Alinta Infrastructure Holdings
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and
Alinta Funds Management Limited
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15 March 2006

To: Company Announcements Office
ASX

By: Electronic Lodgement

Potential Asset Acquisitions

Attached is an Open Briefing dated 15 March 2006 on the above matter.

Yasmin Broughton
Company Secretary

Attention ASX Company Announcements Platform
Lodgement of Open Briefing®

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Date of lodgement: 15-Mar-2006

Title: Open Briefing®. Alinta Infrastructure Hldgs. Potential Asset Acquisitions

Record of interview:

corporatefile.com.au
Alinta Infrastructure Holdings (AIH) is 20% owned by Alinta Limited (Alinta). Alinta has proposed a merger with The Australian Gas Light Company Limited (AGL) and now AGL has countered with its own merger proposal for AGL/Alinta. Under Alinta's merger proposal AIH will be owned by a new combined AGL/Alinta. How do you feel about this from your securityholders' perspective?

CEO John Cahill
First I would like to note that generally my comments in this Open Briefing assume that Alinta's proposed Scheme of Arrangement proceeds.

AIH is supportive of the transaction that Alinta is embarking upon. We see that being partially owned by the enlarged entity is a positive for AIH.

We clearly cannot be certain how the proposed merger will play out given AGL's recent response but we will be seeking to the extent that we can to position AIH to benefit from any disposal of infrastructure assets that might occur as part of any Alinta/AGL merger and subsequent demerger. In the meantime, AIH management will concentrate its efforts on achieving organic growth from the existing asset portfolio and will continue to pursue acquisition opportunities.

corporatefile.com.au
You're assuming that Alinta's merger proposal proceeds. What are the implications for your securityholders if AGL's merger proposal via a takeover offer for Alinta is successful?

CEO John Cahill
Based on the information released by AGL to the market this week regarding its proposed takeover offer for Alinta, it appears that Alinta's 20% ownership in AIH would be held in the new de-merged AGL/Alinta Infrastructure Company, which would also hold AGL's and Alinta's existing asset management operations. Beyond those observations, it is too early to make further comment, particularly in light of Alinta's rejection of AGL's proposal. We will provide further comment to the market at the appropriate time when there is greater clarity regarding the impact on AIH.

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If we go back to assuming that Alinta's merger proposal is successful, are you expecting to be part of the Scheme negotiations?

CEO John Cahill
Not directly. However, like all parties affected by the proposed merger/demerger we are being consulted on anything that would impact on our current contractual arrangements. Based on the information released to the market, it appears this can be appropriately managed and AIH would expect to be kept informed as the details crystallise.

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If Alinta is successful, are you seeking to acquire any AGL assets?

CEO John Cahill
Our understanding is that Alinta's merger/demerger proposal for AGL, should the Scheme of Arrangement proceed, contemplates the demerger of the energy business, so technically there will not be a disposal of the infrastructure assets.

Clearly the infrastructure assets that are proposed to be housed in the new infrastructure company post the demerger, other than the renewable energy assets, fit within AIH's investment mandate and subject to meeting AIH's investment criteria would be of considerable interest to AIH should they become available in future.

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Can you reiterate the process AIH will undertake to determine if it purchases any assets offered by Alinta?

CEO John Cahill
Under the AIH/Alinta Alliance Agreement, Alinta undertakes the initial analysis of acquisition opportunities on behalf of AIH. Alinta then presents its analysis to the senior management of AIH for consideration, who in turn will make a recommendation to the Investment Committee (IC) about the appropriateness of the targeted acquisition.

The IC is comprised only of the independent directors and has been established to assess investment opportunities and to make the ultimate recommendation to the AIH Boards. Furthermore, the AIH Boards comprise a majority of independent directors. AIH will also engage independent third party specialists where needed to assist the IC in forming its recommendation.

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How is the price determined for any assets Alinta offers?

CEO John Cahill
The price for assets will be negotiated between AIH and Alinta. However, for any transaction to proceed, pricing parameters must ultimately be to the satisfaction of the AIH Investment Committee and the AIH Boards, which again comprise a majority of independent directors.

