct discount (of up to 15%) to their valuations of DUET because of its external management structure. This discount should be eliminated if the Proposal is implemented;
- the financial analysis in Section 4.3 shows that the NPV of the net savings is substantially greater than the cost of the Proposal to DUET; and
- the Proposal is expected to provide an uplift in cash flow (per security) from 1 July 2013 onwards.

In this regard, DUET's security price has increased since the announcement of the Proposal.

The consequential reduction in DUET's distribution yield (and therefore its cost of capital) should enhance DUET's capacity to pursue value enhancing capital expenditure and/or acquisitions, although the yield is still at the high end compared to peer group entities.

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(ii) An increase in cash available for distribution relative to the status quo

The Proposal will result in significant cost savings for DUET but will also result in securities being issued to AMP and Macquarie that represent around 3.7% of DUET's securities on issue.

DUET has announced that the anticipated annual cost savings arising from the internalisation would be approximately \$13.4 million in the first year of independent operation (excluding GST and upfront transaction and other one-off costs). On a pro forma basis, this would improve DUET's cash flows by approximately \$6.5 million in the first year of independent operation:

DUET Internalisation – Pro Forma Accretion Analysis	
<i>Securities issued to AMP and Macquarie (millions of securities)</i>	41.6
2013 distribution payable on those securities (\$ millions)	(6.9)
Pro forma cost savings (\$ millions)	13.4
Pro forma accretion to cash flows (\$ millions)	6.5

This accretion to cash flows is equivalent to approximately 0.5 cents per security. Accordingly, the Proposal provides the potential for higher distributions than would have been possible under the status quo from 1 July 2013.

(iii) Enhanced cash flow

The Proposal does not have a material impact on the balance sheet gearing of the DUET group:

- there is no material impact on debt or cash levels; and
- there is no material change in NTA.

However, the DUET group's financial capacity is increased in so far as aggregate earnings and cash flow will increase as shown above.

(iv) Improved accountability

The Proposal should result in an improved corporate governance and accountability framework. At present, the management are employees of subsidiaries of AMP and Macquarie. This means that they are accountable to both DUET securityholders and AMP/Macquarie. Moreover, the directors, including two of the independent directors on each of the boards, are appointed by AMP and Macquarie. DUET securityholders have no input into the selection of directors or any rights in relation to their appointment. Following implementation of the Proposal:

- management and directors will be accountable directly and only to DUET securityholders;
- securityholders will have direct input into the appointment, election and removal of directors;
- the Chairman will be an independent director rather than a representative of AMP or Macquarie; and
- after the 2013 Annual General Meeting, AMP and Macquarie will have no entitlement to appoint directors to the DUET boards.

(v) Better alignment of management incentives

The Proposal is expected to result in clearer alignment of management and securityholder interests, as the incentive schemes for senior management will be established in a more transparent structure that is linked directly to the performance of DUET. Payments under the short term incentive scheme will be a specified portion of base remuneration subject to the achievement of certain targets, while the long term incentive scheme will be based on total securityholder return measures over a three year period.

ANNEXURE A: INDEPENDENT EXPERT'S REPORT CONTINUED

GRANT SAMUEL



(vi) Reduction in volatility of earnings and cash flows of DUET

By approving the Proposal, securityholders will be exchanging variable incentive and base management fees (based primarily upon DUET's market capitalisation) for a more certain payment reflecting salary costs and other operational costs. In particular, future performance fees are potentially significant but impossible to predict as to quantum or timing and therefore they introduce an element of volatility into the returns to securityholders. The increased certainty will be partially offset by the long term incentive scheme that will be granted to DUET's executive management based on total shareholder return, which may be volatile and hence result in increased variability of this component of DUET's expenses. However, the materiality of any such payments should be far less than potential performance fees.

(vii) Broader investor support

Anecdotal evidence indicates that institutional investors (particularly offshore investors) favour internalised management structures. Some investors, particularly some offshore investors, are prohibited from investing in externally managed funds or have policies not to do so. Accordingly, the Proposal may encourage a broader base of investors to invest in DUET increasing demand relative to supply.

(viii) Greater flexibility to pursue corporate transactions

The current externally managed structure may inhibit DUET's ability to pursue other value enhancing transactions such as scrip based acquisitions as some vendors may be unwilling to accept scrip in an externally managed vehicle. The potential rerating of DUET securities also enhances DUET's ability to pursue transactions. However, it should be recognised that such transactions are not presently a focus for DUET.

(ix) Increased potential for a change of control event

DUET's attractiveness to potential buyers may currently be hindered by its externally managed structure as well as its complex corporate structure. An internalised management structure (and potentially simplified corporate structure) should enhance DUET's attractiveness as a takeover target.

4.4.3 Costs, Disadvantages and Risks of the Proposal

The costs, disadvantages and risks for non associated securityholders if the Proposal is approved include:

(i) A decrease in net assets per security relative to the status quo

As a result of the issue of new securities to the Managers, the Proposal will initially result in a decrease in net assets per security:

DUET – 30 June 2012 Pro Forma Net Assets per Security (\$ millions)			
	Pre- Internalisation ³⁴	Proposal Adjustments	Post Internalisation
<i>Number of securities on issue</i>	1,116.6 ³⁵	41.6	1,158.2
Net assets	1,582.0	(17.4)	1,564.6
Outside equity interests	(191.8)	-	(191.8)
Net assets attributable to DUET securityholders	1,390.2	(17.4)	1,372.8
Net assets per DUET security	\$1.245	(\$0.060)	\$1.185

Source: Section 5.4.4 of the Explanatory Memorandum

³⁴ Based on net assets at 30 June 2012 adjusted for payment of the performance fee in July 2012, payment of the quarterly management fee and the June distribution in August 2012 and the impact of the DRP.

³⁵ As at 2 October 2012.

GRANT SAMUEL



However:

- the decrease in net assets per security is relatively minor (less than 5%); and
- it is unlikely to have any adverse impact on DUET's security price because that is largely driven by the distribution per security rather than the net assets.

(ii) Risks as to the ongoing costs of an internalised management model

The process by which the estimated incremental costs to DUET from the Proposal (approximately \$7.5 million per annum excluding non recoverable GST) were developed was rigorous. It involved examining existing costs incurred by DUET and the Managers, obtaining quotes for certain expenses and commissioning benchmarking reports from independent advisers on employee costs and incremental directors fees. The process involved several iterations and review by the independent directors. However, there is a risk that the incremental costs from internalisation may be higher than those estimated by DUET. At the same time, these costs would need to increase dramatically to reach the anticipated level of management fee savings.

(iii) Loss of access to AMP/Macquarie expertise and management resources

By implementing an internalised management model, DUET management will no longer be part of the AMP or Macquarie organisations and will not be able to directly access their support and resources.

Under the present structure, AMP and Macquarie have the obligation to provide the management team. If any member of the team leaves or needs to be replaced, given the size and resources of these organisations, they should be able to source replacement executives even at CEO or CFO level relatively quickly. In contrast, if the Proposal is implemented, DUET will be responsible for identifying and securing replacement executives and the board will be responsible for developing appropriate succession plans for senior executives.

DUET will also no longer have automatic access to AMP/Macquarie's investment opportunities. However, given DUET's stated position of pursuing organic growth (as well as its existing gearing, modest cash position and the market's current low appetite for risk and leverage) it is unlikely that DUET would be pursuing acquisition opportunities in the near term.

The existing advisory agreements between DUET and AMP and Macquarie will be terminated by 30 June 2013. However, there is nothing precluding DUET from using the services of AMP and/or Macquarie in future.

(iv) Dilution of non associated DUET securityholders

The issue of new securities to AMP and Macquarie under the Proposal will result in a dilution of the interests held by non associated securityholders in DUET from 88.6% to 85.5%.

DUET – Securityholding Analysis					
Securityholder	Pre Internalisation		Proposal Adjustments	Post Internalisation	
	Number of Securities	Interest		Number of Securities	Interest
AMP ³⁶	79,692,719	7.14%	20,789,072	100,481,791	8.68%
Macquarie ³⁶	47,256,526	4.23%	20,789,072	68,045,598	5.88%
	126,949,245	11.37%	41,578,144	168,527,389	14.55%
Non associated securityholders	989,689,361	88.63%	-	989,689,361	85.45%
DUET securities on issue	1,116,638,606	100.00%	41,578,144	1,158,216,750	100.00%
<i>Free float</i> ³⁷	<i>1,058,900,734</i>	<i>94.83%</i>	<i>-</i>	<i>1,058,900,734</i> ³⁸	<i>91.43%</i>

³⁶ Including both direct interest and the interests of managed funds.

ANNEXURE A: INDEPENDENT EXPERT'S REPORT CONTINUED

G R A N T S A M U E L

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However, that dilution is offset by the value generated from termination of the Management Contracts.

The short and long term incentive plans for senior management will be paid in cash and, therefore, there will be no further dilution.

(v) Transaction costs

Transaction costs related to the Proposal are estimated by DUET at approximately \$3.9 million. Of these costs, around \$3.5 million will have been incurred by the date of the securityholder meeting. The total additional costs that DUET will only incur if the Proposal is approved by securityholders are not material in the context of the overall benefits of the transaction.

The transaction costs have been included in the measurement of the net savings from internalisation (see Section 4.3). As a result of these one off costs, the actual impact on cash available for distributions up until 30 June 2013 is likely to be slightly negative (although the DUET boards have reaffirmed the 2013 distribution guidance of 16.5 cents per stapled security).

(vi) Potential overhang

The Proposal may increase the likelihood that AMP and/or Macquarie will wish to realise their investment in DUET (as they no longer have a management interest). To the extent there is a widely held expectation that these large blocks of stock may come on to the market, there may be a negative impact on the security price. However:

- the new securities will be subject to lock up until 30 June 2013;
- there is no evidence that the market will not be able to absorb the volume at least over a reasonable period. It is reasonable to assume AMP and Macquarie would seek to exit their holdings in an optimum manner; and
- AMP and the Macquarie managed funds are arguably natural long term holders. Immediately following implementation, the direct interests of AMP and Macquarie will be 5.5% and 3.0% respectively.

(vi) Failure to obtain lender consent

DUET has sought Westpac's consent to the Proposal, as facility agent of the DUET corporate debt facility. This consent is expected prior to the securityholder meetings but there is a risk that consent is not provided. In the event that this consent is not forthcoming, DUET proposes to cancel the facility.

4.4.4 Other Factors

Paragraph 62 of ASIC Regulatory Guide 111 lists a number of factors that an expert might consider in assessing the reasonableness of a related party transaction. These issues are addressed below to the extent that they are relevant to DUET and have not been addressed elsewhere in this report:

- the Proposal does not have any material opportunity costs in that it does not inhibit DUET from pursuing other transactions. In fact, it enhances its ability to do so (see Section 4.4.2 above). The approval of the security issue to AMP and Macquarie by

³⁷ Estimated by Grant Samuel. Free float is a term used to describe the securities that are freely tradeable on the stock exchange and excludes securities held in large blocks that are not expected to be sold in the foreseeable future. In the case of DUET it excludes the direct interests held by AMP and Macquarie.

³⁸ It is assumed that all direct interests of AMP and Macquarie will be initially excluded from free float while AMP and Macquarie are entitled to nominate directors to the DUET boards and while securities issued as consideration are held in escrow.

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securityholders will mean that it does not absorb any of DUET's capacity to make non pro rata share issues under ASX Listing Rule 7.4;

- it is difficult to evaluate the bargaining position of DUET relative to AMP and Macquarie but it is noted that:
 - DUET is not under any financial stress;
 - the independent directors retained financial and legal advisers to assist in negotiations; and
 - there is no imperative to internalise and the current arrangements could have been left on foot with no direct adverse consequences except for the ongoing negative impact of the structure on the security price;
- the Proposal should have minimal impact on the liquidity of DUET securities:
 - the number of securities held by non associated shareholders will not change and the quantum included in relevant indices will not change;
 - the free float percentage may reduce initially from 94.8% to 91.4% (see Section 4.4.3 (iv)) but:
 - the number of securities in the free float does not change;
 - once the additional securities are freed from the lock up and the AMP or Macquarie directors leave the board, all securities should be included in the free float; and
 - the Proposal may increase the prospects of AMP and/or Macquarie exiting their holdings;
- DUET has separately entered into an advisory mandate (conditional on DUET securityholders' approval of the Proposal) whereby AMP and Macquarie will assist in the potential simplification of DUET's group structure for a cash fee of \$5 million. Of this amount, \$4 million will be paid in cash within three months of securityholders approval of the Proposal and \$1 million on implementation of the simplified structure but the full fee becomes payable if DUET terminates the mandate or, without consent of AMP and Macquarie, declines to put a simplified structure to a securityholder vote, RE1 and RE2 are removed or if a simplified structure has not been implemented by 30 September 2013.

In relation to these fees:

- additional advisory fees would have been paid to AMP and Macquarie for such services even under the current Management Contracts; and
- it is not possible to determine whether the fee is consistent with market rates but:
 - the potential simplification is likely to be a very substantial task; and
 - AMP and Macquarie have considerable knowledge of the DUET structure and experience in such restructures. It would not be a trivial task to bring a third party adviser fully up to speed.

4.5 Taxation Consequences

The Proposal has some tax consequences but they are immaterial for securityholders:

- securityholders may receive dividends from RE1 and RE2 in future but they will be immaterial and the overall tax status of DUET's distributions will not alter in any material fashion; and
- the cost base of securityholders' investment in DIHL will be reduced by the capital reduction and reallocated to RE1 and RE2. There will be no change to the aggregate cost base for a securityholder.

Details of the tax consequences of the Proposal for securityholders are set out in the report by PricewaterhouseCoopers included as Annexure B to the Explanatory Memorandum. If in any doubt, securityholders should consult their own professional adviser.

ANNEXURE A: INDEPENDENT EXPERT'S REPORT CONTINUED

GRANT SAMUEL



5 Qualifications, Declarations and Consents

5.1 Qualifications

The Grant Samuel group of companies provide corporate advisory services (in relation to mergers and acquisitions, capital raisings, debt raisings, corporate restructurings and financial matters generally) and provides marketing and distribution services to fund managers. The primary activity of Grant Samuel & Associates Pty Limited is the preparation of corporate and business valuations and the provision of independent advice and expert's reports in connection with mergers and acquisitions, takeovers and capital reconstructions. Since inception in 1988, Grant Samuel and its related companies have prepared more than 475 public independent expert and appraisal reports.

The persons responsible for preparing this report on behalf of Grant Samuel are Stephen Wilson MCom (Hons) CA (NZ) SF Fin and Caleena Stilwell BBus FCA F Fin. Each has a significant number of years of experience in relevant corporate advisory matters. Celeste Oakley BEc LLB CFA F Fin assisted in the preparation of the report. Each of the above persons is a representative of Grant Samuel pursuant to its Australian Financial Services Licence under Part 7.6 of the Corporations Act.

5.2 Disclaimers

It is not intended that this report should be used or relied upon for any purpose other than as an expression of Grant Samuel's opinion as to whether the Proposal is fair and reasonable to, and in the best interests of, non associated securityholders. Grant Samuel expressly disclaims any liability to any DUET securityholder who relies or purports to rely on the report for any other purpose and to any other party who relies or purports to rely on the report for any purpose whatsoever.

This report has been prepared by Grant Samuel with care and diligence and the statements and opinions given by Grant Samuel in this report are given in good faith and in the belief on reasonable grounds that such statements and opinions are correct and not misleading. However, no responsibility is accepted by Grant Samuel or any of its officers or employees for errors or omissions however arising in the preparation of this report, provided that this shall not absolve Grant Samuel from liability arising from an opinion expressed recklessly or in bad faith.

Grant Samuel has had no involvement in the preparation of the Explanatory Memorandum issued by DUET and has not verified or approved any of the contents of the Explanatory Memorandum. Grant Samuel does not accept any responsibility for the contents of the Explanatory Memorandum (except for this report).

5.3 Independence

Grant Samuel and its related entities do not have at the date of this report, and have not had within the previous two years, any business or professional relationship with DUET, Macquarie or AMP or any financial or other interest that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposal.

Grant Samuel commenced analysis for the purposes of this report in June 2012 prior to the announcement of the Proposal. This work did not involve Grant Samuel participating in the setting the terms of, or any negotiations leading to, the Proposal.

Grant Samuel had no part in the formulation of the Proposal. Its only role has been the preparation of this report.

Grant Samuel will receive a fixed fee of \$300,000 for the preparation of this report. This fee is not contingent on the outcome of the Proposal. Grant Samuel's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Samuel will receive no other benefit for the preparation of this report.

Grant Samuel considers itself to be independent in terms of Regulatory Guide 112 issued by the ASIC on 30 March 2011.

GRANT SAMUEL



5.4 Declarations

DUET has agreed that it will indemnify Grant Samuel and its employees and officers in respect of any liability suffered or incurred as a result of or in connection with the preparation of the report. This indemnity will not apply in respect of the proportion of any liability found by a court to be primarily caused by any conduct involving gross negligence or wilful misconduct by Grant Samuel. DUET has also agreed to indemnify Grant Samuel and its employees and officers for time spent and reasonable legal costs and expenses incurred in relation to any inquiry or proceeding initiated by any person. Any claims by DUET are limited to an amount equal to the fees paid to Grant Samuel. Where Grant Samuel or its employees and officers are found to have been grossly negligent or engaged in wilful misconduct Grant Samuel shall bear the proportion of such costs caused by its action.

Advance drafts of this report were provided to DUET and its advisers. Certain changes were made to the drafting of the report as a result of the circulation of the draft report. In particular, following the provision of a full final draft report dated 5 September 2012, DUET provided revised information on operating costs, transaction costs and the Proposal. This information, together with a delay in the implementation date and movements in the DUET security price (which led to a revision of the range from \$2.05-2.15 to \$2.00-2.15), resulted in an increase in the high end of the net benefit range to DUET securityholders of approximately \$1 million. There was no alteration to the methodology, evaluation or conclusions as a result of issuing the drafts.

5.5 Consents

Grant Samuel consents to the issuing of this report in the form and context in which it is to be included in the Explanatory Memorandum to be sent to securityholders of DUET. Neither the whole nor any part of this report nor any reference thereto may be included in any other document without the prior written consent of Grant Samuel as to the form and context in which it appears.

5.6 Other

The accompanying letter dated 3 October 2012 forms part of this report.

Grant Samuel has prepared a Financial Services Guide as required by the Corporations Act. The Financial Services Guide is set out at the beginning of this report.

GRANT SAMUEL & ASSOCIATES PTY LIMITED
3 October 2012

Grant Samuel & Associates

ANNEXURE B: TAX REPORT



The Boards of Directors

DUET Investment Holdings Limited

AMPCI Macquarie Infrastructure Management No. 1 Limited as responsible entity of Diversified Utility and Energy Trust No. 1

AMPCI Macquarie Infrastructure Management No. 2 Limited as responsible entity of Diversified Utility and Energy Trust No. 2 and Diversified Utility and Energy Trust No. 3

Level 11
No 1 Martin Place
SYDNEY NSW 2000

26 September 2012

Dear Directors

Tax Considerations for Securityholders

This letter has been prepared for inclusion in the Explanatory Memorandum dated on or about 19 October 2012 in relation to the Proposal. Capitalised terms in this letter have the same meaning as they do in the Explanatory Memorandum.

This letter has been prepared for the Directors and should not be relied upon by any other party.

The purpose of this letter is to provide a broad summary of the Australian income tax, Goods & Services Tax ("GST") and stamp duty considerations of the Proposal for Australian resident individual Securityholders who hold their investment on capital account. In providing this opinion PricewaterhouseCoopers has relied upon certain facts set out in the Explanatory Memorandum that have not been independently reviewed or verified by PricewaterhouseCoopers.

The tax information provided below is intended as a brief guide only and does not purport to be a complete analysis of the potential tax consequences of the Proposal. This information applies to Australian resident individual Securityholders who hold their investment on capital account, and does not apply to Securityholders who are traders or are carrying on a business which includes deriving gains from the disposal of their Existing Stapled Securities. This information also does not apply to Securityholders who are not resident of Australia for tax purposes.

This guide is not intended to be, and should not be relied upon as, personal taxation or financial advice. Accordingly, Securityholders are recommended to seek professional tax advice in relation to their own position.

The information below is based on existing tax law and established interpretations as at the date of this letter. The tax law is complex and subject to change periodically as is its interpretation by the courts and the Australian Taxation Office (ATO) and state revenue authorities (SRA). We have not sought to have our opinion ruled upon by the ATO or any SRA and therefore there is a risk that the ATO or a SRA may not agree with our opinion or aspects of it.

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The information contained in this document does not constitute “financial product advice” within the meaning of the Corporations Act. The PricewaterhouseCoopers partnership which is providing this advice is not licensed to provide financial product advice under the Corporations Act. To the extent that this document contains any information about a “financial product” within the meaning of the Corporations Act, taxation is only one of the matters that must be considered when making a decision about the relevant financial product. This material has been prepared for general circulation and does not take into account the objectives, financial situation or needs of any recipient. Accordingly, any recipient should, before acting on this material, consider taking advice from a person who is licensed to provide financial product advice under the Corporations Act. Any recipient should, before acting on the contents of this letter, also consider the appropriateness of this material having regard to their objectives, financial situation and needs and consider obtaining independent financial advice.

1 Proposal

The Explanatory Memorandum provides a summary of the Proposal.

As relevant to Securityholders, steps involved in respect of the Proposal include:

- (i) **The Capital Reduction** - DIHL undertakes a capital reduction with respect to DIHL shares held by all Securityholders. The total Capital Reduction will be \$11 million, which equates to \$0.0095 per DIHL share. The capital reduction will take place after the issue of the Placement Securities to Macquarie and AMP Capital. Macquarie and AMP Capital will participate in the capital reduction on an equal basis with all Securityholders; and
- (ii) **The Subscription for RE1 Shares and RE2 Shares** - DIHL (as agent on behalf of each Securityholder) subscribes for RE1 Shares and RE2 Shares and applies the proceeds of the Capital Reduction to the issue of RE1 Shares and RE2 Shares to each Securityholder. RE1 Shares and RE2 Shares are issued to Securityholders.

The proceeds of the Capital Reduction payable to Macquarie and AMP Capital will be applied partly to subscribe for RE1 Shares and RE2 Shares and partly to acquire the remaining shares in RE1 and RE2 held by DIHL.

Shares in RE1 and RE2 will be quoted on the ASX and stapled to the Existing Stapled Securities to form New Stapled Securities.

Following (i) and (ii) above, all Securityholders, including AMP Capital and Macquarie, will hold the same number of shares in RE1 and RE2 as they do Existing Stapled Securities post the issue of the Placement Securities.

2 Taxation Implications of the Capital Reduction for Securityholders

The Capital Reduction of \$0.0095 per DIHL Share held by each Securityholder is not a distribution of income of DIHL and therefore is subject to the Capital Gains Tax (“CGT”) provisions. No amount of the Capital Reduction should be included in the assessable income of a Securityholder as a dividend or distribution of income.

The Capital Reduction of \$0.0095 per DIHL Share held will result in the cost base and reduced cost base of each DIHL Share being reduced by \$0.0095. Any Securityholder whose cost base in a DIHL Share is less than the Capital Reduction will make a capital gain to the extent that such cost base is less than this amount.

ANNEXURE B: TAX REPORT CONTINUED



Those Securityholders that make a capital gain may be eligible for the CGT discount.

3 Taxation Implications of the Subscription for shares in RE1 and RE2 for Securityholders

3.1 Cost base of RE1 Shares and RE2 Shares

Each Existing Stapled Security consists of a stapled security in the DUET Group, which comprises of a unit in DUET1, a unit in DUET2, a unit in DUET3 and a DIHL Share. As stated above, shares in RE1 and RE2 will be quoted on the ASX and stapled to the Existing Stapled Securities to form New Stapled Securities.

For tax purposes each of the DUET stapled entities are treated as separate entities and the holding of shares in RE1 and RE2 are treated as separate investments.

The cost base of each RE1 Share and RE2 Share should be equal to the proceeds of the Capital Reduction which are applied to the issue of each RE1 Share and RE2 Share.

3.2 Taxation of RE1 and RE2

RE1 and RE2 are companies for income tax purposes.

As companies for tax purposes, RE1 and RE2 are liable to income tax at the corporate rate (currently 30%) on its taxable income. RE1 and RE2 will generate franking credits for the amount of any tax paid and these credits may be used to frank distributions paid to Securityholders.

Distributions to Securityholders from RE1 and RE2 will be assessable as dividends paid to shareholders in a company, ie. distributions grossed up for any franking credits are included in the Securityholders' assessable income in the year in which the distributions are paid. The Securityholder is generally then allowed a tax offset equal to the franking credit.

Excess franking tax offsets (i.e. excess of franking tax offsets over tax payable) are refunded to individual Securityholders.

To the extent that distributions are unfranked, Securityholders will be assessed on the unfranked distribution received and there is no franking credit available.

There are a number of measures that may affect the ability of a Securityholder to use franking credits distributed, including the holding period rule. Generally however, an exemption from the holding period rule applies where a shareholder is entitled to total franking credits of \$5,000 or less. The holding period rule requires Securityholders to hold the units at risk for more than 45 days during the relevant period. Given that these rules can be complex, Securityholders should be aware of, and seek specific advice on, their own position.

3.3 Return of capital by RE1 and RE2

Amounts that are distributed to Securityholders may be treated as a return of capital and not assessable, but only to the extent that the amounts are debited to the share capital account. Such amounts will be treated as a reduction in the CGT cost base of the share in RE1 or RE2, as applicable. A capital gain will arise for the Securityholder to the extent that the return of capital (including any previous capital distributions, if relevant) exceeds the cost base of the shares in RE1 and RE2 (see above).



3.4 Taxation on disposal of shares in RE1 and RE2

As a consequence of stapling RE1 and RE2, the component securities comprising the Stapled Security may not be traded separately. However, as stated above, each security is a separate CGT asset. Therefore, the disposal of a DUET Stapled Security involves a disposal of an RE1 and RE2 share.

Where consideration is received in connection with a transaction that relates to more than one CGT asset, the capital proceeds for each asset are so much of the total consideration as are reasonably attributable to that asset.

Therefore, the capital proceeds referable to the disposal of each individual security will be determined by apportioning the total capital proceeds received in respect of the disposal of the Stapled Security on a reasonable basis.

Broadly, upon disposal of a Stapled Security, Securityholders must include any realised capital gain or loss in the calculation of their net capital gain. A net capital gain will be included in the Securityholder's assessable income for that year. Those Securityholders that make a capital gain may be eligible for the CGT discount.

4 GST

Proceeds received by Securityholders in connection with the Proposal or any subsequent disposal of Stapled Securities should not be subject to GST. Therefore, there should be no liability for Securityholders to remit GST to the ATO.

To the extent Securityholders incur GST on expenses in connection with the Proposal, the GST incurred may not be recoverable in full. Securityholders should seek their own advice specific to their circumstances.

5 Stamp Duty

Under current law, no stamp duty should be payable by Securityholders on the subscription for and issue of RE1 Shares and RE2 Shares. For completeness we note that stamp duty may be payable by the DUET Group (at law) on certain other transaction steps comprising the Proposal in respect of which we understand the DUET Group has separately been advised.

Yours faithfully

Ernest Chang
Partner

Steve Ford
Principal

ANNEXURE C: SUMMARY OF THE MATERIAL DOCUMENTS

This Annexure summarises the key terms of the material documents in connection with the Proposal.

1. HEADS OF AGREEMENT

Parties	DIHL, RE1 (as responsible entity for DUET1 and in its personal capacity), RE2 (as responsible entity for DUET2 and DUET3 and in its personal capacity), Macquarie and AMP Capital.
Background	<p>The purpose of the Heads of Agreement is to document the principal terms on which RE1 and RE2, DIHL, Macquarie and AMP Capital intend to facilitate the implementation of and give effect to the Proposal, including:</p> <ul style="list-style-type: none"> (a) execution of the Transaction Documents; (b) payment of consideration to Macquarie and AMP Capital of, \$27.5 million each for entry into the Transaction Documents and their role in structuring and implementing the Proposal, and \$13.5 million each for the shares in RE1 and RE2; (c) the obligation to carry out certain steps prior to implementation of the Proposal; and (d) the preparation and despatch of Explanatory Memorandum and Prospectus to Securityholders in relation to the Proposal.
Conditions Precedent	<p>The parties will use their best endeavours (to the extent within their respective powers) to procure the satisfaction of the following conditions precedent without delay and on or before 30 November 2012. The key conditions precedent are:</p> <ul style="list-style-type: none"> (a) (AFSL) RE1 and RE2 obtain Australian financial services licences to allow them to act as the responsible entities of DUET1, DUET2 and DUET3 (as applicable); (b) (Resolutions) the Internalisation Resolutions are approved by the requisite majorities; (c) (Consents and approvals) all necessary consents to the implementation of the Proposal are obtained; (d) (ASX admission) all necessary admissions to the official list and stapling of units and shares have been approved; (e) (ASIC relief) all relevant ASIC relief has been granted, and in respect of any ASIC relief not granted, ASIC has indicated in writing that such relief is not required; (f) (No regulatory action) there is no legal or regulatory restraint or prohibition preventing a material aspect of the Proposal in effect as at the date of the Meeting; (g) (Representations and warranties) the material representations and warranties of each party under the Heads of Agreement remain true and correct at all relevant times up to and including the date of the Meeting; (h) (Not Insolvent) DIHL, DUET1, DUET2, Macquarie and AMP Capital do not become insolvent, have a receiver appointed or have such appointment threatened, go into liquidation or have proceedings brought or threatened for the purpose of winding up; and (i) (Material breach) there is no material breach of the Heads of Agreement as at the date of the Meeting.
Consideration	<ul style="list-style-type: none"> (a) (Consideration for structuring, proposing and facilitating the Proposal) If the conditions precedent are fulfilled or waived on or before 30 November 2012, DUET1, DUET2 and DUET3 will pay each of Macquarie and AMP Capital a total of \$27.5 million for, among other things, entry into the relevant Transaction Documents, their respective roles in structuring, proposing and facilitating the Proposal and assisting in transitioning employees to DIHL. (b) (Consideration for all of the ordinary shares in RE1 and RE2) If the conditions precedent are fulfilled or waived on or before 30 November 2012, DIHL will pay each of Macquarie and AMP Capital \$13.5 million plus 50% of the Share Sale Cash Payment for RE1 Shares and RE2 Shares held by Macquarie and AMP Capital, subject to the terms of the Share Sale Agreement. Currently Macquarie and AMP Capital each own 50% of the RE1 Shares and 50% of the RE2 Shares. (c) (Subscription) The entire consideration receivable by each of Macquarie (or its nominee) and AMP Capital will be applied to subscribe for 20,789,072 DUET securities each and DUET Group's obligation to pay the consideration will be offset severally by the obligation of Macquarie and AMP Capital to pay their corresponding part of the subscription price.

