

AusNet

Information Memorandum

A\$4,000,000,000 Debt Issuance Programme

Issuer

AusNet Services Holdings Pty Ltd
(ABN 97 086 006 859)

Guarantors

AusNet Gas Services Pty Ltd
AusNet Electricity Services Pty Ltd
AusNet Asset Services Pty Ltd
AusNet Transmission Group Pty Ltd

Arrangers and Dealers

Australia and New Zealand Banking Group Limited
Commonwealth Bank of Australia
National Australia Bank Limited
Westpac Banking Corporation

29 April 2024

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Important Notice

Introduction

This Information Memorandum relates to a Debt Issuance Programme (the “**Programme**”) established by AusNet Services Holdings Pty Ltd (ABN 97 086 006 859) (the “**Issuer**”) which is guaranteed by AusNet Gas Services Pty Ltd, AusNet Electricity Services Pty Ltd, AusNet Asset Services Pty Ltd and AusNet Transmission Group Pty Ltd (each a “**Guarantor**” and together, the “**Guarantors**”).

Under the terms of the Guarantee certain subsidiaries within the AusNet Group may be released from the Guarantee and new subsidiaries may accede to the Guarantee. “**AusNet Group**” means AusNet Pty Ltd (“**AusNet**”) and its subsidiaries. The Issuer and the Guarantors are subsidiaries of AusNet. Refer to “Structure of the AusNet Group” on page 62 of this Information Memorandum.

Under the Programme, the Issuer may issue medium term notes (“**Notes**”) up to a maximum aggregate amount of A\$4,000,000,000 (which amount may be increased from time to time by the Issuer). The Notes are constituted by the Note Deed Poll (“**Deed Poll**”) dated 20 January 2017 as amended and restated on 17 March 2022 (as amended from time to time).

Unless otherwise defined, capitalised expressions have the meanings given to them in the conditions of the Notes (“**Conditions**” or “**Conditions of the Notes**”) (which are set out in the section entitled “Conditions of the Notes” below).

Issuer’s responsibility

This Information Memorandum has been prepared by, and issued with the authority of, the Issuer for the purpose of providing certain information about the Issuer and Guarantors and information about the Notes to investors considering subscribing for Notes. It is not a disclosure document or a prospectus. It does not constitute an invitation to apply for, or an offer for subscription or purchase of, any Notes.

The Issuer accepts responsibility for the information contained in this Information Memorandum other than information provided by the Arrangers, Dealers and the Agents (each as defined in the section entitled “Summary of the Programme” below) in relation to their respective descriptions in the sections entitled “Summary of the Programme” and “Directory” below.

Place of issuance

Subject to applicable laws, regulations and directives, the Issuer may issue Notes under the Programme in any country including Australia and countries in Europe and Asia (subject to compliance with the relevant selling restrictions) but not in the United States of America unless such Notes are registered under the Securities Act of 1933 of the United States of America (as amended) (“**U.S. Securities Act**”) or an exemption from the registration requirements under the U.S. Securities Act is available.

Terms and conditions of issue

Notes will be issued in series (each a “**Series**”) comprising one or more tranches (each a “**Tranche**”) of Notes. See further under “Issuance in Series” in “Summary of the Programme” below.

Each Tranche will be issued pursuant to such documentation as the Issuer may determine. A pricing supplement and/or another supplement to this Information Memorandum (each a “**Pricing Supplement**”) will be issued for each Tranche. The Conditions applicable to a Note are included in this Information Memorandum and will be supplemented, amended, modified or replaced by the

Pricing Supplement applicable to such Note. The Issuer may also publish a supplement to this Information Memorandum (or additional Information Memoranda) which describes an issue of (or particular classes of) Notes not otherwise described in this Information Memorandum. A Pricing Supplement will contain details of the initial aggregate principal amount, Issue Price, Issue Date, Maturity Date and details of interest (if any) payable together with any other terms and conditions not set out in this Information Memorandum applicable to that Tranche. A Pricing Supplement or a supplement to this Information Memorandum may also supplement, amend, modify or replace any statement or information set out in a Pricing Supplement or incorporated by reference in this Information Memorandum or a supplement to this Information Memorandum.

Documents incorporated by reference

This Information Memorandum is to be read in conjunction with all documents which are deemed to be incorporated into it by reference as set out below. This Information Memorandum shall, unless otherwise expressly stated, be read and construed on the basis that such documents are so incorporated and form part of this Information Memorandum. References to “**Information Memorandum**” are to this Information Memorandum and to any other document incorporated by reference and to any of them individually.

The following documents (including any that are published or issued from time to time after the date of this Information Memorandum) are incorporated in, and taken to form part of, this Information Memorandum:

- the most recent audited annual financial statements of each of AusNet Pty Ltd and the Issuer;
- the most recent unaudited interim financial statements of each of AusNet Pty Ltd and the Issuer;
- the most recent audited annual consolidated financial statements of Australian Energy Holdings No 1 Pty Ltd;
- announcements made by the Issuer on the Australian Securities Exchange operated by ASX Limited (ABN 98 008 624 691) (“**ASX**”);
- all amendments and supplements to this Information Memorandum prepared by the Issuer from time to time and expressly stated to be incorporated in this Information Memorandum by reference and all documents stated herein or therein to be incorporated into this Information Memorandum;
- each Pricing Supplement and all documents stated therein to be incorporated by reference into this Information Memorandum; and
- all other documents issued by the Issuer and stated to be incorporated by reference into this Information Memorandum.

Any statement contained in this Information Memorandum, or in any of the documents incorporated by reference in, and forming part of, this Information Memorandum, shall be deemed to be modified, replaced or superseded for the purposes of this Information Memorandum to the extent that a statement contained in any other document incorporated by reference into this Information Memorandum modifies, replaces or supersedes such statement (including whether expressly or by implication). Any statement so modified, replaced or superseded shall not be deemed, except as so modified, replaced or superseded, to constitute a part of this Information Memorandum.

Except as provided above, no other information, including any information on the internet sites of the Issuer or in any document incorporated by reference in any of the documents described above

or documents or information publicly filed, is incorporated by reference into this Information Memorandum unless expressly stated.

Copies of documents which are incorporated by reference into this Information Memorandum may be obtained from the office of the Issuer or from such other person specified in a Pricing Supplement.

Investors should review, amongst other things, the documents which are deemed to be incorporated by reference into this Information Memorandum when deciding whether or not to subscribe for, purchase or otherwise deal in any Notes or any rights in respect of any Notes.

References to websites

Any website addresses provided in this Information Memorandum are for reference only and, unless expressly stated otherwise, the content of any such website is not incorporated by reference into, and does not form part of, this Information Memorandum.

No independent verification

The only role of the Arrangers, the Dealers and the Agents (each as defined under “**Summary of Programme**” below) (each a “**Programme Participant**”, and together, the “**Programme Participants**”) in the preparation of this Information Memorandum has been to confirm to the Issuer that their respective details and Australian Business Numbers (“**ABNs**”) in the sections entitled “**Summary of the Programme**” and “**Directory**” below or in a Pricing Supplement or other supplement to this Information Memorandum (as the case may be) are accurate as at the Preparation Date (as defined below).

Apart from the foregoing, none of the Programme Participants and their respective related affiliates, related entities, partners, directors, officers and employees (each a “**Programme Participant Party**”, and together, the “**Programme Participant Parties**”) has independently verified the information contained in this Information Memorandum and each such person disclaims any responsibility, and disclaims all and any liability whether arising in tort or contract or otherwise, for such information. Accordingly, no representation, warranty or undertaking, express or implied, is made, to the fullest extent permitted by law, and no responsibility is accepted by any such person as to the accuracy or completeness of this Information Memorandum or any further information supplied by the Issuer in connection with the Programme or any Notes. Each of them expressly disclaims any duty to potential investors in respect of such matters.

No advice or duty

Each Programme Participant is acting solely as an arm’s length contractual counterparty and not as an advisor or fiduciary. Furthermore, neither the receipt of this Information Memorandum or any offering material in relation to the Notes by any person nor any other matter shall be deemed to create or give rise to an advisory or fiduciary duty (or any other duty) or relationship between the Programme Participant and that person (including, without limitation, in respect of the preparation and due execution of the transaction documents in connection with the Programme or any Notes and the power, capacity or authorisation of any other party to enter into and execute the transaction documents). The Programme Participants expressly do not undertake to review the financial condition or affairs of the Issuer, the Guarantors or any of their related entities or affiliates at any time or to advise any holder of a Note of any information coming to their attention with respect to any such entity and make no representations or warranties, express or implied, as to the ability of the Issuer or the Guarantors to comply with their obligations under the Notes. No reliance may be placed on the Arrangers or any Dealer for financial, legal, taxation, accounting or investment advice or recommendations of any sort.

No authorisation

No person has been authorised to give any information or make any representations not contained in or consistent with this Information Memorandum in connection with the Issuer, the Programme or the issue or sale of the Notes and, if given or made, such information or representation must not be relied on as having been authorised by the Issuer or the Programme Participants.

Investors to make independent investment decision and obtain tax and other advice

This Information Memorandum contains only summary information concerning the Issuer, the Guarantors, the Programme and the Notes. Neither the information contained in this Information Memorandum nor any other information supplied in connection with the Programme or the issue of any Notes is intended to provide the basis of any credit or other evaluation and should not be considered or relied on as a recommendation or a statement of opinion (or a report of either of those things) by any of the Issuer or any Programme Participant Party that any recipient of this Information Memorandum or any other information supplied in connection with the Programme or the issue of any Notes should subscribe for, purchase or otherwise deal in any Notes or any rights in respect of any Notes.

Each investor contemplating subscribing for, purchasing or otherwise dealing in any Notes or any rights in respect of any Notes should:

- make and rely upon (and shall be taken to have made and relied upon) its own independent investigation of the financial condition and affairs of, and its own appraisal of the creditworthiness of, the Issuer and the Guarantors and the risks of an investment in the Notes;
- determine for itself the relevance of the information contained in this Information Memorandum and any other information supplied in connection with the Programme or the issue of any Notes, and must base its investment decision solely upon its independent assessment and such investigations as it considers necessary;
- undertake its own independent investigation of the appropriateness of Notes for them taking into account their financial and taxation circumstances, investment objectives and particular needs and take all appropriate advice from qualified professional persons as they deem necessary. Any investment decision should rely on that investigation and appraisal and not on this Information Memorandum; and
- consult its own tax advisers concerning the application of any tax laws applicable to its particular situation.

No accounting, regulatory, investment, legal, tax or other professional advice is given in respect of the legal or taxation treatment of investors or purchasers in connection with an investment in any Notes or rights in respect of them and each investor is advised to consult its own professional advisers.

In particular, if financial product advice is, in fact, held to have been given by the Issuer in relation to the Notes issued in connection with this Information Memorandum, it is general advice only. No cooling-off regime applies to investments in the Notes.

Risks

Prospective investors should consult their own financial, legal, tax and/or other professional advisers about risks associated with an investment in any Notes and the suitability of investing in the Notes in light of their particular circumstances. Certain business risks are described below under the section entitled “The Issuer and the Guarantors – Investment Considerations”.

No offer

This Information Memorandum does not, and is not intended to, constitute an offer or invitation by or on behalf of the Issuer or any Programme Participant to any person in any jurisdiction to apply for or to subscribe for, purchase or otherwise deal in any Notes.

Selling restrictions and no disclosure

The distribution and use of this Information Memorandum, including any Pricing Supplement, any advertisement or other offering material, and the offer or sale of the Notes, may be restricted by law in certain jurisdictions and intending purchasers and other investors should inform themselves about them and observe any such restrictions.

In particular:

- this Information Memorandum is not a prospectus or other disclosure document for the purposes of the *Corporations Act 2001* (Cth) ("**Corporations Act**"). Neither this Information Memorandum nor any other disclosure document (as defined in the Corporations Act) in relation to the Notes has been, or will be, lodged with the Australian Securities and Investments Commission ("**ASIC**"); and
- no action has been taken which would permit an offering of the Notes in circumstances that would require disclosure to investors under Parts 6D.2 or 7.9 of the Corporations Act. This Information Memorandum and the Notes are not for distribution to any person in Australia who is a retail client for the purposes of section 761G of the Corporations Act. No target market determination has been or will be made for the purposes of Part 7.8A of the Corporations Act.

For a description of certain restrictions on offers, sales and deliveries of the Notes, and on distribution of this Information Memorandum, any Pricing Supplement or other offering material relating to the Notes, see the section entitled "Selling Restrictions" below.

Neither the Issuer nor any Programme Participant represents that any Notes may be lawfully offered for subscription or purchase or otherwise dealt with in compliance with any applicable registration or other requirements in any jurisdiction outside Australia, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such offering or other dealing.

A person may not (directly or indirectly) offer for subscription or purchase or issue an invitation to subscribe for or buy Notes, nor distribute or publish this Information Memorandum or any other offering material or advertisement relating to the Notes except if the offer or invitation, or distribution or publication, complies with all applicable laws, regulations and directives.

Product Governance under MiFID II and UK MiFIR / Target Market

The Pricing Supplement in respect of any Notes may include a legend entitled "MiFID II product governance" and/or a legend entitled "UK MiFIR product governance", as applicable, which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "**MiFID II**") and/or the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**"), as applicable, is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue of Notes about whether, for the purpose of the MiFID product governance rules under EU Delegated Directive 2017/593 (as amended) (the

“**MiFID Product Governance Rules**”) and/or the UK MiFIR Product Governance Rules, as applicable, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but neither the Programme Participants nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules and/or the UK MiFIR Product Governance Rules, as applicable.

Prohibition of Sales to EEA Retail Investors

If the Pricing Supplement in respect of any Notes includes a legend entitled “Prohibition of Sales to EEA Retail Investors”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”).

Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIPs Regulation.

Prohibition of Sales to UK Retail Investors

If the Pricing Supplement in respect of any Notes includes a legend entitled “Prohibition of Sales to UK Retail Investors”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (“**FSMA**”) and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive in the UK, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the “**UK Prospectus Regulation**”).

Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of the domestic law in the UK by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Singapore Securities and Futures Act Product Classification

In connection with Section 309B(1) of the *Securities and Futures Act 2001* of Singapore, as modified or amended from time to time (the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), unless otherwise stated in the relevant Pricing Supplement in respect of any offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are “prescribed capital markets products” (as defined in the CMP Regulations 2018) and Excluded

Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

No registration in the United States

The Notes have not been, and will not be, registered under the U.S. Securities Act. The Notes may not be offered, sold, delivered or transferred, at any time, within the United States of America, its territories or possessions or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the U.S. Securities Act (“**Regulation S**”)) except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act.

Distribution to professional investors only

This Information Memorandum has been prepared on a confidential basis for institutions whose ordinary business includes the buying or selling of securities. This Information Memorandum is not intended for and should not be distributed to any other person. Its contents may not be reproduced or used in whole or in parts for any purpose other than in connection with the Programme, nor furnished to any other person without the express written permission of the Issuer.

Stabilisation

In connection with any issue of Notes outside Australia, a Dealer (if any) designated as stabilising manager in any relevant Supplement may over-allot or effect transactions outside Australia and on a market operated outside Australia which stabilise or maintain the market price of the Notes of the relevant Series at a level which might not otherwise prevail for a limited period after the issue date and only if such transactions occur outside Australia and have no relevant jurisdictional connection to Australia. Such stabilising shall be in compliance with all relevant laws, regulations and directives.

Stabilisation activities are not permitted in Australia in circumstances where such action could reasonably be expected to affect the price of notes or other securities traded in Australia or on a financial market (as defined in the Corporations Act) operated in Australia.

Agency and distribution arrangements

The Issuer has agreed to pay fees to the Arrangers, Dealers and Agents for undertaking their respective roles and reimburse them for certain of their expenses incurred in connection with the Programme and the offer and sale of Notes.

The Issuer may also pay a Dealer a fee in respect of the Notes subscribed by it, may agree to reimburse the Dealers for certain expenses incurred in connection with this Programme and/or may indemnify the Dealers against certain liabilities in connection with the offer and sale of Notes.

The Programme Participant Parties are involved in a wide range financial services and businesses including securities trading and brokerage activities and providing commercial and investment banking, investment management, corporate finance, credit and derivative, trading and research products and services, out of which conflicting interests or duties may arise. In the ordinary course of these activities, the Programme Participant Parties or the funds which they manage or advise or the funds within which they may have a direct or indirect interest, may from time to time have long or short positions in, or buy and sell (on a principal basis or otherwise), or have pecuniary or other interests in, or act as a market maker in, the Notes or securities, derivatives, commodities, futures or options identical or related to the Notes and may trade or otherwise effect transactions, for its own account or the accounts of investors or any other party that may be involved in the issue of Notes or the Programme. The Programme Participant Parties may receive fees, brokerage and commissions and may act as a principal in dealing in any Notes.

The distribution and use of this Information Memorandum, including any Pricing Supplement, advertisement or other offering material, and the offer or sale of Notes, may be restricted by law in certain jurisdictions and intending purchasers and other investors should inform themselves about them and observe any such restrictions. In particular, no action has been or will be taken by any of the Issuer or the Programme Participants which would permit a public offering of any Notes or distribution of this Information Memorandum or any such document in any jurisdiction where action for that purpose is required.

References to credit ratings

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant assigning organisation. Each credit rating should be evaluated independently of any other credit rating.

Credit ratings are for distribution only to a person (a) who is not a “retail client” within the meaning of section 761G of the Corporations Act and is also a person in respect of whom disclosure is not required under Parts 6D.2 or 7.9 of the Corporations Act, and (b) who is otherwise permitted to receive credit ratings in accordance with applicable law in any jurisdiction in which the person may be located. Anyone who is not such a person is not entitled to receive this Information Memorandum and anyone who receives this Information Memorandum must not distribute it to any person who is not entitled to receive it, as per applicable law.

Currencies

In this Information Memorandum, references to “**A\$**” or “**Australian dollars**” are to the lawful currency of the Commonwealth of Australia and references to “**U.S. dollars**”, “**U.S.\$**” and “**\$**” are to the lawful currency of the United States of America.

Currency of information

The information contained in this Information Memorandum is prepared as of its Preparation Date. Neither the delivery of this Information Memorandum nor any offer, issue or sale made in connection with this Information Memorandum at any time implies that the information contained in it is correct, that any other information supplied in connection with the Programme or the issue of Notes is correct or that there has not been any change (adverse or otherwise) in the financial condition or affairs of the Issuer at any time subsequent to the Preparation Date. In particular, the Issuer is not under any obligation to any person to update this Information Memorandum at any time after an issue of Notes.

In this Information Memorandum, “**Preparation Date**” means:

- in relation to this Information Memorandum, the date indicated on its face or, if this Information Memorandum has been amended or supplemented, the date indicated on the face of that amendment or supplement;
- in relation to annual reports and any financial statements incorporated in this Information Memorandum, the date up to, or as at, the date on which such annual reports and financial statements relate; and
- in relation to any other item of information which is to be read in conjunction with this Information Memorandum, the date indicated on its face as being its date of release or effectiveness.

Forward-looking statements

This Information Memorandum contains forward-looking statements including, without limitation, words and expressions such as 'expect', 'believe', 'intend', 'estimate', 'anticipate', 'may', 'will', 'would', 'could' or similar words or statements (however, these words are not the exclusive means of identifying forward looking statements). In particular, the sections entitled "The Issuer and Guarantors" and "Investment Considerations" in this Information Memorandum, contains statements in relation to future events, the AusNet Group's prospects, expected financial condition, business strategies, the future developments of the operations of the AusNet Group and the future development of the general economy.

These statements are based on a range of assumptions including assumptions regarding the Issuer's present and future business strategy and the environment in which it expects to operate in the future. These matters and future results could differ materially from those expressed or implied by these forward-looking statements and although these forward-looking statements reflect its current view of future events, they are not a guarantee of future performance or other matters. In addition, the Issuer's future performance may be affected by various factors and risks. Should one or more risks or uncertainties materialise, or should any underlying assumptions prove incorrect, actual outcomes may vary materially from those indicated. Prospective investors should therefore not place undue reliance on any of these forward-looking statements.

In this Information Memorandum, statements of, or references to, intentions of the Issuer, or those of its Directors are made as at the date of this Information Memorandum. Any such intentions may change in light of future developments.

The Issuer expressly disclaims any obligation or undertaking to release, publicly or otherwise, any updates or revisions to any forward-looking statement contained herein to reflect any change in the Issuer's expectations with regard thereto or any change in events, conditions, assumptions or circumstances on which any such statement was based or any change in the intentions of the Issuer or its Directors.

Summary of the Programme

The following is a brief summary only and should be read in conjunction with the rest of this Information Memorandum and, in relation to any Notes, the applicable Conditions, the Guarantee and Pricing Supplement.

A term used below but not otherwise defined has the meaning given to it in the Conditions. A reference to a "Pricing Supplement" does not limit the provisions or features of this Programme which may be supplemented, amended, modified or replaced by a Pricing Supplement in relation to a particular Series or Tranche of Notes.

Issuer:	AusNet Services Holdings Pty Ltd (ABN 69 087 651 876). Further information regarding the Issuer is set out in the documents which are deemed to be incorporated in this Information Memorandum.
Guarantors:	AusNet Gas Services Pty Ltd (ABN 43 086 015 036) AusNet Electricity Services Pty Ltd (ABN 91 064 651 118) AusNet Asset Services Pty Ltd (ABN 78 079 798 173) AusNet Transmission Group Pty Ltd (ABN 27 075 826 881) Under the terms of the Guarantee certain subsidiaries within the AusNet Group may be released from the Guarantee and new subsidiaries may accede to the Guarantee.
Programme description:	A non-underwritten debt issuance programme under which, subject to applicable laws, regulations and directives, the Issuer may elect to issue Notes and other debt securities in registered uncertificated form. Subject to all applicable laws, regulations and directives, the Issuer may issue Notes in any country including Australia and countries in Europe and Asia but not in the United States of America unless such Notes are registered under the U.S. Securities Act or an exemption from the registration requirements is available.
Programme limit:	A\$4,000,000,000 (which may be increased from time to time).
Arrangers and Dealers:	Australia and New Zealand Banking Group Limited (ABN 11 005 357 522) Commonwealth Bank of Australia (ABN 48 123 123 124) National Australia Bank Limited (ABN 12 004 044 937) Westpac Banking Corporation (ABN 33 007 457 141) Additional Dealers may be appointed from time to time by the Issuer for any Series or Tranche of Notes or to the Programme generally.
Registrar:	Austraclear Services Limited (ABN 28 003 284 419) or any other person appointed by the Issuer with respect to any Series or Tranche of Notes. Details of any such appointment will be specified in the relevant Pricing Supplement.
Issuing and Paying Agent:	Austraclear Services Limited (ABN 28 003 284 419) or any other person appointed by the Issuer with respect to any Series or Tranche of Notes. Details of any such appointment will be specified in the relevant Pricing Supplement.

Calculation Agent:	If, in the opinion of the Issuer, a Calculation Agent is required for the purpose of calculating any amount or making any determination under a Note, such appointment shall be made by the Issuer and specified in the applicable Pricing Supplement. The Issuer may terminate the appointment of the Calculation Agent, appoint additional or other Calculation Agents or elect to have no Calculation Agent. Where no Calculation Agent is appointed, the calculation of interest, principal and other payments in respect of the relevant Notes will be made by the Issuer.
Agents:	Each Registrar, Issuing and Paying Agent, Calculation Agent and any other person appointed by the Issuer to perform other agency functions with respect to any Series or Tranche of Notes. Details of any such appointment would be set out in the relevant Pricing Supplement.
Form of Notes:	Notes will be issued in registered uncertificated form and will be debt obligations of the Issuer which are constituted by, and owing under, the Deed Poll dated 17 March 2022, as amended or supplemented from time to time, or such other deed poll executed by the Issuer as may be specified in the applicable Pricing Supplement. Notes take the form of entries in a register (" Register ") maintained by the Registrar.
Guarantee:	The Guarantors will guarantee payment of all amounts due under the Notes under a guarantee deed poll dated 17 March 2022 granted by the Guarantors in favour of the Holders (" Guarantee "). The form of the Guarantee is available for inspection by appointment during normal office hours at the offices of the Registrar. Under the terms of the Guarantee certain subsidiaries within the AusNet Group may be released from the Guarantee and new subsidiaries may accede to the Guarantee. See clause 15 of the Guarantee.
Issuance in Series:	Notes will be issued in Series. Each Series may comprise one or more Tranches having one or more issue dates and on conditions that are otherwise identical (other than, to the extent relevant, in respect of the issue price and the first payment of interest). The Notes of each Tranche of a Series are intended to be fungible with the other Tranches of Notes of that Series.
Status:	Upon issue, Notes will be direct, unsubordinated and (subject to Condition 4 (" Negative Pledge ")) unsecured obligations of the Issuer which rank equally among themselves and at least equally with all other unsecured and unsubordinated obligations of the Issuer except liabilities mandatorily preferred by law. The Guarantee is a direct, unsubordinated and unsecured obligation of the Guarantors which ranks at least equally with all other unsecured and unsubordinated obligations of the Guarantors, except liabilities mandatorily preferred by law.
Negative pledge:	The Notes will have the benefit of a negative pledge as more fully set out in Condition 4.
Events of Default:	Details of, and remedies for, events of default in relation to the Notes are set out in Condition 15.

Maturities:	Subject to all applicable laws, regulations and directives, Notes may have any maturity as may be specified in the applicable Pricing Supplement or as may be agreed between the Issuer and the relevant purchasing Dealer.
Currencies:	Notes will be denominated in Australian dollars.
Issue Price:	Notes will be issued at any price on a fully or partly paid basis, as specified in the relevant Pricing Supplement.
Interest:	Notes will bear interest as specified in the relevant Pricing Supplement. Notes may be fixed rate, floating rate, index linked, zero coupon or otherwise bear interest which is calculated by a formula or an index.
Fixed Rate Notes:	Fixed Rate Notes will bear a fixed rate of interest payable in arrear on the interest payment date or dates in each year as specified in the relevant Pricing Supplement.
Floating Rate Notes:	Floating Rate Notes will bear interest set separately for each Series by reference to a rate appearing on an agreed screen page of a commercial quotation service or on such other basis as may be specified in the relevant Pricing Supplement, as adjusted by any applicable margin. Interest periods and interest payment dates will be specified in the relevant Pricing Supplement.
Structured Notes:	Notes may also be issued with other features, details of which are contained in the relevant Pricing Supplement.
Redemption and purchase:	<p>Notes will be redeemed at their scheduled maturity and may be redeemed prior to their scheduled maturity as more fully set out in the Conditions and the applicable Pricing Supplement.</p> <p>The Issuer and any of its Related Entities may purchase Notes in the open market or otherwise and at any price.</p> <p>Notes entered in a Clearing System (as defined below) will be redeemed or purchased through that Clearing System in a manner that is consistent with the rules and regulations of that Clearing System.</p>
Denominations:	Subject to all applicable laws, regulations and directives, for a particular Series, Notes will be issued in the single denomination as specified in the applicable Pricing Supplement.
Clearing Systems:	<p>Notes may be transacted either within or outside any Clearing System (as defined below).</p> <p>The Issuer may apply to Austraclear Limited (ABN 94 002 060 773) ("Austraclear") for approval for Notes to be traded on the clearing and settlement system operated by it ("Austraclear System"). Upon approval by Austraclear, the Notes will be traded through the Austraclear System in accordance with the rules and regulations of the Austraclear System. Such approval by Austraclear is not a recommendation or endorsement by Austraclear of such Notes. The rights of a holder of interests in a Note held through the Austraclear System are subject to the rules and regulations of the Austraclear System.</p> <p>Transactions relating to interests in the Notes may also be carried out through the settlement system operated by Euroclear Bank SA/NV ("Euroclear"), the settlement system operated by Clearstream Banking S.A.</p>

("Clearstream") or any other clearing system outside Australia specified in the relevant Pricing Supplement (the Austraclear System, Euroclear, Clearstream and any other clearing system specified in the relevant Pricing Supplement, each a "Clearing System").

Interests in the Notes traded in the Austraclear System may be held for the benefit of Euroclear or Clearstream. In these circumstances, entitlements in respect of holdings of interests in Notes in Euroclear would be held in the Austraclear System by a nominee of Euroclear (currently HSBC Custody Nominees (Australia) Limited) while entitlements in respect of holdings of interests in Notes in Clearstream would be held in the Austraclear System by a nominee of BNP Paribas Securities Services, Australia Branch as custodian for Clearstream.

The rights of a holder of interests in a Note held through Euroclear or Clearstream are subject to the respective rules and regulations for accountholders of Euroclear and Clearstream, the terms and conditions of agreements between Euroclear and Clearstream and their respective nominee and the rules and regulations of the Austraclear System. In addition, any transfer of interests in a Note which is held through Euroclear or Clearstream will, to the extent such transfer will be recorded on the Austraclear System, be subject to the Corporations Act and the requirements for minimum consideration as set out in the Conditions.

The Issuer will not be responsible for the operation of the clearing arrangements which is a matter for the clearing institutions, their nominees, their participants and their investors.

Title:	<p>Entry of the name of the person in the Register in respect of a Note in registered form constitutes the obtaining or passing of title and is conclusive evidence that the person so entered is the registered holder of that Note subject to correction for fraud or manifest or proven error.</p> <p>Title to Notes which are held in a Clearing System will be determined in accordance with the rules and regulations of the relevant Clearing System.</p> <p>Notes which are held in the Austraclear System will be registered in the name of Austraclear.</p> <p>No certificates in respect of any Notes will be issued unless the Issuer determines that certificates should be available or it is required to do so pursuant to any applicable law, regulation or directive.</p> <p>Title to other Notes which are not lodged in a Clearing System will depend on the form of those Notes as specified in the relevant Pricing Supplement.</p>
Use of proceeds:	<p>The net proceeds realised from the issue of Notes will be used for the general corporate purposes of the AusNet Group or such other purposes as may be specified in the Pricing Supplement.</p>
Transfers:	<p>Notes may only be transferred in whole, in the denomination specified in the relevant Pricing Supplement and in accordance with the Conditions.</p> <p>In particular, Notes may only be transferred if:</p> <p>(a) in the case of Notes to be transferred in, or into, Australia:</p>

- (i) Notes may only be transferred if the aggregate consideration payable by the transferee at the time of the transfer is at least A\$500,000 (disregarding moneys lent by the transferor or its associates to the transferee) or the offer or invitation giving rise to the transfer does not constitute an offer or invitation for which disclosure is required to be made to investors under Parts 6D.2 or 7.9 of the Corporations Act; and
 - (ii) the transfer is in compliance with the laws of the jurisdiction in which the transfer takes place; and
- (b) at all times, such action:
- (i) complies with applicable laws, regulations and directives in Australia and any other relevant jurisdiction;
 - (ii) does not require any document to be lodged with ASIC or the ASX; and
 - (iii) does not require the registration of a prospectus or corresponding or similar document relating to the Notes or the Issuer, or any other action or steps, in any jurisdiction.

Transfers of Notes held in a Clearing System will be made in accordance with the rules and regulations of the relevant Clearing System.

Payments and Record Date:	Payments to persons who hold Notes through a Clearing System will be made in accordance with the rules and regulations of the relevant Clearing System.
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In addition, payments are subject to the Autonomous Sanctions Regulations 2011 of Australia, the Charter of the United Nations Act 1945 of Australia and the Charter of the United Nations (Dealing with Assets) Regulations 2008 of Australia and other laws and regulations in Australia which restrict or prohibit payments, transactions and dealings with assets having a proscribed connection with certain countries or named individuals or entities subject to international sanctions or associated with terrorism or money laundering.

If Notes are not lodged in a Clearing System, then payments of interest in respect of those Notes will be made to the account of the registered holder noted in the Register at the close of business in the place where the Register is maintained on the relevant Record Date. Payments of principal will be made to the persons whose names are entered in the Register at 10.00am on the payment date.

The Record Date is the close of business in the place where the Register is maintained on the eighth calendar day before a payment date or such other date as specified in the applicable Pricing Supplement.

Selling restrictions:	The offer, sale and delivery of Notes and the distribution of this Information Memorandum and other material in relation to any Notes are subject to such restrictions as may apply in any jurisdiction in connection with the offer and sale of a particular Series or Tranche of Notes. In particular, restrictions on the offer, sale or delivery of Notes in Australia, the United States of America, the United Kingdom, New Zealand, Hong Kong, Singapore, Japan, and a
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prohibition of sales to EEA and UK retail investors are set out in the section entitled "Selling Restrictions" below.

No retail product distribution conduct:	This Information Memorandum and the Notes are not for distribution to any person in Australia who is a retail client for the purposes of section 761G of the Corporations Act. No target market determination has been or will be made for the purposes of Part 7.8A of the Corporations Act.
Stamp duty:	<p>Any stamp duty incurred at the time of issue of the Notes will be for the account of the Issuer. Any stamp duty incurred on any other dealing of Notes will be for the account of the relevant investors.</p> <p>As at the date of this Information Memorandum, no ad valorem stamp duty is payable in any Australian State or Territory on the issue, disposal, redemption or transfer of the Notes (subject to the terms of the corresponding Pricing Supplement). However, investors are advised to seek independent advice regarding any stamp duty or other taxes imposed upon any dealing of Notes, or interests in Notes.</p>
Tax File Numbers and Australian Business Numbers:	<p>The Issuer will deduct amounts from certain payments (including payments of interest) to be made under the Notes at the prescribed rate if an Australian resident investor, or a non-resident investor that holds a Note in carrying on a business at or through a permanent establishment in Australia, has not supplied an appropriate Tax File Number, (if applicable) Australian Business Number or such exemption details as may be necessary to enable the payment to be made without withholding or deduction.</p> <p>If the requirements of section 128F of the Australian Tax Act are satisfied with respect to Notes, then such withholding should not apply to payments of interest to a non-resident of Australia for tax purposes who does not hold the Notes through an Australian permanent establishment.</p>
Taxes, withholdings and deductions:	<p>All payments in respect of the Notes will be made without withholding or deduction for or on account of any Taxes, unless the Issuer is required to make such withholding or deduction under law. In the event that the Issuer is required to make such a withholding or deduction in respect of Taxes imposed by the Commonwealth of Australia or a political sub-division of it, the Issuer will, save in the circumstances provided in Condition 13.3 of the Notes, be required to pay an additional amount so that the Holder receives the amount it would have received if no withholding or deduction were made.</p> <p>A brief overview of the Australian withholding taxation treatment of payments of interest on Notes and certain other matters and of FATCA and the Common Reporting Standard is set out in sections entitled "Australian Taxation" and "U.S. Foreign Account Tax Compliance Act and OECD Common Reporting Standard" below.</p> <p>Investors who are in any doubt as to their tax position should obtain their own taxation and other applicable advice regarding the taxation and other fiscal status of investing in any Notes.</p>
Listing:	<p>Although the Issuer reserves the right to do so, the Issuer does not currently intend to list the Notes on any stock or securities exchange.</p> <p>An application may be made for Notes of a particular Series to be quoted on the ASX or to be listed, quoted and/or admitted to trading on any other stock</p>

or securities exchange (in accordance with applicable laws, regulations and directives).

Any Notes which are quoted on the ASX will not be transferred through, or registered on, the Clearing House Electronic Sub-Register System operated by ASX Settlement Pty Limited (ABN 49 008 504 532) and will not be “Approved Financial Products” for the purposes of that system. Interests in the Notes may instead be held in, and transferable through, the Austraclear System.

The applicable Pricing Supplement will specify whether or not a Series of Notes will be listed, quoted and/or admitted to trading on any stock or securities exchange if agreed by the Issuer and the Dealers.

Credit rating: The Issuer, the Programme and/or Notes to be issued under the Programme may be rated by one or more rating agencies. Any such credit rating will be specified in the relevant Pricing Supplement for a Series of Notes (or another supplement to this Information Memorandum).

A credit rating is not a recommendation to buy, sell or hold Notes and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.

Credit ratings are for distribution only to a person (a) who is not a “retail client” within the meaning of section 761G of the Corporations Act and is also a person in respect of whom disclosure is not required under Parts 6D.2 or 7.9 of the Corporations Act, and (b) who is otherwise permitted to receive credit ratings in accordance with applicable law in any jurisdiction in which the person may be located. Anyone who is not such a person is not entitled to receive this Information Memorandum and anyone who receives this Information Memorandum must not distribute it to any person who is not entitled to receive it, as per applicable law.

Investors to obtain independent advice with respect to investment and other risks: An investment in Notes issued under the Programme involves certain risks. Prospective investors should consult their own professional, financial, legal and tax advisers about risks associated with an investment in any Notes and the suitability of investing in the Notes in light of their particular circumstances. Certain risks are described below in the section entitled “The Issuer and the Guarantors – Investment Considerations”.

Governing law: The Notes, the Guarantee and all related documents, will be governed by the laws of Victoria, Australia.

Investment Considerations

The Issuer and each Guarantor believe that the following factors may affect their ability to fulfil their obligations under Notes issued under the Programme. All of these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantors are in a position to express a view on the likelihood of any such contingency occurring.

The Issuer and each Guarantor believe that the factors described below represent the principal business risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer or any Guarantor to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and neither the Issuer nor any of the Guarantors represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out in the Information Memorandum (including any documents deemed to be incorporated by reference therein) and reach their own views prior to making any investment decision.

Capitalised expressions and acronyms herein have the meanings given in the Glossary or the Conditions of the Notes, as applicable.

Risks relating to AusNet Group's Business

Regulatory risks

The energy industry in Australia is highly regulated, which limits the AusNet Group's flexibility and may adversely affect its financial performance

The energy industry in Australia is highly regulated. The regulated component of the AusNet Group's revenues (83% of the AusNet Group's revenues for the year ended 31 December 2023 were regulated) will be subject to periodic pricing resets by the AER, where revenue or prices will be determined for each of the networks for the specified regulatory period. The AusNet Group has no ability or flexibility to charge more for regulated services than is provided for under the relevant AER determination (for electricity transmission and distribution), or the approved access arrangement (in respect of gas distribution), without regulatory approval. Regulatory control periods are generally five years. The upcoming regulatory reset dates (where the next regulatory period commences) for the AusNet Group's electricity transmission network, gas distribution network and electricity distribution network are 1 April 2027, 1 July 2028 and 1 July 2026, respectively.

Regulated charges do not necessarily reflect actual operating costs, capital expenditure or the costs of capital. If the regulated charges set by the AER are lower than the AusNet Group's costs, this may adversely affect the financial performance and position of the AusNet Group.

Through the building block approach, regulated revenues are impacted by market data including the 10-year Commonwealth Government bond rate, benchmark debt costs and CPI. All else being equal, a lower 10-year bond rate will result in lower cost of debt and cost of equity allowances and hence lower revenue. The AusNet Group hedges its cost of debt in line with the cost of debt averaging periods agreed with the AER. A portion of the AusNet Group's debt portfolio is allocated against the equity allowance periods for each of the regulated networks.

The AusNet Group maintains a dedicated regulatory team to manage its regulatory environment and price review processes.

The AusNet Group is exposed to cost changes within a regulatory control period

The AusNet Group is exposed to cost changes within a regulatory control period and bears the risk of any shortfall in allowances for costs provided by regulatory determinations. Costs can change materially within a regulatory control period due to, among other things, changes in the

costs of labour, equipment or capital inputs (including the cost of finance). In some circumstances where costs are outside the AusNet Group's control, the regulatory regime offers cost pass-through protection. However, this is generally limited to costs incurred as a result of a change of exogenous circumstances (for example, a change in law, natural disaster or changes in occupational health and safety or environmental obligations) and the change in costs is required to satisfy a materiality threshold. It is also possible to re-open a regulatory determination, but this can only occur where the determination is affected by a material error or deficiency. As such, the AusNet Group faces exposure to changes in its costs which could adversely affect its financial performance and position.

Changes to National Electricity Rules and National Gas Rules and Key AER Reviews

The limited merits review regime (established in 2013 by the Council of Australian Governments ("COAG") Energy Council) was formally abolished on 16 October 2017. Network businesses no longer have the right to appeal AER decisions, which could adversely affect the financial performance of the AusNet Group. The ability to seek judicial review of regulatory determinations by the Federal Court of Australia remains.

The most recent Rate of Return review was finalised in February 2023. The resulting ("**Rate of Return Instrument**") contained a small increase in regulated returns. The COAG Energy Council agreed to amend the NEL and the NGL to make this Instrument binding for the rate of return and the value of imputation credits (gamma). There is no re-opener provision to allow adjustments in the WACC in unusual market conditions that may warrant a re-consideration, such as deflation and government intervention in bond markets.

The AER reviews aspects of its approach to setting revenues from time to time, which can negatively affect the AusNet Group's financial performance.

In March 2023, the AER published new Electricity Transmission Ring-fencing Guidelines. The Guidelines ensure that no anti-competitive practices such as cross-subsidisation and discrimination emerge for new services provided by some transmission networks (e.g. battery storage).

In December 2023, the AER began a review of the transmission service standards incentive schemes. With industry support, a particular focus will be on the Market Impact and Network Capability components of the scheme which have not been fit for purpose during the energy transition underway.

Any changes stemming from these reviews may affect the AusNet Group's financial performance and position.

The AusNet Group needs to be licensed and accredited in order to operate, and its licences and accreditations could be revoked

The AusNet Group requires licences and accreditations in order to operate its distribution and transmission businesses. The ESC can revoke the AusNet Group's licences if the relevant licensee does not comply with an enforcement order served by the ESC or an undertaking given to the ESC and the ESC considers that revocation is necessary or desirable in order to achieve the relevant gas or electricity policy objectives.

Changes in law, government policy and regulatory action could adversely affect the AusNet Group

Changes in the structure and regulation of the energy industry in Australia could have a materially adverse effect on the AusNet Group and its business. The AusNet Group is also directly or indirectly subject to a range of regulatory issues arising from environmental laws and regulations, occupational health and safety requirements, and technical and safety standards. The AusNet

Group's business is also subject to general legal regulation including in relation to tax, land use and land access, native title and cultural heritage, environmental protection, occupational health and safety, security of critical infrastructure, foreign investment and acquisitions and modern slavery risk. Electricity and gas businesses are also subject to a range of changing technical regulation at both Federal and State levels. Changes to those government policies, laws or regulations, the introduction of new legal or regulatory regimes (for example, in relation to climate change) or changes to the way in which those laws, regulations or policies are interpreted and applied by relevant regulators, including the Australian Taxation Office ("**ATO**"), the Australian Energy Regulator ("**AER**"), the Office of Home Affairs, the Foreign Investment Review Board ("**FIRB**") or the Treasurer of the Commonwealth Government of Australia may have a material adverse effect on the AusNet Group's financial position, operational costs, earnings, cash flows or its business, including growth or investment pipelines. Such changes may have retrospective effect and they may include changes that are under consideration at the time of this Information Memorandum but which have not been implemented.

By way of example, significant changes to the foreign investment and acquisition legislation that applies in Australia took effect on 1 January 2021. Among other things, the changes create additional approval requirements for "National Security Businesses", such as the AusNet Group and their investors. Civil and criminal penalty provisions were also increased. Under the changes, transactions approved by FIRB or the Treasurer of the Commonwealth Government of Australia may be reviewed in the future under a "Last Resort Power" in certain circumstances on "National Security" grounds. Acquisitions of land and certain issues and acquisition of shares in companies, may be reviewed under a "Call in Power" within ten years of the activity on "National Security" grounds. Following a review, depending on the outcome, orders can be made for the divestment of relevant investments or modifications to operations or management, among other potential consequences. The first stage of changes to the security of critical infrastructure legislation in Australia that applies to businesses such as the AusNet Group, which include enhanced cyber security obligations (including mandatory notification of certain cyber incidents) and the potential for Government intervention or direction or monitoring in response to significant cyber-attacks on Australian systems came into effect in December 2021. A second stage of changes, which include additional requirements for systems of "National Significance", including system or information monitoring and resilience initiatives, including an "all risks" positive risk management and security obligation (with sector specific requirements) came into effect on 17 February 2023.

Regulators (including tax authorities) may take action under existing or future legislation against the AusNet Group. This may have an adverse effect on the AusNet Group's financial performance or position, including as a result of fines, increased tax assessments, the cost of addressing and/or defending regulatory action or complying with conditions or orders. For example, the Victorian Government has published a Gas Substitution Roadmap, setting out the Victorian Government's plan and a range of policies to decarbonise the gas sector largely centred on encouraging electrification. These changes increase the risk that it will be more difficult for the gas network to fully recover a portion of its sunk investment through regulated charges. While the regulatory framework offers strong protections against asset stranding there is a risk that this policy action could expose AusNet Group to financial stranding risk for its gas network. In this scenario electricity distribution network revenue (and cost) would be expected to increase as investment is required to meet load growth and there could be additional unregulated electricity transmission opportunities.

The AusNet Group is required to comply with technical, safety and environmental standards applicable to its transmission and distribution networks and its compliance costs may increase

Legislation and associated regulations prescribe certain standards for the operation and maintenance of the AusNet Group's networks. The AusNet Group has approved Electricity Safety Management Schemes ("**ESMSs**") for its electricity transmission and distribution networks, and a safety case for the gas distribution network, which govern, where applicable, its compliance with these standards. The ESMSs and gas safety case do not prevent claims against the AusNet Group. Failure to comply with operation and maintenance standards could lead to safety issues, service disruptions, fines and adverse publicity and could otherwise result in a materially adverse effect on the AusNet Group's business.

The Electricity Safety (Bushfire Mitigation) Regulations 2023 (Vic) ("**Regulations**") require the implementation of:

- Remote controlled Auto Circuit Reclosers on all Single Wire Earth Return systems, which has been completed;
- Progressive replacement of bare wire powerlines within prescribed geographical areas for which the AusNet Group is required to seek AER approval to fund the progressive replacement of bare powerlines, as they become due for replacement in high risk areas, with insulated cables; and
- Implementation of Rapid Earth Fault Current Limiters ("**REFCL**") electrical protection technology on prescribed sections of the network. This programme was completed in November 2023 following an extension of time granted by Energy Safe Victoria ("**ESV**")

The amended Electricity Safety Act 1998 (Vic) ("**ESA**") enables ESV or the Minister for Energy and Resources to apply to the Supreme Court of Victoria, seeking the imposition of significant financial penalties if the AusNet Group fails to achieve or maintain the number of points prescribed by the Regulations. The legislation provides that the Court can impose a maximum penalty of A\$2.0 million per point for each substation for which the AusNet Group has not achieved or maintained compliance. Accordingly, penalties of up to A\$10.0 million per zone substation can apply if the AusNet Group fails to achieve the required capacity during the relevant compliance period. Additionally, the Court can impose a maximum daily penalty of A\$5,500 per point for each day the AusNet Group remains non-compliant.

