

DUET Company Limited
ABN 93 163 100 061
DUET Investment Holdings Limited
ABN 22 120 456 573
DUET Finance Limited
ABN 15 108 014 062
AFS Licence No. 269287

LEVEL 14, 20 MARTIN PLACE
SYDNEY NSW 2000
GPO BOX 5282
SYDNEY NSW 2001
AUSTRALIA

Telephone +61 2 8224 2750
Facsimile +61 2 8224 2799
Internet www.duet.net.au



21 April 2017

ASX RELEASE

GENERAL MEETINGS – CHAIRMAN’S SPEECH

DUET Group (DUET) will today hold general meetings at which securityholders will be asked to vote on the CKI-led consortium’s proposed acquisition of 100% of DUET via schemes of arrangement and a trust scheme (Proposed Acquisition).

Meeting details:

Venue: The Mint, 10 Macquarie Street, Sydney

Time: 11.00am

If you are unable to attend the meetings in person, the following options are available:

Webcast: www.duet.net.au

Teleconference: 1 800 558 698 (within Australia)
+61 2 9007 3187 (outside Australia)

Passcode: **236937**

Attached is the Chairman’s address for the meeting.

For further information, please contact:

Investor Enquiries:

Nick Kuys

GM Operations and Investor Relations

Tel: +61 2 8224 2727

Email: n.kuys@duet.net.au

Media Enquiries:

Ben Wilson

Public Affairs Manager

Tel: +61 407 966 083

Email: bwilson@gracosway.com.au

Chairman's Speech – Douglas Halley

Today securityholders will be asked to vote on resolutions in relation to the proposed acquisition of all of their DUET securities by CK William Australia Bidco Pty Ltd, the bidding vehicle of the CKI-led consortium.

I will present the resolutions to be considered for each DUET entity and there will be time for questions relevant to today's business.

After discussion, I will display the proxy votes for the various resolutions and will take a vote by way of a poll on each resolution. The results of today's meetings will be announced to the ASX and posted on DUET's website later this afternoon.

DUET was listed on the ASX in August 2004 with a market capitalisation of just under \$600 million and investments in three utility businesses: United Energy, Multinet Gas and WA Gas Networks.

Shortly after listing DUET led a consortium comprising Alinta and Alcoa of Australia to acquire the Dampier to Bunbury Natural Gas Pipeline, with DUET having a 60% interest in the business. Since the initial acquisition, the consortium funded 3 separate expansions that saw a 60% increase in the pipeline's capacity, delivering natural gas to fuel Western Australia's growing economy.

A few years later in 2007 we led another consortium to acquire Duquesne Light, an electricity utility headquartered in Pittsburgh in the U.S. with DUET holding a 29% interest.

During these initial years DUET built a portfolio of businesses to establish itself as an attractive investment vehicle providing access for investors into the regulated utility sector.

We had a combination of majority and minority holdings in our businesses, a complex and highly geared financing structure and an outsourced management model at both the operating company and head office levels.

But this model did not allow us to realise the full potential of our businesses. We lacked the control of our operations and cash flows necessary to drive performance and growth and to protect and grow value for our security holders.

As a result, 6 years ago we embarked on a bold journey to transform the Group.

We rationalised our Group of companies, selling our minority interests in WA Gas Networks and Duquesne and buying more of Multinet Gas and DBP. As a result, we held controlling interests in all our businesses.

At United Energy, Multinet Gas and DBP we amended our operations outsourcing contracts to bring key engineering, asset management and corporate functions in-house, regaining control of their operations.

We also de-geared the balance sheets of our operating companies and simplified our overall Group capital structure.

In 2012 we internalised our head office management arrangements, leaving behind the external management contract we had with AMP Capital and Macquarie Group. This provided a governance structure that ensured greater alignment between DUET's management and board and our securityholders.

With the portfolio restructuring and operational reconfiguration complete, we set about growing the business and as the right hand side of the graph demonstrates, we have been very successful on this front.

DDG, our gas pipeline development business built two pipeline laterals linking the main DBNGP trunk line with the Chevron-operated Wheatstone domestic gas plant and providing natural gas to the generation facilities at Fortescue's Solomon Hub. These

projects were underpinned by long term take-or-pay contracts and they have made an important contribution to the Group over the last few years.

In October 2015 we acquired 100% of Energy Developments Limited for \$1.7 billion. EDL is an owner-operator of distributed generation assets. Underpinned by long term contracts for gas supply and electricity sales, the EDL business is a strong strategic fit with our other businesses and it has outstanding growth potential in renewable electricity generation and in its waste coal gas business.

Our businesses are increasingly finding opportunities to collaborate to create new investment opportunities:

- DBP Development Group and EDL are working to provide gas pipeline and generation infrastructure to remote sites; and
- United Energy and EDL are working on joint generation and distribution proposals for remote sites and for large electricity users.

In April last year we acquired the remaining 20% minority stake in DBP. As a result, DUET now owns 100%, in aggregate, in 4 of its 5 businesses.

So, DUET is now an experienced owner-operator of energy infrastructure across the energy value chain, covering generation, gas transmission and gas and electricity distribution and has created a strong foundation for further development of the business.

It has been an exciting and rewarding journey. Our work to re-structure, improve and grow our business has delivered value for our security holders and established a platform for future growth that was recognised in the acquisition proposal from the CKI-led Consortium that we announced late last year.

This success story has been reflected in DUET's financial performance. DUET has delivered strong returns to our investors.

Over the last 13 years since inception back in 2004, DUET's compound annual total shareholder return has been just under 12% per annum.