DUET Group Board Recommendation	<p>The Independent Directors must unanimously recommend the Proposal and will not change or withdraw that recommendation unless:</p> <ul style="list-style-type: none"> (a) no Superior Competing Transaction emerges; (b) the Independent Expert's Report states that the Proposal is not fair and reasonable to, or is not in the best interests of DUET securityholders; or (c) the independent directors determine in good faith and acting reasonably after receiving written advice that continuing to comply with these obligations would reasonably be expected to constitute a breach of director's fiduciary or statutory obligations. <p>'Superior Competing Transaction' means a bona fide unsolicited proposal by a third party in relation to a transaction or arrangement under which, if the transaction or arrangement is completed, a Change of Control Event would occur or the DUET Group would be required to abandon or otherwise fail to proceed with the Proposal (Competing Transaction) received by the DUET Group after the date of the Heads of Agreement which the Independent Directors have determined, in good faith and acting reasonably is:</p> <ul style="list-style-type: none"> (a) reasonably capable of being completed on a timely basis, taking into account all aspects of the Competing Transaction and the person making it; and (b) more favourable to Securityholders than the Proposal, taking into account all the terms and conditions of the Competing Transaction.
Transition and separation services	<p>The DUET Group will pay Macquarie and AMP Capital a total fee equal to \$1.25 million multiplied by the number of months in the period from completion of the implementation of the Proposal to 30 June 2013 (with the first month pro rated if completion does not occur on the first day of a month) as consideration for the transition and separation services summarised below. The fee is payable calendar quarterly in arrears except if there is a Change of Control Event, in which case the balance of the fee payable up to 30 June 2013 which has not been paid at that time is payable immediately on the occurrence of that Change of Control Event.</p> <p>From the Implementation Date to 30 June 2013, Macquarie and AMP Capital must ensure that those services that Macquarie and AMP Capital made available to RE1, RE2 and DIHL on the date immediately preceding the Heads of Agreement, together with separation services separately agreed by the parties, are available to DIHL and the responsible entities of DUET1, DUET2 and DUET3 (at no less than the same standard), for the total fee set out above. On request from the DUET Group, Macquarie and AMP Capital will provide such services to the DUET Group, on a cost-recovery basis. Macquarie and AMP Capital must also provide royalty-free perpetual intellectual property licences in respect of all information, records and data which may be or have been used in connection with the operations of the DUET Group.</p>
Conduct of business	<p>From the date on which the Proposal is announced on the ASX, RE1 and RE2 must continue to operate their business in the ordinary course.</p>
Lock up	<p>The Existing Stapled Securities issued to Macquarie and AMP Capital in exchange for the consideration will be subject to a Holding Lock from the date of issue until the earliest of (i) a competing transaction being recommended; (ii) the occurrence of a Change of Control Event; (iii) the announcement of an unsolicited, good faith takeover offer for DUET Group by a bidder, and which is unconditional or subject to customary conditions the satisfaction of which are not in the control of the bidder; and (iv) 30 June 2013 (unless otherwise agreed by the parties). These securities will be able to be voted by the holder while subject to the Holding Lock. The Holding Lock will permit transfers to related bodies corporate and custodians.</p>
Indemnities	<p>(Macquarie and AMP indemnities) Macquarie and AMP Capital severally indemnify RE1, RE2 and DIHL, and each director, other officer, employee and agent of each member of RE1, RE2 and DIHL against all liabilities suffered or incurred by reason of any misleading or deceptive statements (including by omission) in this Explanatory Memorandum that they have consented to the inclusion of or are otherwise responsible for. Macquarie and AMP Capital will also provide customary tax warranties in respect of RE1 Shares and RE2 Shares and severally indemnify DIHL against any breach of those tax warranties.</p> <p>(DIHL indemnities) DIHL indemnifies AMP Capital and Macquarie, and each director, other officer, employee and agent of AMP Capital and Macquarie against all liabilities suffered or incurred by reason of any misleading or deceptive statements (including by omission) in this Explanatory Memorandum, other than as a result of information prepared and provided by Macquarie and AMP Capital and their related bodies corporate being misleading or deceptive (including by omission).</p>

ANNEXURE C: SUMMARY OF THE MATERIAL DOCUMENTS

CONTINUED

Termination	<p>The Heads of Agreement may be terminated in the following circumstances:</p> <p>(mutual termination rights) Any party may terminate the Heads of Agreement:</p> <ul style="list-style-type: none"> (a) if Completion of the Proposal has not occurred on or before 30 November 2012 (other than as a result of a breach by a party); (b) the requisite majorities of DUET Group securityholders do not pass the Internalisation Resolutions at the Meeting; or (c) a majority of the independent directors of RE1, RE2 and DIHL change or withdraw their recommendation of the Proposal to DUET Group securityholders before the Meeting. <p>(DUET Group termination rights) RE1, RE2 and DIHL may terminate the Heads of Agreement by if there is a breach by Macquarie or AMP Capital of any term of the Heads of Agreement which is material to the Proposal taken as a whole.</p> <p>(Macquarie or AMP Capital termination rights) Macquarie or AMP Capital may terminate the Heads of Agreement if there is a breach by RE1, RE2 and DIHL of any term of the Heads of Agreement which is material to the Proposal taken as a whole (provided that, in the case of RE1 and RE2, Macquarie and AMP Capital did not directly or indirectly cause the breach).</p>
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2. RE1 AND RE2 CONSTITUTIONS

	RE1 constitution	RE2 constitution
General	Immediately after allotment and issue on the Implementation Date, the RE1 Shares will be fully paid ordinary shares and will rank equally with all other ordinary shares on issue. The rights attaching to RE1 Shares are set out in the RE1 constitution and are regulated by the Corporations Act, the Listing Rules and general law.	Immediately after allotment and issue on the Implementation Date, the RE2 Shares will be fully paid ordinary shares and will rank equally with all other ordinary shares on issue. The rights attaching to RE2 Shares are set out in the RE2 constitution and are regulated by the Corporations Act, the Listing Rules and general law.
Entitlement	<p>The directors may pay dividends to Securityholders out of the profits of RE1. The directors may fix the amount, the time and the method of payment.</p> <p>Subject to the rights of any persons entitled to shares with special rights as to dividend and the terms of any shares issued to the contrary all RE1 Shares (on which all amounts payable have been paid) on which any dividend is declared or paid are entitled to participate in that dividend equally. RE1 Shares on which all amounts payable have not been paid on which any dividend is declared or paid are entitled to participate in that dividend equally in the proportion which the amount paid on the relevant RE1 Shares bears to the total amounts paid and payable on the relevant RE1 Shares.</p>	<p>The directors may pay dividends to Securityholders out of the profits of RE2. The directors may fix the amount, the time and the method of payment.</p> <p>Subject to the rights of any persons entitled to shares with special rights as to dividend and the terms of any shares issued to the contrary all RE2 Shares (on which all amounts payable have been paid) on which any dividend is declared or paid are entitled to participate in that dividend equally. RE2 Shares on which all amounts payable have not been paid on which any dividend is declared or paid are entitled to participate in that dividend equally in the proportion which the amount paid on the relevant RE2 Shares bears to the total amounts paid and payable on the relevant RE2 Shares.</p>
General Meetings	<p>Each RE1 shareholder is entitled to receive notices of general meetings of RE1 in accordance with the Corporations Act.</p> <p>The non-receipt of notice of a general meeting or cancellation or postponement of a general meeting by, or the accidental omission to give notice of a general meeting or cancellation or postponement of a general meeting to, a person entitled to receive notice does not invalidate any resolution passed at the general meeting or at postponed meeting or the cancellation or postponement of a meeting.</p>	<p>Each RE2 shareholder is entitled to receive notices of general meetings of RE2 in accordance with the Corporations Act.</p> <p>The non-receipt of notice of a general meeting or cancellation or postponement of a general meeting by, or the accidental omission to give notice of a general meeting or cancellation or postponement of a general meeting to, a person entitled to receive notice does not invalidate any resolution passed at the general meeting or at postponed meeting or the cancellation or postponement of a meeting.</p>

	RE1 constitution	RE2 constitution
Voting Rights	At a general meeting of RE1, every member present in person and each other person present as a proxy, attorney or representative has one vote on a show of hands and one vote for each fully paid RE1 Share on a poll. A member is not entitled to vote on shares which are subject to a restriction agreement per the Listing Rules. Members who hold partly paid shares may only vote in proportion to the aggregate amount paid on those shares	At a general meeting of RE2, every member present in person and each other person present as a proxy, attorney or representative has one vote on a show of hands and one vote for each fully paid RE2 Share on a poll. A member is not entitled to vote on shares which are subject to a restriction agreement per the Listing Rules. Members who hold partly paid shares may only vote in proportion to the aggregate amount paid on those shares.
Issue of additional shares	<p>The directors of RE1 may (subject to the restrictions on the issue of RE1 Shares imposed by the RE1 constitution, the Listing Rules and the Corporations Act):</p> <ul style="list-style-type: none"> – issue or dispose of shares to any person at any time and on any terms and conditions and having attached to them any preferred, deferred or other special rights or restrictions, whether with regard to dividend, voting, return of capital, payment of calls or otherwise, as the directors of RE1 think fit and on any terms the directors of RE1 think fit; and – grant to any person an option over shares or pre-emptive rights at any time and for any consideration as they think fit. <p>The RE1 constitution provides that the rights conferred on the holders of the RE1 Shares of any class are not to be taken as varied by the issue of additional RE1 Shares ranking equally with the first-mentioned shares unless expressly provided by the terms of issue of the first-mentioned shares, or unless required by the Corporations Act or the Listing Rules.</p>	<p>The directors of RE2 may (subject to the restrictions on the issue of RE2 Shares imposed by the RE2 constitution, the Listing Rules and the Corporations Act):</p> <ul style="list-style-type: none"> – issue or dispose of shares to any person at any time and on any terms and conditions and having attached to them any preferred, deferred or other special rights or restrictions, whether with regard to dividend, voting, return of capital, payment of calls or otherwise, as the directors of RE2 think fit and on any terms the directors of RE2 think fit; and – grant to any person an option over shares or pre-emptive rights at any time and for any consideration as they think fit. <p>The RE2 constitution provides that the rights conferred on the holders of the RE2 Shares of any class are not to be taken as varied by the issue of additional RE2 Shares ranking equally with the first-mentioned shares unless expressly provided by the terms of issue of the first-mentioned shares, or unless required by the Corporations Act or the Listing Rules.</p>
Transferability of shares	<p>While New Stapled Securities (which include RE1 Shares) are quoted on ASX, RE1 shareholders will generally be able to sell or transfer New Stapled Securities (which include RE1 Shares) without restriction.</p> <p>The directors may refuse to register any transfer of New Stapled Securities, RE1 Shares or other securities in circumstances permitted by the Listing Rules and the RE1 constitution. The directors must refuse to register any transfer of RE1 Shares where they are required to do so by the Listing Rules or the RE1 constitution.</p>	<p>While New Stapled Securities (which include RE2 Shares) are quoted on ASX, RE2 shareholders will generally be able to sell or transfer New Stapled Securities (which include RE2 Shares) without restriction.</p> <p>The directors may refuse to register any transfer of New Stapled Securities, RE2 Shares or other securities in circumstances permitted by the Listing Rules and the RE2 constitution. The directors must refuse to register any transfer of RE2 Shares where they are required to do so by the Listing Rules or the RE2 constitution.</p>
Buy-backs	Subject to the stapling requirements in relation to New Stapled Securities, the directors may buy-back RE1 Shares on the terms and at times determined by them, to the extent and in the manner permitted by the Corporations Act and Listing Rules.	Subject to the stapling requirements in relation to New Stapled Securities, the directors may buy-back RE2 Shares on the terms and at times determined by them, to the extent and in the manner permitted by the Corporations Act and Listing Rules.

ANNEXURE C: SUMMARY OF THE MATERIAL DOCUMENTS

CONTINUED

	RE1 constitution	RE2 constitution
Variation of class rights	The rights attached to any class of shares in RE1, unless otherwise provided for by the terms of issue of those shares, may only be varied or cancelled with the consent in writing of the holders of three quarters in nominal value of the issued shares in the relevant class, or with the sanction of a special resolution passed at a meeting of the holders of the shares in that class.	The rights attached to any class of shares in RE2, unless otherwise provided for by the terms of issue of those shares, may only be varied or cancelled with the consent in writing of the holders of three quarters in nominal value of the issued shares in the relevant class, or with the sanction of a special resolution passed at a meeting of the holders of the shares in that class.
Entitlement on winding-up	Subject to the RE1 constitution and to any rights of a member holding shares issued on special terms and conditions, if RE1 is wound up, the liquidator may, with the sanction of a special resolution, divide among the members of RE1 in kind the whole or any part of the property of RE1 and may for that purpose set such value as the liquidator considers fair on any property to be so divided and may determine how the division is to be carried out as between the members or different classes of members.	Subject to the RE2 constitution and to any rights of a member holding shares issued on special terms and conditions, if RE2 is wound up, the liquidator may, with the sanction of a special resolution, divide among the members of RE2 in kind the whole or any part of the property of RE2 and may for that purpose set such value as the liquidator considers fair on any property to be so divided and may determine how the division is to be carried out as between the members or different classes of members.
Amendments to the constitution	The Corporations Act provides that the constitution of a company may be modified or repealed by a special resolution passed by the shareholders of the company (that is, passed by at least 75% of the votes cast by members entitled to vote on the resolution). The RE1 constitution does not provide for any further requirements to be complied with to effect a modification of, or to repeal, the constitution (except if the amendments affect the stapling of RE1 in which case a resolution of the shareholders of each other entity in the stapled group of which RE1 forms a part would need to be obtained).	The Corporations Act provides that the constitution of a company may be modified or repealed by a special resolution passed by the shareholders of the company (that is, passed by at least 75% of the votes cast by members entitled to vote on the resolution). The RE2 constitution does not provide for any further requirements to be complied with to effect a modification of, or to repeal, the constitution (except if the amendments affect the stapling of RE2 in which case a resolution of the shareholders of each other entity in the stapled group of which RE2 forms a part would need to be obtained).

3. SHARE SALE AGREEMENT

Parties	DIHL, Macquarie, AMP Capital
Background	The Share Sale Agreement records the terms and conditions of the proposed sale to DIHL of 14,465,400 fully paid ordinary shares of RE1 and 14,465,400 fully paid ordinary shares of RE2 by Macquarie and AMP Capital (the Sale Shares).
Conditions precedent	As set out in the Heads of Agreement (summarised in Part 1 of this Annexure C above).
Consideration	<p>The consideration for the Sale Shares is the purchase price and the cash amount.</p> <p>The Purchase Price will be \$27.0 million, being \$13.5 million for the shares in RE1 and \$13.5 million for the shares in RE2.</p> <p>The cash amount means an amount equal to the amount calculated for the period from 1 October 2012 up to and including the Implementation Date at the rate of 1% per annum of the net investment value as at the Implementation Date.</p>
Conduct of business pre implementation	<p>Macquarie and AMP Capital must procure that RE1 and RE2 does not do any of the following (except as otherwise permitted by the Share Sale Agreement):</p> <ul style="list-style-type: none"> (a) (Share capital) issue or allot any share capital or options, securities or other rights convertible into share capital; (b) (Constitution) alter the provisions of its constitution; (c) (Merger) merge or consolidate with any other company (other than with one or more members of the Macquarie or AMP Capital groups); (d) (Interest in shares) enter into any agreement to dispose of any interest in the shares of the company or grant or create any Encumbrance over the shares in the company; (e) (Winding up) institute any procedures for winding up the company; (f) (Liability) incur any new or additional liability; (g) (Security interest) acquire, dispose of, or create a security interest or Encumbrance over any of its assets; (h) (Loans) loan or advance any money or increase the principal amount of any outstanding loan or advance; (i) (Contracts) amend in a material way, any contract to which the company is a party and under which the company is required to pay, or is entitled to receive, more than \$50,000, or which is for a term of more than one year; or (j) (Ordinary course) change the conduct of the company's business from the ordinary course and past practice.
Warranties	<p>Macquarie and AMP Capital (as sellers) provide warranties in relation to their knowledge of breach of the DIHL's warranties (as buyer) valid incorporation, solvency, corporate authority to execute and deliver the Share Sale Agreement, and title to the Sale Shares.</p> <p>In relation to RE1 and RE2, Macquarie and AMP Capital provide warranties in relation to RE1 and RE2's compliance with law, valid incorporation, solvency, no encumbrances, valid holding of AFSLs and compliance with AFSLs, adequate insurances, payment of taxes and maintenance of taxation records.</p> <p>DIHL provides warranties in relation to its knowledge of breach of the Macquarie and AMP Capital's warranties, DIHL's valid incorporation and solvency, and authority to execute the Share Sale Agreement.</p>
Limitations on claims	The Share Sale Agreement is subject to customary qualifications on warranties and liability expected in a transaction of this nature. Macquarie and AMP Capital may not make a claim for breach of warranty given by DIHL (other than a tax warranty) unless the amount of the claim exceeds \$75,000 in respect of a particular or number of similar matters, and \$500,000 in aggregate in respect of all matters.
Tax indemnity	Macquarie and AMP Capital indemnify DIHL and its related bodies corporate (including, after the Implementation Date, RE1 and RE2) against, and must pay to DIHL the amount of, (i) any tax that RE1 or RE2 is liable to pay to the extent that the tax relates to any tax period up to (and including) the Implementation Date and (ii) all reasonable costs DIHL or a related body corporate incurs in connection with investigating, disputing, defending or settling any tax assessment, but in each case subject to customary exclusions and only to the extent that the amount exceeds the amount of any specific provision for that particular tax in the most recent balance sheets of RE1 and RE2.

ANNEXURE C: SUMMARY OF THE MATERIAL DOCUMENTS

CONTINUED

Other indemnity	If either DIHL or one of Macquarie or AMP Capital assume the conduct of the defence of a third party claim, an indemnity is provided in respect of the other party provided that the other party takes all action reasonably requested to avoid, contest, compromise or defend the third party claim.
Aggregate limit on liability	<p>Macquarie and AMP Capital:</p> <p>(a) Macquarie and AMP Capital's total liability relating to breaches of the tax warranties, or the warranties relating to authority, the Sale Shares and RE1 and RE2, is limited in aggregate for claims to the amount of the purchase price paid to Macquarie or AMP Capital minus any amounts paid or claimed under paragraph (b) below.</p> <p>(b) Each of Macquarie and AMP Capital's total liability relating to breaches of the warranties other than those listed in the above paragraph is limited in aggregate to the amount of 50% of the Purchase Price paid to Macquarie or AMP Capital minus any amounts paid or claimed under paragraph (a) above.</p> <p>DIHL:</p> <p>(a) DIHL's total liability relating to breaches of DIHL's warranties as to authority under the Share Sale Agreement is limited in aggregate to the amount of the Purchase Price paid to Macquarie or AMP Capital minus any amounts paid or claimed under paragraph (b) below.</p> <p>(b) DIHL's total liability relating to breaches of the DIHL warranties under the Share Sale Agreement, other than those as to authority, is limited in aggregate to the amount of 50% of the Purchase Price paid to Macquarie or AMP Capital minus any amounts paid or claimed under paragraph (a) above.</p>
Termination rights	The Share Sale Agreement will terminate automatically if the Heads of Agreement is terminated in accordance with its terms.

4. PLACEMENT SECURITIES SUBSCRIPTION AGREEMENTS

Parties	<p>(Macquarie Placement Securities Subscription Agreement) DIHL, RE1 (as responsible entity of DUET1), RE2 (as responsible entity of DUET2 and DUET3), Macquarie</p> <p>(AMP Placement Securities Subscription Agreement) DIHL, RE1 (as responsible entity of DUET1), RE2 (as responsible entity of DUET2 and DUET3), AMP Capital</p>
Background	Macquarie and AMP Capital have each entered into a Placement Securities Subscription Agreement with DIHL, DUET1, DUET2 and DUET3 under which Macquarie and AMP Capital subscribe for Existing Stapled Securities. The Placement Securities Subscription Agreements are on identical terms.
Conditions precedent	Each Placement Securities Subscription Agreement will not bind the parties to it unless and until the conditions precedent in the Heads of Agreement have been satisfied or waived.
Agreements to subscribe	<p>(a) (Subscription) On the Implementation Date, each of Macquarie and AMP Capital, or their nominees (as applicable), must subscribe for 20,789,072 Existing Stapled Securities.</p> <p>(b) (Payment mechanism) Each of Macquarie and AMP Capital directs each DUET Group Member to apply the following amounts towards payment of the subscription price payable by it:</p> <p>(i) \$13,500,000 payable to each of Macquarie and AMP Capital by DIHL (\$27,000,000 in aggregate) under the Share Sale Agreement in consideration for the purchase of Macquarie's and AMP Capital's respective shares in RE1 and RE2; and</p> <p>(ii) \$27,500,000 payable to each of Macquarie and AMP Capital by DUET1, DUET2 and DUET3 under the Heads of Agreement.</p> <p>This totals \$41,000,000 for each of Macquarie and AMP Capital (or \$82,000,000 in aggregate) which is equal to the subscription price payable for the issue of Existing Stapled Securities under the Placement Securities Subscription Agreements.</p>

Termination	The Placement Securities Subscription Agreements will terminate automatically if either the Heads of Agreement or the Share Sale Agreement is terminated.
Representations and Warranties	<p>In addition to the usual representations and warranties, the parties to the Placement Securities Subscription Agreements represents and warrants to the other parties in the relevant agreement(s) as follows:</p> <p>DUET Group</p> <p>The DUET Group represents and warrants as follows.</p> <ul style="list-style-type: none"> (c) (Subscription securities) The Existing Stapled Securities issued under the Placement Securities Subscription Agreement on the Implementation Date will: <ul style="list-style-type: none"> (i) be issued as fully paid; (ii) be free of encumbrances (other than those in the constitutions of each of DIHL, DUET1, DUET2 and DUET3 and other than the Holding Lock); (iii) be able to be offered for sale in Australia on the date after the Implementation Date without the need for a disclosure document; and (iv) rank equally in all respects with other Existing Stapled Securities on issue at the Implementation Date. (d) (Authority to issue) On the Implementation Date, the DUET Group will have power and authority to issue the Existing Stapled Securities that Macquarie and AMP Capital subscribed for under the Placement Securities Subscription Agreements. (e) (Validity of issue) The Existing Stapled Securities will be validly issued in accordance with the constitutions of each of DIHL, DUET1, DUET2 and DUET3. (f) (Listing Rules) The issue of the Existing Stapled Securities will not contravene the Listing Rules in respect of the DUET Group. (g) (Conduct) The DUET Group has not engaged in, nor will it engage in, conduct that is misleading or deceptive or which is likely to mislead or deceive in connection with the issue of the cleansing notice in respect of the offer for issue of Existing Stapled Securities to Macquarie and AMP Capital that satisfies section 708A(6) and section 1012DA(6) of the Corporations Act. <p>Macquarie and AMP Capital</p> <p>Each of Macquarie and AMP Capital represents and warrants in the relevant Placement Securities Subscription Agreement as follows:</p> <ul style="list-style-type: none"> (a) (Professional or Sophisticated Investor) It is a category of investor to whom an offer of a body securities can be made without disclosure under Part 6D.2 or Part 7.9 of the Corporations Act. (b) (Compliance with law) It is a person to whom the offer, and issue of Existing Stapled Securities as contemplated by the Placement Securities Subscription Agreement can be undertaken in compliance with all applicable laws.

ANNEXURE C: SUMMARY OF THE MATERIAL DOCUMENTS

CONTINUED

5. SUBSCRIPTION DEED POLL

Parties	DIHL (in favour of each DUET Securityholder)
Background	The Subscription Deed Poll sets out the basis on which DIHL covenants in favour of Securityholders that it will observe and perform the obligations contemplated of it under the Heads of Agreement, including the obligation to subscribe for shares in each of RE1 and RE2 pursuant to the DIHL Subscription Agreement (summarised in Part 6 of Annexure C below).
Enforcement by Securityholders	DIHL acknowledges that the deed poll may be relied on and enforced by any Securityholder in accordance with its terms even though the Securityholders are not party to it.
Representations and warranties	DIHL represents and warrants in favour of each DUET Securityholder that it has the legal capacity, corporate authority and necessary authorisations to enter into the deed poll and to carry out the transactions it contemplates. DIHL also represents and warrants that the shares in each of RE1 and RE2 will, on their issue under the Placement Securities Subscription Agreement, be fully paid, unencumbered by any security interest and will rank equally in all respects with all Existing Stapled Securities in the DUET Group.

6. DIHL SUBSCRIPTION AGREEMENT

Parties	DIHL, RE1 (in its personal capacity) and RE2 (in its personal capacity).
Background	The DIHL Subscription Agreement documents the basis on which DIHL, acting as agent on behalf of the DUET Securityholders, subscribes for ordinary shares in RE1 and RE2, and RE1 and RE2 issue those shares to the DUET Securityholders.
Subscription shares and subscription price	<p>Each Securityholder subscribes for and will be issued with that number of RE1 Shares and RE2 Shares which following the acquisition by Macquarie and AMP Capital of the Existing RE Shares from DIHL on the Implementation Date, will result in each Securityholder holding one RE1 Share and one RE2 Share for each Existing Stapled Security held by that Securityholder at the Record Date (provided that the Placement Securities are deemed to have been issued to Macquarie and AMP Capital immediately prior to the Record Date).</p> <p>The price for each share in RE1 and RE2 issued under the DIHL Subscription Agreement is \$0.00475. RE1 and RE2 will each receive \$5,432,000 in aggregate from DIHL for the share issues.</p>
DUET Securityholders to become members of RE1 and RE2	DIHL, as agent on behalf of each DUET Securityholder, agrees that each DUET Securityholder will become a member of RE1 and RE2, and consents to the entry of the name of each DUET Securityholder in the registers of members of RE1 and RE2.

7. TRANSITION AND SEPARATION SERVICES AGREEMENT

Parties	Macquarie, AMP Capital, DIHL, RE1 (as responsible entity of DUET1 and in its personal capacity) and RE2 (as responsible entity of DUET2 and DUET3 and in its personal capacity),
Background	The Transition and Separation Services Agreement documents the basis on which Macquarie and AMP Capital will provide certain transition and separation services to DIHL, RE1 and RE2 following completion of the transactions contemplated by the Heads of Agreement to facilitate the ongoing conduct of the DUET Group and to enable the DUET Group to operate independently and separately from Macquarie and AMP Capital as soon as practical after the Implementation Date. Services will be provided to, and fees paid by, DIHL, RE1 or RE2 in either their personal capacity or in their capacity as responsible entity of DUET1, DUET2 or DUET3 (as applicable) depending on the nature of the specific service provided and of the fee payable.
Services	<p>AMP Capital and Macquarie must provide transition and separation services from the Implementation Date to 30 June 2013, including institutional support; legal risk, compliance and company secretarial assistance; information technology services; the provision of premises; tax and accounting assistance and support; business analysis support; marketing and communications assistance; access to training programs; and forecast of costs and expenses to be incurred for the period up until 30 June 2013.</p> <p>AMP Capital and Macquarie must inform the DUET Group if the cost of providing a function or service is expected to exceed \$50,000 before AMP Capital or Macquarie commences that function or service; human resources and business management assistance; insurance assistance; and treasury assistance.</p> <p>The parties may agree to vary the services provided under the agreement.</p>
Price and payment	<p>In consideration for providing the Services, Macquarie and AMP Capital will receive:</p> <ul style="list-style-type: none"> – an Availability Fee equal to \$1.25 million multiplied by the number of months in the period from the Implementation Date up to and including 30 June 2013; – a cost recovery fee for any services provided; and – out of pocket expenses.
Indemnity and liability	<p>DIHL, RE1 and RE2 indemnify Macquarie and AMP Capital against liabilities arising out of:</p> <ul style="list-style-type: none"> – a third party's reliance on a statement by DIHL, RE1 or RE2 that the intellectual property in anything which Macquarie or AMP Capital provide under the agreement is in any way endorsed by Macquarie or AMP Capital; – the provision by DIHL, RE1 or RE2 of anything to Macquarie or AMP Capital pursuant to this agreement, or the use by Macquarie or AMP Capital of that thing, where that provision or use infringes the rights (including the intellectual property rights) of any person; – the warranties provided by DIHL, RE1 or RE2 being false or misleading; or – a third party claim in connection with the provision of the Services. <p>Macquarie and AMP Capital indemnify DIHL, RE1 and RE2 against liabilities arising out of:</p> <ul style="list-style-type: none"> – a third party's reliance on a statement by Macquarie or AMP Capital, other than in the course of performing their obligations under the agreement, that the intellectual property in anything provided to them by DIHL, RE1 or RE2 in the conduct of the agreement is in any way endorsed by DIHL, RE1 or RE2; – the provision by Macquarie or AMP Capital of anything to DIHL, RE1 or RE2 pursuant to this agreement, or the use by DIHL, RE1 or RE2 of that thing, where that provision or use infringes the rights (including the intellectual property rights) of any person; – Macquarie or AMP Capital causing or contributing to DIHL, RE1 or RE2 breaching a law; – the warranties provided by Macquarie or AMP Capital being false or misleading; or – a third party claim in connection with the provision of the Services. <p>Each party's liability under an indemnity is capped at the aggregate amount of any Service Fees payable under the agreement, and excludes liabilities caused, or contributed to, by the wrongful acts, recklessness, gross negligence, wilful misconduct or fraud of the indemnified party.</p>
Termination rights	<p>DIHL, RE1 and RE2 may terminate the Transition and Separation Services Agreement if AMP Capital or Macquarie commits a material breach of the agreement that is incapable of being remedied or remains unremedied within 30 days, if an insolvency event occurs in relation to AMP Capital or Macquarie or at any time on 30 days' notice.</p> <p>Macquarie or AMP Capital may terminate the Transition and Separation Services Agreement if any member of DIHL, RE1 or RE2 commits a material breach of the agreement that is incapable of being remedied or remains unremedied within 30 days, or is the subject of an insolvency event, or if a change of control event occurs.</p>

ANNEXURE C: SUMMARY OF THE MATERIAL DOCUMENTS

CONTINUED

8. INTELLECTUAL PROPERTY LICENCES

With effect from Completion, Macquarie and AMP Capital grant to DIHL, RE1 and RE2 a perpetual, irrevocable, world-wide, royalty-free, non-exclusive licence for the use of certain information, records and data which relates to the business of the DUET Group. This information includes materials (including documents, operating manuals, software, financial models and related data) in the worksite database of the DUET Group in the information systems maintained by AMP Capital, Macquarie or one of their related bodies corporate on the Implementation Date.

ANNEXURE D: CONSTITUTIONAL AMENDMENTS (BASE FEE RESOLUTIONS)

DUET1 CONSTITUTION AMENDMENTS

The constitution of DUET1 is proposed to be amended as follows:

- in clause 20.2, deleting the words which are struck-through below, and inserting the words which are double underlined below:

Base Management Fee

20.2

- (a) Subject to the Corporations Act, the Trustee is entitled to be paid out of the Assets a management fee of up to \$500,000 per year to be used to pay the Trustee's costs, including all overheads and whether incurred directly by the Trustee or reimbursed by the Trustee to any of its related bodies corporate in providing its services as Trustee, for which it is not otherwise reimbursed pursuant to clause 20.7 as from the Listing Date to the Base Fee in respect of each Quarter. The Base Fee for a Quarter is to be calculated by the Trustee as at the Quarter End Date for the relevant Quarter. The Base Fee for a Quarter is payable in cash promptly after calculation by the Trustee of the Base Fee for a Quarter. The amount of the Base Fee payable to the Trustee in respect of a Quarter is to be reduced by the amount of the base fee paid by a Stapled Entity in respect of that Quarter which, in the absence of such payment, would have been payable to the Trustee pursuant to this clause 20.2.
- (b) This fee is payable from time to time upon demand by the Trustee. The Trustee may make a demand for payment for all or part of the fee at any time if it has incurred costs whether or not it has paid those costs.
- (c) The entitlement to this fee commences on and from the Fee Commencement Date and continues to the date of final distribution in accordance with clause 22.3.
- (d) The Trustee is entitled to remuneration for the period up to (and including) 30 September 2012 in the manner calculated pursuant to the former clause 20.2 which was replaced by this clause 20.2.
- (e) The Trustee must produce a statement within 1 month from the end of each Quarter setting out the management fee for the Quarter and any amount remaining unpaid.

DUET2 AND DUET3 CONSTITUTIONS AMENDMENT

The constitutions of DUET2 and DUET3 are proposed to be amended as follows:

- in clause 20.2, deleting the words which are struck-through below, and inserting the words which are double underlined below:

Base Management Fee

20.2

- (a) Subject to the Corporations Act, the Trustee is entitled to be paid out of the Assets a management fee of up to \$500,000 per year to be used to pay the Trustee's costs, including all overheads and whether incurred directly by the Trustee or reimbursed by the Trustee to any of its related bodies corporate in providing its services as Trustee, for which it is not otherwise reimbursed pursuant to clause 20.7 as from the Listing Date to the Base Fee in respect of each Quarter. The Base Fee for a Quarter is to be calculated by the Trustee as at the Quarter End Date for the relevant Quarter. The Base Fee for a Quarter is payable in cash promptly after calculation by the Trustee of the Base Fee for a Quarter. The amount of the Base Fee payable to the Trustee in respect of a Quarter is to be reduced by the amount of the base fee paid by a Stapled Entity in respect of that Quarter which, in the absence of such payment, would have been payable to the Trustee pursuant to this clause 20.2.
- (b) This fee is payable from time to time upon demand by the Trustee. The Trustee may make a demand for payment for all or part of the fee at any time if it has incurred costs whether or not it has paid those costs.
- (c) The entitlement to this fee commences on and from the Fee Commencement Date and continues to the date of final distribution in accordance with clause 22.3.
- (d) The Trustee is entitled to remuneration for the period up to (and including) 30 September 2012 in the manner calculated pursuant to the former clause 20.2 which was replaced by this clause 20.2.
- (e) The Trustee must produce a statement within 1 month from the end of each Quarter setting out the management fee for the Quarter and any amount remaining unpaid.