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Alinta says it has been evaluating AGL for over a year. Was a potential merger or acquisition of AGL by Alinta factored when setting up AIH's structure and funding capabilities?

CEO John Cahill
AIH was established as an infrastructure vehicle, which together with Alinta as part owner and operator would pursue additional infrastructure investment opportunities.

Alinta continually evaluates a range of possible opportunities, including companies such as AGL, in order to pursue its growth opportunities. Neither Alinta nor AIH had made any decision to pursue AGL or its assets at the time of the PDS.

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What about the new Infrastructure company to be created post the merger of Alinta/AGL? Won't it compete for capital and assets?

CEO John Cahill
Again, our understanding based on the details released by Alinta to the market is that in the event that the Scheme of Arrangement proceeds, Alinta proposes to demerge the energy business into a new separately listed combined Alinta/AGL entity. This would leave the remaining infrastructure assets in a separately listed vehicle.

The various entities are separate and we don't believe there is an issue from a capital perspective.

The creation of a separate listed infrastructure vehicle whilst clearly not anticipated at the time of the IPO is not a major concern to AIH for the simple reason that under the terms of the Alliance Agreement, AIH has the right of first opportunity to acquire infrastructure assets that Alinta might be interested in acquiring and the right of first refusal to acquire infrastructure assets that Alinta may consider selling at a future point in time. In referring to Alinta in this context I am referring to the new merged Alinta/AGL energy business because, consistent with the proposed structure which Alinta has released to the market, it would be AIH's expectation that Alinta's current interest in AIH and the Alliance Agreement would both be transferred to the new merged energy company.

These two rights within the Alliance Agreement are unique to AIH and cannot be granted to the new infrastructure vehicle. The only exceptions are greenfields developments and renewable energy assets which do not fall within AIH's investment mandate.

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Could you possibly see a merger with the merged Alinta/AGL Infrastructure Co or APT?

CEO John Cahill
Most commentators have been expecting further consolidation to take place in the utilities sector following the significant level of M&A activity in recent years. 2005 saw the creation of a significant number of similar listed infrastructure funds and so it is a logical next step that there will be further consolidation in this area particularly given that all funds will be looking for scale and diversity benefits.

In the context of the Alinta/AGL transaction it is too early to make any useful comment other than to reiterate a recent comment by the CEO of Australian Pipeline Trust to Corporate File that as a publicly listed entity we operate in a free enterprise democracy which means that just about everything is for sale at a price.

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Is it important for AIH to diversify its asset base given the potential impact of the PNG Gas Project?

CEO John Cahill
As I have publicly stated previously, the PNG Gas Project will be an important driver of industrial and infrastructure growth in the Eastern Gas Market. Notwithstanding the vast array of tasks yet to be completed in order for the PNG Project to get up, finalisation of Front End Engineering and Design will further define the impact of the project on the market. However, given the increasing levels of demand for gas, particularly in northern Queensland, there is increasing acceptance that there is room in the market for both PNG Gas and CSG, which is also increasing its market presence. We are confident that our existing pipeline assets have strategic growth potential and are well positioned to participate in the Eastern Gas Market activity.

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Will AIH get a right to invest in PNG if the proposed merger between Alinta and AGL proceeds?

CEO John Cahill
As we understand it a significant portion of AGL's 50% interest in the PNG Gas Pipeline is committed to APT under existing contractual arrangements and that

AGL will retain an approximate 30% interest. We have not as yet had any discussions about what may occur with AGL's residual interest should Alinta be successful in acquiring AGL. AGL's announcement to the market this week clearly envisages its interest in PNG remaining with the energy business.

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If AIH purchases assets from any Alinta/AGL merger, does Alinta have a right to manage those assets and will the terms of the current AIH/Alinta Operating Services Agreement (OSA) apply?

CEO John Cahill
If AIH purchases assets from the Alinta/AGL merger pursuant to AIH's first right of refusal, Alinta has the right to manage those assets and would be inclusive of the services provided by Alinta under the existing OSA.

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Will purchasing any of AGL's assets affect AIH's ability to make 100% tax deferred capital distributions over the medium term as outlined in your Product Disclosure Statement and Prospectus 2005 (PDS)?