Various materials and substances that are hazardous or environmentally sensitive, such as oil, sulphur hexafluoride gas (SF₆), polychlorinated biphenyls and asbestos, have been used or are contained in the facilities and sites involved in the AusNet Group's current and historical businesses. For example, the AusNet Group's networks include numerous transformers that may leak oil due to mechanical failures, automobile accidents and other factors. In the event such leaks and spills escape containment and contaminate ground or surface water, this may lead to expensive clean-up and remediation of affected sites, government sanctions may be imposed and the AusNet Group's reputation may be damaged. The AusNet Group also owns a number of sites contaminated by historical use such as gas manufacturing and a transmission tower structure that was previously painted with lead paint. The net present value for costs of remediation of the gas sites, amounting to A\$42.8 million at 31 December 2023, has been provided for in the AusNet Group's accounts and work related to the gathering of contemporary site information and finalising the AusNet Group's remediation approach is on-going. The previously lead painted tower location is managed under an environmental management plan and is not presently subject to any remediation or ongoing requirements resulting in costs.

The AusNet Group must comply with environmental laws and regulations and obtain and maintain numerous governmental permits. If it fails to comply with these environmental requirements, it could be subject to civil and/or criminal liability and fines, which could be substantial.

In addition, existing environmental regulations could be revised or reinterpreted, new laws and regulations could be adopted or become applicable to the AusNet Group, and future changes in environmental laws and regulations could occur. The occurrence of any of these events could materially adversely affect the AusNet Group's results of operations and financial condition. By way of example, the environmental protection legislation that came into effect on 1 July 2021, includes a general environmental duty on entities and individuals to take steps to prevent or minimise risks to human health or the environment, duties in relation to the management of contaminated land and to respond to pollution incidents. The applicable regulatory body, the Environment Protection Authority of Victoria, has also received greater powers and tools to sanction polluters. AusNet is in compliance with its obligations under the recently introduced environmental protection legislation.

Changes in the structure and regulation of the energy industry in Australia, or the manner in which regulation is administered, could impact the AusNet Group's existing contracts

Some of the AusNet Group's contracts, such as its use of system agreements, operate within previous or existing State and national regulatory frameworks. Some of these contracts have not kept pace with regulatory developments and, if a dispute arises, the AusNet Group may not be able to reach agreement with contract counterparties as to appropriate solutions. There is a further risk that, as that framework changes further over time, the contracts may not operate as intended and the AusNet Group may not be able to reach agreement with contract counterparties as to appropriate amendments, which could adversely affect the AusNet Group's financial performance and position. This could also potentially lead to disputes. If these disputes cannot be resolved favourably, it may adversely affect the financial performance and position of the AusNet Group.

Risks Associated with the Implementation of AEMO's ISP

The implementation of the AEMO's Integrated System Plan ("ISP") and the Australian Energy Market Commission's ("AEMC") review of the coordination of generation and transmission investment constitute a considerable pipeline of work to reform the planning, investment, charging, congestion and access elements of the transmission network. These and other proposed reforms have the potential to introduce new risks and opportunities to the AusNet Group's transmission business.

Operational and Legal Risks

Network failures, weather events, equipment breakdowns, planned or unplanned outages, bushfires and other natural disasters, sabotage or terrorist attacks may cause losses to or harm the AusNet Group's business and reputation

The AusNet Group's energy transmission and distribution networks and information technology systems are vulnerable to human error in operation, equipment failure, natural disasters (such as bushfires, severe weather, floods and earthquakes), sabotage, physical and cyber terrorist attacks or other events which can cause service interruptions to customers, network failures, breakdowns or unplanned outages. Certain events may occur that may affect electricity transmission or distribution lines or gas mains in a manner that would disrupt the supply of electricity or gas. Failures in the AusNet Group's equipment may cause supply interruptions or physical damage.

Any service disruption may cause loss or damage to customers, who may seek to recover damages from the AusNet Group, and this could harm the business and reputation of the AusNet Group. The AusNet Group's emergency response, crisis management and business continuity management system, known as the "Strategic Plan for Integrated Response and Contingency

System”, is the approved methodology to guide response and recovery activities. The system may limit the damage and protect against further damage, both physical and reputational, to the AusNet Group’s business and operations.

The AusNet Group is also exposed to the cost of replacing faulty equipment. On rare occasions, faults in plant items are discovered only after the item has been installed extensively within a network, requiring a large-scale replacement programme. Only some such incidents are covered by plant warranties and in some instances these warranties may only be partial. Additionally, incidents in the AusNet Group’s zone substations and terminal stations have property insurance cover to insure against the consequences of failure, but incidents outside the boundaries of the AusNet Group’s zone substations and terminal stations are self-insured. Any forced replacement programme, particularly if not covered by warranties, could be costly and adversely affect the AusNet Group’s financial performance and position.

The AusNet Group is exposed to bushfire risks and insurance market conditions

Despite extensive investment in bushfire mitigation measures, the AusNet Group’s electrical assets can cause bushfires leading to loss of life and property. Recent fire events both domestically and overseas have resulted in substantial losses for insurers and other utilities. While these losses have not impacted the AusNet Group specifically, these bushfire events are impacting, and future bushfire events may impact, the availability and pricing of bushfire liability insurance globally.

The AusNet Group has liability insurance which specifically provides cover for bushfire liability. The AusNet Group reviews its insurance cover annually and seeks cover commensurate with the scale and size of its operations, the risks assessed to be associated with its operations and with industry standards and practice. Recent events have seen some insurers withdraw from the market and premiums rise. This will likely continue to occur for future renewals, thereby increasing the risk of not being able to source commensurate cover or on commercially reasonable terms. There are regulatory mechanisms in place under which, in certain circumstances, the AusNet Group may apply to the AER for a pass through of any reasonable and prudent residual costs that may ultimately be incurred in relation to bushfires above the AusNet Group’s liability insurance. This regulatory mechanism has yet to be tested in practice.

The AusNet Group’s insurance may not cover all potential liabilities and losses

Although the AusNet Group maintains insurance that it believes is appropriate to protect against major operating and other risks, not all risks are insured or insurable. In particular, the AusNet Group does not carry insurance for damage to its towers, poles, wires or pipelines. Due to changeable insurance market conditions, the AusNet Group cannot be certain that adequate insurance coverage for potential losses and liabilities will be available in the future on commercially reasonable terms and may also elect to self-insure and/or carry increased deductibles. If the AusNet Group experiences a loss in the future, the proceeds of the applicable insurance policies, if any, may not be adequate to cover replacement costs, lost revenues, increased expenses or liabilities to third parties.

The AusNet Group’s gas network revenues are exposed to variations in demand for gas and other factors affecting customer usage

The AusNet Group’s gas distribution network revenues are derived from the transported volume of gas metered at the connections to the distribution networks, with the balance, which amounted to 61% in 2023, recovered through fixed charges. The volume of gas used is subject to seasonal fluctuations and to a range of variables, including economic conditions, population growth, government policy, weather, alternative energy sources, technology, energy saving behaviour and availability of adequate supplies of gas. Economic downturns and customer relocations out of a distribution area would also have a direct adverse effect on the AusNet Group’s revenues. Similarly, warmer than normal winters can negatively affect the volume of gas that moves through

its network, which may reduce the portion of revenue which is exposed to volume movements. There could also be a potential negative reaction by consumers to higher prices resulting in reduced demand, which may negatively impact revenues.

There are long-term structural and policy shifts in the energy industry, which may result in a reduction in gas demand and declining revenues from the AusNet Group's gas distribution business. In particular, community sentiment to remove all fossil fuels from the economy has driven policy action to transition away from gas. The Victorian Government has introduced policies to ban new residential gas connections and encourage electrification along with increased appliance efficiency, and this could cause residential customer disconnection and gas demand could fall. Such changes increase the exposure of AusNet Group's gas distribution assets to stranding risk due to changes in demand.

The AusNet Group is exposed to a variety of legal risks

The AusNet Group is exposed to a variety of legal risks. These legal risks include, but are not limited to: claims by gas or electricity users or specialist utility, government or energy customers; environmental claims; land and other property related claims including native title; industrial action; occupational health and safety claims; legal action from special interest groups; shareholders or regulators; claims from contractual counterparties including in relation to project delays or service performance or quality; and claims arising from third party losses alleged to have resulted from electricity network or gas pipeline disruptions or assets or the provision of specialist utility, government or energy services.

These legal risks are uncertain and any legal or financial liability arising from these risks may be material.

Variations in inflation could adversely impact the AusNet Group's financial position

Under the AusNet Group's regulatory arrangements, the regulatory return it receives is dependent on movements in the quarterly Australian Consumer Price Index ("CPI"). Annual revenues are adjusted in line with inflation (weighted average of eight capital cities CPI reported by the Australian Bureau of Statistics) and the regulated asset base is indexed by outturn inflation, impacting future revenues. Therefore, an unexpectedly low CPI result is likely to result in lower than expected cash flows and lower than expected revenues.

Some of the AusNet Group's operations are hazardous and could expose the AusNet Group's employees, customers, contractors and the community to health and safety risks

Occupational health and safety is a key risk area in the operation and maintenance of energy transmission and distribution networks. There are risks caused by circumstances beyond the AusNet Group's control, as well as the inherently dangerous nature of maintenance and construction work involving electricity and gas transmission and distribution facilities.

The AusNet Group's businesses also give rise to the risk of claims by (individual, industrial or commercial) customers and/or the community as a result of the dangers associated with:

- downed power lines, broken gas mains, oil spills and other events in connection with the construction, operation, management and maintenance of electricity transmission and electricity and gas distribution networks and other assets; and
- infrastructure leasing and licensing and providing specialist utility, government and energy services such as vegetation management, asset inspection and condition monitoring, chemical testing and metering services.

Although the AusNet Group has implemented various risk management systems designed to identify and eliminate or manage risks to employees, contractors, customers and the community through the AusNet Group's operations, the AusNet Group cannot assert beyond doubt that such

systems are adequate. Incidents, including fatalities and severe injuries, have occurred in the course of the AusNet Group's business in the past and may occur in the future. These risks will expose the AusNet Group to potential material liabilities, such as claims, fines and increased expenses.

Capital expenditure requirements may adversely affect the AusNet Group's financial position

The AusNet Group's transmission and distribution businesses are subject to certain conditions requiring the AusNet Group to complete necessary capital works. Due to unforeseen developments, the AusNet Group may be required to spend a materially higher amount on capital expenditure than is currently envisioned. While the regulatory regime provides that the AusNet Group may be compensated for regulatory capital expenditures incurred, funding unforeseen or unbudgeted capital expenditure requirements may adversely impact the AusNet Group's financial performance and position. While cost pass-through protections exist, there is a risk the AusNet Group will be required to fund the unplanned capital expenditure, resulting in delayed or incomplete cost recovery. In addition, under the ex-post review provisions, the AER may not approve regulatory compensation for an overspend where:

- aggregate capital expenditure over a five-year period exceeds the regulatory benchmark; and
- the overspend is deemed inefficient by the AER.

Development & Future Networks¹ projects also have an element of capital expenditure delivery risk. These are traditionally managed through schedule management, commercial risk pricing and downstream contractor commercial terms.

There is a risk that capital expenditure overruns not recovered through regulatory means, commercial frameworks or otherwise may have an adverse impact on the financial position or performance AusNet Group.

Climate change and related regulations may result in increased capital and operating expenditure for the AusNet Group

Climate change impacts every part of the AusNet Group's business, and has the potential to impact or exacerbate other material risks. The AusNet Group has integrated consideration of climate change within the business, and aligned disclosures to the Task Force on Climate-related Financial Disclosures ("TCFD") framework, in which climate-related risks and opportunities are assessed and then considered within the AusNet Group's organisational strategy, risk management and financial investment processes.

In 2023, the AusNet Group released its second TCFD report to assist stakeholders in understanding its approach to identifying and managing climate-related risks and opportunities. This included a commitment to emissions reduction targets and programmes, as well as undertaking a high-level scan of climate related risks and opportunities under three climate scenarios out to 2050. This found that the AusNet Group business model would generally remain resilient if careful management of climate-related physical risks is in place, and pass-through of costs is continued to be allowed by the regulatory regime. However, climate change has the potential to require increases to capital and operating expenditure over time and full coverage of the costs associated with extreme events may not be realised with every pass-through.

Climate change impacts the AusNet Group's business in two primary ways:

¹ The Mondo segment was renamed 'Development & Future Networks' and now includes all contracted infrastructure as well as the network innovation functions that were previously in the Electricity Distribution businesses, as well as Mondo.

- *Physical Risks* include the impacts of changing environmental conditions (both short and longer term) on the AusNet Group network assets and the potential damage to assets and interruptions to supply from severe weather events such as storms, bushfires or floods. Any service disruptions may cause loss or damage to customers, who may seek to recover damages from the AusNet Group, or to influence government and regulatory stakeholders in a way that could adversely impact the AusNet Group's business and reputation.

Climate change is expected to result in an increased frequency and severity of physical climate hazards and has implications on asset resilience and expenditure associated with responding to, and preparing for extreme weather events. This includes the operational costs of restoring power, repairing infrastructure damage and investments in community resilience.

- *Transition Risks* include the impacts of potential changes to energy policy, legislation and regulations as the energy industry moves to a lower carbon future, with increasing renewable and distributed generation. For example, changes in Government policies related to the energy sector, or lack thereof, may adversely impact the existing business model, commercial opportunities and the required augmentation to meet the future demands of the network. A rapid energy transition may also impact the financial value of the AusNet Group assets, specifically investments in assets or network locations that may become redundant or of reduced value as the network transitions away from fossil fuel sources.

Further information can be found in the AusNet 2023 TCFD report, which is available via the public website link, <https://www.ausnetservices.com.au/sustainability/environment-and-climate>

The AusNet Group continues to report its emissions under the NGER framework. Prior to 2022, this was reported via "AusNet Services Ltd", however from 2022, reporting is conducted via "Australian Energy Holdings No.1". Corporations meeting or exceeding the thresholds are required to lodge their reports on emissions by 31 October each year. Australian Energy Holdings No.1 meets the current thresholds under the NGER framework and lodged its latest report with the Clean Energy Regulator prior to the 31 October 2023 deadline.

Since 1 July 2016, a safeguard mechanism has applied to AusNet Gas Services Pty Ltd. This is the Australian Government's policy for reducing emissions at Australia's largest industrial facilities. Under the safeguard mechanism, a production adjusted baseline is established for Scope 1 greenhouse gas emissions, and if net emissions exceed the baseline, AusNet Gas Services Pty Ltd must surrender Australian Carbon Credit Units ("**ACCUs**") which either have to be generated (as a result of emission reduction initiatives) or purchased via the secondary market. For the year ending 30 June 2024, the baseline will be altered to a hybrid model using a combination of site specific and industry average emission intensities and this will transition to a purely industry average baseline from 2030.

The emissions baseline is expected to reduce by approximately 4.9% per year until 2030. There are limited opportunities for AusNet Gas Services Pty Ltd to directly reduce its Scope 1 greenhouse gas emissions and it is expected that operating costs will increase to cover the cost of purchasing ACCUs to 'offset' these emissions. These additional costs are recoverable through adjustments to annual tariffs, however it is anticipated that more ambitious requirements may be introduced by the Government in the future to reach Net Zero emissions targets.

Electric and Magnetic Fields ("EMF") may have adverse effects on human health

EMF produced by electricity have been the subject of employee and public health concerns. Numerous scientific studies have been undertaken on the potential adverse effects of EMF on human health. Leading health bodies have evaluated these studies. The scientific evidences do

not establish that the exposure to EMF causes adverse health effects, but there still remains public and scientific debate.

The AusNet Group designs and operates electricity transmission and distribution systems in compliance with local regulations, recognised national and international EMF exposure guidelines and standards.

The Australian Government's primary authority, the Australian Radiation Protection and Nuclear Safety Agency recommends international guidelines published by the International Commission on Non-Ionizing Radiation Protection (“**ICNIRP**”) as international best practice to be considered in Australia. Additionally, the AusNet Group recognizes safety levels specified in Institute of Electrical and Electronics Engineers (“**IEEE**”) standards, which have also been endorsed by ENA and ESV.

In general, the AusNet Group's distribution, sub-transmission and transmission lines EMFs are within these ICNIRP guidelines and IEEE standards. Retrospectively applying ICNIRP guidelines would require the AusNet Group to limit some maintenance works on legacy installations to ensure that EMF are within acceptable employee exposure limits, which could adversely affect AusNet's financial performance and position.

Future adverse findings relating to EMF may also lead to litigation against the AusNet Group which could expose the AusNet Group to material damages claims.

Technology and industry change risk

There has and will continue to be significant technologically driven change in the generation, storage, and delivery of energy, particularly with respect to the penetration of solar photo-voltaic panels, renewable energy generation, embedded generation, and distributed energy resources in Australia. The drive to reduce carbon emissions and meet changing customer expectations for higher levels of reliability and efficiency, coupled with the reduction in the cost of new technologies has resulted in a greater role for technology in the enablement, management, and operations of energy networks.

As an example, developments and improvements in battery and ‘demand management and aggregation’ platforms will make solar and embedded energy systems more economically viable for mass residential, commercial, and other uses. These trends present challenges for traditional energy and network models and may include the accelerated uptake of community mini-grids, virtual power plants (“**VPPs**”) ‘behind the meter’ solutions and other energy-relevant disruptive technologies. Data, analytics, and artificial intelligence are increasingly unlocking new opportunities to change the ways that planning, investment, maintenance and the operation of energy networks can be undertaken. Further, the proliferation of new technologies across the energy industry is likely to drive new regulatory changes, changes in community and customer expectations, new market forces, and/or a faster pace of change across the energy industry generally.

The greater role of technology comes with an increased risk and potential impact of cyber-attacks, technical failure and human error, which must be actively managed and mitigated. The increasing complexity of the technology landscape also presents ongoing challenges and risks in terms of the reliability and performance of aging systems. At the same time, new technology platforms and digital practices must be embraced to maintain competitive advantage and meet core obligations. In the event there is any significant delay in the adoption of new or disruptive technology, or an unexpected failure of existing technology assets, this may negatively impact the AusNet Group's revenue (for example, by reducing the AusNet Group's ability to realise operational efficiencies) or require unforeseen capital investment to upgrade or replace technology.

Technology choices and risks are also influenced by market forces, environmental impacts, regulation or policy. All new technology solutions have risks associated with their design,

implementation, budgeting, planning, integration, future maintenance, upgrades and support. The realisation of any such risks could adversely impact the effectiveness and costs of such solutions, as well as overall business continuity.

Disruptive technologies also present the risk that the value of existing investments and assets, as well as their operational performance, may be negatively impacted. The changing generation mix in Victoria and the location of generators in the future may impact the configuration of the electricity transmission network and increases the risk of redundant assets in the event of significant network configuration changes. The AusNet Group continues to monitor and work closely with stakeholders associated with the planning and development of generating capacity and new market technologies to manage such risks. The timing and magnitude of these and other potential impacts cannot be predicted with absolute certainty and it is not clear how the regulator will respond to such changes over time.

Natural gas, and its future role in the Australian economy, both in terms of production and consumption, including its attractiveness, or otherwise, compared to other electricity generation technology or fuel, or its commercial or domestic use for cooking or heating compared to electricity, is the subject of ongoing debate among industry, regulators and commentators. The Victorian Government has published a Gas Substitution Roadmap, setting out the Victorian Government's plan and a range of policies to decarbonise the gas sector largely centred on encouraging electrification. These changes increase the risk that it will be more difficult for the gas network to fully recover a portion of its sunk investment through regulated charges. While the regulatory framework offers strong protections against asset stranding there is a risk that this policy action could expose AusNet Group to financial stranding risk for its gas network.

Material changes, production or consumption patterns or preferences (whether driven by policy, market forces or other factors) associated with natural gas or electricity could adversely affect the financial performance or position of AusNet Group.

Under-performance in provision of network services by the AusNet Group's electricity networks would result in reduction of the AusNet Group's revenue through incentive regimes implemented by the AER

Incentive mechanisms applicable to the AusNet Group's electricity and gas networks, which are regulated by the AER, reward or penalise the AusNet Group for the reliability of its performance relative to its historic performance. Deterioration in network performance may arise from various causes, including unfavourable weather patterns, fire and the relative effectiveness of asset management strategies. If the AusNet Group is denied awards, or attracts penalties, under any applicable incentive mechanism, its revenue may be adversely affected.

Management and Personnel Risks

Failure to retain and attract skilled professional and technical employees could have an adverse effect on the AusNet Group's operations

The AusNet Group's success is dependent on its ability to attract, develop, retain and engage, a diverse range of employees. With the recent adjustment in the AusNet Group's delivery model, resulting in the outsourcing of various field delivery services, the workforce profile has changed; the requirement for trade and technical capabilities has reduced while the demand for commercial, analytical and strategic partnership capabilities has increased, as well as a highly competitive labour market across most workforce segments. Whilst capability and talent acquisition remain key strategic focuses for the business, the inability to attract, develop, retain and engage employees could adversely affect the AusNet Group's financial performance and position.

The AusNet Group is subject to the risk of disruptive industrial relations actions

Historically, the operations of certain AusNet subsidiaries have from time to time experienced work stoppages and other forms of industrial action during renegotiation periods of the terms of the Enterprise Agreements. It is possible that the AusNet Group's operations may be affected by industrial action in the future, where the risk of any work stoppages or other labour-related developments adversely impacting AusNet's financial performance and position is relatively low. At the date of this Information Memorandum, the AusNet Group is not subject to any protected industrial action.

Financial Risks

The AusNet Group has a large amount of debt and is dependent on access to the capital markets for liquidity

As at 31 December 2023, the AusNet Group's long-term senior debt totalled A\$7.8 billion and long-term subordinated debt totalled A\$1.7 billion.

The degree to which the AusNet Group may be leveraged in the future could affect the ability of the AusNet Group to service debt and other obligations, to pay dividends to shareholders, to make capital investments, to take advantage of certain business opportunities, to respond to competitive pressures or to obtain additional financing. The AusNet Group may incur substantial additional debt and other obligations such as leases, letters of credit and other instruments.

In addition, the AusNet Group relies on access to financial markets as a significant source of liquidity for capital requirements not satisfied by operating cash flows. The AusNet Group's access to financial markets could be adversely impacted by various factors including, but not limited to, external changes in financial markets (described further below), a material adverse change in the AusNet Group business or a reduction in its credit ratings. The inability to raise capital on favourable terms, particularly during times of uncertainty in the financial markets, could impact the AusNet Group's ability to sustain and grow its businesses, which are capital intensive, and would likely increase its capital costs.

Credit ratings of the AusNet Group could be downgraded, borrowing costs increased and sources of liquidity reduced

The solicited credit ratings of the AusNet Group may be adversely impacted by a number of factors including the prevailing level, nature and terms of financial indebtedness or equity investment or contribution, gearing ratio or interest cover ratio from time to time. Matters relevant to these factors, include capital and operational expenditure requirements, financial market conditions, terms of financial instruments, capital reinvestment or contribution of equity investors from time to time.

Despite the credit metrics that are targeted by the AusNet Group, there remains a risk that the solicited credit ratings of the AusNet Group could be downgraded in the future. If a rating agency were to downgrade the ratings of the AusNet Group, the AusNet Group's borrowing costs would increase and its potential sources of liquidity could likely decrease. For example, it may reduce the potential pool of lenders available to AusNet, decrease the volume of debt that potential lenders are willing to lend or lenders may require more restrictive covenants.

In addition, if a rating agency were to reduce the equity credit treatment in respect of certain subordinated debt securities, this could adversely impact the AusNet Group's credit ratings and increase its borrowing costs.

Certain covenants under AusNet bank debt may result in a termination event

AusNet must comply with certain interest cover and gearing covenants under its bank debt facilities, when it is rated at or below BBB+ and/or Baa1 by S&P or Moody's, or does not have a credit rating.

- Interest Cover Ratio: ensure that the Interest Cover Ratio with respect to that Calculation Period (calculated by reference to the Current Financial Information) is not less than 1.50:1; and
- Gearing Ratio: ensure that the Gearing Ratio as at the last day of that Calculation Period does not exceed 80 per cent.

Non-compliance with such covenants may result in any money outstanding under the bank debt facilities becoming due and payable.

Certain covenants under AusNet financing arrangements may result in a review or termination event or may limit AusNet's ability to make payments in relation to subordinated debt in certain circumstances

Under certain circumstances, a change of control may trigger a review or termination event in respect of certain of the AusNet Group's borrowing or hedging arrangements. In addition, if the AusNet Group experiences an event of default or a potential event of default under certain of its borrowing arrangements, it is not permitted to make a payment in respect of subordinated debt securities while the event subsists.

The AusNet Group is exposed to interest rate risk

As at 31 December 2023, the AusNet Group hedged 95.4% of the interest rate exposure on its net debt relating to each of its businesses (electricity distribution, gas distribution, electricity transmission and Development & Future Networks) for the duration of the relevant regulatory reset periods or contract terms in the case of Development & Future Networks. The AusNet Group is nonetheless exposed to adverse interest rate movements in the medium to long term, as its Treasury Risk Policy permits the percentage of debt hedged to range between 90% and 100% and, in the medium to long term, the percentage of hedged debt may vary within this limit.

Under AusNet's regulatory arrangements, the allowed rate of return on equity and debt for the regulated networks is directly affected by the 10-year Australian Government bond yield. A lower than expected yield in respect to a periodic pricing reset by the AER is likely to result in lower than expected cash flows and lower than expected revenues.

The AusNet Group is exposed to counterparty risk

The AusNet Group is exposed to credit related losses in the event of non-performance by counterparties to contracts, including by counterparties to derivative instruments which the AusNet Group uses to manage financial risks (i.e. cross currency and interest rate swaps). Additionally, the AusNet Group's business involves the provision of services to a small number of large energy retailers. Accordingly, the AusNet Group is exposed to the risk that one or more of these retailers may become insolvent or otherwise unable to meet their financial obligations to the AusNet Group. The AusNet Group also relies on the qualifications, expertise, adequacy and sustainability of financial and other resources of the counterparties it contracts to undertake design, installation, construction, operation and maintenance, among other services.

Non-performance by one of the AusNet Group's counterparties could have a material adverse impact on the AusNet Group's earnings.

Refinancing risk

Refinancing risk is the risk that debt facilities may not be able to be refinanced on acceptable terms at or before their maturity, leading to potential loan default, economic loss or investment write-off. There is a risk that the AusNet Group may be unable to arrange refinancing when loans fall due, or that the terms of refinancing are less favourable than the current terms. These risks will be affected by the prevailing economic climate and cost of debt as well as the performance of the AusNet Group between now and when debt falls due. The AusNet Group remains exposed to

credit margins on debt that is refinanced or new debt that is raised which does not coincide with the cost, quantum, tenor and averaging period agreed with the regulator or the assumptions used in modelling the financial returns for Development & Future Networks unregulated projects.

Hedge accounting can result in income losses

AusNet hedges its debt in order to reduce its exposure to interest rate and foreign currency risks. However, from time to time the refinancing of debt can give rise to non-cash accounting adjustments as a result of hedge accounting requirements, particularly in relation to credit risk adjustments, and this can affect AusNet's reported income.

Valuation of derivatives may result in further deterioration of reserves

The AusNet Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. It is the AusNet Group's policy to ensure, wherever possible, that all hedging activities comply with the hedge accounting requirements of AASB 9. However, there may be instances where it makes commercial and economic sense to enter into derivative transactions that are not treated as effective hedges under accounting standards. In these instances, under AASB 9 such derivatives must be classified as "fair value through profit and loss". However, this classification is not an indication of intent to trade in derivative financial instruments.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised directly in equity in the hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. As at 31 December 2023, hedge reserves were A\$496.3 million (pre-tax) due to the valuation of derivatives held under cash flow hedging arrangements. Movements in the fair value of derivatives held in a cash flow hedging relationship could result in a change or deterioration of reserves.

The AusNet Group is obligated to contribute to employee pension funds

The AusNet Group makes contributions to an Equipsuper defined benefit superannuation plan (previously the AusNet Group made contributions to two Equipsuper funds that were merged on 31 December 2019) that provides defined benefit amounts to certain employees or their dependants upon retirement, death, disablement or withdrawal. Benefits are mostly in the form of a lump sum based on the employee's final average salary although, in some cases, defined benefit members are also eligible for pension benefits. The defined benefit sections of the Equipsuper plan are closed to new members. An independent actuary performs actuarial valuations of the fund semi-annually on 30 June and 31 December each year and additionally on other ad hoc dates as deemed appropriate.

The plan had a net surplus recognised on the balance sheet, as calculated in accordance with accounting standard AASB 119 Employee Benefits, of A\$63.5 million as at 31 December 2023.

Defined benefit funds are long term in nature and the actuarial calculations are based on long term expectations. Any short-term fluctuations from the long-term average will result in movements in the net surplus/deficit position of the fund. The AusNet Group makes contributions to the defined benefit fund based on the target funding method. Under this method, the contribution rate is set at a level which is expected to result in the plan's assets equalling 104% of the plan's liabilities within five years. Adverse movements in the market values of the plan's assets or actual obligations to be paid may result in the AusNet Group being required to make additional contributions. The AusNet Group has been on a contribution holiday since 1 July 2018 as a result of the vested benefits ratio being above the targeted vested benefits ratio.

Key estimates and judgements – Tax matters

The tax expense and deferred tax balances in the accounts assume certain tax outcomes and values of assets in relation to the application of tax legislation as it applies to the AusNet Group.

Judgement is required in determining the timing of deductibility of expenditure, which impacts the amount of income tax payable and whether deferred tax balances are to be recognised in the statement of financial position. Changes in tax legislation or the interpretation of tax laws by tax authorities may affect the amount of provision for income taxes and deferred tax balances recognised.

As a large business taxpayer, the AusNet Group is subject to annual compliance reviews conducted by the ATO and continues to support a cooperative compliance relationship with the ATO.

Following the acquisition of the AusNet Group by a consortium of investors, the AusNet Group joined a tax consolidated group with Australian Energy Holdings No.1 as the head entity and its wholly-owned Australian controlled entities as members. The Australian Energy Holdings No.1 tax consolidated group filed its first tax return for the period ended 31 December 2022.

This tax consolidation joining event resulted in a reset and increase in the tax base of depreciable assets acquired. The tax base of assets were calculated using the Allocable Cost Amount (“ACA”) and Tax Cost Setting Amount (“TCSA”) requirements, pursuant to Income Tax legislation.

At present there are several tax positions that are being reviewed by the ATO relating to the Australian Energy Holdings No. 1 tax group. These include but are not limited to:

- determination of reset tax base of assets using the ACA and TCSA processes. An opening deferred tax liability has been recognised based on our calculations, but the calculation is subject to further review by the ATO. This could result in changes to the tax base and finalisation of the opening tax balances; and
- implementation of shareholder loans, and the associated specific tax issues, including but not limited to thin capitalisation, transfer pricing, and the application of the debt and equity rules. Interest on shareholder loans is expected to become partly non-deductible for tax purposes (under amended thin capitalisation law, coming into effect on 1 January 2024). The classification of the loans as equity for tax purposes would result in non-deductibility of interest on the shareholder loans.

Several matters pertaining to the former AusNet consolidated tax group remain subject to ATO review. Management has applied Interpretation 23 – Uncertainty over Income Tax Treatments to account for these positions.

The ATO is also reviewing the treatment of certain expenditures in relation to powerline undergrounding activities undertaken by the former AusNet consolidated tax group. The outcome of this review could have a negative impact on the currently recognised tax positions. The matters being considered by the ATO are at various stages and include items that could have both a positive or negative impact on the currently recognised tax positions.

On 16 February 2024, the Federal Court dismissed AusNet's appeal in relation to certain tax consolidation and capital allowance positions arising from the corporate restructure completed in June 2015. A successful appeal outcome would result in a higher uplift in historical tax bases and higher capital allowance entitlements from June 2015. The potential uplift in tax bases has not been previously recognised in the financial statements of AusNet or been adopted in filed income tax returns. Consequently, there is no tax impact arising from the unfavourable Federal Court decision, and no impact to the financial statements of Australian Energy Holdings No. 1 for the year ended 31 December 2023.

On 14 March 2024, AusNet filed a Form 122 - Notice of Appeal with the Federal Court, appealing the judgment of the Court in the first instance. It is expected that the appeal will be heard by the Full Court of the Federal Court in 2024.

Risks relating to the Guarantors

Risks relating to the ability of the Guarantors to fulfil their obligations under the Guarantee

It is possible that the Guarantors, individually or collectively, may not have the financial resources or liquidity to pay the amounts required under the Guarantee.

Certain risks described above with respect to the AusNet Group's business, including the financial risks, will apply to and affect the Guarantors as they are Subsidiaries of the AusNet Group and form part of the AusNet Group.

Risks relating to a change to Guarantors and Subsidiaries of the AusNet Group

Potential investors should be aware that members of the Group forming the Guarantor group may change in accordance with the Guarantee Deed Poll as amended and restated on 17 March 2022. Members of the Group (except Excluded Subsidiaries) may be added as a Guarantor to ensure that at all times the Total Assets of the Guarantors are in aggregate not less than 90% of the Total Group Assets. The Issuer may also deliver a Deed of Release to the Custodian to release a Guarantor if, and providing that after the release of that Guarantor, the Total Assets of the remaining Guarantors will be in aggregate not less than 90% of the Total Group Assets. The consent of Holders is not required as a condition to the release of any Guarantor.

Capitalisation and Indebtedness

The following table shows the combined capitalisation and indebtedness of the AusNet Group as at 31 December 2023.

As at 31 December 2023	
<i>(A\$ million)</i>	
Capitalisation	
Short-Term Debt, Including Current Portion of Long-Term Debt⁽¹⁾	775.6
Cash, Short-Term Investments and debt proceeds receivable^(2,3)	5.6
Capitalisation	
<i>Long-term Debt, Less Amounts Due Currently</i>	
Hong Kong dollar (HKD) senior notes	778.7
Domestic medium-term notes	3,179.4
Bank debt facilities	1,379.6
Euro (EUR) senior notes	1,810.7
Japanese Yen (JPY) senior notes	104.8
US dollar (USD) senior notes	115.0
Norwegian Kroner (NOK) senior notes	458.9
Australian dollar (AUD) hybrid	649.9
Euro (EUR) hybrid	1,052.4
Total Long-Term Debt	9,529.4
<i>Equity</i>	
Contributed equity	5,228.1
Reserves	(3,103.1)
Retained profits	2,793.9
Other Equity	(1,095.1)
Total Equity	3,823.8
Total Capitalisation and Indebtedness⁽³⁾	14,123.2

Notes:

- (1) Short-Term Debt, Including Current Portion of Long-Term Debt comprises:
- A\$566.7 million for Euro senior notes that matured in February 2024
 - A\$124.9 million for domestic medium term notes that mature in July 2024
 - A\$52.2 million for Japanese yen senior notes that mature in July 2024
 - A\$31.8 million for working capital bank debt facilities
- (2) AusNet Group had A\$1,548.2 million of undrawn but committed bank debt facilities, A\$2.5 million of overdraft facility and A\$5.6 million of cash and short-term investments as at 31 December 2023.
- (3) Total capitalisation and indebtedness are net of cash and short-term investments.
- (4) Since 31 December 2023, there have been no material changes to the capitalisation, indebtedness and contingent liabilities of the AusNet Group.

Since the year ended 31 December 2023, a dividend of A\$4.5 million was paid on 26 March 2024.

Industry / Regulatory Overview

Industry Overview

The Electricity Industry

Electricity Generation

In Australia, electricity is mainly produced from the burning of fossil fuels, such as coal and natural gas at power stations, to create pressurised steam. The steam is forced through a turbine at high pressure to drive the generator. Other forms of electricity generation include open-cycle gas-fired, combined cycle gas-fired and renewable sources such as the solar, wind, biomass or hydro. Increasingly, energy generation from renewable sources is becoming an important part of the energy mix.

The total installed capacity of rooftop solar systems in the NEM reached over 18 GW² as at 30 June 2023, equivalent to approximately 23%³ of the NEM's total generation capacity. This uptake is driven by opportunities for energy customers to reduce their electricity bills and contribute to positive environmental outcomes. The demand for electricity varies depending on conditions. For instance, demand tends to peak in the summer when heat drives up air conditioning loads and in the winter when cold weather increases heating requirements.

According to the AER's State of the Energy Market 2023 report, as at 30 June 2023, the total generation capacity within the NEM is 78,012 MW⁴ and the electricity produced by major generators in the NEM is sold through a central dispatch process managed by the Australian Energy Market Operator ("AEMO"). The AusNet Group is not a registered market participant in large utility scale generation. The AusNet Group via its wholly-owned subsidiary Mondo Power Pty Ltd is a registered market participant exploring the emerging Distributed Energy Resources ("DER") market.

Electricity Transmission

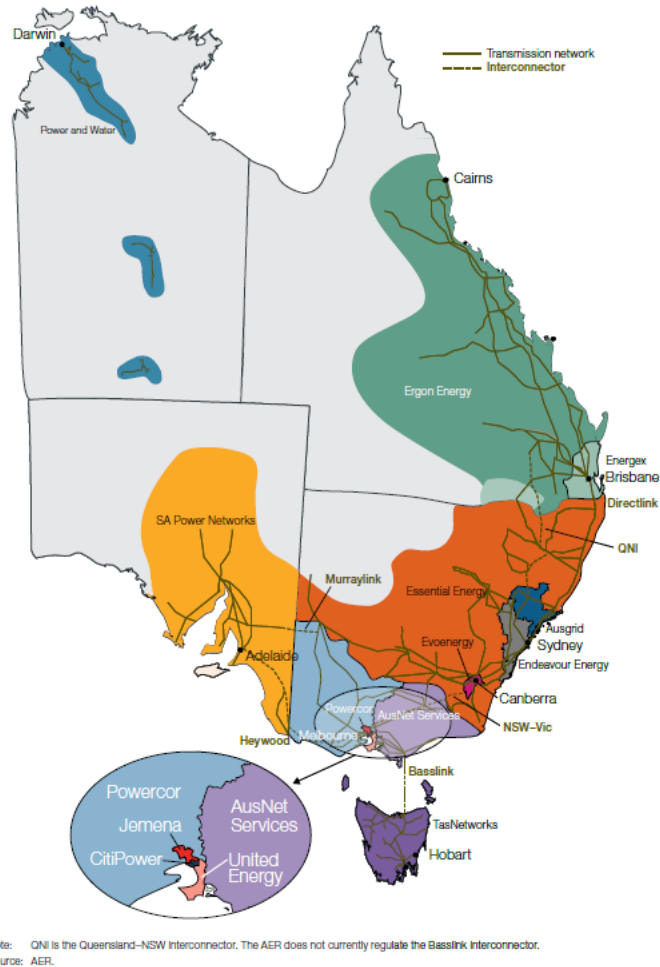
Large scale electricity generation facilities are typically located close to fuel sources such as coal mines, natural gas sources, windy or sunny renewable energy zones and hydroelectric dams, which are often long distances from end customers. Transmission networks are comprised of high-voltage lines and, in general, transport electricity from generators to distribution networks, which in turn transport electricity to customers. In a few cases, large industrial customers are directly connected to the transmission network.

The transmission network which services the NEM is comprised of state-based transmission networks and cross-border interconnectors. The National Grid provides an interconnected transmission network in Queensland, NSW, the Australian Capital Territory, Victoria, South Australia and Tasmania (see map below). The transmission networks in Western Australia and the Northern Territory are not connected to the National Grid.

² Source: AER State of the Energy Market 2023 page 54.

³ Source: AER State of the Energy Market 2023 page 54.

⁴ Source: AER State of the Energy Market 2023 page 54.



Source: AER State of the Energy Market 2023. Reprinted with the permission of the AER.

- Notes: Entities named in the graphic above in black are electricity distribution businesses in the NEM.
 QNI: Queensland-NSW Interconnector.
 Basslink is not regulated by the AER but is seeking to become regulated.

Victoria and South Australia privatised their electricity transmission assets in the 1990s; Victoria by means of sales, and South Australia by means of long-term leases. In November 2015, the NSW government announced the long-term lease of its transmission network to a private operator. In other Australian States, the primary electricity transmission networks remain State-owned. Victoria has a unique transmission network structure in which asset ownership is separated from planning and investment decision making. The AusNet Group owns Victoria’s primary network of transmission assets, but the AEMO plans and directs most network augmentation, underpinning a framework for competitive provision of services provided by new infrastructure. The AEMO buys bulk network services from the AusNet Group for sale to customers.

Electricity Distribution

Distribution networks move electricity from the transmission network to residential and business electricity customers. Distribution networks consist of lower voltage wires and other apparatus. In Victoria and South Australia, the distribution networks are privatised. Generally in the NEM, electricity distributors provide the network infrastructure but do not sell electricity.

Electricity Retailing

Electricity energy retailers buy electricity in the NEM and package it with distribution and transmission (network) services for sale to customers. The energy retail sector is run predominantly by privately owned businesses. Significant vertical integration exists between

energy retail markets and upstream energy production. The AusNet Group does not participate in electricity retailing.

The Gas Industry

Gas Reserves

Natural gas is a versatile source of energy that has a range of industrial, commercial and domestic applications, including electricity generation, and acts as an energy input for numerous processes and products, including manufacturing pulp and paper, metals, chemicals and processed foods. Predominantly made up of methane and occurring in combination with other hydrocarbons, in liquid or gaseous form, natural gas burns cleaner than other fossil fuels, such as oil and coal, and generally produces fewer greenhouse gas emissions per unit of energy released. It is found in underground reservoirs trapped in rock, often in association with oil. Coal Seam Gas (“**CSG**”) is also found in Australia in sufficiently large quantities to be a viable alternative to conventional gas supplies.

According to the AER’s State of the Energy Market 2023, current estimates indicate there are approximately 37,101 PJ⁵ of 2P natural gas reserves in eastern Australia. As of March 2023, this estimate is subject to uncertainty. In 2022, eastern Australia produced around 2,000 PJ of natural gas, of which approximately 30% was for the domestic market. The balance (70%)⁶ was exported as LNG.

Gas Transmission

Natural gas transmission pipelines transport gas at high pressure from the natural gas reserves to the major domestic markets. The main users of gas transmission pipelines are energy retailers, owners of gas fired power stations and a few large industrial customers.

Gas Distribution

Natural gas distribution networks transport gas from gas transmission pipelines to residential homes, offices, hospitals and businesses. The main customers of gas distributors are energy retailers who sell gas to end users. Distribution charges for metering and transport represent approximately one-third of delivered gas costs in Victoria.

A gas distribution network typically consists of high, medium and low-pressure pipelines servicing residential, industrial and commercial customers. Low pressure pipelines are older and are gradually being replaced with higher pressure pipelines that provide greater capacity and reliability.

Gas Retailing

Gas energy retailers buy gas in wholesale markets and package it with transmission and distribution (network) services for sale to customers. The energy retail sector is predominantly run by privately owned businesses. Significant vertical integration exists between energy retail markets and upstream energy production. The AusNet Group does not participate in gas retailing.

Regulatory Overview

Institutional Arrangements

The Energy National Cabinet Reform Committee (“**ENCRC**”) and the Energy Ministers’ Meeting (“**EMM**”) are Ministerial forums for the Commonwealth, States and Territories and New Zealand for collaboration on developing national energy policy. ENCRC and EMM were established following the cessation of the COAG in May 2020.

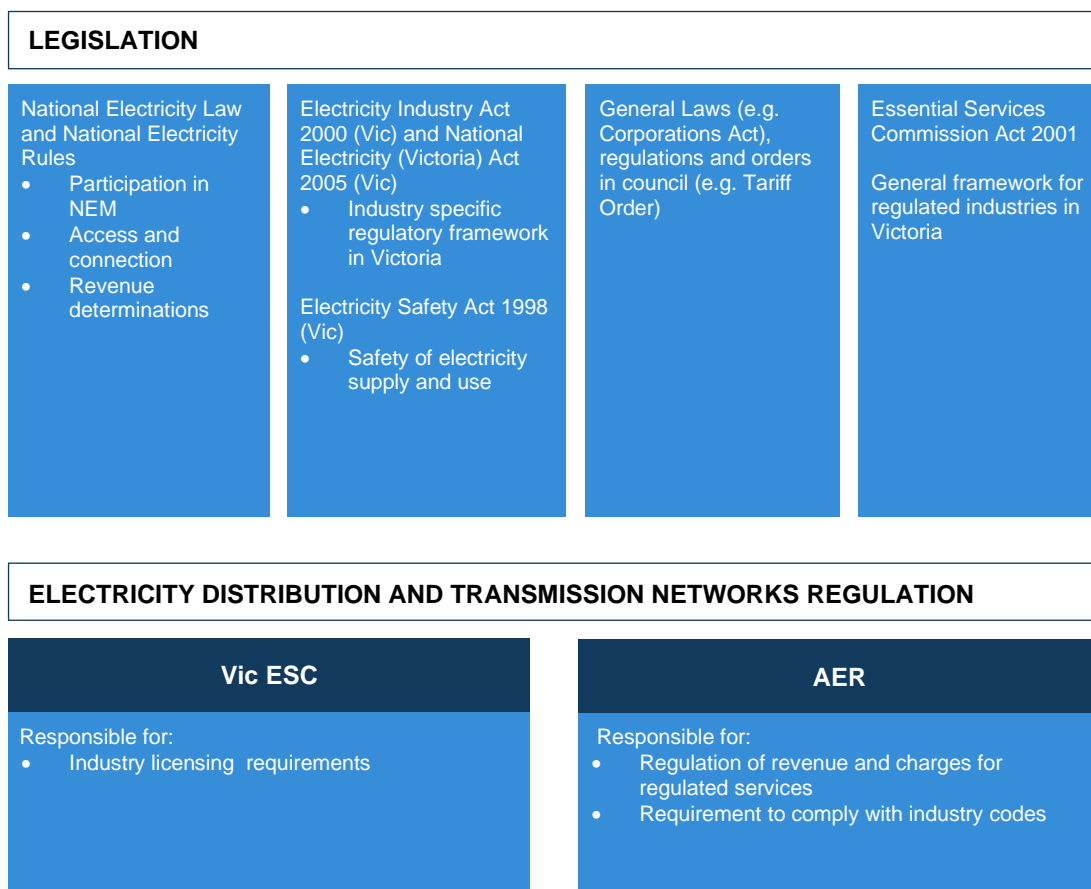
⁵ Source: AER State of the Energy Market 2023 page 165

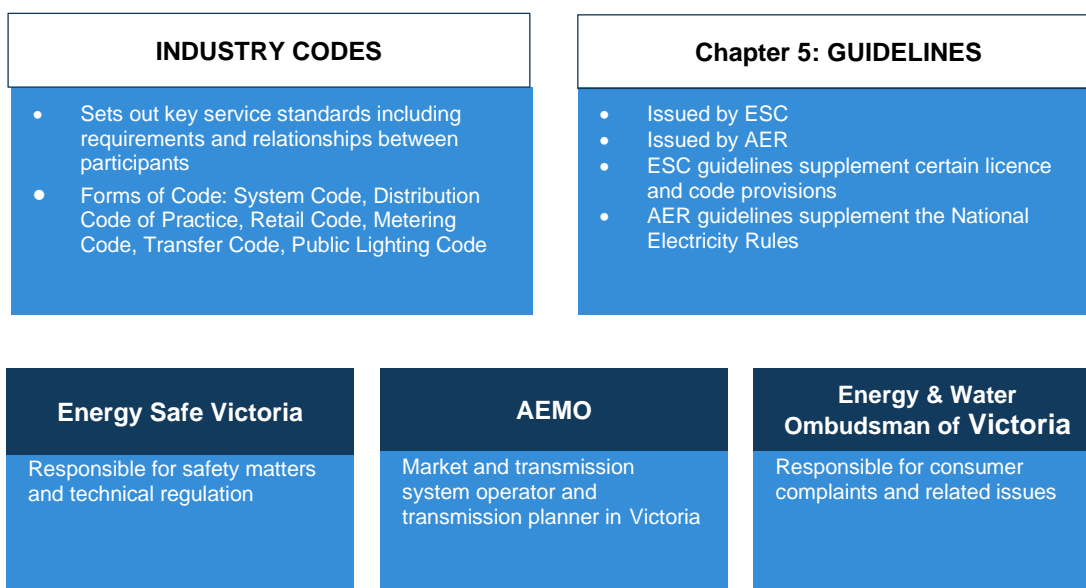
⁶ Source: AER State of the Energy Market 2023 page 159

The Energy Security Board (“**ESB**”) was established by the COAG Energy Council in August 2017 to provide whole-of-system oversight for energy security and reliability. In 2023, it was replaced by the Energy Advisory Panel comprised of the most senior leaders of the AEMC, AER and AEMO with the ACCC Energy Commissioner as an observer.