ANNEXURE D: CONSTITUTIONAL AMENDMENTS

(BASE FEE RESOLUTIONS) CONTINUED

DUET1, DUET2, DUET3 CONSTITUTIONS – COMMON AMENDMENTS

In addition to the amendments set out above, the constitutions of DUET1, DUET2 and DUET3 are proposed to be amended as follows:

- deleting the words in clause 20.3 and the associated heading and inserting the words “NOT USED”;
- deleting the words in clause 20.4 and the associated heading and inserting the words “NOT USED”;
- in clause 20.5, deleting the ‘s’ at the end of the words “fees” and “clauses” in the first line and deleting the words “and 20.3”;
- in clause 20.7, after the words “and the following expenses and expenses connected with the following”, inserting the words “(for the avoidance of doubt, the following expenses are examples only and are not intended to limit the expenses which may be payable or reimbursable out of the Assets)”;
- in clause 30.1 of the DUET1 and DUET2 constitutions and clause 31.1 of the DUET3 constitution, deleting the following definitions:
 - (a) “Base Fee”;
 - (b) “Benchmark Return”;
 - (c) “Half Financial Year”;
 - (d) “Half Financial Year End Date”;
 - (e) “Market Value of the Stapled Securities”;
 - (f) “Market Value of the Units”;
 - (g) “Net Investment Value”;
 - (h) “Performance Fee”;
 - (i) “Reporting Agency”;
 - (j) “Return”; and
- in clause 30.1 of the DUET1 and DUET2 constitutions and clause 31.1 of the DUET3 constitution, before the definition of “Financial Year”, inserting the following new definition:

Fee Commencement Date: the date on which the amendments to clause 20.2, as described in the notice of meeting for the meeting of Members in relation to the 2012 internationalisation of the management of DUET Group, were effected by supplemental deed and lodged with ASIC.

ANNEXURE E: CONSTITUTIONAL AMENDMENTS (TRUST CONSTITUTION AMENDMENT RESOLUTIONS)

DUET1, DUET2, DUET3 CONSTITUTIONS – COMMON AMENDMENTS

The constitutions of DUET1, DUET2 and DUET3 are proposed to be amended as follows:

- inserting the following words as new clauses 3.32 to 3.39:

Information from Members

- 3.32 Each Member must provide to the Trustee any information requested by the Trustee (**Required Information**) in a notice sent to the Member (a **Required Information Request**).
 - 3.33 Subject to clause 3.34:
 - (a) the Trustee may issue Required Information Requests at any time and may issue supplementary Required Information Requests seeking more information; and
 - (b) each Member authorises the Trustee to use Required Information in any way, including providing it to third parties.
 - 3.34 The Trustee may only issue a Required Information Request if it believes the Required Information is necessary to:
 - (a) comply with any law of Australia (including AML Legislation) or any other jurisdiction or a request for information by a Government Authority where that request is binding on the Trustee; or
 - (b) avoid amounts being withheld from any payments to the Trust or any Member; or
 - (c) lessen the risk of the Trust or any Member suffering a material detriment (whether or not financial),
 - (d) and the Required Information Request specifies a reasonable period within which the Member must provide the Requested Information.
 - 3.35 If any Required Information is not provided by the Member within the time and in the manner specified in a Required Information Request then, despite any other provision of this constitution, the Member must indemnify the Trustee for any Loss suffered by the Trustee in relation to the Member's failure to provide the Required Information.
 - 3.36 Each Member undertakes that any payment of money by the Trustee in accordance with instructions provided by the Member (or any agent of the Member) will not breach any law of Australia or any other jurisdiction.
 - 3.37 The Trustee may enter into agreements with any Government Authority in any jurisdiction where the Trustee believes it is reasonably necessary to do so to:
 - (a) avoid amounts being withheld from any payments to the Trust or any Member; or
 - (b) lessen the risk of the Trust or any Member suffering a material detriment (whether or not financial).

This includes any agreement with the United States Internal Revenue Service under Chapter 4 of subtitle A of the Internal Revenue Code of 1986.
 - 3.39 If the Trustee is required to provide any information about Members under any agreement made with a Government Authority then, to the extent permitted by Law, each Member consents to the Trustee providing that information.
- deleting the words in clause 4.13 and the associated heading and inserting the words "NOT USED";
 - in clause 12.13:
 - (a) after the words "including making distributions" inserting the words "(whether of cash or securities or any other asset)";
 - (b) replacing the word "purchasing" with the word "acquiring";
 - (c) after the words "securities on behalf of a Member," inserting the words "transferring securities to a member (including, without limitation, by way of an in specie distribution)";
 - (d) after the words "managed investment scheme issuing the securities" in each place those words appear in clause 12.13, inserting the words "or whose securities are being acquired or transferred";
 - deleting the words in clause 12.16 and the associated heading and inserting the words "NOT USED";
 - in clause 14.1, deleting the words which are struck-through below, and inserting the words which are double underlined below;

Subject to the Corporations Act, a notice or other communication required under this constitution to be given to a Member must be: ~~(a) given in writing (which includes a facsimile, email or other electronic means) or in such other manner as the Trustee determines; and in the Trustee's discretion:~~

 - ~~(a)~~ delivered or sent to the Member at the Member's address last advised to the Trustee or, if the Trustee determines, to the electronic address or facsimile number last advised to the Trustee or given by telephone; or
 - (b) delivered or sent by sending a notification to the Member by any other electronic means the Member has nominated by which the Member may (i) be notified that documents are available for access and (ii) access documents.

ANNEXURE E: CONSTITUTIONAL AMENDMENTS

(TRUST CONSTITUTION AMENDMENT RESOLUTIONS) CONTINUED

- in clause 14.3, deleting the words which are struck-through below, and inserting the words which are double underlined below:
 In the case of joint Members, the address, electronic address, or facsimile number or other electronic means of the Member means the address, or electronic address, facsimile number or other electronic means of the Member first named in the Register.
- in clause 14.4, deleting the words which are struck-through below, and inserting the words which are double underlined below:
 Subject to the Corporations Act, a notice, cheque or other communication sent by the Trustee by:
 (a) post is taken to be received on the Business Day after it is posted;
 (b) and a facsimile or other electronic means is conclusively considered to have been serviced when the fax or other electronic transmission is sent. Any document made available to a Member by electronic means as contemplated by clause 14.1(b) is conclusively considered to have been served when notification that the document is available for access by that means is sent. ~~is taken to be received immediately upon receipt by the transmitter of confirmation of transmission from the receiving facsimile machine.~~ Proof of actual receipt is not required. The Trustee may determine²⁶ the time at which other forms of communication will be taken to be received.
- in clause 16.4, inserting the following words at the end of the clause "Despite section 252G(3) of the Corporations Act, the Trustee may give a notice of meeting in accordance with clause 14 and despite section 252G(4) of the Corporations Act, a notice of meeting will be taken to be sent in accordance with clause 14.";
- inserting the following words as a new clause 16.10A:
 16.10A At any meeting of Members where the chairman is to be elected by Members (including under sections 252C, 252D or 252E of the Corporations Act) (an **Elected Chair**) the Trustee must appoint a person to facilitate convening the meeting and appointing an Elected Chair (the **Interim Chair**). The Interim Chair must endeavour to ensure that an Elected Chair is appointed as quickly as possible. Until the Elected Chair is appointed, the Interim Chair is taken to be the chairman for all purposes and has all the powers, duties and discretions of a chairman at a meeting of Unit Holders. The powers of the Interim Chair include determining how to call for nominations of an Elected Chair and the election process.
- in clause 20.7(q), deleting the words which are struck-through below, and inserting the words which are double underlined below:
~~while there is no compliance committee and the Trust is a Registered Scheme, any fees, costs and expenses associated with the board of directors of the Trustee carrying out the functions which would otherwise be carried out by a compliance committee, including any fees paid to, including:~~
 (i) any fees paid or payable to the directors of the Trustee which, together with any fees paid under the equivalent provision of any Stapled Entity, must not exceed in aggregate \$1,900,000 per annum or such greater amount as the Members in general meeting determine; and
 (ii) any expenses reimbursed to, or insurance premiums paid in respect of external, the directors appointed to satisfy the requirements of Chapter 5C of the Corporations Act;
- in clause 20.7(t), inserting "and" at the end of the clause;
- in clause 20.7(u), deleting "," and inserting a full stop;
- deleting clause 20.7(v);
- in clause 21.4, following the words "clause 21.3" inserting the words "and section 5 of the *Perpetuities and Accumulations Act 1968* (Vic)", and inserting the words "The specification in this clause 21.4 does not require that the Trust be wound up (and the Assets realised) on the expiry of that period." at the end of the clause;

- in clause 30 of the DUET1 and DUET2 constitutions and clause 31 of the DUET3 constitution:
 - (a) deleting the following definitions:
 - “Aggregate Entry Amount”;
 - “Aggregate Unit Value”;
 - “Aggregate Weighted Unit Value”;
 - “Average Bond Rate”;
 - “Benchmark Yield”;
 - “Bond Rate”
 - “Date of Delisting”;
 - “Exchange”;
 - “Exchange Date”
 - “Exchange Discount”
 - “Exchange Event”
 - “Exchange VWAP”
 - “Grossed-up Distribution Amount”;
 - “Grossed Up to a Pre-Tax Dollar Amount”;
 - “Grossed-up Yield”;
 - “Initial Asset Holding Companies”;
 - “Parent Trustees”;
 - “Parent Trustees Deed”;
 - “Parent Trusts”;
 - “POWERS”;
 - “POWERS Holder”;
 - “POWERS Trust”;
 - “POWERS Terms”;
 - “Reference Price”;
 - “Reset Date”;
 - “SOLA”;
 - “Target IRR”;
 - “Target Yield”;
 - “VWAP”;
 - and
 - “Yield Outperformance Amount”;
 - (b) before the definition of “Approving Resolution”, inserting the following new definition:

AML Legislation: the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth), the *Financial Transaction Reports Act 1988* (Cth) and any similar legislation in any jurisdiction.
 - (c) before the definition of “Group Entity”, inserting the following new definition:

Government Authority: a government or a governmental, semi governmental or judicial entity or authority. It also includes a self regulatory organisation established under statute or a securities exchange.
- deleting the words in clause 30.6 of the DUET1 and DUET2 constitutions and clause 31.6 of the DUET3 constitution and inserting the words “NOT USED”.

ANNEXURE E: CONSTITUTIONAL AMENDMENTS (TRUST CONSTITUTION AMENDMENT RESOLUTIONS) CONTINUED

ADDITIONAL DUET1 CONSTITUTION AMENDMENTS

In addition to the amendments set out above, the DUET1 constitution is proposed to be amended as follows:

- in clause 30.1:
 - (a) inserting the following definition after the definition for “Stapling Commencement Date”:
Stapling Deed: the deed so entitled entered into on or about May 2007 between the Trustee as trustee of the Trust, AMPCI Infrastructure Management No.2 Limited as trustee of Diversified Utility and Energy Trust No.2 and Diversified Utility and Energy Trust No.3 and DUET Investment Holdings Limited, as amended from time to time.
 - (b) in the definition of “ASX” replacing the words “Australian Stock Exchange” with the word “ASX”;
 - (c) deleting the following definitions:
 “AMPCI”;
 “AMPIS”; and
 “Co-operation and Stapling Deed”.

ADDITIONAL DUET2 CONSTITUTION AMENDMENTS

In addition to the amendments set out above, the DUET2 constitution is proposed to be amended as follows:

- in clause 30.1:
 - (a) inserting the following definition after the definition for “Stapling Commencement Date”:
Stapling Deed: the deed so entitled entered into on or about May 2007 between the Trustee as trustee of the Trust and Diversified Utility and Energy Trust No.3, AMPCI Infrastructure Management No.1 Limited as trustee of Diversified Utility and Energy Trust No.1 and DUET Investment Holdings Limited, as amended from time to time.
 - (b) in the definition of “ASX” replacing the words “Australian Stock Exchange” with the word “ASX”;
 - (c) deleting the following definitions:
 “AMPCI”;
 “AMPIS”; and
 “Co-operation and Stapling Deed”.

ADDITIONAL DUET 3 CONSTITUTION AMENDMENTS

In addition to the amendments set out above, the DUET3 constitution is proposed to be amended as follows:

- deleting clause 4.14;
- in the heading of clause 25, replacing the words “US Tax Matters” with the words “NOT USED” and deleting clauses 25.1, 25.2 and 25.3;
- in clause 31:
 - (a) in the definition of “Stapling Deed”, inserting the words “, as amended from time to time” at the end of the sentence; and
 - (b) deleting the definition of “United States Person”.

ANNEXURE F: INDEPENDENCE CRITERIA

Independence of directors determined by objective criteria is acknowledged as being desirable to protect investor interests and to optimise the financial performance of the fund and returns to investors.

In determining the status of a director, the DUET Group applies the standards of independence which are similar to but not the same as the ASX Corporate Governance Council Corporate Governance Principles and Recommendations (the **Principles**). However, the Independent Directors would be classified as independent directors for the purposes of Recommendation 2.1 of the Principles. Full details of the DUET Group's independence criteria are as follows:

An independent director is a director of the responsible entity and/or special purpose vehicle who is not a member of management (a non executive director) and who meets the following criteria:

- must be appointed in a non executive capacity and therefore must not be a director, officer or employee of any Macquarie Group entity or AMP Group entity
- is not a substantial shareholder of MGL, AMP Limited, the DUET Group or a company holding more than 5% of the voting securities of MGL, AMP Limited or the DUET Group;
- is not an officer of, or otherwise associated directly with, a Securityholder holding more than 5% of the voting securities of MGL, AMP Limited or the DUET Group (other than RE1 and RE2);
- is not and has not within the last three years been:
 - employed in an executive capacity by the responsible entity and/or special purpose vehicle, or by another Macquarie Group or AMP Group entity, or
 - a director of any such entity after ceasing to hold any such employment;
- is not and has not within the last three years been a principal, director or employee of a material professional adviser or consultant to the DUET Group, MGL, AMP or other Macquarie Group or AMP Group managed vehicles. A director who is or has within the last three years been a principal, director or employee of a material professional adviser or consultant must not participate in any consideration of the possible appointment of the professional adviser or consultant and will not participate in the provision of any service to the DUET Group, Macquarie Group, AMP Group or another Macquarie Group or AMP Group managed vehicle;
- is not a material supplier or customer of the DUET Group, Macquarie Group, AMP Group or other MGL Group or AMP Group managed vehicles, or an officer of, or otherwise associated directly or indirectly with, a material supplier or customer;
- is not a director of more than two Macquarie Group or AMP Group-related responsible entities or special purpose vehicle boards; and
- has no other interest or relationship that could interfere with the director's ability to act in the best interests of DUET and independently of management of Macquarie Group or AMP Group.

The boards believe that independence is evidenced by an ability to constructively challenge and independently contribute to the work of the board. The above criteria are satisfied if any interest or relationship does not materially interfere with the exercise of a director's independent judgement. Materiality is assessed having regard to each individual director's circumstances, the circumstances of the supplier, customer or advisor and any other significant relationships with the DUET Group, Macquarie Group, AMP Group or their respective other managed vehicles.

The main areas of difference from the independence criteria set out in the Principles is that the DUET Group independence criteria are designed to ensure that directors are not only independent from the DUET Group but that they are also independent from Macquarie Group, AMP Group and their respective other managed vehicles. Accordingly the independence criteria must be satisfied in respect of relationships with each of the DUET Group, Macquarie Group, AMP Group and other Macquarie Group or AMP Group managed vehicles. By way of example a partner of a professional services firm who is a director of the DUET Group would not be able to provide professional services to the DUET Group or any Macquarie entities or managed vehicles and would not be able to vote on the appointment of the director's professional services firm by the DUET Group. Additionally the professional services firm must not have earned a material portion of its annual income from doing work for any of the DUET Group, Macquarie Group, AMP Group or other MGL Group or AMP Group managed vehicles for three years prior to the appointment of the director and on an ongoing basis during the currency of the directorship.

The ability of independent directors to serve on up to two separate managed vehicle boards is considered appropriate because the time commitment and level of remuneration for these roles is not so significant as to compromise independence.

If any independent director serves on two managed vehicle boards or has been determined by the MGL board corporate governance committee or the DUET Group boards as independent despite not satisfying all of the criteria set out in the DUET Group policy they will be noted as such in their description in this statement. Reasons will be provided for any independence determination.

Each year independent directors are required to provide the DUET Group with written confirmation of their independence status and they have each undertaken to inform the DUET Group if they cease to satisfy the DUET Group independence criteria at any time. The company secretary also monitors compliance with the DUET Group independence criteria and seeks information from the independent directors in this regard if necessary and reports to the board.

ANNEXURE G: NOTICES OF MEETING

NOTICE OF ANNUAL GENERAL MEETING – DUET Investment Holdings Limited (ACN 120 456 573)

Important: The resolutions set out in this Notice of Meeting should be read with the Explanatory Memorandum. Terms and expressions used in this Notice of Meeting have, unless otherwise defined, the same meanings as set out in the Explanatory Memorandum.

Notice is given that an Annual General Meeting of the shareholders of DUET Investment Holdings Limited (ACN 120 456 573) (the **Company**) will be held at 11.00am Sydney time on Friday 23 November 2012 at Intercontinental Hotel, Level 2, 117 Macquarie Street, Sydney NSW 2000 to transact the following business:

ORDINARY BUSINESS

Ordinary Business Items/Resolutions

Financial Accounts and Reports Item

To receive and consider the DUET Investment Holdings Limited Financial Report, the Directors' Report and the Auditor's Report thereon, for the period ended 30 June 2012.

Remuneration Report Resolution

DIHL Resolution 1

To consider and, if thought fit, to pass as a non-binding and advisory resolution in accordance with section 250R of the Corporations Act:

"That the Company adopt the remuneration report included in the Directors' Report of DUET Investment Holdings Limited for the period ended 30 June 2012."

Voting restriction: No votes may be cast on this resolution by members of the Key Management Personnel of the DUET Group or their Closely Related Parties. However, a vote may be cast by such a person as a proxy for a person who is entitled to vote on this resolution, appointed by way of a Proxy Form that directs how the proxy is to vote on the resolution, in accordance with the directions on the Proxy Form.

The chairman of the Meeting may also vote undirected proxies if the proxy appointment expressly authorises the chairman to exercise the proxy, even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

SPECIAL BUSINESS

Internalisation Resolutions

Proposal Approval Resolution

DIHL Resolution 2

To consider and, if thought fit, to pass as an ordinary resolution:

"That subject to and conditional on the passing of DIHL Resolution 3, DUET1 Resolution 1, DUET2 Resolution 1 and DUET3 Resolution 1 as set out in the Notices of Meeting (each as defined in the Explanatory Memorandum), the Proposal as outlined in the Explanatory Memorandum is approved for the purposes of Listing Rule 10.1, Listing Rule 10.11 and for all other purposes including in particular, but without limitation, each of the following:

- (i) payment by Diversified Utility and Energy Trust No. 1, Diversified Utility and Energy Trust No. 2 and Diversified Utility and Energy Trust No. 3 to Macquarie Capital Group Limited (and/or its nominee) (**Macquarie**) of a total amount of \$27.5 million (excluding GST);
- (ii) payment by Diversified Utility and Energy Trust No. 1, Diversified Utility and Energy Trust No. 2 and Diversified Utility and Energy Trust No. 3 to AMP Capital Holding Limited (and/or its nominee) (**AMP Capital**) of a total fee of \$27.5 million (excluding GST);
- (iii) payment by the Company to Macquarie of \$13.5 million plus an amount equal to 50% of the base fee for the management of the DUET Group calculated by the DUET Group on the date of implementation of the Proposal (attributable to the period from 1 October 2012 to the date of implementation of the Proposal) in consideration for Macquarie's 50% shareholding in each of AMPCI Macquarie Infrastructure Management No. 1 Limited (**RE1**) and AMPCI Macquarie Infrastructure Management No. 2 Limited (**RE2**);
- (iv) payment by the Company to AMP Capital of \$13.5 million plus an amount equal to 50% of the base fee for the management of the DUET Group calculated by the DUET Group on the date of implementation of the Proposal (attributable to the period from 1 October 2012 to the date of implementation of the Proposal) in consideration for AMP Capital's 50% shareholding in each of RE1 and RE2;
- (v) the issue of the 20,789,072 stapled securities in the DUET Group to each of Macquarie and AMP Capital (with \$82.0 million of the amounts in (i) to (iv) above being applied towards payment of the subscription price for these stapled securities); and

- (vi) payment by the DUET Group to Macquarie and AMP Capital of an estimated total of \$8.6 million for making certain agreed transition and separation services available to the DUET Group from the date of implementation of the Proposal to 30 June 2013, and a cost-recovery charge of an estimated amount of \$0.9 million for using those transition and separation services.”

Voting restriction: No votes may be cast on this resolution by Macquarie or AMP Capital or their respective Associates. However, a vote may be cast by such a person as a proxy for a person who is entitled to vote on this resolution, appointed by way of a Proxy Form that directs how the proxy is to vote on the resolution, in accordance with the directions on the Proxy Form.

As approval is being obtained under Listing Rule 10.11, separate approval is not required under Listing Rule 7.1 for the issue of the Placement Securities.

Capital Reduction Resolution

DIHL Resolution 3

To consider and, if thought fit, to pass as an ordinary resolution:

“That subject to and conditional on the passing of DIHL Resolution 2, DUET1 Resolutions 1, DUET2 Resolution 1 and DUET3 Resolution 1 as set out in the Notices of Meeting (each as defined in the Explanatory Memorandum to the Notice of Meeting convening this meeting (**Explanatory Memorandum**)), for the purposes of section 256C(1) of the *Corporations Act 2001* (Cth) and for all other purposes, approval be given for the Company to reduce its issued capital by \$0.0095 multiplied by the number of ordinary shares on issue in the Company as at the Implementation Date immediately after the issue of the Placement Securities (as those terms are defined in the Explanatory Memorandum) being, in total, \$11.0 million, by way of an equal capital reduction, the proceeds of which are to be applied on behalf of securityholders to:

- (i) the Company to pay the subscription price for shares in AMPCI Macquarie Infrastructure Management No. 1 Limited and AMPCI Macquarie Infrastructure Management No. 2 Limited to be issued to securityholders; and
- (ii) the Company on behalf of Macquarie and AMP Capital to pay the purchase price for the sale of the shares in AMPCI Macquarie Infrastructure Management No. 1 Limited and AMPCI Macquarie Infrastructure Management No. 2 Limited from the Company to Macquarie Capital Group Limited and AMP Capital Holdings Limited,

and otherwise on the terms and conditions described in the Explanatory Memorandum.”

Other Business Resolutions

Proportional Takeover Provisions Resolution

DIHL Resolution 4

To consider and, if thought fit, to pass as a special resolution:

“That for the purposes of section 648G of the *Corporations Act 2001* (Cth) and all other purposes, the proportional takeover provisions contained in articles 5.11 to 5.16 (inclusive) of the Company’s constitution be renewed with effect from 23 November 2012 for a period of three years.”

Buy-Back Resolution

DIHL Resolution 5

To consider and, if thought fit, to pass as a special resolution:

“That subject to and conditional on the passing of DIHL Resolutions 2 and 3, DUET1 Resolution 1, DUET2 Resolution 1 and DUET3 Resolution 1 as set out in the Notices of Meeting (each as defined in the Explanatory Memorandum to the Notice of Meeting convening this meeting), for the purposes of section 257D of the *Corporations Act 2001* (Cth) and all other purposes, the terms and conditions of the selective buy-back agreement relating to the off-market buy-back by the Company of the:

- (a) A Special Share from AMPCI Macquarie Infrastructure Management No. 1 Limited;
- (b) B Special Share from AMPCI Macquarie Infrastructure Management No. 2 Limited (in its capacity as responsible entity of Diversified Utility and Energy Trust No. 2);
- (c) C Special Share from AMPCI Macquarie Infrastructure Management No. 1 Limited (in its capacity as responsible entity of Diversified Utility and Energy Trust No. 1); and
- (d) C Special Share from AMPCI Macquarie Infrastructure Management No. 2 Limited (in its capacity as responsible entity of Diversified Utility and Energy Trust No. 2),

as described in the Explanatory Memorandum to the Notice of Meeting convening this meeting, be approved, in accordance with section 257D of the *Corporations Act 2001* (Cth) and articles 1.7 to 1.9 of the DUET Investment Holdings Limited constitution.”

Voting restriction: No votes may be cast on this resolution by RE1 or RE2 or their respective Associates. However, a vote may be cast by such a person as a proxy for a person who is entitled to vote on this resolution, appointed by way of a Proxy Form that directs how the proxy is to vote on the resolution, in accordance with the directions on the Proxy Form.

ANNEXURE G: NOTICES OF MEETING CONTINUED

Termination Benefits Resolution

DIHL Resolution 6

To consider and, if thought fit, to pass as an ordinary resolution:

“That subject to and conditional on the passing of DIHL Resolutions 2 and 3, DUET1 Resolution 1, DUET2 Resolution 1 and DUET3 Resolution 1 as set out in the Notices of Meeting (each as defined in the Explanatory Memorandum to the Notice of Meeting convening this meeting), for the purposes of section 200B and 200E of the *Corporations Act 2001* (Cth) and all other purposes, DUET Investment Holdings Limited be authorised to give David Bartholomew and Jason Conroy any of the benefits which may be given in connection with their retirement from office in DUET Investment Holdings Limited, further details of which are described in the Explanatory Memorandum to the Notice of Meeting convening this meeting.”

Voting restriction: No votes may be cast on this resolution by David Bartholomew and Jason Conroy or their Associates. However, a vote may be cast by such a person as a proxy for a person who is entitled to vote this resolution, appointed by way of a Proxy Form that directs how the proxy is to vote on the resolution, in accordance with the directions on the Proxy Form.

Terms and expressions used in this Notice of Annual General Meeting have, unless otherwise defined, the same meanings as set out in Explanatory Memorandum.

BY ORDER OF THE BOARD OF DUET INVESTMENT HOLDINGS LIMITED



Leanne Pickering
Company Secretary

10 October 2012

NOTICE OF GENERAL MEETING – Diversified Utility and Energy Trust No. 1 (ARSN 109 363 037)

Important: The resolutions set out in this Notice of Meeting should be read with the Explanatory Memorandum. Terms and expressions used in this Notice of General Meeting have, unless otherwise defined, the same meanings as set out in the Explanatory Memorandum.

AMPCI Macquarie Infrastructure Management No. 1 Limited (ABN 99 108 013 672) gives notice that a meeting of the security holders of Diversified Utility and Energy Trust No. 1 will be held at 11.00am Sydney time on Friday 23 November 2012 at Intercontinental Hotel, Level 2, 117 Macquarie Street, Sydney NSW 2000 to transact the following business:

ORDINARY BUSINESS

A general discussion of the activities of Diversified Utility and Energy Trust No. 1.

SPECIAL BUSINESS

Internalisation Resolutions

Proposal Approval Resolution

DUET1 Resolution 1

To consider and, if thought fit, to pass as an ordinary resolution:

“That subject to and conditional on the passing of DUET2 Resolution 1, DUET3 Resolution 1 and DIHL Resolutions 2 and 3 as set out in the Notices of Meeting (each as defined in the Explanatory Memorandum to the Notice of Meeting convening this meeting (**Explanatory Memorandum**)), the Proposal as outlined in the Explanatory Memorandum is approved for the purposes of Listing Rule 10.1, Listing Rule 10.11 and for all other purposes including in particular, but without limitation, each of the following:

- (i) payment by Diversified Utility and Energy Trust No. 1, Diversified Utility and Energy Trust No. 2 and Diversified Utility and Energy Trust No. 3 to Macquarie Capital Group Limited (and/or its nominee) (**Macquarie**) of a total amount of \$27.5 million (excluding GST);
- (ii) payment by Diversified Utility and Energy Trust No. 1, Diversified Utility and Energy Trust No. 2 and Diversified Utility and Energy Trust No. 3 to AMP Capital Holding Limited (and/or its nominee) (**AMP Capital**) of a total fee of \$27.5 million (excluding GST);
- (iii) payment by DUET Investment Holdings Limited (**DIHL**) to Macquarie of \$13.5 million plus an amount equal to 50% of the base fee for the management of the DUET Group calculated by the DUET Group on the date of implementation of the Proposal (attributable to the period from 1 October 2012 to the date of implementation of the Proposal) in consideration for Macquarie's 50% shareholding in each of AMPCI Macquarie Infrastructure Management No. 1 Limited (**RE1**) and AMPCI Macquarie Infrastructure Management No. 2 Limited (**RE2**);
- (iv) payment by DIHL to AMP Capital of \$13.5 million plus an amount equal to 50% of the base fee for the management of the DUET Group calculated by the DUET Group on the date of implementation of the Proposal (attributable to the period from 1 October 2012 to the date of implementation of the Proposal) in consideration for AMP Capital's 50% shareholding in each of RE1 and RE2;
- (v) the issue of the 20,789,072 stapled securities in the DUET Group to each of Macquarie and AMP Capital (with \$82.0 million of the amounts in (i) to (iv) above being applied towards payment of the subscription price for these stapled securities); and
- (vi) payment by the DUET Group to Macquarie and AMP Capital of an estimated total of \$8.6 million for making certain agreed transition and separation services available to the DUET Group from the date of implementation of the Proposal to 30 June 2013, and a cost-recovery charge of an estimated amount of \$0.9 million for using those transition and separation services.”

Voting restriction: No votes may be cast on this resolution by Macquarie or AMP Capital or their respective Associates. However, a vote may be cast by such a person as a proxy for a person who is entitled to vote on this resolution, appointed by way of a Proxy Form that directs how the proxy is to vote on the resolution, in accordance with the directions on the Proxy Form.

As approval is being obtained under Listing Rule 10.11, separate approval is not required under Listing Rule 7.1 for the issue of the Placement Securities.

ANNEXURE G: NOTICES OF MEETING CONTINUED

Other Business Resolutions

Proportional Takeover Provisions Resolution

DUET1 Resolution 2

To consider and, if thought fit, to pass as a special resolution:

“That for the purposes of section 648G of the *Corporations Act 2001* (Cth) and all other purposes, the proportional takeover provisions contained in clauses 3.22 to 3.27 (inclusive) of the Diversified Utility and Energy Trust No. 1 constitution be renewed with effect from 23 November 2012 for a period of three years.”

Base Fee Resolution

DUET1 Resolution 3

To consider and, if thought fit, to pass as a special resolution:

“That subject to and conditional on the passing of DUET1 Resolution 1, DUET2 Resolution 1, DUET3 Resolution 1 and DIHL Resolutions 2 and 3 as set out in the Notices of Meeting (each as defined in the Explanatory Memorandum to the Notice of Meeting convening this meeting), for the purposes of section 601GC(1)(a) of the *Corporations Act 2001* (Cth) and all other purposes, the constitution of Diversified Utility and Energy Trust No. 1 (**DUET1**) be amended as described in Annexure D to the Explanatory Memorandum in accordance with the provisions of the supplemental deed poll in the form tabled at the meeting and signed by the Chairman of the Meeting for the purposes of identification (**Deed Poll**) with effect from the Effective Time (as defined in the Deed Poll) and that AMPCI Macquarie Infrastructure Management No. 1 Limited as responsible entity of DUET1 be authorised to execute and lodge with the Australian Securities and Investments Commission a copy of the Deed Poll.”

Voting restriction: No votes may be cast on this resolution by RE1 or its Associates. However, a vote may be cast by such a person as a proxy for a person who is entitled to vote on this resolution, appointed by way of a Proxy Form that directs how the proxy is to vote on the resolution.

Trust Constitution Amendment Resolution

DUET1 Resolution 4

To consider and, if thought fit, to pass as a special resolution:

“That for the purposes of section 601GC(1)(a) of the *Corporations Act 2001* (Cth) and all other purposes, the constitution of Diversified Utility and Energy Trust No. 1 be amended in the manner described in Annexure E of the Explanatory Memorandum to the Notice of Meeting convening this meeting and the responsible entity of Diversified Utility and Energy Trust No. 1 be authorised to do all things necessary to give effect to this resolution including without limitation, to execute and lodge with the Australian Securities and Investments Commission a supplemental deed poll to give effect to the amendments referred to in this resolution.”

Voting restriction: No votes may be cast on this resolution by RE1 or its Associates. However, a vote may be cast by such a person as a proxy for a person who is entitled to vote on this resolution, appointed by way of a Proxy Form that directs how the proxy is to vote on the resolution.

