THE DIRECTORS OF GASNET AUSTRALIA GROUP RECOMMEND THAT YOU

REJECT THE OFFER

YOUR GASNET SECURITIES ARE A LOW RISK INVESTMENT IN HIGH QUALITY, LONG-TERM ASSETS WHICH PROVIDE AN ATTRACTIVE, SUSTAINABLE DISTRIBUTION

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION

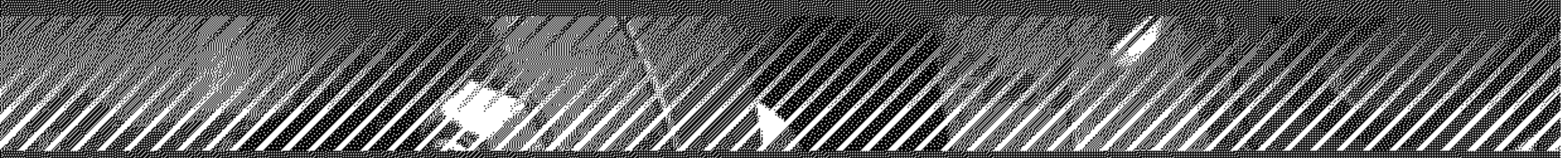
If you are in doubt as to its contents, please contact your professional adviser.

Target's Statement by GasNet Australia Group in relation to an offer by Babcock & Brown Infrastructure in association with Australian Pipeline Trust.

Goldman Sachs JBWere
Financial Adviser

Mallesons Stephen Jaques
Legal Adviser

IMPORTANT NOTICES



This Target's Statement dated 9 August 2006 is given by GasNet Australia Investments Limited (ABN 95 104 348 852) ("**GAIL**") and GasNet Australia Limited (ABN 79 096 457 868), as responsible entity for GasNet Australia Trust (ARSN 097 326 013) ("**GNAT**") and GasNet Australia Investments Trust (ARSN 104 846 193) ("**GAIT**") under Part 6.5 of the Corporations Act in response to the offer ("**Offer**") made by BBI GP (Aust) Pty Limited (ACN 120 198 718), a wholly owned subsidiary of Babcock & Brown Infrastructure Limited (ABN 61 100 364 234) ("**BBI**") in association with the Australian Pipeline Trust (ARSN 091 678 778) ("**APA**"), for all of the stapled securities in GAIL, GNAT and GAIT pursuant to the replacement Bidder's Statement dated 17 July 2006.

You should read this Target's Statement in its entirety.

DEFINED TERMS

Defined terms are explained in the glossary in section 10.

NO ACCOUNT OF PERSONAL CIRCUMSTANCES

This Target's Statement does not take into account the individual investment objectives, financial or tax situation or particular needs of each GasNet Securityholder. You may wish to seek independent financial and taxation advice before making a decision whether or not to accept the Offer for your GasNet Securities.

DISCLAIMER REGARDING FORWARD LOOKING STATEMENTS

This Target's Statement contains forward looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the gas transmission industry (such as weather risks) as well as general economic conditions and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and such deviations are both normal and to be expected. None of GasNet, its Directors, any of its officers, or any person named in this Target's Statement with their consent or any person involved in the preparation of this Target's Statement makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement. You are cautioned not to place undue reliance on those statements.

The forward looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement.

ASIC AND ASX DISCLAIMER

A copy of this Target's Statement has been lodged with ASIC and sent to the ASX. None of ASIC, ASX nor any of their respective officers takes any responsibility for the content of this Target's Statement.

GASNET SECURITYHOLDER INFORMATION LINE

GasNet has established a Securityholder Information Line which GasNet Securityholders should call if they have any queries in relation to the Offer. The telephone number for the Securityholder Information Line is 1800 635 306 which is available Monday to Friday between 9.00am and 5.00pm (EST).

GasNet advises GasNet Securityholders that, as required by the Corporations Act, calls to the GasNet Securityholder Information Line will be recorded. Announcements relating to the Offer can be obtained from GasNet's website at www.gasnet.com.au

KEY DATES

Date of the BBI and APA Offer	28 July 2006
Date of this Target's Statement	9 August 2006
Close of Offer Period (unless extended)	7.00pm (Sydney time) on 28 August 2006

CHAIRMAN'S LETTER

9 August 2006

Dear GasNet Securityholder,

The Board of GasNet unanimously recommends that you reject the inadequate and highly conditional takeover offer from Babcock & Brown Infrastructure ("BBI") in association with Australian Pipeline Trust ("APA")

You should have recently received a Bidder's Statement from BBI and APA outlining their conditional takeover offer for all of your securities in GasNet Australia Group ("GasNet") at an exchange ratio of 1.5455 BBI stapled securities for each GasNet stapled security ("the Offer").

This Target's Statement sets out the unanimous recommendation of the Directors of GasNet to REJECT this Offer. The Offer is inadequate and fails to recognise the current and prospective value of GasNet's assets and the strategic benefits to any acquirer.

As a GasNet Securityholder you are an owner of a valuable, high quality, low-risk, strategic portfolio of assets. GasNet has an exceptional management team with a track record of exemplary stewardship and management of its assets. This has again been demonstrated by a strong performance in the first half of this financial year. As a result, we will increase the GasNet September distribution by 10% to $0.11 per GasNet Security.[1]

GasNet is an internally managed entity with no leakage of management fees. In contrast, BBI has paid to Babcock & Brown entities management, transaction and other fees of over $100m in the past two years.[2]

In addition to the Board, the Independent Expert has formed the view that the Offer is **neither fair nor reasonable**.

Further, acceptance of the Offer may cause an Australian GasNet Securityholder to incur a capital gains tax (CGT) liability.[3]

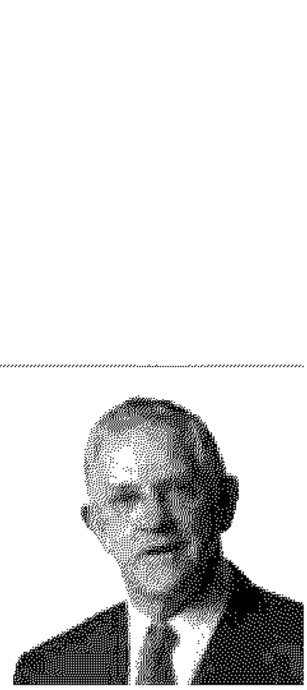
Your Board remains committed to maximising the value of GasNet for all Securityholders. In this Target's Statement we provide you with our reasons as to why we consider that the Offer is not in your best interests.

Each of your Directors who holds GasNet Securities will REJECT the Offer.

To REJECT the Offer, simply do nothing and take no action in response to any documentation sent to you by BBI and APA.

Your Directors continue to work in your best interests. We will keep you informed of any material developments. In the meantime, if you have any questions, please call the official GasNet Securityholder Information Line on 1800 635 306 Monday to Friday between 9:00am and 5:00pm (EST).

Yours sincerely,



Rodney Keller
Chairman

[1] If you accept the Offer and it becomes unconditional, you may not receive this distribution. Refer to page 17 for further details.
[2] Refer to calculation on page 10.
[3] Refer to page 11 for further details.

HOW TO REJECT THE OFFER

1. Your Directors unanimously recommend that you **REJECT** the Offer.
2. You should read this Target's Statement in its entirety as it outlines the reasons for your Directors' recommendation.
3. To reject the Offer for your GasNet Securities, you should **take no action** in response to any documentation sent to you by BBI or APA.
4. You may also be contacted by representatives of BBI or APA by telephone. You do not need to take any action or complete any forms. **Do not be pressured** into accepting the Offer.
5. If you have any questions, please call the official GasNet Securityholder Information Line on:

   1800 635 306 Monday to Friday between 9am and 5pm EST

TAKE NO ACTION

DO NOT FILL IN OR RETURN THE ACCEPTANCE FORM

CONTENTS

PART A

1. WHY YOU SHOULD REJECT THE INADEQUATE OFFER
2. FREQUENTLY ASKED QUESTIONS
3. CONDITIONS OF THE OFFER

PART A, SECTION 1: WHY YOU SHOULD REJECT THE INADEQUATE OFFER

1. The Offer does **not represent fair value for your GasNet Securities**
2. The Independent Expert has also concluded that the Offer is **neither fair nor reasonable**
3. GasNet is a low risk investment with a demonstrated capacity to deliver **attractive and sustainable distributions**
4. BBI has a **very different profile** to GasNet
5. You may incur a **Capital Gains Tax** liability if you accept the offer

1

THE OFFER DOES NOT REPRESENT FAIR VALUE FOR YOUR GASNET SECURITIES

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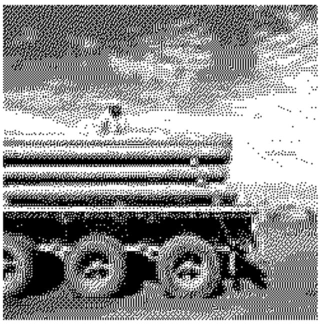
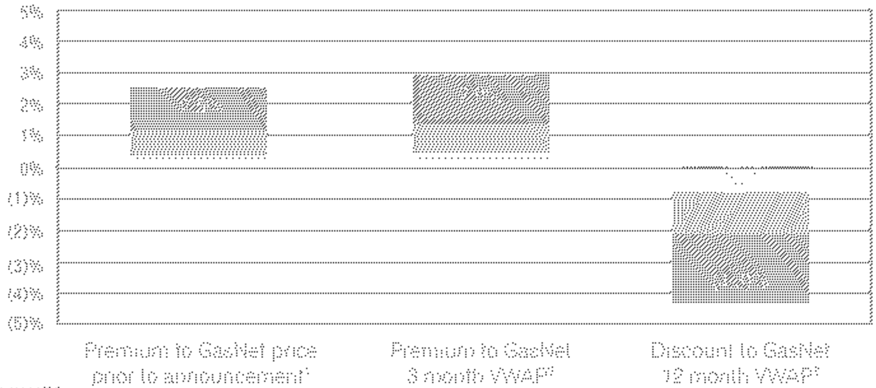


THE OFFER PRICE MATERIALLY UNDERVALUES GASNET

Each of your Directors recommends that you REJECT the Offer as it materially undervalues GasNet.

The Offer has no premium for control of GasNet's high-quality, low-risk, strategic portfolio of assets.

NO PREMIUM FOR CONTROL

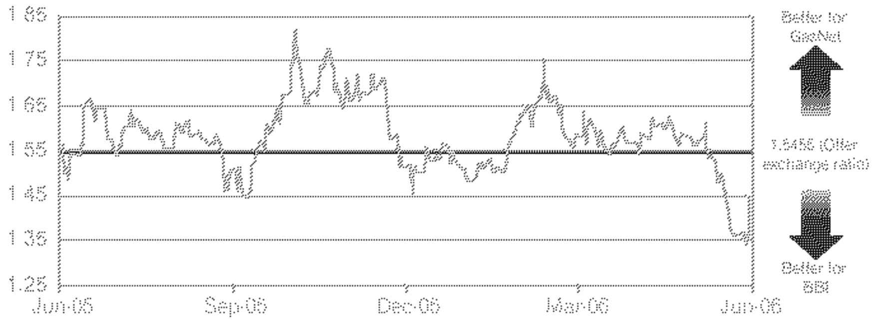


As the Offer consideration comprises BBI Securities, the implied value of the Offer will change as a consequence of changes in the market price of BBI Securities.

The timing of BBI's Offer coincided with the lowest relative value of GasNet Securities to BBI Securities over the past twelve months.

The graph below illustrates this by showing the value of a GasNet Security relative to a BBI Security over the past 12 months.

IN THE PAST 12 MONTHS, GASNET HAS TRADED SIGNIFICANTLY ABOVE THE OFFER CONSIDERATION



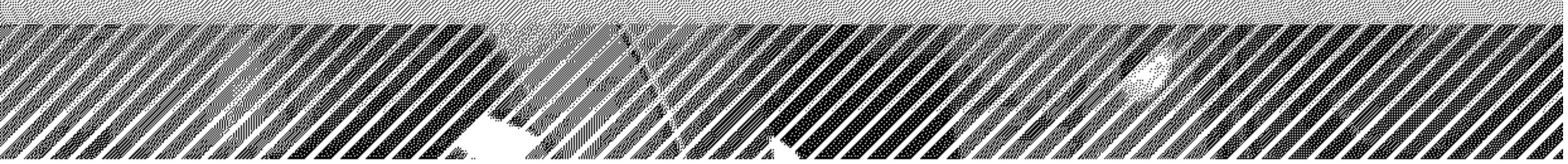
[1] Premium of 2.5% to GasNet's closing price of $2.39 on 16 June 2006, the day immediately prior to the announcement of the Offer. The calculation assumes the implied value of BBI's Offer to be $2.45, based on an adjusted BBI Security price on 16 June 2006, the day immediately prior to the announcement of the Offer, of $1.5825. The actual closing price of BBI Securities on 16 June 2006 was $1.65. However, that price was quoted on a "cum" distribution basis, and therefore included a right to the BBI distribution of $0.0675 declared on 19 June 2006. This distribution will not be received by GasNet Securityholders who accept the Offer. Accordingly, the BBI Security price has been adjusted to remove the value of the $0.0675 distribution. If the unadjusted BBI price of $1.65 was used the premium would have been 6.7%.