The AEMC is responsible for rulemaking and market development. The AER is responsible for the economic regulation of energy networks and rule enforcement. The AEMO administers the operation of the NEM and gas markets in Australian States and Territories, other than the Northern Territory, and performs national transmission planning and transmission planning for Victoria. The establishment and functions of these bodies were provided for by the Commonwealth and the States and Territories of Australia in the AEMA.

The chart below illustrates key legislation, codes and guidelines that apply to electricity industry participants in Victoria.





Source: The AusNet Group.

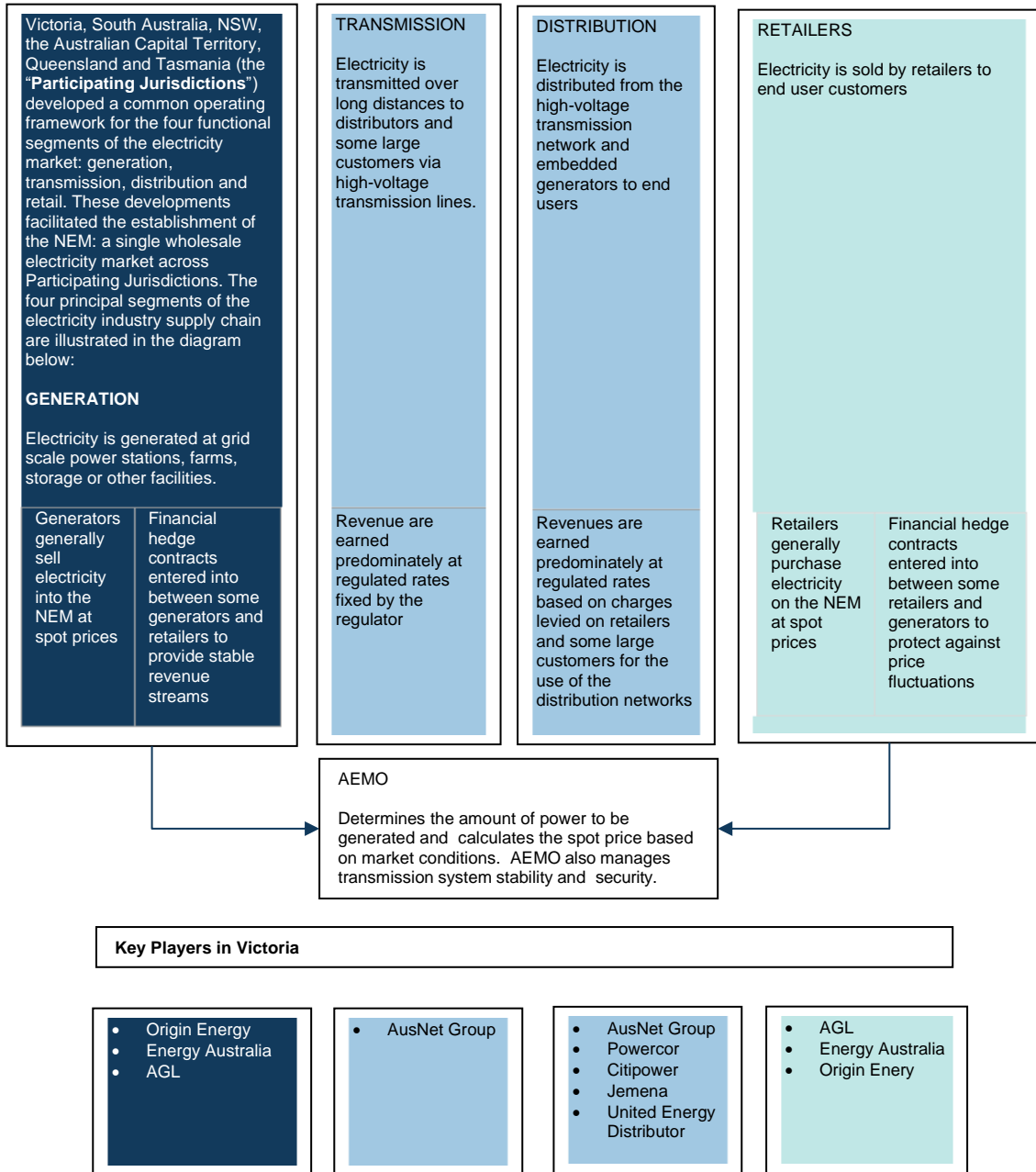
While the Victorian ESC retains general regulatory authority over Victorian electricity regulatory instruments (including the power to modify them), the AER now administers and ensures compliance with various aspects of Victorian electricity regulatory instruments (for example, economic regulation of transmission and distribution networks). The ESC was established under the ESC Act with the primary objective of protecting the long-term interests of Victorian consumers with regard to the price, quality and reliability of essential services.

The ESC's (and the AER's, where exercising Victorian jurisdictional powers) general regulatory powers are set out in the ESC Act and are applied to the Victorian electricity industry by the EIA. The EIA sets out the

ESC's powers with respect to licensing and service regulation. Entities are required to hold a licence (or a licence exemption) from the ESC before they can engage in the generation of electricity for sale or supply or the transmission, distribution, supply or sale of electricity in Victoria. As an electricity transmitter and distributor, the AusNet Group holds both transmission and distribution licences.

Legislative Framework for Electricity

National Electricity Market



Source: The AusNet Group.

A co-operative Commonwealth, State and Territory legislative framework is in place to govern the operations of the NEM. The current governance framework of the NEM and oversight of the COAG Energy Council were provided for in the AEMA.

The present framework works through “lead” legislation enacted in South Australia: the National Electricity (South Australia) Act 1996. The National Energy Law (“NEL”) is a schedule to the National Electricity (South Australia) Act 1996 which is applied as the law in the other NEM participating jurisdictions through “application Acts”. The NEM legislative framework is made up of other key legislation. These include the National Electricity (South Australia) Regulations, the National Energy Rules (“NER”) made under the NEL, Part IIIAA of the CCA establishing the AER, and the Australian Energy Market Commission Establishment Act 2004 of South Australia. The NEL regulates the NEM and operates simultaneously with State-based regulation of the electricity industry.

The NEL requires that persons owning, controlling or operating a generation system connected to the National Grid, or a transmission or distribution system comprising part of the National Grid must be registered with the AEMO or exempted from registration in accordance with the NER. Purchasers of electricity through the wholesale spot market (i.e., retailers and large industrial customers) must also be registered or exempted from registration.

The transmission revenue setting and pricing rules are contained in Chapter 6A of the NER and those for electricity distribution are in Chapter 6. The NER provides a detailed process for revenue proposals, including with respect to the expected content of such proposals and the timeframe and substance of the AER response. In addition, the AER is required to publish the basis and its underlying rationale for regulatory decisions.

Electricity Industry Act 2000 (Vic) and National Electricity (Victoria) Act 2005 (Vic)

In addition to the legislation governing the NEM, each jurisdiction has its own State legislation governing the electricity sector. For example, in Victoria the EIA provides, among other things, for the licensing of electricity businesses operating in that jurisdiction.

The NEVA sets out Victorian-specific modifications to the national economic regulatory framework, including establishing the Victorian fire start reduction incentive scheme. In February 2020 the NEVA was amended to enable the Victorian Energy Minister to require the AEMO or other Declared Transmission System Operators (including the AusNet Group) to plan, carry-out or operate an augmentation. The amendment also includes cost recovery provisions for costs related to these augmentations.

In December 2020 the NEVA was amended to enable the Minister to introduce new licence conditions for Victorian electricity and gas licence holders.

Electricity Transmission Licence

A member of the AusNet Group holds an electricity transmission licence in Victoria issued in October 1994 with no expiry date. The licence authorises the licensee to transmit and supply electricity using the AusNet Group’s electricity transmission system subject to certain conditions. The ESC may revoke the licence at any time upon providing 20 business days’ notice if the AusNet Group does not comply with an enforcement order or undertaking and the ESC determines that the revocation is necessary to achieve the policy objectives under the EIA or the ESC Act.

The licence contains provisions relating to network augmentation and the connection of generators, distributors and end users to the AusNet Group’s transmission system. Further, the licensee must comply with the NER, which regulates the provision of shared transmission network services and connection to the transmission network by generators, distributors and end users. The AusNet Group monitors its licence compliance obligations through its corporate compliance system.

Transmission Network Augmentation

The AEMO is responsible for planning and procuring new capacity for the shared electricity transmission network in Victoria. The shared electricity transmission network in Victoria is composed of assets operating at 220 kV or above that supply more than one connection point. For connection assets linking energy networks, planning accountability resides with the relevant generation and distribution companies and large consumers. The AEMO is required to seek contestable bids from transmission providers for any major new shared transmission asset. The NER determine whether a project is contestable. Smaller projects with a cost of less than A\$10 million, or projects that require heavy integration with the existing AusNet Group transmission assets, may be treated as non-contestable.

Contestable transmission augmentation is not subject to economic regulation under the NER. Revenue for contestable augmentation services is determined under a separate take-or-pay contract covering the life of the service (generally around 30 years).

Augmentation proposals for non-contestable projects are generally subject to terms that reflect the fact the services are subject to economic regulation under the NER as either prescribed or negotiated transmission services. For prescribed transmission services a separate service contract covers the period from the installation of the asset to the end of the applicable regulatory reset period. The new asset is added to the RAB from the commencement of the subsequent regulatory period. This is reflected in the revenue cap for regulated transmission services, determined by the AER for the new period.

In February 2021, the Victorian State Government announced the establishment of certain funding commitments ("**REZ Fund**") to support six new renewable energy zones ("**REZs**") in the State of Victoria, and the establishment of a new entity to be called VicGrid to plan, (among other functions), develop and release a Victorian Transmission Plan and eventually subsume AEMO's Victorian planning powers. The development of the REZs is expected to support an additional approximately 5.4GW of renewable largescale generators and distributed energy resources of investment in furtherance of the Victorian State Government's 2030 renewable energy targets.

The Victorian State Government released details of projects for immediate funding under the REZ Fund in August 2021 (including procurement and cost recovery models).

In February 2023, the Victorian Government made orders under the NEVA to help fast-track VNI West in recognition of the critical role it will play. The NEVA Order confers upon AEMO Victorian Planning functions which include the assessment of alternate options to the preferred options (for both the Western Renewable Link and VNI West) to expedite the development and delivery of those projects.

Electricity Distribution Licence

A member of the AusNet Group holds an electricity distribution licence in Victoria issued in October 1994 with no expiry date. The licence authorises the licensee to distribute electricity in its distribution area subject to certain conditions. These include requirements that the licensee:

- provide specified distribution services to electricity users within the distribution area, including connection services, services to other distributors and public lighting services;
- offer to enter into a default use of system agreement (approved by the ESC) for the use of its distribution network on request by a retailer. Alternatively, the licensee and a retailer may negotiate their own terms for the use of the distribution network; and
- comply with a number of codes and guidelines issued by the ESC. The most important of these codes and guidelines is the Electricity Distribution Code, which regulates the provision of distribution services and connection to the AusNet Group's distribution network by electricity users.

The licence was last varied (to reflect the decision published by the Commission to implement the new Electricity Distribution Code of Practice, effective 1 October 2022). This variation was to remove redundant provisions and streamline obligations.

On 28 October 2020 the Electricity Industry Act 2000 was amended to allow AusNet's distribution licence to be amended by Ministerial Order. The following Ministerial licence conditions have been gazetted since this date:

- Amending the Electricity Distribution Code of Practice to require Guaranteed Service Level (GSL) payments to be made in relation to the June 2021 storms (gazetted 18 November 2021).
- Specified timelines for the connection of greenfield developments (gazetted 21 December 2023).
- Implementation of the Victorian Emergency Backstop Mechanism (ensuring new and replacement solar systems connected to distribution networks can be remotely interrupted or curtailed), in two stages:
 - Stage 1 – New and replacement solar generating units >200kW (gazetted 11 October 2023)
 - Stage 2 – New and replacement solar generating units 200kW and below (gazetted 31 January 2024).

The ESC may revoke the licence at any time upon providing 20 business days' notice if the licensee does not comply with an enforcement order or undertaking and the ESC decides that the revocation is necessary to achieve the policy objectives under the EIA or the ESC Act. The AusNet Group monitors its licence compliance obligations through its corporate compliance system.

Cross-Ownership and Ring-Fencing in Electricity

The cross-ownership rules in the EIA for the energy sector in Victoria were repealed in 2013, thereby removing restrictions on cross-ownership in the electricity sector in Victoria. The provisions of the CCA continue to apply to any proposals for vertical integration of production and network infrastructure.

The AER's transmission ring-fencing guidelines prevent a transmission entity carrying on a related business, including a distribution business, unless a waiver is granted. Such a waiver was granted to the AusNet Group in March 2005, taking into account the role of AEMO and the Victorian distribution businesses in network planning and directing network augmentation. TasNetworks was also granted a waiver by the AER in 2014 on the basis that there is little public benefit in requiring TasNetworks to maintain legally separate transmission and distribution businesses.

In August 2019, the AusNet Group applied to the AER for this waiver to be revoked, as AusNet Transmission Group (the transmission business) had become operationally separate from AusNet Electricity Services (the electricity distribution business). Therefore, AusNet Group was compliant with the AER's transmission ring-fencing guidelines and the waiver was no longer required. The AER formally revoked this waiver on 2 December 2019.

In March 2023, the AER published new Electricity Transmission Ring-fencing Guidelines. The Guidelines ensure that no anti-competitive practices such as cross-subsidisation and discrimination emerge for new services provided by some transmission networks (e.g. battery storage).

The AER published ring-fencing guidelines for electricity distribution in November 2016. A transition period was in place until December 2017. Measures imposed by the guideline include legal separation of the distribution entity, separate accounting and cost allocation obligations. An annual compliance report is required to be produced. The ring-fencing guidelines were amended

by the AER on 17 October 2017 to clarify definitions to avoid unintended consequences. On 19 August 2019 the AER commenced a review of the distribution ring-fencing guidelines, which will update the guidelines, strengthen some provisions and reduce the administrative burden of compliance. On 3 November 2021 the AER published the final Ring-fencing Guideline (guideline) and Explanatory Statement (Version 3). DNSPs must comply with this version of guideline from 3 February 2022.

Legislative Framework for Gas

National Gas Access Regime

The current legislative regime for the gas sector is comprised of jurisdiction specific legislation (such as the GIA), and national legislation governing the regulation of gas networks and pipelines. The National Gas (South Australia) Act 2008, to which the NGL is a schedule, and the NGR made under the NGL replaced the regulatory regime under the National Gas Code and the market and system operation rules which formerly governed the Victorian wholesale gas market. Under the NGL and the NGR, the AER has responsibility for approving the access arrangement proposed by the AusNet Group for each regulatory period. Where the proposed arrangement is not approved by the AER, the AER may make an alternative access arrangement which will apply for the regulatory period. The approved reference tariffs form part of the approved access arrangement.

Gas Industry Act 2001 (Vic)

The GIA establishes the functions of the key Victorian regulatory bodies (including where exercised by the AER) in the industry and provides for the establishment of regulatory instruments, including the gas distribution and retail licences. The ESC is responsible for licensing participants in the Victorian gas industry.

Gas Regulatory Framework

The chart below illustrates key legislation, codes and guidelines that apply to gas industry participants in Victoria.

LEGISLATION

<p>National Gas Law and National Gas Rules</p> <ul style="list-style-type: none"> • Access • Regulation of Victorian wholesale and retail gas markets • Access engagement decisions 	<p>Gas Industry Act 2001</p> <ul style="list-style-type: none"> • Industry specific regulatory framework in Victoria • Gas safety 	<p>General Laws (e.g. Corporations Act), regulations and orders in council (e.g. Tariff Order)</p>	<p>Essential Services Commission Act 2001</p> <p>General framework for regulated industries in Victoria</p>
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GAS DISTRIBUTION AND TRANSMISSION NETWORKS REGULATION

<p>Vic ESC</p> <p>Responsible for:</p> <ul style="list-style-type: none"> • Industry licensing requirements 	<p>AER</p> <p>Responsible for:</p> <ul style="list-style-type: none"> • Regulation of tariffs for reference services • Governing third party access • Requirement to comply with industry Codes
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CODES AND GUIDELINES

- Gas industry participants must hold a licence
- National Gas Rules prescribe the minimum standards for the operation and use of the distribution system

<p>Energy Safe Victoria</p> <p>Statutory authority responsible for monitoring gas safety standards</p>	<p>AEMO</p> <p>Market and transmission system operator</p>	<p>Energy & Water Ombudsman of Victoria</p> <p>Responsible for consumer complaints and related issues</p>
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Source: The AusNet Group.

Gas Distribution Licence

A member of the AusNet Group holds a gas distribution licence in Victoria issued in December 1997 with no expiry date. The licence authorises the licensee to distribute gas in its distribution area subject to certain conditions.

In particular, the licensee must comply with a number of codes and guidelines issued by the ESC including the Victorian Gas Distribution System Code, which prescribes minimum standards for the operation and use of the distribution system.

The ESC may revoke the licence at any time upon providing 20 business days' notice if the licensee does not comply with an enforcement order or undertaking and the ESC decides that the revocation is necessary to achieve the policy objectives under the GIA and the ESC Act. The AusNet Group monitors its licence compliance obligations through its corporate compliance system.

Cross-Ownership in Gas

The cross-ownership restrictions in the GIA were repealed in 2013. The repeal removed restrictions on cross- ownership in the gas sector in Victoria. The general anti-competitive provisions of the CCA continue to apply to conduct in respect of any vertical integration of production and distribution infrastructure.

Access — Electricity and Gas

Since the early 1990s, the competitive elements of the energy market (i.e. retail and generation) have become increasingly separated from the monopoly networks (i.e. transmission and distribution). This disaggregation was driven in part by the National Competition Policy (a programme of microeconomic reform embarked upon by all Australian jurisdictions in 1995). While typically vertically integrated electricity utilities no longer exist, in recent years there has been significant reintegration of the market sectors through firms combining generation and retailing activities. In some Australian States there is still common government ownership of disaggregated electricity businesses. In Victoria and South Australia, and to a more limited extent in Queensland and NSW, previously State-owned electricity enterprises have been privatised. Similar disaggregation and privatisation also occurred in the gas industry in some jurisdictions.

Together with these reforms, arrangements were introduced for access to networks, including independent price regulation for networks with monopoly characteristics. The arrangements for the gas and electricity sectors evolved separately.

Economic Regulation

Summary of Regulatory Oversight of the AusNet Group's Business

The principal legislation and the role of each regulatory body responsible for economic regulation of the existing AusNet Group business is set out below. The assets in the table below are all subject to regular regulatory determinations in relation to the revenue able to be charged for core services. The regulatory pricing periods are generally five years for all three networks.

Sector	Primary Legislation	Economic Regulator
Victorian electricity transmission (AusNet Group)	National Electricity Law National Electricity Rules National Electricity (Victoria) Act 2005 (Vic) Electricity Industry Act 2000 (Vic)	AER
Victorian electricity distribution (AusNet Group)	National Electricity Law National Electricity Rules	AER

Sector	Primary Legislation	Economic Regulator
	National Electricity (Victoria) Act 2005 (Vic)	
	Electricity Industry Act 2000 (Vic)	
Victorian gas distribution (AusNet Group)	National Gas Law National Gas Rules National Gas (Victoria) Act 2008 (Vic)	AER

Note:

Although the ESC is not listed as the primary economic regulator in the table above, it is still a relevant regulator for some aspects of the economic regulation of the three networks and non-economic aspects of the Electricity Industry Act and National Gas (Victoria) Act.

The approach to price regulation is similar for networks in the electricity and gas sectors (although for gas, this is a component of the approved access arrangement, rather than a stand-alone determination). This is commonly referred to as an “incentive-based” regulatory regime, where price caps or revenue caps are set for a period of typically five years and the network business is able to retain some of the benefits of efficiency gains arising from out-performance of the cost assumptions underlying the price/revenue cap.

The incentive for the AusNet Group’s regulated businesses is to reduce costs below the cost assumptions in the applicable revenue or price cap. In association with this incentive to reduce costs the regime includes monitoring of the business against target levels of service, and in some cases the inclusion of financial incentives to meet these target levels.

The revenue requirement for the regulated business is calculated according to a building block approach which provides for a target revenue stream that is designed to cover on-going operations and maintenance costs, depreciation, and a return on assets, calculated by reference to the business’s WACC. Network charges derived using the building block approach are averaged over the five-year regulatory period to minimise any price volatility for end customers. Electricity transmission and distribution revenue is recovered as a fixed amount and is not affected by usage volume. Currently, the revenue requirement for the gas distribution business is converted to a price cap, having regard to forecast volume.

Regulators

Since 1997, the economic regulation of transmission networks has been undertaken by a national regulator (formerly the ACCC and now the AER). Amendments to the NEL enabled the transfer of the economic regulation of electricity distribution to the AER from 1 January 2008. Previously, this role was undertaken in Victoria by the ESC. Economic regulation of gas distribution transferred to the AER under the national regulatory arrangements for gas. The AER’s most recently completed price review for an AusNet Group network was the gas distribution access arrangement determination, which applies from 1 July 2023 until 30 June 2028.

Regulated Investments

Nationally, almost all shared use electricity network infrastructure is regulated and, although the arrangements in the electricity sector have provided for both merchant and regulated transmission investments since inception, almost all investments made are regulated or have been converted

to regulated investments. In Victoria, however, separation of responsibility for transmission network planning and ownership provide for the contestable delivery of augmented transmission network services. More recently, other States have or are considering contestable processes for the large pieces of transmission infrastructure required to be built to enable the renewable energy transition.

The arrangements for the gas sector similarly allow for non-regulated investment (regulated pipelines are referred to as “covered”). However, unlike the electricity sector, there has been a trend towards unregulated services for gas transmission. A number of major pipelines have been subject to decisions to impose or revoke coverage after review by the National Competition Council, which makes decisions as to whether such pipelines will be subject to economic regulation.

Electricity Transmission Revenue Determination Process

Transmission revenue for prescribed services is regulated under an incentive-based framework with the establishment of annual revenue caps over the regulatory control period. The building block approach is applied, providing for a target revenue stream that is designed to cover on-going operating and maintenance costs, depreciation and a return on assets, calculated by reference to the transmission business’s WACC.

The revenue determination process is set out in Chapter 6A of the NER. Chapter 6A was amended on 29 November 2012 as part of a wider change to the NER to improve economic regulation of network businesses. The following paragraphs describe the process as it presently applies to the AusNet Group’s transmission business.

The review process commences with the transmission company submitting a detailed proposal that outlines the costs expected to be incurred in delivering an efficient transmission service and defines the services to be provided which includes input from customers following consultation. The regulator reviews this submission in detail. In the course of reaching its final decision on the regulated revenue cap for electricity transmission, the AER adopts a consultative process with all relevant stakeholders in order to reach a well-informed and balanced judgment.

After considering all relevant information and completing the first consultative process, the AER releases a draft decision, to which the transmission business may provide a response together with a revised revenue proposal to address matters raised in the draft decision. The response, and submissions received from interested stakeholders on the draft decision, are considered by the AER before it makes its final decision.

Amendments to the NEL made in 2007 introduced a regime for limited merits review of regulatory decisions under the NEL, the National Electricity (South Australia) Regulations or the NER, however, in October 2017, the ability of networks to access these provisions was abolished. However, judicial review remains an option.

The AER may revoke a revenue determination or amend a pricing methodology during a regulatory control period and make a new one where it appears to the AER that the total revenue cap was set, or the pricing methodology approved, on the basis of information that was false or misleading in a material particular, or if there was a material error in the revenue cap or methodology.

The AER delivered a final decision on AusNet Group’s electricity transmission network’s regulated revenues for 2022/23 – 2026/27 in January 2022. Revenue will be updated every year to incorporate prevailing debt rates for 10% of the debt portfolio.

In July 2020 AusNet submitted a cost pass through application to recover expenditure associated with a 500kV transmission line tower collapse that occurred in January 2020. A decision was published on 29 September 2020, amending revenues for 2021/22.

Electricity Distribution Price Determination Process

The prices charged by electricity distribution businesses are regulated by the AER under a number of regulatory instruments.

Since 1 January 2016, electricity distribution revenue for prescribed services is regulated under a revenue cap regime, with revenues determined under an incentive-based framework. A building block approach is used by the AER, which provides for a target revenue stream that is designed to cover on-going operating and maintenance costs, depreciation, and a return on assets, calculated by reference to the distributor's WACC.

The regime offers electricity distribution companies the opportunity to realise and capture some efficiency gains.

From 1 January 2016, metering services have also been governed under the NEL and NER as alternative control services ("**Alternative Control Services**") with a revenue cap.

Regulated revenues are calculated for a minimum of five years. Amendments to the NEL enacted in 2007 provide for limited merits review of regulatory decisions; however, in October 2017 the ability of networks to access these provisions was abolished. However, judicial review remains an option.

The AER may revoke a distribution determination during a regulatory control period and make a new one where it appears to the AER that a determination is affected by a material error or deficiency that is a clerical mistake or accidental slip or omission, a miscalculation or misdescription, a defect in form, or a deficiency resulting from the provision of false or materially misleading information.

In May 2020, the AusNet Group submitted a cost pass through application to recover expenditure associated with the summer 2019-20 Victorian bushfires. A decision was published on 6 November 2020, approving additional revenue recovery in the 2021/22-2025/26 regulatory control period.

In November 2021, the AusNet Group submitted a cost pass through application to recover expenditure associated with the intense June storms experienced in the Dandenong Ranges and South Gippsland earlier in the year. A decision was published on 14 January 2022, approving additional revenue recovery in the 2021/22-2025/26 regulatory control period.

In March 2022, the AusNet Group submitted a cost pass through application to recover expenditure associated with a major storm which occurred on 29 October 2021. A decision was published on 22 June 2022, approving additional revenue recovery in the 2021/22-2025/26 regulatory control period.

On 2 February 2024 the AusNet Group submitted a cost pass through application to recover expenditure incurred to implement the Victorian Emergency Backstop Mechanism, as required by the Victorian Government. A decision on this application has not yet been made by the AER.

Economic Regulation of Gas Distribution Networks

Under national regulatory oversight arrangements which apply under the NGR, the AER is responsible for regulating gas distribution tariffs pursuant to the National Gas Law ("**NGL**"). This is undertaken as a component of approving the proposed access arrangement to apply in the access arrangement period. In approving gas distribution tariffs, the AER must also consider the general pricing principles in the NGL. The gas distribution networks are currently price-cap regulated with a building block approach used to derive tariffs.

Each Victorian gas distributor must submit a proposed access arrangement for its distribution network for approval by the AER, who may require changes if it is not satisfied that the arrangement meets the requirements of the NGL and NGR. The approved access arrangement establishes the tariff variation mechanism that is applied to adjust tariffs until the next regulatory reset, as well as

outlining any principles to be used to review distribution tariffs at subsequent resets. The AusNet Group's current access arrangement was approved by the AER with effect from 1 July 2023.

Economic Regulation of Gas Transmission Networks

The AER is currently responsible for overseeing third-party access to gas transmission networks, including the approval of access arrangements in accordance with the NGL. As reported on the AER website, the functions of the AER include:

- consideration and approval of access arrangements submitted by service providers under the NGL, monitoring and enforcing reference tariffs, ring-fencing, incentive regulation and other access arrangement provisions;
- arbitrating disputes relating to the terms and conditions of access;
- overseeing competitive tendering processes for new transmission pipelines; and
- contributing to the on-going refinement of the national framework for access to transmission and distribution infrastructure in the gas industry.

Technical Standards

In addition, energy network businesses are subject to technical regulation, which is independent of the economic regulatory regime. Technical regulation is the domain of separate specialist regulatory bodies and focuses on the safe operation of the network. There are regulatory bodies responsible for technical regulation of electricity metering services and separate bodies responsible for handling consumer complaints and related issues in the energy sector. For example, Energy Safe Victoria is responsible for the technical regulation of electricity and gas infrastructure in Victoria.

Other Regulation

In addition to gas and electricity specific regulation, the AusNet Group is subject to a range of general regulatory and legal requirements including those relating to the environment, occupational health and safety, land use and access, native title and cultural heritage.

Regulatory Reforms

The current arrangements relating to national economic regulation of the gas and electricity sectors are described above.

Service-related incentive arrangements have been assuming increased prominence in regulatory development, for both electricity transmission and distribution. The AER has determined a market impact incentive scheme for transmission businesses which the AusNet Group has applied since August 2011. Since 2012, an f-factor scheme aimed at providing incentives to reduce the risk of fire starts and to reduce the risk of loss or damage caused by fire starts has applied to AusNet's electricity distribution network. Since 2016 this has featured tiered rewards/penalties to reflect bushfire risk levels in different locations, with incentive rates per fire incident ranging from A\$300 to A\$1.5 million. A Customer Satisfaction Incentive Scheme has applied to AusNet distribution network from 1 July 2021. The Customer Satisfaction Incentive Scheme provides financial rewards or penalties of up to 0.5% of annual revenue for customer experience performance across unplanned outages, planned outages, new connections and complaints. This is measured through an ongoing survey of customer satisfaction. AusNet received a reward of \$775,170 for performance in the 2021/22 regulatory year and \$296,255 for performance in the 2022/23 regulatory year.

The regulatory framework within which the AusNet Group operates continues to evolve. Generally speaking, regulators are also seeking more information regarding operating and capital costs and are becoming more willing to make their own assessments about the requirements of regulated

businesses in respect of matters such as asset augmentation, replacement, maintenance and operation.

Victoria has not sought, at this stage, to adopt the National Electricity Customer Framework (“NECF”) established in 2011. The National Energy Retail Law deals primarily with:

- the retailer-customer relationship and associated rights, obligations and consumer protection measures; and
- distributor interactions with customers and retailers and associated rights, obligations and consumer protection measures.

However, the Victorian Government adopted the retail customer connections component of the NECF, commencing July 2016. This governs the connection application, offer and charging arrangements for connection services.

A number of other relevant regulatory reviews are in progress or were recently completed, including but not limited to:

- **Ring-fencing guidelines for Electricity Transmission** – In March 2023, the AER published new Electricity Transmission Ring-fencing Guidelines. The Guidelines ensure that no anti-competitive practices such as cross-subsidisation and discrimination emerge for new services provided by some transmission networks (e.g. battery storage).
- **National Laws Enforcement and Penalties Framework** – South Australian Parliament passed legislation in January 2021 to strengthen the AER’s enforcement regime, including extending and increasing civil penalty provisions and enhancing the AER’s information gathering powers.
- **2022 Rate of Return Instrument** – The AER has commenced consultation on specific topics in the lead up to its 2022 Rate of Return Instrument which was finalised in February 2023. This is binding on networks and the AER and will impact regulated returns in regulatory determinations made after this date.
- **Review of Transmission Incentive Schemes** – The AER initiated review of the Market Impact Component and Network Capability Incentive Parameter Action Plan components of the Transmission STPIS in December 2023.
- **Export Service Incentive Scheme** – In June 2023, the AER published a small scale incentive scheme allowing DNSPs to propose bespoke incentives related to export services. If accepted by the AER as part of a regulatory determination, this could result in annual financial rewards (or losses) of up to 0.5% of revenue.

Civil penalty exposure under the compliance and enforcement framework AusNet operates under is evolving. ESC (Compliance and Enforcement Powers) Amendment Act 2021 commenced on 1 December 2021. This legislation substantially expanded the ESC’s enforcement powers and created the framework for substantial increases in the scope and materiality of civil penalties. The subsequent Energy Legislation Amendment (Energy Fairness) Act 2021 specified a number of additional clauses of the Electricity Distribution Code and the Gas Distribution System Code as ‘civil penalty requirements’, focused on consumer protection issues. In July 2022 the Victorian Electricity Industry (Penalty Regime) Regulations 2022 and Gas Industry (Penalty Regime) Regulations 2022 commenced. These set a maximum penalty amount of \$11.1 million for Tier 1 breaches and \$1.5m for Tier 2 breaches.

The ESC has replaced the Electricity Distribution Code with the Electricity Distribution Code of Practice with an increased number of obligations subject to civil penalty requirements. The ESC is currently reviewing the Gas Distribution Code, which will also be converted to a Code of Practice.

Business of the Group

Group Overview

The Group is a diversified energy infrastructure business that owns and operates the AusNet Group's Electricity Transmission Network, as well as an electricity distribution network in eastern Victoria and a gas distribution network in western Victoria. The AusNet Group has also established an unregulated business, Development & Future Networks, which provides contracted infrastructure asset and energy services, as well as a range of asset and utility services to support the management of electricity and gas networks. Many of these services continue to be provided under the Mondo brand.

The Group's total consolidated revenues were A\$2,201.1 million for the year ended 31 December 2023, of which 83% was regulated. As the primary provider of electricity transmission services in Victoria, the AusNet Group receives regulated revenues based on the regulated price path as determined by the AER. For the year ended 31 December 2023, total transmission revenues were A\$639.9 million (prior to inter-segment eliminations). As one of five providers of electricity distribution services and one of three providers of gas distribution services in Victoria, the AusNet Group receives regulated revenues as determined by the AER based on actual usage by end users of the distribution networks. From 1 January 2016, electricity distribution is subject to a revenue cap, meaning that any revenue outperformance or underperformance arising from volume differences is adjusted in subsequent tariff rates. Total electricity and gas distribution revenues were A\$1,313.7 million (prior to inter-segment eliminations) for the year ended 31 December 2023. As a provider of unregulated infrastructure services and specialist utility related solutions, Development & Future Networks contributed revenue from third parties of A\$259.6 million (prior to inter-segment eliminations) for the year ended 31 December 2023 (A\$285.2 million total revenue including lease interest income for the year ended 31 December 2023).

The AusNet Group's estimated total Regulated/Contracted Asset Base was A\$12.5 billion as at 31 December 2023, consisting of electricity transmission of A\$3.8 billion, electricity distribution of A\$5.5 billion, gas distribution of A\$1.9 billion and contracted transmission assets, including the Victorian desalination contract, of A\$1.3 billion. The RAB, which is the majority of the Regulated/Contracted Asset Base, is an estimate that is subject to review by the relevant regulators.

AusNet Group's Growth Strategy

During the year ended 31 December 2023, 83% of the AusNet Group's revenue came from regulated sources, and while the AusNet Group remains focused on the continued growth in the regulated networks, diversified growth is also targeted by Development & Future networks in the following key areas:

- **Negotiated and contracted infrastructure** – The development of negotiated and contracted transmission and distribution connections and other infrastructure;
- **Energy Services (trading under the Mondo brand)** – Maintaining a metering business and a range of asset and utility services to support the management of electricity and gas networks while exploring an offering in the evolving distributed energy resources sector;
- **Emerging energy markets** – Seeking to commercially respond to changing customer behaviour and market opportunities arising from the increasing penetration of renewable energy supply through the provision of new services related to energy use, energy storage, energy efficiency and other niche services.

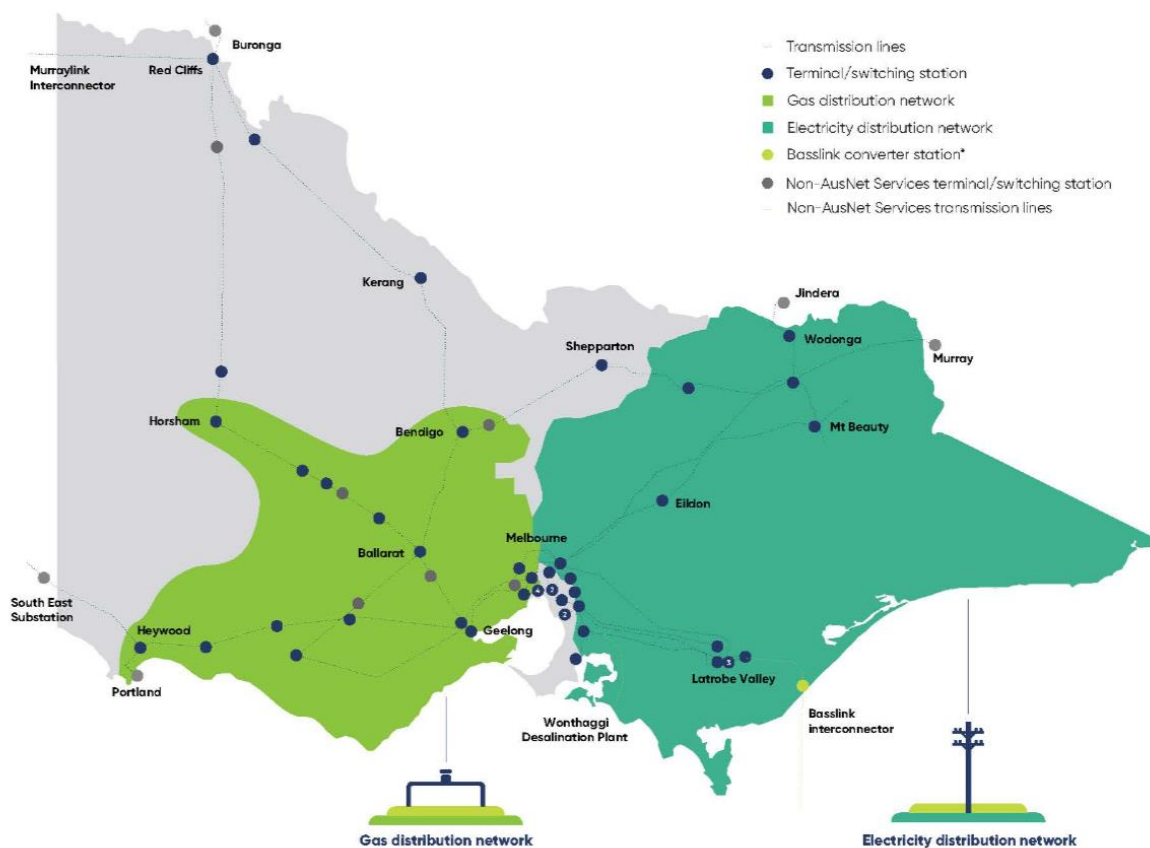
The AusNet Group assesses acquisition opportunities and other corporate transactions as they arise, along with pursuing opportunities for further organic growth in existing and related businesses.

Divisional Overview

Victoria, where the majority of the AusNet Group’s business and assets are located, is Australia’s second most populous State with an estimated resident population as at 30 June 2023 of 6.8 million (26% of Australia’s population), covering 227,600 square kilometres (87,800 square miles). While Victoria accounts for only 3% of Australia’s land mass, it is responsible for approximately 23% of Australia’s total Gross Domestic Product.⁷ The State of Victoria has an AA (Outlook Stable)/Aa2 (Outlook Stable) rating from S&P and Moody’s.

Electricity Transmission Network

The AusNet Group is the owner and manager of the AusNet Group’s Electricity Transmission Network, which is the primary Victorian regulated electricity transmission network. The Victorian transmission network is centrally located amongst the five eastern States of Australia that form the NEM and provides key links between the electricity transmission networks of South Australia, NSW and Tasmania. The Victorian electricity transmission network is illustrated in the following diagram.



Source: The AusNet Group.

⁷ Statistics obtained from Invest Victoria at https://www.invest.vic.gov.au/resources/statistics/economic-indicators#_ftn6

Note: Regulated transmission assets are the transmission assets in Victoria for which the AER is responsible for the economic regulation of revenues under chapter 6A of the NER. The diagram above also depicts non-regulated assets owned by AusNet.

The AusNet Group’s Electricity Transmission Network consists of approximately 6,578 kilometres of transmission lines and carries electricity at extra-high voltages from generators to terminal stations around Victoria, where the voltage is lowered for the local distribution companies to deliver electricity to homes and businesses.

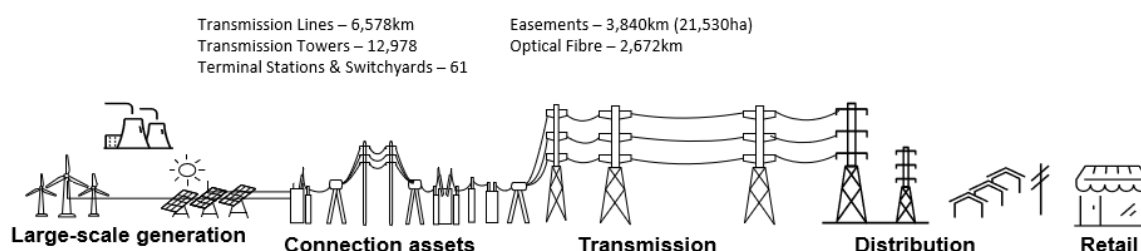
The AusNet Group is responsible for replacement of assets on its transmission network. The AEMO, generators and distribution businesses plan and direct network augmentation, with new transmission facilities and services open to contestability.

The AusNet Group typically owns its terminal stations and switchyard sites, but doesn’t own the corridors of land on which the AusNet Group’s lines are built. The AusNet Group has acquired on-going easements providing it the right to occupy those corridors of land with transmission lines. These easements provide access to the AusNet Group’s field crews for network maintenance and give the AusNet Group the authority to limit the activities that can take place on the land and to restrict what is grown or built on it.

The AusNet Group is undertaking asset replacement work and upgrades to several terminal stations.

The AusNet Group’s Electricity Transmission Network is regulated by the AER. The AusNet Group levies regulated transmission entry charges for connection to generator owners, exit charges for connection to distributors and customers taking supply at transmission voltages, and Common Service and Shared Transmission Service charges to the AEMO. The AusNet Group owns the transmission network and the right to provide transmission services throughout Victoria as provided for in its Electricity Transmission Licence. Charges for network augmentations to make new connections for generators are typically levied on these customers by the AusNet Group through negotiated agreements.

The following figure provides an overview of the AusNet Group’s electricity transmission assets as at 31 December 2023 (network statistics are approximate). The AusNet Group owns the electricity transmission assets and is one of five electricity distributors in Victoria. It does not participate in the electricity generation market or in the retail electricity market.



Source: The AusNet Group.

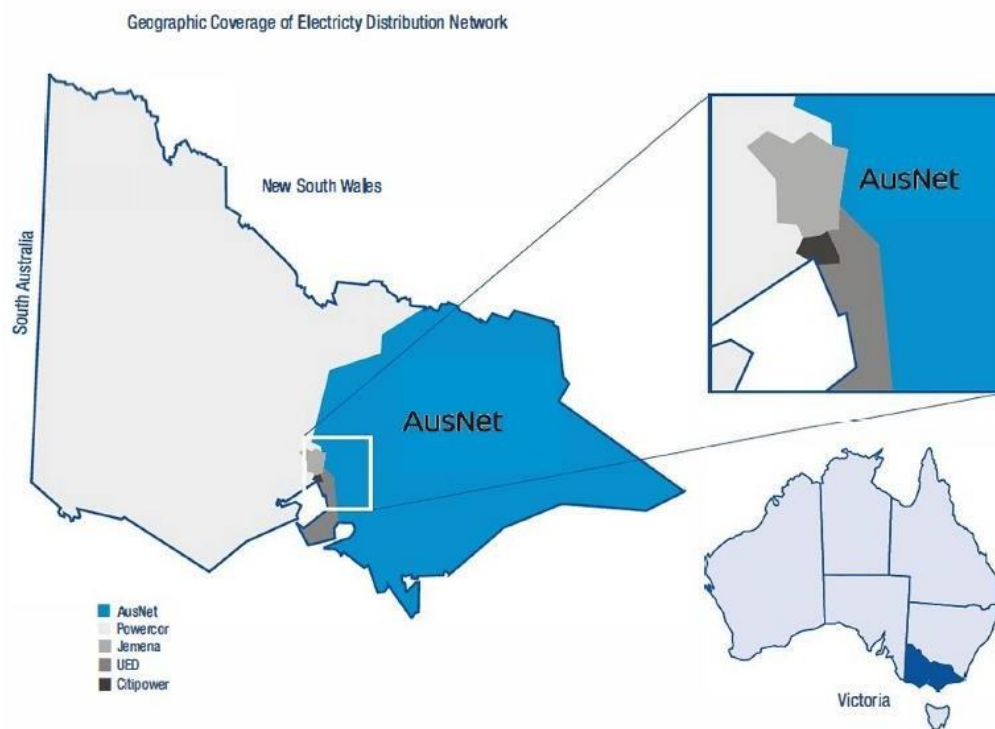
Electricity Distribution Network

As at 31 December 2023, the AusNet Group distributed electricity to approximately 817,000 customers. The AusNet Group’s electricity distribution network spans over 80,000 square

kilometres, covering eastern metropolitan Melbourne and eastern Victoria, and includes some of Melbourne’s areas of expected population growth such as South Morang, Lilydale, Beaconsfield and Narre Warren on the outskirts of metropolitan Melbourne.

This distribution network transports electricity from the AusNet Group’s high-voltage transmission grid to end users’ points of supply with approximately 39,100 kilometres of overhead lines, approximately 16,180 kilometres of underground cable, approximately 64,400 distribution transformers and 60⁸ zone substations.

The AusNet Group’s electricity distribution network is regulated by the AER. The AusNet Group levies regulated DUOs on retailers whose customers use the AusNet Group’s network. The AusNet Group owns the electricity distribution network and has rights to distribute or supply electricity within its licensed distribution area, which includes most of eastern Victoria. The AusNet Group is the only electricity distribution business licensed to operate in this area. The AusNet Group charges the same approved tariffs for electricity network usage regardless of which retailer sells the electricity to a customer in the AusNet Group’s electricity distribution area. The following illustration shows the geographic coverage of the electricity distribution network.