BY ORDER OF THE BOARD OF AMPCI MACQUARIE INFRASTRUCTURE MANAGEMENT NO. 1 LIMITED



Leanne Pickering
Company Secretary

10 October 2012

NOTICE OF GENERAL MEETING – Diversified Utility and Energy Trust No. 2 (ARSN 109 363 135)

Important: The resolutions set out in this Notice of Meeting should be read with the Explanatory Memorandum. Terms and expressions used in this Notice of Meeting have, unless otherwise defined, the same meanings as set out in the Explanatory Memorandum.

AMPCI Macquarie Infrastructure Management No. 2 Limited (ABN 15 108 014 062) gives notice that a meeting of the security holders of Diversified Utility and Energy Trust No. 2 will be held at 11.00am Sydney time on Friday 23 November 2012 at Intercontinental Hotel, Level 2, 117 Macquarie Street, Sydney NSW 2000 to transact the following business:

ORDINARY BUSINESS

A general discussion of the activities of Diversified Utility and Energy Trust No. 2.

SPECIAL BUSINESS

Internalisation Resolutions

Proposal Approval Resolution

DUET2 Resolution 1

To consider and, if thought fit, to pass as an ordinary resolution:

“That subject to and conditional on the passing of DUET1 Resolution 1, DUET3 Resolution 1 and DIHL Resolutions 2 and 3 as set out in the Notices of Meeting (each as defined in the Explanatory Memorandum to the Notice of Meeting convening this meeting (**Explanatory Memorandum**)), the Proposal as outlined in the Explanatory Memorandum is approved for the purposes of Listing Rule 10.1, Listing Rule 10.11 and for all other purposes including in particular, but without limitation, each of the following:

- (i) payment by Diversified Utility and Energy Trust No. 1, Diversified Utility and Energy Trust No. 2 and Diversified Utility and Energy Trust No. 3 to Macquarie Capital Group Limited (and/or its nominee) (**Macquarie**) of a total amount of \$27.5 million (excluding GST);
- (ii) payment by Diversified Utility and Energy Trust No. 1, Diversified Utility and Energy Trust No. 2 and Diversified Utility and Energy Trust No. 3 to AMP Capital Holding Limited (and/or its nominee) (**AMP Capital**) of a total fee of \$27.5 million (excluding GST);
- (iii) payment by DUET Investment Holdings Limited (**DIHL**) to Macquarie of \$13.5 million plus an amount equal to 50% of the base fee for the management of the DUET Group calculated by the DUET Group on the date of implementation of the Proposal (attributable to the period from 1 October 2012 to the date of implementation of the Proposal) in consideration for Macquarie's 50% shareholding in each of AMPCI Macquarie Infrastructure Management No. 1 Limited (**RE1**) and AMPCI Macquarie Infrastructure Management No. 2 Limited (**RE2**);
- (iv) payment by DIHL to AMP Capital of \$13.5 million plus an amount equal to 50% of the base fee for the management of the DUET Group calculated by the DUET Group on the date of implementation of the Proposal (attributable to the period from 1 October 2012 to the date of implementation of the Proposal) in consideration for AMP Capital's 50% shareholding in each of RE1 and RE2;
- (v) the issue of the 20,789,072 stapled securities in the DUET Group to each of Macquarie and AMP Capital (with \$82.0 million of the amounts in (i) to (iv) above being applied towards payment of the subscription price for these stapled securities); and
- (vi) payment by the DUET Group to Macquarie and AMP Capital of an estimated total of \$8.6 million for making certain agreed transition and separation services available to the DUET Group from the date of implementation of the Proposal to 30 June 2013, and a cost-recovery charge of an estimated amount of \$0.9 million for using those transition and separation services.”

Voting restriction: No votes may be cast on this resolution by Macquarie or AMP Capital or their respective Associates. However, a vote may be cast by such a person as a proxy for a person who is entitled to vote on this resolution, appointed by way of a Proxy Form that directs how the proxy is to vote on the resolution, in accordance with the directions on the Proxy Form.

As approval is being obtained under Listing Rule 10.11, separate approval is not required under Listing Rule 7.1 for the issue of the Placement Securities.

ANNEXURE G: NOTICES OF MEETING CONTINUED

Other Business Resolutions

Proportional Takeover Provisions Resolution

DUET2 Resolution 2

To consider and, if thought fit, to pass as a special resolution:

“That for the purposes of section 648G of the *Corporations Act 2001* (Cth) and all other purposes, the proportional takeover provisions contained in clauses 3.22 to 3.27 (inclusive) of the Diversified Utility and Energy Trust No. 2 constitution be renewed with effect from 23 November 2012 for a period of three years.”

Base Fee Resolution

DUET2 Resolution 3

To consider and, if thought fit, to pass as a special resolution:

“That subject to and conditional on the passing of DUET2 Resolution 1, DUET1 Resolution 1, DUET3 Resolution 1 and DIHL Resolutions 2 and 3 as set out in the Notices of Meeting (each as defined in the Explanatory Memorandum to the Notice of Meeting convening this meeting), for the purposes of section 601GC(1)(a) of the *Corporations Act 2001* (Cth) and all other purposes, the constitution of Diversified Utility and Energy Trust No. 2 (**DUET2**) be amended as described in Annexure D to the Explanatory Memorandum in accordance with the provisions of the supplemental deed poll in the form tabled at the meeting and signed by the Chairman of the Meeting for the purposes of identification (**Deed Poll**) with effect from the Effective Time (as defined in the Deed Poll) and that AMPCI Macquarie Infrastructure Management No. 2 Limited as responsible entity of DUET2 be authorised to execute and lodge with the Australian Securities and Investments Commission a copy of the Deed Poll.”

Voting restriction: No votes may be cast on this resolution by RE2 or its Associates. However, a vote may be cast by such a person as a proxy for a person who is entitled to vote on this resolution, appointed by way of a Proxy Form that directs how the proxy is to vote on the resolution.

Trust Constitution Amendment Resolution

DUET2 Resolution 4

To consider and, if thought fit, to pass as a special resolution:

“That for the purposes of section 601GC(1)(a) of the *Corporations Act 2001* (Cth) and all other purposes, the constitution of Diversified Utility and Energy Trust No. 2 be amended in the manner described in Annexure E of the Explanatory Memorandum to the Notice of Meeting convening this meeting and the responsible entity of Diversified Utility and Energy Trust No. 2 be authorised to do all things necessary to give effect to this resolution including without limitation, to execute and lodge with the Australian Securities and Investments Commission a supplemental deed poll to give effect to the amendments referred to in this resolution.”

Voting restriction: No votes may be cast on this resolution by RE2 or its Associates. However, a vote may be cast by such a person as a proxy for a person who is entitled to vote on this resolution, appointed by way of a Proxy Form that directs how the proxy is to vote on the resolution.

BY ORDER OF THE BOARD OF AMPCI MACQUARIE INFRASTRUCTURE MANAGEMENT NO. 2 LIMITED



Leanne Pickering
Company Secretary

10 October 2012

NOTICE OF GENERAL MEETING – Diversified Utility and Energy Trust No. 3 (ARSN 124 997 986)

Important: The resolutions set out in this Notice of Meeting should be read with the Explanatory Memorandum. Terms and expressions used in this Notice of Meeting have, unless otherwise defined, the same meanings as set out in the Explanatory Memorandum.

AMPCI Macquarie Infrastructure Management No. 2 Limited (ABN 15 108 014 062) gives notice that a meeting of the security holders of Diversified Utility and Energy Trust No. 3 will be held at 11.00am Sydney time on Friday 23 November 2012 at Intercontinental Hotel, Level 2, 117 Macquarie Street, Sydney NSW 2000 to transact the following business:

ORDINARY BUSINESS

A general discussion of the activities of Diversified Utility and Energy Trust No. 3.

SPECIAL BUSINESS

Internalisation Resolutions

Proposal Approval Resolution

DUET3 Resolution 1

To consider and, if thought fit, to pass as an ordinary resolution:

- “That subject to and conditional on the passing of DUET1 Resolution 1, DUET2 Resolution 1 and DIHL Resolutions 2 and 3 as set out in the Notices of Meeting (each as defined in the Explanatory Memorandum to the Notice of Meeting convening this meeting (**Explanatory Memorandum**)), the Proposal as outlined in the Explanatory Memorandum is approved for the purposes of Listing Rule 10.1, Listing Rule 10.11 and for all other purposes including in particular, but without limitation, each of the following:
- (i) payment by Diversified Utility and Energy Trust No. 1, Diversified Utility and Energy Trust No. 2 and Diversified Utility and Energy Trust No. 3 to Macquarie Capital Group Limited (and/or its nominee) (**Macquarie**) of a total amount of \$27.5 million (excluding GST);
 - (ii) payment by Diversified Utility and Energy Trust No. 1, Diversified Utility and Energy Trust No. 2 and Diversified Utility and Energy Trust No. 3 to AMP Capital Holding Limited (and/or its nominee) (**AMP Capital**) of a total fee of \$27.5 million (excluding GST);
 - (iii) payment by DUET Investment Holdings Limited (**DIHL**) to Macquarie of \$13.5 million plus an amount equal to 50% of the base fee for the management of the DUET Group calculated by the DUET Group on the date of implementation of the Proposal (attributable to the period from 1 October 2012 to the date of implementation of the Proposal) in consideration for Macquarie's 50% shareholding in each of AMPCI Macquarie Infrastructure Management No. 1 Limited (**RE1**) and AMPCI Macquarie Infrastructure Management No. 2 Limited (**RE2**);
 - (iv) payment by DIHL to AMP Capital of \$13.5 million plus an amount equal to 50% of the base fee for the management of the DUET Group calculated by the DUET Group on the date of implementation of the Proposal (attributable to the period from 1 October 2012 to the date of implementation of the Proposal) in consideration for AMP Capital's 50% shareholding in each of RE1 and RE2;
 - (v) the issue of the 20,789,072 stapled securities in the DUET Group to each of Macquarie and AMP Capital (with \$82.0 million of the amounts in (i) to (iv) above being applied towards payment of the subscription price for these stapled securities); and
 - (vi) payment by the DUET Group to Macquarie and AMP Capital of an estimated total of \$8.6 million for making certain agreed transition and separation services available to the DUET Group from the date of implementation of the Proposal to 30 June 2013, and a cost-recovery charge of an estimated amount of \$0.9 million for using those transition and separation services.”

Voting restriction: No votes may be cast on this resolution by Macquarie or AMP Capital or their respective Associates. However, a vote may be cast by such a person as a proxy for a person who is entitled to vote on this resolution, appointed by way of a Proxy Form that directs how the proxy is to vote on the resolution.

As approval is being obtained under Listing Rule 10.11, separate approval is not required under Listing Rule 7.1 for the issue of the Placement Securities.

ANNEXURE G: NOTICES OF MEETING CONTINUED

Other Business Resolutions

Proportional Takeover Provisions Resolution

DUET3 Resolution 2

To consider and, if thought fit, to pass as a special resolution:

"That for the purposes of section 648G of the *Corporations Act 2001* (Cth) and all other purposes, the proportional takeover provisions contained in clauses 3.22 to 3.27 (inclusive) of the Diversified Utility and Energy Trust No. 3 constitution be renewed with effect from 23 November 2012 for a period of three years."

Base Fee Resolution

DUET3 Resolution 3

To consider and, if thought fit, to pass as a special resolution:

"That subject to and conditional on the passing of DUET3 Resolution 1, DUET1 Resolution 1, DUET2 Resolution 1 and DIHL Resolutions 2 and 3 as set out in the Notices of Meeting (each as defined in the Explanatory Memorandum to the Notice of Meeting convening this meeting), for the purposes of section 601GC(1)(a) of the *Corporations Act 2001* (Cth) and all other purposes, the constitution of Diversified Utility and Energy Trust No. 3 (**DUET3**) be amended as described in Annexure D to the Explanatory Memorandum in accordance with the provisions of the supplemental deed poll in the form tabled at the meeting and signed by the Chairman of the Meeting for the purposes of identification (**Deed Poll**) with effect from the Effective Time (as defined in the Deed Poll) and that AMPCI Macquarie Infrastructure Management No. 2 Limited as responsible entity of DUET3 be authorised to execute and lodge with the Australian Securities and Investments Commission a copy of the Deed Poll."

Voting restriction: No votes may be cast on this resolution by RE2 or its Associates. However, a vote may be cast by such a person as a proxy for a person who is entitled to vote on this resolution, appointed by way of a Proxy Form that directs how the proxy is to vote on the resolution.

Trust Constitution Amendment Resolution

DUET3 Resolution 4

To consider and, if thought fit, to pass as a special resolution:

"That for the purposes of section 601GC(1)(a) of the *Corporations Act 2001* (Cth) and all other purposes, the constitution of Diversified Utility and Energy Trust No. 3 be amended in the manner described in Annexure E of the Explanatory Memorandum to the Notice of Meeting convening this meeting and the responsible entity of Diversified Utility and Energy Trust No. 3 be authorised to do all things necessary to give effect to this resolution including without limitation, to execute and lodge with the Australian Securities and Investments Commission a supplemental deed poll to give effect to the amendments referred to in this resolution."

Voting restriction: No votes may be cast on this resolution by RE2 or its Associates. However, a vote may be cast by such a person as a proxy for a person who is entitled to vote on this resolution, appointed by way of a Proxy Form that directs how the proxy is to vote on the resolution.

BY ORDER OF THE BOARD OF AMPCI MACQUARIE INFRASTRUCTURE MANAGEMENT NO. 2 LIMITED



Leanne Pickering
Company Secretary

10 October 2012

PROSPECTUS

AMPCI Macquarie Infrastructure Management No 1 Limited (ACN 108 013 672)
 AMPCI Macquarie Infrastructure Management No 2 Limited (ACN 108 014 062)
 DUET Investment Holdings Limited (ACN 120 456 573)

Prospectus for the issue of ordinary shares in AMPCI Macquarie Infrastructure Management No 1 Limited (RE1) and AMPCI Macquarie Infrastructure Management No 2 Limited (RE2) to Securityholders, and sale by DUET Investment Holdings Limited (DIHL) of ordinary shares in RE1 and RE2 to Macquarie Capital Group Limited and AMP Capital Holdings Limited or their nominees, in relation to a recommended proposal for the management of Diversified Utility and Energy Trust No. 1 (DUET1), Diversified Utility and Energy Trust No. 2 (DUET2), Diversified Utility and Energy Trust No. 3 (DUET3) and DIHL (together, the DUET Group) to be internalised through: (i) the acquisition by the DUET Group of the shares in RE1 and RE2 from Macquarie and AMP Capital; (ii) the issue of shares in each of RE1 and RE2 to securityholders of the DUET Group; (iii) the sale of shares in RE1 and RE2 to Macquarie and AMP Capital; and (iv) the stapling of each share in RE1 and RE2 to each existing stapled security in the DUET Group (together, the Proposal).

This and the separate notice of Securityholders' meetings and explanatory memorandum (**Explanatory Memorandum**) that accompany this Prospectus are each an important document and require your immediate attention. The DUET Group has lodged the Explanatory Memorandum with ASIC and the information in that document is incorporated by reference into this Prospectus. You should read this Prospectus and the separate Explanatory Memorandum in their entirety before deciding how to vote on the resolutions and consult your investment, financial, tax, legal or other professional adviser, if you are in any doubt about what to do. You may call the DUET Securityholder Information Line on 1800 009 874 (within Australia) or +61 3 9415 4189 (outside Australia), Monday to Friday between 9.00am and 6.00pm if you have any questions.

This Prospectus is dated 10 October 2012.

Issued by AMPCI Macquarie Infrastructure Management No 1 Limited, AMPCI Macquarie Infrastructure Management No 2 Limited and DUET Investment Holdings Limited.

IMPORTANT NOTICES

This Prospectus

This Prospectus is issued by AMPCI Macquarie Infrastructure Management No 1 Limited (**RE1**), AMPCI Macquarie Infrastructure Management No 2 Limited (**RE2**) and DUET Investment Holdings Limited (**DIHL**) for the purposes of Chapter 6D of the Corporations Act. It provides holders of stapled securities in the DUET Group (**Securityholders**) with information about RE1 Shares and RE2 Shares that will be issued to Securityholders under this Prospectus if the Proposal is approved and implemented. This Prospectus also provides Securityholders with information about the sale by DIHL of certain RE1 Shares and RE2 Shares (referred to in this Prospectus as the **Existing RE Shares**) to Macquarie and AMP Capital. To properly understand the context of this Prospectus under the Proposal, this Prospectus must be read in conjunction with the Explanatory Memorandum for the Proposal dated 10 October 2012 (**Explanatory Memorandum**), which includes an independent expert report prepared by Grant Samuel & Associates, and which has been provided with this Prospectus by the DUET Group.

This Prospectus was lodged with ASIC on 10 October 2012. No RE1 Shares or RE2 Shares will be issued, or sold by DIHL, on the basis of this Prospectus after the completion of the Proposal and, in any event, no RE1 Shares or RE2 Shares will be issued, or sold by DIHL, under this Prospectus more than 13 months after the date of this Prospectus. ASIC is not responsible for the contents of this Prospectus.

You should consider the contents of this Prospectus carefully. Securityholders should read this Prospectus in its entirety before deciding how to vote on the resolutions set out in the Explanatory Memorandum. In particular, you should consider the risks outlined in Section 9 and the tax implications outlined in Section 8.5. The potential tax effects of an investment in RE1 Shares and RE2 Shares will vary between Securityholders. You may also wish to obtain independent advice, including tax, retirement planning and investment advice. If you have any questions, please contact the DUET Securityholder Information Line on 1800 009 874 (within Australia) or +61 3 9415 4189 (outside Australia) Monday to Friday between 9.00am and 6.00pm.

No investment advice

This Prospectus does not constitute financial product advice and has been prepared without reference to your investment objectives, financial situation, tax position or particular needs, or those of any other person. Investment in the DUET Group and in RE1 and RE2 is subject to investment and other risks. It is important that you consider the risks identified in Section 9 and other information contained in this Prospectus in light of your own objectives, financial situation or needs. RE1, RE2 and DIHL do not guarantee the performance of the DUET Group, RE1, RE2, the RE1 Shares or the RE2 Shares or the repayment of capital. If you are in any doubt about these matters, you should consult your investment, financial, tax, legal or other professional adviser.

RE1, RE2 and DIHL are not licensed to provide financial product advice in relation to the RE1 Shares and RE2 Shares. You should read this Prospectus and the accompanying Explanatory Memorandum in full before deciding how to vote on the resolutions to be considered at the Meeting.

This Prospectus does not constitute tax advice. You will need to consult your own professional tax adviser regarding the consequences of an investment in RE1 Shares and RE2 Shares in light of your particular circumstances.

No cooling-off rights

Cooling-off rights do not apply to the Issue. This means that, in most circumstances, you cannot withdraw your investment in RE1 Shares and RE2 Shares.

Prospectus availability

Securityholders can obtain a copy of this Prospectus free of charge at any time before the Meeting on the DUET Group's website at www.duet.net.au or by calling the DUET Securityholder Information Line on 1800 009 874 (within Australia) or +61 3 9415 4189 (outside Australia). If you access the electronic version of this Prospectus you should ensure that you download and read the entire Prospectus.

Restrictions on distribution

This Prospectus does not constitute an offer or recommendation of securities in any jurisdiction, or to any person to whom it would be unlawful to make such an offer. For details of the selling restrictions that apply to the Issue in foreign jurisdictions, see Section 11.9.

Privacy

Please read the privacy statement located in Section 11.13.

More important notices

Other important information and disclaimers in regards to the Issue and this Prospectus are found in Section 13. You should have regard to this other important information and disclaimers when considering the contents of this Prospectus.

Defined terms

Capitalised terms used in this Prospectus are defined in the Glossary in Section 12.

CONTENTS

1	Key Dates	166	11	Additional Information	196
2	Letter from the Chairmen of the Independent Board Committees	167	11.1	Availability of documents	196
3	Investment Overview	170	11.2	Continuous disclosure	196
3.1	Key features of the Issue and the Residual RE Share Sale	170	11.3	ASX disclaimer in relation to stapling	196
3.2	Key terms of RE1 Shares and RE2 Shares	171	11.4	ASX listing	196
3.3	Overview of RE1 and RE2	171	11.5	ASIC relief	196
3.4	Key risks associated with RE1 and RE2 and RE1 Shares and RE2 Shares	172	11.6	ASX waivers and confirmations	197
3.5	Key people	173	11.7	Directors' consent to lodgement	198
4	Key Features of the Issue	174	11.8	Consents to be named	198
4.1	Background to the Prospectus regarding the Proposal	174	11.9	Foreign selling restrictions	198
4.2	Conditions to the Proposal	174	11.10	Representations and undertakings for resales and transfers	204
4.3	Key implementation steps for the Proposal	175	11.11	Expiry date	205
4.4	Key features of the Issue	177	11.12	Legal proceedings	205
5	Key Terms of RE1 Shares and RE2 Shares	178	11.13	Privacy	205
6	Overview of the DUET Group	181	12	Glossary	206
7	Overview of RE1 and RE2	182	13	Other Important Notices	209
7.1	Current ownership structure of RE1 and RE2	182	13.1	Forward looking statements	209
7.2	Operations of RE1 and RE2	183	13.2	United States Securityholders	209
8	Financial Information	184	13.3	General disclaimers	209
8.1	Financial position	184	13.4	No authorised deposit taking institutions	209
8.2	Financial performance	184	13.5	Currency	210
8.3	Financing arrangements and requirements	184	13.6	Date	210
8.4	Prospects of RE1 and RE2	184	13.7	Regulatory information	210
8.5	Tax	184			
8.6	Infrastructure entity disclosures	185			
9	Risks	186			
9.1	Business risks	186			
9.2	General risks	187			
10	Key People	189			
10.1	Directors of RE1 and RE2 at the date of this Prospectus	189			
10.2	Directors of RE1 and RE2 if the Proposal is implemented	189			
10.3	Senior management of the DUET Group (including RE1 and RE2) if the Proposal is implemented	189			
10.4	Profiles of current and proposed directors of RE1 and RE2	190			
10.5	Profiles of senior management of the DUET Group (including RE1 and RE2)	192			
10.6	Interests of directors	193			
10.7	Remuneration of directors of RE1 and RE2	194			
10.8	Remuneration of senior management	194			
10.9	Fees and interests of advisers	195			

1 KEY DATES

Key dates in connection with the Proposal

Last date and time to lodge Proxy Forms	11.00am Wednesday 21 November 2012
Voting Record Date – Date and time to determine your eligibility to vote at the Meeting	7.00pm Wednesday 21 November 2012
Meeting Date to approve the Proposal	11.00am Friday 23 November 2012
ASX announcement of results of Meeting	Friday 23 November 2012

If the Proposal is approved by Securityholders and all other conditions in connection with the Proposal are fulfilled or waived

Last day of trading in Existing Stapled Securities	Monday 26 November 2012
New Stapled Securities commence trading on ASX on a deferred settlement basis	Tuesday 27 November 2012
Record Date – the date and time which determines the entitlements of Securityholders for implementation of the Proposal (including eligibility to receive new shares in RE1 and RE2)	7.00pm Monday 3 December 2012
Implementation of the Proposal	Tuesday 4 December 2012
Despatch of holding statements to Securityholders	Monday 10 December 2012
New Stapled Securities end trading on ASX on a deferred settlement basis	Monday 10 December 2012
New Stapled Securities commence trading on ASX on a normal T+3 settlement basis	Tuesday 11 December 2012

Note: Dates and times are indicative only and subject to change. Unless otherwise specified, all times and dates refer to Sydney time. Any changes to the timetable will be notified to ASX and posted on the DUET Group's website at www.duet.net.au.

2 LETTER FROM THE CHAIRMEN OF THE INDEPENDENT BOARD COMMITTEES

10 October 2012

Dear Securityholder,

On 31 July 2012, the Independent Directors of the DUET Group (**DUET** or the **Group**) announced they had reached agreement with AMP Capital Holdings Limited (**AMP Capital**) and Macquarie Capital Group Limited (**Macquarie**) to internalise the management of DUET, subject to the approval of DUET's securityholders (**Securityholders**).

Background to the Proposal

Over the past 18 months DUET has undergone a significant transformation from a sector-based investment fund into a business with an operational focus. It has completed a number of major strategic and capital initiatives that have simplified and degeared the Group. Today DUET owns, in aggregate, majority stakes in three regulated Australian energy utilities with strong prospects.

The investment community has responded favourably to this transformation. In the 12 month period to 30 June 2012, DUET outperformed its benchmark index by 13.7% and the improvement in its security price resulted in a Performance Fee of \$16.2 million being paid to Macquarie and AMP Capital for the six months to 30 June 2012.

Throughout this period, the Independent Directors were aware of market developments in respect of the internalisation of other externally-managed groups. When the Independent Directors conducted their periodic review of the management arrangements in March 2012, an opportunity was identified to reform the governance structure while delivering an economic benefit to Securityholders.

It was against the backdrop of DUET's successful initiatives, the prospect of material increases in the Management Fee, and a greater likelihood of further Performance Fees, that the Independent Directors sought an internalisation proposal from Macquarie and AMP Capital. The Independent Directors then appointed financial and legal advisors and entered into a lengthy period of negotiation.

The Independent Directors considered various alternative approaches to internalisation and determined that this Proposal provided the best risk-adjusted outcome for Securityholders. The alternative approaches to the Proposal that were considered by the Independent Directors are discussed in more detail in Sections 3.7 and 5.3 of the Explanatory Memorandum.

Benefits of the Proposal to Securityholders

The internalisation of DUET's management is expected to deliver a number of tangible benefits to Securityholders.

- It will strengthen the alignment of interests of DUET's boards and management with Securityholders. In particular:
 - management will be employed by DUET Investment Holdings Limited (**DIHL**) and be directly and solely accountable to DUET's boards;
 - management performance incentives will be linked to the interests of Securityholders; and
 - from 2013, all directors of DUET will become subject to nomination and re-election by Securityholders on a rotational basis.
- It is expected to more than halve DUET's annual corporate operating costs¹ and, in doing so, be accretive to DUET's operating cash flows from 1 July 2013.
- It will eliminate externally paid Management Fees, giving DUET greater control and certainty over its future corporate operating costs instead of those costs being subject to fluctuations from movements in DUET's market capitalisation under the current management fee arrangements.
- It will eliminate Performance Fees from 1 July 2012, removing a significant element of volatility from DUET's future cash flows and distributions.
- It is expected to broaden DUET's appeal to the investment community and potentially expand its investor base by removing the external management arrangements.

Risks and disadvantages of the Proposal

There are a number of risks and disadvantages associated with internalising management under the Proposal which you should take into account in deciding how to vote.

- DUET will need to pay one-off external transaction and implementation costs associated with the Proposal.
- DUET will no longer enjoy access to Macquarie and AMP Capital's expertise and global reach.
- Although (as noted above) DUET's corporate operating costs are expected to more than halve if the Proposal is implemented, these costs will now be paid directly by DUET rather than by Macquarie and AMP Capital if the Proposal is implemented.

The risks and disadvantages of the Proposal are described in more detail in Sections 3.6, 3.10, 5.6 and 5.9 of the Explanatory Memorandum

¹ The pre-internalisation corporate operating expense budget for the 2013 financial year is \$25.2 million. Following internalisation, proforma operating costs are expected to be approximately \$11.8 million. See Section 5.4.3 of the Explanatory Memorandum for more details.

2 LETTER FROM THE CHAIRMEN OF THE INDEPENDENT BOARD COMMITTEES CONTINUED

The terms of the Proposal

If the Proposal is approved then:

- DUET will become an independent self-managed group;
- DUET will acquire its responsible entities from AMP Capital and Macquarie and procure the issue of the shares in these companies to Securityholders; and
- the current management team, led by David Bartholomew (Chief Executive Officer) and Jason Conroy (Chief Financial Officer) will be directly employed by DIHL.

Under the Proposal, total payments to Macquarie and AMP Capital for the internalisation will be \$95.6 million.² Of this amount, \$82.0 million will be used to subscribe for 41,578,144 stapled securities in the DUET Group at \$1.972³ per stapled security. At 7.1 times the expected annual corporate cost savings and 3.5 times those savings and the average annual historical performance fee, the Independent Directors believe the \$95.6 million in total payments to be attractive when compared to similar recent transactions.

DUET will also pay Macquarie and AMP Capital \$5.0 million for restructuring advisory services to evaluate, develop and (if appropriate) implement a simplification of DUET's group structure.

DUET has Secured an Experienced Board and Management team

All of the Independent Directors (including Doug Halley, the chairman-elect of DUET) will remain as directors of DUET and, from 2013, will be subject to nomination and re-election by Securityholders on a rotational basis.

Under the Heads of Agreement entered into between DUET, Macquarie and AMP Capital, one of John Roberts and Scott Davies (who is currently Philip Garling's alternate) will remain on each DUET Board. Scott Davies will retire on 30 June 2013 and John Roberts will retire at the DUET Group 2013 Annual General Meetings expected to be held in November 2013, unless invited by the Independent Directors to stand for re-election. Following these dates, Macquarie and AMP Capital will no longer have the right to appoint directors to DUET's boards.

DUET's current management team will be employed by DUET on financial close of the transaction which is expected in early December 2012. The accumulated knowledge and experience of the team in managing DUET (and the large and complex businesses which it owns) provides the Independent Directors with a high degree of comfort and certainty around the transition to independent management and the ongoing success of the Group.

DUET's Independent Directors Recommend the Proposal

The Independent Directors of DUET unanimously recommend that you vote in favour of the Proposal in the absence of a superior competing proposal. The directors will vote the Existing Stapled Securities they own or control in favour of the Proposal (where they are entitled to vote).

The Independent Expert has concluded that the Proposal is fair and reasonable to, and in the best interests of, Non-Associated Securityholders

The Explanatory Memorandum contains a copy of the Independent Expert's Report, prepared by Grant Samuel & Associates (**Independent Expert**). The Independent Expert has concluded that the Proposal is fair and reasonable to, and in the best interests of, Non-Associated Securityholders.

Your Vote is Important

For the Proposal to proceed, Securityholders must pass all Internalisation Resolutions proposed at the Securityholders' Meeting.

Please read this Prospectus and accompanying separate Explanatory Memorandum carefully in their entirety before making your decision and voting (whether in person, by corporate representative or by proxy) at the Securityholders' Meeting on Friday 23 November 2012.

² The \$95.6 million comprises: (i) \$55.0 million for the termination of the current management arrangements, entering into the Transaction Documents and structuring, proposing and facilitating the Proposal; (ii) \$27.0 million plus the Share Sale Cash Payment (expected to be \$4.1 million and equivalent to Management Fee income from 1 October 2012 to the Implementation Date) in consideration for the sale of shares in RE1 and RE2; and (iii) an estimated total of \$9.5 million for separation and transition services to be made available and provided by Macquarie and AMP Capital to 30 June 2013. See Sections 5.2.3, 5.2.4, 5.3.1 and 5.3.2 for more details.

³ The method for calculating the issue price as set out in the Heads of Agreement has been amended with the price now to be calculated in accordance with the existing constitutions of DUET1, DUET2 and DUET3. The subscription price of \$1.972 under the constitutions is marginally more favourable to Securityholders than the \$1.9715 price under the Heads of Agreement.

How to Obtain Further Information

If you have any queries on the resolutions or material contained in the attached documents then please contact the DUET Securityholder Information Line on 1800 009 874 (within Australia) or +61 3 9415 4189 (outside Australia) or your financial adviser or accountant.

We are very excited about the future of DUET. We recommend this Proposal to you and encourage you to vote in its favour given the significant and tangible benefits for Securityholders.

We look forward to your participation at the Securityholders' Meeting.

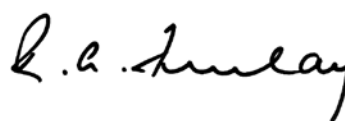
Yours sincerely



Doug Halley

Independent Board Committee Chairman

DUET Investment Holdings Limited and AMPCI
Macquarie Infrastructure Management No 1 Limited
as responsible entity of Diversified Utility and
Energy Trust No. 1



Ron Finlay

Independent Board Committee Chairman

AMPCI Macquarie Infrastructure Management No 2
Limited as responsible entity of Diversified Utility and
Energy Trust No. 2 and Diversified Utility and
Energy Trust No. 3

3 INVESTMENT OVERVIEW

It is proposed that RE1 Shares and RE2 Shares will be issued to Securityholders, and the Existing RE Shares will be sold to Macquarie and AMP Capital, in connection with the Proposal and as described more fully in the Explanatory Memorandum. This Section provides a summary of key information in relation to the transactions contemplated in the Prospectus only (namely the issue of RE1 Shares and RE2 Shares to Securityholders and the sale of the Existing RE Shares to Macquarie and AMP Capital). It should be read in conjunction with the remainder of the Prospectus, including the detailed explanation of the risks associated with holding RE1 Shares and RE2 Shares (as described in Section 9) and the Explanatory Memorandum.