[2] Premium of 2.9% to GasNet's 3 month VWAP of $2.38 on 16 June 2006, the trading day immediately prior to the announcement of the Offer. Calculation as described in footnote 1. If the unadjusted BBI price of $1.65 was used the premium would have been 7.1%.

[3] Discount of 4.3% to GasNet's 12 month VWAP of $2.56 on 16 June 2006, the trading day immediately prior to the announcement of the Offer. Calculation as described in footnote 1. If the unadjusted BBI price of $1.65 was used the discount would have been 0.4%.

THE INDEPENDENT EXPERT HAS CONCLUDED THAT THE OFFER IS NEITHER FAIR NOR REASONABLE

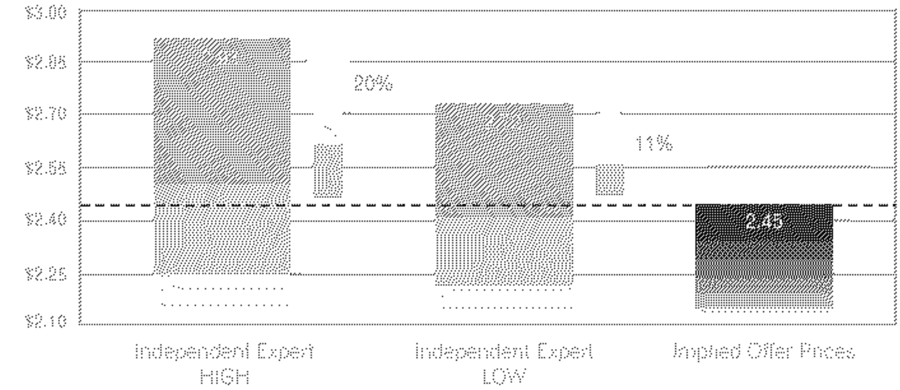
2



The Independent Expert has assessed the fair value of GasNet Securities in the range of $2.72 to $2.93 per GasNet Security and has concluded that the Offer is NEITHER FAIR NOR REASONABLE to GasNet Securityholders.[1] Based on the price at the time of the Offer, the Independent Expert valuation implies a scrip ratio of 1.72 to 1.85 BBI Securities for each GasNet Security would be required for the Offer to be fair.[2]
The Independent Expert's Report is provided in the Annexure.

THE INDEPENDENT EXPERT HAS CONCLUDED THAT THE OFFER IS NEITHER FAIR NOR REASONABLE

OFFER VALUE IS BELOW INDEPENDENT VALUATION



GasNet notes that assumptions utilised by the Independent Expert have produced a conservative valuation, for example:

- Cost of equity of 10.4% to 10.7% and terminal value of 1.3 x Regulated Asset Base[3]
- No specific value is included for potential greenfield and other growth opportunities; however, the Independent Expert notes that GasNet is of the view that it will participate in at least one greenfield pipeline project in the next five years[4]

The Independent Expert makes a number of key observations in relation to the Offer

- APA has previously paid up to $2.78 per GasNet Security, a "significantly higher price" than they are currently offering[5]
- The Offer does not provide GasNet Securityholders with a sufficient premium to compensate for change of control[6]
- The cost of management services (as a percentage of gross asset value) is likely to be significantly higher under BBI management[7]

[1] IER, pg 2, paragraphs 12 &13
[2] The calculation assumes the implied value of BBI's Offer to be $2.45, based on an adjusted BBI Security price on 16 June 2006, the day immediately prior to the announcement of the Offer, of $1.5825. Refer to footnote 1, pg 6 for further detail
[3] IER, pg30, paragraph 127 & pg 60, paragraph 36
[4] IER, pg 9, paragraph 14
[5] IER, pg 45, paragraphs 212, 213
[6] IER, pg 45, paragraph 210
[7] IER, pg 4, paragraph 21

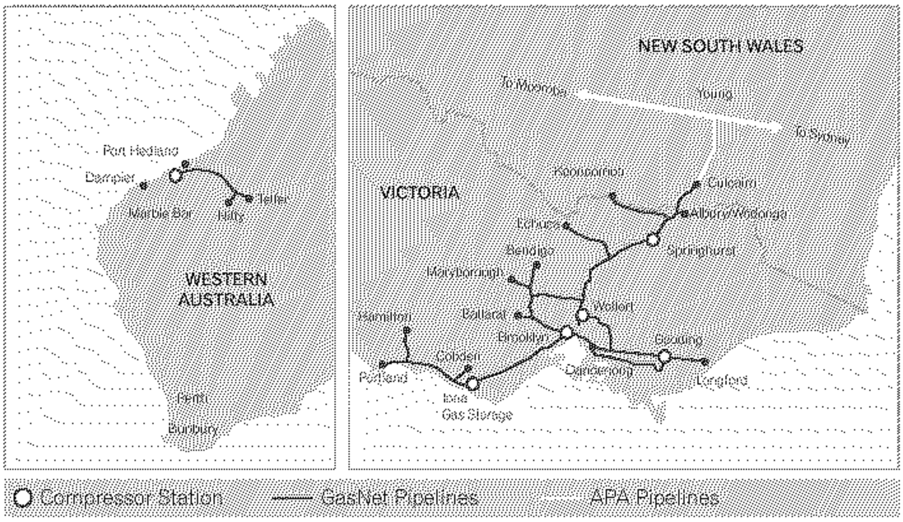
③ GASNET IS A LOW-RISK INVESTMENT WITH A DEMONSTRATED CAPACITY TO DELIVER ATTRACTIVE AND SUSTAINABLE DISTRIBUTIONS

»

GASNET DIRECTORS HAVE DETERMINED THAT THE SEPTEMBER DISTRIBUTION WILL BE INCREASED BY 10% TO $0.11 PER GASNET SECURITY

GasNet owns a high-quality, strategically positioned portfolio of assets that operate within a well understood regulatory regime and with the benefit of long-term contracts.

GASNET PIPELINE NETWORK



As a result of the strong performance in the first half of this financial year, your Directors have determined that the September distribution will be increased by 10% to $0.11 per GasNet Security.

GasNet is confident of further improvements in financial performance at the time of its next regulatory determination at the end of 2007.

- GasNet's 2005 regulated revenue was substantially below "target" revenue due to the warmest winter on record. Given that GasNet's Victorian pipeline assets are regulated, GasNet anticipates that adjustment will be made at the time of its next regulatory determination to address its historical under-recovery of regulated revenue and potentially mitigate exposure to volume risks.
- If actual gas volumes in 2005 had equated to the estimates assumed by the regulator in the current Access Arrangement, GasNet would have reported additional annual EBITDA of approximately $8.4m, or $0.058 per GasNet Security.

BBI HAS A VERY DIFFERENT PROFILE TO GASNET

4

>> SECURITYHOLDERS FUND BBI GROWTH

BBI has grown predominately via acquisitions - in addition to its current takeover Offer for GasNet, BBI has announced or completed the following acquisitions in the past six months:

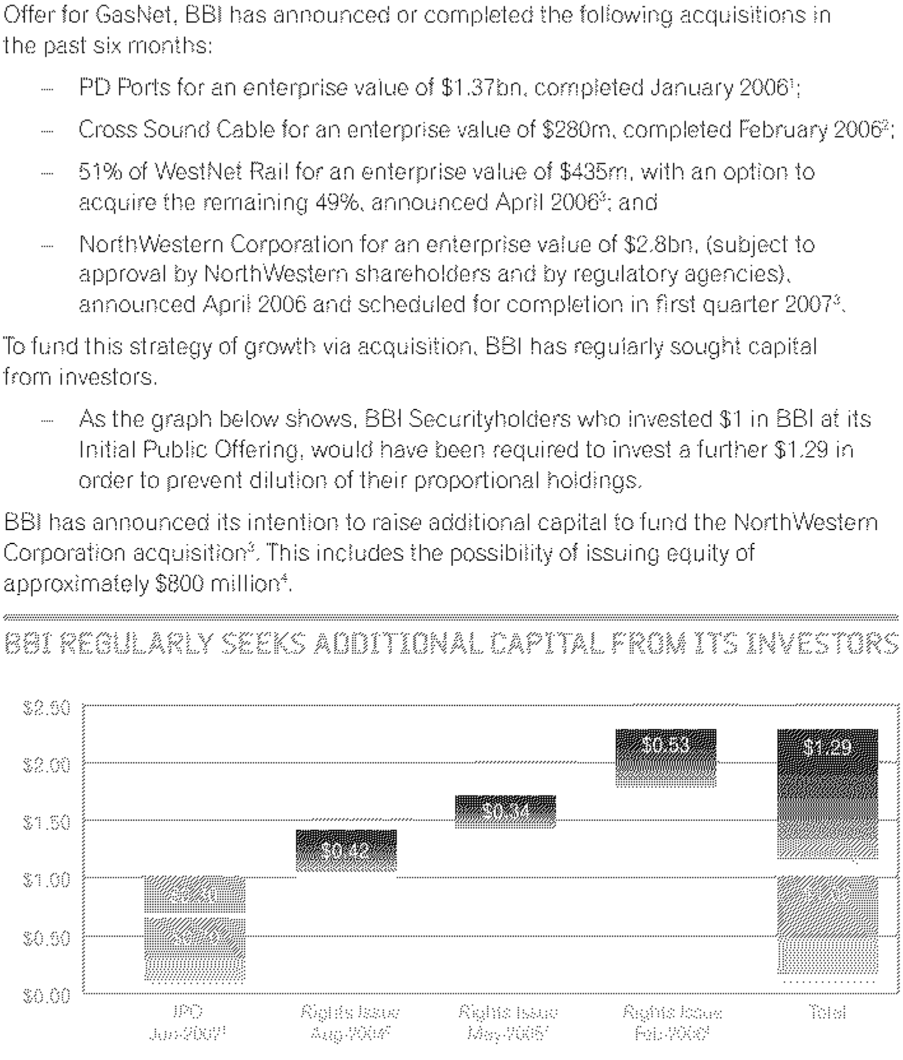
- PD Ports for an enterprise value of $1.37bn, completed January 2006[1];
- Cross Sound Cable for an enterprise value of $280m, completed February 2006[2];
- 51% of WestNet Rail for an enterprise value of $435m, with an option to acquire the remaining 49%, announced April 2006[3]; and
- NorthWestern Corporation for an enterprise value of $2.8bn, (subject to approval by NorthWestern shareholders and by regulatory agencies), announced April 2006 and scheduled for completion in first quarter 2007[3].

To fund this strategy of growth via acquisition, BBI has regularly sought capital from investors.

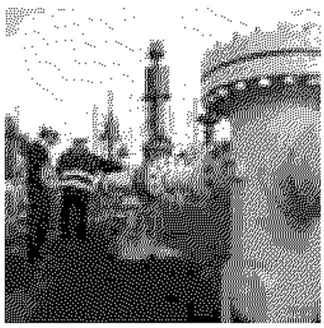
- As the graph below shows, BBI Securityholders who invested $1 in BBI at its Initial Public Offering, would have been required to invest a further $1.29 in order to prevent dilution of their proportional holdings.

BBI has announced its intention to raise additional capital to fund the NorthWestern Corporation acquisition[3]. This includes the possibility of issuing equity of approximately $800 million[4].

BBI REGULARLY SEEKS ADDITIONAL CAPITAL FROM ITS INVESTORS



[1] Source: BBI Investor Presentation for Placement, Conditional Placement and Non-Renounceable Entitlement Offer, 1 February 2006. Excluding transaction costs.
[2] Source: ASX Announcement for Completion of Acquisition: New England to New York Cross Sound Cable, 28 February 2006. Excluding cash reserves.
[3] Source: BBI Investor Presentation for Acquisition of NorthWestern Corporation and WestNet Rail, 18 April 2006. WestNet Rail figure excludes cash reserves, transaction costs, and provisions. NorthWestern Corporation figure excludes transaction costs and reserves.
[4] Source: Bidder's Statement p. 49.
[5] Source: ASX Announcements, official quotation date of BBI on ASX via IPO on 24 June 2002. First installment of $0.70 paid on 14 June 2002, final installment of $0.30 paid on 1 July 2003.
[6] Source: 9 Aug 2004, Prospectus & Product Disclosure Statement from BBI – 1 for 2.65 non-renounceable, fully underwritten entitlement issue at $1.10 per stapled security.
[7] Source: 23 May 2005, Prospectus & Product Disclosure Statement from BBI – 1 for 5.5 non-renounceable, fully underwritten entitlement issue at $1.35 per stapled security.
[8] Source: 3 Feb 2006, Prospectus & Product Disclosure Statement from BBI – 1 for 4.65 non-renounceable, fully underwritten entitlement issue at $1.52 per stapled security.



BBI IS AN INCREASINGLY COMPLEX ENTITY WITH A BROAD RANGE OF INVESTMENTS ACROSS MANY JURISDICTIONS. INVESTORS IN BBI ARE EXPOSED TO A CORRESPONDINGLY VARIED AND COMPLEX RISK PROFILE

4 BBI HAS A VERY DIFFERENT PROFILE TO GASNET CONTD

>> EXTERNAL MANAGEMENT FEES

IN THE LAST 2 YEARS BBI HAS PAID MANAGEMENT, ADVISORY, TRANSACTION AND OTHER FEES TOTALLING MORE THAN $100 MILLION TO BABCOCK & BROWN ENTITIES

GasNet is internally managed with no leakage of management fees to an external fund manager.