Source: The AusNet Group.

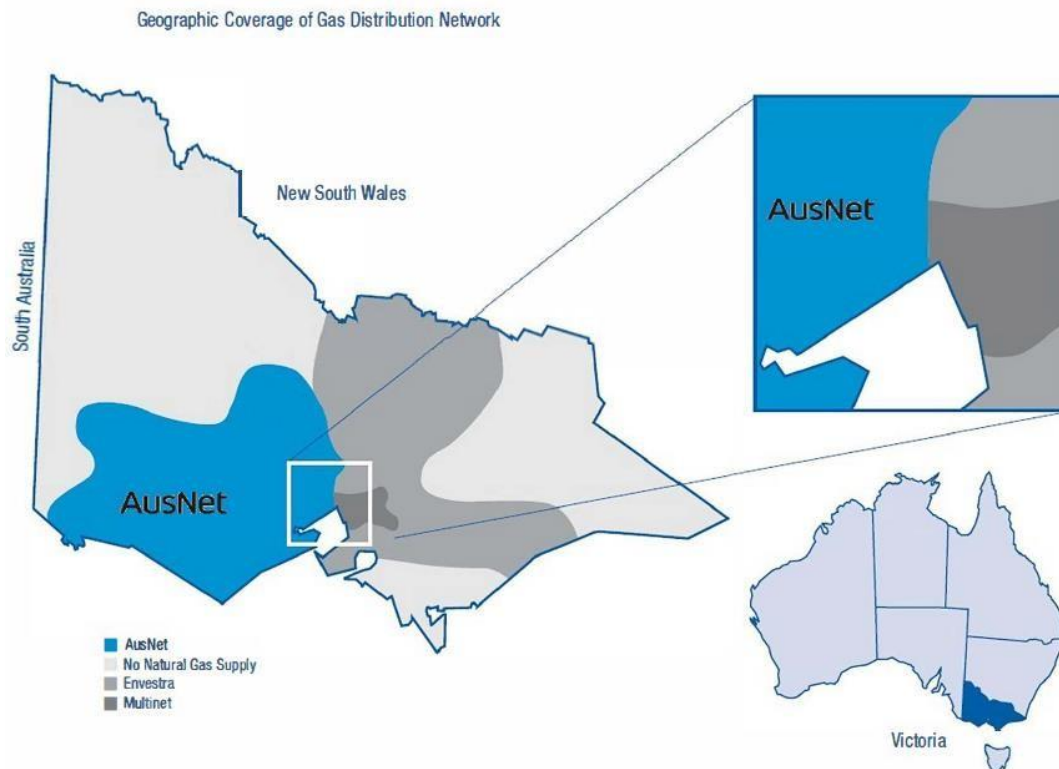
Gas Distribution Network

AusNet Group has approximately 809,000 consumers within its distribution network located in central and western Victoria. The AusNet Group’s gas distribution network consists of approximately 12,600 kilometres of distribution mains and 180 kilometres of transmission pipelines. The gas distribution network spans some of the significant areas of expected population growth in Melbourne and its surrounding areas.

⁸ Includes substations supplying active distribution customers; excludes non-AusNet substations and those supplying open-cut (mines) feeders.

The AusNet Group's gas distribution network's current access arrangement was approved by the AER and will remain in place until 30 June 2028.⁹ The AusNet Group levies regulated DUOs charges to retailers and some large distribution customers that use the AusNet Group's network. The AusNet Group owns the gas distribution assets and the right to distribute gas within its distribution area. The AusNet Group applies the same rates and charges for the same services, which is dependent on region and customer type, regardless of the retailer chosen by the consumer in its gas distribution area.

The following illustration shows the geographic coverage of the gas distribution network.



Source: The AusNet Group.

Development & Future Networks

Development & Future Networks is responsible for the AusNet Group's unregulated growth.

Development & Future Networks operates under both the Mondo brand, which was launched in December 2018, and also AusNet. The Mondo brand consolidated the pre-existing brands of Mondo Power and Select Solutions.

This Development & Future Networks business is focused on:

- **Negotiated and contracted infrastructure** – The development of negotiated and contracted transmission and distribution connections and other infrastructure;
- **Energy Services (trading under Mondo)** – Maintaining a metering business and the provision of asset intelligence solutions to customers predominantly within the utilities, government and telecommunications sectors while exploring an offering in the evolving distributed energy resources sector;

⁹ In October 2020 the Victorian Government passed legislation (National Energy Legislation Amendment Bill 2020) which extends the current Access Arrangement to end on 30 June 2028.

- **Emerging energy markets** – Seeking to commercially respond to changing customer behaviour and market opportunities arising from the increasing penetration of renewable energy supply through the provision of new services related to energy use, energy storage, energy efficiency and other niche services.

AusNet Group's Strengths

- **Essential Infrastructure** – As at 31 December 2023, the AusNet Group's transmission network comprised approximately 6,578 kilometres of transmission lines and approximately 12,978 towers, its electricity distribution network covered over 80,000 square kilometres and serviced approximately 817,000 consumers and its gas distribution network covered over 60,000 square kilometres and serviced approximately 809,000 consumers. Together these transmission and distribution assets represent essential infrastructure in Victoria, with the AusNet Group being the sole provider of electricity distribution and covered gas distribution services in eastern and western Victoria, respectively. In addition, the AusNet Group's networks are capital intensive and difficult to replicate and, as a result of these high barriers to entry, they operate as regulated natural monopolies.
- **Regulated Cash Flows** – The electricity transmission, electricity distribution and gas distribution assets provide regulated, largely predictable cash flows. A total of 83% of the AusNet Group's consolidated revenues for the year ended 31 December 2023 were regulated, all of which were protected from the risk of increases in inflation. Of these amounts, revenues from the AusNet Group's electricity transmission business and electricity distribution businesses (which amounted to 29.1% and 48.6% respectively of total consolidated revenue) were not exposed to volume risk. Further, these networks have staggered regulatory reset periods, which reduces earnings volatility, reflected in the AusNet Group's historical cash flows being relatively steady, and allows the AusNet Group to better manage its financial strategies.
- **Diversified Funding Sources and Investment Grade Credit Metrics** – The AusNet Group has a well-diversified debt portfolio, both in terms of maturity and sources of debt. In addition, the AusNet Group has established a set of guidelines which target various credit metrics that it considers to be consistent with its policy of maintaining a BBB+/Baa1 credit rating or above from S&P and Moody's. Brookfield is committed to maintaining strong investment grade credit metrics and senior ratings consistent with BBB+/Baa1. Under Brookfield's ownership, AusNet has greater flexibility with respect to how capex and growth is funded (including the ability to reinvest dividends and the removal of the listed market and constitutional constraints).

The AusNet Group issued the following hybrid securities in the form of non-convertible subordinated notes:

- a A\$650 million 60-year Australian dollar hybrid security, and
- a €700 million 60-year euro hybrid security which raised A\$1,082 million.
- **Organic Growth** – The AusNet Group's electricity distribution assets are situated in areas of expected population growth in Melbourne and its surrounding areas, contributing to increased connection growth. Continued expenditure on bushfire mitigation and asset replacement on the electricity distribution network will also underpin growth in coming years. In addition, there are opportunities for the AusNet Group, through Development & Future Networks, to bid for the contestable parts of new transmission connections for new generation/storage (wind, solar, battery storage) and load connections to the transmission network (including resources and major industrial projects). Development &

Future Networks is also exploring growth opportunities in the developing distributed energy resources sector; whilst ensuring its metering and asset intelligence functions continue to provide valuable services to the AusNet Group and external customers, primarily in the essential infrastructure sectors.

- **Management Expertise** – The AusNet Group’s management team has significant experience in operating and managing the AusNet Group’s business, including extensive experience with Australian regulatory reset processes.
- **Diversified RAB** – The AusNet Group’s regulated asset portfolio is diversified across transmission and distribution assets as well as electricity and gas assets, which, along with the related diversification of regulatory outcomes, provides for more stable cash flows.

AusNet’s approach to sustainability

Sustainability has become an increasingly important consideration for businesses in the energy sector and is of central importance to create value and manage risk. Sustainability drivers such as greenhouse gas emissions reduction and building resilience to climate change are driving a transformation of the energy industry creating both significant risks and opportunities. For AusNet, sustainability means operating an economically, environmentally and socially sustainable business. We recognise that for our business to endure with societal support over a multi- decade period we must deliver more than just financial returns.

Our purpose is to connect communities with energy and accelerate a sustainable future, and our strategy to achieve this is to own and operate the best energy networks, growing through connecting people with new energy. AusNet plays an important role in shaping Australia’s energy future, and our stakeholders rely on us to act responsibly and with integrity. We treat this responsibility as a privilege and an opportunity to make a difference and contribute to society.

Material sustainability issues are aligned with Sustainable Development Goals and embedded within our strategy:



Source: The AusNet Group

Our management of key environmental, social and governance (“ESG”) risks and opportunities supports our long-term growth and performance. In 2021, AusNet performed a materiality assessment to identify and prioritise the environmental, social and governance issues that matter most to our stakeholders and to inform where we can have the greatest impact. AusNet’s Sustainability Strategy looks at sustainability from both a local and a global view, incorporating our purpose, strategy, values and priorities in alignment with the United Nations Sustainable Development Goals as shown above.

In 2022 these material topics were aligned with the 4 pillars of our corporate strategy and embedded into our short and medium-term strategic planning processes. This ensures that sustainability is integrated into every aspect of our business and that we are well-positioned to capitalise on ESG risks and opportunities.

The following table outlines some of our recent achievements and shows our steps towards further embedding sustainability initiatives and reporting across our business and operations. We continue to look at ways of further developing and embedding assessment of key ESG considerations into our strategic planning processes and providing increased transparency and effective disclosures.

Selected recent achievements:

<p>Growth Delivering resilient & reliable networks and enabling the energy transition</p>	<p>Safety Our overarching priority is the safety and wellbeing of our people</p>	<p>Environment & Climate Protecting our environment and building resilience to climate change</p>
<ul style="list-style-type: none"> • 2.2 GW of large-scale wind and solar farm connections • Western Renewables Link transmission project, unlocking ~\$9bn in new solar & wind projects • Integration of Consumer Energy Resources in our distribution network (including 27% of our customers with rooftop solar) • Community resilience projects including SAPS, back-up generation, microgrids 	<ul style="list-style-type: none"> • 2023 Recordable Injury Frequency Rate of 4.17 • Refresh of AusNet's Critical (Fatal) Risk program with over 80 workshops held with field resources to better understand the risks and controls to keep our people safe • Completion of the bushfire technology (REFCL) program to reduce the risk of powerline-related bushfires 	<ul style="list-style-type: none"> • Climate Change Position Statement & TCFD Report released • Launched 2045 net zero goal, interim 2030 50% reduction target • Study on how climate-hazards impact electricity networks • >800 km of ageing gas pipelines replaced to reduce leaks • Site investigation program to minimise contaminated land risks
<p>Our People Creating a culture of high performance, with growing future-focused capability</p>	<p>Our customers & communities Delivering to our customers and supporting communities</p>	<p>Governance Operating a responsible and sustainable business with a focus on our supply chain</p>
<ul style="list-style-type: none"> • Industry leading employee engagement levels • Differentiated employee value proposition to support attraction and retention of talent • Inclusive culture and strong engagement of women in the workplace • Investment and development of graduates and emerging leaders 	<ul style="list-style-type: none"> • \$12M Energy Resilience Community Fund to provide hardship grants and enhance community and small business resilience • Third year of AusNet corporate partnership with Foodbank Victoria • Energy Charter signatory • 'ElectrifAIRcation' innovation project focused on electrifying vulnerable households • Vulnerability Research Grant (COTA) 	<ul style="list-style-type: none"> • Continued execution of the AusNet social procurement strategy and implementation plan. • Continuation of the Modern Slavery Act compliance program – now in 6th reporting cycle • Launched Reconciliation Action Plan

Source: The AusNet Group.

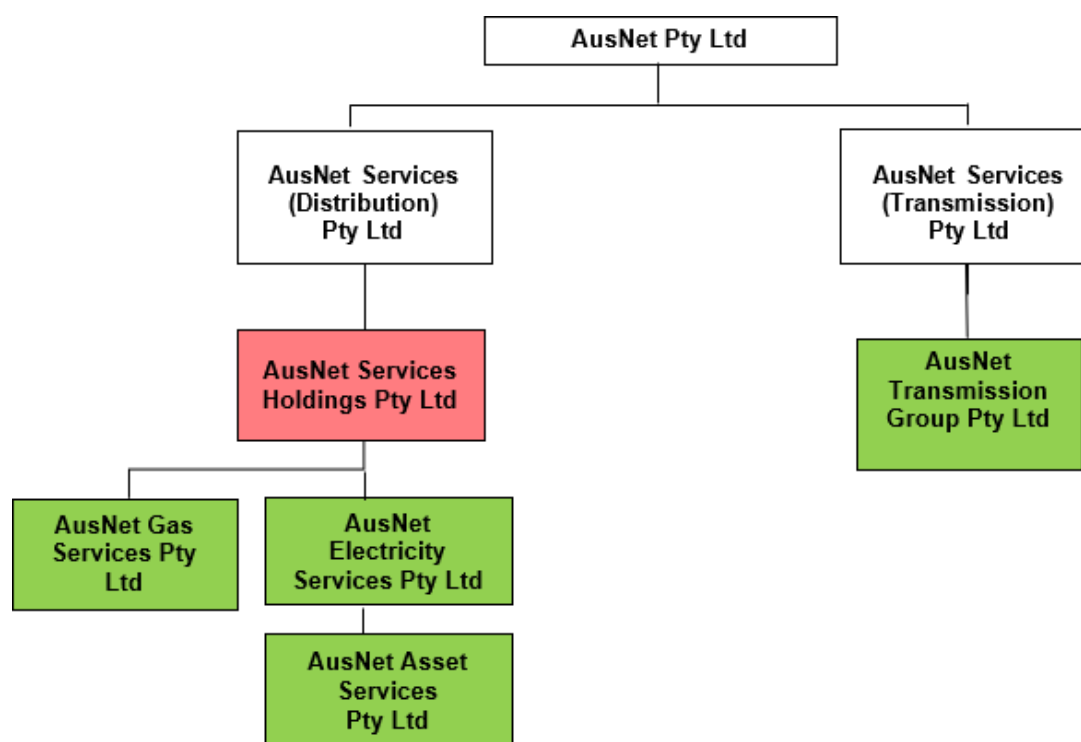
Further publicly available information can be found at the following public website links:

- <https://www.ausnetservices.com.au/sustainability> – Our sustainability strategy and focus areas
- <https://www.ausnetservices.com.au/sustainability/environment-and-climate> - Our Climate Change Position Statement and 2023 Taskforce on Climate-related Financial Disclosures (“TCFD”) report
- <https://www.ausnetservices.com.au/projects-and-innovation> – Summary of current projects underway to prepare for Victoria’s energy future

- <https://communityhub.ausnetservices.com.au> – A place to connect with customers and other stakeholders, collect and share customer insights, and show how customers are shaping our business
- <https://www.ausnetservices.com.au/about/community/sponsorships-and-donations> – Community engagement and sponsorships

Structure of the AusNet Group

The structure of the AusNet Group, consisting of AusNet and its Subsidiaries, is summarised in the following chart. The Issuer is shown in the colour red and the Guarantors are shown in the colour green. The chart does not show AusNet Services Finance Trust, Mondo Power Pty Ltd, several intermediate holding companies and some minor subsidiaries with no substantial assets. The chart also does not show a number of holding trusts and operating trusts that currently have no substantial assets.



Source: *The AusNet Group*.

A subsidiary of AusNet Services Transmission operates the AusNet Group’s electricity transmission business, and subsidiaries of AusNet Services Distribution operate the AusNet Group’s electricity and gas distribution businesses.

Ownership of AusNet

The diagram below sets out the ownership structure as at the date of this Information Memorandum, following the acquisition of AusNet by a consortium of investors comprising, a syndicate of institutional investors led by Brookfield, together with Australian Retirement Trust, Alberta Investment Management Corporation, Investment Management Corporation of Ontario, Healthcare of Ontario Pension Plan and the Public Sector Pension Investment Board (“**Equity Partners**”). The Brookfield syndicate comprises Brookfield Super-Core Infrastructure Partners and the Brookfield Managed Co-Investors, being a syndicate of other institutional investors, whose investment will be managed by Brookfield or an affiliate of Brookfield and who do not have

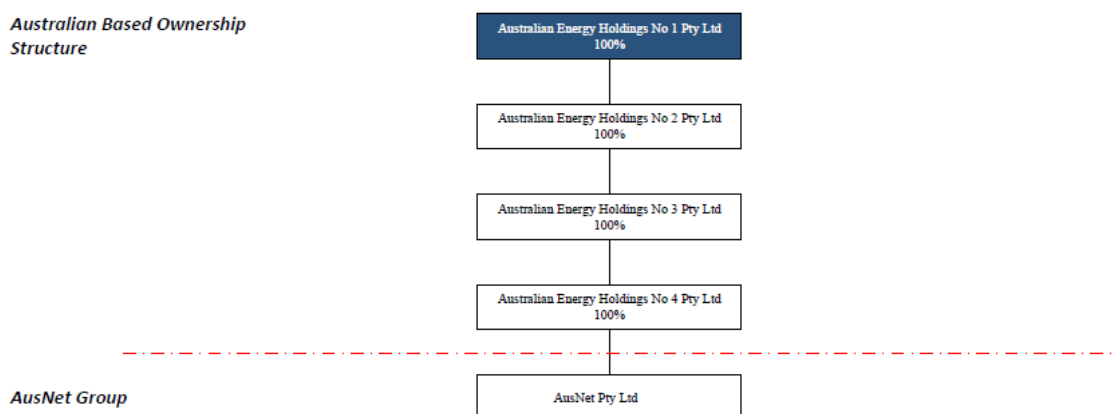
governance rights or influence in respect of investment and management decisions (“**Brookfield Managed Investors**”).

As at the date of this Information Memorandum, Brookfield holds a combined economic interest of 45.4% and simple majority control of AusNet Group via contractual arrangements for certain decision making. Brookfield will continue to hold these control rights so long as its economic ownership does not fall below 40%.

Equity Ownership



Australian Based Ownership Structure



Australian-based Ownership Structure

The Australian-based ownership structure comprises Australian special purpose proprietary limited companies, that were incorporated for the purpose of holding shares in their relevant subsidiaries and entering into certain financing arrangements. As shown in the diagram above, the structure comprises Australian Energy Holdings No 4 Pty Ltd (ACN 654 673 793), which acquired 100% of the shares of AusNet; Australian Energy Holdings No 3 Pty Ltd (ACN 654 673 300) (“**HoldCo**”), the direct holding company of the acquiring company; Australian Energy Holdings No 2 Pty Ltd (ACN 654 672 992) (“**MidCo**”) the direct holding company of HoldCo and Australian Energy Holdings No 1 Pty Ltd (ACN 654 672 670) (“**TopCo**”), the direct holding company of MidCo. TopCo is the head entity of the Australian tax consolidated group.

Equity Ownership

The table below sets out the indicative ownership interests in TopCo as at the date of this Information Memorandum.

Investor	Domicile of control / management	TopCo shareholding
Brookfield and Brookfield Managed Co- Investors ¹⁰	Australia, Canada, Japan, South Korea, Sweden, UK, US	45.4%

¹⁰ This includes holdings by affiliates of Brookfield Super-Core Infrastructure Partners (BSIP) and other institutional investors whose investment in TopCo will be managed by Brookfield or an Affiliate of Brookfield, and who do not have governance rights or influence in respect of investment and management decisions. It is expected that no Brookfield Managed Co-Investor which is not Australian will hold an interest greater than 5% in TopCo.

Investor	Domicile of control / management	TopCo shareholding
Total Brookfield and Brookfield Managed Investors		45.4%
Australian Retirement Trust	Australia	15%
Alberta Investment Management Corporation ¹¹	Canada	9.9%
Investment Management Corporation of Ontario ¹²	Canada	9.9%
Healthcare of Ontario Pension Plan	Canada	9.9%
Public Sector Pension Investment Board	Canada	9.9%
Total Equity Partners		54.6%

Key Events in the Development of the AusNet Group

The key events in the development of the AusNet Group are set out below.

- **December 1995:** U.S.-based TXU Corp purchased the electricity distribution and retail business, Eastern Energy, from the Victorian State Government
- **November 1997:** U.S.-based GPU Electric, Inc. acquired Victorian electricity transmission business, PowerNet Victoria, from the Victorian State Government
- **February 1999:** TXU Corp acquired the gas distribution and retail businesses, Westar and Kinetic Energy, respectively, from the Victorian State Government
- **June 2000:** SPI acquired the Victorian electricity transmission business, GPU PowerNet, from GPU Electric, Inc.
- **July 2004:** Singapore Power acquired the electricity and gas distribution businesses and the merchant energy business (“MEB”) that were then owned by TXU Corp
- **May/August 2005:** Singapore Power divested MEB, retaining the Victorian gas and electricity distribution businesses that had previously been owned by TXU Corp
- **June 2005:** Launch of SP AusNet brand
- **December 2005:** Initial Public Offering of the Stapled Entities with primary listing on the ASX and secondary listing on the SGX-ST
- **January 2014:** SGIAD (a subsidiary of State Grid Corporation of China) acquired a 19.9% stapled security holding in the Stapled Entities from SPI
- **August 2014:** SP AusNet Group renamed and rebranded to AusNet Services Group
- **June 2015:** AusNet completed a corporate restructure under which the Stapled Entities became wholly owned by a new listed entity, AusNet Services Ltd
- **July 2018:** AusNet was de-listed from the SGX-ST

¹¹ Alberta Investment Management Corporation, or one or more of its affiliates.

¹² The investment is made by applicable public sector clients of the Investment Management Corporation of Ontario (IMCO), through a vehicle managed by IMCO or one of its affiliates on behalf of those applicable public sector clients.

- **November 2021:** AusNet announced the Scheme, following a competitive process between Brookfield and APA Group, for the acquisition of AusNet
- **January 2022:** AusNet announced that the required shareholder approval was obtained for the approval of the Scheme
- **February 2022:** Brookfield acquired, by way of the Scheme, all of the issued shares in AusNet and AusNet was de-listed from the ASX
- **September 2022:** AusNet Services Ltd renamed to AusNet Pty Ltd and rebranded to AusNet

Sources and Uses of Liquidity

The AusNet Group established the Issuer as a common funding vehicle in 2007 and all financing is undertaken through this entity.

The AusNet Group had A\$1,548.2 million undrawn, but committed bank debt facilities and A\$5.6 million cash and short-term investments as at 31 December 2023.

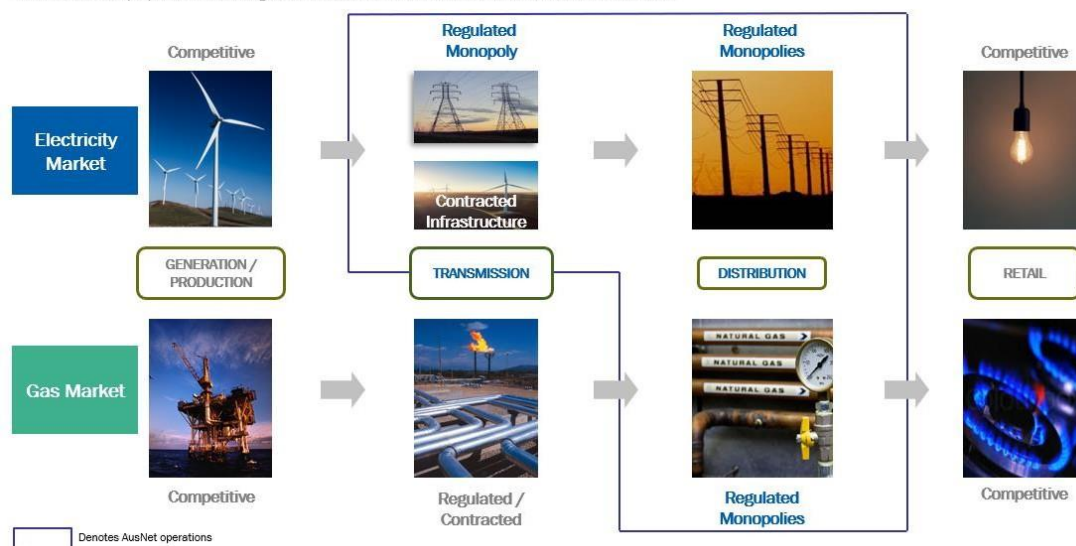
Refer to “Business of the Group – Structure of the AusNet Group” for a summary of the structure of AusNet and its Subsidiaries. The figure represents how the Issuer is utilised as the common funding vehicle for the AusNet Group and all of its subsidiaries.

Business Discussion

The following diagram shows the industry segments in which the AusNet Group operates.

Australian Energy Market Structure

The AusNet Group operates in the regulated and contracted Transmission and Distribution sectors



Source: The AusNet Group.

Electricity Transmission Network

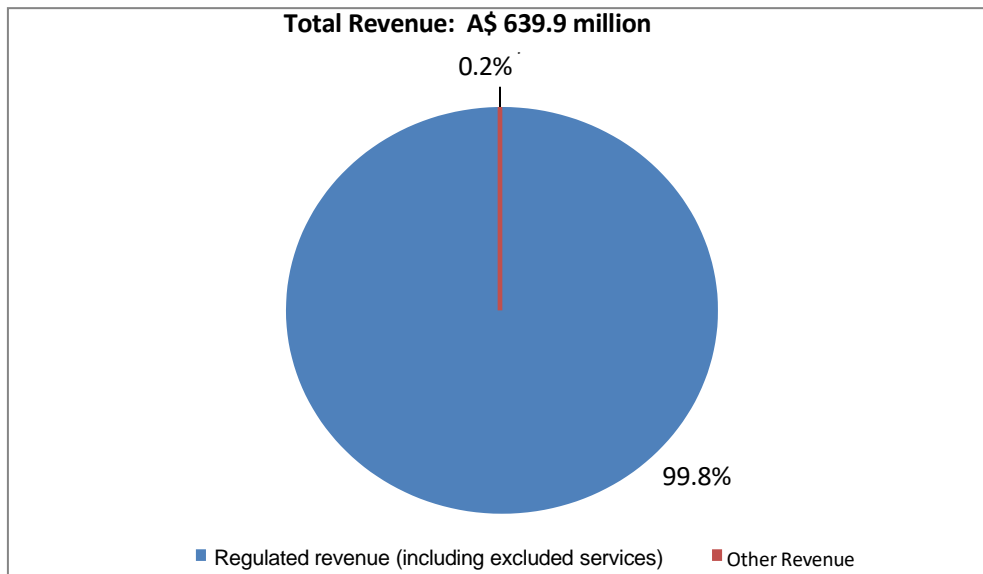
Electricity Transmission Revenue Profile

The electricity transmission business earns network charges and connection charges equal to an annual, regulated, fixed amount (i.e. not dependent upon the actual volume of electricity transmitted), and also earns network availability, reliability and market impact incentive payments/(penalties). The network charges and connection charges, which together represent

99.8% of the AusNet Group’s electricity transmission revenue for the year ended 31 December 2023, are subject to a cap set by the AER based in part on the RAB of the electricity transmission business.

Note that prior to AusNet’s operating model review in October 2016, the electricity transmission business reporting segment had revenue allocated to it relating to unregulated infrastructure services. This revenue is now reported under the Development & Future Networks reporting segment.

As shown below, the AusNet Group’s electricity transmission segment revenues for the year ended 31 December 2023 comprise the following:



Source: The AusNet Group.

Electricity Transmission Revenue Building Blocks

The electricity transmission revenue regulatory framework uses a building block approach to provide the electricity transmission company with a revenue stream to cover forecast costs and depreciation over the regulatory period. This may include an efficiency allowance to reward expenditure savings achieved in the previous period if regulatory benchmarks are outperformed. This is illustrated below.



Source: The AusNet Group.

Notes:

- (1) Regulated Asset Base, as determined by the AER, which is indexed annually to protect the business from inflation risk.
- (2) Weighted Average Cost of Capital, as determined by the AER.
- (3) Economic Depreciation is calculated by subtracting the RAB indexation from the straight line depreciation.
- (4) Performance incentives include glidepath payments which reward expenditure savings achieved in the previous period.

- (5) The forecast building block requirement for each year of the regulatory period is then smoothed using the (CPI-X) factor which also provides protection from inflation risk. The resulting forecast revenue path is referred to as the Maximum Allowable Revenue (“MAR”). Actual revenue will differ from the forecast MAR due to actual inflation and adjustments for service standards performance incentives and penalties.

Electricity transmission network charges derived using the building block approach are spread over the five-year regulatory period to minimise any price volatility for users. Electricity transmission revenue is recovered as a fixed amount and is not affected by usage volume.

The AER’s final decision regarding the Transmission Revenue Reset (“TRR”) for 2022/23 to 2026/27 was published on 28 January 2022.

In the final decision, the AER approved higher levels of capital and operating expenditure for the AusNet Group, compared to its draft decision issued in June 2021.

Overview of outcomes

The final decision allows for the following revenues under the building block approach:

	Year ended/ending 31 March					Total	Average
	2023	2024	2025	2026	2027		
<i>(A\$, in millions, nominal)</i>							
Operating Costs	168.8	167.1	166.6	167.3	166.9	836.6	167.3
Return on Assets	96.1	81.9	91.1	101.0	109.6	479.7	95.9
Regulatory Depreciation	284.4	291.6	297.8	305.6	313.3	1,492.8	298.6
Cost of Tax	25.7	15.8	14.4	12.7	(0.5)	68.1	13.6
Efficiency Carryover	0.8	-	-	-	-	0.8	0.2
Total Revenue (unsmoothed)	575.8	556.4	569.9	586.6	589.3	2,878.0	575.6
X factor	1.31%	2.00%	2.00%	2.00%	2.00%	n/a	n/a
Total Revenue (smoothed)	570.0	573.0	575.3	577.6	579.9	2,876.6	575.3

Source: AER, Final Decision AusNet Group Transmission Determination 2022/23 to 2026/27

WACC parameters

The final decision provides for a WACC of 4.72% (in nominal, after tax terms). Ten per cent. of the return on debt will be updated annually, to incorporate prevailing rates.

	2017/18 to 2021/22	2022/23 to 2026/27
Final Decision		
Parameter		
Cost of Debt	4.94%	4.37%
Beta	0.7	0.6
Gamma	0.40	0.58
Market risk premium	6.50%	6.10%
Nominal Vanilla WACC	5.80%	4.72%
Return on Equity	7.10%	5.25%

Electricity Transmission Regulated Revenue

Regulated transmission revenue is made up of shared network charges, connection charges and incentive payments.

Network charges and the Network Agreement

The AusNet Group charges the AEMO for the use of the transmission network through the network charge. This is a fixed monthly charge determined in accordance with the NER from the revenue established by the AER in its last revenue cap determination. In turn, the AEMO charges distributors of electricity for use of the transmission network through TUoS charges, which vary depending on usage, although the AusNet Group also sells connection services directly to industry participants under separate connection agreements. The AEMO manages the variation between these revenues and the fixed charge applied by the AusNet Group through a subsequent reconciliation process with the distributors. These charges apply to the entire network that transfers power from generators to distributors and includes all transmission lines and major terminal stations. The Network Agreement establishes the services and the applicable commercial terms and conditions.

The AusNet Group is remunerated for provision of the network services on a basis consistent with the revenue determined by the AER, applying pricing principles established in Chapter 6A of the NER. The network performance incentive schemes reward the AusNet Group for good network availability and performance. As of 1 April 2016, the Network Agreement reflected the closure of AEMO's availability incentive scheme for regulated services, but it remains in place for unregulated services.

The AusNet Group's liability to the AEMO for negligence, breach of contract or otherwise is limited to A\$5 million under the Network Agreement, except where the loss arises due to a willful breach or failure of facilities while being operated within certain capabilities and ratings or actions taken by the AEMO to keep certain aspects within their capabilities and ratings. The Network Agreement has no expiry date, but it may be terminated under certain conditions, such as extended force majeure or financial default.

Connection Charges

The AusNet Group charges electricity distributors and generators for the use of connection assets. Connection assets are those assets that are dedicated to the connection of the distributors and generators to the transmission network. The connection charges payable by generators and distributors, and the services provided by the AusNet Group, are governed by individual connection agreements with each party and the charging principles established by the NER.

Excluded Prescribed Services

Excluded services represent returns on capital expenditure for electricity transmission customer works including all augmentation works. At the commencement of subsequent regulatory control periods some of these services, notably connection services to electricity distributors and non-contestable shared network services provided to the AEMO, convert to regulated services by asset roll-in to the RAB.

Electricity Transmission Other Revenue

The AusNet Group's network of transmission towers can be used as telecommunications antenna sites. The AusNet Group licenses access to its infrastructure for third parties' equipment.

The AusNet Group's transmission network also supports optical fibre, allowing the AusNet Group to license access to use of dark fibre and bandwidth access networks.

Electricity Transmission Network Condition and Life

The AusNet Group's asset management strategy ("**Asset Management Strategy**"), incorporating individual plant and equipment strategies, provides asset condition and remaining life profiles that support revenue submissions to the AER for replacement and maintenance of the network. The AER undertakes benchmarking against other transmission businesses to validate asset life cycle, replacement and maintenance requirements.

The Asset Management Strategy is an integral element for management of the transmission network in accordance with the AusNet Group's ESMS, a mandatory obligation under the Electricity Safety Act 1998 (Vic).

The ESMS is a risk based management system that includes the maintenance of the Asset Management Strategy, standards, plans, programmes and performance monitoring systems to ensure the safe operation and security of the network over its full asset life cycle. In addition to internal compliance monitoring, the technical regulator, ESV, undertakes regular audits to monitor compliance.

The ESMS is an integral element of the AusNet Group Asset Management System ("**AMS**"). The AMS focuses on low life cycle costs, enhancing network safety and performance and optimising capital and operating expenditures.

Electricity Transmission Network Growth

The AusNet Group does not plan transmission augmentation projects because, in the Victorian market model, this is the function of the AEMO, distributors and generators. However, while the AusNet Group is unable to augment the shared transmission network without a request from the AEMO, a generator or a distributor, new transmission projects and network interface works are sometimes awarded to the AusNet Group on a non-contestable basis, which assists in the further expansion of the AusNet Group's transmission network. AEMO and the electricity distributors forecast peak load growth in the growth corridors and the need for increased capacity for new generation connections will require the AusNet Group to continue to invest in the transmission network. The transition to renewable generation and the impacts of climate change on system security and resilience will also drive significant investment in the regulated network in addition to the opportunities created for the unregulated business described below.

Electricity Transmission Network Performance

The Transmission System Minutes is a measure used by the AusNet Group to track the loss of supply to its transmission customers caused by the transmission system. "One System Minute" is the loss of the total Transmission System Maximum Demand for one minute. The Transmission System Maximum Demand is the maximum amount of aggregated electricity demand recorded at entry points to the AusNet Group's transmission network and interconnection points at any time previously.

The service target performance incentive scheme ("**STPIS**") by the AER provides a financial incentive to transmission network services providers ("**TNSPs**") to maintain and improve service performance.

The service component ("**SC**") provides a reward/penalty of +/- 1.25 per cent. of MAR to improve network reliability, by focussing on unplanned outages. The service component is designed to encourage TNSPs to seek to reduce the number of unplanned network outages and to promptly restore the network in the event of unplanned outages that result in supply interruptions.

The market impact component ("**MIC**") provides an incentive to TNSPs to minimise the impact of transmission outages at times and on parts of the network that are most important to influencing the spot price in the wholesale market. Performance is measured based on the number of five-minute dispatch intervals constrained when a planned or unplanned outage constraint binds with

a marginal value greater than A\$10/MWh. TNSPs receive a reward or penalty of up to 1 per cent. of MAR for the relevant calendar year, depending on their annual performance. The impact of unplanned outages on performance is capped at 17% of the annual performance target. In recent years, deteriorating system strength and other power system security challenges have meant that favourable MIC performance has become increasingly dependent on the exclusion regime. These challenges meant that, despite the effect of exclusions, performance in 2021 resulted in the maximum penalty for the first time.

The network capability component (“**NCC**”) provides incentives to deliver low cost (less than A\$7 million), one- off projects that both increase network capability and provide value for money to customers. Each TNSP is required to submit, as part of its Revenue Proposal, a Network Capability Incentive Parameter Action Plan (“**NCIPAP**”) setting out proposed projects. TNSPs receive a pro-rata incentive payment equal to 1.5x the cost of approved projects, up to a total of 1.5 per cent. of MAR, depending on the successful completion of approved projects. Projects may also be added to or removed from the NCIPAP during a regulatory period.

AusNet has been rewarded with additional revenue as a result of satisfactory service performance over the past several years since the AER STPIS has been in place.

	Year ended 31 December					
	2018	2019	2020	2021	2022	2023
Transmission System Minutes	0.091	8.09	1.026	0.051	0.012	0.1
Transmission network AER STPIS SC reward/penalty	A\$4.53M	A\$3.8M	A\$2.7M	A\$3.2M	A\$3.2M	*A\$6.9M
Transmission network AER STPIS MIC reward/penalty	A\$4.00M - A\$1.2M A\$2.2M -A\$5.4M A\$5.6M *A\$3.7M					
Transmission network AER STPIS NCC revenue	A\$3.21M	A\$9.4M	A\$9.4M	A\$9.7M	A\$0.2M	*A\$0.3M

*Note: Reward reflects the AusNet Group’s application and is subject to final AER approval.

Source: *The AusNet Group*.

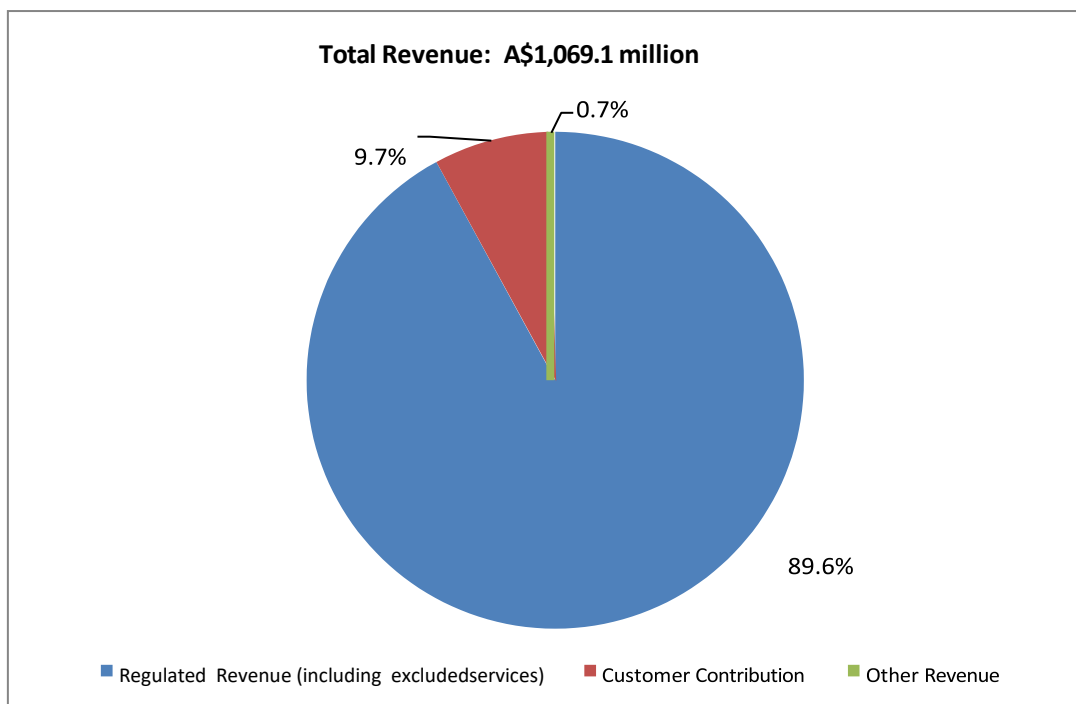
In 2019, 8.09 Transmission System Minutes were incurred due to one significant system incident which affected supply to a single customer for 8.09 Transmission System Minutes.

Electricity Distribution Network

Electricity Distribution Revenue Profile

For the financial year ended 31 December 2023, 89.6% of the AusNet Group’s electricity distribution revenues were derived from regulated approved network prices, including metering. The remaining electricity distribution revenues came from customer contributions to capital works and other distribution-related revenue.

The chart below provides a summary of the AusNet Group’s electricity distribution revenues for the year ended 31 December 2023. Each of these components of the AusNet Group’s distribution revenues is discussed in greater detail below.

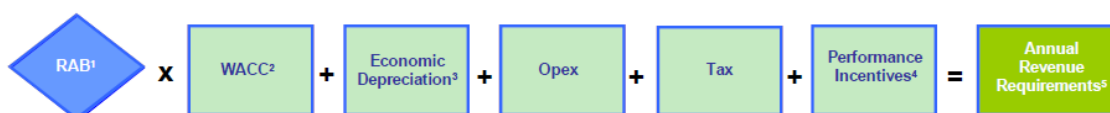


Source: The AusNet Group.

Electricity Distribution Regulated Revenue

The AusNet Group charges retailers and some large customers regulated rates for DUOs charges. These rates are adjusted each year in accordance with price controls established by the regulator every five years. Regulatory responsibility transferred from the ESC to the AER in January 2009.

The amount of electricity network revenue charged to each retailer is based on the actual amount of electricity used by the retailer’s end-user customers. The distribution revenue regulation framework uses a building block approach to cover forecast costs and depreciation over the regulatory period. This is illustrated below.



Source: The AusNet Group.

Notes:

- (1) RAB, as determined by the AER, it is indexed annually by inflation to protect the business from inflation risk.
- (2) WACC, as determined by the AER.
- (3) Economic Depreciation is calculated by subtracting the RAB indexation from the straight line depreciation.
- (4) Performance incentives include efficiency carry-over amounts to reward operational expenditure savings achieved in the previous period, and S factor amounts to reward or penalise service standard
- (5) The annual revenue requirement for each year of the regulatory period is then smoothed using the (CPI-X) factor. The resulting forecast revenue path is referred to as expected revenue.

- (6) Actual revenue will differ from the expected revenue due to actual inflation and service standards performance incentives and penalties.

Previously for the electricity distribution network, the prices per volume of electricity distributed were regulated, with actual revenue subject to the volume of electricity distributed. The pricing regime left the business with some exposure to revenue fluctuations due to volatility in volume demand.

The new determination applicable to the current 2021/22-2025/26 regulatory period applies a revenue cap to the distribution business, thus removing volume risk.

As per the Rate of Return Guideline, 10% of the cost of debt is updated annually to incorporate prevailing rates.

In May 2020, the AusNet Group lodged a cost pass through application with the AER to recover the response and recovery costs following the summer 2019/20 bushfires. A decision was published on 6 November 2020 which will amend revenues for the 2021/22 – 2025/26 regulatory period.

In November 2021, the AusNet Group submitted a cost pass through application to recover expenditure associated with the intense June storms experienced in the Dandenong Ranges and South Gippsland earlier in the year. A decision was published on 14 January 2022, approving additional revenue recovery in the 2021/22-2025/26 regulatory control period.

In March 2022, the AusNet Group submitted a cost pass through application to recover expenditure associated with a major storm which occurred on 29 October 2021. A decision was published on 22 June 2022, approving additional revenue recovery in the 2021/22-2025/26 regulatory control period.

In February 2024 the AusNet Group submitted a cost pass through application to recover expenditure required to implement the Victorian Emergency Backstop Mechanism, introduced by the Victorian Government. A decision has not yet been made.

Target electricity revenue for 2021/22-2025/26 is as illustrated below.

	Year ended/ending 30 June				
	2022	2023	2024	2025	2026
Return on capital ⁽¹⁾	225.09	223.92	222.73	218.68	212.76
Depreciation	184.90	163.23	162.98	168.49	170.77
Operating costs allowance	244.91	253.23	262.21	272.11	283.36
Efficiency carry over	84.62	53.91	32.75	12.39	10.22
Tax allowance	-	-	-	-	-
Total building block revenue	739.52	694.29	680.68	671.66	677.11
Total building block revenue (smoothed) ⁽²⁾	690.79	692.44	694.09	695.75	697.41

Source: AER – Final Decision – AusNet distribution determination- 2021–26 – Post-tax revenue model – April 2021.

Notes:

- (1) Return on capital is calculated by multiplying the RAB by the WACC (post tax nominal) as determined by the AER.
- (2) A revenue smoothing (CPI-X) factor is applied to the unadjusted revenue path by AER. Negative values for X indicate real price increases under the CPI-X formula.

Advanced Metering Infrastructure Revenues

In 2006, the Victorian State Government mandated the rollout of AMI to all Victorian electricity consumers taking supply of less than 160 MWh per annum. To meet this obligation the AusNet Group must deploy and maintain the key infrastructure elements of the AMI programme.

From 1 January 2016, metering services have also been regulated under the NEL and NER as Alternative Control Services with a revenue cap. Metering charges from 1 July 2021 were based on the EDPR final decision. These are also shown in the table below.

	Year ended/ending 30 June				
	2022	2023	2024	2025	2026
Return on Capital	10.07	9.30	8.38	7.37	6.31
Return of Capital (regulatory depreciation)	27.06	30.02	32.73	35.30	37.53
Operating Expenditure	15.62	16.25	16.83	17.29	17.75
Revenue Adjustments	-	-	-	-	-
Net Tax Allowance	3.10	2.34	2.35	2.57	2.84
Total Building Block revenue	55.85	57.91	60.29	62.54	64.44
Total Building Block revenue (smoothed)	56.92	58.50	60,11	61.78	63.48

Source: AER – Final decision – AusNet distribution determination – 2021-26 – ACS – Metering – Post-tax revenue model – April 2021

Notes:

- (1) Return on capital is calculated by multiplying the RAB by the WACC (post tax nominal) as determined by the AER.
- (2) A revenue smoothing (CPI-X) factor is applied to the unadjusted revenue path by AER. Negative values for X indicate real price increases under the CPI-X formula.

On 7 May 2020, the Victorian State Government's Department of Environment, Land, Water and Planning, announced metering will remain non-contestable based on current conditions in Victoria.

Electricity Distribution Customer Contributions

Customers are required to contribute to the cost of their connection should the cost of connection exceed the expected incremental revenue the customer will contribute. The cost of assets built for customers is included in the RAB net of the contribution made by the customer. Customer contributions are included in as a separate section of revenue on the AusNet Group's income statement.

Alternative Control, Ancillary and Negotiated Services

The AusNet Group charges fees for other distribution services, including standard connection services, field officer visits, service truck visits and public lighting. These services are defined as Alternative Control Services under the NER. Under the Final Decision on the EDPR 2021/22 to 2025/26 a price path has been determined that allows these prices to be adjusted each year by an amount equal to the annual CPI-X.