3.1 KEY FEATURES OF THE ISSUE AND THE RESIDUAL RE SHARE SALE

Topic	Summary
Who are the issuers of the Prospectus?	The issuers are RE1, RE2 and DIHL.
What are the securities being issued under this Prospectus?	The securities being issued under this Prospectus are new fully paid ordinary shares in RE1 and new fully paid ordinary shares in RE2. The securities being sold under this Prospectus are existing fully paid ordinary shares in RE1 and existing fully paid ordinary shares in RE2. Each RE1 Share and RE2 Share will be stapled to one unit in DUET1, one unit in DUET2, one unit in DUET3 and one share in DIHL, thereby forming a six-stapled security. Securityholders may only trade all six securities together.
Who will the issue of RE1 Shares and RE2 Shares be made to?	RE1 Shares and RE2 Shares will be issued to those Securityholders on the Register at the Record Date, together with AMP Capital and Macquarie in respect of the Placement Securities to be issued to Macquarie and AMP Capital under the Proposal.
Who will the sale of the Existing RE Shares be made to?	The Existing RE Shares will be sold by DIHL to Macquarie and AMP Capital under the Proposal. Part of the Capital Reduction payable to Macquarie and AMP Capital will be applied to pay the purchase price for the sale of the Existing RE Shares from DIHL to Macquarie and AMP Capital.
How many RE1 Shares and RE2 Shares will be issued?	Securityholders will be issued one RE1 Share and one RE2 Share for every one Existing Stapled Security they hold at the Record Date.
What is the consideration payable for the RE1 Shares and RE2 Shares?	Securityholders are not required to pay new capital for the RE1 Shares or the RE2 Shares, or to complete any application forms. These shares will be paid for using the proceeds of a Capital Reduction by DIHL.
What is the purpose of the Issue and the Residual RE Share Sale?	The Issue and the Residual RE Share Sale are steps in the internalisation of management of the DUET Group. This is described in more detail in Section 5.1.3 of the Explanatory Memorandum.
What are the key steps involved in the Proposal?	The key steps of the Proposal are set out in more detail in Section 4.3 of this Prospectus and in Section 5.1.3 of the Explanatory Memorandum.
Are there any conditions to the Issue and the Residual RE Share Sale?	Yes. The RE1 Shares and RE2 Shares will only be issued, and the Existing RE Shares will only be sold, if: <ul style="list-style-type: none"> – the Proposal is approved by the requisite majority of Securityholders; and – the conditions precedent to the implementation of the Proposal are all met or waived by the Implementation Date.
Will the RE1 Shares and RE2 Shares be listed on the ASX?	Yes. The RE1 Shares and RE2 Shares will be quoted on the ASX and stapled to the Existing Stapled Securities to form the New Stapled Securities. The New Stapled Securities will trade on the ASX under the DUET Group's existing ASX code 'DUE'.

3.2 KEY TERMS OF RE1 SHARES AND RE2 SHARES

Topic	Summary	Further information
What are the key terms of the RE1 Shares?	Immediately after allotment and issue on the Implementation Date, the RE1 Shares will be fully paid ordinary shares and will rank equally with all other ordinary RE1 Shares on issue. The rights attaching to RE1 Shares are set out in the RE1 constitution and are regulated by the Corporations Act, the Listing Rules and general law.	Section 5
What are the key terms of the RE2 Shares?	Immediately after allotment and issue on the Implementation Date, the RE2 Shares will be fully paid ordinary shares and will rank equally with all other ordinary RE1 Shares on issue. The rights attaching to RE2 Shares are set out in the RE2 constitution and are regulated by the Corporations Act, the Listing Rules and general law.	Section 5
New Stapled Securities	The RE1 Shares and RE2 Shares will be stapled to the Existing Stapled Securities to form the New Stapled Securities.	Section 4

3.3 OVERVIEW OF RE1 AND RE2

Topic	Summary	Further information
General	RE1 and RE2 were registered as Australian public companies on 17 February 2004.	Section 7.1
Current ownership of RE1 and RE2	At the date of this Prospectus, RE1 and RE2 are jointly owned by Macquarie and AMP Capital.	Section 7.1
Business activities and business models in relation to the DUET Group	The main business activity carried on by RE1 is to act as responsible entity of DUET1 and manager of DIHL. The main business activity carried on by RE2 is to act as responsible entity of each of DUET2 and DUET3.	Section 7.2
Financial position	<p>The key assets of RE1 and RE2 at 30 June 2012 are cash, Management Fee and Performance Fee receivables, intangible assets (relating to their rights as responsible entities and, in the case of RE1, its rights as manager of DIHL) and deferred tax assets.</p> <p>If the Proposal is approved by Securityholders at the Meeting, all payables will be settled with any remaining cash distributed to Macquarie and AMP Capital prior to implementation of the Proposal.</p>	Section 8.1
Financial performance	<p>As responsible entities, RE1 and RE2 are, broadly, entitled to recover from the assets of each trust of which they are the responsible entity any expense incurred by them in the proper performance of their duties as responsible entities.</p> <p>If the Proposal is implemented, RE1 and RE2 will, however, incur expenses in their personal capacity (such as audit fees in relation to their own financial statements, insurance premiums unrelated to the trusts, and costs associated with maintaining their AFSs). To pay these expenses RE1 and RE2 will require income. Therefore, if the Proposal is implemented, RE1 and RE2 will receive a reduced management fee as responsible entities of DUET1, DUET2 and DUET3 (as applicable) to enable them to meet expenses which they cannot recover from the assets of each trust (being those expenses referred to above).</p> <p>The resulting net profit or loss (if any) is not expected to be material to the DUET Group.</p>	Section 8.2

3 INVESTMENT OVERVIEW CONTINUED

Topic	Summary	Further information
Other financial requirements	<p>RE1 and RE2 will, on the Implementation Date, each be required to hold net tangible assets equal to the greater of \$5.0 million and 10% of their average revenue to comply with the conditions of their AFSs. RE1 and RE2 will be capitalised to comply with this requirement.</p> <p>RE1 and RE2 do not have any corporate level debt facilities in place.</p> <p>If the Proposal is implemented, RE1 and RE2 will join the DUET Group corporate debt facility security group, and therefore be an obligor under guarantees relating to that security.</p>	Section 8.3
Prospects	The DUET Group has reaffirmed its distribution guidance for the 2013 financial year for each New Stapled Security, post-implementation of the Proposal.	Section 5.4.1 of the Explanatory Memorandum
Staff	If the Proposal is implemented, staff will be employed by DIHL and made available to the rest of the DUET Group under one or more management services agreements.	Section 5.1.6 of the Explanatory Memorandum
Infrastructure entity disclosures	The DUET Group's website (at www.duet.net.au/about-duet/corporate-governance/asic-rg231-disclosure-requirements) contains the disclosures required by ASIC Regulatory Guide 231. These disclosures are aimed at informing Securityholders and Securityholders may find these disclosures helpful in considering the Proposal.	Section 8.6

3.4 KEY RISKS ASSOCIATED WITH RE1 AND RE2 AND RE1 SHARES AND RE2 SHARES

Topic	Summary	Further information
New Stapled Securities	<p>RE1 Shares and RE2 Shares will form part of New Stapled Securities. The trading value of RE1 Shares and RE2 Shares will depend on the trading price of New Stapled Securities, which are subject to a number of risks which apply to the DUET Group. These are set out in Section 5.9 of the Explanatory Memorandum.</p> <p>This is important as the value of RE1 and RE2 is necessarily reliant upon the value of the DUET Group for as long as the stapling provisions for New Stapled Securities apply.</p>	Section 9.1
Loss of Macquarie and AMP Capital involvement	If implemented, RE1 and RE2 will no longer be jointly owned by Macquarie and AMP Capital, which will end the involvement of Macquarie and AMP Capital in the management of the DUET Group other than during the transition period.	Section 9.1
Establishing new stand-alone systems and migrating to a new control environment	There are inherent risks in establishing a new operating environment, including risks associated with ensuring the existing corporate governance framework remains appropriate.	Section 9.1
Employees	The departure of key personnel employed in the DUET Group, or any inability to attract new qualified personnel, could adversely affect the operations of RE1 or RE2.	Sections 9.1 and 10
Tax	<p>Securityholders will become the owners of RE1 and RE2 and there may be unforeseen tax liabilities in these entities.</p> <p>Changes in tax law, or changes in the way tax laws are interpreted in the various jurisdictions in which RE1 and RE2 operate, may adversely affect RE1 and RE2.</p>	Section 9.1
ASX listing	Admission by ASX of RE1 and RE2 to listing on ASX imposes various listing obligations which RE1 and RE2 must comply with on an ongoing basis. There can be no assurance that these obligations will be met on an ongoing basis.	Section 9.1

Topic	Summary	Further information
AFSL	If RE1 or RE2 breaches the conditions of its AFSL (eg, is unable to meet its AFSL financial adequacy requirements), there is a risk that its AFSL will be revoked and it will not be able to act as the responsible entity for DUET1, DUET2 or DUET3 (as applicable).	Section 9.1
Financing	Costs incurred by RE1 and RE2 in their capacity as responsible entities of DUET1, DUET2 and DUET3 (as applicable) will need to be funded by other DUET Group entities. If the Proposal is implemented, RE1 and RE2 may join the DUET Group corporate debt facility security group, and become obligors under guarantees relating to that security.	Section 9.1
General economic conditions	The operating and financial performance of RE1 and RE2 may be influenced by a variety of general economic conditions.	Section 9.2
Changes in accounting standards	Changes in accounting standards could adversely impact RE1 Shares and RE2 Shares.	Section 9.2
Forecast risks	RE1 and RE2 do not guarantee any particular rate of return or the performance of RE1 or RE2 or the DUET Group nor do they guarantee any particular tax treatment.	Section 9.2

3.5 KEY PEOPLE

Topic	Summary	Further information
Directors of RE1 at the date of this Prospectus	<ul style="list-style-type: none"> – John Roberts (chairman) – Doug Halley – Philip Garling – Emma Stein – Michael Lee 	Sections 10.1 and 10.4
Directors of RE2 at the date of this Prospectus	<ul style="list-style-type: none"> – John Roberts (chairman) – Philip Garling – Eric Goodwin – Duncan Sutherland – Ron Finlay 	Sections 10.1 and 10.4
Directors of RE1 from the Implementation Date	<ul style="list-style-type: none"> – Doug Halley (chairman) – John Roberts – Emma Stein – Michael Lee 	Sections 10.2 and 10.4
Directors of RE2 from the Implementation Date	<ul style="list-style-type: none"> – Doug Halley (chairman) – Scott Davies – Eric Goodwin – Duncan Sutherland – Ron Finlay 	Sections 10.2 and 10.4
Senior management team of the DUET Group from the Implementation Date	<p>The following existing senior management provided to RE1 and RE2 will serve as senior management of the DUET Group as a whole from the Implementation Date:</p> <ul style="list-style-type: none"> – David Bartholomew (Chief Executive Officer) – Jason Conroy (Chief Financial Officer) <p>If the Proposal is implemented, these, and other staff, will be employed by DIHL and made available to the rest of the DUET Group under a resources agreement.</p>	Sections 10.3 and 10.5

4 KEY FEATURES OF THE ISSUE

4.1 BACKGROUND TO THE PROSPECTUS REGARDING THE PROPOSAL

As set out in the accompanying Explanatory Memorandum issued by DIHL, RE1 and RE2, Securityholders are being asked to approve the Proposal, which involves the internalisation of management of the DUET Group.

If the Proposal is approved and implemented:

- DIHL will acquire all of the shares in RE1 and RE2 from Macquarie and AMP Capital.
- The Capital Reduction will occur and RE1 Shares and RE2 Shares will be issued to Securityholders and stapled to Existing Stapled Securities.
- The DUET Group will pay to Macquarie and AMP Capital an aggregate amount estimated to be \$95.6 million (excluding GST, where relevant)³ as consideration in connection with the implementation of the Proposal, which amount comprises:
 - an amount of \$55.0 million payable by DUET1, DUET2 and DUET3 to Macquarie and AMP Capital largely for the termination of the current management arrangements, their entering into the Transaction Documents, their role in structuring, proposing and facilitating the Proposal and assisting in transitioning employees to DIHL;
 - an amount of \$27.0 million payable by DIHL to Macquarie and AMP Capital in part consideration for the sale of their RE1 Shares and RE2 Shares;
 - the Share Sale Cash Payment, being a payment equivalent to the Management Fee for the period from 1 October 2012 to the Implementation Date (estimated to be \$4.1 million), which will be paid directly to Macquarie and AMP Capital in part consideration for the acquisition by DIHL of Macquarie and AMP Capital's shares in RE1 and RE2;⁴
 - an Availability Fee of \$1.25 million per calendar month, estimated to be \$8.6 million in total, to make certain agreed transition and separation services available to the DUET Group from the Implementation Date to 30 June 2013;⁵ and
 - an estimated amount of \$0.9 million, charged on a cost-recovery basis, for the use of those transition and separation services provided by Macquarie and AMP Capital.
- Certain management personnel who are presently employees of AMP Capital and Macquarie will become employees of DIHL and continue to manage the DUET Group.
- The DUET Group will be granted royalty-free perpetual intellectual property licences in respect of certain intellectual property relevant to the DUET Group business from Macquarie and AMP Capital.
- Under a separate advisory mandate, Macquarie and AMP Capital have been engaged to evaluate, develop and, if appropriate, implement a simplification of the DUET Group to be compatible with the internalised management arrangements. In aggregate, Macquarie and AMP Capital will be paid a total advisory fee of \$5.0 million for these services. When considering this appointment, the Independent Board Committees took account of their extensive knowledge of the structure and history of the DUET Group, coupled with their experience with these types of complex structures.

The issue of RE1 Shares and RE2 Shares to Securityholders will be determined by holdings of Existing Stapled Securities as at the Record Date on a one-for-one basis (ie, eligible Securityholders will receive one RE1 Share and one RE2 Share for each Existing Stapled Security), except that Macquarie and AMP Capital will receive fewer RE1 Shares and RE2 Shares as part of this issue. Instead, the Existing RE Shares will be sold by DIHL to Macquarie and AMP Capital and part of the proceeds of the Capital Reduction payable to Macquarie and AMP Capital will be applied to pay the purchase price for the sale of these Existing RE Shares.

4.2 CONDITIONS TO THE PROPOSAL

The Proposal will not proceed, and RE1 Shares and RE2 Shares will not be issued, and the Existing RE Shares will not be sold, under this Prospectus, unless the conditions precedent set out in the Heads of Agreement are all satisfied or waived.

The key conditions include:

- the resolutions required to approve the Proposal being passed by the requisite majorities of Securityholders;
- all relevant ASIC relief being granted;
- all relevant ASX waivers and confirmations being granted;
- all necessary consents to the implementation of the Proposal being obtained; and
- ASX Limited approving the admission of RE1 and RE2 to the official list of ASX Limited.

³ Any GST payable will be paid in cash.

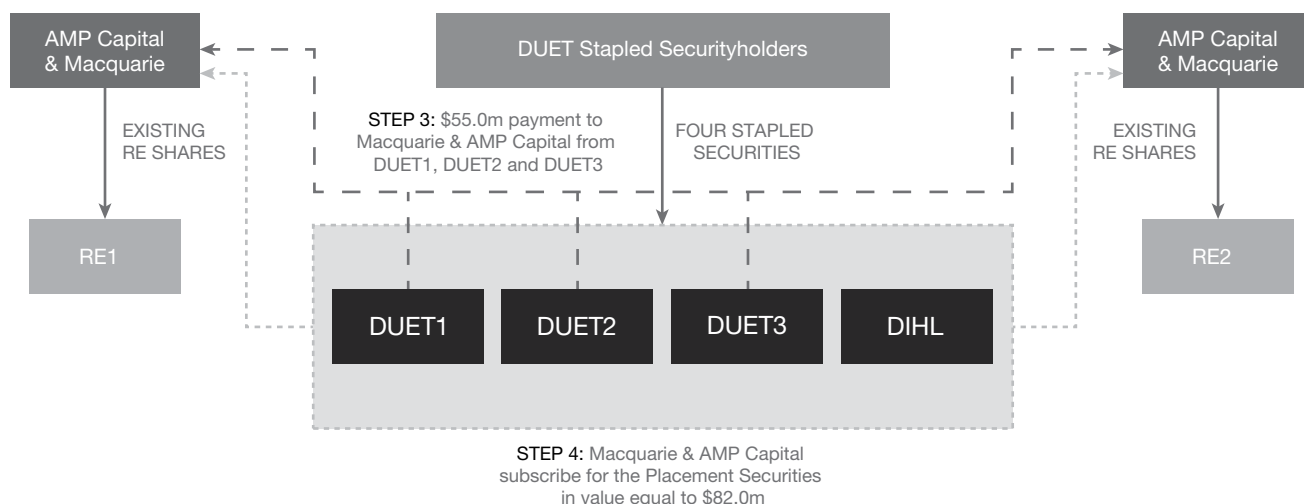
⁴ For detail on how the Management Fee is calculated, see Section 5.2.1 of the Explanatory Memorandum.

⁵ For more detail on the transition and separation services available to the DUET Group, see Section 5.2.4 and Annexure C of the Explanatory Memorandum.

4.3 KEY IMPLEMENTATION STEPS FOR THE PROPOSAL

If approved by Securityholders, the key implementation steps in relation to the Issue are:

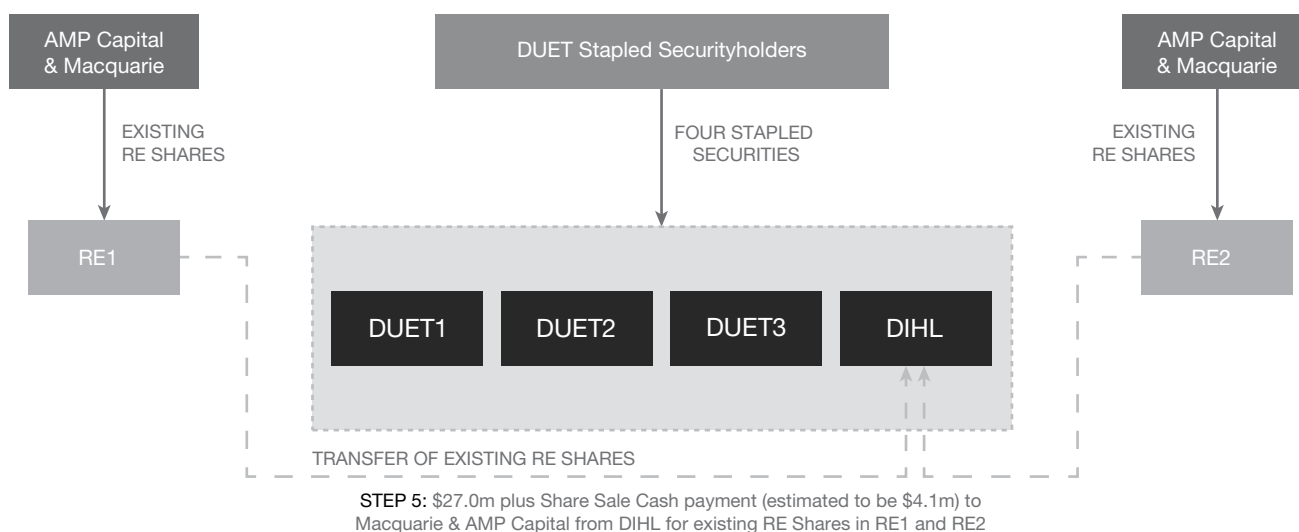
Step	Description of Step
Step 1	Application for admission to official list of ASX and quotation: RE1 and RE2 apply to ASX for admission to the official list of ASX Limited and quotation of the RE1 Shares and RE2 Shares to be stapled to Existing Stapled Securities.
Step 2	Meeting held: A meeting of Securityholders is held and Securityholders vote on the Internalisation Resolutions.
Step 3	Payment by DUET1, DUET2 and DUET3 to Macquarie and AMP Capital: Under the Heads of Agreement, DUET1, DUET2 and DUET3 will pay Macquarie and AMP Capital \$27.5 million each (ie, \$55.0 million in aggregate) (exclusive of GST). Macquarie and AMP Capital have agreed that this amount will be applied towards part payment of the subscription price for the Placement Securities referred to in Step 4 below.
Step 4	Issue of Placement Securities to Macquarie and AMP Capital: Macquarie and AMP Capital subscribe for, and the DUET Group issues to Macquarie and AMP Capital, the Placement Securities (in value equal to \$82.0 million at a subscription price of \$1.972 ⁶ per Placement Security). The DUET Group will apply the \$82.0 million payable by the DUET Group, on behalf of Macquarie and AMP Capital, towards payment of the subscription price for the Placement Securities issued to each of Macquarie and AMP Capital. These Placement Securities will be subject to a Holding Lock until 30 June 2013 or earlier in the event of a change of control or takeover of the DUET Group, or the announcement of a bona fide offer to acquire the DUET Group.



6 The price of \$1.972 for the New Stapled Securities to be issued was calculated by the arithmetic average of the daily volume-weighted average price over the 10 day period from 23 July 2012 to 3 August 2012 (inclusive). No discount was applied to this price to determine the number of New Stapled Securities to be issued.

4 KEY FEATURES OF THE ISSUE CONTINUED

Step	Description of Step
Step 5	<p>DIHL acquires shares in RE1 and RE2: DIHL acquires the Existing RE Shares from Macquarie and AMP Capital. Under the Share Sale Agreement DIHL will pay Macquarie and AMP Capital an aggregate amount of \$27.0 million plus the Share Sale Cash Payment in consideration for their shares in RE1 and RE2. Macquarie and AMP Capital have directed DIHL to apply \$27.0 million, on their behalf, towards payment of the subscription price for the Placement Securities referred to in Step 4 above. The Share Sale Cash Payment, being a payment equivalent to the Management Fee for the period from 1 October 2012 to the Implementation Date (estimated to be \$4.1 million), will be paid directly to Macquarie and AMP Capital in part consideration for the acquisition by DIHL of Macquarie and AMP Capital's shares in RE1 and RE2.</p>



Step 6	Capital Reduction: DIHL undertakes the Capital Reduction.
Step 7	<p>RE1 and RE2 issue 1,143,751,350 securities to Securityholders so that 1,158,216,750 RE1 Shares and RE2 Shares can be stapled to the DUET Group on a one-for-one basis</p> <p>In order for RE1 Shares and RE2 Shares to be able to be stapled to the DUET Group in a 1:1:1:1:1 ratio, DIHL will apply the \$11.0 million of proceeds from the Capital Reduction so that each Securityholder receives one RE1 Share and one RE2 Share for every Existing Stapled Security they hold as at the Record Date. Each RE1 Share and RE2 Share will be priced at \$0.00475.</p> <p>RE1 and RE2 each have 14,465,400 Existing RE Shares on issue. In order to staple on a one-for-one basis, RE1 and RE2 will each need to issue a further 1,143,751,350 new shares.</p> <p>To effect this, DIHL will apply \$10.864 million of the Capital Reduction proceeds to subscribe for new shares in RE1 and RE2 on behalf of Securityholders. Note in the case of Macquarie and AMP Capital, only a portion of their allotted Capital Proceeds will be used to subscribe for new RE shares.</p> <p>DIHL as agent for Macquarie and AMP Capital will use the remaining portion of Macquarie and AMP Capital's allotted Capital Reduction proceeds (being \$136,000) as consideration to acquire the Existing RE Shares from DIHL.</p> <p>All Securityholders will end up with one share in each of RE1 and RE2 for every Existing Stapled Security they hold.</p>

Step	Description of Step
Step 8	Stapling to Existing Stapled Securities: RE1 Shares and RE2 Shares are stapled to the Existing Stapled Securities to form the New Stapled Securities.

STEP 7: Part of the capital reduction proceeds applied by DIHL to issue 1,143,751,350 new RE1 shares issued at \$0.00475 (total \$5.43m)

STEP 7: Macquarie & AMP Capital acquire Existing RE Shares (14,465,400 in each of RE1 and RE2) from DIHL (total \$0.14m)

STEP 6: DIHL undertakes a capital reduction of \$11.0m

STEP 7: Part of the capital reduction proceeds applied by DIHL to issue 1,143,751,350 new RE1 shares issued at \$0.00475 (total \$5.43m)

STEP 8: RE1 Shares and RE2 Shares are stapled to the Existing Stapled Securities

RE1, DUET1, DUET2, DUET3, DIHL, RE2

Step 9	Change of name of RE1 and RE2: the name of RE1 is changed to 'DUET Management Company 1 Limited' and the name of RE2 is changed to 'DUET Management Company 2 Limited'.
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4.4 KEY FEATURES OF THE ISSUE

Steps 6, 7 and 8 in the above table set out the steps that are particularly relevant to the Capital Reduction, the Issue and the Residual RE Share Sale under this Prospectus. The Capital Reduction will be an equal reduction of capital and the proceeds will be applied to pay the issue price of the RE1 Shares and RE2 Shares to each Securityholder (except Macquarie and AMP Capital) on a 1:1 basis.

Macquarie and AMP Capital's entitlement to the proceeds of the Capital Reduction will be applied as follows: (i) partly to an issue of RE1 Shares and RE2 Shares, and (ii) the balance to a sale of the Existing RE Shares held by DIHL to Macquarie and AMP Capital.

After the Capital Reduction and the steps described above, each Securityholder (including Macquarie and AMP Capital) will hold the same number of RE1 Shares and RE2 Shares as it holds Existing Stapled Securities.

The Issue is conditional upon implementation of the Proposal and these RE1 Shares and RE2 Shares will only be issued on the Implementation Date:

- to those Securityholders on the Register at the Record Date.
- if the Proposal is approved by a sufficient majority of Securityholders; and
- if the conditions precedent to the implementation of the Proposal are all satisfied or waived (see Section 4.2 for a description of these conditions).

If the Proposal is approved and implemented, Securityholders are neither required to pay any new capital for the RE1 Shares and RE2 Shares, nor complete any application form. DIHL, as agent on behalf of the Securityholders, will subscribe for the RE1 Shares and RE2 Shares. The RE1 Shares and RE2 Shares will be issued to Securityholders who are on the Register as at the Record Date together with AMP Capital and Macquarie in respect of the Placement Securities (using the proceeds of the Capital Reduction), and stapled to Existing Stapled Securities, thereby forming the New Stapled Securities. Each RE1 Share and RE2 Share will be stapled to a unit in DUET1, a unit in DUET2, a unit in DUET3 and a DIHL Share so that Securityholders may only trade all 6 securities together.

5 KEY TERMS OF RE1 SHARES AND RE2 SHARES

Subject to the stapling arrangements of DUET Group, the rights attaching to RE1 Shares and RE2 Shares are summarised below. It is not intended to be an exhaustive or definitive summary of the rights and obligations of holders of RE1 Shares and RE2 Shares.

A copy of the RE1 constitution and RE2 constitution can be obtained free of charge during the period of this Prospectus by contacting the DUET Securityholder Information Line on 1800 009 874 (within Australia) or +61 3 9415 4189 (outside Australia) Monday to Friday between 9.00am and 6.00pm.

Topic	RE1 Shares	RE2 Shares
General	Immediately after allotment and issue on the Implementation Date, the RE1 Shares will be fully paid ordinary RE1 Shares and will rank equally with all other ordinary shares on issue. The rights attaching to RE1 Shares are set out in the RE1 constitution and are regulated by the Corporations Act, the Listing Rules and general law.	Immediately after allotment and issue on the Implementation Date, the RE2 Shares will be fully paid ordinary RE1 Shares and will rank equally with all other ordinary shares on issue. The rights attaching to RE2 Shares are set out in the RE2 constitution and are regulated by the Corporations Act, the Listing Rules and general law.
Entitlement	<p>The directors may pay dividends to Securityholders out of the profits of RE1. The directors may fix the amount, the time and the method of payment.</p> <p>Subject to the rights of any persons entitled to shares with special rights as to dividend and the terms of any shares issued to the contrary all RE1 Shares (on which all amounts payable have been paid) on which any dividend is declared or paid are entitled to participate in that dividend equally. RE1 Shares on which all amounts payable have not been paid on which any dividend is declared or paid are entitled to participate in that dividend equally in the proportion which the amount paid on the relevant RE1 Shares bears to the total amounts paid and payable on the relevant RE1 Shares.</p>	<p>The directors may pay dividends to Securityholders out of the profits of RE2. The directors may fix the amount, the time and the method of payment.</p> <p>Subject to the rights of any persons entitled to shares with special rights as to dividend and the terms of any shares issued to the contrary all RE2 Shares (on which all amounts payable have been paid) on which any dividend is declared or paid are entitled to participate in that dividend equally. RE2 Shares on which all amounts payable have not been paid on which any dividend is declared or paid are entitled to participate in that dividend equally in the proportion which the amount paid on the relevant RE2 Shares bears to the total amounts paid and payable on the relevant RE2 Shares.</p>
General Meetings	<p>Each RE1 shareholder is entitled to receive notices of general meetings of RE1 in accordance with the Corporations Act.</p> <p>The non-receipt of notice of a general meeting or cancellation or postponement of a general meeting by, or the accidental omission to give notice of a general meeting or cancellation or postponement of a general meeting to, a person entitled to receive notice does not invalidate any resolution passed at the general meeting or at a postponed meeting or the cancellation or postponement of a meeting.</p>	<p>Each RE2 shareholder is entitled to receive notices of general meetings of RE2 in accordance with the Corporations Act.</p> <p>The non-receipt of notice of a general meeting or cancellation or postponement of a general meeting by, or the accidental omission to give notice of a general meeting or cancellation or postponement of a general meeting to, a person entitled to receive notice does not invalidate any resolution passed at the general meeting or at a postponed meeting or the cancellation or postponement of a meeting.</p>
Voting Rights	At a general meeting of RE1, every member present in person and each other person present as a proxy, attorney or representative has one vote on a show of hands and one vote for each fully paid RE1 Share on a poll. A member is not entitled to vote on shares which are subject to a restriction agreement per the Listing Rules. Members who hold partly paid shares may only vote in proportion to the aggregate amount paid on those shares.	At a general meeting of RE2, every member present in person and each other person present as a proxy, attorney or representative has one vote on a show of hands and one vote for each fully paid RE2 Share on a poll. A member is not entitled to vote on shares which are subject to a restriction agreement per the Listing Rules. Members who hold partly paid shares may only vote in proportion to the aggregate amount paid on those shares.

