

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

ABN 22 120 456 573

1 Martin Place
SYDNEY NSW 2000
GPO Box 4294
SYDNEY NSW 1164
AUSTRALIA

Telephone +61 2 8232 6913
Facsimile +61 2 8232 4713
Internet www.duet.net.au



25 September 2012

ASX RELEASE

MULTINET GAS DRAFT GAAR DECISION

DUET Group (DUET) notes the attached media release by Multinet Gas (MG) in response to the draft decision by the Australian Energy Regulator (AER) for MG's Gas Access Arrangement Review (GAAR) for the period 2013-17.

MG will have the opportunity to lodge a revised submission in response to the AER's draft decision, with a final decision expected to be made by the AER in March 2013, and tariff changes expected to take effect from 1 July 2013.

DUET's Chief Executive Officer, Mr David Bartholomew, commented that "Multinet Gas will consult with the AER on a number of aspects of the draft decision over the coming months including the return on equity and the allowances for operating and capital expenditures.

"Prior to receipt of the final decision next year, Multinet Gas will re-hedge the base interest rates on most of its debt portfolio to match the AER's cost of debt allowance. As a result, Multinet Gas' interest expenses are expected to be significantly lower in 2013-17 than the current regulatory period which ends on 31 December 2012," Mr Bartholomew said.

MG provides essential gas distribution services to over 675,000 customers in Victoria and represents 20% of DUET's total proportionate regulated asset base (at 30 June 2012).

For further information, please contact:

Investor Enquiries:

David Bartholomew

Chief Executive Officer

Tel: +61 8232 7062

Email: d.bartholomew@duet.net.au

Media Enquiries:

Jane Rotsey

Public Affairs Manager

Tel: +61 401 997 160

Email: jane.rotsey@bigpond.com

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.

25 September 2012

Multinet Gas (MG) responds to AER draft determination on GAAR

Multinet Gas (MG) notes the AER's draft determination on our Gas Access Arrangement Review (GAAR) for the period 2013-2017 which was released yesterday.

Importantly, this draft determination is only the first step in a multi-stage process with the final determination not due for release until March 2013. MG has until 7 November 2012 to respond to the draft determination and will work closely with the AER to provide them with the additional expert information they need to better understand our position.

MG's CEO Hugh Gleeson said: "We are disappointed this draft determination does not reflect the prevailing market for equity funds and MG's recently market-tested operating and capital costs. The decision does not make sufficient allowance for MG to continue to upgrade its gas distribution network to maintain and improve network performance for customers.

"We note that it is not uncommon for significant changes to occur between draft and final determinations and we see this draft as the first step in a multi-stage process. Between now and 7 November we will engage with the AER to clarify their understanding of the underlying cost structure of our business to ensure a more realistic final determination," Mr Gleeson said.

The draft determination reflects the AER's standard, formulaic approach, which has not accurately estimated the current cost of equity or reflected the significant changes currently impacting MG's business model.

Cost of equity

The AER's modelling underestimates the real cost of equity in times of very low interest rates and will impact MG's ability to continue to attract capital to invest in its network. MG will enter discussions with the AER to further explain what it regards as persuasive evidence provided to support its initial regulatory submission.

Operating expenditure allowance

The draft decision contains expenditure allowances which are well below what MG has forecast based on recent, competitive market tender processes.

The AER's approach uses MG's current costs as the basis for projecting operating expenditure in the next regulatory period. MG's current costs are based on an existing ten-year fixed price contract for gas operational services with a third party supplier, ZNX (formerly Jemena). This contract expires on 30 June 2013 and the prices paid under this contract are no longer available and are not realistic, as MG's recent competitive market tender has demonstrated.

MG will work with the AER to further explain the basis of its operating cost estimates and demonstrate the inadequacy of the AER's proposed level of operating costs.

Capital expenditure allowance

The lower capex allowance in the AER's draft determination reflects misunderstandings which we will need to work with them to clarify.

We note that the AER has proposed a cost pass through mechanism which would see projects which are disallowed in this GAAR decision reconsidered on a case by case basis during the regulatory period.

Our overriding objective is to deliver safe and reliable gas supply to customers and we will work with the AER to ensure we can continue to achieve this objective.

Demand and unaccounted for gas (UAFG)

The AER has accepted MG's projected gas distribution volumes. With respect to UAFG the AER has proposed that MG seeks the necessary adjustment via an alternative mechanism than that proposed by MG. We will discuss this further with the AER and make the appropriate submissions in due course.

Concluding comments

Mr Gleeson said: "Some 675,000 customers rely on MG for their gas supply, particularly during the winter months. It is critical we now work with the AER to provide them with the information they need to ensure the final determination sees us able to continue to provide the level of service our valued customers expect from us."

For a full copy of the Draft Decision for Multinet Gas please refer to the AER's website, www.aer.gov.au.

Ends

Media enquiries:

Lisa Drought
General Manager Corporate Affairs
Multinet Gas
0409 419 047