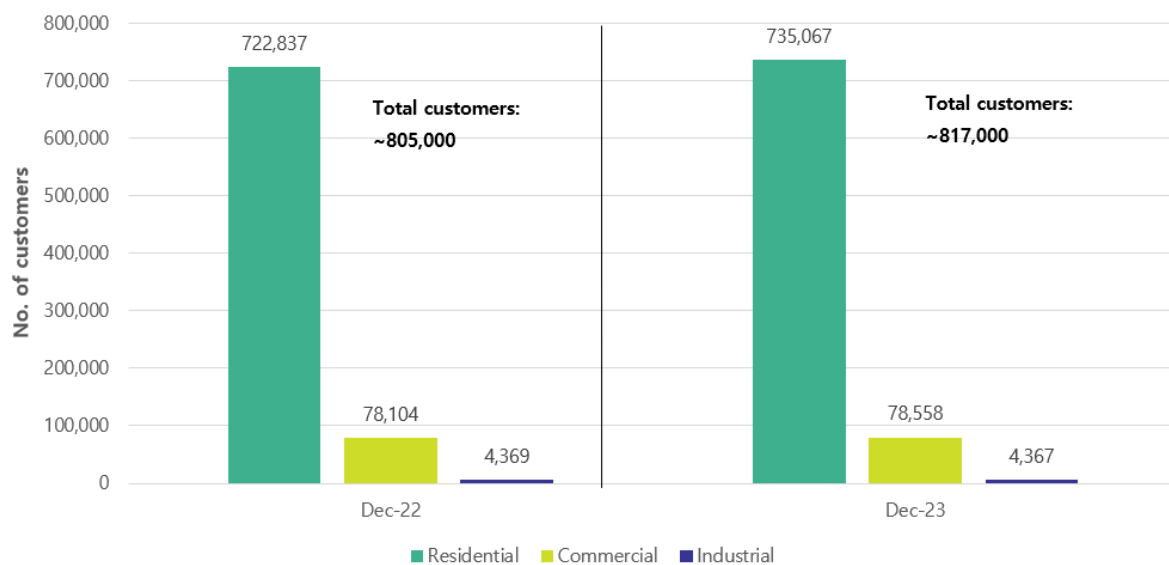
Electricity Distribution Other Revenue

Other revenue generated by the electricity distribution business mainly relates to minor charges to other distribution businesses for shared use of assets and embedded generator connection fees.

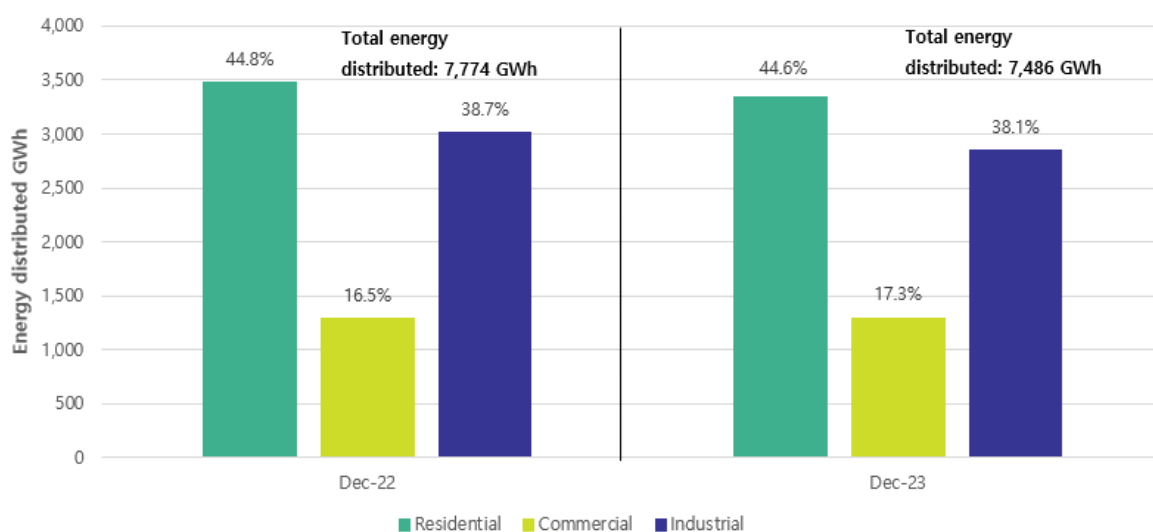
Electricity Distribution Customers

For the financial year ended 31 December 2023, the AusNet Group’s five largest electricity retailer customers accounted for 73% of the AusNet Group’s total electricity distribution network and excluded revenues. The charts below provide an overview of the AusNet Group’s customer numbers as at 31 December 2022 and 31 December 2023 and energy distributed for the years ended 31 December 2022 and 31 December 2023, respectively.

Electricity distribution customer numbers: December 2023 compared with December 2022



Energy distributed: CY2023 compared with CY2022



Source: The AusNet Group.

Electricity Distribution Network Condition and Life

The Asset Management Strategy, incorporating individual plant and equipment strategies, provides asset condition and remaining life profiles that support revenue submissions to the AER for replacement and maintenance of the network. The AER undertakes benchmarking against other distribution businesses to validate asset life cycle, replacement and maintenance requirements.

The Asset Management Strategy is an integral element for management of the distribution network in accordance with AusNet’s ESMS, a mandatory obligation under the Electricity Safety Act 1998 (Vic).

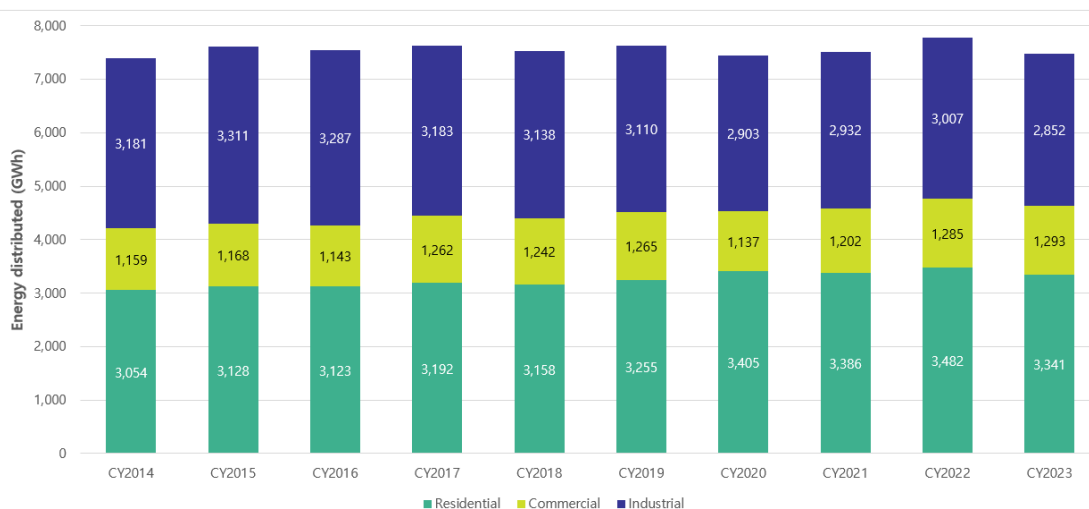
The ESMS is a risk based management system that includes the maintenance of the Asset Management Strategy, standards, plans, programmes and performance monitoring systems to ensure the safe operation and security of the network over its full asset life cycle. In addition to internal compliance monitoring, the technical regulator, ESV, undertakes regular audits to monitor compliance.

The ESMS is an integral element of the AMS. The AMS focuses on low life cycle costs, enhancing network safety and performance and optimising capital and operating expenditures.

Electricity Distribution Network Growth

The AusNet Group enhances its network capacity to meet on-going increases in demand from consumers. The AusNet Group believes that its proposed capital expenditure plan is sufficient to meet foreseeable future demand for electricity and growth in customer connections. In the year ended 31 December 2023, the AusNet Group experienced a 3.7% decrease in energy delivered compared to an increase in the customer base of approximately 12,000 customers, a 1.5% increase in new customer connections over the previous year. The figure below illustrates electricity consumption for the AusNet Group’s electricity distribution network over the past ten calendar years.

Units of Electricity Distributed (GWh)



Source: The AusNet Group.

Electricity Distribution Network Performance

Distribution of electricity across the AusNet Group's distribution network is subject to various factors that may disrupt delivery. The majority of electricity distribution network outages are unplanned and result from a variety of factors beyond the AusNet Group's control, including storms, interference by animals, vegetation and bushfire. The AusNet Group mitigates this risk with a number of programmes aimed at ensuring resilience of the network, such as removing unstable trees that endanger the network. Other outages result from planned shutdowns which are undertaken for maintenance or upgrades on the network.

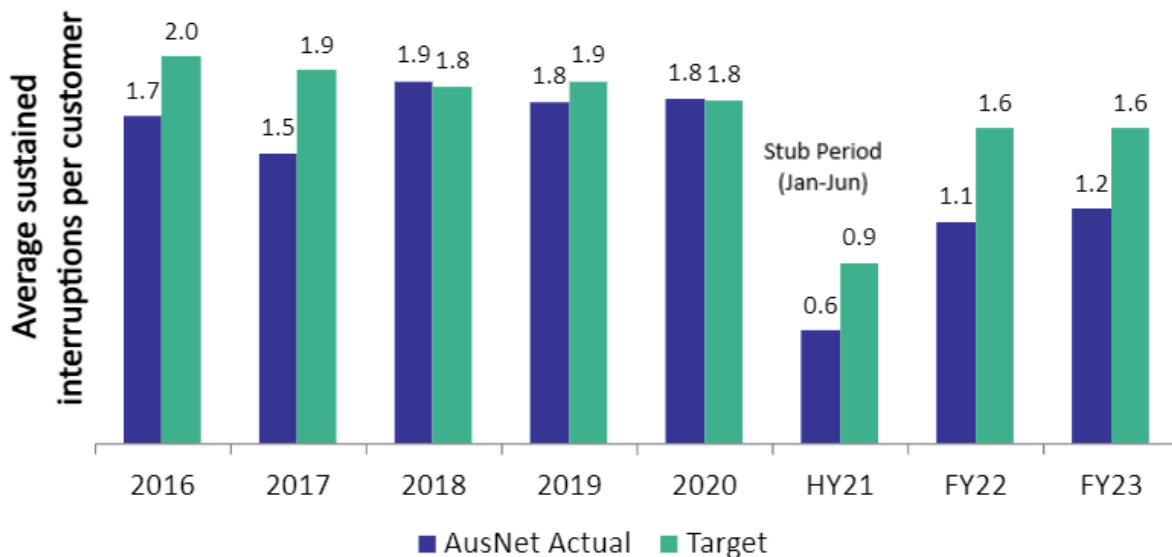
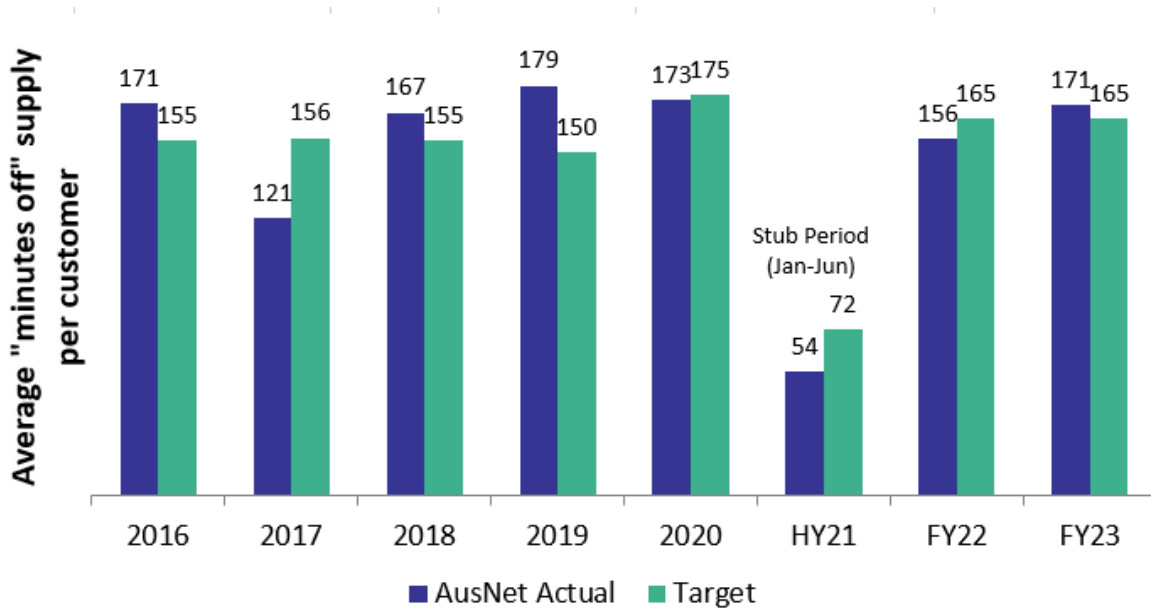
A financial incentive provided through the regulatory regime rewards or penalises the AusNet Group for changes in network reliability through the STPIS. The STPIS rewards or penalises regulated distributors for their performance relative to their own historic network reliability. Under the STPIS, a distributor's allowed revenue (through average prices for all customers) is increased (or decreased) based on variances from target to actual performance measured annually. The scheme has developed across regulatory control periods, with service measures being broadened from the original reliability measure. The following measures factor into the calculation, which is significantly weighted toward the network measures:

- USAIDI (Unplanned System Average Interruption Duration Index, or the average minutes a customer is off supply each year as a result of unplanned outages);
- USAIFI (Unplanned System Average Interruption Frequency Index, or the average number of times a customer is off supply for over three minutes each year as a result of unplanned outages);
- MAIFI (Momentary Average Interruption Frequency Index or the average number of times a customer is off supply for three minutes or less each year); and

From 1 July 2021 the call centre performance parameter (the percentage of fault calls progressing to an operator that are answered within 30 seconds) has not been linked to revenue outcomes, following the introduction of the Customer Satisfaction Incentive Scheme in July 2021.

Incentives under the STPIS are paid relative to a regulatory control period target and are an adjustment to prices one year after the completion of the performance year (i.e. FY22 performance impacts revenues from 1 July 2023 through 30 June 2024).

Yearly performance can vary broadly depending on the number of weather events. However, a number of risk mitigation tools exist to enable the AusNet Group to smooth or mitigate this variability. These include the ability to bank performance (delay rewards or penalties for a year) to reduce volatility of revenue and an exemption regime where extreme performance outside of the AusNet Group's control is excluded from calculations of performance. The graphs below show the common reliability performances, as measured by the number of unplanned minutes off supply, defined as the total minutes, on average ("USAIDI"), that a customer can expect unplanned sustained interruption ("USAIFI") to supply over a specified period of time, against the AusNet Group's internal targets for the regulatory period 2016 through 2020. From 1 July 2021 the AER reporting cycle for network reliability performance shifted from calendar to (Australian) financial year. A transition 'Stub' period of six months from 1 January 2021 to 30 June 2021 (HY21) was established to accommodate this change. FY22 covers the regulatory year 1 July 2021 to 30 June 2022.



Source: The AusNet Group.

In 2016, the summer period between January and March was relatively benign in terms of temperature. There were only seven declared total fire ban days during this period compared to six in 2015 and twelve in 2014. Overall the network performed well against occasional extreme temperature days where in the past these would have caused significant USAIDI minutes lost.

However, there were five major event days (“MEDs”) that resulted in over 324,000 customer interruptions in January, March, May and October. Overall USAIDI lost from these storms was

approximately 211 minutes (the highest in 20 years) and will be excluded in the regulatory performance STPIS scheme. In spite of this exemption, moderate storms during the year also accumulated another 57 USAIDI minutes but are ineligible for performance exclusion. This is the main reason for the unfavourable performance of 171 minutes against the target of 153.

Weather in 2017 was relatively benign compared with 2016 even after excluding MEDs. In 2016, there were five MEDs compared to only one in 2017. Overall USAIDI minutes lost from MEDs in 2016 was ~212 compared to only ~27 in 2017. Also, more high activity days (i.e. minor storms) were recorded in 2016 than in 2017. The underlying performance on USAIDI also saw improvements from major fault causes of supply interruption. Both vegetation and asset failure contributions to customer minutes off supply were significantly lower compared to long term averages.

In 2018, the distribution network experienced only one MED where over 45,000 customer interruptions were recorded on 14 February 2018. However, the network sustained several high activity days (i.e. non-MED or minor storms) during the months of March, April, May, July and August. Individually, the impacts on USAIDI from these minor storms were not high enough to be eligible for exclusion. Collectively, the total USAIDI impact from these non-MED storms was ~41 minutes. This is the main reason of the overall reliability underperformance in 2018.

Overall weather conditions in 2019 were more severe compared to 2018. The network sustained four MEDs with total USAIDI impact of ~123 minutes and over 180,000 customer interruptions. The MEDs recorded on 31 January and 21 November 2019 were primarily due to wind/lightning storms. The MEDs recorded on 30- 31 December 2019, were due to the bushfires in East Gippsland and Northeast regions. Moderate (non- major) wind and lightning storms in February, March, June, July and August 2019 accumulated 30+ USAIDI minutes. A third-party crane fell over and damaged assets at Clyde North zone sub on 25 September 2019 resulting in 5.7 USAIDI minutes lost and ~38,000 customers off supply.

There were three MEDs in 2020 that resulted in over 200,000 customer interruptions and a total USAIDI impact of ~197 minutes. The 1st February storm severely impacted the north central and northeast regions covering the municipalities of Mansfield, Benalla and Rubicon. The major storms on 27 August 2020 and 11 November 2020 were mainly concentrated within the Central region where the localities of Lilydale, Ferntree gully, Belgrave, Woori Yallock, Croydon, Boronia and Ringwood North were worst hit. Impact from these storms are excluded from STPIS performance.

Throughout the year various small to moderate wind/lightning storms accumulated over 33 USAIDI minutes. The extreme temperature day with strong winds on 14 February 2020 affected over 40,000 customers in various Central and East region localities with a USAIDI impact of 8.6 minutes. Impact from these non-MED supply interruptions are not eligible for STPIS exclusion.

The network experienced relatively mild weather conditions during the first five months of 2021. The succeeding months saw six MEDs with a total USAIDI impact of over 1,100 minutes, making it arguably the worst weather-impacted period in over 20 years. Three of these ranked as the top three by USAIDI impact from 60+ MEDs since 1998. The 9 and 10 June 2021 MEDs, rank 1st and 3rd respectively, were unprecedented in severity and impact on network assets. Over 230,000 customers were off supply for several days that resulted in ~800 USAIDI minutes lost. Significant damage to assets and fallen trees created obstructions of the road network causing delays in gaining safe access to affected areas. With the storm impact excluded from STPIS, the stub period (January to June 2021) overall reliability performance came out favourably against targets.

A few months later on 28/29 October 2021, another massive storm hit the Central and East regions of the network. Nearly 200,000 customers were off supply for extended periods that accumulated over 300 USAIDI minutes (ranked 2nd).

There were two other MEDs in December 2021 with a combined USAIDI of ~38 minutes. On 2 December 2021 30,000+ customers were off supply in Central and Southeast regions. Around half of the customers affected were in Ringwood. On 19 December 2021 more than 20,000 customers within the localities of Mansfield, Benalla, Ringwood, Lilydale and Ferntree Gully lost supply for an average of ~5hrs.

The network performed well against seasonalised reliability targets during the first half of 2022 on the back of a mild summer to close the FY22 regulatory year with overall favourable outcome. The first major storm in 2022 was recorded on 3rd August that resulted in over 55,000 customer interruptions mainly in Central region's Lilydale and Beaconsfield service centres. The 2nd and 3rd major storms of the year occurred on 31 –October 2022 and 21 November 2022 respectively. Over 37,000 customer interruptions were recorded during the 31 –October 2022 storm while ~76,000 customer interruptions were caused by the 21 –November 2022 storm. The total USAIDI impact from these three storms was ~37 minutes per customer.

There was only one recorded major storm event in 2023. On 13 –December 2023 over 55,000 customer interruptions were recorded caused by lightning storms and vegetation due to strong wind, This event mainly affected north region customers around Wodonga, Wangaratta, Benalla and Seymour areas. A total of 26 USAIDI minutes were lost from this storm.

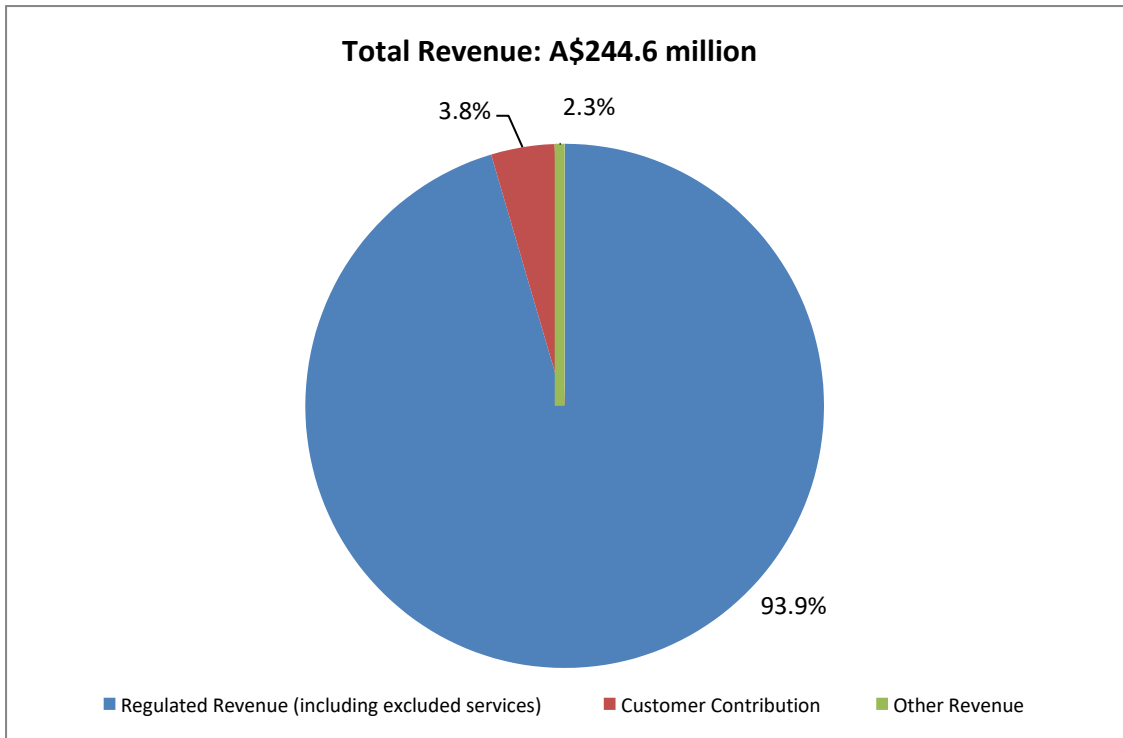
On 2 January 2024 strong winds and lightning affected mostly Central and Northern regions where over 20,000 customers interruptions were recorded. Seymour and Benalla areas were worst affected mainly due to vegetation-related faults. A total of 16 USAIDI minutes were lost on that day.

In June and October 2021, we recorded the top three (at that time) major storms AusNet distribution network customers experienced. Unfortunately, in just less than three years our customers witnessed by far the largest storm since late 1990s in terms of customer impact and minutes lost in one day. On 13 February 2024 (through to 15 February 2024), over 600,000 customer interruptions from sustained and momentary faults were recorded resulting in over 600 USAIDI minutes lost. Majority of customers affected were in Central and East regions. Ferntree Gully, Beaconsfield, Leongatha, Wonthaggi and Bairnsdale were hardest hit. This storm date now ranks first by USAIDI impact among 60+ major storms in AusNet's history.

Gas Distribution Network

Gas Distribution Revenue Profile

The AusNet Group's gas distribution revenues for the year ended 31 December 2023 is summarised in the following chart. Each of these components of the AusNet Group's gas distribution revenues are discussed in greater detail below.



Source: The AusNet Group.

Gas Distribution Regulated Revenue

The AusNet Group charges retailers, at regulated rates, for their customers' DUOs charges. The AER is responsible for regulating the distribution tariffs pursuant to the NGR and the GIA. Price regulation of the distribution networks is conducted in a similar manner as for electricity distribution tariffs (described above), except that it forms part of the approved access arrangement, rather than being a separate determination. For the gas distribution network, the prices per volume of gas distributed are regulated, with actual revenue subject to the volume of gas distributed. The target total building block revenue set for the AusNet Group's gas distribution network for the current regulatory period, 2023/24 through 2027/28, is set out in the table below.

A\$, in millions

Building block	2023/24	2024/25	2025/26	2026/27	2027/28	Total
Return on <u>capital</u> ⁽¹⁾	104.1	109.2	114.4	118.8	121.6	568.1
Regulatory depreciation	47.6	47.5	54.7	62.7	68.9	281.4
Operating expenditure	77.8	82.0	82.1	85.4	89.7	417.1
Revenue adjustments	6.1	1.8	-1.8	-3.9	-6.1	-3.8
Net tax allowance	8.9	8.0	7.6	8.4	9.1	42.0
Building block revenue – unsmoothed (including ancillary reference services (ARS))	244.5	248.6	257.0	271.3	283.2	1304.7
Less ARS revenue	6.1	6.5	6.9	7.6	8.4	35.4
Total revenue - unsmoothed (excluding ARS)	238.4	242.1	250.2	263.7	274.8	1269.3
Building block revenue – <u>smoothed</u> ⁽²⁾	230.2	243.4	256.0	266.2	274.4	1270.3
<u>X factors</u> ⁽²⁾	-2.41%	-2.41%	-2.41%	-2.41%	-2.41%	n/a

Source: AER - Final Decision, AusNet Gas Services, Gas distribution access arrangement 1 July 2023 to 30 June 2028

Notes:

- (1) Return on capital is calculated by multiplying the RAB by the WACC (post tax nominal) as determined by the AER.
- (2) A revenue smoothing (“CPI-X”) factor is applied to the unadjusted revenue path by AER. Under the CPI-X form of control, a negative X factor is an increase in price (and therefore, in revenue). The X factor for 2023/24 is indicative only. AER’s decision establishes 2023/24 tariffs directly, rather than referencing a change from tariffs for 1 January to 30 June 2023. The 2024/25 to 2027/28 X factors will be revised to reflect the annual return on debt update.

n/a Not applicable.

Gas Distribution Customer Contributions

Customers are required to contribute to the cost of their connection should the cost of connection exceed the expected incremental revenue the customer will contribute. Customer contributions are regulated under the Gas Distribution System Code. The cost of assets built for customers is included in the RAB net of the contribution made by the customer. The Essential Service Commission of Victoria is currently consulting on a proposal to mandate 100% upfront customer contributions for all new connections.

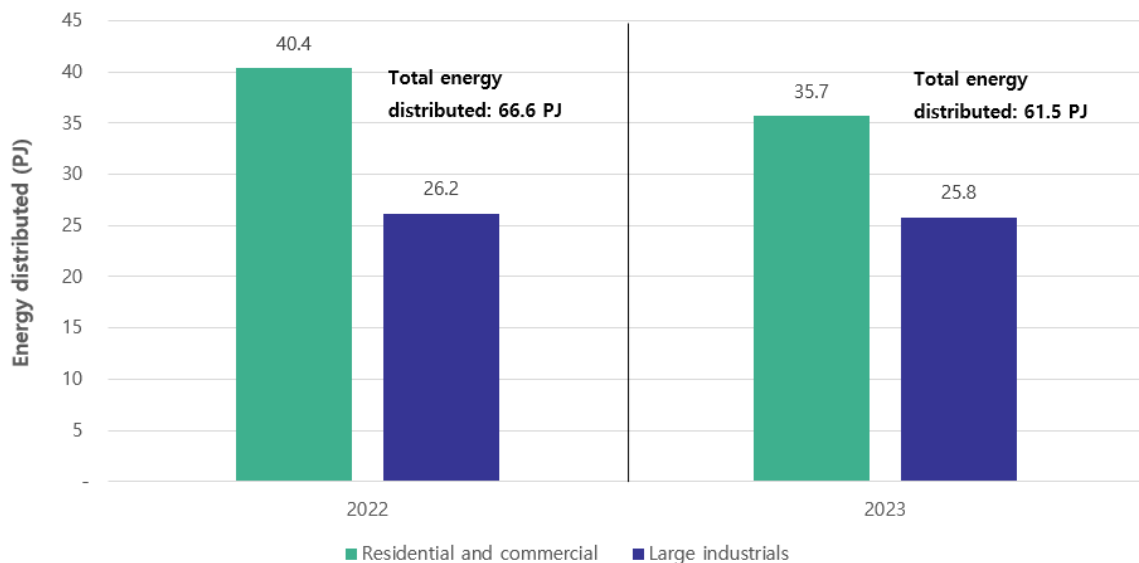
Excluded Services

The AusNet Group charges additional fees for ancillary reference services, including special meter reading, connection and disconnection services, and meter and gas installation tests.

Gas Distribution Customers

For the year ended 31 December 2023, the AusNet Group's five largest gas retail customers accounted for 80% of the AusNet Group's total gas distribution network and excluded revenues. The AusNet Group had approximately 808,800 residential and commercial customers and approximately 300 large industrial customers as at 31 December 2023. The chart below provides an overview of the AusNet Group's gas energy distributed for the years ended 31 December 2022 and 31 December 2023.

Gas energy distributed: CY2023 compared with CY2022



Source: The AusNet Group.

The AusNet Group charges a volume-based tariff to residential and commercial customers who account for approximately 57% of total energy delivered and 99% of distribution-haulage regulated revenue. Large industrial customers account for approximately 43% of total energy delivered, but only 1% of distribution haulage revenue through a demand-based tariff.

Gas Distribution Network Condition

The age profile and asset condition of the AusNet Group's gas distribution network are consistent with industry standards. Assets are maintained, refurbished and replaced in response to well established inspection, testing and condition monitoring programmes that form part of the AusNet Group's comprehensive asset management system. This asset management system focuses on low life cycle costs, enhancing network safety and performance and optimising capital and operating expenditures.

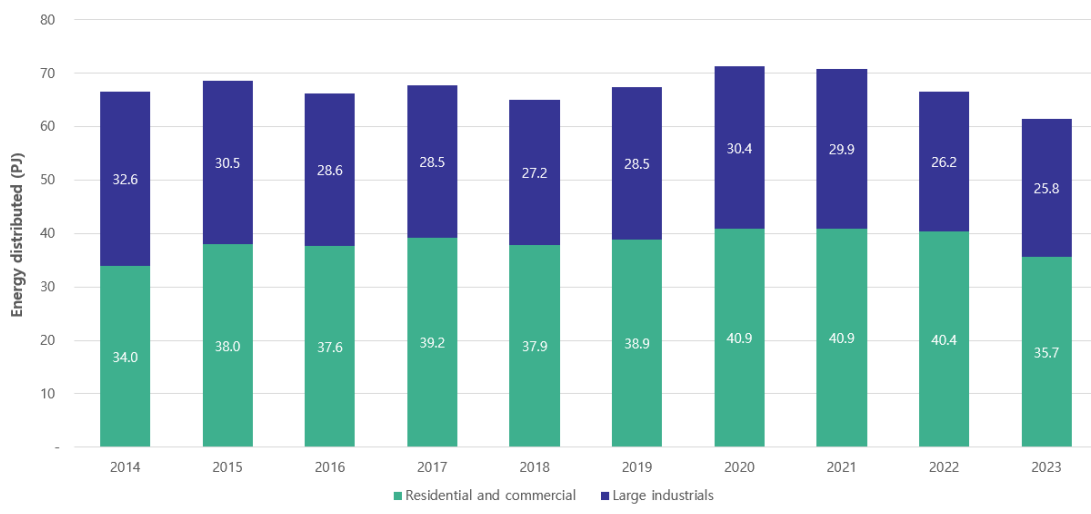
Safety related programmes are subject to a Gas Safety Case approved by Energy Safe Victoria, the regulator in respect of the safe supply and use of gas in Victoria. Compliance with the approved Gas Safety Case is monitored via annual audits conducted by the AusNet Group and by Energy Safe Victoria.

The AusNet Group's gas network consisted of approximately 180 kilometres of transmission pipe and approximately 12,900 kilometres of distribution mains as at 31 December 2023. The pipelines within the network are of different material, reflective of the prevailing technology of the day when the network was constructed: 77.3% are polyethylene, 21% are steel, 1% are polyvinyl chloride ("PVC"), and the balance is of cast iron construction.

Gas Distribution Network Growth

The AusNet Group enhances its network capacity to meet on-going increases in demand from consumers. The AusNet Group believes that its current proposed capital expenditure plan is sufficient to meet foreseeable future increases in demand for gas. Over the 12 months ended 31 December 2023, the AusNet Group had approximately 18,100 net new customer connections equating to 2.3% growth. In 2023, as part of its package of policy announcements supporting electrification, the Victorian Government banned new residential gas connections from 1 January 2024. However, customers with existing planning approvals or not requiring planning approval may continue to connect providing a legacy pipeline of connections to existing or approved reticulation. The figure below illustrates gas consumption from the AusNet Group’s gas distribution network over the past ten calendar years.

Units of Gas Distributed



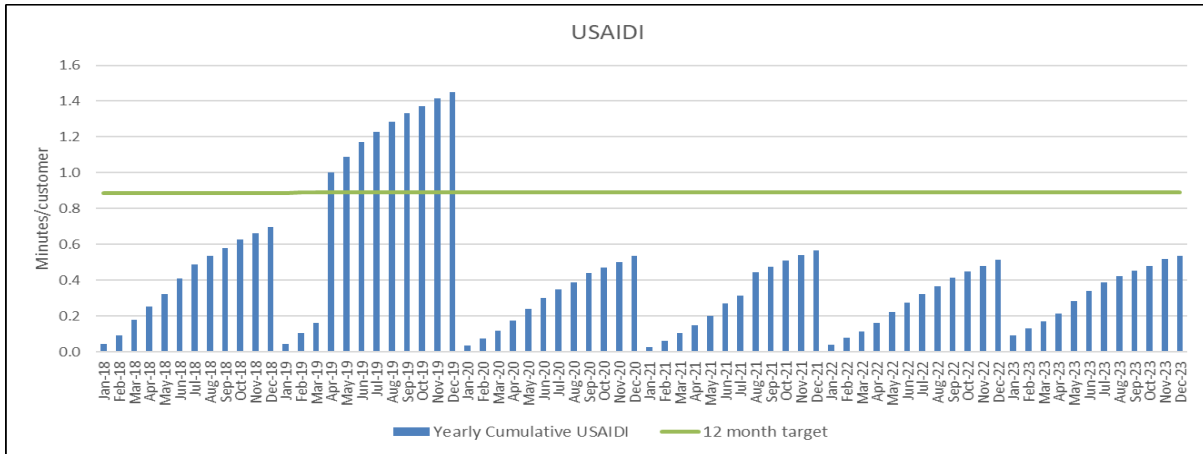
Source: The AusNet Group.

Gas Distribution Network Performance

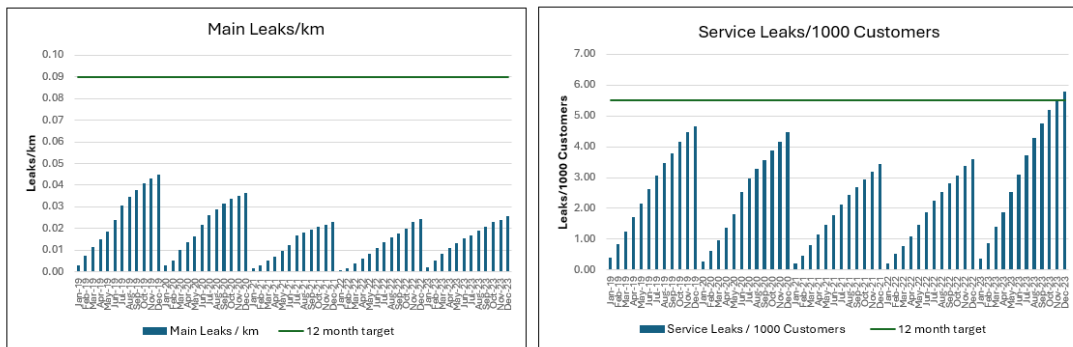
Network outages negatively affect the AusNet Group’s gas distribution revenues, which are based on the volume of gas consumed by end users. The AusNet Group measures the reliability of its gas distribution system by:

- USAIDI; and
- leakage rates, which measures the number of network leaks per kilometre for distribution mains and per 1000 customers for services.

The charts below illustrate the gas distribution network’s USAIDI performance against the GAAR target.



Source: The AusNet Group.



Source: The AusNet Group.

The AusNet Group has predominantly outperformed the USAIDI & network leakage rate targets in the last 5 years.

AusNet has continued its mains replacement programme, upgrading old, poor performing low pressure mains to a high pressure.

Unregulated Businesses

In addition to delivering organic growth on its regulated networks, the AusNet Group has considerable unregulated activities which are combined under Development & Future Networks. In building the AusNet Group’s contracted infrastructure investment portfolio, the business has leveraged its transmission expertise in the fields of development, construction and operations and management of high voltage assets for opportunities that fall outside the regulated regime. Further, the AusNet Group has considerable commercial expertise and practical skills in metering and asset intelligence services enabling it to add value from unregulated business opportunities.

Contracted Infrastructure Investments

The AusNet Group owns and operates a portfolio of contracted infrastructure assets of A\$1.3 billion as at 31 December 2023. These investments consist primarily of network infrastructure assets which fall outside the economically regulated asset base. The investments are made through directly negotiated agreements, priced either based on an approved negotiating framework or competitively (including tender processes or bilateral negotiations), pursuant to which the AusNet Group typically receives revenue over the contract period in exchange for the network service and infrastructure provided.

Development & Future Networks completed construction of the transmission connection assets for the Stockyard Hill Wind Farm (developed by Goldwind Australia) and the Dundonnell Wind Farm (developed by Tilt Renewables) in the 2019/20 financial year and more recently the connection works for the Victorian Big Battery at Moorabool (developed by Neoen). Currently the business is in the process of constructing associated transmission connection works for the Ryan Corner and Hawkesdale Wind Farms (developed by GPG) and Francis Street Data Centre (developed by Microsoft).

Development & Future Networks continues to explore transmission infrastructure upgrades and has been awarded the Western Victorian Transmission Network Project (now named Western Renewables Link) by AEMO which is expected to be completed around 2028.

The AusNet Group views contracted network infrastructure as having strong growth potential and has developed a significant pipeline of opportunities including bespoke network solutions for both generation and major load clients. The AusNet Group's investments to date have been concentrated in Victoria, however, the business is seeking to expand the contracted infrastructure business into other States.

Energy Services and Emerging Markets

Development & Future Networks is aiming to realise new lines of business evolving from the energy industry transition to a high distributed energy resources (DER) future. Development & Future Networks through its Mondo brand is currently focusing on transmission-scale battery energy storage systems (BESS), distribution-scale microgrids and BESS, virtual power plant (VPP) technology, and commercial electric vehicle charging infrastructure.

Mondo has successfully delivered the following market leading trials and projects to position itself as a leader in the provision of DER enabling infrastructure and services:

- Project Energy Demand and Generation Exchange (EDGE), a two-sided DER marketplace trial in partnership with the Australian Energy Market Operator (AEMO), Australian Renewable Energy Agency (ARENA), The University of Melbourne and Deakin University;
- Zero emissions Bus Trial in regional Victoria enabling fleet electrification and depot charging for public buses in partnership with the Victorian Government and bus operators, Latrobe Valley Bus Lines and Seymour Passenger Services;
- Stand Alone Power Systems (SAPS) providing energy supply resilience to regional communities susceptible to grid power outages; and
- Philip Island BESS, the first distribution-scale BESS in Australia, delivering network support services to the Distribution Network Service Provider (DNSP) and AEMO.

Other Services

Development & Future Networks is a leading specialist provider of contestable metering, asset intelligence and technical services in the essential infrastructure sector throughout Australia. Services include the leasing of communications infrastructure and space on the AusNet Group sites and assets, contestable metering services in the National Electricity Market and asset intelligence solutions.

Development & Future Networks currently provides these services to various industry markets including, but not limited to, utility owners, energy retailers, governments, industrial and commercial businesses. Development & Future Networks has a number of accreditations that underpin its services offering, including AEMO accreditations for metering services and laboratories for calibration and testing services accredited by the National Association of Testing Authorities.

Digital

The AusNet Group includes a Digital business unit (“**Digital**”) with accountability for developing and managing the information technology (“**IT**”) and operational technology (“**OT**”) strategies, architectures, systems, and services supporting the safe, effective, and efficient operation of its networks. Digital also incorporates automation, artificial intelligence, advanced analytics, data engineering, and project management practices which are leveraged to enable greater business efficiency and effectiveness through the adoption of new and disruptive technologies. Information security and cyber security capabilities are also provided by Digital to ensure that critical systems and services are protected from cyber threats, vulnerabilities, and attacks; including a 24x7 Security Operations Centre and a Cyber Security Incident Response capability.

The AusNet Group has several important IT and OT systems which underpin the management and operation of its transmission and distribution networks. These include systems relating to the operation and control of the electricity and gas networks, call centre and customer support systems, metering systems, billing and revenue collection systems, geospatial systems, and a range of other systems supporting corporate services and enterprise resource planning (e.g. financial and human resources systems). The systems used to protect and control the electricity and gas networks (e.g. SCADA systems) are the most critical. Control room operators use these systems to monitor the state of the networks and the energy that flows through them. Metering systems, advanced metering infrastructure, data processing systems and billing systems play a critical role in collecting revenue and supporting customer services. Website, call centre and customer support systems enable the AusNet Group to respond to faults, connection requests and other customer needs on a timely basis.

Digital employs rigorous controls and processes to ensure that the performance, reliability and continuity of all critical systems is aligned with the business requirements of the AusNet Group, including incident management, change management, backup, failover and disaster recovery controls. In line with the AusNet Group’s risk management framework, Digital regularly reviews its business and operational risks to document and put in place appropriate risk management strategies and controls. These encompass the range of potential threats and risks, and their associated mitigations and treatments, such as hardware and software failures, environmental failures (e.g. fires, loss of power, etc.), exposure to viruses or intrusion, and other malicious attacks. Appropriate segregation of IT and OT environments, vulnerability monitoring and penetration testing is utilised to minimise the potential risks and impacts from cyber security threats. Digital uses industry cyber security frameworks such as the Essential Eight and the Australian Energy Sector Cyber Security Framework (AESCSF) to assess, evaluate, prioritise, and improve the organisation’s cyber security capability and maturity. Further, Digital leverages the Brookfield cyber security programme, self-assessment and audit resources and capabilities to continually improve our cyber posture.

To provide its services, Digital utilises a blend of in-house resources and external partners. These arrangements are reviewed regularly and updated from time to time to ensure that internal resourcing, managed service or partnering contracts and other supply arrangements are sufficiently robust, resilient and efficient to support the strategic objectives and operational requirements of the AusNet Group.

Employees

The AusNet Group had 1,363 payroll employees as at 31 December 2023. The vast majority of the AusNet Group’s employees are located in Victoria, Australia. The total employee group comprises 1,238 employees on individual employment contracts and 125 employees on enterprise bargaining agreements, noting that an Enterprise Agreement or Modern Award underpins those on individual employment contracts. The Modern Awards underpinning our employees are the Electrical Power Industry Award, Miscellaneous Award, Gas Industry Award and the Clerks Award.

Historically, AusNet has experienced a relatively stable industrial relations environment with issues resolved through consultation and negotiation. At the date of this Information Memorandum, the Group is not subject to any protected industrial action, however the AusNet - ASU/APESMA Enterprise Agreement 2022 (nominal expiry 1 June 2024) negotiations have commenced and the AusNet - ETU Enterprise Agreement 2022 (expired on 31 August 2023) re-negotiations have not commenced. Contingency plans are in place should protected industrial action take place during upcoming negotiations. Health & Safety

The AusNet Group is committed to protecting the health, safety and wellbeing of those who work for and with the AusNet Group and for those who come into contact with the AusNet Group's operations. The AusNet Group is committed to attaining industry leading performance in health and safety and believes that such performance is a critical part of the success and sustainability of the business.

The AusNet Group uses a systematic approach to managing health, safety and wellbeing which has been mapped against internationally recognised standards. The AusNet Group's management system, health and safety standards and procedures are applied at the operating level to meet the requirements of Australian State and Federal government health and safety regulators.

The AusNet Group monitors health and safety performance regularly and intervenes if performance in health and safety does not meet the continual improvement targets set.

Risk Management and Internal Controls

The effective management of risk is central to the creation and protection of value for the AusNet Group. By understanding and managing risk, the AusNet Group aims to provide greater certainty for shareholders, employees, customers, suppliers and the communities in which it operates.

The AusNet Group adopts a structured and consistent process for recognising, understanding and responding to risk. All employees are responsible for the management of risk in accordance with the Risk Management Policy and Risk Appetite Statement. This responsibility includes ensuring that emerging conditions and key controls are identified, monitored and actioned.

The AusNet Group operates under a risk management framework that enables the management of risk to become fully integrated into all its critical systems and processes for making decisions. This enables the AusNet Group to take appropriate action to reduce uncertainty and increase the likelihood that its objectives will be achieved.

Interest Rate and Foreign Exchange Risk Management

The AusNet Group manages its interest rate risk with fixed rate debt and interest rate swaps. The AusNet Group's revenue and costs from its electricity transmission and distribution businesses and its gas distribution business are impacted directly by changes in interest rates via the regulatory price review process. This is a result of the "building block" approach where interest rates are used to determine the WACC, and consequently, regulated revenue.

The predominant objective of the hedging activities in relation to these businesses is to minimise the exposure to changes in interest rates by matching the actual cost of debt with the cost of debt assumed by the AER when setting the rate of return for the relevant business. A portion of the AusNet Group's debt portfolio is allocated against the equity allowance periods for each of the regulated networks. The AusNet Group's Treasury Risk Policy states that interest rate risk is to be managed in order to maintain the percentage of fixed rate debt to total debt at a level between 90% and 100% for each regulated business over the course of its regulatory period. As at 31 December 2023, the percentage of fixed rate debt (including floating rate debt hedged through interest rate swaps) to net debt was 95.4%.

The functional currency of the AusNet Group is the Australian dollar. The AusNet Group's Treasury Risk Policy states that any material currency exposure has to be hedged. This includes hedging 100% of foreign currency denominated debt. As at 31 December 2023, all foreign currency denominated bonds were 100% hedged through maturity.

Insurance

The AusNet Group self-insures its towers, poles, wires, pipelines and associated equipment in accordance with industry practice. The AusNet Group carries various types of insurance, including property damage, workers' compensation, cyber risk, environmental liability, combined liability (includes bushfire liability, product liability, personal injury, automobile liability and professional indemnity) and corporate travel. These insurances and their deductibles are maintained at levels that the AusNet Group believes are adequate or reasonable and consistent with industry standards.