Topic	RE1 Shares	RE2 Shares
Issue of additional shares	<p>The directors of RE1 may (subject to the restrictions on the issue of RE1 Shares imposed by the RE1 constitution, the Listing Rules and the Corporations Act):</p> <ul style="list-style-type: none"> (i) issue or dispose of shares to any person at any time and on any terms and conditions and having attached to them any preferred, deferred or other special rights or restrictions, whether with regard to dividend, voting, return of capital, payment of calls or otherwise, as the directors of RE1 think fit and on any terms the directors of RE1 think fit; and (ii) grant to any person an option over shares or pre-emptive rights at any time and for any consideration as they think fit. <p>The RE1 constitution provides that the rights conferred on the holders of the RE1 Shares of any class are not to be taken as varied by the issue of additional RE1 Shares ranking equally with the first-mentioned shares unless expressly provided by the terms of issue of the first-mentioned shares, or unless required by the Corporations Act or the Listing Rules.</p>	<p>The directors of RE2 may (subject to the restrictions on the issue of RE2 Shares imposed by the RE2 constitution, the Listing Rules and the Corporations Act):</p> <ul style="list-style-type: none"> (i) issue or dispose of shares to any person at any time and on any terms and conditions and having attached to them any preferred, deferred or other special rights or restrictions, whether with regard to dividend, voting, return of capital, payment of calls or otherwise, as the directors of RE2 think fit and on any terms the directors of RE2 think fit; and (ii) grant to any person an option over shares or pre-emptive rights at any time and for any consideration as they think fit. <p>The RE2 constitution provides that the rights conferred on the holders of the RE2 Shares of any class are not to be taken as varied by the issue of additional RE2 Shares ranking equally with the first-mentioned shares unless expressly provided by the terms of issue of the first-mentioned shares, or unless required by the Corporations Act or the Listing Rules.</p>
Transferability of shares	<p>While New Stapled Securities (which include RE1 Shares) are quoted on ASX, RE1 shareholders will generally be able to sell or transfer New Stapled Securities (which include RE1 Shares) without restriction.</p> <p>The directors may refuse to register any transfer of New Stapled Securities, RE1 Shares or other securities in circumstances permitted by the Listing Rules and the RE1 constitution. The directors must refuse to register any transfer of RE1 Shares where they are required to do so by the Listing Rules or the RE1 constitution.</p>	<p>While New Stapled Securities (which include RE2 Shares) are quoted on ASX, RE2 shareholders will generally be able to sell or transfer New Stapled Securities (which include RE2 Shares) without restriction.</p> <p>The directors may refuse to register any transfer of New Stapled Securities, RE2 Shares or other securities in circumstances permitted by the Listing Rules and the RE2 constitution. The directors must refuse to register any transfer of RE2 Shares where they are required to do so by the Listing Rules or the RE2 constitution.</p>
Buy-backs	<p>Subject to the stapling requirements in relation to New Stapled Securities, the directors may buy-back RE1 Shares on the terms and at times determined by them, to the extent and in the manner permitted by the Corporations Act and Listing Rules.</p>	<p>Subject to the stapling requirements in relation to New Stapled Securities, the directors may buy-back RE2 Shares on the terms and at times determined by them, to the extent and in the manner permitted by the Corporations Act and Listing Rules.</p>
Variation of class rights	<p>The rights attached to any class of shares in RE1, unless otherwise provided for by the terms of issue of those shares, may only be varied or cancelled with the consent in writing of the holders of three quarters in nominal value of the issued shares in the relevant class, or with the sanction of a special resolution passed at a meeting of the holders of the shares in that class.</p>	<p>The rights attached to any class of shares in RE2, unless otherwise provided for by the terms of issue of those shares, may only be varied or cancelled with the consent in writing of the holders of three quarters in nominal value of the issued shares in the relevant class, or with the sanction of a special resolution passed at a meeting of the holders of the shares in that class.</p>

5 KEY TERMS OF RE1 SHARES AND RE2 SHARES CONTINUED

Topic	RE1 Shares	RE2 Shares
Entitlement on winding-up	Subject to the RE1 constitution and to any rights of a member holding shares issued on special terms and conditions, if RE1 is wound up, the liquidator may, with the sanction of a special resolution, divide among the members of RE1 in kind the whole or any part of the property of RE1 and may for that purpose set such value as the liquidator considers fair on any property to be so divided and may determine how the division is to be carried out as between the members or different classes of members.	Subject to the RE2 constitution and to any rights of a member holding shares issued on special terms and conditions, if RE2 is wound up, the liquidator may, with the sanction of a special resolution, divide among the members of RE2 in kind the whole or any part of the property of RE2 and may for that purpose set such value as the liquidator considers fair on any property to be so divided and may determine how the division is to be carried out as between the members or different classes of members.
Amendments to the constitution	The Corporations Act provides that the constitution of a company may be modified or repealed by a special resolution passed by the shareholders of the company (that is, passed by at least 75% of the votes cast by members entitled to vote on the resolution). The RE1 constitution does not provide for any further requirements to be complied with to effect a modification of, or to repeal, the constitution (except if the amendments affect the stapling of RE1 in which case a resolution of the shareholders of each other entity in the stapled group of which RE1 forms a part would need to be obtained).	The Corporations Act provides that the constitution of a company may be modified or repealed by a special resolution passed by the shareholders of the company (that is, passed by at least 75% of the votes cast by members entitled to vote on the resolution). The RE2 constitution does not provide for any further requirements to be complied with to effect a modification of, or to repeal, the constitution (except if the amendments affect the stapling of RE2 in which case a resolution of the shareholders of each other entity in the stapled group of which RE2 forms a part would need to be obtained).

6 OVERVIEW OF THE DUET GROUP

RE1 and RE2 act as responsible entities⁷ for DUET Group entities and the RE1 Shares and RE2 Shares to be issued to Securityholders will be stapled to the units in DUET1, DUET2 and DUET3 and the shares in DIHL. As such, if the Proposal is implemented, RE1 and RE2 will become part of the DUET Group.

The DUET Group is an ASX-listed owner of three energy utility assets in Australia:

- Dampier Bunbury Natural Gas Pipeline (**DBP**); 81.9%⁸ interest in aggregate
- United Energy Distribution (**United Energy**); 66% interest in aggregate
- Multinet; 100% interest in aggregate

The DBP is Western Australia's principal gas transmission pipeline. It is the only pipeline connecting the natural gas reserves of the Carnarvon and Browse basins on Western Australia's North West Shelf with industrial, commercial and residential customers in Perth and the surrounding regions. Natural gas supplies approximately 50% of total primary energy consumption in Western Australia.

United Energy is an electricity distribution company and its network covers 1,472 km² of south-east Melbourne and the Mornington Peninsula. The distribution network transports electricity from the high voltage transmission network to residential, commercial and industrial electricity users. United Energy's distribution area is largely urban and, although geographically small (about 1% of Victoria's land), serves around 25% of Victoria's population.

Multinet is a Victorian gas distribution company and its network covers 1,860 km² of the eastern and southeastern suburbs of Melbourne and the Yarra Ranges. Multinet is currently expanding its geographic base through participation in the state government's natural gas extension program. Multinet's distribution network transports gas from the high pressure transmission network to residential, commercial and industrial gas users.

As this Prospectus is being issued to existing Securityholders only, a high-level summary of the DUET Group has been provided above. Refer to the DUET website for further information (www.duet.net.au).

⁷ RE1 is the responsible entity for DUET1 and manager of DIHL; RE2 is the responsible entity for DUET2 and DUET3.

⁸ The DUET Group's economic interest and related rights to distributions in DBP is expected to progressively reduce to 80% as the minority shareholder meets future equity calls.

7 OVERVIEW OF RE1 AND RE2

7.1 CURRENT OWNERSHIP STRUCTURE OF RE1 AND RE2

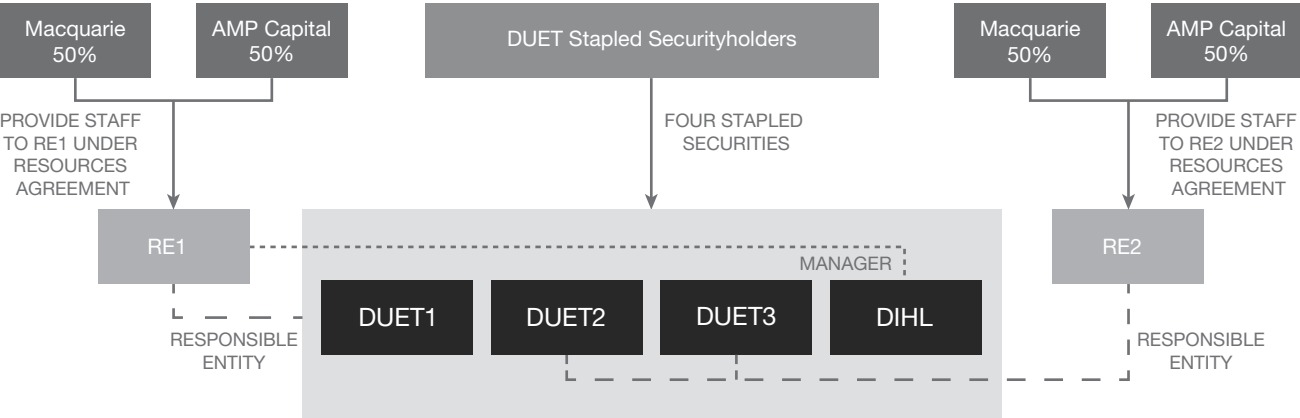
RE1 and RE2 are both Australian public companies incorporated on 17 February 2004, whose main business activity is to act as responsible entity of DUET1 and manager of DIHL (in the case of RE1) and as responsible entity of DUET2 and DUET3 (in the case of RE2). Neither RE1 nor RE2 has undertaken any other business activity since its incorporation.

At the date of this Prospectus, RE1 and RE2 are jointly owned by Macquarie and AMP Capital.

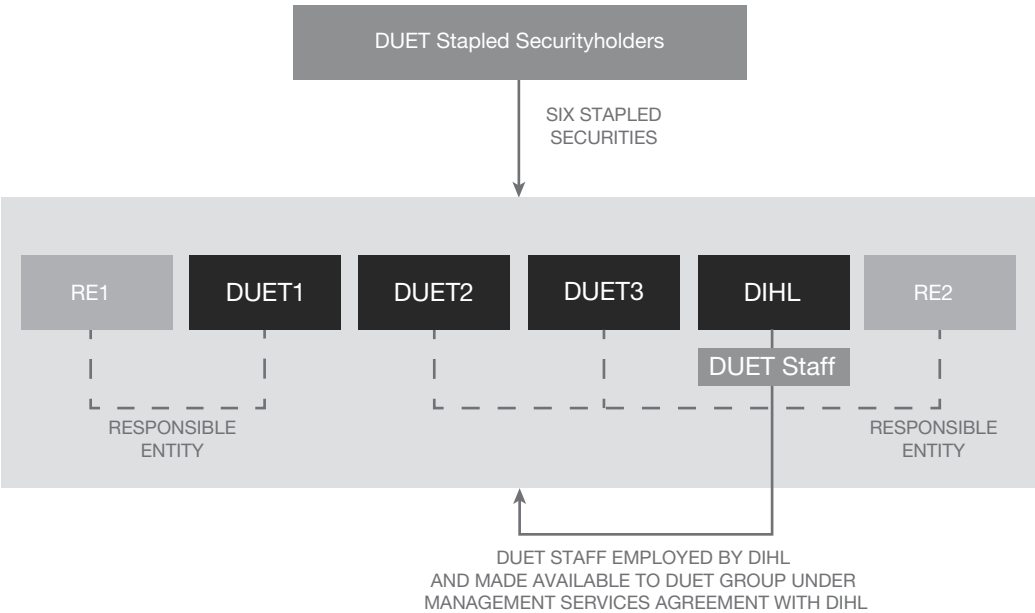
Macquarie Group is a financial services provider. It acts primarily as an investment intermediary for institutional, corporate and retail clients and counterparties around the world. Operating out of more than 70 offices in 28 countries, Macquarie Group's diverse range of services includes corporate finance and advisory, equities research and broking, funds and asset management, foreign exchange, fixed income and commodities trading, lending and leasing and private wealth management.

AMP Capital manages investments across major asset classes including equities, fixed interest, infrastructure, property, diversified funds, multi-manager and multi-asset funds. AMP Capital invests across a range of infrastructure sectors, lifecycles and geographies and focuses on generating long-term, stable returns for its clients.

The following diagram represents the structure of the DUET Group before implementation of the Proposal.



The following diagram represents the structure of the DUET Group if the Proposal is implemented:



7.2 OPERATIONS OF RE1 AND RE2

Under their current management arrangements with the DUET Group, RE1 and RE2 are responsible for:

- corporate governance of the DUET Group, including appointment of the DUET Group's chief executive officer, chief financial officer and company secretary, DIHL's board of directors and directors of the DUET Group's investment boards, monitoring and evaluating investment strategy and objectives, acquisitions and divestments, risk management, compliance and financial reporting;
- strategic development, including the recommendation and implementation of asset acquisitions and capital management, including debt and equity financing;
- asset management; and
- financial reporting, board reporting, investor relations, fund administration including secretarial (subject to outsourcing registry and custodial services), risk management, compliance and litigation management.

RE1 and RE2 are parties to the Resources Agreements under which AMPCIL and Macquarie provide staff to RE1 and RE2. RE1 and RE2 can recover some of these expenses from the assets of DUET1, DUET2 and DUET3 (as applicable). RE1 and RE2 also incur overhead costs such as premises, facilities and IT costs. RE1 and RE2 are entitled to recover all expenses they incur in relation to the proper performance of their duties in respect of DUET1, DUET2 and DUET3 (as applicable). Each Resources Agreement will be terminated under the Proposal. DIHL will instead employ a number of the employees who have, under the Resources Agreements, been provided to RE1 and RE2 to work wholly or partly in relation to the DUET Group before the date of this Prospectus.

RE1 and RE2 are currently entitled to receive the following fees for the performance of their duties as responsible entities of DUET1, DUET2 and DUET3 (as applicable):

- **Management Fee** – Management Fees are payable quarterly and are calculated at 1% per year of the Net Investment Value of the DUET Group. The fee is calculated quarterly and paid quarterly in arrears in cash.
 - **Net Investment Value** is the market value of the DUET Group plus the amount of any fund level external borrowings and firm commitments for future investments less fund level cash or cash equivalents.
 - **Market value** is the volume weighted average market capitalisation over the last 20 ASX trading days in each quarter.
- **Performance Fee** – A Performance Fee is payable in the event that the DUET accumulation index (the **Return**) outperforms the S&P/ASX200 Industrials accumulation index (the **Benchmark Return**) for the period having made up for underperformance in previous periods.
 - The Performance Fee is equal to 20% of the amount (if any) by which the Return exceeds the Benchmark Return for that period. Any underperformance deficit from prior periods must be made up before future performance fees can be earned.
 - RE1 and RE2 may nominate another person to apply the Performance Fee in subscribing for the DUET Group securities.
 - The price of the DUET Group securities is the volume weighted average trading price of the DUET Group securities traded on the ASX during the last 20 ASX trading days of the relevant period. In addition, RE1 and RE2 may provide services for which they are entitled to receive market based fees.

From 1 October 2012 to the Implementation Date, RE1 and RE2 will no longer receive a Management Fee. The DUET Group will pay the Share Sale Cash Payment to Macquarie and AMP Capital, being an amount equal to the Management Fee from 1 October 2012 to the Implementation Date, in part consideration for DIHL's acquisition of the shares in RE1 and RE2.

If the Proposal is implemented, RE1 and RE2:

- will each receive a reduced base management fee of up to \$500,000 per year for each trust of which it is the responsible entity, to be used to pay the relevant responsible entity's costs, including all overheads and whether incurred directly or by the responsible entity or reimbursed by the responsible entity to any of its related bodies corporate, that cannot be recovered from the assets of DUET1, DUET2 or DUET3 (as applicable), such as audit expenses and insurance premiums;
- will receive no performance fee; and
- will (as before) not carry out any business activities other than to act as the responsible entities of DUET1, DUET2 and DUET3 (as applicable) and, in the case of RE2, to act as trustee of the DUET Funding Sub Trust.

8 FINANCIAL INFORMATION

8.1 FINANCIAL POSITION

The key assets of each of RE1 and RE2 at 30 June 2012 are as follows:

Asset	RE1 (\$ million)	RE2 (\$ million)
Cash	3.5	3.6
Management fees and Performance fees receivable from DUET Group	10.0	13.0
Intangible assets as responsible entities	12.1	12.1
Deferred tax asset	0.2	0.3

If the Proposal is approved by Securityholders at the Meeting, all payables will be settled with any remaining cash distributed to Macquarie and AMP Capital prior to implementation of the Proposal.

8.2 FINANCIAL PERFORMANCE

As responsible entities, RE1 and RE2 are, broadly, entitled to recover from the assets of each trust of which they are the responsible entity any expense properly incurred by them in the exercise of rights, powers and duties as responsible entity.

The expenses of RE1 and RE2 comprise the costs of the independent directors, a small management team and associated costs including office costs.

RE1 and RE2 will each receive a reduced base management fee of up to \$500,000 per year for each trust of which it is the responsible entity, to be used to pay the relevant responsible entity's costs, including all overheads and whether incurred directly or by the responsible entity or reimbursed by the responsible entity to any of its related bodies corporate, that cannot be recovered from the assets of DUET1, DUET2 or DUET3 (as applicable), such as audit expenses and insurance premiums.

The resulting net profit or loss for each of RE1 and RE2 (if any) is not expected to be material in the context of the DUET Group.

8.3 FINANCING ARRANGEMENTS AND REQUIREMENTS

RE1 and RE2 will, on the Implementation Date, each be required to hold net tangible assets equal to the greater of \$5.0 million and 10% of their average revenue to comply with the conditions of their AFSLs. RE1 and RE2 will be capitalised to comply with this requirement. RE1 and RE2 will each be capitalised to at least \$5.0 million as part of the Proposal to satisfy the AFSL requirement.

If the Proposal is implemented, RE1 and RE2 may join the DUET Group corporate debt facility security group, and become obligors under guarantees relating to that security.

8.4 PROSPECTS OF RE1 AND RE2

The main business activity of RE1 and RE2 will continue to be to act as responsible entity of DUET1 and manager of DIHL (in the case of RE1) and as responsible entity of DUET2 and DUET3 (in the case of RE2). If the Proposal is implemented, neither RE1 nor RE2 will receive a Performance Fee, and each will only receive a reduced management fee to enable them to pay costs for which they are not reimbursed out of the assets of DUET1, DUET2 and DUET3 (as applicable) (see Sections 7.2 and 8.2 for more detail on this fee). RE1 and RE2 will continue to be indemnified out of the assets of DUET1, DUET2 and DUET3 (as applicable) for expenses or liabilities incurred in the proper performance of their duties as responsible entities.

Other than the management fee referred to in the preceding paragraph and any interest and income earned, RE1 and RE2 are not expected to receive income or revenue in their personal capacities. The resulting net profit or loss of RE1 and RE2 (if any) is not expected to be material to the DUET Group. Therefore, there are no reasonable grounds upon which to disclose any further or additional prospects of RE1 and RE2 (as standalone entities) in this Prospectus.

The DUET Group has reaffirmed its distribution guidance for the 2013 financial year for each New Stapled Security, post-implementation of the Proposal. See Section 5.4.1 of the Explanatory Memorandum for further detail.

8.5 TAX

The cost base of the RE1 Shares and RE2 Shares issued to Securityholders will include the proceeds of the Capital Reduction which DIHL will apply on behalf of each Securityholder to pay the subscription price for the issue of RE1 Shares and RE2 Shares.

A general summary of the Australian tax implications of the Proposal for Australian resident Securityholders holding their Existing Stapled Securities as capital assets for taxation purposes is set out in the tax report in Annexure B of the Explanatory Memorandum.

8.6 INFRASTRUCTURE ENTITY DISCLOSURES

The DUET Group is an 'infrastructure entity' as that term is defined in ASIC Regulatory Guide 231. The DUET Group's website (at www.duet.net.au/about-duet/corporate-governance/asic-rg231-disclosure-requirements) contains the disclosures required by ASIC Regulatory Guide 231. These disclosures are aimed at informing Securityholders and Securityholders may find these disclosures helpful in considering the Proposal.

ASIC Regulatory Guide 231 sets out nine benchmarks against which infrastructure entities are asked to disclose. Please note that the DUET Group does not meet or only partly meets some of these benchmarks and one of the benchmarks is not applicable to the DUET Group. The website above sets out which benchmarks DUET Group meets and, in respect of those benchmarks which the DUET Group does not meet, the reasons for any non-compliance.

To the extent there are any material changes in the DUET Group's performance against the benchmarks, including as a result of the implementation of the Proposal, the disclosures on the DUET Group's website will be updated.

9 RISKS

This Section identifies the key risk factors associated with an investment in RE1 Shares and RE2 Shares. You should carefully consider the risks described in this Section, as well as other information in this Prospectus, and consult your financial and other professional advisers before you decide how to vote on the Proposal, thereby investing in RE1 Shares and RE2 Shares. If any of the following risks actually occur, the business, financial condition and results of operations of RE1 and RE2 are likely to suffer. In this case, the trading price of a New Stapled Security (which includes an RE1 Share and an RE2 Share) could decline.

It is worth noting, however, that RE1 and RE2 will simply become part of the existing DUET Group, in which you already hold an investment. Although you will hold a direct investment in RE1 and RE2, and therefore be exposed to risks to which you were not previously exposed, the directors of RE1 and RE2 consider that many of these risks are not materially different from the risks already facing the DUET Group as a whole.

9.1 BUSINESS RISKS

Risk	Summary
New Stapled Securities	Given that RE1 Shares and RE2 Shares will form part of New Stapled Securities, the trading value of RE1 Shares and RE2 Shares will be dependent on the trading price of New Stapled Securities on the ASX under the ASX code DUE.
Loss of Macquarie and AMP Capital involvement	If the Proposal is implemented, RE1 and RE2 will no longer be jointly owned by Macquarie and AMP Capital, which will end Macquarie and AMP Capital's involvement in the management of the DUET Group other than during the transition period. Through Macquarie and AMP Capital, the DUET Group has access to institutional support, ready-made succession pool for key individuals, individuals with sector-based experience, information resources and potential financiers, suppliers and other stakeholders.
Establishing new stand-alone systems and migrating to a new control environment	There are inherent risks in establishing a new operating environment, including the establishment and migration of information, processes, systems and equipment. In addition, there are risks associated with ensuring the existing corporate governance framework remains appropriate in light of the new operating environment.
Employees	RE1 and RE2 will be reliant on retaining and attracting quality senior executives and other employees to manage DUET1, DUET2 and DUET3. The loss of the services of any key personnel, or the inability to attract new qualified personnel, could adversely affect the operations of RE1 and RE2.
Tax	<p>Securityholders will become the owners of RE1 and RE2 and there may be unforeseen tax liabilities in these entities. This risk may be mitigated to the extent DIHL is able to claim under the warranties and indemnities provided by Macquarie and AMP Capital to DIHL under the Share Sale Agreement.</p> <p>Changes in tax law (including goods and services taxes and stamp duties), or changes in the way tax laws are interpreted in the various jurisdictions in which RE1 and RE2 operate, may impact the tax liabilities of RE1 and RE2.</p>
AFSL	To maintain their AFSLs, RE1 and RE2 will need to meet certain financial and operational requirements. If RE1 or RE2 is unable to meet these requirements, there is a risk that its AFSL will be revoked and it will no longer be able to act as responsible entity of DUET1, DUET2 or DUET3 (as applicable).
ASX listing	The listing of RE1 and RE2 on the ASX imposes various listing obligations with which RE1 and RE2 must comply on an ongoing basis. Whilst RE1 and RE2 will each seek to comply with its listing obligations, there can be no assurance that the requirements necessary to maintain the listing of New Stapled Securities (which include RE1 Shares and RE2 Shares) will continue to be met or will remain unchanged.
RE1 and RE2's financial requirements	<p>ASIC requires that RE1 and RE2 each holds net tangible assets equal to the greater of \$5.0 million and 10% of their average revenue to comply with the conditions of their AFSLs. If this net tangible asset requirement, or other financial requirements, increase in the future, this could represent a risk to the ability of RE1 and RE2 to act as the responsible entities of DUET1, DUET2 and DUET3 (as applicable).</p> <p>Costs incurred by RE1 and RE2 for which they cannot be reimbursed out of the assets of DUET1, DUET2 and DUET3 (as applicable), and which exceed their reduced management fee and any interest income earned, will therefore need to be funded by other DUET Group entities.</p> <p>If the Proposal is implemented, RE1 and RE2 may join the DUET Group corporate debt facility security group, and therefore be obligors under guarantees relating to that facility.</p>

Risk	Summary
Dilution of securityholding	If the Proposal is implemented, Macquarie and AMP Capital will be issued with the Placement Securities. The issue of the Placement Securities will dilute Securityholders' interests in the DUET Group. However, the extent of any such dilution would be small, the expected countervailing benefits are significant, and paying Macquarie and AMP Capital by way of an issue of New Stapled Securities is more beneficial for Securityholders than paying in cash (for the reasons set out in Section 6.3.3).
Increase in voting power of Macquarie and AMP Capital	If the Proposal is implemented and the Placement Securities are issued to Macquarie and AMP Capital, their voting power in the DUET Group will increase from 11.37% to 14.55%. ⁹

9.2 GENERAL RISKS

If the Proposal is implemented, Securityholders will hold RE1 Shares and RE2 Shares, which will be stapled to their Existing Stapled Securities. There are general risks associated with holding RE1 Shares and RE2 Shares, including, for example, the risks set out in the table below. The directors of RE1 and RE2 do not consider that these risks are materially different from the risks already facing the DUET Group, in which Securityholders are already investors.

Risk	Summary
General economic conditions	RE1 and RE2's operating and financial performance is influenced by a variety of general economic and business conditions, including the level of inflation, interest rates, exchange rates, commodity prices, ability to access funding, oversupply and demand conditions, government fiscal, monetary and regulatory policies, changes in gross domestic product and economic growth, employment levels and consumer spending, consumer and investment sentiment and property market volatility. Prolonged deterioration in these conditions, including an increase in interest rates, an increase in the cost of capital or a decrease in consumer demand, could have a materially adverse impact on RE1 and RE2's operating and financial performance.
Regulatory risk	The DUET Group operates in highly regulated industries and carries out its business activities under various permits, licences, approvals and authorities from regulatory bodies. Regulatory bodies are responsible for setting tariffs which directly impact a significant proportion of the DUET Group's revenue and therefore any adverse change to regulatory tariffs would negatively impact the DUET Group's profitability. In addition, if any permits, licences, approvals or authorities are revoked, or if the DUET Group breaches its permitted operating conditions, this would adversely impact the DUET Group's operations and profitability.
Inflation	Higher than expected inflation rates generally or specific to the sectors in which the DUET Group operates could be expected to increase inflation-linked revenues and operating and development costs, and vice versa. There is a risk that revenues and costs do not increase or decrease to the same extent and this could adversely impact the DUET Group's financial performance.
Litigation and disputes	Disputes or litigation may arise from time to time in the course of business activities. There is a risk that material or costly disputes or litigation could adversely affect financial performance and security value.
Changes in accounting standards or policy	RE1 and RE2 will be subject to the usual business risk that there may be changes in accounting standards or their own accounting policies which have an adverse impact on RE1 and RE2.

⁹ Macquarie and AMP Capital are associates under the Corporations Act in relation to their holdings of Existing Stapled Securities. For that reason, their voting power in the DUET Group is combined in accordance with section 610 of the Corporations Act. Voting power of 11.37% is held as at 20 September 2012.

9 RISKS CONTINUED

Risk	Summary
Market risks	<p>The price at which New Stapled Securities (which include RE1 Shares and RE2 Shares) trade on ASX may be determined by a range of factors, in addition to those detailed above, for example:</p> <ul style="list-style-type: none"> – changes to local and international stock markets; – changes in interest rates; – changes to the relevant indices in which the DUET Group may participate, the weighting that the DUET Group has in the indices and the implication of those matters for institutional investors that impact their investment holdings in New Stapled Securities; – global geo-political events and hostilities; – investor perceptions; – changes in government, fiscal, monetary and regulatory policies; and – demand and supply of listed property trust securities.
Other factors	<p>Other factors that may impact on an entity's performance include changes or disruptions to political, regulatory, legal or economic conditions or to the national or international financial markets including as a result of terrorist attacks or war.</p>
Forecast risks	<p>RE1 does not guarantee any particular rate of return or the performance of RE1 or the DUET Group nor does it guarantee the repayment of capital from RE1 or the DUET Group or any particular tax treatment.</p> <p>RE2 does not guarantee any particular rate of return or the performance of RE2 or the DUET Group nor does it guarantee the repayment of capital from RE2 or the DUET Group or any particular tax treatment.</p>

10 KEY PEOPLE

This Section provides information about the directors and key management of RE1 and RE2, the interests of people involved in the issue of RE1 Shares and RE2 Shares to Securityholders, and the sale of the Existing RE Shares to Macquarie and AMP Capital, and any benefits they may receive.

10.1 DIRECTORS OF RE1 AND RE2 AT THE DATE OF THIS PROSPECTUS

Set out below is the composition of the boards of directors of RE1 and RE2 at the date of this Prospectus.

RE1	RE2
John Roberts (chairman)	John Roberts (chairman)
Doug Halley (independent)	Philip Garling
Philip Garling	Eric Goodwin (independent)
Emma Stein (independent)	Duncan Sutherland (independent)
Michael Lee (independent)	Ron Finlay (independent)

10.2 DIRECTORS OF RE1 AND RE2 IF THE PROPOSAL IS IMPLEMENTED

Set out below is the composition of the boards of directors of RE1 and RE2 if the Proposal is implemented.

RE1	RE2
Doug Halley (independent chairman)	Doug Halley (independent chairman)
John Roberts	Scott Davies
Emma Stein (independent)	Eric Goodwin (independent)
Michael Lee (independent)	Duncan Sutherland (independent)
	Ron Finlay (independent)

10.3 SENIOR MANAGEMENT OF THE DUET GROUP (INCLUDING RE1 AND RE2) IF THE PROPOSAL IS IMPLEMENTED

If the Proposal is implemented, the senior management of RE1 and RE2 will serve as management of the DUET Group as a whole. Set out below are the senior management personnel of the DUET Group if the Proposal is implemented.

Role	Incumbent
Chief Executive Officer	David Bartholomew
Chief Financial Officer	Jason Conroy

10 KEY PEOPLE CONTINUED

10.4 PROFILES OF CURRENT AND PROPOSED DIRECTORS OF RE1 AND RE2



Independent Non-Executive Chairman-elect post implementation of the Proposal – Doug Halley

Bcom (UNSW), MBA (UNSW), FAICD Independent director – RE1 and DIHL (and also RE2 post implementation of the Proposal)

Doug held senior financial and general management positions for over 30 years in Australia, UK and the Netherlands in both banking and commercial sectors. His executive expertise covers treasury, finance, business development, investor relations, restructuring, corporate strategy and large scale acquisitions and divestments.

His executive appointments included Group Treasurer, Philips Electrical Australia; Director, Treasury, Hill Samuel Australia (now Macquarie Bank); Director, Treasury, Rothschild Australia; GM, Finance & Corporate Development, Goodman Fielder Group; Finance Director, John Fairfax Holdings; CFO, IBM Global Services Australia; and CFO then CEO for Asia Pacific, Thomson Corporation (now Thomson Reuters). He has prior listed company board experience with John Fairfax Holdings, Television and Media Services, Corum Group and Mikoh Corporation.

Other current directorships are: chairman, Foyson Resources Limited; Aurora Community Television Limited; director, Print & Digital Publishing Pty Limited ("Time Out" magazine); and chairman, Advisory Board of Australian Enterprise Holdings Pty Limited.



Independent Non-Executive Director – Eric Goodwin

BEng (UNSW), MIE (Aust) Independent director – RE2

Eric joined the Lend Lease Group in 1963 as a cadet engineer. During his 43 year career with Lend Lease he held a number of senior executive and subsidiary board positions in their Australian operations. Eric has extensive experience in design, construction and project management, general management and investment and funds management. Eric managed the MLC property portfolio during the 1980s and was the founding fund manager of Australian Prime Property Fund.

Other current directorships are: Macquarie Global Property Fund Advisors; the GPT Group; and Eureka Funds Management Limited. Eric is also the chair of Jarjum College Council.



Independent Non-Executive Director – Ron Finlay

LLB (Sydney) Independent director – RE2 and DIHL

Ron is a lawyer and chief executive of Finlay Consulting, with over 37 years experience in property, construction development and infrastructure projects, including as project manager or facilitator of major infrastructure projects in Australia and overseas for both public and private sector organisations (such as the Commonwealth Government Solar Flagships Program).

Other current directorships are: Macquarie Generation, NSW's largest generator; Chairman of AquaSure Group, the SPV for the Victorian Desalination Project PPP; independent chairman on a number of government and private sector Project Control Groups and Dispute Resolution Boards for major projects (such as Brisbane's New Parallel Runway Project and the Brisbane Legacy Way Project).

Formerly, Ron was for six years chair of the New South Wales Transport Infrastructure Development Corporation.



Independent Non-Executive Director – Duncan Sutherland

BA (Yale), MBA (Wayne State) Independent director – RE2

Duncan has broad experience in the mining, metals and auto industries, where his focus areas included acquisitions and divestment, business analysis and corporate planning. Duncan joined CRA Limited in 1980, and was most recently responsible for acquisitions and divestments and corporate strategy. After CRA merged with RTZ in 1995 to form Rio Tinto, Duncan was appointed managing director, Energy Developments, responsible for business development and the management of acquisitions and divestments in the energy sector.

During his career, Duncan has also worked overseas in the USA, Europe, Brazil and Argentina.

Other current directorships are: independent director of a Macquarie-owned manager of a number of unlisted managed vehicles and a director of Haileybury College, Melbourne.