You are being offered BBI Securities in exchange for your GasNet Securities. As a result, if you accept the Offer and become a BBI Securityholder, through BBI you will pay future management, performance and advisory fees to Babcock & Brown entities.

Under the terms of the BBIL Management Agreement, BBI is charged base management fees of $400,000 p.a. plus 1.0% p.a. of BBI's Calculated Market Capitalisation over $400m[1]. BBI will pay an additional management fee of approximately $3.6m[2] p.a. to Babcock & Brown entities as a result of the acquisition.

In addition to base management fees, BBI is also charged an annual incentive fee of 15% of the excess returns of BBI Securities over the S&P/ASX 200 Accumulation Index.

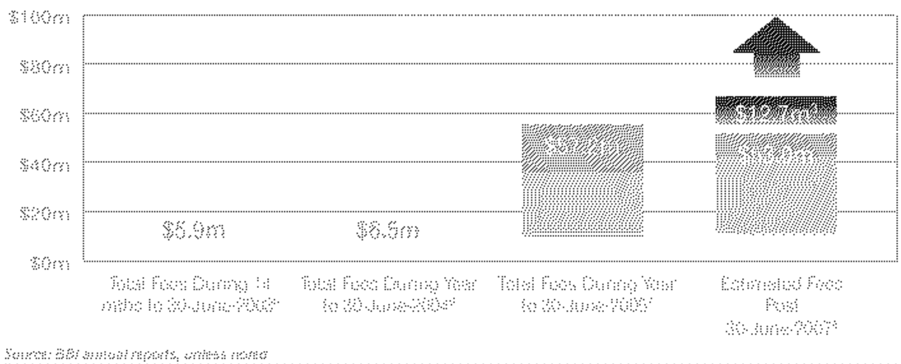
BBI will also pay to Babcock & Brown an advisory fee of up to $12.7m[3] as a result of the acquisition of GasNet.

The Independent Expert has noted that the cost of management services (as a percentage of gross asset value) is likely to be significantly higher under BBI management.[4]

GasNet's management incentives are aligned to the performance of GasNet in adding value for GasNet Securityholders.

Had GasNet paid a 1% annual base management fee on its market capitalisation since its Initial Public Offering, it would have paid approximately $14.4m[5] in fees to an external manager.

SUBSTANTIAL FEES PAID BY BBI TO BABCOCK & BROWN ENTITIES



Source: BBI annual reports, unless noted

1 Calculated Market Capitalisation = (ATP x AN + FC – UC) where ATP= The average volume weighted average price per security over the last 20 trading days in a period; AN= average number of securities outstanding over the last 20 trading days in a period; FC= aggregate sum of firm commitments of BBI as at the last trading day in a period; and UC = aggregate sum of uncommitted cash of BBI as at the last trading day in a period.

2 Additional management fees (1% of market capitalisation) paid by BBI to Babcock & Brown entities as a result of the GasNet acquisition. Calculation assumes that GasNet Securities on issue at date of Bidder's Statement total 145.8m (including unexercised options), and that every GasNet Securityholder accepts the Offer at an implied value of $2.45 and an exchange ratio of 1.5455 BBI Securities per GasNet Security. Cash received from APA is assumed to be invested in other assets.

3 Source: Bidder's Statement p. 89.

4 IER, pg 4, paragraph 21.

5 Calculated as 1% p.a of GasNet's Calculated Market Capitalisation (as described in footnote 1) on a quarterly basis, before allowance for firm commitments and uncommitted cash. Source: Iress, Datastream.

6 Source: Prime Infrastructure Annual Report 2004, pp. 82-83.

7 Source: BBI Annual Report 2005, pp. 115-116.

8 Includes: $6.8m base fees for 6 months to 31 December 2005, Source – BBI Half Year Results Analyst Presentation, 24 February 2006; $26m financial advisory fees and $1.88m sub-underwriting fees for acquisition of PD Ports, Source – BBI Prospectus and Product Disclosure Statement for Entitlement Issue, 3 February 2006, pg 64 and 117; and $18.3m reflecting the additional base fee payable to Babcock & Brown on capital raisings undertaken and proposed since 31 December 2005 (excluding GasNet), Source – Bidder's Statement p. 43.

YOU MAY INCUR A CAPITAL GAINS TAX LIABILITY IF YOU ACCEPT THE OFFER

5

Acceptance of the Offer may cause an Australian GasNet Securityholder to incur a capital gains tax (CGT) liability if the Offer becomes unconditional, unless CGT rollover relief is obtained.

CGT rollover relief will not be available to any Australian GasNet Securityholders who accept the Offer if the Bidder does not obtain at least 80% of GasNet Securities.

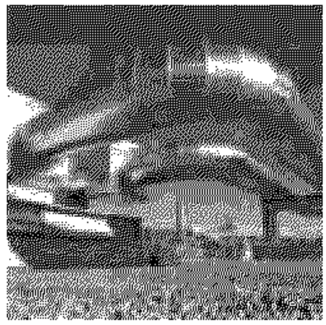
The ability to obtain CGT rollover relief is subject to the satisfaction of numerous requirements (in addition to the Bidder obtaining at least 80% of the GasNet Securities).

BBI has indicated that they will not seek a tax ruling to provide assurance of CGT rollover relief.

While there is currently a condition in the Offer that it will only proceed if the Bidder obtains a relevant interest in at least 90% of GasNet Securities, the Bidder may waive this condition at its discretion.

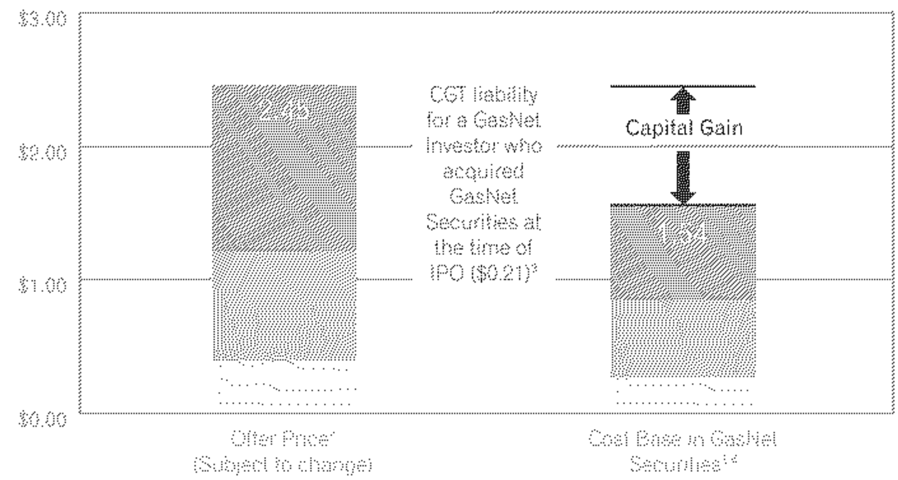
A GasNet Securityholder who requires certainty that the Bidder will satisfy the 80% or more ownership requirement for CGT rollover relief should defer any acceptance of the Offer until the Bidder has received acceptances for at least 80% of GasNet Securities under the Offer and the Offer has become unconditional.

Under the Offer, GasNet Securityholders will not receive a cash payment to meet any CGT liability.



ACCEPTING GASNET SECURITYHOLDERS MAY INCUR A CGT LIABILITY

POTENTIAL CAPITAL GAINS TAX IMPACT FOR AN INDIVIDUAL GASNET SECURITYHOLDER[1] ASSUMING PURCHASE AT IPO



[1] The analysis only applies to investors who are individuals.

[2] The calculation assumes the implied value of GasNet's Securities at the time of the Offer to be $2.45, based on an adjusted BBI Security price on 16 June 2006, the day immediately prior to the announcement of the Offer, of $1.6825. The actual price of BBI Securities on 16 June 2006 was $1.65. However, that price was quoted on a "cum" distribution basis, and therefore included a right to the BBI distribution of $0.0675 declared on 19 June 2006. This distribution will not be received by GasNet Securityholders who accept the Offer. Accordingly, the BBI Security price has been adjusted to remove the value of the $0.0675 distribution.

[3] Assumes the investor has a tax rate of 46.5% (including the medicare levy), is entitled to the 50% CGT discount and is not entitled to CGT rollover relief or does not choose CGT rollover relief. Capital gain equals consideration of $2.45 less cost base of $1.5417 ($2 less $0.4583 capital returns to 31 March 2006, ignoring incidental costs of acquisition) equals $0.9083. Tax equals capital gain of $0.9083 times the 50% CGT discount applicable to individuals times the top marginal tax rate (46.5%) equals $0.2112 of tax per Security.

[4] Tax cost base per GasNet Security assuming purchase for $2.00 at the time of the IPO adjusted for returns of capital to 31 March 2006 and ignoring incidental costs of acquisition.

IN SUMMARY
REJECT BBI'S OFFER

»

1. The Offer does **not represent fair value for your GasNet Securities**
2. The Independent Expert has also concluded that the Offer is **neither fair nor reasonable**
3. GasNet is a low risk investment with a demonstrated capacity to deliver **attractive and sustainable distributions**
4. BBI has a **very different profile** to GasNet
5. You may incur a **Capital Gains Tax** liability if you accept the offer

PART A, SECTION 2: FREQUENTLY ASKED QUESTIONS

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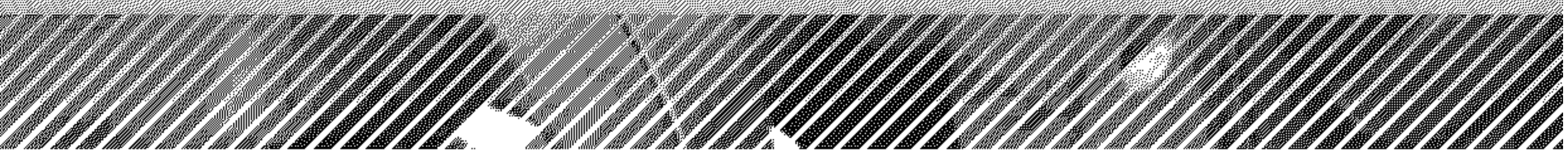

The process governing takeovers is complex. This section of the Target's Statement is designed to help you understand some of the issues relating to the Offer.

1) What is the Bidder offering for my GasNet Securities?

The Offer is 1.5455 BBI Securities for each GasNet Security.

2) What do the Directors recommend?

Your Directors recommend that you **REJECT** the Offer – you should do nothing in relation to the Offer.

If there is any material development in relation to the Offer which would warrant a reconsideration of this recommendation, GasNet will issue a supplementary Target's Statement and advise you accordingly.

3) What should I do?

To follow your Directors' recommendation to **REJECT** the Offer, you should take no action in response to any documentation you receive from BBI or APA.

However, you may wish to seek independent financial and taxation advice from your professional adviser as to your personal circumstances and what actions you should take in relation to the Offer.

4) What choices do I have as a GasNet Securityholder?

You have the following choices:

- If you want to **REJECT** the Offer in accordance with the recommendation of your Directors, you should simply do nothing. Take no action in response to any documentation sent to you by BBI and APA.
- If you choose to disregard the recommendations of your Directors and accept the Offer, you should refer to the Bidder's Statement.
- In addition, you may sell your GasNet Securities on market at any time (see Section 4.3 of Part B of this Target's Statement).

5) If I accept the Offer, will I receive the GasNet distribution that is usually paid in September?

No.

If you accept the Offer and the Offer closes prior to the ex-distribution date you will not be entitled to the GasNet September distribution. Further, if the distribution is paid during Offer Period and you accept the Offer, BBI has the right to reduce the number of BBI Securities you receive to adjust for the distribution you received.

FREQUENTLY ASKED QUESTIONS CONTINUED

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6) If I accept the Offer will my distributions change?

Future distributions on BBI Securities will be at the discretion of BBI. For the half year to the 30 June 2006 BBI declared a distribution of $0.0675 per BBI Security which, when multiplied by the Offer ratio of 1.5455, equals to $0.104. GasNet will declare a distribution of $0.11 per GasNet Security for the equivalent period. Accepting GasNet Securityholders will not be eligible to receive either the BBI or GasNet distribution for the period 6 months to 30 June 2006 if the Offer becomes unconditional and closes as currently scheduled.

7) What will happen if BBI and APA increase their Offer?

If the Offer is increased, your Directors will consider the revised Offer, make a fresh recommendation and issue a supplementary Target's Statement.

8) What are the consequences of accepting the Offer now?

If you accept the Offer while it is still conditional, you will give up your right to sell your GasNet Securities on the stock market or otherwise deal with your GasNet Securities while the Offer remains open (unless the Offer is extended by a period of more than one month, in which case you can withdraw your acceptance).

If you accept the Offer and it becomes unconditional, you will be issued with BBI Securities in return for your GasNet Securities. As a BBI Securityholder you will be exposed to risk factors associated with BBI Securities.

Also, if the Bidder does not acquire at least 80% of the GasNet Securities on issue, you may incur a CGT liability if you accept the Offer and it becomes unconditional.

9) If I accept the Offer, can I withdraw my acceptance at any time?

No.
You will only be permitted to withdraw your acceptance if the Offer Period is extended by more than one month, and then only if the Offer has not become unconditional.