The AusNet Group has liability insurance which specifically provides cover for bushfire liability. The AusNet Group reviews its insurance cover annually and ensures it is commensurate with the scale and size of its operations, the risks assessed to be associated with its operations and with industry standards and practice.

Litigation and Disputes

Other than as disclosed in this Information Memorandum, as at the date of this Information Memorandum, there are no legal or arbitration proceedings pending or known to be contemplated that may in the future have, or have had in the 12 months preceding the date of this Information Memorandum, a material effect on the financial position or profitability of the AusNet Group. The AusNet Group is party to various other litigation matters in the ordinary course of business. The AusNet Group cannot estimate with certainty the ultimate legal or financial liability with respect to those litigation matters but believes any ultimate liability in those litigation matters is not expected to be material to the financial position, results of operations or cash flows of the AusNet Group.

Environmental Matters

Contaminated Sites

The AusNet Group's operations are subject to a number of laws and regulations relating to environmental protection and safety, including bushfire mitigation. The AusNet Group believes that it is in compliance in all material respects with applicable environmental laws and regulations and that there are no outstanding or anticipated environmental matters of a significant nature other than three sites that were historically used for gas manufacturing operations that it is actively managing and a transmission tower structure that was previously painted with lead paint. The estimated net present value for costs of remediation of the gas sites, amounting to A\$42.8 million at 31 December 2023, has been provided for in the AusNet Group's accounts. Work related to the gathering of contemporary site information and finalising the AusNet Group's remediation approach is on-going. The previously lead painted tower location is managed under an environmental management plan and is not presently subject to any remediation or ongoing requirements resulting in costs.

Bushfire mitigation and vegetation management

The AusNet Group's safety record, network asset management and network maintenance programmes are consistent with industry practice, and its mandated Bushfire Mitigation and Vegetation Management Plans comply with the Electricity Safety (Bushfire Mitigation) Regulations 2023 (Vic) and Electricity Safety (Electric Line Clearance) Regulations 2020 (Vic) respectively. The AusNet Group's bushfire mitigation and vegetation management programmes are audited annually by Energy Safe Victoria.

Spills from Oil Filled Plant

The AusNet Group also has established policies and procedures for managing electricity and gas facilities to existing environmental regulatory standards. Spills from oil filled plant may happen on occasion within the electricity transmission and distribution industry. The AusNet Group has a programme to prevent spills of transformer oil causing material off-site effects, which include erecting containment barriers and oil/water separation pits and filters for large oil filled plant in major installations such as zone substations and terminal stations. Nevertheless, from time to time oil spills may occur from leaking or damaged plant items. These spills occasionally escape containment and contaminate ground or surface water, leading to clean-up and remediation efforts.

Polychlorinated Biphenyls

The AusNet Group has removed polychlorinated biphenyls from most of its electrical equipment. Small amounts remain in certain equipment. The AusNet Group has established procedures for the safe management and disposal of this material.

Asbestos

The AusNet Group has undertaken an audit to identify all material or materials likely to contain asbestos in its businesses. The AusNet Group maintains asbestos registers and has in place procedures relating to asbestos removal where required.

Electric and Magnetic Fields ("EMF")

EMF produced by electricity have been the subject of employee and public health concerns. Numerous scientific studies have been undertaken on the potential adverse effects of EMF on human health. None of these studies has established adverse effects, but there still remains scientific and public debate. Any potential impact arising from electric and magnetic fields would affect the electricity industry as a whole and would not be limited to the AusNet Group.

Board and Management

Directors

The Board of Directors of AusNet consists of the following persons:

Name	Position
David Smales	Director
Mark Ellul	Director
Jon D'Sylva	Director

Company Secretary

The company secretary of AusNet is Evan Holland (General Counsel and Company Secretary).

For information about the Board of Directors, see “Board and Management — Executive Management” below.

Executive Management

The following table lists the Chief Executive Officer of the AusNet Group and his direct reports.

Name	Position
David Smales	Chief Executive Officer Executive General Manager — Network Management (Interim)
Mark Ellul	Chief Financial Officer
Bridget Cairns	Executive General Manager — People and Safety (Interim)
Jon D'Sylva	Chief Development Officer
Andrew Linnie	Executive General Manager — Network Operations (Interim)
Elizabeth Ryan	Executive General Manager — Strategy, Regulation, Corporate Affairs and Digital

David Smales

Bachelor of Engineering (Honours), Sheffield Hallam University, UK

Master of Business Administration, Warwick Business School, UK

Chartered Engineer

Fellow of Engineers Australia

Chief Executive Officer and Executive General Manager — Network Management (Interim). Mr Smales commenced as CEO at AusNet on 15 November 2023 and has more than 40 years' experience in the energy sector gained in Australia, Asia, and the United Kingdom.

Mr Smales is an experienced CEO with deep industry knowledge, having led and managed regulated electricity transmission and distribution businesses, natural gas infrastructure assets and power generation energy services. Mr Smales' prior roles include Chief Operating Officer of China Light and Power and the inaugural CEO of Energy Queensland Limited.

Mark Ellul

Bachelor of Commerce, Melbourne University

Chartered Accountant

Chief Financial Officer – Mr Ellul is responsible for all aspects of AusNet’s finance and governance functions, including group finance, treasury, taxation, financial governance and control, procurement, legal, company secretary, enterprise risk and internal audit. Mr Ellul has been with AusNet since 2010 in various senior finance roles and was appointed Chief Financial Officer in December 2019.

Prior to joining AusNet, Mr Ellul held senior corporate accounting and audit and assurance roles at Telstra and KPMG. Mr Ellul is a member of Chartered Accountants Australia and New Zealand (“CAANZ”) and a former member of the CAANZ Victorian Corporate Advisory Panel.

Bridget Cairns

Bachelor of Business, Swinburne University of Technology

Executive General Manager – People and Safety (Interim). Ms Cairns is responsible for human resource management, including AusNet’s people, culture, health, safety and the environment functions.

Ms Cairns joined AusNet in 2011 and has 20 years’ experience leading and delivering large-scale transformational and operational programmes within the infrastructure and energy sectors. Prior to joining AusNet, Ms Cairns held senior human resources roles with Siemens and Transport for London.

Jon D’Sylva

Masters of Applied Finance – FINSIA

Bachelor of Taxation, University of NSW

Chartered Accountant

Chief Development Officer – Mr D’Sylva is responsible for strategic commercial and corporate development, innovation and growth in existing and emerging markets.

Mr D’Sylva joined AusNet in 2020 and formerly led AusNet’s Strategy and Regulation functions. Mr D’Sylva has diverse executive leadership experience in the utilities sector, including strategy, company-wide transformation, business development and growth. Prior to joining AusNet, Mr D’Sylva held senior executive roles including General Manager, Strategy and Insights at Endeavour Energy, and prior executive roles at United Energy and Multinet Gas and Synergy.

Andrew Linnie

Advanced Diploma Building Design & Construction

Advanced Diploma Leadership & Management

Advanced Diploma Work Health & Safety

Executive General Manager – Network Operations (Interim). Mr Linnie is responsible for field operations and service delivery across AusNet’s gas distribution and electricity transmission and distribution networks, including network operations and customer engagement.

Mr Linnie joined AusNet in 2020 and has more than 20 years’ experience in major project delivery in the energy sector. Prior to joining AusNet, he held leadership roles with CitiPower and Powercor, and has delivered major projects across the civil and construction industries.

Elizabeth Ryan

Bachelor of Commerce and Diploma of Arts, University of Melbourne

Masters of Business Administration, University of Cambridge

Graduate of the Australian Institute of Company Directors

Executive General Manager – Strategy, Regulation, Corporate Affairs and Digital. Ms Ryan leads AusNet’s strategy, regulation, digital and corporate affairs functions which encompass sustainability, policy, government relations, brand, communications and information technology.

Ms Ryan joined AusNet in February 2023 and has 20 years’ experience across the energy, financial services, agribusiness and mining sectors. Prior to joining AusNet, Ms Ryan held Executive General Manager roles at Elders Limited and leadership positions at General Electric and in the management consulting sector.

Board of Directors for the Issuer and the Guarantors

The Directors of the Issuer and the Guarantors are David Smales, Mark Ellul and Jon D’Sylva. The Company Secretary of the Issuer and the Guarantors is Evan Holland.

David Smales

For information about Mr Smales, see “*Board and Management — Executive Management*” above.

Mark Ellul

For information about Mr Ellul, see “*Board and Management — Executive Management*” above.

Jon D’Sylva

For information about Mr D’Sylva, see “*Board and Management — Executive Management*” above.

Evan Holland

Bachelor of Laws (Honours), Deakin University

Bachelor of Commerce, Deakin University

Australian Legal Practitioner

General Counsel and Company Secretary – Mr Holland is responsible for the legal and corporate governance functions across the AusNet Group. He joined AusNet Group in 2009 and has over 18 years’ experience in the law, governance and commerce including in the areas of capital markets, M&A, energy infrastructure/development, regulation, commercial transactions and disputes. Prior to joining AusNet, Mr Holland was a lawyer in mergers and acquisitions, specialising in equity and capital markets at Freehills (now Herbert Smith Freehills). Mr Holland has held a number of senior positions within the legal and governance function of AusNet Group, and has supported the business through a number of significant transactions, phases of growth and development and complex disputes.

Glossary

Term	Meaning
2P	proven and probable
A\$	Australian dollars
AASB	Australian Accounting Standards Board
AASB 9	Accounting standard – AASB 9 Financial Instruments
AASB 119	Accounting standard – AASB 119 Employee Benefits
ABN	Australian Business Number
ACA	Allocable Cost Amount
ACCC	Australian Competition and Consumer Commission
ACRs	Automatic Circuit Reclosers
ACT	Australian Competition Tribunal
AEMA	Australian Energy Market Agreement
AEMC	Australian Energy Markets Commission
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
Alternative Control, Ancillary and Negotiated Services	Also referred to as Excluded Services, these are other services provided by the AusNet Group, including meter disconnection and reconnection, special meter reads, field officer visits and service truck visits
AMI	Advanced Metering Infrastructure
AMS	AusNet Group Asset Management System
ARPANSA	Australian Radiation Protection and Nuclear Safety Agency, a Commonwealth agency responsible for protecting the health and safety of people and the environment from the harmful effects of radiation
Asset Management Strategy	Asset Management Strategy of the AusNet Group
ASIC	Australian Securities and Investments Commission
ASX or Australian Securities Exchange	ASX Limited or the securities exchange which it operates
ATO	Australian Taxation Office
AusNet ASU/APESMA 2022 Enterprise Agreement	Enterprise Agreement negotiated between AusNet, the Australian Services Union (ASU) and the Association of Professional Engineers, Scientists and Managers Australia (APESMA) and Employees. An Enterprise Agreement contains terms and conditions of employment, including wages for a specified period of time.
AusNet Electricity Services	AusNet Electricity Services Pty Ltd (ABN 91 064 651 118)

Term	Meaning
AusNet ETU 2022 Enterprise Agreement	Enterprise Agreement negotiated between AusNet, the Electrical Trades Union (ETU) and Employees. An Enterprise Agreement contains terms and conditions of employment, including wages for a specified period of time.
AusNet Services Distribution	AusNet Services (Distribution) Pty Ltd (ABN 37 108 788 245)
AusNet Services Finance Trust	The trust established by AusNet Services (RE) Ltd called AusNet Services Finance Trust, originally as a registered management investment scheme to provide finance to the respective distribution and transmission operations of the Group, the interests in which were, prior to the Restructure, quoted on the ASX and held by securityholders as one component of the previous triple stapled securities. All interests in the trust are now owned by the AusNet Group and the assets of the trust are nominal
AusNet Group	One or more members of the Group, as the context requires
AusNet	AusNet Pty Ltd (ABN 45 603 317 559)
AusNet Services Transmission	AusNet Services (Transmission) Pty Ltd (ABN 48 116 124 362)
AusNet Transmission Group	AusNet Transmission Group Pty Ltd (ABN 78 079 798 173)
Australian Energy Holdings No.1	Australian Energy Holdings No.1 Pty Ltd (ABN 18 654 672 670), the head entity of the Australian tax consolidated group
Australian Government	The government of the Commonwealth of Australia
Australian Tax Act	The Income Tax Assessment Act 1936 (Cth) and the Income Tax Assessment Act 1997 (Cth)
Brookfield	Brookfield Corporation (formerly known as Brookfield Asset Management Inc.) and Brookfield Asset Management Ltd., and where appropriate, also includes entities controlled by them
Brookfield Managed Investors	A syndicate of institutional investors whose investment will be managed by Brookfield, or an affiliate of Brookfield and who do not have governance rights or influence in respect of investment and management decisions
CCA	Competition and Consumer Act 2010 (Cth) (formerly the Trade Practices Act 1974 (Cth))
Clerks Award	The Clerks Award is an occupational award which applies to administrative roles.
COAG	Council of Australian Governments
Common Service	As defined under the NER, “a service that ensures the integrity of a distribution system and benefits all Distribution Customers and cannot reasonably be allocated on a locational basis”
Commonwealth	The Commonwealth of Australia

Term	Meaning
Corporations Act	Corporations Act 2001 (Cth)
CPI	The Australian Consumer Price Index published by the Australian Bureau of Statistics
CSG	coal seam methane gas
(Cth)	Indicates federal legislation of the Commonwealth of Australia
DER	Distributed Energy Resources
Development & Future Networks	The Mondo segment was renamed 'Development & Future Networks' and now includes the network innovation functions that were previously in the Electricity Distribution businesses, as well as Mondo
DNSP	Distribution network service provider
DRP	Dividend Reinvestment Plan which provides eligible shareholders with a method of reinvesting all or part of their dividends in additional shares
DUos	Distribution use of system charge
EDPR	Electricity Distribution Price Review
EIA	Electricity Industry Act 2000 (Vic)
Electrical Power Industry Award	A Modern Award that underpins Electricity and Transmission employees covered by Enterprise Agreements as well as Mondo employees who are not covered by another Modern Award.
EMF	Electric and magnetic fields
Enterprise Agreements	Union collective agreements
Equity Partners	Australian Retirement Trust, Alberta Investment Management Corporation, Investment Management Corporation of Ontario, Healthcare of Ontario Pension Plan and the Public Sector Pension Investment Board
ESC	Essential Services Commission
ESC Act	Essential Services Commission Act 2001 (Vic) of Australia
ESG	Environmental, social and governance
ESMSs	Electricity Safety Management Schemes
euro or €	The single currency introduced at the start of the third stage of European Economic and Monetary union pursuant to the Treaty on the Functioning of the European Union, as amended from time to time
Excluded Services	Also referred to as Alternative Control, Ancillary and Negotiated Services, these are other services provided by the AusNet Group, including meter disconnection and reconnection, customer transfers, special meter reads and maintenance charges for large customer installations
Excluded Subsidiary	As defined in the Guarantee Deed Poll

Term	Meaning
FATCA	Sections 1471 to 1474 of the United States Internal Revenue Code of 1986 or any consolidation, amendment, re-enactment or replacement of those provisions and including any regulations or official interpretations issued, agreements (including, without limitation, intergovernmental agreements) entered into or non-United States laws enacted with respect thereto
FFI	Foreign financial institution
Gas Industry Award	Underpinning Modern Award for employees covered by the Gas Enterprise Agreement
Gearing Ratio	A ratio stipulated in the applicable finance agreement, that generally measures the ratio of senior debt to the total capitalisation of the Group on a consolidated basis
GIA	Gas Industry Act 2001 (Vic)
Grattan Institute	An independent think tank focused on Australian public policy, with the aim of improving public policy by engaging with decision makers and the broader community
Group	As defined in the Conditions of the Notes
GST	goods and services tax
Guarantor/Guarantors	As described in the Conditions of the Notes
GW	gigawatt, a unit of power equal to one billion watts
GWh	gigawatt hour, a unit of energy equal to one billion watt hours
HoldCo	Australian Energy Holdings No 3 Pty Ltd (ACN 654 673 300)
ICNIRP	International Commission on Non-Ionizing Radiation Protection, an independent scientific organisation, whose aims are to provide guidance and advice on the health hazards of non-ionizing radiation exposure
IEEE	Institute of Electrical and Electronics Engineers
IGA	Intergovernmental agreements
Interest Cover Ratio	A ratio stipulated in the applicable finance agreement, that generally measures the ratio, in respect to a calculation period, of: Earnings before interest, taxes, depreciation and amortisation during that period to; Interest payments on senior debt brought to account on an accruals basis during that period, of the Group on a consolidated basis.
Issuer	AusNet Services Holdings Pty Ltd (ABN 97 086 006 859)
LNG	Liquefied natural gas
MAIFI	Momentary Average Interruption Frequency Index, means the total number of Momentary Interruptions divided by the Customer Base for the relevant period, provided that Momentary Interruptions that

Term	Meaning
	occur within the first three minutes of a Sustained Interruption are excluded from the calculation.
MEB	The merchant energy business that consisted of TXU Corp's electricity generation, electricity and gas retail businesses and interest in the SEAGas gas pipeline
MED	Major Event Day as defined in the Service Target Performance Incentive Scheme. Any day where unplanned SAIDI exceeds the DNSP major event day boundary may be excluded when calculating the values of the parameters for the purpose of calculating the revenue increment or decrement resulting from this scheme
MIC	Market impact component
MidCo	Australian Energy Holdings No 2 Pty Ltd (ACN 654 672 992)
Miscellaneous Award	Provides coverage for employees who are a member of Water & Gas Field services which are not covered by the Plumbers and Fire Sprinklers Award.
Modern Awards	Industry based Awards that contain the minimum employment standards set by the Fair Work Commission for that industry
Momentary Interruption (Event)	Means one or more Momentary Interruptions that occur within a continued duration of 3 minute or less, provided that the successful restoration of electricity supply after any number of Momentary Interruptions is taken to be the end of the Momentary Interruption Event
Mondo	The Mondo segment was renamed 'Development & Future Networks' and now includes all the contracted infrastructure as well as the network innovation functions that were previously in the Electricity Distribution businesses, as well as Mondo, AusNet Group's unregulated business
Mondo or Mondo Power	A brand used by the Development & Future Networks unit of AusNet Group for certain unregulated services business
Moody's	Moody's Investors Services, Inc. (or any of its subsidiaries or any successor in business thereto from time to time)
MWh	Megawatt hour, a unit of energy equal to one million watt hours
National Grid	The interconnected transmission network in Queensland, New South Wales, the Australian Capital Territory, Victoria, South Australia and Tasmania
NCC	Network capability component
NECF	National Energy Customer Framework
NEL	National Electricity Law
NEM	National Electricity Market
NER	National Electricity Rules

Term	Meaning
Network Agreement	The network agreement between the AEMO and the AusNet Group dated 3 October 1994 that establishes the services and applicable terms and conditions
NEVA	National Electricity (Victoria) Act 2005 (Vic)
NGER	National Greenhouse and Energy Reporting Act 2007 (Cth)
NGL	National Gas Law
NGR	National Gas Rules
NSW	New South Wales
PJ	petajoules, a unit of energy equal to one quadrillion (10 ¹⁵) joules
Plumbers and Fire Sprinklers Award	This industry award applies to employers engaged in the industry of providing plumbing and/or fire sprinkler fitting services, and their employees.
PVC	Polyvinyl chloride
RAB	The Regulated Asset Base which represents the value, as assessed by the AER, of past regulated network investments. This is the value on which the AusNet Group can expect to earn a return (return on capital), over the economic life of its network assets (as regulatory depreciation). For each regulatory period, the RAB is adjusted for inflation, capital expenditure, depreciation, customer contributions and disposals. The AusNet Group's regulated assets include ownership of the primary regulated Victorian electricity transmission network, together with an electricity distribution network located in eastern Victoria and a gas distribution network located in western Victoria. The calculation of the total RAB value is subject to some estimation as the AER ultimately determines the RAB of each network
Rate of Return Instrument	The legally binding document that sets out how the rate of return applied in regulatory determinations will be calculated. This is reviewed by the AER every 4 years
RDP	The initial REZ development plan
REFCL	Rapid Earth Fault Current Limiter
Regulated/Contracted Asset Base	Regulated and Contracted Asset Base. Includes the RAB as well as Development & Future Networks' contestable transmission assets, for example, the Victorian desalination contract
Restructure	The corporate restructure under which the, then, Stapled Entities became wholly owned by AusNet and eligible securityholders received shares in AusNet in the same proportion as the stapled securities previously held
REZ Fund	The establishment of certain funding commitments to support six new renewable energy zones in the State of Victoria, as announced by the Victorian State Government in February 2021

Term	Meaning
REZs	The six new renewable energy zones in the State of Victoria to be developed, as announced by the Victorian State Government in February 2021
SAPS	Stand Alone Power System
SC	Service component
Scheme	The scheme of arrangement under Part 5.1 of the Corporations Act for the acquisition of AusNet by Australian Energy Holdings No 4 Pty Ltd (a company controlled by Brookfield Corporation (formerly known as Brookfield Asset Management Inc)), which was implemented on 16 February 2022.
Scope 1 greenhouse gas emissions	Direct emissions from operations that are owned or controlled by the reporting company. AusNet's key sources are sulphur hexafluoride (SF6) from electricity transmission and distribution network switchgear, and fugitive methane emissions from our gas distribution network
Scope 2 greenhouse gas emissions	Indirect emissions from the generation of purchased or acquired electricity by operations that are owned or controlled by the reporting company. For AusNet's these are primarily line losses associated with the energy lost during transmission and distribution of electricity across the network.
Select Solutions	A brand formerly used by Development & Future Networks, the AusNet Group's unregulated services business
SGIAD	State Grid International Australia Development Company Limited
SGX or SGX-ST	Singapore Exchange Limited or Singapore Exchange Securities Trading Limited or the securities exchange which it operates
Shared Transmission Service	As defined in the National Electricity Rules, "a service provided to a Transmission Network User for use of a transmission network for the conveyance of electricity (including a service that ensures the integrity of the related transmission system)".
SPI	Singapore Power International Pte Ltd
S&P	S&P Global Ratings, a business division of S&P Global Inc. (or any of its subsidiaries or any successor in business thereto from time to time)
SRO	State Revenue office
Stapled Entities	AusNet Services (Distribution) Pty Ltd (ABN 37 108 788 245), AusNet Services (Transmission) Pty Ltd (ABN 48 116 124 362) and AusNet Services Finance Trust which, prior to the Restructure, were stapled together
STPIS	Service Target Performance Incentive Scheme
Subsidiary	As defined in the Conditions of the Notes
Sustained Interruption	means an Interruption to a Distribution Customer's electricity supply at the point of supply that has a duration longer than 3 minutes,

Term	Meaning
	provided that the successful restoration of supply to the Distribution Customer is taken to be the end of the Sustained Interruption.
SWER	Single Wire Earth Return
Taxation Administration Act	Taxation Administration Act 1953 (Cth) of Australia
TCSA	Tax Cost Setting Amount
TCFD	Taskforce for Climate-related Financial Disclosures
TFN	Tax File Number
TOFA	Taxation of Financial Arrangements
TopCo	Australian Energy Holdings No 1 Pty Ltd (ACN 654 672 670)
Total Assets	The aggregate of the value of all current and non-current assets on a consolidated basis and after eliminating all inter-company transactions
Total Group Assets	The aggregate of the value of all current and noncurrent assets of the Group on a consolidated basis and after eliminating all intercompany transactions less the aggregate value of the Total Assets of any Excluded Subsidiaries
Transmission System Maximum Demand	The maximum amount of aggregated electricity recorded at entry points and interconnection points to the AusNet Group transmission network in each calendar year
Transmission System Minutes	A measure used by the AusNet Group to track the loss of supply to its transmission customers caused by the transmission system
TRR	Transmission Revenue Reset
TuoS	Transmission use of system
USAIDI	Unplanned System Average Interruption Duration Index, means the sum of the durations of all the Sustained Interruptions (in minutes), divided by the Customer Base. Momentary Interruptions (of three minutes or less) are excluded from the calculation of USAIDI
USAIFI	Unplanned System Average Interruption Frequency Index, means the total number of Sustained Interruptions, divided by the Customer Base. Momentary Interruptions (of three minutes or less) are excluded from the calculation of USAIFI
U.S.\$	U.S. dollars
(Vic)	Indicates state legislation of the State of Victoria
Victorian State Government	The government of the State of Victoria
WACC	weighted average cost of capital

Conditions of the Notes

The following are the conditions which, as supplemented, amended or replaced by the relevant Pricing Supplement, apply to each Note constituted by the Deed Poll. References to the "Pricing Supplement" in these Conditions do not limit the provisions which may be supplemented, amended or replaced by the Pricing Supplement in relation to a particular Series of Notes.

Definitions and interpretation provisions are set out in Condition 22 ("Interpretation").

Part 1 Introduction

1 Introduction

1.1 Programme

Notes are issued under a debt issuance programme established by the Issuer and have the benefit of the Guarantee.

1.2 Pricing Supplement

Notes are issued in Series. A Series may comprise one or more Tranches having one or more Issue Dates and on conditions otherwise identical (other than, to the extent relevant, in respect of the Issue Price, Issue Date and the first payment of interest). A Tranche is the subject of a Pricing Supplement which supplements, amends or replaces these Conditions. If there is any inconsistency between these Conditions and the Pricing Supplement, the Pricing Supplement prevails.

Copies of the Pricing Supplement are available for inspection or on request by a Holder or prospective Holder during normal business hours at the Specified Office of the Issuer or the Registrar.

1.3 Types of Notes

An Note is either:

- (a) a Fixed Rate Note;
- (b) a Floating Rate Note;
- (c) a Zero Coupon Note;
- (d) a Structured Note; or
- (e) a combination of the above (or any other type of debt obligation including a certificate of deposit), as specified in the relevant Pricing Supplement.

1.4 Denomination

- (a) Unless otherwise specified in the Pricing Supplement, Notes are issued in the denomination of A\$10,000 (or an approximate equivalent in an alternate currency).
- (b) Notes are issued in a single Denomination.

1.5 Currency

Notes are denominated in the currency specified in the Pricing Supplement.

1.6 Clearing Systems

Notes may be held in a Clearing System, in which case the rights of a person holding an interest in the Notes lodged in the Clearing System are subject to the rules and regulations of the Clearing System. The Issuer is not responsible for anything the Clearing System does or omits to do.

Part 2 The Notes

2 Form

2.1 Constitution under Note Deed Poll

Notes are debt obligations of the Issuer constituted by, and owing under, the Note Deed Poll. Holders are entitled to the benefit of, are bound by, and are deemed to have notice of all the provisions of the Note Deed Poll.

2.2 Form

Notes are issued in registered form by entry in the Register.

2.3 No certificates

No certificates will be issued to Holders unless the Issuer determines that certificates should be available or are required by any applicable law.

2.4 Independent obligations

The obligations of the Issuer in respect of each Note constitute separate and independent obligations which the Holder to whom those obligations are owed is entitled to enforce without having to join any other Holder or any predecessor in title of a Holder.

3 Status

3.1 Status

Notes constitute direct, unconditional, unsubordinated and (subject to Condition 4 ("Negative Pledge")) unsecured obligations of the Issuer.

3.2 Ranking

Notes rank equally among themselves and at least equally with all other unsubordinated and unsecured obligations of the Issuer, except for liabilities mandatorily preferred by law.

3.3 Guarantee

Notes are issued with the benefit of the Guarantee. Under the Guarantee each Guarantor unconditionally and irrevocably guarantees to the Holders, among other things, the due and punctual performance by the Issuer of its obligations under the Notes.

3.4 Ranking of the Guarantee

The obligations of the Guarantor under the Guarantee rank at least equally with all other unsubordinated and unsecured obligations of the Guarantor, except for liabilities mandatorily preferred by law.

4 Negative pledge

The Issuer and the Guarantors agree not to create any Lien or allow one to exist on the whole or any part of its present or future property to secure any Capital Markets Indebtedness or any guarantee (or other assurance against financial loss) in respect of any Capital Markets Indebtedness without the approval of an Extraordinary Resolution of Holders unless, before or at the same time, the Issuer's obligations under the Notes either:

- (a) are secured equally and ratably; or
- (b) have the benefit of any other Lien approved by an Extraordinary Resolution of Holders.

5 Title and transfer of Notes

5.1 Title

Title to Notes passes when details of the transfer are entered in the Register.

5.2 Effect of entries in Register

Each entry in the Register in respect of a Note constitutes:

- (a) an unconditional and irrevocable undertaking by the Issuer to the Holder to pay principal and (if applicable) interest and any other amount in accordance with these Conditions; and
- (b) an entitlement to the other benefits given to Holders under these Conditions in respect of the relevant Note.

5.3 Register conclusive as to ownership

Entries in the Register in relation to a Note constitute conclusive evidence that the person so entered is the absolute owner of the Note subject to correction for fraud or proven error.

5.4 Non-recognition of interests

Except as required by law, the Issuer and the Registrar must treat the person whose name is entered in the Register as the holder of a Note as the absolute owner of that Note. This Condition applies whether or not a Note is overdue and despite any notice of ownership, trust or interest in the Note.

5.5 Joint holders

Where two or more persons are entered in the Register as the joint holders of a Note then they are taken to hold the Note as joint tenants with rights of survivorship, but the Registrar is not bound to register more than four persons as joint holders of a Note.

5.6 Transfers in whole

Notes may be transferred in whole but not in part.

5.7 Compliance with laws

Notes may only be offered (directly or indirectly) for issue or transfer, or applications invited for the issue or transfer of Notes, and may only be issued or transferred if:

- (a) Where the offer or invitation is made in, or into, Australia:
 - (i) the consideration payable to the Issuer or the transferor by the relevant subscriber or person acquiring the Notes is at least A\$500,000 (or its equivalent in other currencies, but disregarding any moneys lent by the offeror or its associates) or the offer or invitation (including any resulting issue) or the transfer does not otherwise require disclosure to investors under Parts 6D.2 or 7.9 of the Corporations Act; and
 - (ii) the offer or invitation (including any resulting issue) or transfer does not constitute an offer to a “retail client” as defined for the purposes of section 761G of the Corporations Act; and
- (b) at all times, such action:
 - (i) complies with applicable laws, regulations and directives of the jurisdiction in which the offer, invitation, issue or transfer takes place; and
 - (ii) does not require any document to be lodged with ASIC.

5.8 Transfer procedures

Interests in Notes held in a Clearing System are transferable only in accordance with the rules and regulations of that Clearing System.

Application for the transfer of Notes not held in a Clearing System must be made by the lodgment of a transfer form with the Registrar at its Specified Office. Transfer forms must be in the form available from the Registrar. Each transfer form must be:

- (a) duly completed;
- (b) accompanied by any evidence the Registrar may require to establish that the transfer form has been duly executed; and
- (c) signed by, or on behalf of, both the transferor and the transferee.

Transfers are registered without charge provided all applicable Taxes in relation to the transfer have been paid.

5.9 Effect of transfer

Upon registration and entry of the transferee in the Register the transferor ceases to be entitled to future benefits under these Conditions in respect of the transferred Notes and the transferee becomes so entitled in accordance with Condition 5.2 (“Effect of entries in Register”).

5.10 CHESS

Notes listed on the Australian Securities Exchange operated by ASX Limited (ABN 98 008 624 691) are not transferred through, or registered on, the Clearing House Electronic Subregister System operated by ASX Settlement Pty Limited (ABN 49 008 504 532) (or any successor system) and are not “Approved Financial Products” (or equivalent) for the purposes of that system (or any successor system).

5.11 Austraclear as Holder

If Austraclear is recorded in the Register as the Holder, each person in whose Security Record (as defined in the Austraclear Regulations) a Note is recorded is taken to acknowledge in favour of the Issuer, the Registrar and Austraclear that:

- (a) the Registrar’s decision to act as the Registrar of that Note is not a recommendation or endorsement by the Registrar or Austraclear in relation to that Note, but only indicates that the Registrar considers that the holding of the Note is compatible with the performance by it of its obligations as Registrar under an Agency Agreement; and
- (b) the Holder does not rely on any fact, matter or circumstance contrary to paragraph (a).

Part 3 Interest

6 Fixed Rate Notes

This Condition 6 (“Fixed Rate Notes”) applies to the Notes only if the Pricing Supplement states that it applies.

6.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding principal amount from (and including) its Interest Commencement Date to (but excluding) its Maturity Date at the Interest Rate. Interest is payable in arrear on each Interest Payment Date.

6.2 Fixed Coupon Amount

Unless otherwise specified in the Pricing Supplement, the amount of interest payable on each Interest Payment Date in respect of the preceding Interest Period is the Fixed Coupon Amount specified in the Pricing Supplement.

6.3 Calculation of interest payable

The amount of interest payable in respect of a Fixed Rate Note for any period for which a Fixed Coupon Amount is not specified in the Pricing Supplement is calculated by multiplying the Interest Rate for that period, the outstanding principal amount of the Fixed Rate Note and the applicable Day Count Fraction.

7 Floating Rate Notes

This Condition 7 ("Floating Rate Notes") applies to the Notes only if the Pricing Supplement states that it applies.

7.1 Interest on Floating Rate Notes

Each Floating Rate Note bears interest on its outstanding principal amount from (and including) its Interest Commencement Date to (but excluding) its Maturity Date at the Interest Rate.

Interest is payable in arrear:

- (a) on each Interest Payment Date; or
- (b) if no Interest Payment Date is specified in the Pricing Supplement, each date which falls the number of months or other period specified as the Specified Period in the Pricing Supplement after the preceding Interest Payment Date (or in the case of the first Interest Payment Date, after the Interest Commencement Date).

7.2 Interest Rate determination

The Interest Rate payable in respect of a Floating Rate Note must be determined by the Calculation Agent in accordance with these Conditions.

7.3 Fallback Interest Rate

Unless otherwise specified in the Pricing Supplement, if, in respect of an Interest Period, the Calculation Agent is unable to determine a rate in accordance with Condition 7.2 ("Interest Rate determination"), the Interest Rate for the Interest Period is the Interest Rate applicable to the Floating Rate Notes during the immediately preceding Interest Period.

7.4 ISDA Determination

If ISDA Determination is specified in the Pricing Supplement as the manner in which the Interest Rate is to be determined, the Interest Rate applicable to the Floating Rate Notes for each Interest Period is the sum of the Margin and the ISDA Rate.

In this Condition:

- (a) "ISDA Rate" means for an Interest Period, a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction if the Calculation Agent for the Floating Rate Notes were acting as Calculation Agent for that Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
 - (i) the Floating Rate Option, the Designated Maturity and the Reset Date are as specified in the Pricing Supplement; and

- (ii) the Period End Dates are each Interest Payment Date, the Spread is the Margin and the Floating Rate Day Count Fraction is the Day Count Fraction; and
- (b) “Swap Transaction”, “Floating Rate”, “Calculation Agent” (except references to “Calculation Agent for the Floating Rate Notes”), “Floating Rate Option”, “Designated Maturity”, “Reset Date”, “Period End Date”, “Spread” and “Floating Rate Day Count Fraction” have the meanings given to those terms in the ISDA Definitions.

7.5 Screen Rate Determination

If Screen Rate Determination is specified in the Pricing Supplement as the manner in which the Interest Rate is to be determined, the Interest Rate applicable to the Floating Rate Notes for each Interest Period is the sum of the Margin and the Screen Rate.

In this Condition, “Screen Rate” means, for an Interest Period, the quotation offered for the Reference Rate appearing on the Relevant Screen Page at the Relevant Time on the Interest Determination Date. However:

- (a) if there is more than one offered quotation displayed on the Relevant Screen Page at the Relevant Time on the Interest Determination Date, the “Screen Rate” means the rate calculated by the Calculation Agent as the average of the offered quotations. If there are more than five offered quotations, the Calculation Agent must exclude the highest and lowest quotations (or in the case of equality, one of the highest and one of the lowest quotations) from its calculation;
- (b) if an offered quotation is not displayed by the Relevant Time on the Interest Determination Date or if it is displayed but the Calculation Agent determines that there is an obvious error in that rate, the “Screen Rate” means:
 - (i) the rate the Calculation Agent calculates as the average mean of the Reference Rates that each Reference Bank quoted to the leading banks in the Relevant Financial Centre specified in the Pricing Supplement at the Relevant Time on the Interest Determination Date for a period equivalent to the Interest Period; or
 - (ii) where the Calculation Agent is unable to calculate a rate under paragraph (i) because it is unable to obtain at least two quotes, the rate the Calculation Agent calculates as the average of the rates (being the nearest equivalent to the Reference Rate) quoted by two or more banks chosen by the Calculation Agent in the Relevant Financial Centre specified in the Pricing Supplement at approximately the Relevant Time on the Interest Determination Date for a period equivalent to the Interest Period to leading banks carrying on business in the Relevant Financial Centre in good faith; or
- (c) if the Pricing Supplement specifies an alternative method for the determination of the Screen Rate Determination, then that alternative method applies.

7.6 Benchmark Rate Determination

Where “Benchmark Rate Determination (BBSW Rate)” or “Benchmark Rate Determination (AONIA Rate)” is specified in the relevant Pricing Supplement as the manner in which the Interest Rate is to be determined for each Interest Period, the Interest Rate applicable to the Floating Rate Notes for each such Interest Period is the sum of the Margin and either (x) the BBSW Rate or (y) the AONIA Rate as specified in the relevant Pricing Supplement.

Each Holder shall be deemed to acknowledge, accept and agree to be bound by, and consents to, the determination of, substitution for and any adjustments made to the BBSW Rate or AONIA Rate, as applicable, in each case as described in this Condition 7.6 (in all cases without the need for any Holder consent). Any determination, decision or election (including a decision to take or refrain from taking any action or as to the occurrence or non-occurrence of any event or circumstance), and any substitution for and adjustments made to the BBSW Rate or AONIA Rate, as applicable, and in each case made in accordance with this Condition 7.6, will, in the absence of manifest or proven error, be conclusive and binding on the Issuer, the Holder and each Agent and, notwithstanding anything to the contrary in these Conditions or other documentation relating to the Notes, shall become effective without the consent of any person.

If the Calculation Agent is unwilling or unable to determine a necessary rate, adjustment, quantum, formula, methodology or other variable in order to calculate the applicable Interest Rate, such rate, adjustment, quantum, formula, methodology or other variable will be determined by the Issuer (acting in good faith in a commercially reasonable manner) or, an alternate financial institution (acting in good faith and in a commercially reasonable manner) appointed by the Issuer (in its sole discretion) to so determine.

All rates determined pursuant to this Condition 7.6 shall be expressed as a percentage rate per annum and the resulting percentage will be rounded if necessary to the fourth decimal place (i.e., to the nearest one ten-thousandth of a percentage point) with 0.00005 being rounded upwards.

If:

- (a) a Temporary Disruption Trigger has occurred; or
- (b) a Permanent Discontinuation Trigger has occurred,

then the Benchmark Rate for an Interest Period, whilst such Temporary Disruption Trigger is continuing or after a Permanent Discontinuation Trigger has occurred, means (in the following order of application and precedence):

- (i) if a Temporary Disruption Trigger has occurred with respect to the BBSW Rate, in the following order of precedence:
 - (A) first, the Administrator Recommended Rate;
 - (B) then the Supervisor Recommended Rate; and
 - (C) lastly, the Final Fallback Rate;
- (ii) where a determination of the AONIA Rate is required for the purposes of paragraph (i) above, if a Temporary Disruption Trigger has occurred with respect to AONIA, the rate for any day for which AONIA is required will be the last provided or published level of AONIA;
- (iii) where a determination of the RBA Recommended Rate is required for the purposes of paragraph (i) or (ii) above, if a Temporary Disruption Trigger has occurred with respect to the RBA Recommended Rate, the rate for any day for which the RBA Recommended Rate is required will be the last rate provided or published by the Administrator of the RBA Recommended Rate (or if no such rate has been so provided or published, the last provided or published level of AONIA);
- (iv) if a Permanent Discontinuation Trigger has occurred with respect to the BBSW Rate, the rate for any day for which the BBSW Rate is required on or

after the Permanent Fallback Effective Date will be the first rate available in the following order of precedence:

- (A) first, if at the time of the BBSW Rate Permanent Fallback Effective Date, no AONIA Permanent Fallback Effective Date has occurred, the AONIA Rate;
 - (B) then, if at the time of the BBSW Rate Permanent Fallback Effective Date, an AONIA Permanent Fallback Effective Date has occurred, an RBA Recommended Rate has been created but no RBA Recommended Rate Permanent Fallback Effective Date has occurred, the RBA Recommended Fallback Rate; and
 - (C) lastly, if neither paragraph (A) nor paragraph (B) above apply, the Final Fallback Rate;
- (v) where a determination of the AONIA Rate is required for the purposes of paragraph (iv)(A) above, if a Permanent Discontinuation Trigger has occurred with respect to AONIA, the rate for any day for which AONIA is required on or after the AONIA Permanent Fallback Effective Date will be the first rate available in the following order of precedence:
- (A) first, if at the time of the AONIA Permanent Fallback Effective Date, an RBA Recommended Rate has been created but no RBA Recommended Rate Permanent Fallback Effective Date has occurred, the RBA Recommended Rate; and
 - (B) lastly, if paragraph (A) above does not apply, the Final Fallback Rate; and
- (vi) where a determination of the RBA Recommended Rate is required for the purposes of paragraph (iv) or (v) above, respectively, if a Permanent Discontinuation Trigger has occurred with respect to the RBA Recommended Rate, the rate for any day for which the RBA Recommended Rate is required on or after that Permanent Fallback Effective Date will be the Final Fallback Rate.

When calculating an amount of interest in circumstances where a Fallback Rate other than the Final Fallback Rate applies, that interest will be calculated as if references to the BBSW Rate or AONIA Rate (as applicable) were references to that Fallback Rate. When calculating interest in circumstances where the Final Fallback Rate applies, the amount of interest will be calculated on the same basis as if the Applicable Benchmark Rate in effect immediately prior to the application of that Final Fallback Rate remained in effect but with necessary adjustments to substitute all references to that Applicable Benchmark Rate with corresponding references to the Final Fallback Rate.

For the purposes of this Condition 7.6:

“Adjustment Spread” means the adjustment spread as at the Adjustment Spread Fixing Date (which may be a positive or negative value or zero and determined pursuant to a formula or methodology) that is:

- (a) determined as the median of the historical differences between the BBSW Rate and AONIA over a five calendar year period prior to the Adjustment Spread Fixing Date using practices based on those used for the determination of the Bloomberg Adjustment Spread as at 1 December 2022, provided that for so long as the Bloomberg Adjustment Spread is published and determined based on the five year

median of the historical differences between the BBSW Rate and AONIA, that adjustment spread will be deemed to be acceptable for the purposes of this paragraph (a); or

- (b) if no such median can be determined in accordance with paragraph (a), set using the method for calculating or determining such adjustment spread determined by the Calculation Agent (after consultation with the Issuer where practicable) to be appropriate;

“Adjustment Spread Fixing Date” means the first date on which a Permanent Discontinuation Trigger occurs with respect to the BBSW Rate;

“Administrator” means:

- (a) in respect of the BBSW Rate, ASX Benchmarks Pty Limited (ABN 38 616 075 417);
- (b) in respect of AONIA (or where AONIA is used to determine an Applicable Benchmark Rate), the Reserve Bank of Australia; and
- (c) in respect of any other Applicable Benchmark Rate, the administrator for that rate or benchmark or, if there is no administrator, the provider of that rate or benchmark,

and, in each case, any successor administrator or, as applicable, any successor administrator or provider;

“Administrator Recommended Rate” means the rate formally recommended for use as the temporary replacement for the BBSW Rate by the Administrator of the BBSW Rate;

“AONIA” mean the Australian dollar interbank overnight cash rate (known as AONIA);

“AONIA Rate” means, for an Interest Period and in respect of an Interest Determination Date, the rate determined by the Calculation Agent to be Compounded Daily AONIA for that Interest Period and Interest Determination Date plus the Adjustment Spread;

“Applicable Benchmark Rate” means the Benchmark Rate specified in the Pricing Supplement and, if a Permanent Fallback Effective Date has occurred with respect to the BBSW Rate, AONIA or the RBA Recommended Rate, then the rate determined in accordance with this Condition 7.6;

“BBSW Rate” means, for an Interest Period, the rate for prime bank eligible securities having a tenor closest to the Interest Period which is designated as the “AVG MID” on the “Refinitiv Screen ASX29 Page” or the “MID” rate on the “Bloomberg Screen BBSW Page” (or any designation which replaces that designation on the applicable page, or any replacement page) at the Publication Time on the first day of that Interest Period;

“Benchmark Rate” means, for an Interest Period, either the BBSW Rate or AONIA Rate as specified in the Pricing Supplement;

“Bloomberg Adjustment Spread” means the term adjusted AONIA spread relating to the BBSW Rate provided by Bloomberg Index Services Limited (or a successor provider as approved and/or appointed by ISDA from time to time as the provider of term adjusted AONIA and the spread) (“BISL”) on the Fallback Rate (AONIA) Screen (or by other means), or provided to, and published by, authorised distributors where **“Fallback Rate (AONIA) Screen”** means the Bloomberg Screen corresponding to the Bloomberg ticker for the fallback for the BBSW Rate accessed via the Bloomberg Screen <FBAK>

<GO> Page (or, if applicable, accessed via the Bloomberg Screen <HP> <GO>) or any other published source designated by BISL;

“Compounded Daily AONIA” means, with respect to an Interest Period, the rate of return of a daily compound interest investment as calculated by the Calculation Agent on the Interest Determination Date, as follows:

$$\left[\prod_{i=1}^{d_0} \left(1 + \frac{AONIA_{i-5.SBD} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

AONIA $_{i-5.SBD}$ means the per annum rate expressed as a decimal which is the level of AONIA provided by the Administrator and published as of the Publication Time for the Sydney Business Day falling five Sydney Business Days prior to such Sydney Business Day “i”;

d is the number of calendar days in the relevant Interest Period;

d0 is the number of Sydney Business Days in the relevant Interest Period;

i is a series of whole numbers from 1 to **d0**, each representing the relevant Sydney Business Day in chronological order from (and including) the first Sydney Business Day in the relevant Interest Period to (and including) the last Sydney Business Day in such Interest Period;

ni, for any Sydney Business Day “i”, means the number of calendar days from (and including) such Sydney Business Day “i” up to (but excluding) the following Sydney Business Day; and

Sydney Business Day or **SBD** means any day on which commercial banks are open for general business in Sydney.