Independent Non-Executive Director – Michael Lee

BSc (UNSW), BEng (hons1) (UNSW), FIE (Aust)

Independent director – RE1

Michael is an electrical engineer. He served in the Australian Parliament for 17 years, and was Minister for Resources, Tourism, Communications and The Arts in the Keating Government. He is currently president of the NSW Branch of the Australian Labor Party.

Other current directorships are: Sydney Airport; Chairman, Communications Alliance Limited, and Superpartners Limited.

Former roles include chairman of NSW TAFE Commission Board and the Central Coast Campuses Board; a director of Essential Energy (formerly Country Energy); a councillor of the City of Sydney; and a member of the NSW Architects Registration Board.



Independent Non-Executive Director – Emma Stein

BSc (Hons) Physics (Manch), MBA (Manch)

Independent director – RE1 and DIHL

Emma's operational utilities experience includes energy retailing and asset management, international business operations, strategy development and implementation, acquisition integration and divestment.

Before leaving the UK in 2003, Emma was the UK managing director for French utility Gaz de France's energy retailing operations. She was also a non-executive director for Cofathec Heatsave Limited and an executive UK board director for Gaz de France Energy.

Other current directorships are: Clough Limited; Programmed Maintenance Group; Alumina Limited; and Transpacific Industries Limited.

Emma is also a member of University of Western Sydney's Board of Trustees and a NSW Ambassador for the Guides.

Formerly, Emma was a non-executive director of ARC Energy and of Merlin Petroleum Limited (Australian oil and gas exploration and production companies) and Transfield Services Infrastructure Fund.



Non-Executive Director – Philip Garling

B.Build (UNSW) FAIB, FAICD, FIE (Aust)

Currently non-executive director – RE1, RE2 and DIHL (if the Proposal is implemented, Philip will retire from each of the DUET Boards)

Philip is the AMP Capital representative on responsible entity and DIHL boards. He has over 30 years' experience in infrastructure, construction, development and investment. He retired from full-time executive roles mid last year. He was formerly Global Head of Infrastructure at AMP Capital Investors for nine years and was also CEO of Tenix Infrastructure.

Philip was also a long-term senior executive with Lend Lease Corporation, culminating in his role as CEO of Lend Lease Capital Services, the development capital and infrastructure investment and development arm of Lend Lease. He also spent two years in Singapore implementing Lend Lease's Asian infrastructure strategy.

Philip holds the Advanced Diploma from the Australian Institute of Company Directors and is a Fellow of the Australian Institute of Building, Australian Institute of Company Directors and Institution of Engineers Australia.

Other current directorships are: Downer EDI, Australian Renewable Fuels (Chair), The Infrastructure Fund of India and Asian Giants Infrastructure Fund (Chair).



Non-Executive Director – John Roberts

LLB (Canterbury)

Current Executive Chairman – RE1, RE2 and DIHL (if the Proposal is implemented, John will continue as a non-executive director of RE1 and DIHL)

John joined Macquarie in 1991 and is based in Sydney, Australia. He is the Macquarie representative on each of the responsible entity and DIHL boards.

John is executive chairman of the Macquarie Funds Group, which has over US\$300 billion of capital under management and includes the activity of the Macquarie Infrastructure and Real Assets division (MIRA). John serves on the Boards and/or Investment Committees of a number of MIRA-managed funds to provide oversight and strategic direction to individual fund management executive teams.

Previous roles within Macquarie include Head of Europe; Joint Head of Macquarie Capital Advisors; and Global Head of Macquarie Capital Funds.

Other directorships are: Sydney Airport Holdings Limited, Macquarie Atlas Roads Limited and Chairman of the NYSE listed Macquarie Infrastructure Company.

His former directorships include Macquarie International Infrastructure Fund Limited and Macquarie Infrastructure Company Inc.

10 KEY PEOPLE CONTINUED

10.5 PROFILES OF SENIOR MANAGEMENT OF THE DUET GROUP (INCLUDING RE1 AND RE2)



Alternate Director to Philip Garling – Scott Davies

LLB

Alternate Director to Philip Garling (if the Proposal is implemented, Scott will replace Philip Garling on the board of RE2)

Scott is the Global Head of Infrastructure at AMP Capital and currently alternate director to Philip Garling on the RE1, RE2 and DIHL boards. If the Proposal is implemented, Scott will be a director on the RE2 board (only). Scott has over 20 years investment experience in infrastructure. Prior to joining AMP Capital in July 2011, he was CEO of ASX listed Macquarie Communications Infrastructure Group from its inception in 2002 until its acquisition in 2009.

Between 1995 and 2002, Scott held senior investment roles for Macquarie Capital in New York and London. He has also held similar roles at Hambros Bank in London and Sydney and previously worked as a corporate lawyer in Sydney.

Other current directorships are: Australian Pacific Airports Corporation, The Infrastructure Fund of India, Codan Ltd and the Asian Giants Infrastructure Fund.



Alternate Director to John Roberts – Shemara Wikramanayake

LLB, BCom (UNSW)

Alternate Director to John Roberts

Shemara is an Executive Director of Macquarie and Head of the Macquarie Funds Group, which offers a diverse range of products, including infrastructure and real asset management, securities investment management and fund and equity based structured products.

Prior to becoming Head of Macquarie Funds Group, Shemara spent 20 years in the Macquarie Capital division. During this period, Shemara held roles as Head of Macquarie Infrastructure and Real Assets, North America; Head of Prudential, Sydney; and established and led the corporate advisory businesses in New Zealand, Hong Kong and Malaysia.

Prior to joining Macquarie in 1987, Shemara worked as a corporate lawyer at Blake Dawson Waldron in Sydney.

Shemara holds no other listed entity directorships.



Chief Executive Officer – David Bartholomew

Bachelor of Economics, Honours (Adelaide)

Master of Business Administration (AGSM)

David was appointed Chief Executive Officer in February 2011 and has extensive experience in the utilities sector. He is a director of each of the DUET Group's asset companies and has been an integral part of the DUET Group's senior executive team since joining the DUET Group in 2006 as Chief Operating Officer. Before joining the DUET team, David was director of Infrastructure at Hastings Funds Management for five years, during which time he was instrumental in the establishment and IPO of the Hastings Diversified Utilities Fund. He held senior management roles for a number of unlisted funds within the Hastings group and was responsible for fund and asset-company operating and financial outcomes in utilities, toll roads, ports, rail and forestry. David's employment experience also includes Lend Lease, the Boston Consulting Group and BHP Minerals.



Chief Financial Officer – Jason Conroy

Bachelor of Commerce (Accounting) (UWS)

Master of Business Administration (UNE)

Certified Practising Accountant (ASCPA)

Jason was appointed Chief Financial Officer in June 2008.

He has extensive expertise in the utilities, energy and infrastructure sectors.

Jason is a director of each of the DUET Group's businesses with primary responsibility for developing and implementing the Group's capital and risk management strategies, including debt refinancings and funding for growth opportunities, as part of optimising the DUET Group's return on investments.

Before joining the DUET Group, Jason worked for Origin Energy where he was responsible for corporate finance. Before Origin Energy, he gained finance and investment expertise from roles and projects in Australia, North America and Europe.

10.6 INTERESTS OF DIRECTORS

10.6.1 Interests of directors of RE1 and RE2 in RE1 and RE2

As at the date of this Prospectus, Macquarie and AMP Capital are the shareholders of RE1 and RE2 and no RE1 Share or RE2 Share is held by or on behalf of any director or key management personnel of RE1 or RE2.

10.6.2 Interests of directors of RE1 and RE2 in the DUET Group

The following table lists the Existing Stapled Securities held directly, indirectly or beneficially by or on behalf of each director (and alternate director) of RE1 and RE2 as at the date of this Prospectus.

If the Proposal is implemented, those directors will receive the equivalent number of RE1 Shares and RE2 Shares to the number of Existing Stapled Securities held at the Record Date.

Director	% of Existing Stapled Securities held	Number of Existing Stapled Securities held
John Roberts	0.4856%	5,422,901
Philip Garling	0.0078%	87,300
Michael Lee	0.0016%	17,979
Emma Stein	0.0045%	50,506
Doug Halley	0.0120%	134,000
Ron Finlay	0.0018%	20,237
Eric Goodwin	0.0048%	54,005
Duncan Sutherland	0.0134%	150,000
Shemara Wikramanayake (alternate director)	0.1650%	1,842,987
Scott Davies (alternate director)	Nil	Nil

10.6.3 Other interests of directors of RE1 and RE2

Other than as described in this Section 10:

- (a) no director, proposed director or promoter of RE1 or RE2 has, or has had at any time in the two years before the date of this Prospectus, any interests in:
 - (i) the formation or promotion of RE1 or RE2;
 - (ii) any property acquired or proposed to be acquired by RE1 or RE2 in connection with its formation or promotion or the offer of RE1 Shares or RE2 Shares; or
 - (iii) the offer of RE1 Shares and RE2 Shares; and
- (b) no amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be given to:
 - (i) any director, or proposed director, to induce him or her to become, or to qualify as, a director of RE1 or RE2; or
 - (ii) any director, proposed director or promoter of RE1 or RE2 for services that he or she has provided in connection with either the formation or promotion of RE1 or RE2 or the offer of shares in RE1 or RE2.

10.6.4 Independent directors

Each independent director of RE1 and RE2, being as set out in Sections 10.1 and 10.2 is free from any business or other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of that person's judgement.

10 KEY PEOPLE CONTINUED

10.7 REMUNERATION OF DIRECTORS OF RE1 AND RE2

As remuneration for services, each director of RE1 and RE2 is to be paid an amount determined by the relevant board, subject to a maximum aggregate amount for all directors of each of RE1 and RE2 of \$750,000 per year. Any director who, at the request of the other directors, performs additional or special duties for RE1 or RE2 (as applicable), may be paid a fee for the services as determined by the relevant board, and that fee may be either in addition to or in substitution for the director's remuneration as described in this Section 10.7.

In addition, every director of RE1 and RE2 is entitled to be reimbursed out of the funds of the company for all reasonable travel, accommodation and other expenses incurred by the director in attending meetings of directors RE1 or RE2 or of any committees or when otherwise engaged on the business of RE1 or RE2 (as applicable).

If the Proposal is implemented, the directors of RE1 and RE2 will be entitled to receive the following annual remuneration from RE1 and RE2 (noting that fees may also be paid from DIHL):

Director (\$ per year)	RE1	RE2	DIHL	Total
John Roberts	30,000		30,000	60,000
Scott Davies		50,000		50,000
Michael Lee	110,000			110,000
Emma Stein	61,000		61,000	122,000
Doug Halley	80,000	80,000	80,000	240,000
Ron Finlay		61,000	61,000	122,000
Eric Goodwin		122,000		122,000
Duncan Sutherland		110,000		110,000
Total	281,000	423,000	232,000	936,000

The following table lists the special service fees payable to the Independent Directors in connection with the Proposal:

Director (\$)	RE1	RE2	DIHL	Total
Doug Halley	50,000		50,000	100,000
Emma Stein	20,000		20,000	40,000
Ron Finlay		35,000	35,000	70,000
Duncan Sutherland		40,000		40,000
Eric Goodwin		40,000		40,000
Michael Lee	40,000			40,000
Total	110,000	115,000	105,000	330,000

The special service fee reflects the significant volume of additional work undertaken by the Independent Directors in regard to the Proposal as well as the time estimated to be required from the time of announcing the Proposal to the time of the Meeting. From June 2012 until the date of Explanatory Memorandum, that additional work included an additional two board and ten Independent Board Committee meetings and four due diligence committee meetings as well as negotiations with Macquarie and AMP Capital, liaison with advisers and senior management of the DUET Group, attending investor presentations and preparation for the Meeting. The Independent Directors' entitlement to the special services fees is not contingent on the Proposal proceeding.

10.8 REMUNERATION OF SENIOR MANAGEMENT

If the Proposal is implemented, the senior management of DIHL will serve as management of the DUET Group as a whole, including RE1 and RE2. The following table describes the benefits of the senior management of the DUET Group as a whole:

Role	Name	Base salary (inc super)	Short Term Incentive		Long Term Incentive	
			Max %	Max Amount	Max %	Max Amount
Chief Executive Officer	David Bartholomew	\$800,000	66% of base salary	\$528,000	75% of base salary	\$600,000
Chief Financial Officer	Jason Conroy	\$600,000	42% of base salary	\$252,000	42% of base salary	\$252,000

The Chief Executive Officer and Chief Financial Officer will be entitled to short term incentives (**STI**) of up to the specified percentages of their base remuneration package, subject to the achievement of certain quantitative and qualitative targets. They will also be eligible to participate in a long term incentive (**LTI**) scheme with performance-based hurdles based on a total Securityholder return basis over three years to align their interests with Securityholders.

If either of the Chief Executive Officer or Chief Financial Officer are terminated with notice or made redundant then, over and above payment in lieu of notice or accrued leave entitlements, they will be eligible for a payment equivalent to their annual base remuneration package and a percentage of their respective on-target STI amount for that year and all STI retentions and unvested LTI awards from prior years. See Section 5.12.3(c) of the Explanatory Memorandum for further details.

The Independent Board Committees consider that an STI scheme and an LTI scheme are appropriate because they reward performance, and performance-based remuneration is aligned with Securityholders' interest.

This overall approach to remuneration will achieve an appropriate balance between risk and return that aligns the interests of the management team and Securityholders.

10.9 FEES AND INTERESTS OF ADVISERS

10.9.1 Interests of advisers

Other than as described in this Section 10, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus or a broker to the offer of RE1 Shares or RE2 Shares:

- (a) has any interest, or has had any interest during the last two years before the date of this Prospectus, in the formation or promotion of RE1 or RE2, or any property acquired or proposed to be acquired by RE1 or RE2 in connection with its formation or promotion or the offer of RE1 Shares or RE2 Shares; or
- (b) has been paid or agreed to be paid any amount and no value or other benefit has been given or agreed to be given to any such person in connection with services provided by the person in connection with the formation or promotion of RE1 or RE2 or the offer of RE1 Shares or RE2 Shares.

10.9.2 Adviser fees

Gresham Advisory Partners Limited have acted as financial adviser in relation to the Proposal. Notwithstanding the foregoing, Gresham Advisory Partners Limited is not in any way responsible for the contents of this Prospectus nor the issue of shares under this Prospectus. The DUET Group paid Gresham Advisory Partners Limited a retainer fee of \$350,000 (excluding GST) on appointment, and will pay Gresham Advisory Partners Limited a completion fee of \$400,000 (excluding GST) if the Proposal is implemented.

Allens have acted as legal adviser in relation of the Proposal, and has performed work in relation to due diligence required on legal matters. The DUET Group will pay Allens an estimated fee of \$1,070,000 (excluding GST) for such services to the date of this Prospectus. Further amounts may be paid to Allens in accordance with its usual time based charge out rates.

PricewaterhouseCoopers have acted as tax advisers in relation to the Proposal. The DUET Group will pay PricewaterhouseCoopers an estimated fee of \$200,000 (excluding GST) for such work up to the date of this Prospectus. Further amounts may be paid to PricewaterhouseCoopers in accordance with their normal time based charges.

Ernst & Young have acted as auditor in relation to the Proposal. The DUET Group will pay Ernst & Young an estimated fee of \$200,000 (excluding GST) for such work up to the date of this Prospectus. Further amounts may be paid to Ernst & Young in accordance with their normal time based charges.

Grant Samuel & Associates has acted as independent expert in relation to the Proposal. The DUET Group has agreed to pay Grant Samuel & Associates a fee of \$300,000 for preparing the Independent Expert's Report (which is Annexure A to the Explanatory Memorandum).

11 ADDITIONAL INFORMATION

11.1 AVAILABILITY OF DOCUMENTS

RE1 and RE2 will provide a copy of the following documents, free of charge, to any person on request between the date of this Prospectus and the Implementation Date:

- (a) the financial report of the DUET Group for the year ended 30 June 2012, being the annual financial report most recently lodged by the DUET Group with ASIC;
- (b) any continuous disclosure notices given to the ASX by the DUET Group after the lodgement of the annual financial report referred to above and before the date of lodgement of this Prospectus with ASIC;
- (c) the constitution of RE1; and
- (d) the constitution of RE2.

The above information may also be obtained from the DUET Group's website at www.duet.net.au.

If you would like to receive a copy of any of these documents or publications, please contact the DUET Securityholder Information Line on 1800 009 874 (within Australia) or +61 3 9415 4189 (outside Australia) Monday to Friday between 9.00am and 6.00pm.

The DUET Group has lodged a copy of the Explanatory Memorandum with ASIC and the information in that document is incorporated by reference into this Prospectus.

11.2 CONTINUOUS DISCLOSURE

- (a) If the Proposal is implemented, RE1 and RE2 will each be a disclosing entity for the purposes of the Corporations Act and as such will be subject to periodic reporting and disclosure obligations under the Corporations Act and the Listing Rules.
- (b) These obligations will require RE1 and RE2 to notify the ASX of information about specified matters and events as they occur for the purpose of making that information available to the market.
- (c) In particular, RE1 and RE2 will each have an obligation (subject to limited exceptions) to notify the ASX immediately on becoming aware of any information which a reasonable person would expect to have a material effect on the price or value of its securities.
- (d) Publicly disclosed information about all ASX-listed entities is available on the ASX website www.asx.com.au.
- (e) ASIC also maintains records in respect of documents lodged with it by RE1 and RE2, and these may be obtained from or inspected at any office of ASIC.

11.3 ASX DISCLAIMER IN RELATION TO STAPLING

ASX reserves the right (but without limiting its absolute discretion) to remove one or more of RE1, RE2, DUET1, DUET2, DUET3 or DIHL from the official list of the ASX if, while the stapling arrangements apply, any of the securities comprising the New Stapled Securities cease to be stapled together or any securities are issued by RE1, RE2, DUET1, DUET2, DUET3 or DIHL which are not stapled to equivalent securities in the other entity.

11.4 ASX LISTING

RE1 and RE2 have been registered companies under the Corporations Act since 17 February 2004.

The directors have applied for quotation of New Stapled Securities to commence trading on a deferred settlement basis on the ASX. Each New Stapled Security will (if stapling occurs) consist of one unit in DUET1, one unit in DUET2, one unit in DUET3, one share in DIHL, one share in RE1 and one share in RE2.

11.5 ASIC RELIEF

11.5.1 Relief for issue of RE1 Shares and RE2 Shares

ASIC has granted the following relief:

- (a) **(Section 711(6) and 723(1) – prospectus content)** modifications to allow the Prospectus not to include an expiry date or an application form.
- (b) **(Section 734 – advertising provisions)** modifications to allow statements to be made in advertising and promotional materials without referring to the application form for RE1 Shares or RE2 Shares or the availability of a disclosure document.

11.5.2 Relief for stapling

ASIC has indicated that it is minded to grant the following relief:

- (a) **(Sections 601FC(1)(c) and 601FD(1)(c) – best interests)** modifications to RE1 and RE2's duty to act in the best interests of Securityholders to allow RE1 and RE2 and their respective directors and officers to have regard to the interests of members of the DUET Group as a whole, rather than the interests of members of DIHL, DUET1, DUET2 and DUET3 alone.

- (b) **(Section 601GAA (as notionally inserted by ASIC Class Order [CO 05/26] – responsible entity setting issue price)** modifications to allow RE1 and RE2, for future issues of New Stapled Securities, to allocate the issue price for a New Stapled Security between the component parts of the six-stapled security instead of a quadruple Existing Stapled Security as granted in an existing ASIC relief instrument (07/0710).
- (c) **(Sections 601LC – scheme property)** modifications to allow RE1 and RE2 to give financial benefits out of trust property to entities such as DIHL whose underlying securities are stapled to other entities in the DUET Group and those entities' respective controlled entities without member approval being required.
- (d) **(Part 6D.2 and 7.9 – dividend and distribution reinvestment plan)** to facilitate the operation of a dividend and distribution plan for the six-stapled DUET Group (which includes RE1 and RE2) without the issue of a prospectus or a product disclosure statement.

11.6 ASX WAIVERS AND CONFIRMATIONS

ASX has provided an in-principle decision to grant waivers and confirmations of the following Listing Rules as they apply to DIHL, DUET1, DUET2, DUET3, RE1 and RE2.

11.6.1 Waivers

- (a) **(Listing Rule 1.1 condition 7 – spread requirements)** an in-principle waiver to the extent necessary not to require RE1 and RE2 to comply with the spread requirements in that Listing Rule, on condition that each RE1 Share and RE2 Share is stapled to a unit in DUET1, a unit in DUET2, a unit in DUET3 and a share in DIHL, and that the DUET Group satisfies Listing Rule 12.4 at the time RE1 and RE2 are admitted to the official list of the ASX.
- (b) **(Listing Rule 1.1 condition 8 – asset test and profit test)** an in-principle waiver to the extent necessary not to require RE1 and RE2 to comply with Listing Rule 1.2 (profit test) and 1.3 (asset test), on condition that each RE1 Share and RE2 Share is stapled to an Existing Stapled Security, and the DUET Group satisfies Listing Rules 12.1 and 12.2 at the time RE1 and RE2 are admitted to the official list of ASX.
- (c) **(Listing Rule 2.1 condition 2 – issue price)** an in-principle waiver to the extent necessary to permit the issue price of shares in RE1 and shares in RE2 to each be less than 20 cents in cash, on condition that each RE1 Share and RE2 Share is stapled to an Existing Stapled Security.
- (d) **(Listing Rule 8.10 – register a transfer)** an in-principle waiver to allow DIHL and RE1 and RE2 as responsible entities of DUET1, DUET2 and DUET3 to respectively refuse to register a transfer of a security (comprising one part of a New Stapled Security) if not accompanied by a corresponding transfer in respect of the other security or securities that comprise the New Stapled Security.
- (e) **(Listing Rule 10.1 – substantial asset to related party)** an in-principle waiver to allow the transfer of substantial assets and other relevant dealings between DIHL, DUET1, DUET2, DUET3, RE1 and RE2 and their subsidiaries without Securityholder approval, on condition that each RE1 Share and RE2 Share is stapled to an Existing Stapled Security, and the stapled entities do not issue any other securities that are not stapled to the corresponding number of securities of the other entities.

11.6.2 Confirmations

- (a) **(Listing Rule 1.1 condition 1 – structure)** an in-principle confirmation that the structure and operations of each of RE1 and RE2 is appropriate for a listed entity.
- (b) **(Listing Rule 1.1 condition 8 and Listing Rule 1.3.5(a))** an in-principle confirmation, on condition that the waiver from Listing Rule 1.1 condition 8 is granted, that each of RE1 and RE2 is not required to provide ASX with accounts for the last three full financial years:
- (c) **(Listing Rule 1.1 condition 8 and Listing Rule 1.3.5(c))** an in-principle confirmation that the pro forma financial statements which are included in the Meeting Booklet satisfy the requirements of Listing Rule 1.3.5(c) in respect of each of RE1 and RE2.
- (d) **(Listing Rule 2.1 condition 1)** an in-principle confirmation that the terms of the shares in each of RE1 and RE2 comply with Chapter 6 of the Listing Rules.
- (e) **(Listing Rule 3.1)** an in-principle confirmation that disclosure by one entity within the DUET Group (as a six-stapled group) on behalf of the DUET Group satisfies the requirements of Listing Rule 3.1.
- (f) **(Listing Rule 6.1 – terms of security)** an in-principle confirmation that the terms applying to the RE1 Shares and RE2 Shares, and ultimately the New Stapled Securities, are appropriate and equitable.
- (g) **(Listing Rule 7.40)** an in-principle confirmation that the proposed timetable (including with respect to Macquarie and AMP Capital participating in the Capital Reduction in relation to the Placement Securities) as set out in Section 1.1 of the Meeting Booklet complies with the requirements of Listing Rule 7.40.
- (h) **(Listing Rule 19.12)** an in-principle confirmation that the shares in each of RE1 and RE2 constitute 'equity securities' for the purpose of the definition set out in Listing Rule 19.12.
- (i) **(Guidance Note 2)** an in-principle confirmation that the ASX is satisfied that the stapling provisions in the constitution of each of RE1 and RE2 are satisfactory to ASX.

11 ADDITIONAL INFORMATION CONTINUED

11.7 DIRECTORS' CONSENT TO LODGEMENT

The issue of this Prospectus has been authorised by each director of RE1, RE2 and DIHL.

This Prospectus is prepared by, or on behalf of, and is issued by RE1, RE2 and DIHL. RE1 and RE2 are the persons issuing the RE1 Shares and RE2 Shares and DIHL is the person selling the Existing RE Shares. The information contained in this Prospectus may be limited having regard to the matters that Securityholders may reasonably be expected to know and the fact that certain matters may reasonably be expected to be known to Securityholders' professional advisers.

Each director of RE1, RE2 and DIHL has given (and not withdrawn) his or her consent to lodgement of this Prospectus with ASIC.

11.8 CONSENTS TO BE NAMED

Each of the persons named as consenting parties in the table below:

- (a) has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus (including the Explanatory Memorandum) in the form and context in which it is named;
- (b) has not made any statement in this Prospectus or any statement on which a statement made in this Prospectus (including the Explanatory Memorandum) is based other than as specified in paragraph (a) above and paragraph (e) below;
- (c) has not authorised or caused the issue of this Prospectus, and makes no representation or warranty, express or implied, as to the fairness, accuracy or completeness of the information contained in this Prospectus (including the Explanatory Memorandum); and
- (d) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation or any statement regarding, and takes no responsibility for, any part of this Prospectus (including the Explanatory Memorandum) or any statements in or omissions from this Prospectus (including the Explanatory Memorandum), other than the reference to its name in the form and context in which it is named and a statement or report included in this Prospectus with its consent as specified in paragraph (e) below;
- (e) in the case of:
 - (i) Macquarie has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its consent to the inclusion in this Prospectus (including the Explanatory Memorandum) of the Macquarie Information, for which it is responsible; and
 - (ii) AMP Capital has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its consent to the inclusion in this Prospectus (including the Explanatory Memorandum) of the AMP Capital Information, for which it is responsible; and
- (f) in making the statements contained in paragraphs (a) to (d), and in paragraph (e) in the case of Macquarie and AMP Capital, acknowledges that the DUET Group has lodged a copy of the Explanatory Memorandum with ASIC and the information in that document is incorporated by reference into this Prospectus.

Role	Consenting party
Registry	Computershare Investor Services Pty Ltd
Legal adviser	Allens
Financial adviser	Gresham Advisory Partners Limited
Tax adviser	PricewaterhouseCoopers
Auditor	Ernst & Young
Independent expert	Grant Samuel & Associates
Existing 50% shareholder of RE1 and RE2	Macquarie Capital Group Limited
Existing 50% shareholder of RE1 and RE2	AMP Capital Holdings Limited

11.9 FOREIGN SELLING RESTRICTIONS

The distribution of this Prospectus (including an electronic copy) in jurisdictions outside Australia may be restricted by law. If you come into possession of this Prospectus in jurisdictions outside Australia, then you should seek advice on, and observe any such restrictions. If you fail to comply with such restrictions, that failure may constitute a violation of applicable securities laws. RE1, RE2 and DIHL disclaim all liabilities to such persons.

This Prospectus and RE1 Shares and RE2 Shares have not been and will not be, registered in any jurisdiction other than Australia. This Prospectus does not constitute an offer or invitation. The issue of RE1 Shares and RE2 Shares, the sale of the Existing RE Shares and the possession or distribution of this Prospectus is further subject to the specific restrictions set out below.

11.9.1 Austria

The information in this Prospectus has been prepared on the basis that all offers of RE1 Shares and RE2 Shares will be made pursuant to an exemption under the Directive 2003/71/EC (**Prospectus Directive**), as amended and implemented in Austria, from the requirement to produce a prospectus for offers of securities.

An offer to the public of RE1 Shares and RE2 Shares has not been made, and shall not be made, in Austria except pursuant to one of the following exemptions under the Prospectus Directive as implemented in Austria:

- to any legal entity that is authorized or regulated to operate in the financial markets or whose main business is to invest in financial instruments;
- to any legal entity that satisfies two of the following three criteria: (i) balance sheet total of at least €20,000,000; (ii) annual net turnover of at least €40,000,000 and (iii) own funds of at least €2,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);
- to any person or entity who pursuant to its request is treated as a professional client in accordance with section 59 of the Austrian Securities Supervision Act 2007;
- to any person or entity who is recognised as an eligible counterparty in accordance with section 60 of the Austrian Securities Supervision Act 2007;
- to fewer than 150 natural or legal persons (other than qualified investors within the meaning of section 1(1)(5a) of the Austrian Capital Markets Act) subject to obtaining the prior consent of RE1 and RE2 or any underwriter for any such offer; or
- in any other circumstances falling within section 3(1) of the Austrian Capital Markets Act, provided that no such offer of RE1 Shares and RE2 Shares shall result in a requirement for the publication by RE1 and RE2 of a prospectus pursuant to Section 2(1) of the Austrian Capital Markets Act.

11.9.2 Canada

No securities commission or similar authority in any Canadian province (the **Provinces**) has reviewed or in any way passed upon this Prospectus, the merits of the RE1 Shares and RE2 Shares or the offering of RE1 Shares and RE2 Shares and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in any Provinces with respect to the offering of RE1 Shares and RE2 Shares or the resale of such RE1 Shares and RE2 Shares. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of RE1 Shares and RE2 Shares in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements. These resale restrictions may in some circumstances apply to resales of RE1 Shares and RE2 Shares outside Canada and, as a result, Canadian purchasers should seek legal advice prior to any resale of RE1 Shares and RE2 Shares.

Upon receipt of this document, each investor in Canada confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of RE1 Shares and RE2 Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.

11.9.3 China

The information in this Prospectus does not constitute a public offer of the RE1 Shares or RE2 Shares, whether by way of sale or subscription, in the People's Republic of China (excluding, for purposes of this paragraph, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan). The RE1 Shares and RE2 Shares may not be offered or sold directly or indirectly in the People's Republic of China to legal or natural persons other than directly to 'qualified domestic institutional investors'.

11.9.4 France

This Prospectus is not being distributed in the context of a public offering of financial securities (offre au public de titres financiers) in France within the meaning of Article L.411-1 of the French Monetary and Financial Code (Code monétaire et financier) and Articles 211-1 et seq. of the General Regulation of the French Autorité des marchés financiers (**AMF**). The RE1 Shares and RE2 Shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France.

This Prospectus and any other offering material relating to the RE1 Shares and RE2 Shares have not been, and will not be, submitted to the AMF for approval in France and, accordingly, may not be distributed or caused to be distributed, directly or indirectly, to the public in France.

11 ADDITIONAL INFORMATION CONTINUED

Such offers, sales and distributions have been and shall only be made in France (i) in accordance with articles 211-2 1° and 211-2 2° of the General Regulation of the AMF and/or (ii) to qualified investors (investisseurs qualifiés) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2° and D.411-1 to D.411-3, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation and/or (iii) to a restricted number of non-qualified investors (cercle restreint d'investisseurs) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2° and D.411-4, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation.

Pursuant to Article 211-3 of the General Regulation of the AMF, investors in France are informed that the RE1 Shares and RE2 Shares cannot be distributed (directly or indirectly) to the public by Securityholders otherwise than in accordance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French Monetary and Financial Code.

11.9.5 Germany

The information in this Prospectus has been prepared on the basis that all offers of RE1 Shares and RE2 Shares will be made pursuant to an exemption under the Directive 2003/71/EC (**Prospectus Directive**), as amended and implemented in Germany, from the requirement to produce a prospectus for offers of securities. This Prospectus has not been and will not be submitted to, nor has it been approved by, the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht or "BaFin").

An offer to the public of RE1 Shares and RE2 Shares has not been made, and shall not be made, in Germany except pursuant to one of the following exemptions under the Prospectus Directive as implemented in Germany:

- to any legal entity that is authorized or regulated to operate in the financial markets or, if not so authorized or regulated, other institutional investors whose main activity is to invest in financial instruments;
- to any legal entity that satisfies two of the following three criteria: (i) balance sheet total of at least €20,000,000; (ii) annual net turnover of at least €40,000,000 and (iii) own funds of at least €2,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);
- to any person or entity who has requested to be treated as a professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2004/39/EC, **MiFID**);
- to any person or entity who is recognised as an eligible counterparty in accordance with Article 24 of the MiFID;
- to fewer than 150 natural or legal persons (other than qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive) subject to obtaining the prior consent of RE1 and RE2 or any underwriter for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Shares shall result in a requirement for the publication by RE1 and RE2 of a prospectus pursuant to Article 3 of the Prospectus Directive.