10) When do I have to make a decision?

If you want to follow the recommendation of your Directors and **REJECT** the Offer, you should take no action.

If you want to accept the Offer, you must do this before the end of the Offer Period. BBI and APA have stated that the Offer will remain open until 7.00pm (Sydney time) on 28 August 2006, unless withdrawn or extended in accordance with the Corporations Act.

FREQUENTLY ASKED QUESTIONS CONTINUED

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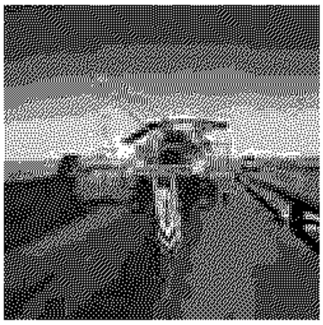

11) What are the conditions of the Offer?

There are many conditions to the Offer, including the receipt of regulatory approvals and a 90% minimum acceptance condition. Some of these conditions are unusual and create considerable uncertainty for GasNet in carrying on its normal business without breaching them.

Other conditions are contrary to the interests of GasNet Securityholders.

Further details of the conditions are set out in Section 3 of Part A and Section 5.2 of Part B of this Target's Statement, and Section 9.11.1 of Part B of the Bidder's Statement.

12) When will I receive BBI Securities if I accept the Offer?

If you accept the Offer, you will have to wait for the Offer to become unconditional before you receive BBI Securities.

Full details of when you will receive your consideration are set out in Section 9.9 of Part B of the Bidder's Statement.

13) What are the tax implications of accepting the Offer?

You may incur a tax liability as a result of accepting the Offer. The GasNet Directors recommend that you obtain independent taxation advice before accepting the Offer. A summary of some of the taxation consequences of accepting the Offer are set out in Section 5.9 of Part B of this Target's Statement.

The tax consequences of accepting the Offer will depend upon your individual circumstances. For example, if you are an individual who has held GasNet Securities on capital account since the time of the GasNet IPO, your potential CGT tax liability from disposing of such securities could be up to 21.12 cents per GasNet Security[1], unless CGT rollover relief is obtained. CGT rollover relief will not be available unless the Bidder acquires at least 80% of the GasNet Securities and all other requirements for obtaining rollover relief are satisfied.

While there is currently a condition to the Offer that the Offer will only proceed if the Bidder obtains a relevant interest in at least 90% of GasNet Securities, the Bidder may waive this condition at its discretion.

A GasNet Securityholder who requires certainty that the Bidder will satisfy the 80% or more ownership requirement for CGT rollover relief should defer any acceptance of the Offer until the Bidder has received acceptances for at least 80% of GasNet Securities under the Offer and the Offer has become unconditional.

[1] Assumes the investor has a tax rate of 46.5% (including the medicare levy), is entitled to the 50% CGT discount and is not entitled to CGT rollover relief or does not choose CGT rollover relief. Capital gain equals consideration of $2.45 less cost base of $1.541 ($2 less $0.4583 capital returns to 31 March 2006, ignoring incidental costs of acquisition) equals $0.9083. Tax equals capital gain of $0.9083 times the 50% CGT discount applicable to individuals times the top marginal tax rate (46.5%) equals $0.2112 of tax per Security.

FREQUENTLY ASKED QUESTIONS (CONT'D)

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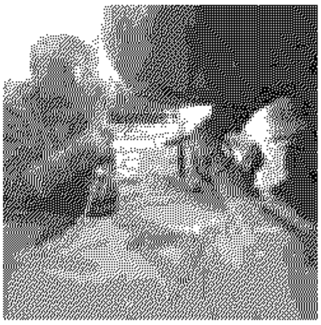

14) If I want to accept, should I wait until the Offer becomes unconditional?

Yes. Although the GasNet Directors have unanimously recommended that you **REJECT** the Offer, if you accept while the Offer is conditional, you will not be able to withdraw your acceptance or deal with your GasNet Securities (unless the Offer is extended by more than one month).

Further, you will not know when, if at all, you will receive the consideration for your GasNet Securities or when the Offer will become unconditional.

15) What do the Directors intend to do with their GasNet Securities?

Your Directors who hold GasNet Securities intend to **REJECT** the Offer and continue their investment in GasNet. Refer to Section 7.1 of Part B of this Target's Statement for details of each Director's holdings.

16) When does the Offer close?

The Offer will close at 7.00pm (Sydney time) on 28 August 2006 unless it is extended or withdrawn by the Bidder.

17) Can the Offer be varied?

Yes. The Bidder can vary the Offer by waiving conditions to the Offer, extending the Offer Period or improving the consideration under the Offer.

18) What if I am a foreign GasNet Securityholder?

If you want to follow the recommendation of your Directors and **REJECT** the Offer, you should not take any action. If you wish to accept the Offer, you should refer to the Bidder's Statement as to how to accept. See Section 9.10 of Part B of the Bidder's Statement for details of treatment of foreign GasNet Securityholders.

19) Is there a number I can call if I have other questions in relation to the Offer?

Yes.
GasNet has established a toll free Securityholder Information Line for GasNet Securityholders in relation to the Offer. The number is 1800 635 306 and it is available from Monday to Friday between the hours of 9:00am and 5:00pm (EST).

Please note that, as required by the Corporations Act, calls to this number will be recorded.

PART A, SECTION 3: CONDITIONS OF THE OFFER

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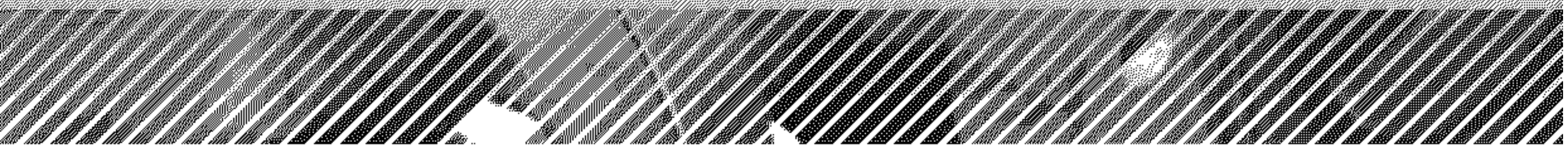
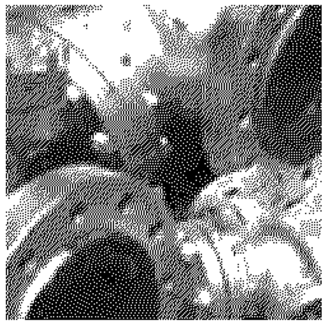


The Offer is subject to a number of conditions. This section highlights the potential impact of some of the key conditions. A more comprehensive overview can be found in Section 5.2 of Part B of this Target's Statement and Section 9.11.1 of Part B of the Bidder's Statement.



Comment

Highly Conditional Offer

Implication: There are over 25 conditions to the Offer listed in the Bidder's Statement[1]. The Offer is also subject to several defeating conditions and will lapse or be rescinded by the Bidder unless these conditions are either satisfied or waived (to the extent that it is within the control of the Bidder to waive them) prior to the end of the Offer Period.

Comment

No 6 month (to 30 June 2006) Distribution

Implication: One of the conditions of the Offer is that GasNet does not announce, make or declare any distributions between the Announcement Date and the end of the Offer Period. If the Offer becomes unconditional, GasNet Securityholders who accept the Offer will NOT receive the distribution on GasNet Securities for the 6 month period to 30 June 2006 which will be **$0.11 per GasNet Security.**

The announcement that the Directors intend to declare a distribution on GasNet Securities for the 6 month period to 30 June 2006 is likely to result in the Bidder not being obliged to proceed with the acquisition of any GasNet Securities that are the subject of any acceptances under its Offer. The Bidder may waive this condition at its discretion.

If this distribution is paid during the Offer Period, and the Bidder waives its right to not proceed with the Offer, then the Bidder will have the right to reduce the number of BBI Securities you receive to adjust for the distribution received by you.

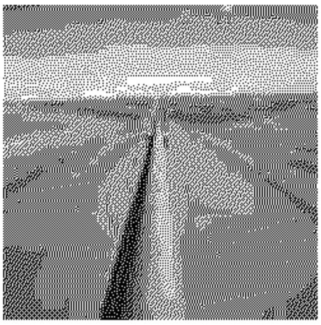
GasNet Securityholders should also note that if you accept the Offer and it becomes unconditional, you will also **NOT** receive the estimated BBI distribution announced on 19 June 2006 of $0.0675 per BBI Security.

Comment

ACCC Approval

Implication: The Offer is subject to receipt from the ACCC of a notice in writing to the effect that the ACCC will not intervene or seek to prevent the acquisition of GasNet Securities by the Bidder or APL group.

[1] Source: Bidder's Statement, Section 9.11.1



Comment

BBI retains right to declare the Offer free of conditions

Implication: BBI retains the right to declare the Offer free of conditions regardless of the acceptance level. If you accept the Offer, you may forfeit the opportunity to gain from the enduring benefits of GasNet as an independent listed company or from any bidder now or in the future making a superior offer for your GasNet Securities.

Comment

Disposal and change of control conditions

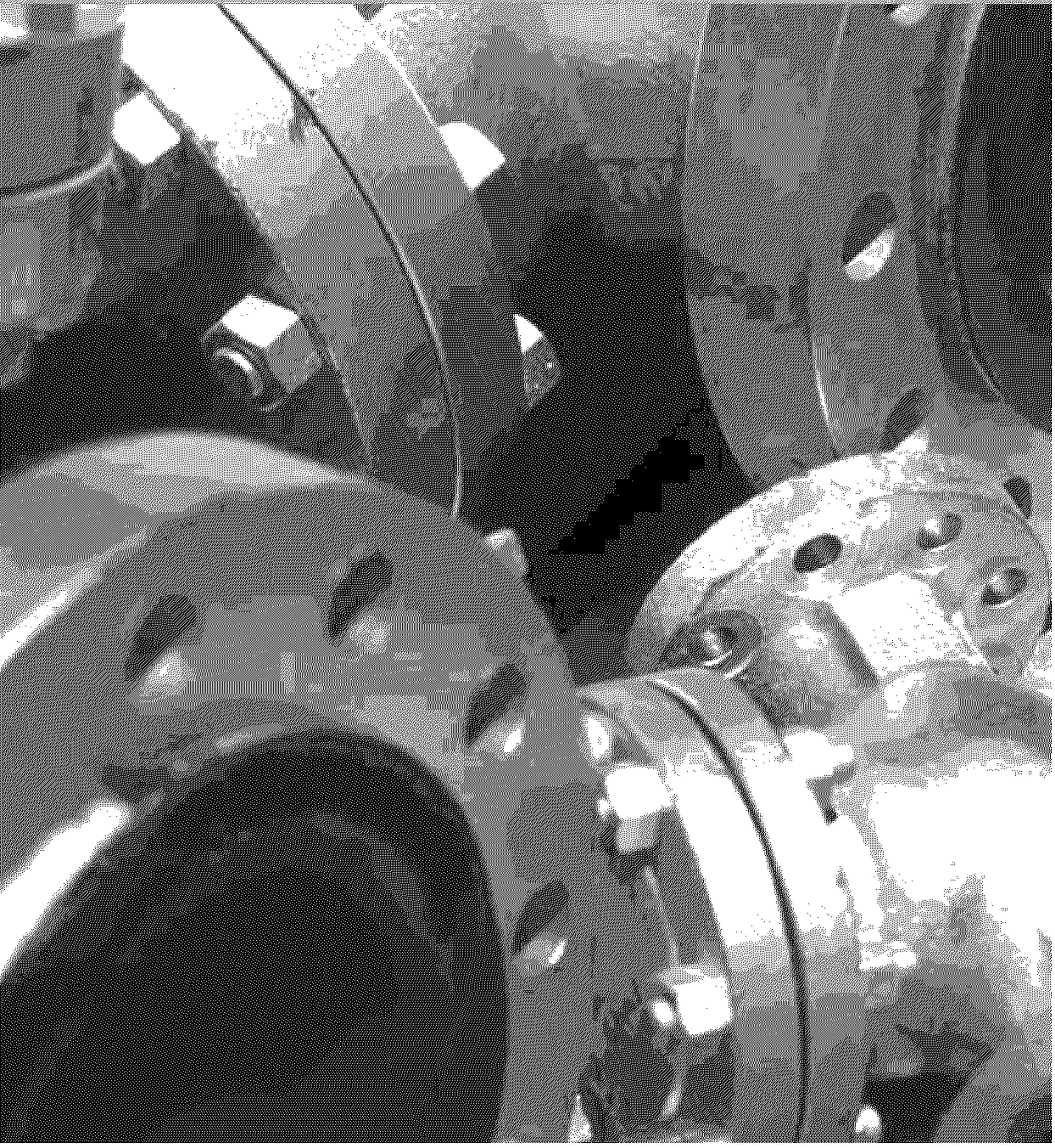
Implication: A number of the conditions may be contrary to the interests of GasNet Securityholders. For example, the Offer includes the following conditions:

- No Material Transactions. GasNet is not able to enter into certain transactions including:
  - No Disposals. No disposal of any one or more assets valued at more than $5 million in aggregate between the Announcement Date and the end of the Offer Period;
  - Capital Expenditure. No capital expenditure greater than $5 million, in aggregate, unless it has already been announced by GasNet or it is incurred "in accordance with the day to day operating activities of GasNet", as they were conducted prior to the Announcement Date;
- Change of control. GasNet must receive waivers from any counterparties to material agreements who may have the right to terminate or modify the agreement as a result of the Offer; and
- Access to Confidential Information. GasNet must provide the Bidder, BBI and APA with a copy of all non-public information relating to the GasNet Australia Group or any other businesses or operations that GasNet provides to any other person for the purpose of soliciting a competing takeover bid.