If, for any reason, Compounded Daily AONIA needs to be determined for a period other than an Interest Period, Compounded Daily AONIA is to be determined as if that period were an Interest Period starting on (and including) the first day of that period and ending on (but excluding) the last day of that period;

“Fallback Rate” means, where a Permanent Discontinuation Trigger for an Applicable Benchmark Rate has occurred, the rate that applies to replace that Applicable Benchmark Rate in accordance with this Condition 7.6;

“Final Fallback Rate” means, in respect of an Applicable Benchmark Rate, the rate:

- (a) determined by the Calculation Agent as a commercially reasonable alternative for the Applicable Benchmark Rate taking into account all available information that, in good faith, it considers relevant, provided that any rate (inclusive of any spreads or adjustments) implemented by central counterparties and / or futures exchanges with representative trade volumes in derivatives or futures referencing the Applicable Benchmark Rate will be deemed to be acceptable for the purposes of this paragraph (a), together with (without double counting) such adjustment spread (which may be a positive or negative value or zero) that is customarily applied to the relevant successor rate or alternative rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for Benchmark Rate-linked floating rate notes at such time (together with such other adjustments to the Business Day Convention, interest determination dates and related provisions and definitions, in each case that are consistent with accepted market practice for the use of such successor rate or alternative rate for

Benchmark Rate-linked floating rate notes at such time), or, if no such industry standard is recognised or acknowledged, the method for calculating or determining such adjustment spread determined by the Calculation Agent (in consultation with the Issuer) to be appropriate;

provided that:

- (b) if and for so long as no such successor rate or alternative rate can be determined in accordance with paragraph (a), the Final Fallback Rate will be the last provided or published level of that Applicable Benchmark Rate;

“Interest Determination Date” means, in respect of an Interest Period:

- (a) where the BBSW Rate applies or the Final Fallback Rate applies under paragraph (iv)(c) of Condition 7.6, the first day of that Interest Period; and
- (b) otherwise, the third Business Day prior to the last day of that Interest Period or as otherwise specified in the Supplement;

“Non-Representative” means, in respect of an Applicable Benchmark Rate, that the Supervisor of that Applicable Benchmark Rate if the Applicable Benchmark Rate is the BBSW Rate, or the Administrator of the Applicable Benchmark Rate if the Applicable Benchmark Rate is the AONIA Rate or the RBA Recommended Rate:

- (a) has determined that such Applicable Benchmark Rate is no longer, or as of a specified future date will no longer be, representative of the underlying market and economic reality that such Applicable Benchmark Rate is intended to measure and that representativeness will not be restored; and
- (b) is aware that such determination will engage certain contractual triggers for fallbacks activated by pre-cessation announcements by such Supervisor (howsoever described) in contracts;

“Permanent Discontinuation Trigger” means, in respect of an Applicable Benchmark Rate:

- (a) a public statement or publication of information by or on behalf of the Administrator of the Applicable Benchmark Rate announcing that it has ceased or that it will cease to provide the Applicable Benchmark Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator or provider, as applicable, that will continue to provide the Applicable Benchmark Rate and, in the case of the BBSW Rate, a public statement or publication of information by or on behalf of the Supervisor of the BBSW Rate has confirmed that cessation;
- (b) a public statement or publication of information by the Supervisor of the Applicable Benchmark Rate, the Reserve Bank of Australia (or any successor central bank for Australian dollars), an insolvency official or resolution authority with jurisdiction over the Administrator of the Applicable Benchmark Rate or a court or an entity with similar insolvency or resolution authority over the Administrator of the Applicable Benchmark Rate which states that the Administrator of the Applicable Benchmark Rate has ceased or will cease to provide the Applicable Benchmark Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator or provider that will continue to provide the Applicable Benchmark Rate and, in the case of the BBSW Rate and a public statement or publication of information other than by the Supervisor, a public

statement or publication of information by or on behalf of the Supervisor of the BBSW Rate has confirmed that cessation;

- (c) a public statement by the Supervisor of the Applicable Benchmark Rate if the Applicable Benchmark Rate is the BBSW Rate, or the Administrator of the Applicable Benchmark Rate if the Applicable Benchmark Rate is the AONIA Rate or the RBA Recommended Rate, as a consequence of which the Applicable Benchmark Rate will be prohibited from being used either generally, or in respect of the Notes, or that its use will be subject to restrictions or adverse consequences to the Issuer or a Holder;
- (d) as a consequence of a change in law or directive arising after the Issue Date of the first Tranche of Notes of a Series, it has become unlawful for the Calculation Agent, the Issuer or any other party responsible for calculations of interest under the Conditions to calculate any payments due to be made to any Holder using the Applicable Benchmark Rate;
- (e) a public statement or publication of information by the Supervisor of the Applicable Benchmark Rate if the Applicable Benchmark Rate is the BBSW Rate, or the Administrator of the Applicable Benchmark Rate if the Applicable Benchmark Rate is the AONIA Rate or the RBA Recommended Rate, stating that the Applicable Benchmark Rate is Non-Representative; or
- (f) the Applicable Benchmark Rate has otherwise ceased to exist or be administered on a permanent or indefinite basis;

“Permanent Fallback Effective Date” means, in respect of a Permanent Discontinuation Trigger for an Applicable Benchmark Rate:

- (a) in the case of paragraphs (a) and (b) of the definition of “Permanent Discontinuation Trigger”, the first date on which the Applicable Benchmark Rate would ordinarily have been published or provided and is no longer published or provided;
- (b) in the case of paragraphs (c) and (d) of the definition of “Permanent Discontinuation Trigger”, the date from which use of the Applicable Benchmark Rate is prohibited or becomes subject to restrictions or adverse consequences or the calculation becomes unlawful (as applicable);
- (c) in the case of paragraph (e) of the definition of “Permanent Discontinuation Trigger”, the first date on which the Applicable Benchmark Rate would ordinarily have been published or provided but is Non-Representative by reference to the most recent statement or publication contemplated in that paragraph and even if such Applicable Benchmark Rates continues to be published or provided on such date; or
- (d) in the case of paragraph (f) of the definition of “Permanent Discontinuation Trigger”, the date that event occurs;

“Publication Time” means:

- (a) in respect of the BBSW Rate, 12.00 noon (Sydney time) or any amended publication time for the final intraday refix of such rate specified by the Administrator for the BBSW Rate in its benchmark methodology; and
- (b) in respect of AONIA, 4.00 pm (Sydney time) or any amended publication time for the final intraday refix of such rate specified by the Administrator for AONIA in its benchmark methodology;

“RBA Recommended Fallback Rate” means, for an Interest Period and in respect of an Interest Determination Date, the rate determined by the Calculation Agent to be the RBA Recommended Rate for that Interest Period and Interest Determination Date;

“RBA Recommended Rate” means, in respect of any relevant day (including any day “i”), the rate (inclusive of any spreads or adjustments) recommended as the replacement for AONIA by the Reserve Bank of Australia (which rate may be produced by the Reserve Bank of Australia or another administrator) and as provided by the Administrator of that rate or, if that rate is not provided by the Administrator thereof, published by an authorised distributor in respect of that day;

“Supervisor” means, in respect of an Applicable Benchmark Rate, the supervisor or competent authority that is responsible for supervising that Applicable Benchmark Rate or the Administrator of that Applicable Benchmark Rate, or any committee officially endorsed or convened by any such supervisor or competent authority that is responsible for supervising that Applicable Benchmark Rate or the Administrator of that Applicable Benchmark Rate;

“Supervisor Recommended Rate” means the rate formally recommended for use as the temporary replacement for the BBSW Rate by the Supervisor of the BBSW Rate; and

“Temporary Disruption Trigger” means, in respect of any Applicable Benchmark Rate which is required for any determination:

- (a) the Applicable Benchmark Rate has not been published by the applicable Administrator or an authorised distributor and is not otherwise provided by the Administrator, in respect of, on, for or by the time and date on which that Applicable Benchmark Rate is required; or
- (b) the Applicable Benchmark Rate is published or provided but the Calculation Agent determines that there is an obvious or proven error in that rate.

7.7 Interpolation

If the Pricing Supplement states that “Linear Interpolation” applies to an Interest Period, the Interest Rate for that Interest Period is determined through the use of straight line interpolation by reference to two ISDA Rates, Screen Rates, BBSW Rates or other floating rates specified in the Pricing Supplement.

The first rate must be determined as if the Interest Period were the period of time for which rates are available next shorter than the length of the Interest Period (or any alternative Interest Period specified in the Pricing Supplement).

The second rate must be determined as if the Interest Period were the period of time for which rates are available next longer than the length of the Interest Period (or any alternative Interest Period specified in the Pricing Supplement).

8 Structured Notes

This Condition 8 (“Structured Notes”) applies to the Notes only if the Pricing Supplement states that it applies.

8.1 Interest on Structured Notes

Each interest bearing Structured Note bears interest on its outstanding principal amount from (and including) its Interest Commencement Date to (but excluding) its Maturity Date at the Interest Rate.

Interest is payable in arrear:

- (a) on each Interest Payment Date; or
- (b) if no Interest Payment Date is specified in the Pricing Supplement, each date which falls the number of months or other period specified as the Specified Period in the Pricing Supplement after the preceding Interest Payment Date (or in the case of the first Interest Payment Date, after the Interest Commencement Date).

8.2 Interest Rate

The Interest Rate payable in respect of an interest bearing Structured Note must be determined in the manner specified in the Pricing Supplement.

9 General Provisions applicable to interest

9.1 Maximum or Minimum Interest Rate

If the Pricing Supplement specifies a Maximum Interest Rate or Minimum Interest Rate for any Interest Period then the Interest Rate for the Interest Period must not be greater than the maximum, or be less than the minimum, so specified. If no Minimum Interest Rate is specified it shall be zero.

9.2 Calculation of Interest Rate and interest payable

The Calculation Agent must, as soon as practicable after determining the Interest Rate in relation to each Interest Period for each Floating Rate Note and interest bearing Structured Note, calculate the amount of interest payable for the Interest Period in respect of the outstanding principal amount of that Note.

Unless otherwise specified in the Pricing Supplement, the amount of interest payable is calculated by multiplying the product of the Interest Rate for the Interest Period and the outstanding principal amount of the Note by the applicable Day Count Fraction.

The rate determined by the Calculation Agent must be expressed as a percentage rate per annum.

9.3 Calculation of other amounts

If the Pricing Supplement specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent must, as soon as practicable after the time at which that amount is to be determined, calculate the amount in the manner specified in the Pricing Supplement.

9.4 Notification of Interest Rate, interest payable and other items

The Calculation Agent must notify the Issuer, the Registrar, the Holders, each other Agent and any stock exchange or other relevant authority on which the Notes are listed of:

- (a) each Interest Rate, the amount of interest payable and each other amount, item or date calculated or determined by it together with the Interest Payment Date; and
- (b) any amendment to any amount, item or date referred to in paragraph (a) arising from any extension or reduction in any Interest Period or calculation period.

The Calculation Agent must give notice under this Condition as soon as practicable after it makes its determination. However, it must give notice of each Interest Rate, the amount of interest payable and each Interest Payment Date by the fourth day of the Interest Period.

The Calculation Agent may amend its determination of any amount, item or date (or make appropriate alternative arrangements by way of adjustment) as a result of the extension or reduction of the Interest Period or calculation period without prior notice but must notify the Issuer, the Registrar, the Holders, each other Agent and each stock exchange or other relevant authority on which the Notes are listed after doing so.

9.5 Determination final

The determination by the Calculation Agent of all amounts, rates and dates falling to be determined by it under these Conditions is, in the absence of manifest error, final and binding on the Issuer, the Registrar, each Holder and each other Agent.

9.6 Rounding

For the purposes of any calculations required under these Conditions (unless otherwise specified in the Pricing Supplement):

- (a) all percentages resulting from the calculations must be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. Being rounded up to 0.00001 per cent.);
- (b) all figures must be rounded to five decimal places (with halves being rounded up); and
- (c) all amounts that are due and payable must be rounded (with halves being rounded up) to:
 - (i) in the case of Australian dollars, one cent; and
 - (ii) in the case of any other currency, the lowest amount of that currency available as legal tender in the country of that currency.

Part 4 Redemption and purchase

10 Redemption

10.1 Scheduled redemption

Each Note is redeemable by the Issuer on the Maturity Date at its Redemption Amount unless:

- (a) the Note has been previously redeemed;
- (b) the Note has been purchased and cancelled; or
- (c) the Pricing Supplement states that the Note has no fixed maturity date.

10.2 Partly paid Notes

Each Partly Paid Note is redeemable on the Maturity Date in accordance with the Pricing Supplement.

10.3 Instalment Notes

Each Instalment Note is partially redeemable in the Instalment Amounts and on the Instalment Dates specified in the Pricing Supplement. The principal amount of each Instalment Note is reduced by the Instalment Amount with effect from the relevant Instalment Date.

10.4 Early redemption for taxation reasons

The Issuer may redeem all (but not some) of the Notes of a Series in whole before their Maturity Date at the Redemption Amount and any interest accrued on it to (but excluding) the redemption date if the Issuer is required under Condition 13.2 ("Withholding tax") to pay an Additional Amount in respect of a Note.

However, the Issuer may only do so if:

- (a) the Issuer has given at least 30 days' (and no more than 60 days') (or any other period specified in the Pricing Supplement) notice to the Registrar, the Holders,

each other Agent and any stock exchange or other relevant authority on which the Notes are listed;

- (b) before the Issuer gives the notice under paragraph (a), the Registrar has received:
 - (i) a certificate signed by two directors of the Issuer; and
 - (ii) an opinion of independent legal advisers of recognised standing in the jurisdiction of incorporation of the Issuer,

that the Issuer would be required under Condition 13.2 (“Withholding tax”) to pay an Additional Amount with the next payment due in respect of the Notes;

- (c) in the case of Fixed Rate Notes, no notice of redemption is given earlier than 90 days before the earliest date on which the Issuer would be obliged to pay Additional Amounts; and
- (d) in the case of Floating Rate Notes and Structured Notes bearing a floating rate of interest:
 - (i) the proposed redemption date is an Interest Payment Date; and
 - (ii) no notice of redemption is given earlier than 60 days before the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay Additional Amounts.

10.5 Early redemption at the option of Holder (Holder put)

If the Pricing Supplement states that a Holder may require the Issuer to redeem all or some of the Notes of a Series held by that Holder before their Maturity Date, the Issuer must redeem the Notes specified by the Holder at the Redemption Amount and any interest accrued on it to (but excluding) the redemption date if the following conditions are satisfied:

- (a) the amount of Notes to be redeemed is a multiple of their Denomination;
- (b) the Holder has given at least 30 days’ (and no more than 60 days’) (or any other period specified in the Pricing Supplement) notice, to the Issuer and the Registrar by delivering to the Specified Office of the Registrar during normal business hours a completed and signed redemption notice in the form obtainable from the Specified Office of the Registrar together with any evidence the Registrar may require to establish title of the Holder to the Note;
- (c) the notice referred to in paragraph (b) specifies an account in the country of the currency in which the Note is denominated to which the payment should be made or an address to where a cheque for payment should be sent;
- (d) the redemption date is an Early Redemption Date (Put) specified in the Pricing Supplement; and
- (e) any other condition specified in the Pricing Supplement is satisfied.

A Holder may not require the Issuer to redeem any Note under this Condition 10.5 if the Issuer has given notice that it will redeem that Note under Condition 10.4 (“Early redemption for taxation reasons”) or Condition 10.6 (“Early redemption at the option of the Issuer (Issuer call)”).

10.6 Early redemption at the option of the Issuer (Issuer call)

If the Pricing Supplement states that the Issuer may redeem all or some of the Notes of a Series before their Maturity Date under this Condition, the Issuer may redeem so many

of the Notes specified in the Pricing Supplement at the Redemption Amount and any interest accrued on it to (but excluding) the redemption date.

However, the Issuer may only do so if:

- (a) the amount of Notes to be redeemed is, or is a multiple of, their Denomination;
- (b) the Issuer has given at least 30 days' (and no more than 60 days') (or any other period specified in the Pricing Supplement) notice to the Registrar, the Holders, each other Agent and any stock exchange or other relevant authority on which the Notes are listed;
- (c) the proposed redemption date is an Early Redemption Date (Call) specified in the Pricing Supplement; and
- (d) any other condition specified in the Pricing Supplement is satisfied.

10.7 Partial redemptions

If only some of the Notes are to be redeemed under Condition 10.6 ("Early redemption at the option of the Issuer (Issuer call)"), the Notes to be redeemed must be specified in the notice and selected:

- (a) in a fair and reasonable manner; and
- (b) in compliance with any applicable law, directive or requirement of any stock exchange or other relevant authority on which the Notes are listed.

10.8 Effect of notice of redemption

Any notice of redemption given under this Condition 10 ("Redemption") is irrevocable.

10.9 Late payment

If an amount is not paid under this Condition 10 ("Redemption") when due, then:

- (a) for a Note (other than a Zero Coupon Note or a Structured Note), interest continues to accrue on the unpaid amount (both before and after any demand or judgment) at the Default Rate specified in the Pricing Supplement (or, if no Default Rate is specified, the last applicable Interest Rate) until the date on which payment is made to the Holder;
- (b) for a Zero Coupon Note, the obligation to pay the amount is replaced by an obligation to pay the Amortised Face Amount recalculated as at the date on which payment is made to the Holder; and
- (c) for a Structured Note as specified in the Pricing Supplement:
 - (i) interest continues to accrue at the Default Rate specified in the Pricing Supplement (or, if no Default Rate is specified, the last applicable Interest Rate) until the date on which payment is made to the Holder; or
 - (ii) the obligation to pay the amount is replaced by an obligation to pay an amount determined in the manner specified in the Pricing Supplement.

10.10 Purchase

The Issuer and any of its Related Entities may at any time purchase Notes in the open market or otherwise and at any price. If purchases are made by tender, tenders must be available to all Holders alike. Notes purchased under this Condition 10.10 may be held, resold or cancelled at the discretion of the purchaser and (if the Notes are to be cancelled, the Issuer), subject to compliance with any applicable law or requirement of any stock exchange or other relevant authority on which the Notes are listed.

10.11 Clean Up Condition

- (a) If a Clean Up Condition (as defined below) subsists, the Issuer may redeem all (but not some) of the Notes before their Maturity Date in accordance with this Condition 10.11.
- (b) If the Issuer wishes to redeem Notes under this Condition 10.11 it must give notice to the Holders of the relevant Series and the Registrar specifying the date for redemption of the Notes, which must comply with Condition 10.11(c).
- (c) The date fixed for redemption of any Notes under this Condition 10.11 must be at least 20 Business Days' (and not more than 45 Business Days') after the date the notice is given.
- (d) Notice given under Condition 10.11(b) is irrevocable and the Issuer must redeem the Notes by paying to the relevant Holders the applicable Redemption Amount and any accrued but unpaid interest on the Notes.
- (e) In this Condition 10.11, "Clean Up Condition" means, at any time in respect of a Series, that the outstanding principal amount of the outstanding Notes of that Series at that time is less than 15% (or any other relevant percentage specified in the relevant Pricing Supplement) of the outstanding principal amount of all of the Notes issued from time to time under that Series (including Notes which are no longer outstanding).

Part 5 Payments

11 General provisions

11.1 Summary of payment provisions

Payments in respect of Notes must be made in accordance with Condition 12 ("Payments").

11.2 Payments subject to law

All payments are subject to applicable law, but without prejudice to the provisions of Condition 13 ("Taxation").

11.3 Payments on Business Days

If a payment is due on a day which is not a Business Day then the due date for payment is adjusted in accordance with the applicable Business Day Convention and the Holder is not entitled to any additional payment in respect of any delay.

11.4 Currency indemnity

The Issuer waives any right it has in any jurisdiction to pay an amount other than in the currency in which it is due. However, if a Holder receives an amount in a currency other than that in which it is due:

- (a) it may convert the amount received into the due currency (even though it may be necessary to convert through a third currency to do so) on the day and at such rates (including spot rate, same day value rate or value tomorrow rate) as it reasonably considers appropriate. It may deduct its usual costs in connection with the conversion; and
- (b) the Issuer satisfies its obligation to pay in the due currency only to the extent of the amount of the due currency obtained from the conversion after deducting the costs of the conversion.

12 Payments

12.1 Payment of principal

Payments of principal and any final Instalment Amount in respect of a Note must be made to each person registered at 10.00 am on the payment date as the holder of a Note.

12.2 Payment of interest

Payments of interest and Instalment Amounts (other than the final Instalment Amount) in respect of a Note will be made to each person registered at the close of business on the Record Date as the holder of that Note.

12.3 Payments to accounts

Payments in respect of Notes will be made:

- (a) if the Notes are held in the Austraclear System, by crediting on the payment date, the amount due to:
 - (i) the account of Austraclear (as the Holder) in the country of the currency in which the Note is denominated previously notified to the Issuer and the Registrar; or
 - (ii) if requested by Austraclear, the accounts of the persons in whose Security Record (as defined in the Austraclear Regulations) a Note is recorded in the country of the currency in which the Note is denominated as previously notified by Austraclear to the Issuer and the Registrar in accordance with the Austraclear Regulations; and
- (b) if the Notes are not held in the Austraclear System, by crediting on the payment date, the amount then due under each Note to an account in the country of the currency in which the Note is denominated previously notified by the Holder to the Issuer and the Registrar.

12.4 Payments by cheque

If the Holder has not notified the Registrar of an account to which payments to it must be made by the close of business on the Record Date, payments in respect of the Note will be made by cheque sent by prepaid post on the payment date, at the risk of the registered Holder, to the Holder (or to the first named joint holder of the Note) at its address appearing in the Register at the close of business on the Record Date. Cheques sent to the nominated address of a Holder are taken to have been received by the Holder on the payment date and, no further amount is payable by the Issuer in respect of the Notes as a result of the Holder not receiving payment on the due date.

13 Taxation

13.1 No set-off, counterclaim or deductions

All payments in respect of the Notes must be made in full without set-off or counterclaim, and without any withholding or deduction in respect of Taxes, unless such withholding or deduction is required by law.

13.2 Withholding tax

Subject to Condition 13.3 ("Withholding tax exemptions") and Condition 13.4 ("FATCA and section 126"), if a law requires the Issuer to withhold or deduct an amount in respect of Taxes from a payment in respect of the Notes such that the Holder would not actually receive on the due date the full amount provided for under the Notes, then:

- (a) the Issuer agrees to withhold or deduct the amount for the Taxes (and any further withholding or deduction applicable to any further payment due under paragraph (b) below); and
- (b) if the amount deducted or withheld is in respect of Taxes imposed by the Commonwealth of Australia or a political sub-division of it, the Issuer must pay an additional amount so that, after making the deduction, each Holder is entitled to receive (at the time the payment is due) the amount it would have received if no deductions or withholdings had been required to be made.

13.3 Withholding tax exemptions

The Issuer is not required to pay an Additional Amount under Condition 13.2(b) (“Withholding tax”) if the obligation to do so arises as a result of any one or more of the following:

- (a) the deduction is required in respect of Taxes by reason of the Holder having some connection with the Tax Jurisdiction other than the mere holding of the Note or receipt of payment in respect of the Note; or
- (b) the deduction is required as a result of Taxes which would not be required to be deducted by the Issuer (or the person making a payment on its behalf) if the Holder:
 - (i) provided the Issuer, its agent or any tax authority with their name, address, registration number or similar details or any relevant tax exemption or similar details; or
 - (ii) ensured that any third party complied with any other statutory requirements (such as making a declaration of non-residence or similar claim) for any relevant tax exemption; or
- (c) the deduction is required as a result of a Holder being an Offshore Associate of the Issuer; or
- (d) to, or to a third party on behalf of an Australian resident Holder or a non-resident Holder carrying on business in Australia at or through a permanent establishment of the non-resident in Australia, if that Holder has not supplied an appropriate tax file number an Australian business number or other exemption details; or
- (e) to the extent that the payee is: (a) treated as a resident (for the purposes of the relevant double taxation agreement) in a jurisdiction having a double taxation agreement with the relevant jurisdiction of the holder giving complete exemption from Taxes otherwise imposed by such jurisdiction on the payment; and (b) is not excluded from the benefit of such exemption; or
- (f) where such withholding or deduction is required to be made pursuant to a notice or direction issued by the Commissioner of Taxation under section 255 of the Tax Act or section 260-5 of Schedule 1 to the Taxation Administration Act 1953 of Australia or any similar law; or
- (g) in respect of any estate, inheritance, gift, sales, transfer, personal property, or any similar tax, assessment or governmental charge; or
- (h) to the extent that such deduction or withholding would not have arisen if the Notes had been, or would be, issued in a manner which satisfies the requirements of section 128F of the Tax Act such that section 128F applies to interest paid, or any amount taken to consist of interest, in respect of such Notes; or
- (i) in any other circumstances specified in the Pricing Supplement.

13.4 FATCA and section 126

Notwithstanding any other provision of these Conditions, if the Issuer, or any other person through whom payments on the Notes are made, is required to withhold, deduct or make payments of amounts under or in connection with, or in order to ensure compliance with FATCA or section 126 of the Tax Act, the Issuer or that other person will be permitted to make such withholding, deduction or payment, and Holders and beneficial owners of Notes will not be entitled to receive any gross up, additional amount or other amount for such withholding, deduction or payment.

14 Time limit for claims

A claim against the Issuer for a payment under a Note is void unless made within 10 years (in the case of principal) or 5 years (in the case of interest and other amounts) from the date on which payment first became due.

Part 6 Events of Default

15 Events of Default

15.1 Event of Default

An Event of Default occurs in relation to a Series of Notes if:

- (a) **(non-payment of principal or interest)** the Issuer fails to pay any principal or interest due in respect of any Note of that Series within 7 days (in the case of the principal) and 14 days (in the case of interest) of the due date for payment;
- (b) **(breach of other obligations)** the Issuer fails to pay any amount in respect of any Notes of the relevant Series other than principal or interest, or the Issuer or a Guarantor otherwise fail to perform or comply with any of their other material obligations under a Note, the Note Deed Poll or the Guarantee in respect of that Series and the failure is not remedied within 30 Business Days of notice requiring remedy from the relevant Holder;
- (c) **(insolvency event)** an Insolvency Event occurs in respect of the Issuer or a Guarantor of that Series except in the case of a members voluntary winding up or a voluntary deregistration or dissolution of a Guarantor which owns no assets and is solvent;
- (d) **(cross default)** any present or future monetary obligation of the Issuer or a Guarantor in connection with moneys borrowed or raised or a guarantee or indemnity of the Issuer or a Guarantor in respect of any moneys borrowed or raised (other than Subordinated Debt) exceeding (in aggregate) A\$100,000,000 (or its equivalent):
 - (i) is not satisfied on time or at the end of its grace period; or
 - (ii) is declared prematurely repayable as a result of an event of default (howsoever described),

except to the extent in any instance that the existence or enforceability of the relevant obligation is being disputed in good faith;

- (e) **(enforcement)** any final judgment is enforced against any property of the Issuer or a Guarantor for an amount exceeding A\$100,000,000 and this is reasonably likely to have a material adverse effect on the Issuer's or Guarantors' ability to meet their financial and other material obligations under a Note, the Note Deed Poll or the

Guarantee, and such judgment is not discharged, or a stay of execution is not obtained, within 45 Business Days; or

- (f) **(unenforceability)** any Note, the Note Deed Poll or the Guarantee is or becomes wholly or partly void, voidable or unenforceable and that situation is not remedied within 30 Business Days of a notice requiring remedy from the relevant Holder.

15.2 Consequences of an Event of Default

If an Event of Default occurs and continues unremedied in relation to the Notes of any Series or any of them, then a Holder in that Series may send a notice to the Issuer (with a copy to the Registrar) requesting that each Note of that Series held by such Holder is to be redeemed at its Redemption Amount (together with any accrued interest). The Issuer must pay the amounts referred to in the notice in accordance with the notice, and those amounts will become immediately due and payable, when the Issuer has received notice from a Majority of Holders in that Series.

Failure of the Holder to give or delay in giving notice does not affect the validity of a notice given to that Issuer.

15.3 Rectification

The Holders' right to declare Notes due and payable terminates if the situation given cause to it has been cured before such right is exercised.

15.4 Notification

If an Event of Default occurs, the Issuer must promptly after becoming aware of it notify the Registrar of the occurrence of the Event of Default (specifying details of it) and use its reasonable endeavours to procure the Registrar to promptly notify Holders, each other Agent and any stock exchange or other relevant authority on which the Notes are listed of the occurrence of the Event of Default.

Part 7 General

16 Agents

16.1 Role of Agents

In acting under an Agency Agreement, each Agent acts solely as agent of the Issuer and does not assume any obligations towards or relationship of agency or trust for or with any Holder.

16.2 Appointment and replacement of Agents

Each initial Agent for a Series of Notes is specified in the Pricing Supplement. Subject to Condition 16.4 ("Required Agents"), the Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint a successor.

16.3 Change of Agent

Notice of any change of an Agent or its Specified Office must promptly be given to the Holders by the Issuer or the Agent on its behalf.

16.4 Required Agents

The Issuer must:

- (a) at all times maintain a Registrar; and
- (b) if a Calculation Agent is specified in the Pricing Supplement, at all times maintain a Calculation Agent.

16.5 Meetings of Holders

The Meetings Provisions contain provisions (which have effect as if incorporated in these Conditions) for convening meetings of the Holders of any Series to consider any matter affecting their interests, including any variation of these Conditions or a Pricing Supplement by Extraordinary Resolution.

17 Variation

17.1 Variation with consent

Unless Condition 17.2 (“Variation without consent”) applies, any Condition or a Pricing Supplement may be varied by the Holders, with the consent of the Issuer, by Extraordinary Resolution in accordance with the Meetings Provisions.

17.2 Variation without consent

Any Condition or Pricing Supplement may be amended without the consent of the Holders if the amendment:

- (a) is made to give effect to any successor rate or alternative rate for the BBSW Rate or AONIA Rate as provided in Condition 7.6;
- (b) is of a formal, administrative or technical nature;
- (c) is made to correct a manifest error;
- (d) is made to cure any ambiguity or correct or supplement any defective or inconsistent provision and, in the reasonable opinion of the Issuer, does not adversely affect the interests of the Holders; or
- (e) only applies to Notes issued by it after the date of amendment.

18 Further issues

The Issuer may from time to time, without the consent of the Holders, issue further Notes having the same Conditions as the Notes of any Series in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes of that Series.

19 Notices

19.1 Notices to Holders

All notices and other communications to Holders must be in writing and must be left at the address of or sent by prepaid post (airmail, if appropriate) to the address of the Holder (as shown in the Register at the close of business on the day which is 3 Business Days before the date of the notice or communication).

They may also be:

- (a) given by an advertisement published in the Australian Financial Review or The Australian; or
- (b) if the Pricing Supplement specifies an additional or alternate newspaper, given by an advertisement published in that newspaper.

19.2 Notices to the Issuer and the Agents

All notices and other communications to the Issuer or an Agent must be in writing and may be left at the address of, or sent by prepaid post (airmail, if appropriate) to, the Specified Office of the Issuer or the Agent.

19.3 **When effective**

They take effect from the time they are taken to be received unless a later time is specified in them.

19.4 **Deemed receipt – publication in newspaper**

If published in a newspaper, they are taken to be received on the first date that publication has been made in all the required newspapers.

19.5 **Deemed receipt – postal**

If sent by post, they are taken to be received five days after posting.

20 **Substitution of the Issuer**

20.1 **Substitution of Issuer**

The Issuer (“Retiring Issuer”) may substitute for itself any of its Related Entities incorporated and resident in Australia as the debtor (“Substitute Issuer”) in respect of any Series of Notes (“Relevant Notes”) by giving notice to the Holders in accordance with Condition 19.1 (“Notices to Holders”).

20.2 **Conditions to substitution**

The Retiring Issuer may make a substitution under these Conditions only if:

- (a) **(no event of default)** no Event of Default continues unremedied in respect of any Relevant Notes;
- (b) **(rating)** any credit rating from internationally recognised rating agency of the Relevant Notes will not be downgraded by that agency as a result of the substitution;
- (c) **(documents)** the Retiring Issuer and the Substitute Issuer have entered into the documents (“**Documents**”) necessary to effect the substitution of all obligations of the Retiring Issuer, and in which the Substituted Issuer has undertaken in favour of each Holder of the Relevant Notes to be bound by all of the obligations of the Retiring Issuer, under these Conditions, the Pricing Supplement, the Agency Agreement, the Relevant Notes and the Note Deed Poll, as the debtor in respect of those Relevant Notes in place of the Retiring Issuer;
- (d) **(legal opinion)** the Substitute Issuer has obtained a legal opinion (which may be disclosed to the Holders) confirming that:
 - (i) the Substitute Issuer’s obligations under the Documents are valid, binding and (subject to the terms of the Documents) enforceable subject only to the qualifications of the same nature as apply to the Retiring Issuer’s obligations under these Conditions, the Pricing Supplement, the Agency Agreement, the relevant Notes and the Note Deed Poll; and
 - (ii) there is no change in relation to the Australian withholding tax treatment of the Relevant Notes as a result of the substitution;
- (e) **(guarantee)** the Guarantors have signed and delivered to the Registrar a deed poll and done any other thing necessary to ensure that the Substituted Issuer’s obligations under Relevant Notes are guaranteed on the same terms and conditions as the Guarantor guarantees the obligations of the Retiring Issuer under Relevant Notes immediately prior to such substitution;
- (f) **(authorisations)** the Substitute Issuer and the Retiring Issuer have obtained all the authorisations necessary for the substitution and for the Substitute Issuer to comply with its obligations under the Documents;

- (g) **(listing)** each stock exchange, or other relevant authority on which the Relevant Notes are listed has confirmed that the Relevant Notes will continue to be listed after the proposed substitution; and
- (h) **(process agent)** if applicable, the Substitute Issuer has appointed a process agent in Victoria as its agent to receive service of process on its behalf in relation to any action in connection with the Relevant Notes.

20.3 Substituted Issuer's rights

With effect on and from the time the substitution takes effect:

- (a) no Holder nor any party to the Agency Agreement has any further obligation to the Retiring Issuer in relation to the Relevant Notes;
- (b) the Retiring Issuer has no further obligations to any Holder, or other party to the Agency Agreement, in relation to the Relevant Notes;
- (c) the Substitute Issuer has rights which are identical to the rights which the Retiring Issuer had in respect of the Relevant Notes;
- (d) the Substitute Issuer assumes obligations towards the Holders, and each of the parties to the Agency Agreement, which are identical to the obligations which the Retiring Issuer had in respect of the Relevant Notes;
- (e) the Substitute Issuer is taken to be a party to the Agency Agreement and the Note Deed Poll and is bound by their terms; and
- (f) a reference in the Agency Agreement and the Note Deed Poll to "Issuer" includes a reference to the Substitute Issuer.

In paragraphs (c) and (d) a reference to "identical" rights or obligations is a reference to rights or obligations substantially identical in character to those rights or obligations rather than identical as to the person entitled to them or obliged to perform them.

20.4 Other rights and obligations not affected

Despite anything contained in these Conditions, the Holders, each Agent, the Retiring Issuer and all other parties to the Agency Agreement remain entitled to their rights and bound by their obligations in respect of Relevant Notes which have accrued up to and including when the substitution takes effect.

21 Governing law

21.1 Governing law

Notes are governed by the law in force in Victoria, Australia.

21.2 Jurisdiction

The Issuer and each Guarantor submit to the non-exclusive jurisdiction of the courts of Victoria and courts of appeal from them. The Issuer and each Guarantor waives any right it has to object to an action being brought in those courts including by claiming that the action has been brought in an inconvenient forum or that those courts do not have jurisdiction.

21.3 Serving documents

Without preventing any other method of service, any document in any action may be served on the Issuer or a Holder by being delivered or left at their registered office or principal place of business.

22 Interpretation

22.1 Definitions

In these Conditions the following expressions have the following meanings:

Additional Amount means an additional amount payable by the Issuer under Condition 13.2(b) (“Withholding tax”).

Agency Agreement means:

- (a) the agreement entitled “The ASX Austraclear Registry and IPA Services Agreement ” dated 16 March 2010 between the Issuer and Austraclear Services Limited (ABN 28 003 284 419);
- (b) any other agreement between the Issuer and the Registrar specified in the Pricing Supplement; and
- (c) any other agency agreement entered into by the Issuer in relation to an issue of Notes.

Agent means the Registrar, the Calculation Agent and any additional agent appointed under an Agency Agreement.

Amortised Face Amount means, in relation to a Note, an amount equal to the sum of:

- (a) the issue price specified in the Pricing Supplement; and
- (b) the amount resulting from the application of the amortisation yield specified in the Pricing Supplement (compounded annually) to the issue price (as specified in the Pricing Supplement) from (and including) the Issue Date specified in the Pricing Supplement to (but excluding) the date fixed for redemption or (as the case may be) the date the Note becomes due and repayable.

If the calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year must be made on the basis of the Day Count Fraction specified in the Pricing Supplement.

AusNet means AusNet Pty Ltd (ABN 45 603 317 559).

AusNet Group means AusNet and its Subsidiaries.

Austraclear means Austraclear Limited (ABN 94 002 060 773).

Austraclear Regulations means the regulations known as “Austraclear System Regulations” established by Austraclear to govern the use of the Austraclear System.

Austraclear System means the system operated by Austraclear in Australia for holding securities and electronic recording and settling of transactions in those securities between members of the system.

Business Day means a day on which banks are open for general banking business in Sydney and Melbourne and in each (if any) Relevant Financial Centre specified in the Pricing Supplement (not being a Saturday, Sunday or public holiday in that place) and, if a Note is to be issued or paid on that day, a day on which each Clearing System is operating.

Business Day Convention means a convention for adjusting any date if it would otherwise fall on a day that is not a Business Day and the following conventions, where specified in the Pricing Supplement in relation to any date applicable to any Note, have the following meanings:

- (a) **Floating Rate Convention** means that the date is postponed to the next following day which is a Business Day unless that day falls in the next calendar month, in which event:
 - (i) that date is brought forward to the first preceding day that is a Business Day; and
 - (ii) each subsequent Interest Payment Date is the last Business Day in the month which falls the number of months or other period specified as the Interest Period in the Pricing Supplement after the preceding applicable Interest Payment Date occurred;
- (b) **Following Business Day Convention** means that the date is postponed to the first following day that is a Business Day;
- (c) **Modified Following Business Day Convention** or **Modified Business Day Convention** means that the date is postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date is brought forward to the first preceding day that is a Business Day;
- (d) **Preceding Business Day Convention** means that the date is brought forward to the first preceding day that is a Business Day; and
- (e) **No Adjustment** means that the relevant date must not be adjusted in accordance with any Business Day Convention.

If no convention is specified in the Pricing Supplement, the Following Business Day Convention applies. Different conventions may be specified in relation to, or apply to, different dates.

Calculation Agent means the Registrar or any other person specified in the Pricing Supplement as the party responsible for calculating the Interest Rate and other amounts required to be calculated under these Conditions.

Capital Markets Indebtedness means any indebtedness for money borrowed or interest thereon in the form of bonds, notes, debentures, loan stock or other similar securities that are, or are capable of being, quoted, listed or ordinarily dealt with in any stock exchange, over-the-counter or other securities market, having an original maturity of more than 365 days from its date of issue, or any guarantee or indemnity in respect of Capital Markets Indebtedness.

Clearing System means:

- (a) the Austraclear System; or
- (b) any other clearing system specified in the Pricing Supplement.

Corporations Act means the Corporations Act 2001 of Australia.

Condition means the correspondingly numbered condition in these conditions.

Day Count Fraction means, in respect of the calculation of interest for any period of time (“**Calculation Period**”), the day count fraction specified in the Pricing Supplement and:

- (a) if “**Actual/Actual (ISMA)**” is so specified, means:
 - (i) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods normally ending in any year; and

- (ii) where the Calculation Period is longer than one Regular Period, the sum of:
 - (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods normally ending in any year;
- (b) if “**Actual/365**” or “**Actual/Actual (ISDA)**” is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of:
 - (i) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366; and
 - (ii) the actual number of days in that portion of the Calculation Period falling in a non- leap year divided by 365);
- (c) if “**Actual/365 (Fixed)**” is so specified, means the actual number of days in the Calculation Period divided by 365;
- (d) if “**Actual/360**” is so specified, means the actual number of days in the Calculation Period divided by 360;
- (e) if “**30/360**” is so specified, means the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with twelve 30-day months unless:
 - (i) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day is not considered to be shortened to a 30- day month; or
 - (ii) the last day of the Calculation Period is the last day of the month of February, in which case the month of February is not considered to be lengthened to a 30-day month);
- (f) if “**30E/360**” or “**Eurobond Basis**” is so specified means, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with twelve 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of a Calculation Period ending on the Maturity Date, the Maturity Date is the last day of the month of February, in which case the month of February is not considered to be lengthened to a 30-day month);
- (g) if “**RBA Bond Basis**” or “**Australian Bond Basis**” is so specified, means one divided by the number of Interest Payment Dates in a year (or where the Calculation Period does not constitute an Interest Period, one divided by the number of Interest Payment Dates in a year multiplied by the actual number of days in the Calculation Period divided by the number of days in the half- year ending on the next Interest Payment Date); and
- (h) any other day count fraction specified in the Pricing Supplement.

Denomination means the notional face value of a Note specified in the Pricing Supplement.

Event of Default means an event so described in Condition 15 (“Events of Default”).

Extraordinary Resolution has the meaning given in the Meetings Provisions.

FATCA means sections 1471 to 1474 of the United States Internal Revenue Code of 1986 or any consolidation, amendment, re-enactment or replacement of those provisions and including any regulations or official interpretations issued, agreements (including, without limitation, intergovernmental agreements) entered into or non-United States laws enacted with respect thereto.

Fixed Rate Note means a Note on which interest is calculated at a fixed rate payable in arrear on a fixed date or fixed dates in each year and on redemption or on any other dates as specified in the Pricing Supplement.

Floating Rate Note means a Note on which interest is calculated at a floating rate payable 1, 2, 3, 6, or 12 monthly or in respect of any other period or on any date specified in the Pricing Supplement.

Guarantee means the guarantee and indemnity granted by the Guarantors under the deed poll entitled “Guarantee Deed Poll” dated on or about the date of the Note Deed Poll.

Guarantor means:

- (a) subject to clause 15.3 of the Guarantee, AusNet Gas Services Pty Ltd (ABN 43 086 015 036), AusNet Electricity Services Pty Ltd (ABN 91 064 651 118), AusNet Asset Services Pty Ltd (ABN 27 075 826 881) and AusNet Transmission Group Pty Ltd (ABN 78 079 798 173); and
- (b) any new Subsidiary of AusNet which becomes a Guarantor under clause 15.2 of the Guarantee.

Holder means, in respect of a Note, each person whose name is entered in the Register as the holder of that Note. For the avoidance of doubt, where a Note is held in a Clearing System, references to a Holder include the operator of that system or a nominee for that operator or a common depository for one or more Clearing Systems (in each case acting in accordance with the rules and regulations of the Clearing System or Systems).

Index Linked Note means a Note in respect of which the amount payable in respect of interest is calculated by reference to an index or a formula or both as specified in the Pricing Supplement.

Information Memorandum in respect of a Note means the information memorandum, disclosure document (as defined in the Corporations Act) or other offering document referred to in the Pricing Supplement.

Insolvency Event means, in respect of any body corporate, the happening of any of these event:

- (a) an order is made that it be wound up except to reconstruct or amalgamate while solvent;
- (b) an application is made to a court for an order appointing a liquidator or provisional liquidator in respect of it (unless the application is stayed, withdrawn or dismissed within 45 Business Days or the application is frivolous or vexatious);
- (c) except to reconstruct or amalgamate while solvent, a liquidator is appointed in respect of it, whether or not under a court order;

- (d) except to reconstruct or amalgamate while solvent, it enters into, or resolves to enter into, a scheme of arrangement, deed of company arrangement or composition with, or assignment of the benefit of, all or any class of its creditors, or it proposes a reorganisation, moratorium or other administration involving any of them;
- (e) except to reconstruct or amalgamate while solvent, it resolves to wind itself up, or to otherwise dissolve itself, or is otherwise wound up or dissolved;
- (f) it is found or declared by a court to be insolvent or becomes insolvent within the meanings of section 95A(1) and (2) of the Corporations Act;
- (g) a controller (as defined in the Corporations Act) is appointed to or over all or any of the property of it, where the value of all the property in respect of which an appointment is made exceeds A\$100,000,000;
- (h) an administrator is appointed to it; or
- (i) anything analogous or having substantially similar effect to any of the events specified above happened under the law of any applicable jurisdiction.

Instalment Amounts has the meaning given in the Pricing Supplement.

Instalment Note means a Note which is redeemable in one or more instalments, as specified in the Pricing Supplement.

Interest Commencement Date means, for a Note, the Issue Date of the Note or any other date so specified in the Pricing Supplement.

Interest Determination Date has the meaning given in the Pricing Supplement.

Interest Payment Date means each date so specified in, or determined in accordance with, the Pricing Supplement.

Interest Period means each period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next Interest Payment Date. However:

- (a) the first Interest Period commences on (and includes) the Interest Commencement Date; and
- (b) the final Interest Period ends on (but excludes) the Maturity Date.

Interest Rate means, for a Note, the interest rate (expressed as a percentage per annum) payable in respect of that Note specified in the Pricing Supplement or calculated or determined in accordance with these Conditions and the Pricing Supplement.

ISDA Definitions means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. (as supplemented, amended and updated as at the Issue Date of the first Tranche of the Notes of the Series).

Issue Date means the date on which a Note is, or is to be issued, as specified in, or determined in accordance with, the Pricing Supplement.

Issuer means AusNet Services Holdings Pty Ltd (ABN 97 086 006 859) and any Related Entity which is substituted for the Issuer under Condition 20 ("Substitution of the Issuer").

Lien means any mortgage, charge, pledge, lien or other encumbrance or security interest.

Majority of Holders means Holders representing more than 50% of the aggregate outstanding principal amount of the Notes as at the relevant date except that for this purpose any Notes held in the name of the Issuer or a Guarantor or a Subsidiary of the Issuer or a Guarantor will be disregarded.

Margin means the margin specified in, or determined in accordance with, the Pricing Supplement.

Maturity Date means, the date so specified in, or determined in accordance with, the Pricing Supplement.

Meetings Provisions means the provisions relating to meetings of Holders set out in schedule 2 of the Note Deed Poll.

Note means a medium term debt obligation issued or to be issued by the Issuer which is constituted by, and owing under the Note Deed Poll, the details of which are recorded in, and evidenced by, entry in, the Register.

Note Document means a Note, the Note Deed Poll and any relevant Pricing Supplement.

Note Deed Poll means the deed poll so entitled executed by the Issuer on or about 17 March 2022.

Offshore Associate means an associate (as defined in section 128F of the Tax Act) of the Issuer that is either:

- (a) a non-resident of Australia which does not acquire, or receive payments under, the Notes in carrying on a business at or through a permanent establishment in Australia; or
- (b) a resident of Australia that acquires, or receives payments under, the Notes in carrying on a business at or through a permanent establishment outside Australia,

in either case, other than one (i) in respect of acquiring the Notes, acquiring the Notes in the capacity of a dealer, manager or underwriter in relation to the placement of the Notes or in the capacity of a clearing house, custodian, funds manager or responsible entity of a registered scheme within the meaning of the Corporations Act and (ii) in respect of receiving a payment, receiving the payment in the capacity of a clearing house, paying agent, custodian, funds manager or responsible entity of a registered scheme within the meaning of the Corporations Act.