This Prospectus and any other document relating to the RE1 Shares and RE2 Shares, as well as information contained therein, may not be supplied to the public in Germany or used in connection with any offer of the RE1 Shares or RE2 Shares to the public in Germany. This Prospectus and other offering materials relating to the issue of RE1 Shares and RE2 Shares are strictly confidential and may not be distributed to any person or entity other than the recipients hereof.

11.9.6 Hong Kong

WARNING: The contents of this Prospectus have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the issue of RE1 Shares and RE2 Shares. If you are in any doubt about any of the contents of this Prospectus, you should obtain independent professional advice.

11.9.7 Indonesia

A registration statement with respect to this Prospectus has not been and will not be filed with the Capital Market and Financial Institutions Supervisory Agency (Bapepam-LK) of the Republic of Indonesia. The RE1 Shares and RE2 Shares, therefore, shall not be offered or sold or be the subject of an invitation for subscription or purchase. Neither this Prospectus nor any other document relating to the offer or sale, or invitation for subscription or purchase, of securities shall be circulated or distributed, whether directly or indirectly, in the Republic of Indonesia except in a manner that will not be considered as a "public offer" under the prevailing law and regulations in the Republic of Indonesia.

11.9.8 Ireland

The information in this Prospectus does not constitute a prospectus under any Irish laws or regulations and this Prospectus has not been filed with or approved by any Irish regulatory authority as the information has not been prepared in the context of a public offering of securities in Ireland within the meaning of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005, as amended (the **Prospectus Regulations**).

RE1 Shares and RE2 Shares have not been offered or sold, and will not be offered, sold or delivered directly or indirectly in Ireland by way of a public offering, except to (i) "qualified investors" as defined in Regulation 2(l) of the Prospectus Regulations and (ii) fewer than 150 natural or legal persons who are not qualified investors.

11.9.9 Japan

RE1 Shares and RE2 Shares have not been and will not be registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the **FIEL**). Accordingly, RE1 Shares and RE2 Shares may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to exemption from the registration requirements of, and in compliance with, the FIEL and any applicable laws and regulations of Japan.

11.9.10 Jersey

This Prospectus does not, nor is it intended to, constitute an “offer for the subscription, sale or exchange of securities” for the purposes of the Control of Borrowing (Jersey) Order 1958, as amended.

11.9.11 Luxembourg

The information in this Prospectus has been prepared on the basis that all offers of RE1 Shares and RE2 Shares will be made pursuant to an exemption under the Directive 2003/71/EC (**Prospectus Directive**), as amended and implemented in Luxembourg, from the requirement to produce a prospectus for offers of securities.

An offer to the public of RE1 Shares and RE2 Shares has not been made, and shall not be made, in Luxembourg except pursuant to one or more of the following exemptions under the Prospectus Directive as implemented in Luxembourg:

- to any legal entity that is authorized or regulated to operate in the financial markets or whose main business is to invest in financial instruments;
- to any legal entity that satisfies two of the following three criteria: (i) balance sheet total of at least €20,000,000; (ii) annual net turnover of at least €40,000,000 and (iii) own funds of at least €2,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);
- to any person or entity who has requested to be treated as a professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2004/39/EC, **MiFID**);
- to any person or entity who is recognised as an eligible counterparty in accordance with Article 24 of the MiFID;
- to fewer than 150 natural or legal persons (other than qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive) subject to obtaining the prior consent of RE1 and RE2 or any underwriter for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of RE1 Shares and RE2 Shares shall result in a requirement for the publication by RE1 and RE2 of a prospectus pursuant to Article 3 of the Prospectus Directive.

11.9.12 Netherlands

The information in this Prospectus has been prepared on the basis that all offers of RE1 Shares and RE2 Shares will be made pursuant to an exemption under the Directive 2003/71/EC (**Prospectus Directive**), as amended and implemented in the Netherlands, from the requirement to produce a prospectus for offers of securities.

An offer to the public of RE1 Shares and RE2 Shares has not been made, and shall not be made, in the Netherlands except pursuant to one or more of the following exemptions under the Prospectus Directive as implemented in the Netherlands:

- to any legal entity that is authorized or regulated to operate in the financial markets or whose main business is to invest in financial instruments;
- to any legal entity that satisfies two of the following three criteria: (i) balance sheet total of at least €20,000,000; (ii) annual net turnover of at least €40,000,000 and (iii) own funds of at least €2,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);
- to any person or entity who has requested to be treated as a professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2004/39/EC, **MiFID**);
- to any person or entity who is recognised as an eligible counterparty in accordance with Article 24 of the MiFID;
- to fewer than 100 natural or legal persons (other than qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive) subject to obtaining the prior consent of RE1 and RE2 or any underwriter for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of RE1 Shares and RE2 Shares shall result in a requirement for the publication by RE1 and RE2 of a prospectus pursuant to Article 3 of the Prospectus Directive.

ATTENTION!

NO AFM SUPERVISION.

NO LICENSE. NO PROSPECTUS REQUIRED.



11 ADDITIONAL INFORMATION CONTINUED

11.9.13 New Zealand

This Prospectus is not a New Zealand prospectus or an investment statement and has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the Securities Act 1978 (or any other relevant New Zealand law). This Prospectus may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

11.9.14 Norway

This Prospectus has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this Prospectus shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.

RE1 Shares and RE2 Shares may not be offered or sold, directly or indirectly, in Norway except:

- to ‘professional clients’ (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876 and including non-professional clients having met the criteria for being deemed to be professional and for which an investment firm has waived the protection as non-professional in accordance with the procedures in this regulation);
- to fewer than 150 natural or legal persons (other than professional clients); or
- in any other circumstances provided that no such offer of RE1 Shares and RE2 Shares shall result in a requirement for the registration, or the publication by RE1 and RE2 or an underwriter, of a prospectus pursuant to the Norwegian Securities Trading Act of 29 June 2007.

11.9.15 Singapore

This Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. This Prospectus and any other document or material in connection with the offer, sale or distribution, or invitation for subscription, purchase or receipt of RE1 Shares and RE2 Shares may not be offered, sold or distributed, or be made the subject of an invitation for subscription, purchase or receipt, except pursuant to exemptions in Subdivision (4) of Division 1, Part XIII of the Securities and Futures Act, Chapter 289 (the **SFA**), or otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

Any offer is not made to you with a view to the RE1 Shares and RE2 Shares being subsequently offered for sale to any other party. You are advised to acquaint yourself with the SFA provisions relating to on-sale restrictions in Singapore and comply accordingly.

RE1 and RE2 are not in the business of dealing in securities nor do they hold themselves out or purport to hold themselves out to be doing so. As such, RE1 and RE2 are not licensed nor exempted from dealing in securities or carrying out any other regulated activities under the SFA or any other applicable legislation in Singapore.

11.9.16 South Africa

The issue of RE1 Shares and RE2 Shares does not constitute an offer of securities to the public in terms of the South African Companies Act and accordingly, this Prospectus does not, nor is it intended to, constitute a prospectus prepared and registered under the Companies Act and may not be distributed to the public in South Africa.

11.9.17 Spain

The information in this Prospectus has been prepared on the basis that all offers of RE1 Shares and RE2 Shares will be made pursuant to an exemption under the Directive 2003/71/EC (**Prospectus Directive**), as implemented in Spain, from the requirement to produce a prospectus for offers of securities.

Consequently, such offers have not been and will not be verified or registered with the Spanish Securities Market Commission (Comisión Nacional del Mercado de Valores – CNMV).

11.9.18 Sweden

This Prospectus has not been, and will not be, registered with or approved by Finansinspektionen (the Swedish Financial Supervisory Authority). Accordingly, this Prospectus may not be made available, nor may RE1 Shares and RE2 Shares be offered for sale in Sweden, other than under circumstances that are deemed not to require a prospectus under the Swedish Financial Instruments Trading Act (1991:980) (Sw. lag (1991:980) om handel med finansiella instrument). Investors may participate in the Distribution only if they (i) are ‘qualified investors’ (as defined in the Financial Instruments Trading Act) or (ii) non-qualified investors who are Securityholders and who, in the aggregate, number less than 150 persons and are acting for their own account. Only such investors may receive this Prospectus and they may not distribute it or the information contained in it to any other person.

11.9.19 Switzerland

RE1 Shares and RE2 Shares will not be listed on the SIX Swiss Exchange (**SIX**) or on any other stock exchange or regulated trading facility in Switzerland. This Prospectus has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the Listing Rules of any other stock exchange or regulated trading facility in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to RE1 Shares and RE2 Shares may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Prospectus nor any other offering or marketing material relating to RE1 Shares and RE2 Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this Prospectus will not be filed with, and the offer of RE1 Shares and RE2 Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

This Prospectus is personal to the recipient only and not for general circulation in Switzerland.

11.9.20 Thailand

This Prospectus is not intended to be an offer, sale or invitation for the subscription or purchase of securities in Thailand. This Prospectus has not been registered as a prospectus with the Office of the Securities and Exchange Commission of Thailand. Accordingly, this Prospectus and any other documents and materials in connection with the offer, sale or invitation for the subscription or purchase of the RE1 Shares and RE2 Shares may not be circulated or distributed, nor may the RE1 Shares and RE2 Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to the public or any members of the public in Thailand.

11.9.21 United Arab Emirates

Neither this Prospectus nor the RE1 Shares and RE2 Shares have been approved, disapproved or passed on in any way by the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or any other governmental authority in the United Arab Emirates, nor have RE1 and RE2 received authorization or licensing from the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or any other governmental authority in the United Arab Emirates to market or sell the RE1 Shares and RE2 Shares within the United Arab Emirates. No marketing of any financial products or services may be made from within the United Arab Emirates and no subscription to any financial products or services may be consummated within the United Arab Emirates. This Prospectus does not constitute and may not be used for the purpose of an offer or invitation. No services relating to the RE1 Shares and RE2 Shares, including the receipt of applications and/or the allotment or redemption of RE1 Shares and RE2 Shares, may be rendered within the United Arab Emirates by RE1 and RE2.

No offer or invitation to subscribe for RE1 Shares and RE2 Shares is valid in, or permitted from any person in, the Dubai International Financial Centre.

11.9.22 United Kingdom

Neither the information in this Prospectus nor any other document relating to the offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the RE1 Shares and RE2 Shares. This Prospectus is issued on a confidential basis to fewer than 150 persons (other than “qualified investors” (within the meaning of section 86(7) of FSMA)) in the United Kingdom, and the RE1 Shares and RE2 Shares may not be offered or sold in the United Kingdom by means of this Prospectus, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA. This Prospectus should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 FSMA) received in connection with the issue or sale of the RE1 Shares and RE2 Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) FSMA does not apply to RE1 and RE2.

In the United Kingdom, this Prospectus is being distributed only to, and is directed at, persons (i) who fall within Article 43 (members of certain bodies corporate) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005, or (ii) to whom it may otherwise be lawfully communicated (together “relevant persons”). The investments to which this Prospectus relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this Prospectus or any of its contents.

11 ADDITIONAL INFORMATION CONTINUED

11.9.23 United States

This Prospectus is neither an offer to sell nor a solicitation of an offer to buy securities as such terms are defined under the US Securities Act. Neither the RE1 Shares nor the RE2 Shares to be issued under the Proposal, nor the New Stapled Securities, have been or will be registered under the US Securities Act. In addition, neither the DUET Group nor any of the stapled entities that comprise (or, if the Proposal is implemented, will comprise) the DUET Group, including RE1 or RE2, have been or will be registered under the US Investment Company Act pursuant to Section 3(c)(7) of the US Investment Company Act.

None of the SEC, any US state securities commission or any other US regulatory authority has passed comment upon or endorsed the merits of the Proposal or the accuracy, adequacy or completeness of this Prospectus. Any representation to the contrary may be a criminal offence.

US Securityholders should note that the Proposal involves the securities of non-US entities. The Proposal is subject to disclosure requirements under Australian law that are different from those of the United States. Financial information included in this Prospectus has been prepared in accordance with AIFRS that may not be comparable to the financial statements and financial information provided by US companies under US GAAP. It may be difficult for US Securityholders to enforce their rights and any claim they may have arising under US federal or state securities laws. Each entity comprising (and that, if the Proposal is implemented, will comprise) the DUET Group is incorporated or organised under the laws of Australia, and some or all of their respective officers and directors are residents of Australia. US Securityholders may not be able to sue an Australian entity or its officers or directors in an Australian court for violations of US securities laws. It may be difficult to compel an Australian entity and its affiliates to subject themselves to a US court's judgment.

11.9.24 Vietnam

The RE1 Shares and RE2 Shares may not be offered in the territory of the Socialist Republic of Vietnam (**Vietnam**) or to any Vietnamese citizen (whether residing in Vietnam or outside Vietnam) or any foreign exchange resident of Vietnam unless such person has obtained the necessary approval/permit as required by relevant local laws from the Vietnamese authorities (the State Bank of Vietnam and any other relevant authority according to the requirements of Vietnamese law as applicable from time to time) to purchase and/or hold such RE1 Shares and RE2 Shares, and by the purchase or acceptance of an instrument, the relevant holder shall be deemed to represent and warrant that it has obtained all necessary approvals and permits.

11.10 REPRESENTATIONS AND UNDERTAKINGS FOR RESALES AND TRANSFERS

Each Securityholder who receives RE1 Shares and RE2 Shares in connection with the Proposal will be taken to have represented, warranted and agreed as follows:

- it understands that neither the RE1 Shares, the RE2 Shares nor the New Stapled Securities have been or will be registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States, and that they may only be offered, sold, resold or transferred in transactions exempt from, or not subject to, the registration requirements of the US Securities Act;
- it understands that neither the DUET Group nor any of the stapled entities that comprise (or, if the Proposal is implemented, will comprise) the DUET Group, including RE1 or RE2, have been or will be registered under the US Investment Company Act, pursuant to Section 3(c)(7) of the US Investment Company Act;
- (i) it is both a “qualified institutional buyer”, as defined in Rule 144A under the US Securities Act (QIB), and a “qualified purchaser”, as defined in Section 2(a)(51) of the US Investment Company Act (QP), or (ii) it is not in the United States and is not a “US person”, as defined in Rule 902(k) of Regulation S under the US Securities Act (US Person), and is not acting for the account or benefit of a US Person;
- if in the future it decides to sell or otherwise transfer any New Stapled Securities, it will only do so in regular brokered transactions on the ASX, where neither it nor any person acting on its behalf know, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the United States or a US Person or a person acting on behalf of a US Person, in accordance with Rule 903 or Rule 904 of Regulation S under the US Securities Act;
- if such Securityholder is in the United States or is a US Person (or is acting for the account or benefit of a US Person), it agrees that it will, upon any transfer or resale of the New Stapled Securities, notify the executing broker for such transfer or resale (and any other agent of such securityholder involved in the transfer or resale of the New Stapled Securities) of the foregoing restrictions under the US Securities Act and the US Investment Company Act, and it will require that the broker (and any such other agents) abide by such restrictions. It further agrees that upon any transfer or resale of the New Stapled Securities it will provide an exit letter to the DUET Group stating that it is selling the Subscribed Securities in a transaction on the ASX meeting the foregoing requirements; and
- it acknowledges that the DUET Group reserves the right, to the extent permitted by law, to (i) request that any person that it believes was or is in the United States or a US Person, who was not at the time of issuance of the RE1 Shares and RE2 Shares, a QIB/QP, to sell its New Stapled Securities to a permitted person, (ii) refuse to record any subsequent sale or transfer of New Stapled Securities to a person that is in the United States or a US Person or that is acting for the account or benefit of such a person, and (iii) take such other action as it deems necessary or appropriate to enable the DUET Group to maintain the exception under Section 3(c)(7) of the US Investment Company Act.

11.11 EXPIRY DATE

No RE1 Share or RE2 Share will be issued (and no Existing RE Share sold) on the basis of this Prospectus after the completion of the Proposal and, in any event, no RE1 Shares or RE2 Shares will be issued under this Prospectus more than 13 months after the date of this Prospectus.

11.12 LEGAL PROCEEDINGS

As far as the directors of RE1, RE2 and DIHL are aware, there is no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which RE1, RE2, DIHL or the DUET Group is directly or indirectly concerned which is likely to have a material adverse effect on the business or financial business of RE1, RE2, DIHL or the DUET Group.

11.13 PRIVACY

- (a) RE1, RE2 and DIHL understand the importance you place on your privacy and are committed to managing any personal information they receive in a way that complies with the Privacy Act.
- (b) RE1, RE2 and DIHL and their registry may collect personal information in the process of issuing RE1 Shares and RE2 Shares and/or selling the Existing RE Shares. The personal information may include the names, addresses, other contact details, bank account details and details of the holdings of the Securityholders. The collection of some of this information is required or authorised by the Corporations Act.
- (c) The personal information is collected for the primary purpose of assisting RE1 and RE2 to issue RE1 Shares and RE2 Shares (respectively) under the Proposal. The personal information may be disclosed to related bodies corporate of RE1 and RE2, third party service providers (including print and mail service providers) and parties otherwise involved in the conduct of RE1 and RE2, professional advisers and to regulatory authorities, and also where disclosure is otherwise required or allowed by law.
- (d) Under the Privacy Act, you may request access to your personal information held by or on behalf of RE1, RE2 and DIHL.
- (e) For further information or if you wish to request access to your personal information, please contact the DUET Securityholder Information Line on 1800 009 874 (within Australia) or +61 3 9415 4189 (outside Australia) Monday to Friday between 9.00am and 6.00pm.

12 GLOSSARY

AFSL	an Australian Financial Services Licence
AMP Capital	AMP Capital Holdings Limited (ABN 69 078 651 966) and, in relation to the payment of any amount to AMP Capital, the issue of Placement Securities to AMP Capital and the sale by DIHL of its Existing RE Shares to AMP Capital, includes any nominee of AMP Capital
AMP Capital Information	<ul style="list-style-type: none"> – the statement that if the Proposal is implemented, Philip Garling will cease to be a director on the DUET Boards and be replaced by Scott Davies on the board of RE2 only; – the statement that Scott Davies will retire as a director of the DUET Group on 30 June 2013; – the description of AMP Capital in paragraph 4 of Section 7.1; – the profile of Philip Garling in Section 10.4; and – the profile of Scott Davies in Section 10.4
AMPCIL	AMP Capital Investors Limited (ACN 001 777 591)
ARSN	Australian Registered Scheme Number
ASIC	the Australian Securities and Investments Commission or any replacement or successor authority
ASX	ASX Limited or the financial market operated by it, as the context requires
Availability Fee	the total fee payable under the Transition and Separation Services Agreement, being a fee equal to \$1.25 million multiplied by the number of months in the period from the Implementation Date to 30 June 2013 (with the first month pro rated if the Implementation Date is not the first day of a month), estimated to be \$8.6 million in total. The Availability Fee is payable calendar quarterly in arrears from the Implementation Date up to (and including) 30 June 2013, except if there is a Change of Control Event
Business Day	a business day in Sydney
Capital Reduction	the equal reduction of capital of DIHL Shares under Part 2J.1 of the Corporations Act by DIHL to reduce its share capital by an amount of \$0.0095 for each DIHL Share (equivalent to about \$11.0 million), and the application of the proceeds to the issue to Securityholders of one RE1 Share and one RE2 Share and the Residual RE Share Sale
Corporations Act	<i>Corporations Act 2001</i> (Cth)
DIHL	DUET Investment Holdings Limited (ABN 22 120 456 573)
DIHL Share	a fully paid up ordinary share in the capital of DIHL, which forms part of the Existing Stapled Security
DUET1	Diversified Utility and Energy Trust No. 1 (ARSN 109 363 037)
DUET2	Diversified Utility and Energy Trust No. 2 (ARSN 109 363 135)
DUET3	Diversified Utility and Energy Trust No. 3 (ARSN 124 997 986)
DUET Group	the DUET Group, a stapled vehicle made up of DUET1, DUET2, DUET3 and DIHL and where the context requires, means DUET1, DUET2, DUET3 and DIHL or any one of them
Existing RE Shares	the 14,465,400 fully paid ordinary shares of RE1 and 14,465,400 fully paid ordinary shares of RE2, which will be acquired by DIHL from Macquarie and AMP Capital pursuant to the Share Sale Agreement
Existing Stapled Security	a stapled security in the DUET Group, which comprises of a unit in DUET1, a unit in DUET2, a unit in DUET3 and a DIHL Share
Explanatory Memorandum	the notice of Securityholders' meetings and explanatory memorandum in relation to the Meeting provided with this Prospectus, as amended from time to time
Grant Samuel & Associates	Grant Samuel & Associates Pty Limited (ABN 28 050 036 372)
GST	has the same meaning as in the GST Law
GST Law	has the meaning given to that term in <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth) and any other Act or regulation relating to the imposition or administration of GST
Heads of Agreement	the deed between DIHL, RE1 (in its capacity as responsible entity of DUET1 and in its personal capacity), RE2 (in its capacity as responsible entity of DUET2 and DUET3 and in its personal capacity), Macquarie and AMP Capital dated 31 July 2012 and released on ASX on 2 August 2012, as amended from time to time
Holding Lock	has the meaning given in section 2 of the ASX Settlement Operating Rules issued by ASX Settlement Pty Ltd (ABN 49 008 504 532)

Implementation Date	the date on which the Proposal is implemented in accordance with the implementation steps set out in the Heads of Agreement
Independent Directors	the independent directors on the boards of DIHL, RE1 and RE2 as at the date of this Explanatory Memorandum, being Doug Halley, Ron Finlay, Emma Stein, Duncan Sutherland, Eric Goodwin and Michael Lee. The independence of the Independent Directors is determined in accordance with Principle 2 of the DUET Group's corporate governance statement, which can be found on the DUET Group's website at www.duet.net.au and which is reproduced in Annexure F of the Explanatory Memorandum. The Independent Directors would be classified as independent directors for the purposes of Recommendation 2.1 of the ASX Corporate Governance Principles and Recommendations
Independent Expert	Grant Samuel & Associates
Independent Expert's Report	the report prepared by the Independent Expert dated 3 October 2012 attached as Annexure A of the Explanatory Memorandum
Issue	the issue by RE1 of RE1 Shares and the issue by RE2 of RE2 Shares that will be made to Securityholders under this Prospectus if the Proposal is implemented
Listing Rules	the Listing Rules of ASX, as amended or replaced from time to time except to the extent of any express written waiver by ASX
Macquarie	Macquarie Capital Group Limited (ABN 54 096 705 109) and, in relation to the payment of any amount to Macquarie, the issue of Placement Securities to Macquarie and the sale by DIHL of its Existing RE Shares to Macquarie, includes any nominee of Macquarie
Macquarie Group	Macquarie Group Limited (ABN 94 122 169 279) and each of its related body corporates
Macquarie Information	<ul style="list-style-type: none"> – the statement that John Roberts will retire as a director of the DUET Group at the DUET Group 2013 Annual General Meetings expected to be held in November 2013, unless invited by the Independent Directors to stand for re-election; – the description of Macquarie in paragraph 3 of Section 7.1; – the profile of John Roberts in Section 10.4; and – the profile of Shemara Wikramanayake in Section 10.4
Management Fee	has the meaning given to 'Base Fee' in the constitution of each DUET1, DUET2 and DUET3 (as applicable)
Meeting	the simultaneous general meetings of unitholders in the DUET1, DUET2 and DUET3, together with the Annual General Meeting of DIHL, to be held on Friday 23 November 2012 convened by RE1, RE2 and DIHL to vote on whether to approve certain resolutions, together with any adjournment
Meeting Date	the date on which the Meeting is held or any adjournment of the Meeting
New Stapled Securities	a stapled security after implementation of the Proposal which comprises of a unit in DUET1, a unit in DUET2, a unit in DUET3, a share in DIHL, a share in RE1 and a share in RE2
Non-Associated Securityholders	the Securityholders of the DUET Group whose votes are not to be disregarded in relation to the Proposal
Performance Fee	has the meaning given in the constitution of each DUET1, DUET2 and DUET3 (as applicable)
Placement Securities	the 20,789,072 Existing Stapled Securities to be issued to Macquarie (or its nominee) and 20,789,072 Existing Stapled Securities to be issued to AMP Capital (or its nominee), being an aggregate of 41,578,144 Existing Stapled Securities, in terms of the Placement Securities Subscription Agreements, as described in Step 5 in the table in Section 4.3
Placement Securities Subscription Agreements	each of the agreements dated 30 August 2012 under which Macquarie and AMP Capital subscribe for the Placement Securities
Privacy Act	<i>Privacy Act 1988</i> (Cth)
Proposal	the proposed arrangements to internalise the management of the DUET Group as set out in Section 4.3 and in the Explanatory Memorandum in Section 5.1
Prospectus	this prospectus (whether in paper or electronic format) as supplemented or replaced
Proxy Form	the form which accompanies the Explanatory Memorandum which provides for Securityholders to give voting instructions and appoint proxies for the Meeting
RE1	AMPCI Macquarie Infrastructure Management No 1 Limited (ACN 108 013 672)
RE1 Share	a fully paid up ordinary share in the capital of RE1
RE2	AMPCI Macquarie Infrastructure Management No 2 Limited (ACN 108 014 062)

12 GLOSSARY CONTINUED

RE2 Share	a fully paid up ordinary share in the capital of RE2
Record Date	7.00pm Monday 3 December 2012 being the date and time which determines the entitlements of Securityholders for implementation of the Proposal (including eligibility to receive new shares in RE1 and RE2)
Register	the register or registers of the Securityholders
Residual RE Share Sale	the sale of the Existing RE Shares from DIHL to Macquarie and AMP Capital
Resources Agreements	each of the resources agreement between AMPCIL, RE1 and RE2 and between Macquarie, RE1 and RE2
SEC	US Securities and Exchange Commission
Securityholder	the registered holder of an Existing Stapled Security
Share Sale Agreement	the agreement dated 30 August 2012 between DIHL, Macquarie and AMP Capital pursuant to which Macquarie and AMP Capital agreed to sell, and DIHL agreed to buy, the Existing RE Shares
Share Sale Cash Payment	part payment of consideration for shares in RE1 and RE2 sold by Macquarie and AMP Capital to DIHL, expected to be about \$4.1 million in total, payable in cash and equal to the Management Fee attributable to the period from 1 October 2012 to the Implementation Date
Transition and Separation Services Agreement	the Transition and Separation Services Agreement between Macquarie, AMP Capital, DIHL, RE1 and RE2
US Investment Company Act	US Investment Company Act of 1940, as amended
US Securities Act	US Securities Act of 1933, as amended
Voting Record Date	7.00pm Wednesday 21 November 2012, the date and time when the holdings of Securityholders are ascertained for the purposes of attendance and voting at the Meeting

13 OTHER IMPORTANT NOTICES

13.1 FORWARD LOOKING STATEMENTS

Certain statements in this Prospectus relate to the future. The forward looking statements in this Prospectus are not based on historical facts, but rather reflect the current expectations of RE1, RE2 and DIHL concerning future results and events. These statements generally may be identified by the use of forward-looking words or phrases such as 'believe', 'aim', 'expect', 'anticipated', 'intending', 'foreseeing', 'likely', 'should', 'planned', 'may', 'estimate', 'potential', or other similar words and phrases. Similarly, statements that describe RE1, RE2 and DIHL's objectives, plans, goals or expectations are or may be forward-looking statements.

These forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performance or achievements of RE1 and RE2 to be materially different from future results, performance or achievements expressed or implied by such statements. Such forward looking statements are based on numerous assumptions regarding present and future operating strategies and the environment in which RE1 and RE2 will operate in the future.

The risks described in this Prospectus could affect future results of RE1 and RE2, causing these results to differ materially from those expressed, implied or projected in any forward looking statements. These factors are by no means all of the important factors that could cause actual results to differ materially from those expressed in any forward looking statement. Other unknown factors could also have a material adverse effect on future results of RE1 and RE2.

Forward looking statements should, therefore, be construed in light of such risks and undue reliance should not be placed on forward looking statements.

RE1, RE2 and DIHL do not guarantee any particular rate of return or the performance of nor do they guarantee the repayment of capital or any particular tax treatment in respect of any investment in RE1 and RE2 (as applicable).

All subsequent written and oral forward looking statements attributable to RE1, RE2 and DIHL or any person acting on its behalf are qualified by this cautionary statement.

Other than as required by law, none of RE1, RE2, DIHL, and any of their directors or any other person, gives any representation, assurance, warranty (whether express or implied) or guarantee that the accuracy, likelihood or occurrence of the events or results expressed or implied in any forward looking statements in this Prospectus will actually occur.

The forward looking statements in this Prospectus reflect views held only at the date of this Prospectus. Subject to any continuing obligations under the Listing Rules or the Corporations Act, RE1, RE2 and DIHL and their respective directors disclaim any obligation or undertaking to distribute after the date of this Prospectus any updates or revisions to any forward-looking statements to reflect any change in expectations in relation thereto or any change in events, conditions or circumstances on which any such statement is based.

13.2 UNITED STATES SECURITYHOLDERS

This Prospectus is neither an offer to sell nor a solicitation of an offer to buy securities as such terms are defined under the US Securities Act. Neither the RE1 Shares nor the RE2 Shares to be issued under the Proposal, nor the New Stapled Securities, have been or will be registered under the US Securities Act. In addition, neither the DUET Group nor any of the stapled entities that comprise (or, if the Proposal is implemented, will comprise) the DUET Group, including RE1 or RE2, have been or will be registered under the US Investment Company Act, pursuant to Section 3(c)(7) of the US Investment Company Act.

None of the SEC, any US state securities commission or any other US regulatory authority has passed comment upon or endorsed the merits of the Proposal or the accuracy, adequacy or completeness of this Prospectus. Any representation to the contrary may be a criminal offence.

See Section 11.9.23 for further information relating to United States Securityholders.

13.3 GENERAL DISCLAIMERS

No person is authorised to give any information or make any representation in connection with the issue of RE1 Shares and RE2 Shares and the Residual RE Share Sale described in this Prospectus, which is not contained in either this Prospectus or the Explanatory Memorandum. Any information or representation not contained in this Prospectus or the Explanatory Memorandum may not be relied on as having been authorised by RE1 in connection with the issue of RE1 Shares, by RE2 in connection with the issue of RE2 Shares, or by DIHL in connection with the Residual RE Share Sale.

13.4 NO AUTHORISED DEPOSIT TAKING INSTITUTIONS

None of the entities noted in this Prospectus is an authorised deposit taking institution for the purposes of the *Banking Act 1959* (Cth) and their obligations do not represent deposits or other liabilities of Macquarie Bank Limited (ABN 46 008 583 542) (**MBL**) or AMP Bank Limited (ABN 15 081 596 009) (**AMP Bank**). Section 912A(1)(d) of the Corporations Act (read with ASIC Regulatory Guide 166 – Licensing: Financial requirements) requires a financial services licensee that is not regulated by the Australian Prudential Regulation Authority to have available adequate financial resources to provide the financial services covered by its AFSL and to carry out supervisory arrangements. AMP Capital has arranged for an external bank limited \$2.5 million guarantee which, together with an MBL \$2.5 million guarantee, are provided to ASIC to enable each of RE1 and RE2 as holders of AFSLs and responsible entities of managed investment schemes to meet that requirement. MBL and AMP Bank and their related corporations do not otherwise guarantee or provide assurance in respect of the obligations of RE1, RE2, DIHL or any other entity noted in this Prospectus.

13 OTHER IMPORTANT NOTICES CONTINUED

13.5 CURRENCY

Unless stated otherwise, all references to dollars, \$, cents or c in this Prospectus are to Australian currency.

13.6 DATE

Unless stated otherwise, all references to time in this Prospectus are to Australian Eastern Daylight Time, being the time in Sydney, Australia.

13.7 REGULATORY INFORMATION

A copy of this Prospectus was lodged with ASIC on 10 October 2012. Neither ASIC nor any of its officers takes any responsibility for the contents of this Prospectus.

Within seven days of the date of this Prospectus, RE1 and RE2 will apply for admission to the official list of ASX Limited and for quotation of the RE1 Shares and RE2 Shares on the ASX.

A copy of this Prospectus has been provided to ASX. Neither ASX nor any of its officers takes any responsibility for the contents of this Prospectus.

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CORPORATE DIRECTORY

ISSUERS

DUET Investment Holdings Limited

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Doug Halley
John Roberts
Emma Stein
Ron Finlay

Secretaries

Leanne Pickering
Christine Williams

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or

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AUDITOR

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