If you accept the Offer while it is still conditional, you will give up your right to sell your GasNet Securities on the stock market or otherwise deal with your GasNet Securities while the Offer remains open, unless the Offer is extended by a period of more than one month.

For additional detail on the conditions, please see Section 5.1 of Part B of this Target's Statement and Section 9.11.1 of Part B of the Bidder's Statement.

PART B



PART B, SECTION 4 DIRECTORS' REVIEW OF THE OFFER AND RECOMMENDATION

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4 DIRECTORS' REVIEW OF THE OFFER AND RECOMMENDATION

4.1 DIRECTORS OF GASNET[1]

The Directors of GasNet as at the date of this Target's Statement are:

Rod Keller, Chairman

Mr Keller is a Director of Macquarie Communications Infrastructure Group, Dyno Nobel Limited, Norfolk Group Holdings Pty Limited and Chairman of the Co-operative Research Centre for Welded Structures. Mr Keller has a Bachelor of Engineering (Mechanical) from the University of Sydney and he is a Fellow of the Institute of Engineers, Australia.

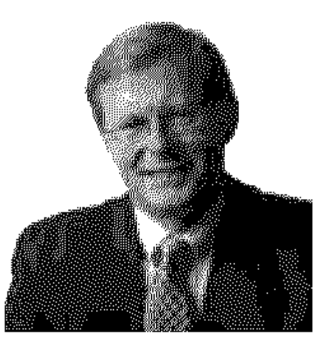
Christine O'Reilly, Chief Executive Officer

Ms O'Reilly was appointed Chief Executive Officer of GasNet in October 2001. Ms O'Reilly is a Director of VENCorp, the Australian Gas Industry Investments Trust and the Australian Pipeline Industry Association. Ms O'Reilly qualified as a Chartered Accountant and has a Bachelor of Business from the Western Australian Institute of Technology.

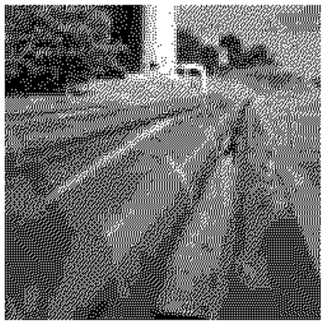
Colin Galbraith, Non-executive Director

Mr Galbraith is a special advisor to Gresham Partners Limited and to Allens Arthur Robinson (from which firm he retired as a partner in January 2006). Mr Galbraith is Chairman of the BHP Billiton Community Trust, a director of Commonwealth Bank of Australia and OneSteel Limited. He has a Bachelor of Laws (with Honours) and a Master of Laws from the University of Melbourne.

Peter Lowe, Non-executive Director



Mr Lowe is a Director of Snowy Hydro Limited, United Energy Distribution Holdings Pty Ltd, Multinet Group Holdings Pty Ltd, Citywide Service Solutions Pty Ltd, Access Providers Limited, Aurora Energy Pty Ltd and depressioNet. Mr Lowe has a Bachelor of Commerce and a Master of Business Administration from the University of Melbourne and is a Fellow of CPA Australia and a member of the Australian Institute of Company Directors.



[1] Each Director is a director of GAIL, GasNet Australia (responsible entity of GNAT and GAIT) and GasNet Australia (Operations) Pty Ltd. See Section 6.1 for more information on the GasNet Australia Group's board structure.

DIRECTORS' REVIEW OF THE OFFER AND RECOMMENDATION CONT'D

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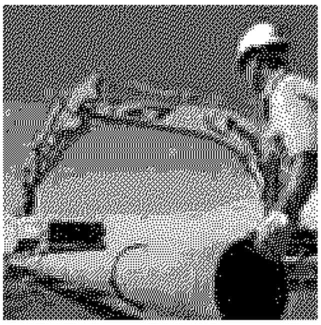

4.2 Recommendation and intentions

Based on your Directors' assessment of the information set out in the Bidder's Statement, and for the reasons set out in this Target's Statement, each of the Directors considers that the consideration offered by the Bidder of 1.5455 BBI Securities per GasNet Security is materially inadequate.

Accordingly, each of your Directors recommends that you REJECT the Offer.

Each of the Directors who holds GasNet Securities intends to reject the Offer. Those Directors (and their associates) collectively hold approximately 0.16% of the GasNet Securities (see Section 7.1 for more information on the respective securityholdings of the Directors).

4.3 Your choices

As a GasNet Securityholder, you have the following choices:

- **You may choose to REJECT the Offer** as recommended by each of your Directors in which case you do not need to take any action;
- **you may accept the Offer**, in which case you should follow the instructions on the acceptance form enclosed with the Bidder's Statement; or
- **you may sell your GasNet Securities on market at any time**, which may be at a higher or lower price than the implied value of the Offer. In this case, you should not accept the Offer and should instruct your broker at the time you wish to sell.

GasNet Securityholders should carefully consider the Directors' recommendation and other important issues set out in this Target's Statement.

5 KEY TERMS OF THE OFFER

5.1 Offer Consideration

The consideration for the Offer is 1.5455 new BBI Securities for each GasNet Security, together with all attaching rights and distributions (but specifically excluding participation in the estimated BBI distribution announced on 19 June 2006 of 6.75 cents per BBI Security in respect of the six months ended 30 June 2006).

You should also note that, in accepting the Offer in respect of your GasNet Securities, you will forego all rights attaching to the GasNet Securities – including a right to receive the interim distribution from GasNet which is expected to be paid in September 2006. Although that distribution is yet to be declared, your Directors have determined that it will be $0.11 per GasNet Security.

PART B, SECTION 5
KEY TERMS OF THE OFFER

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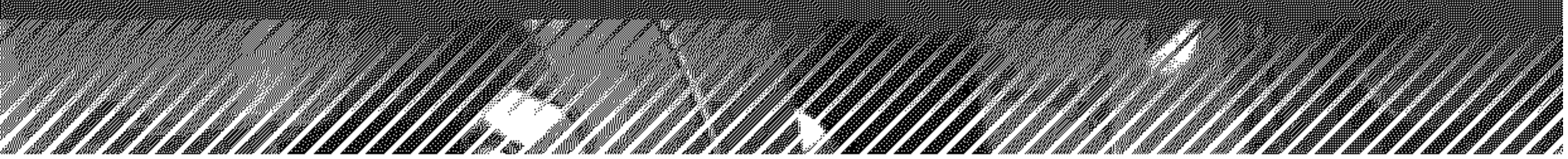

5.2 Conditions

GasNet Securityholders should note that the Offer is subject to several defeating conditions and that the Offer will lapse or be rescinded by the Bidder unless these conditions are either satisfied or waived (to the extent that it is within the control of the Bidder to waive them) prior to the end of the Offer Period.

The full terms of the conditions of the Offer are set out in Section 9.11.1 of Part B of the Bidder's Statement.

The conditions to which the Offer is subject include (in summary):

(a) **(minimum acceptance)** the Offer is conditional on the Bidder and its associates having a relevant interest in at least 90% of all GasNet Securities on issue at the end of the Offer Period.

(b) **(ACCC)** the Offer is subject to receipt from the ACCC before the end of the Offer Period of a notice in writing to the effect that, among other things:

(i) the ACCC does not propose to intervene or seek to prevent the acquisition of GasNet Securities by the Bidder or APL group; or

(ii) the ACCC does not seek to impose conditions on the acquisition of GasNet Securities by the Bidder or APL group or require undertakings from the Bidder, APL or any member of the Bidder's or APA's group in relation to the acquisition of GasNet Securities,

and the ACCC not commencing or threatening to commence legal proceedings seeking orders to restrain the acquisition of GasNet Securities by the Bidder or APL group.

GasNet considers that there may be risks associated with the fulfilment of this condition for GasNet Securityholders. The ACCC is undertaking deliberations in respect of the proposed merger between Alinta Limited (ABN 40 087 857 001) ("**Alinta**") and The Australian Gas Light Company (ABN 95 052 167 405) ("**AGL**"). Depending on the result of those deliberations, one possible outcome under the Alinta/AGL merger is that AGL's current 30% shareholding in APA would be held by Alinta post-merger. GasNet considers that this could potentially make ACCC clearance of the acquisition of GasNet by BBI and APA more problematic. This is because on 16 June 2006, in relation to the proposed Alinta/AGL merger, the ACCC released a Statement of Issues indicating that it was concerned by the proposed aggregation of interests in the Moomba to Sydney Pipeline ("**MSP**") and the Eastern Gas Pipeline ("**EGP**") which would arise through common ownership of substantial interests in the entities which own the EGP and MSP. As at 31 July 2006, the ACCC's review of the Alinta/AGL merger had not been completed and was still under consideration.

KEY TERMS OF THE OFFER CONT'D

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However, the ACCC has indicated that it will assess the proposed acquisition of GasNet by BBI and APA on the basis that the current ownership structure, whereby APA owns the MSP and Alinta owns the EGP, will continue.

As at 31 July 2006, it was unclear to GasNet whether the current APA/Alinta ownership structure will continue as this depends on the outcome of the Alinta/AGL merger deliberations. While the ACCC may take these potential outcomes into consideration in its deliberations in respect of the Offer, GasNet believes that the relationship between the two matters creates some regulatory uncertainty until the ACCC's review of the Alinta/AGL merger is completed.

(c) **(no material transactions)** it is a condition of the Offer that GasNet does not, between the Announcement Date and the end of the Offer Period:

(i) acquire or offer or agree to acquire securities, companies or assets with an aggregate market value of greater than $10 million;

(ii) dispose or offer or agree to dispose of entities or assets with an aggregate market value of greater than $5 million;

(iii) enter into any corporate transaction which would or would, be likely to involve a material change in the manner in which the GasNet Australia Group conducts its business, the nature, extent or value of its assets or liabilities, having a market value in aggregate of greater than $5 million; or

(iv) enter into any joint venture, asset or profit sharing, partnership or merger involving a commitment of securities, assets or liabilities of, in aggregate, greater than $5 million.

These conditions potentially constrain GasNet's ability to effectively conduct its normal, day to day business activities during the Offer Period.

(d) **(BBI minimum security price)** the Offer is subject to a condition that before the end of the Offer Period, the price of BBI Securities on ASX does not fall below $1.50 for a period of more than 5 trading days in any consecutive rolling 20 day trading period.

(e) **(change in control)** the Offer is subject to a condition that between the Announcement Date and the end of the Offer Period, in summary, as a result of the acquisition of GasNet Securities by Bidder, BBI group or APA group, no person exercises or purports to exercise or states an intention or claims a right to exercise, any rights under any change of control provision in any contract to which any member of the GasNet Australia Group is a party, which is material in the context of the GasNet Australia Group as a whole, without specifying a monetary limit.

KEY TERMS OF THE OFFER CONT'D

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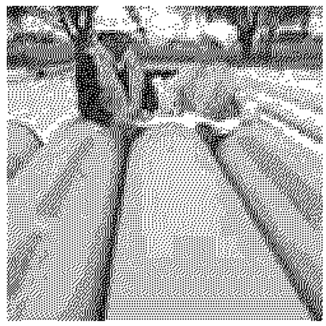
This change in control condition effectively requires that before the end of the Offer Period, GasNet receives change in control consents from counterparties to material contracts. Materiality is not defined for the purpose of this condition. The satisfaction of this condition would impose a significant time and resource burden on GasNet and therefore GasNet does not intend to obtain these consents.



(f) **(equal access to information)** it is a condition of the Offer that GasNet provides to the Bidder (on terms which allow disclosure to BBI and APL) a copy of all non-public information relating to the GasNet Australia Group or any of its businesses or operations, that GasNet provides to any other person for the purpose of soliciting, encouraging or facilitating a proposal or offer by that person to, in summary:

(i) acquire voting power of 10% or more in any member of the GasNet Australia Group;

(ii) acquire any legal or economic interest in all or a substantial part of the business or assets of any member of the GasNet Australia Group; or

(iii) acquire control of or merge or amalgamate with any member of the GasNet Australia Group.

This condition may impede GasNet's ability to seek out a competing and potentially more favourable offer for GasNet Securityholders. Your Directors will carefully consider whether this condition should be complied with if a competing offer for GasNet Securities arises.

The Offer and any contracts resulting from acceptance of the Offer are also subject to the fulfilment or waiver of a number of other conditions not listed above. You should refer to Section 9.11 of Part B of the Bidder's Statement for full details about the conditional nature of the Offer.

The last date for the Bidder to give a notice regarding the status of conditions as required by section 630(1) of the Corporations Act is 21 August 2006.

GasNet is not aware of any conditions of the Offer having been breached other than as disclosed in Section 3 of Part A of this Target's Statement or as may otherwise be disclosed by GasNet.

5.3 Offer Period

The Offer Period commenced on 28 July 2006 and ends at 7.00pm (Sydney time) on 28 August 2006, unless the Offer Period is extended by the Bidder in accordance with the Corporations Act. Refer to Section 9.5 of Part B of the Bidder's Statement for full details of the Offer Period.