Partly Paid Note means a Note in relation to which the initial subscription moneys are payable to the Issuer in two or more instalments.

Pricing Supplement means, in respect of a Tranche, the pricing supplement specifying the relevant issue details in relation to it.

Record Date means, the close of business in the place where the Register is maintained on the eighth calendar day before the payment date or any other date so specified in the Pricing Supplement.

Redemption Amount means:

- (a) for a Note (other than a Zero Coupon Note or a Structured Note), the outstanding principal amount as at the date of redemption;
- (b) for a Zero Coupon Note, the Amortised Face Amount calculated as at the date of redemption; and
- (c) for a Structured Note, the amount determined by the Calculation Agent in the manner specified in the Pricing Supplement,

and also includes any final instalment and any other amount in the nature of a redemption amount specified in, or determined in accordance with, the Pricing Supplement or these Conditions.

Reference Banks means the institutions so described in the Pricing Supplement or, if none, four major banks selected by the Calculation Agent in the market that is most closely connected with the Reference Rate.

Reference Rate has the meaning given in the Pricing Supplement.

Register means the register, including any branch register, of holders of Notes established and maintained by or on behalf of the Issuer under an Agency Agreement.

Registrar means Austraclear Services Limited (ABN 28 003 284 419) or any other person appointed by the Issuer under an Agency Agreement to maintain the Register and perform any payment and other duties as specified in that agreement.

Regular Period means:

- (a) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each Interest Period;
- (b) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where “**Regular Date**” means the day and month (but not the year) on which any Interest Payment Date falls; and
- (c) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where “**Regular Date**” means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period.

Related Entity has the meaning it has in the Corporations Act.

Relevant Screen Page means:

- (a) the page, section or other part of a particular information service (including the Reuters Monitor Money Rates Service and the Dow Jones Telerate Service) specified as the Relevant Screen Page in the Pricing Supplement; or
- (b) any other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate.

Relevant Time has the meaning given in the Pricing Supplement.

Series means an issue of Notes made up of one or more Tranches all of which form a single Series and are issued on the same Conditions except that the Issue Date and Interest Commencement Date may be different in respect of different Tranches of a Series.

Specified Office means the office specified for that person in the Information Memorandum or any other address notified to Holders from time to time.

Structured Note means:

- (a) an Index Linked Note; or
- (b) an Instalment Note.

Subsidiary of an entity means:

- (a) another entity which is a subsidiary of the first within the meaning of Part 1.2 division 6 of the Corporations Act; or
- (b) any other entity which is a subsidiary of or otherwise controlled by the first within the meaning of any approved accounting standard.

Subordinated Debt means any debt which is subordinated in right of payment on liquidation to any other indebtedness of the Issuer or a Guarantor.

Tax Act means the *Income Tax Assessment Act 1936* of Australia and the *Income Tax Assessment Act 1997* of Australia.

Taxes means taxes, levies, imposts, charges and duties (including stamp and transaction duties) imposed by any authority together with any related interest, penalties, fines and expenses in connection with them except if imposed on, or calculated having regard to, the net income of a Holder.

Tax Jurisdiction means the Commonwealth of Australia and any other jurisdiction of incorporation of a Guarantor (in the case of payment by the Issuer or a Guarantor, as the case may be), or, in each case, any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer or any Guarantor, as the case may be, is or becomes subject in respect of payments made by it of principal or interest on the Notes.

Tranche means an issue of Notes specified as such in the Pricing Supplement issued on the same Issue Date and on the same Conditions.

Zero Coupon Note means a Note which does not carry entitlement to periodic payment of interest before the redemption date of the Note and which is issued at a discount to its principal amount.

22.2 References to certain general terms

Unless the contrary intention appears, a reference in these Conditions to:

- (a) a group of persons is a reference to any two or more of them jointly and to each of them individually;
- (b) a document (including these Conditions) includes any variation or replacement of it;
- (c) law means common law, principles of equity and laws made by any parliament (and laws made by parliament include and regulations and other instruments under them, and consolidations, amendments, re-enactments or replacements of any of them);
- (d) a directive means a treaty, an official directive, request, regulation, guideline or policy (whether or not having the force of law) with which responsible participants in the relevant market generally comply;
- (e) Australian dollars or A\$ is a reference to the lawful currency of Australia;
- (f) a time of day is a reference to Melbourne time;
- (g) the word "person" includes an individual, a firm, a body corporate, an unincorporated association and an authority;
- (h) a particular person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;

- (i) an agreement, representation or warranty in favour of two or more persons is for the benefit of them jointly and each of them individually;
- (j) anything (including any amount) is a reference to the whole and each part of it; and
- (k) the words “including”, “for example” or “such as” when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.

22.3 References to particular terms

Unless the contrary intention appears, in these Conditions:

- (a) a reference to the Issuer, the Registrar, the Calculation Agent or another Agent is a reference to the person so specified in the Pricing Supplement;
- (b) a reference to the Agency Agreement is a reference to the Agency Agreement applicable to the Notes of the relevant Series.
- (c) a reference to a Note is a reference to a Note of a particular Series issued by the Issuer specified in the Pricing Supplement;
- (d) a reference to a Holder is a reference to the holder of Notes of a particular Series;
- (e) if the Notes are Zero Coupon Notes or Structured Notes which do not bear interest, references to interest are not applicable;
- (f) a reference to a particular date is a reference to that date adjusted in accordance with the applicable Business Day Convention; and
- (g) a reference to “outstanding” means, in relation to a Note on any date, which has not been redeemed or satisfied in full by the Issuer or a Guarantor and “outstanding principal amount” means, in relation to an outstanding Note, the principal amount outstanding on that Note at that time.

22.4 References to principal and interest

Unless the contrary intention appears, in these Conditions:

- (a) any reference to “principal” is taken to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 13 (“Taxation”), any premium payable in respect of a Note, and any other amount in the nature of principal payable in respect of the Notes under these Conditions; and
- (b) the principal amount of a Note issued at a discount is to be taken as at any time to equal the lesser of:
 - (i) its Denomination; and
 - (ii) if specified in the Pricing Supplement, its Amortised Face Amount at that time;
- (c) the principal amount of a Note which is to vary by reference to a schedule or formula (where such determination has been previously made in accordance with these Conditions) is to be taken as at any time to equal its varied amount;
- (d) the principal amount of a Partly Paid Note is to be taken to equal its paid up principal amount;
- (e) the principal amount of an Instalment Note at any time is to be taken to be its Denomination less the total instalments repaid to the extent that such instalments relate to a repayment of principal; and

- (f) any reference to “interest” is taken to include any Additional Amounts and any other amount in the nature of interest payable in respect of the Notes under these Conditions.

22.5 Number

The singular includes the plural and vice versa.

22.6 Headings

Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of these Conditions.

22.7 Terms defined in Pricing Supplement

Terms which are defined in the Pricing Supplement as having a defined meaning have the same meaning when used in these Conditions but if the Pricing Supplement gives no meaning or specifies that the definition is “Not Applicable”, then that definition is not applicable to the Notes.

Form of Pricing Supplement

The Pricing Supplement that will be issued in respect of each Tranche will be substantially in the form set out below and will be duly completed to reflect the particular terms of the relevant Notes and their issue.

Series No.: []

Tranche No.: []

AusNet Services Holdings Pty Ltd

(ABN 97 086 006 859)

Debt Issuance Programme

Initially guaranteed by certain related entities of the Issuer

Issue of

[Aggregate Principal Amount of Tranche] [Title of Notes “Notes”]

The date of this Pricing Supplement is [].

This Pricing Supplement (as referred to in the Information Memorandum dated 29 April 2024 in relation to the above Programme for medium term notes (“**Information Memorandum**”)) relates to the Tranche of Notes referred to above. It is supplementary to, and should be read in conjunction with the Note Deed Poll dated 17 March 2022 made by the Issuer specified in paragraph 1 below. The Notes will have the benefit of a guarantee initially from the Guarantors referred to in paragraph 2 below.

This Pricing Supplement does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Notes or the distribution of this Pricing Supplement in any jurisdiction where such action is required.

[SINGAPORE SECURITIES AND FUTURES ACT PRODUCT CLASSIFICATION – In connection with section 309B(1) of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (“**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (“**CMP Regulations 2018**”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes [are] / [are not] [prescribed capital markets products] / [capital markets products other than prescribed capital markets products] (as defined in the CMP Regulations 2018) and [are] [Excluded] / [Specified] Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]¹³

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129. Consequently, no key

¹³ Issuer to determine whether the Notes remain as prescribed capital markets products at each drawdown. Legend for prescribed capital markets products should be used unless Issuer determines otherwise.

information document required by Regulation (EU) No. 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]¹⁴

[PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point(8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (“**FSMA**”) and any rules or regulations made under the FSMA to implement [Directive (EU) 2016/97 (as amended, the “**Insurance Distribution Directive**” / Insurance Distribution Directive], where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]¹⁵

[MiFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [MiFID II / Directive 2014/65/EU (as amended, “**MiFID II**”)]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]¹⁶

[UK MiFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“**COBS**”), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**UK MiFIR**”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either

¹⁴ Legend to be included if the Debt Instruments potentially constitute “packaged” products and no key information document will be prepared. or the Issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be “Applicable”.

¹⁵ Legend to be included if the Debt Instruments potentially constitute “packaged” products and no key information document will be prepared or the Issuer wishes to prohibit offers to UK retail investors for any other reason, in which case the selling restriction should be specified to be “Applicable”.

¹⁶ Legend to be included where the Issuer and/or the Dealer(s) are Manufacturers for MiFID II purposes.

adopting or refining the manufacturer[s/s'] target market assessment) and determining appropriate distribution channels.]¹⁷

NO RETAIL PRODUCT DISTRIBUTION CONDUCT – This document and the Notes are not for distribution to any person in Australia who is a retail client for the purposes of section 761G of the Corporations Act. No target market determination has been or will be made for the purposes of Part 7.8A of the Corporations Act.

The particulars to be specified in relation to the Tranche of Notes referred to above are as follows:

1	Issuer	AusNet Services Holdings Pty Ltd
2	Guarantors	AusNet Gas Services Pty Ltd AusNet Electricity Services Pty Ltd AusNet Asset Services Pty Ltd AusNet Transmission Group Pty Ltd
3	Method of distribution	[Private / Syndicated] Issue
4	Public Offer Test	It [is / is not] the Issuer's intention that this issue of Notes will be issued in a manner which will seek to satisfy the Public Offer Test in section 128F of the Income Tax Assessment Act 1936 of Australia
5	Dealer[s]	[Australia and New Zealand Banking Group Limited Commonwealth Bank of Australia National Australia Bank Limited Westpac Banking Corporation]
6	[Joint] Lead Manager[s]	[Name(s)]
7	Registrar	[Austraclear Services Limited (ABN 28 003 284 419) / Specify other]
8	Issuing and Paying Agent	[Austraclear Services Limited (ABN 28 003 284 419) / Specify other]
9	Calculation Agent	[Not Applicable / Issuer / [•] (ABN [•])]
10	Principal amount of:	
	Series	A\$[]
	Tranche	A\$[]
		[The Tranche is to form a single Series with the existing Series [insert Series number].] [Include if Tranche is a new and additional Tranche of the Series]
11	Date on which all Notes of the Series become fungible	[Not Applicable / Issue Date / [Specify date]]
12	Issue Date	[Specify]

¹⁷ Legend to be included where the Issuer and/or the Dealer(s) are Manufacturers for UK MiFIR purposes.

13	Purchase Price	[Specify]
14	Denomination	[Specify amount and currency (Condition 1.4)] The minimum aggregate consideration for purchases or transfers of the Notes in Australia must be at least A\$500,000 (disregarding any monies lent by the offeror, the transferor or their associates to the purchaser or transferee), unless the offer or invitation resulting in the purchase or transfer does not otherwise require disclosure in accordance with Part 6D.2 or Chapter 7 of the Corporations Act 2001 (Cth) and is not an offer or invitation to a 'retail client' for the purposes of section 761G of the Corporations Act.
15	Maturity Date	[Specify (In the case of amortising Notes, insert the date on which the last instalment of principal is payable)].
16	Type of Notes	[Fixed Rate / Floating Rate / Other]
17	Condition 6 ("Fixed Rate Notes") applies	[Yes/No] [If "No", delete the following Fixed Rate provisions]
	Fixed Coupon Amount	[Specify]
	Interest Rate	[Specify]
	Interest Commencement Date	[Issue Date / Specify]
	Interest Payment Dates	[Specify]
	Business Day Convention	[Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention / No Adjustment / specify other]
	Day Count Fraction	[RBA Bond Basis / Specify other].
18	Condition 7 ("Floating Rate Notes") applies	[Yes/No] [If "No", delete the following Floating Rate provisions]
	Interest Commencement Date	[Issue Date / Specify]
	Interest Rate	[specify method of calculation]
	Manner in which the Interest Rate and amount of interest is to be determined	[Specify] [ISDA Determination / Screen Rate Determination / Benchmark Rate Determination (BBSW Rate) / Benchmark Rate Determination (AONIA Rate)]
	Interest Payment Dates	[Specify dates or the Specified Period]
	Business Day Convention	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/ Specify other]

Margin	[Specify (state if positive or negative)]
Minimum/Maximum Interest Rate	[Not Applicable/ specify if applicable (Condition 9.1)]
Day Count Fraction	[Actual/365 (Fixed) / Specify other]
Fallback Interest Rate	[As per conditions/ Specify]
Relevant Financial Centre	[Specify if other than Sydney or Melbourne]
Linear Interpolation	[Applicable / Not Applicable] [If applicable, provide details]
<i>[If ISDA Determination applies, specify the following (otherwise delete provisions)]</i>	
Floating Rate Option	[]
Designated Maturity	[]
Reset Date	[]
<i>[If Screen Rate Determination applies, specify the following (otherwise delete provisions)]</i>	
Relevant Screen Page	[]
Relevant Time	[]
Reference Rate	[]
Reference Banks	[Specify / If none are specified, the Reference Banks will be four major banks specified by the Calculation Agent in the inter-bank market that is most closely connected with the Reference Rate]
Interest Determination Date	[Specify]
<i>[If Benchmark Rate Determination (BBSW Rate) applies, specify the following (otherwise delete provision)]</i>	
BBSW Rate	[As per Condition 7.6 / Specify any variation to the Conditions]
<i>[If Benchmark Rate Determination (AONIA Rate) applies, specify the following (otherwise delete provision)]</i>	
AONIA Rate	[As per Condition 7.6 / Specify any variation to the Conditions]
19 Condition 8 (“Structured Notes”) applies	[Yes/No] [Specify full interest determination provisions, including Interest Commencement Date, rate or calculation basis for interest or actual amounts of interest payable, amount and dates for payment, minimum/maximum rates. Also specify full details for Partly Paid or Instalment Notes]
20 Default Rate	[Specify (In the case of interest-bearing Notes, specify rate of interest applying to overdue amounts (if different to usual Interest Rate) – Condition 10.9)]

- 21 **Rounding** [As per Condition 9.6 / *Specify other*]
- 22 **Amortisation Yield** [*Specify (In the case of Zero Coupon Notes, specify the Amortisation Yield [])*]
- 23 **Maturity Redemption Amount** [*Specify (If Maturity Redemption Amount is not the Outstanding principal amount of the Notes, insert amount or full calculation provisions.)*]
- 24 **Condition 10.5 (“Early redemption at the option of Holder (Holder put)”) applies** [Yes/ No] [*If “No”, delete the following Holder put provisions*]
- Early Redemption Date (Put)** [*Specify*]
- If Redemption Amount is not the outstanding principal amount together with any interest accrued on the Notes, insert amount or full calculation provisions** [Not Applicable / *Specify*]
- Specify minimum notice period for exercise of put option** [*Specify*]
- Specify maximum notice period for exercise of put option** [*Specify*]
- Specify any relevant conditions to exercise of option** [*Specify*]
- Specify if Holders are not to receive accrued interest on early redemption at option of Holders** [*Specify*]
- 25 **Condition 10.6 (“Early redemption at the option of the Issuer (Issuer call)”) applies** [Yes / No] [*If “No”, delete the following Issuer call provisions*]
- Early Redemption Date (Call)** [*Specify*]
- If Redemption Amount is not the outstanding principal amount together with any interest accrued on the Notes, insert amount or full calculation provisions** [Not Applicable / *Specify*]
- Specify minimum notice period for the exercise of the call option** [*Specify*]
- Specify maximum notice period for the exercise of the call option** [*Specify*]
- Specify any relevant conditions to exercise of option** [*Specify*]
- Specify whether redemption at Issuer’s option is permitted in respect of some only of the Notes and, if so, any minimum aggregate principal amount and the means by** [*Specify*]

	which Notes will be selected for redemption	
	Specify if Holders are not to receive accrued interest on early redemption at their option	<i>[Specify]</i>
26	Condition 10.4 (“Early redemption for taxation reasons”) applies	<i>[Yes / No]</i> <i>[If “No”, delete the following Issuer call provisions]</i>
	If Redemption Amount is not the outstanding principal amount together with accrued interest (if any) thereon of the Notes, insert amount or full calculation provisions	<i>[Not Applicable / Specify]</i>
	Specify if Holders are not to receive accrued interest on early redemption for tax reasons	<i>[Specify]</i>
27	Redemption of Zero Coupon Notes	<i>[Not Applicable / Specify any change to Condition 10.6(b)]</i>
28	Clean up call	<i>[Not Applicable / Specify any change to the percentage in Condition 10.11(d)]</i>
29	Additional (or modifications to) Events of Default	<i>[Not Applicable / Specify]</i>
30	Additional or alternate newspapers	<i>[Not Applicable / Specify any additional or alternate newspapers for the purposes of Condition 20.1(b)]</i>
31	Taxation	<i>[Not Applicable / Specify the additional circumstances in which an exception to the gross up obligation are to apply pursuant to Condition 13.3(e)]</i>
32	Other relevant terms and conditions	<i>[Not Applicable / Specify any Conditions to be altered, varied, deleted otherwise than as provided above and also any additional Conditions to be included]</i>
33	Clearing System	<i>[Austraclear / Specify if other than Austraclear System]</i>
34	ISIN	<i>[]</i>
35	Common Code	<i>[]</i>
36	Additional selling restrictions	<i>[Not Applicable / Specify any variation to the selling restrictions (clause 7.2 of the Dealer Agreement)]</i>
37	Prohibition of Sales to EEA Retail Investors	<i>[Applicable / Not Applicable]</i>
38	Prohibition of Sales to UK Retail Investors	<i>[Applicable / Not Applicable]</i>
39	Listing	<i>[Not Applicable / An application has been made for the Notes to be quoted on the [ASX / specify details]</i>

of other listing or quotation on a relevant stock or securities exchange]].

40 Other amendments

[Specify]

Confirmed

For and on behalf of

AusNet Services Holdings Pty Ltd

By:

Date:

Authorised Officer

Name:

Selling Restrictions

Under the Amended and Restated Dealer Agreement dated 17 March 2022 (“**Dealer Agreement**”) and subject to the Conditions contained in this Information Memorandum, the Notes will be offered by the Issuer through the Dealers. The Issuer has the sole right to accept any offer to purchase Notes and may reject that offer in whole or (subject to the terms of the offer) in part. The Issuer is entitled under the Dealer Agreement to appoint one or more persons as a Dealer for a particular Series of Notes. At the time of any appointment, each such person will be required to represent and agree to the selling restrictions applicable at that time.

In particular, each Dealer appointed under the Programme in respect of an issuance of Notes will be required to agree to comply with any applicable law, regulation or directive in any jurisdiction in which it subscribes for, offers, sells or transfers Notes and that it will not, directly or indirectly, subscribe for, offer, sell or transfer Notes or distribute any Information Memorandum or other offering material in relation to the Notes, in any jurisdiction, except in accordance with these selling restrictions, any additional restrictions which are set out in the relevant Pricing Supplement and any applicable law, regulation or directive of that jurisdiction.

None of the Issuer or any Dealer has represented that any Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or in accordance with any available exemption, or assumes any responsibility for facilitating that sale.

The following selling restrictions apply:

General

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Information Memorandum or any other offering material in any country or jurisdiction where action for that purpose is required.

Persons into whose hands this Information Memorandum comes are required by the Issuer, and the Dealers to comply with all applicable laws, regulations and directives in each country or jurisdiction in which they purchase, offer, sell, resell, reoffer or deliver Notes or have in their possession or distribute or publish the Information Memorandum or other offering material and to obtain any authorisation, consent, approval or permission required by them for the purchase, offer, sale, reoffer, resale or delivery by them of any Notes under any applicable law, regulation or directive in force in any jurisdiction to which they are subject or in which they make such purchases, offers, sales, reoffers, resales or deliveries, in all cases at their own expense, and neither the Issuer nor any Dealer has responsibility for such matters. In accordance with the above, any Notes purchased by any person which it wishes to offer for sale or resale may not be offered in any jurisdiction in circumstances which would result in the Issuer being obliged to register any further prospectus or corresponding document relating to the Notes in such jurisdiction.

In particular, there are restrictions on the distribution of this Information Memorandum and the offer or sale of Notes in Australia, the United States of America, the United Kingdom, New Zealand, Hong Kong, Singapore, Japan and a prohibition of sales to the EEA and UK retail investors as set out below.

Australia

No prospectus or other disclosure document (as defined in the Corporations Act) in relation to the Programme or any Notes has been, or will be, lodged with ASIC. Each Dealer appointed under the Programme will be required to represent and agree, that unless the relevant Pricing Supplement (or another supplement to any Information Memorandum) otherwise provides, it:

- (a) has not (directly or indirectly) made or invited, and will not make or invite, an offer of the Notes for issue or sale in Australia (including an offer or invitation which is received by a person in Australia); and
- (b) has not distributed or published, and will not distribute or publish, any offering circular, information memorandum or any other offering material or advertisement relating to the Notes in Australia,

unless: (i) the aggregate consideration payable by each offeree or invitee is at least A\$500,000 (or its equivalent in other currencies, but disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 or Chapter 7 of the Corporations Act; (ii) such offer is not made to a person who is a “retail client” within the meaning of section 761G of the Corporations Act; (iii) such action complies with all applicable laws, regulations and directives; and (iv) such action does not require any document to be lodged with ASIC.

This Information Memorandum and the Notes are not for distribution to any person in Australia who is a retail client for the purposes of section 761G of the Corporations Act. No target market determination has been or will be made for the purposes of Part 7.8A of the Corporations Act.

For the purposes of this selling restriction, the Notes include interests or rights in the Notes held in Austraclear.

The United States of America

The Notes and the Guarantee have not been and will not be registered under the U.S. Securities Act and, subject to certain exceptions, the Notes may not be offered or sold within the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the U.S. Securities Act. Each Dealer appointed under the Programme will be required to represent and agree that it has not offered or sold the Notes, and that it will not offer or sell, any Notes constituting part of its allotment in the United States except in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither it, its affiliates nor any persons acting on its or their behalf will engage in any directed selling efforts with respect to the Notes. Terms used in this paragraph have the meaning given to them by Regulation S.

European Economic Area

Prohibition of Sales to EEA Retail Investors

Unless the Pricing Supplement in respect of any Notes specifies the “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Information Memorandum as completed by the applicable Pricing Supplement in relation thereto, to any retail investor in the European Economic Area (“**EEA**”). For the purposes of this provision:

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
 - (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in the Prospectus Regulation; and

- (b) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the relevant Pricing Supplement in respect of any Notes specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, in relation to each Member State of the EEA, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Information Memorandum as completed by the Pricing Supplement in relation thereto to the public in that Member State except that it may make an offer of such Notes to the public in that Member State:

- (a) if the Pricing Supplement in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Member State (a “Public Offer”), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, provided that any such prospectus has subsequently been completed by the Pricing Supplement contemplating such Public Offer, in accordance with the Prospectus Regulation, in the period beginning and ending on the dates specified in such prospectus or Pricing Supplement, as applicable and the Issuer has consented in writing to its use for the purpose of that Public Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation, or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129.

The United Kingdom

Prohibition of Sales to UK Retail Investors

Unless the Pricing Supplement in respect of any Notes specifies the “Prohibition of Sales to UK Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Information Memorandum as completed by the Pricing Supplement in relation thereto, to any retail investor in the United Kingdom (“UK”). For the purposes of this provision:

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
 - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); or
 - (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
 - (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; and
- (b) the expression an “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Pricing Supplement in respect of any Notes specifies “Prohibition of Sales to UK Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Information Memorandum as completed by the Pricing Supplement in relation thereto to the public in the United Kingdom except that it may make an offer of such Notes to the public in the United Kingdom:

- (a) If the Pricing Supplement in relation to the Notes specify that an offer of those Notes may be made other than pursuant to section 86 of the FSMA (a “Public Offer”), following the date of publication of a prospectus in relation to such Notes which either (i) has been approved by the Financial Conduct Authority, or (ii) is to be treated as if it had been approved by the Financial Conduct Authority in accordance with the transitional provision in Regulation 74 of the Prospectus (Amendment etc.) (EU Exit) Regulations 2019, provided that any such prospectus has subsequently been completed by the Pricing Supplement contemplating such Public Offer, in the period beginning and ending on the dates specified in such prospectus or Pricing Supplement, as applicable, and the Issuer has consented in writing to its use for the purpose of that Public Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- (c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Notes referred to in (ii) to (iv) above shall require the Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA, or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression “**an offer of Notes to the public**” in relation to any Notes means the communication in any form and by any means of sufficient information on

the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression “**UK Prospectus Regulation**” means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

Other regulatory restrictions

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

- (a) in relation to any Notes which have a maturity of less than one year: (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of its business; and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or as agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantors; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

New Zealand

No product disclosure statement or similar document has been or will be prepared, lodged or registered in relation to the Programme or any Notes under the Financial Markets Conduct Act 2013 of New Zealand (“**NZ FMC Act**”) and no action has been taken to permit the Notes to be directly or indirectly offered or sold to any retail investor, or otherwise under any regulated offer, in terms of the NZ FMC Act.

Each Dealer has represented and undertaken, and each further Dealer appointed under the Programme will be required to represent and undertake, that Notes are not and will not be offered, sold or delivered, directly or indirectly, nor will any product disclosure statement, information memorandum, advertisement (as defined in the NZ FMC Act) or offering material in relation to the Programme or to any offer of the Notes be distributed, in New Zealand other than:

- (a) a person who is an “investment business”, “large” or a “government agency”, in each case as defined in Schedule 1 of the NZ FMC Act; or
- (b) a person who meets the “investment activity criteria” specified in clause 38 of Schedule 1 to the NZ FMC Act.

For this purpose an “investment business” includes, without limitation, a DIMS licensee deciding whether to acquire Notes on behalf of a person in the course of supplying a discretionary investment management service to that person, in accordance with clause 7 of Schedule 1 to the NZ FMC Act.

For the avoidance of doubt, the Notes may not be directly or indirectly offered, sold or delivered to, amongst others, any person solely because that person is an “eligible investor” (as defined in

clause 41 of Schedule 1 of the NZ FMC Act) or that person meets the investment activity criteria specified in clause 38 of that Schedule.

Each Dealer has represented and undertaken that it will not subscribe for, offer, sell or deliver any Notes, or distribute any product disclosure statement, information memorandum, advertisement (as defined in the NZ FMC Act) or offering material relating to the Programme or Notes, in a manner which constitutes a regulated offer under the NZ FMC Act. In particular, no Dealer will offer for sale any Notes to any person in New Zealand in breach of the NZ FMC Act, or as if it were being offered under a regulated offer under the NZ FMC Act or in circumstances which may result in the Issuer, the Guarantors or their respective directors incurring any liability under the NZ FMC Act.

Hong Kong

In relation to each Tranche of Notes issued by the Issuer, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (“**SFO**”) and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (“**C(WUMP)O**”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (b) it has not issued or had in its possession for the purpose of issue, and will not issue or have in its possession for the purposes of issue (in each case whether in Hong Kong or elsewhere), any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under SFO.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Information Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “**SFA**”)) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**FIEA**”). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not directly or indirectly offered or sold and will not directly or indirectly offer or sell any Notes, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity recognised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and other applicable laws, regulations, directives and ministerial guidelines of Japan.

Variation

These selling restrictions may be amended, varied, replaced or otherwise updated from time to time in accordance with the Dealer Agreement. Any change may be set out in a Pricing Supplement or in another supplement to this Information Memorandum.

Taxation

Australian Taxation

The following is a summary of the taxation treatment under the Income Tax Assessment Act 1936 (Cth), the Income Tax Assessment Act 1997 (Cth) and the Taxation Administration Act 1953 (Cth) (together, "**Australian Tax Act**"), at the date of this Information Memorandum, of payments of interest (as defined in the Australian Tax Act) on the Notes to be issued by the Issuer under the Programme and certain other matters. It is not exhaustive and, in particular, does not deal with the position of certain classes of holders of Notes (including, dealers in securities, custodians or other third parties who hold Notes on behalf of any Holders), nor does it deal with partly paid, indexed or zero coupon Notes.

Prospective holders of Notes should also be aware that particular terms of issue of any Series of Notes may affect the tax treatment of that and other Series of Notes. The following is a general guide and should be treated with appropriate caution. Prospective holders of Notes should consult their professional advisers on the tax implications of an investment in the Notes for their particular circumstances.

The summary is not exhaustive and, in particular, does not deal with the position of certain classes of Holders (including, without limitation, dealers in securities, custodians or other third parties who hold Notes on behalf of any person).

This summary is not intended to be, nor should it be construed as, legal or tax advice to any particular holder of the Notes. Each Holder should seek professional tax advice in relation to their particular circumstances.

Interest withholding tax

An exemption from Australian interest withholding tax imposed under Division 11A of Part III of the Australian Tax Act ("**IWT**") is available, in respect of the Notes issued by the Issuer under section 128F of the Australian Tax Act if the following conditions are met:

- (a) the Issuer remains a resident of Australia and a company when it issues those Notes and when interest (as defined in section 128A(1AB) of the Australian Tax Act) is paid. Interest is defined to include amounts in the nature of, or in substitution for, interest and certain other amounts;
- (b) those Notes are debentures or prescribed types of debt interests and are issued in a manner which satisfies the public offer test. Where Notes constitute a debenture or debt interest, there are five principal methods of satisfying the public offer test, the purpose of which is to ensure that lenders in capital markets are aware that the Issuer is offering those Notes for issue. In summary, the five methods are to offer the Notes:
 - (i) to 10 or more persons each of whom is not known, or suspected by the Issuer to be an "associate" (see below) of any of the other persons to whom the Notes are offered, and each of whom carries on the business of providing finance or investing or dealing in securities, in the course of operating in financial markets;
 - (ii) to 100 or more investors whom the Issuer can reasonably regard as having acquired debentures or debt interests in the past or being likely to be interested in acquiring debentures or debt interests;

- (iii) as a result of being accepted for listing on a stock exchange under an agreement with a dealer, manager or underwriter in relation to the placement of the debentures, requiring listing;
- (iv) as a result of negotiations being initiated publicly in electronic form, or another form, that is used by financial markets for dealing in debentures or debt interests; or
- (v) offers to a dealer, manager or underwriter who, under an agreement with the Issuer, offers those Notes for sale within 30 days using one of the preceding methods.

Subject to the comments on the meaning of “associate” below, the following conditions will also need to be satisfied in order for the public offer test to apply:

- (a) the Issuer does not know, or have reasonable grounds to suspect, at the time of issue, that those Notes or interests in those Notes were being, or would later be, acquired, directly or indirectly, by an “associate” of the Issuer, except as permitted by section 128F(5) of the Australian Tax Act; and
- (b) at the time of the payment of interest, the Issuer does not know, or have reasonable grounds to suspect, that the payee is an “associate” of the Issuer, except as permitted by section 128F(6) of the Australian Tax Act.

Associates

An “associate” of the Issuer for the purposes of section 128F of the Australian Tax Act includes:

- (a) a person or entity which (together with associates) holds more than 50% of the voting shares of, or otherwise controls, the Issuer;
- (b) an entity in which more than 50% of the voting shares are held by, or which is otherwise controlled by, the Issuer;
- (c) a trustee of a trust where the Issuer is capable of benefiting (whether directly or indirectly) under that trust; and
- (d) a person or entity who is an “associate” of another person or company which is an “associate” of the Issuer under paragraph (i) above.

However, for the purposes of sections 128F(5) and (6) of the Australian Tax Act (see paragraphs (c) and (d) above), “associate” does not include:

- (i) *onshore associates* (i.e. Australian resident associates who do not hold the Notes in the course of carrying on business at or through a permanent establishment outside Australia and non-resident associates who hold the Notes in the course of carrying on business at or through a permanent establishment in Australia); or
- (ii) *offshore associates* (i.e. Australian resident associates who hold the Notes in the course of carrying on business at or through a permanent establishment outside Australia and non-resident associates who do not hold the Notes in the course of carrying on business through a permanent establishment in Australia) who are acting in the capacity of (1) in the case of section 128F(5), a dealer, manager or underwriter in relation to the placement of the relevant Notes, or a clearing house, custodian, funds manager or responsible entity of a registered scheme (for the purposes of the Corporations Act 2001 (Cth) of Australia); or (2) in the case of section

128F(6), a clearing house, paying agent, custodian, funds manager or responsible entity of a registered scheme.

Compliance with section 128F of the Australian Tax Act

Unless otherwise specified in any relevant Pricing Supplement (or another relevant supplement to this Information Memorandum), the Issuer intends to issue the Notes in a manner which will satisfy the requirements of section 128F of the Australian Tax Act that are in effect at the date of the issue of the Notes.

Holders who are Residents of Specified Countries

The Australian government has signed double tax conventions (“**Treaties**”) with a number of countries (each a “**Specified Country**”). The Treaties apply to interest derived by a resident of a Specified Country.

Broadly, certain Treaties effectively prevent IWT applying to interest derived by:

- governments of the Specified Countries and certain governmental authorities and agencies in a Specified Country; and
- certain financial institutions resident in a Specified Country which are unrelated to and dealing wholly independently with the Issuer. Broadly, the term “financial institution” refers to either a bank or other enterprise which substantially derives its profits by raising and providing debt finance in the financial markets or by taking deposits at interest and using those funds in carrying on a business of providing finance. However, interest paid under a back to back loan or an economically equivalent arrangement may not qualify for this exemption. In particular, this type of exemption may be available under Australia’s Treaties with the U.S. and the United Kingdom, subject to the relevant conditions for the exemption being met and the holder of the Notes being eligible for Treaty benefits.

Accordingly, where interest is paid by the Issuer to certain types of holders of Notes that are resident for tax purposes in Specified Countries, the interest may not be subject to Australian IWT, depending on the terms of the Treaty and the availability of Treaty benefits to the holder.

The Australian Federal Treasury maintains a listing of Australia’s double tax conventions which provides details of country, status, withholding tax rate limits and Australian domestic implementation. This listing is available to the public on the Federal Treasury’s Department website.

Payment of additional amounts

As set out in more detail in the relevant Terms and Conditions for the Notes, and unless expressly provided to the contrary in the relevant Pricing Supplement (or another relevant supplement to this Information Memorandum), if the Issuer is at any time compelled or authorised by law to deduct or withhold an amount in respect of any Australian withholding taxes imposed or levied by the Commonwealth of Australia in respect of the Notes, the Issuer must, subject to certain exceptions, pay such additional amounts as may be necessary in order to ensure that the net amounts received by the holders of those Notes after such deduction or withholding are equal to the respective amounts which would have been received had no such deduction or withholding been required. If the Issuer is compelled by law in relation to any Notes to deduct or withhold an amount in respect of any withholding taxes, the Issuer will have the option to redeem those Notes in accordance with the relevant Terms and Conditions.

Payments under the Guarantee

It is unclear whether or not any payment by the Guarantor under the Guarantee would be subject to Australian IWT. There are good arguments that such payments (other than interest paid on an overdue amount) do not constitute “interest” for IWT purposes, and, if so, would not be subject to IWT.

The Australian Taxation Office has published a Taxation Determination stating that payments by a guarantor in respect of debentures (such as the Notes) are entitled to the benefit of the exemption contained in section 128F of the Australian Tax Act if payments of interest in respect of those debentures by the Issuer are exempt from IWT.

If such payments are characterised as interest for IWT purposes and the exemption contained in section 128F of the Australian Tax Act is not available, IWT at the rate of 10% will be payable on payments of interest (as defined in section 128B(1AB) of the Australian Tax Act), or interest paid on an overdue amount, by the Guarantor to non-residents (other than non-residents holding the Notes in the course of carrying on a business at or through a permanent establishment in Australia) or residents of Australia holding the Notes in the course of carrying on a business at or through a permanent establishment outside Australia.

As set out in more detail in the Guarantee, if the Guarantor is at any time compelled or authorised by law to deduct or withhold an amount in respect of any Australian withholding taxes imposed or levied by the Commonwealth of Australia in respect of payments under the Guarantee, the Guarantor must, subject to certain exceptions, pay such additional amounts as may be necessary in order to ensure that the net amounts received by the holders of those Notes after such deduction or withholding are equal to the respective amounts which would have been received had no such deduction or withholding been required.

Other Australian tax matters

Under Australian laws as presently in effect:

- (a) *income tax - offshore Holders* - assuming the requirements of section 128F of the Australian Tax Act are satisfied with respect to the Notes, payment of principal and interest (as defined in section 128A(1AB) of the Australian Tax Act) to a holder of Notes, who is a non-resident of Australia and who, during the income year, does not hold the Notes in the course of carrying on business at or through a permanent establishment in Australia, should not be subject to Australian income taxes on such principal and interest;
- (b) *income tax - Australian Holders* - Australian residents or non-Australian residents who hold the Notes in the course of carrying on business at or through a permanent establishment in Australia (“**Australian Holders**”), should include in their assessable income for Australian tax purposes on income either received or accrued due to them in respect of the Notes. Whether income will be recognised on a cash receipts or accruals basis will depend upon the tax status of the particular Holder and the Conditions of the Notes. Special rules apply to the taxation of Australian residents who hold the Notes in the course of carrying on business at or through a permanent establishment outside Australia which vary depending on the country in which that permanent establishment is located;
- (c) *gains on disposal of Notes - offshore Holders* - a holder of Notes, who is a non-resident of Australia and who, during the income year, does not hold the Notes in the course of carrying on business at or through a permanent establishment in Australia (“**non-resident offshore Holder**”), should not be subject to Australian income tax on gains realised during that year on sale or redemption of the Notes,

provided such gains do not have an Australian source. Whether a profit or gain on disposal of a Note has an Australian source is a question of fact that must be determined on the basis of the circumstances existing at the time of the disposal or redemption. For a disposal of the Notes, in general, the profit or gain should not have an Australian source if the Note is:

- (i) acquired and held by the non-resident offshore Holder outside Australia;
- (ii) held (at all times) in carrying on a business or activities conducted exclusively outside Australia;
- (iii) disposed of to another non-resident, either directly or through a non-resident agent, where all negotiations are conducted outside Australia and all transaction documents are concluded outside Australia.

However, this is not an exhaustive list of factors that can determine source, nor would the absence of one of these elements, of itself, mean that there is an Australian source. The determination of source will depend on weighing up of all the relevant circumstances. If the profit or gain on disposal of a Note has an Australian source, the non-resident offshore Holder may be eligible for relief from Australian tax on such profit or gain, under a tax treaty between Australia and the non-resident offshore Holder's country of residence. Prospective purchasers of Notes should consult their tax advisers regarding their entitlement to benefits under a tax treaty.

- (d) *gains on disposal of Notes - Australian Holders* - Australian resident Holders will be required to include any gain or loss on disposal of the Notes in the calculation of their assessable income for Australian tax purposes. Special rules apply to the taxation of Australian residents who hold the Notes in the course of carrying on business at or through a permanent establishment outside Australia which vary depending on the country in which that permanent establishment is located;
- (e) *deemed interest* - there are specific rules that can apply to treat a portion of the purchase price of Notes as interest for withholding tax purposes when certain Notes originally issued at a discount or with a maturity premium or which do not pay interest at least annually are sold to an Australian resident (who does not acquire them in the course of carrying on business at or through a permanent establishment outside Australia) or a non-resident who acquires them in the course of carrying on business at or through a permanent establishment in Australia. These rules do not apply in circumstances where the deemed interest would have been exempt under section 128F of the Australian Tax Act if the Notes had been held to maturity by a non-resident;
- (f) *death duties* - no Notes will be subject to death, estate or succession duties imposed by Australia, or by any political subdivision or authority therein having power to tax, if held at the time of death;
- (g) *stamp duty and other taxes* - no ad valorem stamp, issue, registration or similar taxes are payable in Australia on the issue or transfer of the Notes (subject to the terms of the corresponding Pricing Supplement);
- (h) *other withholding taxes on payments in respect of Notes* - section 12-140 of Schedule 1 to the Taxation Administration Act 1953 of Australia ("**Taxation Administration Act**") imposes a type of withholding tax (see below in relation to the rate of withholding tax) on the payment of interest on certain registered securities unless the relevant payee has quoted an Australian tax file number

("TFN"), (in certain circumstances) an ABN or proof of some other exception (as appropriate).

Assuming the requirements of section 128F of the Australian Tax Act are satisfied with respect to the Notes, then such withholding should not apply to payments to a non-resident of Australia for tax purposes who does not hold the Notes through an Australian permanent establishment.

The current rate of withholding is 47%.

- (i) *supply withholding tax* - payments in respect of the Notes can be made free and clear of the "supply withholding tax" imposed under section 12-190 of Schedule 1 to the Taxation Administration Act;
- (j) *goods and services tax (GST)* - neither the issue nor receipt of the Notes will give rise to a liability for GST in Australia on the basis that the supply of Notes will comprise either an input taxed financial supply or (in the case of a supply to a non-resident Holder outside Australia and certain areas offshore of Australia, which together comprise the "indirect tax zone") a GST-free supply. Furthermore, neither the payment of principal or interest by the Issuer, nor the disposal of the Notes, would give rise to any GST liability in Australia;
- (k) *garnishee directions* - the Commissioner of Taxation for Australia may give a direction under section 255 of the Australian Tax Act or section 260-5 of Schedule 1 to the Taxation Administration Act or any similar provision requiring the Issuer or a Guarantor to deduct or withhold from any payment to any other party (including any holder of Notes) any amount in respect of tax payable by that other party. If the Issuer or a Guarantor is served with such a direction, the Issuer and the Guarantors intend to comply with that direction and make any deduction or withholding required by that direction;
- (l) *taxation of financial arrangements* - Division 230 of the Australian Tax Act is a regime for the taxation of financial arrangements (referred to as the TOFA regime) that may apply to the Notes. The TOFA regime may be relevant to the taxation of Holders who are residents of Australia and who satisfy the threshold requirements for those provisions to apply. For Holders who are not resident of Australia and who do not hold the Notes in the course of carrying on business at or through a permanent establishment in Australia, the TOFA regime does not contain any measures that would override the exemption from Australian interest withholding tax available under section 128F of the Australian Tax Act in respect of interest payable on the Notes;
- (m) *additional withholdings from certain payments to non-residents* - Section 12-315 of Schedule 1 to the Taxation Administration Act gives the Governor-General power to make regulations requiring withholding from certain payments to non-residents. The current regulations do not apply to the payments in respect of the Notes or payments by a Guarantor under the Guarantee and no further regulations have been released. The possible application of any future regulations should be monitored.

U.S. Foreign Account Tax Compliance Act (FATCA) and OECD Common Reporting Standard

The Foreign Account Tax Compliance Act provisions of the U.S. Hiring Incentives to Restore Employment Act of 2010 ("**FATCA**") establish a new due diligence, reporting and withholding

regime. FATCA aims to detect U.S. taxpayers who use accounts with “foreign financial institutions” (“**FFIs**”) to conceal income and assets from the U.S. Internal Revenue Service (“**IRS**”).

FATCA withholding

Under FATCA, a 30% withholding may be imposed (i) in respect of certain payments of U.S. source income, (ii) from 1 January 2019 in respect of gross proceeds from the sale or disposition of property that produce interest or dividends which are U.S. source income and (iii) from the date of the publication of final U.S. Treasury Regulations defining the term, at the earliest, in respect of “foreign passthru payments” (a term which is not yet defined under FATCA), which are, in each case, paid to or in respect of entities that fail to meet certain certification or reporting requirements (“**FATCA withholding**”).

A FATCA withholding may be required if (i) an investor does not provide information sufficient for the Issuer or any other financial institution through which payments on the Notes are made to determine whether the investor is subject to FATCA withholding or (ii) an FFI to or through which payments on the Notes are made is a “**non- participating FFI**”.

If the Notes are treated as debt for U.S. federal income tax purposes and the payment is made under a grandfathered obligation that produces or could produce a foreign passthru payment and that cannot produce a withholdable payment, FATCA withholding is not expected to apply. Generally, a grandfathered obligation is any obligation issued on or before the date that is six months after the date on which final regulations defining the term “foreign passthru payment” are filed with the U.S. Federal Register or any obligation outstanding on 1 July 2014.

Australian IGA

Australia and the United States signed an intergovernmental agreement (“**Australian IGA**”) in respect of FATCA on 28 April 2014. The Australian Government has enacted legislation amending, among other things, the Taxation Administration Act 1953 (Cth) of Australia to give effect to the Australian IGA.

Australian financial institutions which are Reporting Australian Financial Institutions under the Australian IGA must comply with specific due diligence procedures to identify their account holders (for example, the Holders) and provide the Australian Taxation Office (“**ATO**”) with information on financial accounts (for example, the Notes) held by U.S. persons and recalcitrant account holders and on payments made to non-participating FFIs. The ATO is required to provide such information to the IRS. Consequently, Holders may be requested to provide certain information and certifications to the Issuer and to any other financial institutions through which payments on the Notes are made in order for the Issuer and such other financial institutions to comply with their FATCA obligations.

A Reporting Australian Financial Institution that complies with its obligations under the Australian IGA will not generally be subject to FATCA withholding on amounts it receives, and will not generally be required to deduct FATCA withholding from payments it makes with respect to the Notes, other than in certain prescribed circumstances.

No additional amounts paid as a result of FATCA withholding

In the event that any amount is required to be withheld or deducted from a payment on the Notes as a result of FATCA, pursuant to the Conditions of the Notes, no additional amounts will be paid by the Issuer or any other party as a result of the deduction or withholding.

FATCA is particularly complex legislation.

Investors should consult their own tax advisers to determine how FATCA and the Australian IGA may apply to them under the Notes.

Common Reporting Standard

The OECD Common Reporting Standard for Automatic Exchange of Financial Account Information (“**CRS**”) will require certain financial institutions to report information regarding certain accounts (which may include the Notes) to their local tax authority and follow related due diligence procedures. Holders may be requested to provide certain information and certifications to ensure compliance with the CRS. A jurisdiction that has signed the CRS Competent Authority Agreement may provide this information to other jurisdictions that have signed the CRS Competent Authority Agreement. The Australian Government has enacted legislation amending, among other things, the Taxation Administration Act 1953 (Cth) of Australia to give effect to the CRS. The CRS applies to Australian financial institutions with effect from 1 July 2017.

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