CEO John Cahill
The existing assets of AIH are owned by one of the stapled entities, Alinta Infrastructure Limited and its subsidiary companies. It is intended that future investment opportunities will be acquired through a different entity within the tripled stapled security structure and as such the fully tax deferred distributions from the existing assets as forecast in the PDS will be preserved. Any additional distribution above the PDS forecast will depend on the structure of acquisitions and may be a combination of tax deferred capital returns and/or dividend payments. With this in mind, we believe that the current ability of AIH to deliver long-term 100% tax deferred distributions is an attractive and distinguishing factor of the business.

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The distribution per stapled security declared for the period 5 October 2005 to 31 December 2005 was 4.5 cents compared with the distribution forecast in your PDS of 3.38 cents. Are you likely to change your distribution forecasts?

CEO John Cahill
AIH re-affirmed the PDS distribution guidance for 2006 and 2007 as part of its results release to the market on 22 February 2006. There has been no update to the PDS guidance, particularly in light of key contracts on the QGP which are up for renewal in June 2006. In this regard, we will update the market at the appropriate time, including any impact on our distribution guidance, in accordance with continuous disclosure requirements.

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As at 31 December 2005, AIH's debt to (debt plus equity) was 67% based on its market capitalisation at that date. You have stated that one of your investment hurdles is the maintenance of a BBB/Stable credit rating. What upper limit for

debt to (debt plus equity) ratio are you comfortable with? With that in mind, what amount of debt funding could you use for acquisitions?

CEO John Cahill
Whilst AIH's gearing level was 67% as at 31 December 2005, the impact of the second instalment which is due on 29 December 2006 will be to reduce gearing to approximately 55%, which is relatively low compared to many of the other listed infrastructure funds.

It is also important to remember that external debt within the triple stapled security structure is held at the asset level and that separate credit ratings and financial covenants exist at this level.

At present the only debt within AIH is held through Alinta Energy Holdings Pty Ltd (AEH), a subsidiary of Alinta Infrastructure Limited. AEH is currently rated BBB/Stable by S&P and has a maximum gearing covenant (debt : debt plus market capitalisation) of 72.5%, which it is well within at present.

Any new acquisition would have its own debt facilities and would be quarantined from the existing AEH debt. That is, there would be no cross collateralisation. It is a stated position of AIH that the debt rating of any acquisition vehicle is also rated BBB/Stable.

At the AIH level, it is possible that its rating may actually slip to BBB minus for a given transaction which would be acceptable so long as the benefits of the transaction were material to securityholders and there was a clear plan to move the rating back to BBB/Stable in the medium term.

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As at 31 December 2005, cash was $97.2 million compared with a forecast $43.6 million in the PDS. This was due in part to stronger than expected cash flow from operations. Do you expect the stronger than expected cash generation to continue?

CEO John Cahill
For clarification, the $43.6 million represented the pro-forma cash position of AIH as at 30 June 2005, assuming that various transactions had taken place, including the IPO capital raising to facilitate AIH's listing on ASX. The movement in the cash balance to 31 December 2005 was broadly in line with expectations with some non-operational one-off gains, deferral of O&M costs and positive working capital movements contributing to a strengthening of the cash balance at 31 December 2005.

As previously discussed we have re-affirmed distribution guidance as per the PDS for 2006 and 2007 and in that regard expect strong cash flow to continue to be generated by the existing assets to support those distributions.

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You've stated that AIH is positioned in the market with a yield focus. What emphasis does AIH place on yield growth versus capital growth?

CEO John Cahill
It has been expressed to the market throughout the IPO process and thereafter that AIH's objective is to provide an attractive distribution yield profile with long-term capital growth. Putting this in context, yield growth is AIH's primary focus, with a desire to also deliver capital growth. As with any listed entity, our clear objective is to achieve consistent growth in securityholder returns. I am confident that we are on the right track to achieving that objective.

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Thank you John.

For further information on Alinta Infrastructure Holdings please visit www.aih.net.au or call James Tranter (Manager Investor Relations) on (08) 9486 3164.

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