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5.4 Compulsory acquisition

The Bidder will be able to compulsorily acquire any outstanding GasNet Securities for which it has not received acceptances on the same terms as the Offer described in Part B of the Bidder's Statement if during, or at the end of, the Offer Period, the Bidder (taken together with its associates):

- has a relevant interest in at least 90% (by number) of the GasNet Securities; and
- has acquired at least 75% (by number) of the GasNet Securities for which it has made an Offer.

If these thresholds are met, the Bidder will have one month from the end of the Offer Period within which to give compulsory acquisition notices to GasNet Securityholders who have not accepted the Offer. The consideration payable by the Bidder will be the consideration last offered under the Offer.

If the Bidder does not become entitled to compulsorily acquire GasNet Securities in accordance with the above procedures, it may nevertheless become entitled to exercise general compulsory acquisition rights under Part 6A.2 of the Corporations Act.

GasNet Securityholders may challenge any compulsory acquisition, but this would require the relevant GasNet Securityholders to establish to the satisfaction of a court that the terms of the Offer do not represent fair value for the GasNet Securities. If GasNet Securities are compulsorily acquired, GasNet Securityholders are not likely to receive any consideration until at least one month after the compulsory acquisition notices are sent.

The Bidder has indicated in Section 4.3 of Part B of the Bidder's Statement, that if it becomes entitled to compulsorily acquire outstanding GasNet Securities, it intends to exercise its right to do so.

5.5 GasNet Options

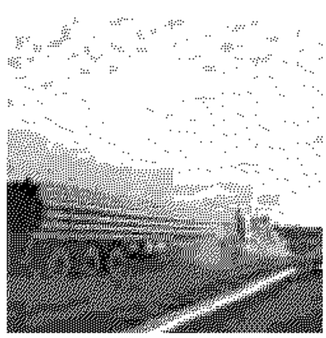
The Offer extends to any GasNet Securities that are issued during the Offer Period on the exercise of GasNet Options. If you hold GasNet Options, you will need to exercise them before you can participate in the Offer.

If you are a GasNet Optionholder who holds options that have vested and you wish to exercise those options and be issued with GasNet Securities (and therefore have the choices available as a GasNet Securityholder), you must:

- complete an exercise of options form;
- attach a bank cheque for the relevant exercise amount made out to GasNet Australia Trust; and
- provide these details to the GasNet Company Secretary.

If the Bidder and their associates achieve a relevant interest in at least 90% of GasNet Securities (by number) at the end of the Offer Period, GasNet Optionholders will have the right (but will not be compelled) to have their

KEY TERMS OF THE OFFER CONT'D



GasNet Options bought by the Bidder for fair value under Division 3 of Part 6A.1 of the Corporations Act. At the date of the Bidder's Statement, the Bidder had not made a decision in relation to the terms and conditions on which it may offer to buy out the GasNet Options.

If the Bidder acquires a sufficient number of GasNet Securities so that it and its associates are, for the purposes of section 664A of the Corporations Act a "90% holder", the Bidder will be entitled to compulsorily acquire all of the GasNet Options. At the date of the Bidder's Statement, the Bidder had not made a decision about whether it would exercise this compulsory acquisition power if it becomes entitled to do so.

5.6 Bidder, BBI and APA's intentions in relation to GasNet

The intentions of the Bidder, BBI and APA if the Bidder acquires a relevant interest in 90% or more of GasNet Securities and becomes entitled to proceed to commence compulsory acquisition of the outstanding GasNet Securities are set out in Section 4.3 of Part B of the Bidder's Statement.

The intentions of the Bidder, BBI and APA if the Bidder waives its minimum acceptance condition and acquires less than a relevant interest in 90% of GasNet Securities are set out in Section 4.4 of Part B of the Bidder's Statement.

5.7 Provision of consideration

No consideration for the GasNet Securities tendered into the Offer will be provided until after the Offer becomes unconditional. If the Offer becomes unconditional, you will be provided with the consideration under the Offer by the earlier of:

- one month after the date of your acceptance of the Offer or, if the Offer is subject to a defeating condition when you accept the Offer, within one month after the contract resulting from your acceptance of the Offer becomes unconditional; and
- 21 days after the end of the Offer Period.

See Section 9.9 of Part B of the Bidder's Statement for further details on when you will receive the consideration from the Bidder.

5.8 Structure of the Offer

The Offer is made by the Bidder in its personal capacity and also on behalf of, and in its capacity as bare trustee of, BBIS in its capacity as responsible entity of BBIT and in association with APL, in its capacity as responsible entity of APA and the APT Investment Trust.

Once the Offer becomes unconditional, BBIS and BBI GP (Aust) Holdings I Pty Limited may exercise put options, or APA can exercise call options, granted under the Joint Bidding Agreement, the effect of which would be to require (in the case of the put options) APL to purchase indirectly up to a 50% interest in GasNet from BBI GP (Aust) Holdings I Pty Limited and BBIS or (in the case of the call options) require the Bidder and BBIS to sell to APA 50% of the interest in GasNet acquired by the Bidder for $2.55 cash per GasNet Security.

GasNet Securityholders should refer to Section 11 of Part B of the Bidder's Statement and the full Joint Bidding Agreement for full details of the structure of the Offer.

5.9 Taxation / rollover relief issues

GasNet Securityholders who are Australian residents may incur a tax liability by accepting the Offer. The extent of any tax liability will depend upon each GasNet Securityholder's individual circumstances.

Australian resident GasNet Securityholders who hold their GasNet Securities on capital account will make a capital gain where the market value of the BBI Securities received in respect of their GasNet Securities exceeds the cost base of their GasNet Securities, unless CGT rollover relief is obtained.

CGT rollover relief will not be available if the Bidder does not obtain an interest in 80% of GasNet Securities but the Offer becomes unconditional because the Bidder waives its 90% minimum acceptance condition (see Section 4.4 of Part B of the Bidders Statement).

The ability to obtain CGT rollover relief is subject to the satisfaction of numerous requirements (in addition to the Bidder obtaining at least 80% of the GasNet Securities).

The GasNet Directors believe that the determination of whether CGT rollover relief will be available under the Offer is complex and believe that GasNet Securityholders would only obtain certainty in relation to the ability to obtain scrip for scrip CGT rollover relief where a valid Class Ruling is obtained from the Australian Tax Office ("**ATO**").

BBI has indicated that they do not intend to seek a class ruling in relation to the Offer. Accordingly, GasNet Securityholders currently have no certainty that CGT rollover relief will be available.

Additionally, CGT rollover will not be available in respect of GasNet Options.

If you choose to accept the Offer you may incur a CGT liability if you subsequently dispose of your BBI Securities.

GasNet Securityholders should also refer to Section 8 of Part B of the Bidder's Statement and seek their own taxation advice in relation to their specific circumstances.

5.10 Foreign Securityholders

If you are (or are acting on behalf of) a citizen or a resident of a jurisdiction other than Australia, the Bidder has indicated that you will not receive BBI Securities. Unless the Bidder determines otherwise, you will instead receive the averaged net cash sale proceeds of the BBI Securities you would otherwise have received.

You should refer to Section 9.10 of Part B of the Bidder's Statement.

PART B, SECTION 6 INFORMATION REGARDING GASNET

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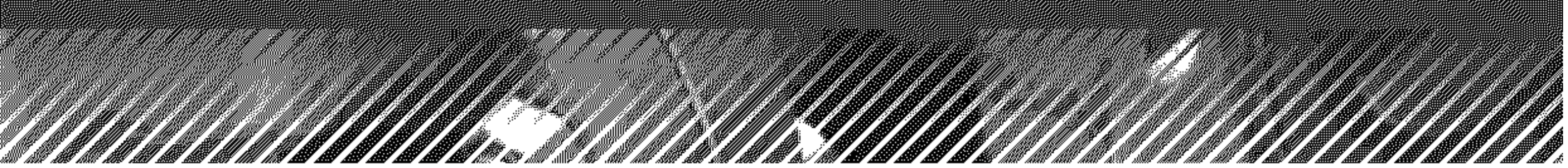


6 INFORMATION REGARDING GASNET

6.1 Business Description

The principal activity of the GasNet Australia Group is the ownership and maintenance of gas transmission pipelines located in Victoria, Western Australia and New South Wales. In addition, GasNet owns and operates a 12,000 tonne LNG tank and provides metering, connection, tanker loading and third party management services. GasNet also provides specialist engineering and project management services to external customers.

The GasNet Australia Group is made up of three material entities: GasNet Australia Investments Limited ("**GAIL**"), GasNet Australia Investments Trust ("**GAIT**") and GasNet Australia Trust ("**GNAT**"). The securities of each of GAIL, GNAT and GAIT are stapled together and may only be traded on ASX as stapled securities.

GasNet Australia is the responsible entity of GNAT and GAIT and is also the manager of GAIL. The Board of Directors of GAIL is the same as the Board of Directors of GasNet Australia, the responsible entity for GAIT and GNAT. The effect of this symmetry is that, despite comprising three separate entities, the GasNet Australia Group is managed by the same Board of Directors, and thus is essentially managed as one group.

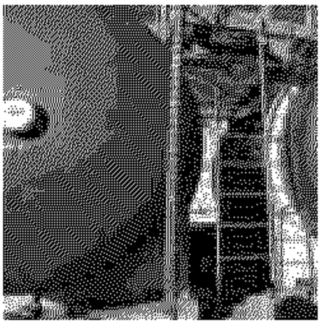
6.2 Latest financial results and change of financial position

GasNet's last published audited financial statements are for the year ended 31 December 2005 as lodged with ASX on 24 February 2006. Since 24 February 2006, GasNet has made a number of announcements to ASX that may be relevant to its financial position. A copy of each of these announcements may be obtained from ASX or from GasNet's website at www.gasnet.com.au.

Except as disclosed in this Target's Statement and any announcement made by GasNet since 24 February 2006, the Directors are not aware of any material change to GasNet's financial position as disclosed in GasNet's audited financial statements for the year ended 31 December 2005 lodged with ASX on 24 February 2006.

The half-year results of GasNet for the six month period ending 30 June 2006 are expected to be released in mid August 2006.

INFORMATION REGARDING GASNET CONT'D



6.3 Review of Financial Prospects

6.3.1 Growing Regulated Asset Base

GasNet is a provider of high pressure transmission services. In Victoria, because of its dominant position in the market, it is considered to be a "natural monopoly" and it is therefore subject to pricing regulation on its Victorian transmission assets.

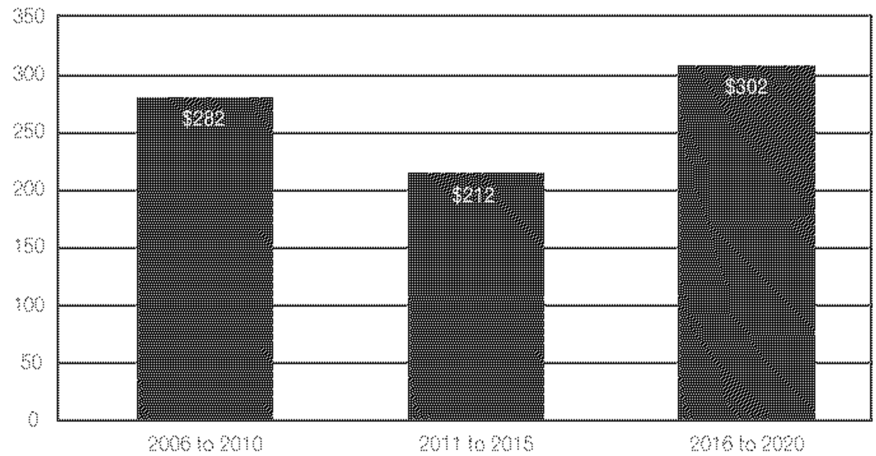
It is the regulated monopoly position of GasNet that gives the Directors confidence in respect of the earnings and distribution streams of GasNet going forward. Being regulated means that increasing tariffs solely to increase profitability is unlikely - however it ensures a low risk, certain revenue stream.

The advent of new gas supplies, the underlying growth in consumption, the interconnection of the previously State-based gas systems and the desire from both government and the community for security of gas supply have resulted in the independent system operator (VENCorp) forecasting a significant need for capital investment to expand the GasNet system over the next 25 years.

These requirements are positive for GasNet as it will result in growth of its regulated asset base. GasNet has identified approximately $796m in regulatory capital expenditure over the next fifteen years, based on information contained in VENCorp's 2005 Annual Planning Review and Vision 2030 publications and ongoing analysis by GasNet as part of the network development working group. Consistent with its current policies, GasNet intends to fund this expenditure with a combination of debt and equity.

Table 6.1 Regulated capital spend

FORECAST REGULATED CAPITAL SPEND (2005 $M)



INFORMATION REGARDING GASNET CONT'D

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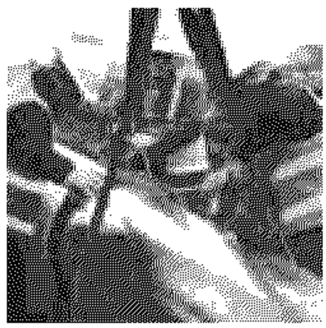

The first such major expansion, known as the "Brooklyn to Lara loop", has recently been approved by the ACCC and is due for completion in 2008. The $65m expansion will thereafter form part of GasNet's regulated asset base.