In recent years we have delivered total shareholder returns well above benchmark, materially out-performing the ASX 200 Industrials index with annual returns of nearly thirty percent in the last 12 months and around 17 percent over the last three and five year periods.

We are proud of our record and we have appreciated the support and encouragement of our security holders over all these years.

As you would be aware the proposal is for CK William Australia Bidco Pty Ltd, known as Bidco, to acquire 100% of the DUET Securities by way of four inter-conditional Schemes of arrangement, or Schemes. The Schemes are a trust scheme in relation to DUET Finance Trust and company schemes in relation to each of DUET Company Limited, DUET Finance Limited, and DUET Investment Holdings Limited.

The Schemes will only become effective and be implemented if the resolutions put to Securityholders at today's meetings are passed by the requisite majorities and are subsequently approved by the Supreme Court of NSW, which is currently scheduled for 28 April.

If the Schemes are approved and implemented on or before 30 June 2017, DUET Securityholders will receive total cash proceeds of \$3.03 per DUET Security (prior to any withholding being made), comprising:

- the Scheme Consideration payable by Bidco of up to \$3.00 per DUET Security; and
- a Special Distribution from DUET of at least \$0.03 per DUET Security.

The total cash proceeds fully recognise the value and future growth platform created by the DUET management team and represent a significant premium to DUET's trading price across a number of time periods leading up to the announcement of the acquisition proposal.

Securityholders will have had the benefit of receiving a Scheme Booklet which was distributed to securityholders together with the notices convening today's meetings. The information contained in the Scheme Booklet included:

- an overview of the Schemes;
- the key considerations relevant to each securityholders' vote including reasons to vote in favour of, or against, the Schemes
- frequently asked questions and answers;
- information about Bidco and the Bidco consortium members; and
- a report by PwC setting out the tax implications of the Schemes.

The DUET Directors appointed KPMG Financial Advisory Services (Australia) Pty Ltd to prepare an Independent Expert's Report in relation to the Schemes.

That report, which was also included in the Scheme Booklet, concluded that the Schemes are fair and reasonable and in the best interests of DUET Securityholders in the absence of a superior proposal. The basis for this conclusion is that the total cash proceeds per DUET Security of \$3.03 is above the Independent Expert's valuation range of \$2.32 to \$2.77 per DUET Security. The total cash proceeds therefore imply a premium of between 10% and 30% above the recent DUET security trading prices and the independent expert's range based on the transaction metrics outlined on page 9.

Accordingly, the Directors of DUET have unanimously recommended that, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Schemes are fair and reasonable and in the best interests of securityholders, securityholders vote in favour of the schemes at today's meetings.

The Directors of DUET made this recommendation on the basis that:

- the Independent Expert concluded that the Schemes are fair and reasonable and in the best interests of DUET Securityholders in the absence of a Superior Proposal;
- the Scheme Consideration and the Special Distribution fully recognise the value and future growth platform that the DUET Boards and management team has created; and
- since receipt of the Proposal, DUET and its advisers have been unable to secure a superior proposal.

Accordingly, my fellow Directors and I recommend that securityholders vote in favour of the resolutions at today's meeting.

Implementation of the Schemes is conditional on:

- approval by the requisite majorities at today's meetings; and
- court approval and other customary conditions.

Bidco has received Foreign Investment Review Board approval and if the resolutions are approved today we would apply to the Supreme Court of NSW on 28 April for orders approving the Company Schemes and for judicial advice in relation to the Trust Scheme.

The timetable to implement the Schemes and pay securityholders their respective Scheme Consideration and Special Distribution would then be:

- 1 May – the Effective date of the Schemes and last day of trading in DUET securities
- 5 May – the Record Date for securityholders to receive the Scheme Consideration and Special Distribution payments.

We will now move to the formal part of the meetings.

Today's proceedings involve general meetings for each of the three stapled companies DUET Investment Holdings Limited, DUET Company Limited and DUET Finance Limited, and - as well as a general meeting of the stapled trust – DUET Finance Trust.

The meetings will be conducted contemporaneously as permitted by the constitutions of those entities. Voting on all the resolutions will be by means of a poll, which will be conducted by the share registry.

The resolutions to be voted on today fall into two categories - Company Resolutions and Trust Resolutions. Each resolution is inter-conditional with each other resolution.

At this point I wish to draw your attention to one minor correction to the terms of the schemes of arrangement for each of DUET Company Limited, DUET Finance Limited and DUET Investment Holdings Limited, and to the supplemental deed to the constitution of the DUET Finance Trust.

The version of those documents sent to securityholders as Annexures B and D to the Scheme Booklet incorrectly identified the New South Wales unclaimed moneys regime as the regime that would apply to any Scheme Consideration that becomes unclaimed money. Instead, those documents should have identified the Victorian unclaimed monies regime.

I will later disclose the way in which proxy votes have been cast on the resolutions put to the meetings.

The voting majorities required to pass the resolutions to be put to DUET securityholders at today's meetings are set out in the Scheme Booklet. In summary:

- for the Company Scheme Resolutions to be successful they need to be approved by more than 50 per cent of the total number of DUET securityholders present and voting (either in person or by proxy) (unless the Supreme Court of NSW orders otherwise) and by at least 75% of the votes cast;
- for the Trust constitution change resolution to be successful it needs to be approved by at least 75% of the total votes cast by or on behalf of DUET securityholders; and
- finally, for the Trust resolution to approve the acquisition to be successful, it needs to be approved by more than 50% of the total votes cast by or on behalf of DUET securityholders.

Thank you.

Ends