GasNet will seek approval from the ACCC for capital expenditure expected in the period 2008 to 2012 as part of its regulatory reset application in 2007.

6.3.2 Gas Volume Forecasts

The warmest winter on record in 2005, resulted in significantly reduced volumes for the Victorian business. This had a materially adverse impact on GasNet's results in that year. Based on the 2005 experience, VENCorp has revised downwards its 2006 to 2010 gas volume forecasts. However, year to date in 2006 have seen gas volumes in excess of that forecast.

Given that GasNet's Victorian pipeline assets are regulated, GasNet anticipates that adjustments will be made at the time of its next regulatory determination at the end of 2007, to remove the inaccurate volume forecasts inherent in the current regulatory period. Alternatively, the opportunity exists for GasNet to seek a move to a 'revenue cap' or similar model where it will not be subject to any volume risk. Based on 2005, a revenue cap model would likely have resulted in additional EBITDA of $8.4 million.

(PJ)	2003	2004	2005	2006F	2007F
Approved access arrangement volume	215.8	223.4	230.8	235.3	239.4
Adjusted actual volume	211.2	223.6	200.3	n/a	n/a
VENCorp APR 2003[2]	n/a	212.3	215.9	221.5	226.1
VENCorp APR 2004[2]	n/a	n/a	221.2	226.8	233.5
VENCorp APR 2005[2]	n/a	n/a	n/a	219.1	223.5

Note: 1. All data excludes refills and exports.
2. VENCorp Annual Planning Review (medium scenario)

6.3.3 Distribution Guidance

GasNet's distribution will be 11 cents per GasNet Security for the first half of 2006. GasNet has previously given guidance that the distributions will be in the range of 20 to 22 cents per annum to the end of the current Access Arrangement period in 2007. Distributions in the current Access Arrangement period and in the future, will be determined relative to financial performance. It is anticipated that GasNet's revenue will increase post 2007 as a result of mitigation of the volume risk currently being experienced and significant investment in the regulated asset base and other greenfield developments.

INFORMATION REGARDING GASNET CONT'D

6.3.4 Strategic Opportunities

GasNet is unique in the Australian gas transmission sector as being one of the few companies to have maintained significant in-house capabilities for operating, maintaining and developing its assets. Other companies in the sector, including APA, have outsourced a number of these activities. These core competencies and knowledge affords GasNet considerable opportunities to further develop its asset base into other States and to provide additional services.

The Telfer pipeline and the recently completed Nifty extension are examples of the ability of GasNet to successfully pursue greenfield expansion opportunities. In so doing, GasNet looks for appropriate off-take arrangements that meet its desired risk profile.

As well as the considerable expansion planned on its Victorian system, GasNet is also actively pursuing other greenfield development opportunities, expansion and extension of its service arrangements provided to third parties and the further development and commercialisation of its other unique assets including its LNG tank, metering and connection facilities and LNG truck loading facility.

GasNet's existing knowledge and asset base, in house operating capabilities, reputation and track record provides it with considerable advantages in this regard. New opportunities will be pursued in a disciplined manner, with particular regard to the resultant risk profile and yield.

6.4 GasNet investment risks

GasNet has a very attractive risk profile. Outlined below is a brief description of the key risks associated with holding GasNet Securities.

It should be noted that, as an existing GasNet Securityholder, your investment currently has the key risks described in this section. By accepting the Offer and becoming a BBI Securityholder, you will face different risks to those you currently face as a GasNet Securityholder.

6.4.1 Key Risks

Possible future trading range

The Directors are not in a position to speculate on the future trading price of GasNet Securities if the Offer lapses, or to guarantee any particular price. The future price of GasNet Securities is dependent not only on GasNet's performance, but also on external market and other factors outside GasNet's control.

INFORMATION REGARDING GASNET CONT'D

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Risk factors associated with holding GasNet Securities

There are risks which are specific to GasNet and other risks which apply to investments generally which may materially and adversely affect the future operating and financial performance of GasNet and the value of GasNet Securities. These (and other) risks could cause GasNet's performance to differ materially from any forward looking statements contained in this Target's Statement. Many of these risks are outside the control of GasNet and its Directors. Where appropriate, GasNet adopts strategies to manage these risks to its business, including the taking out of insurance cover.

This section describes the material risks. The risks described in this section are not the only ones GasNet faces - other risks may not be known to GasNet, and some that the Directors currently believe to be immaterial could subsequently turn out to be material. One or more of a combination of these risks could materially impact GasNet's business, operating and financial performance, the price of GasNet's Securities or the distributions paid on them.

Nevertheless, these are all risks that you already face as a GasNet Securityholder.

6.4.2 General risks

Economic conditions: The businesses of entities in the GasNet Australia Group may be affected by general economic conditions in Australia, including:

- the general levels of consumer spending, indebtedness and consumer credit activity;
- the labour market environment;
- inflation and interest rates;
- foreign exchange rates; and
- aggregate investment and economic output.

Sharemarket conditions: In general, security ownership should not be considered to be a short term investment. There are risks associated with investments in securities where investment values may fall as well as rise. The value of GasNet Securities can be expected to fluctuate depending on general worldwide economic conditions, changes in government policy, investor perceptions, movements in interest rates and share prices, prices of GasNet's services and variations in the operating costs and the capital costs of the GasNet Australia Group.

INFORMATION REGARDING GASNET CONT'D

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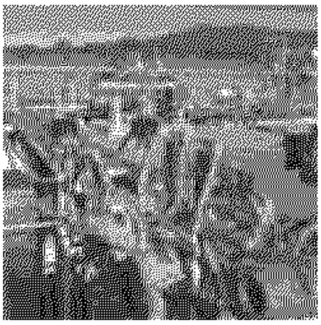


6.4.3 Specific risks

Some of the key risks affecting the operations of GasNet are as follows:

Regulatory/Tariff Review

The regulatory regime set out in the National Third Party Access Code for Natural Gas Pipeline Systems governs third party access to the GasNet Victorian pipeline system. Under the Code, GasNet must submit an Access Arrangement for approval by the relevant regulator every five years. The Access Arrangement sets out the terms and conditions of access and the tariffs that GasNet may charge to users of the system. The Access Arrangement determines a total target revenue to be recovered over the five year period, and the associated tariffs which are designed to recover the target revenues. The Access Arrangement also specifies the procedure for altering tariffs from one year to the next.

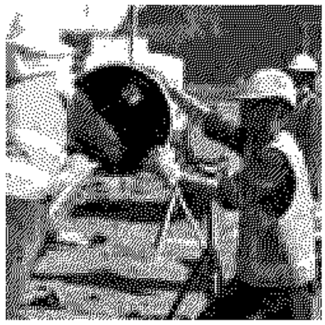
The regulatory regime is incentive-based, which means that the initial tariffs and the tariff adjustment procedures are not changed over the course of the five year regulatory period, with the exception of certain identified cost events. This means that deviations between forecast revenues and forecast costs are generally passed through to the regulated company, which gives an incentive for the company to reduce costs.

GasNet will submit a revised Access Arrangement to the Australian Energy Regulator in March 2007. The approved Access Arrangement will apply from 2008 to 2012 inclusive. The revisions to the Access Arrangement give GasNet the opportunity to reset the tariffs from 2008 on the basis of up-to-date forecasts of interest rates, operating costs, capital expenditure and volumes. A risk exists that regulatory outcomes may not be as expected. This may translate into lower revenues than those anticipated.

Gas Demand and Revenue

The demand for gas is dependent upon a number of factors, such as weather and the associated demand for natural gas, the availability and price of natural gas and the growth in consumption of natural gas.

INFORMATION REGARDING GASNET CONT'D



Non-regulatory Revenue

The maintenance of the GasNet Australia Group's distributions is contingent upon the achievement of ongoing revenue streams with respect to the Telfer pipeline, Nifty extension and the LNG and metering/connection facilities and other services. GasNet's ability to achieve its expectations is subject to a number of factors, including growth in gas consumption, domestic economic conditions and related factors that will impact upon the level of demand for the utilisation of the LNG facility, engineering, construction, asset management and maintenance services. Any failure to secure such revenue streams will have a negative impact on earnings and cash flow available for distribution.

Gas Supply

Availability of gas reserves is essential for the ongoing use of gas transmission pipelines. The availability of competitively priced reserves is dependent on the producing companies and is outside the control of GasNet and the Directors. If there is an unforeseen shortage in the availability of competitively priced gas reserves, GasNet's revenue may be adversely affected to the extent that it is throughput dependent.

Environment

National and local environmental laws and regulations will affect GasNet's operations. These laws and regulations set various standards regulating certain aspects of health and environmental quality and provide for penalties and other liabilities for the violation of such standards. Liability could be imposed on GasNet for damages, clean up costs or penalties in the event of certain discharges into the environment, environmental damages caused by previous owners of property acquired by GasNet or non-compliance with environmental laws and regulations of the States in which it operates and where appropriate, carrying appropriate insurance.

INFORMATION REGARDING GASNET CONT'D

Operations

GasNet is exposed to certain operational risks including equipment failures and other accidents, pipeline damage by third parties, flood, fire, major cyclone, earthquake, landslide or other disaster. GasNet endeavours to take out appropriate insurances to mitigate these risks. However, certain residual risk will remain with GasNet. GasNet also faces the risk of being forced to suspend gas transmission should there be a failure on the part of a producer of natural gas to maintain supply. There can be no guarantee that revenue is not adversely affected by either a suspension of gas production from the supplier or a suspension of gas transmission by GasNet.

Capital expenditure

GasNet makes certain assumptions in relation to the level of expenditure required to maintain the transmission system. If the level of capital expenditure required is higher than expected or is required to be spent in a different period than expected, returns to GasNet Securityholders may be negatively affected. If the additional expenditure is not allowed by the ACCC as an increase to GasNet's asset base and this is not reflected in its access charges, returns to GasNet Securityholders may be negatively affected. Further, there can be no guarantee that such additional capital will be available to GasNet.

Loss of key personnel

GasNet's operations have been dependent upon a stable workforce that has accumulated a significant number of years experience in the field of gas transmission. GasNet's operations rely on the continued performance, efforts, abilities and expertise of its key technical and management personnel. There is no guarantee that GasNet will be able to retain these employees.

Accounting Standards

Accounting Standards might change necessitating a change in accounting policies currently adopted by GasNet.

PART B, SECTION 7
INTERESTS OF DIRECTORS

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7 INTERESTS OF DIRECTORS

7.1 Interests of Directors in GasNet Securities

The number and description of GasNet Securities in which each of the Directors has a relevant interest is set out in the table below.

Director	Number of GasNet Securities	Number of GasNet Options
Christine O'Reilly	116,000	Nil
Rodney Keller	65,000	Nil
Colin Galbraith	52,600	Nil
Peter Lowe	Nil	Nil

7.2 Dealings by Directors in GasNet Securities

Except as set out below, there have been no acquisitions or disposals of GasNet Securities by any Director in the four months ending on the day preceding the date of this Target's Statement.

Director	Transaction type and date	Number and type of securities	Price per security
Colin Galbraith	6 March 2006 Exercise of options	40,000 GasNet Securities acquired through the exercise of 40,000 GasNet Options	$2.00
Christine O'Reilly	10 March 2006 Exercise of options	100,000 GasNet Securities acquired through the exercise of 100,000 GasNet Options	$2.00

INTERESTS OF DIRECTORS CONT'D

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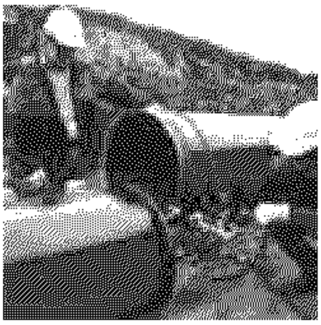

7.3 Interests and dealings in the Bidder

Other than as set out in this section, neither GasNet nor any of the Directors has a relevant interest in securities of the Bidder or any Related Body Corporate of the Bidder.

Director	Number and type of securities
Rodney Keller	10,000 BBI Securities (held through a superannuation fund) 14,000 securities in Babcock & Brown Wind Partners Group (held through a superannuation fund)

There have been no acquisitions or disposals of securities in the Bidder or any Related Body Corporate of the Bidder by GasNet, any associate of GasNet, or any of the Directors in the four months ending on the day preceding the date of this Target's Statement.

7.4 Benefits to Directors and executives

GasNet has fixed term employment contracts with Directors and certain senior executives. These contracts will require termination payments to be made by GasNet if the employment agreements are terminated prior to the expiry of the respective terms. Illustrative conditions of termination are disclosed in GasNet's 2005 Annual Report.

Non-executive Directors appointed before 2004 were entitled (subject to certain conditions) to accrue retirement benefits until 31 January 2005. Directors appointed from 2004 are not entitled to accrue retirement benefits other than statutory superannuation. Retirement benefits accrued before 31 January 2005 are being preserved for payment on retirement.

7.5 Conditional agreements

No agreement has been made between any of the Directors and any other person in connection with or conditional upon the outcome of the Offer.

7.6 Interests in contracts with the Bidder

No Director has any interest in any contract entered into by the Bidder.

PART B, SECTION 8
ADDITIONAL INFORMATION

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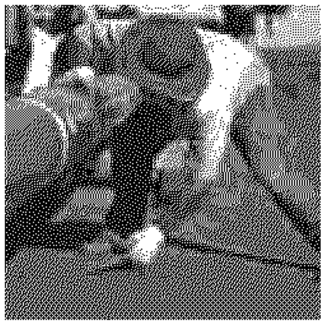
8 ADDITIONAL INFORMATION



8.1 Other material information

The Target's Statement is required to include all the information that GasNet Securityholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer, but:

- only to the extent to which it is reasonable for GasNet Securityholders and their professional advisers to expect to find this information in this Target's Statement; and
- only if the information is known to any Director.

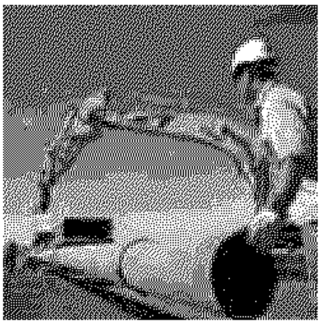
The Directors are of the opinion that the information that GasNet Securityholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer is:

- the information contained in the Bidder's Statement;
- the information contained in GasNet's releases to ASX prior to the date of this Target's Statement; and
- the information contained in this Target's Statement (including the information contained in the Independent Expert's Report).

The Directors have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate (unless they have expressly indicated otherwise in this Target's Statement). However, the Directors do not take any responsibility for the contents of the Bidder's Statement and are not to be taken to be endorsing, in any way, any or all of the statements contained in it.

In deciding what information should be included in this Target's Statement, the Directors have had regard to:

- the nature of the GasNet Securities;
- the matters that GasNet Securityholders may reasonably be expected to know;
- the fact that certain matters may reasonably be expected to be known to GasNet Securityholders' professional advisers; and
- the time available to GasNet to prepare this Target's Statement.



8.2 Issued securities

The total number of securities in GasNet as at 26 July 2006 was as follows:

- 145,214,608 GasNet Securities; and
- 552,150 GasNet Options.

8.3 Potential impact of Offer on financing arrangements and material contracts

GasNet's core debt financing arrangements include a A$128,000,000 syndicated facility agreement ("**Facility Agreement**") and a reimbursement agreement ("**Reimbursement Agreement**") entered into with MBIA Insurance Corporation ("**MBIA**") in connection with A$300,000,000 credit-wrapped notes issued by GasNet Australia Operations Pty Ltd ("**GNO**") (together, the "**Facilities**"). GasNet also has an "unwrapped" debt issuance programme, and has derivatives in place with a number of swap counterparties.

The liabilities under the Facilities, the ISDA Master Agreements and the debt issuance programme are secured by fixed and floating charges given by GNO and others in the GasNet Australia Group in favour of a security trustee appointed under a security trust deed ("**Security Trust Deed**").

Subject to paragraphs 8.3.1 to 8.3.4, neither the making of the Offer nor its successful completion would automatically give rise to an event of default under any of the above.

8.3.1 Credit Event Upon Merger

Gas Transmission Services WA (Operations) Pty Ltd, a wholly owned subsidiary of GAIL (see paragraph 8.4 below) has entered in to two ISDA Master Agreements. These agreements contain a provision which allows the counterparty to terminate the transactions governed by it in the event that a designated "merger" type event ("**Designated Event**") occurs and as a result the creditworthiness of Gas Transmission Services WA (Operations) Pty Ltd is materially weaker.

The Designated Events include any person acquiring the ability to elect a majority of the board of directors of Gas Transmission Services WA (Operations) Pty Ltd or otherwise exercise control of it. A successful completion of the Offer may result in the occurrence of a Designated Event. However, it will not trigger a termination right unless as a result of the Designated Event the creditworthiness of Gas Transmission Services WA (Operations) Pty Ltd is materially weaker.

8.3.2 Prepayment option

Successful completion of the Offer would give the lenders under the Facility Agreement ("**Lenders**") the right (but not the obligation) to trigger a prepayment option. If this is triggered, GNO will have 120 days to prepay all amounts owing under the Facility Agreement without default, failing which the Lenders may terminate the Facility Agreement and demand payment of all amounts outstanding under it.

8.3.3 Material Adverse Effect

If the Offer were successful, it would be open to the Lenders or MBIA to argue that the change of ownership caused by completion of the Offer, and its effect on the GasNet corporate structure or consolidated position, will have a material adverse effect (as relevantly defined in each of the Facility Agreement and the Reimbursement Agreement) on GasNet's position.

The Lenders or MBIA may as a consequence allege that there is or will be an event of default under the Facility Agreement and/or the Reimbursement Agreement respectively (either of which, in turn, would trigger an event of default under the Security Trust Deed and could potentially lead to the enforcement of security).

Whether or not there will be a material adverse effect is a matter for argument. The Directors consider that it is unlikely that the making or successful completion of the Offer would constitute a material adverse effect (given the definitions of the expression "Material Adverse Effect" in the documents). Nevertheless, relevant financiers may choose to disagree and so these provisions could give those financiers important leverage in the context of the Offer.

8.3.4 Delisting

If successful completion of the Offer results in the delisting of the GasNet stapled entities, then, unless previously waived or conceded, there *would* be an event of default under the Facility Agreement, and there *may* be an event of default under the Reimbursement Agreement (either of which, in turn, would trigger an event of default under the Security Trust Deed and could potentially lead to the enforcement of security).

GasNet is not aware of any other change of control clauses in any material contracts to which GasNet is a party.

ADDITIONAL INFORMATION CONT'D

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8.4 Material litigation

On 7 December 2004, Gas Transmission Services WA (Operations) Pty Ltd, a wholly owned subsidiary of GAIL, completed the construction of the 443 kilometre pipeline from Port Hedland to Newcrest Mining Limited's Telfer Gold-Copper mine, on the edge of the Great Sandy Desert in Western Australia. The Telfer pipeline contributed revenue of $16.6 million in its first full year of operation.

The construction of the pipeline was delayed due to extreme weather conditions. As a result of the delay, on 16 June 2006 the construction contractor, McConnell Dowell Constructors Pty Ltd, issued proceedings in the Supreme Court of Victoria against Gas Transmission Services WA (Operations) Pty Ltd, GAIL and Newcrest Mining Limited. Resolution of these claims is not expected to materially impact upon the returns from the Telfer pipeline project.

8.5 Impact of the Offer on employee arrangements

BBI and APA have stated in the Bidder's Statement that if their Offer is successful they intend to undertake a detailed organisational, financial, strategic and operational review of GasNet.

This review of GasNet's operations will include a review of the positions of all GasNet employees. BBI and APA have stated that a consequence of the operational review of GasNet may be the redundancy of a number of GasNet employees.

BBI and APA have also stated that another outcome of the review may be that certain services may transfer to one or both of BBI and APA and that where appropriate, BBI and APA will utilise the services and skills of GasNet employees, either in the future GasNet business, or in either of the broader BBI or APA groups.

For full details of the potential effect of the offer on GasNet employees, refer to Section 4.3 of Part B of the Bidder's Statement.

8.6 Taxation consequences

GasNet Securityholders who are Australian residents may incur a tax liability by accepting the Offer. The extent of any tax liability will depend upon each GasNet Securityholders' individual circumstances.

GasNet Securityholders should also refer to Section 5.9 of this Target's Statement, Section 8 of Part B of the Bidder's Statement and seek their own taxation advice in relation to their specific circumstances.

PART B, SECTION 9
CONSENTS AND APPROVAL

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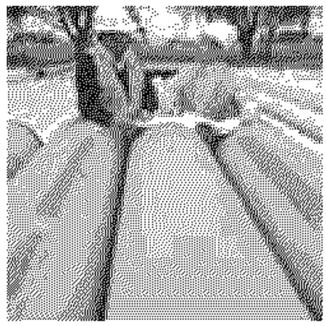

9 CONSENTS AND APPROVAL

9.1 Consents

9.1.1 Consents

Each of the persons listed below has given and has not, before the lodgment of this Target's Statement with ASIC, withdrawn their consent to the inclusion of the following information in this Target's Statement in the form and context in which it is included and to all references to in this Target's Statement to that information in the form and context in which they appear:

- **Independent Expert** – to being named as the Independent Expert, to the inclusion of the Independent Expert's Report and to all statements referring to the Independent Expert's Report in this Target's Statement;
- **each Director** – to being named as a director and to the inclusion of statements made by him or her;
- **Goldman Sachs JBWere** – to being named as financial adviser to GasNet; and
- **Mallesons Stephen Jaques** – to being named as legal adviser to GasNet.

9.1.2 Disclaimer regarding statements made and responsibility

Each person named above as having given its consent to the inclusion of a statement or to being named in this Target's Statement:

- does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based other than, in the case of a person referred to above as having given their consent to the inclusion of a statement, a statement included in this Target's Statement with the consent of that person; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Target's Statement, other than a reference to its name and, in the case of a person referred to above as having given their consent to the inclusion of a statement, any statement or report which has been included in this Target's Statement with the consent of that party.

CONSENTS AND APPROVAL CONT'D

9.2 Publicly available information

As permitted by ASIC Class Order 01/1543, this Target's Statement contains statements which are made, or based on statements made in documents lodged with ASIC or ASX by BBI, the Bidder or APA and their associates. Pursuant to Class Order 01/1543, the consent of such persons such statements are attributed to is not required for the inclusion of those statements in this Target's Statement.

Any GasNet Securityholder who would like to receive a copy of those documents may obtain a copy free of charge during the Offer Period by calling the GasNet Securityholder Information Line 1800 635 306 which is available Monday to Friday between 9.00am and 5.00pm (EST). Copies of major announcements by GasNet may also be obtained from its website: www.gasnet.com.au.

9.3 Date of Target's Statement

This Target's Statement is dated 9 August 2006, which is the date on which it was lodged with ASIC.

9.4 Approval of Target's Statement

This Target's Statement has been approved by a resolution passed by the Directors on 8 August 2006.

PART B, SECTION 10
GLOSSARY

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10 GLOSSARY

10.1 Definitions

ACCC means Australian Competition and Consumer Commission.

Announcement Date means 19 June 2006.

APA means Australian Pipeline Trust (ARSN 091 678 778).

APL means Australian Pipeline Limited (ACN 091 344 704) in its capacities as the responsible entity of APA, APT Investment Trust (ARSN 115 585 441) or either of them, as the context requires.

ASIC means Australian Securities and Investments Commission.

ASX means Australian Stock Exchange Limited (ABN 98 008 624 691).

Babcock & Brown means Babcock & Brown Limited (ACN 108 614 955).

BBI means the stapled entity known as Babcock & Brown Infrastructure, comprising BBIL and BBIT or BBIL and BBIS, as the context requires.

BBI Security means a stapled security in BBI.

BBI Securityholder means a registered holder of a BBI Security.

BBIL means Babcock & Brown Infrastructure Limited (ACN 100 364 234).

BBIL Management Agreement means the agreement dated 1 July 2005 between Babcock & Brown Infrastructure Management Pty Limited (ACN 113 585 229), BBIS and BBIL, as summarised in Section 11.6 of Part B of the Bidder's Statement.

BBIS means Babcock & Brown Investor Services Limited (ACN 099 717 638).

BBIT means Babcock & Brown Infrastructure Trust (ARSN 100 375 479).

Bidder means BBI GP (Aust) Pty Limited (ACN 120 198 718) both in its personal capacity and on behalf of BBIS in its capacity as the responsible entity of BBIT.

Bidder's Statement means the replacement bidder's statement in relation to the Offer, prepared by the Bidder and dated 17 July 2006.

CGT means capital gains tax.

Corporations Act means Corporations Act 2001 (Cwlth).

Directors means the current directors of GasNet.

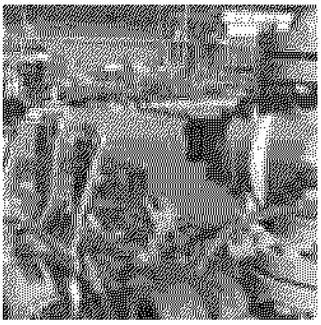
GAIL means GasNet Australia Investments Limited (ACN 104 348 852).

GAIL Share means a fully paid ordinary share in GAIL.

GAIT means GasNet Australia Investments Trust (ARSN 104 846 193).

GAIT Unit means a unit in GAIT.

GLOSSARY CONT'D



GasNet or GasNet Australia Group means the group comprised of GAIL, GasNet Australia, GNAT and GAIT.

GasNet Australia means GasNet Australia Limited (ABN 79 096 457 868).

GasNet Option means an option to subscribe for a GasNet Security.

GasNet Optionholders means a person holding one or more options to subscribe for a GasNet Security.

GasNet Security means a stapled security issued by GasNet consisting of 1 GAIL Share, 1 GNAT Unit and 1 GAIT Unit.

GasNet Securityholder means a registered holder of a GasNet Security.

GNAT means GasNet Australia Trust (ARSN 097 326 013).

GNAT Unit means a unit in GNAT.

Independent Expert means Lonergan Edwards & Associates Limited.

Independent Expert's Report means the report prepared by the Independent Expert as to whether the Offer is fair and reasonable.

Joint Bidding Agreement means the agreement so entitled between APL (as responsible entity of APA and APT Investment Trust), BBIS (as responsible entity of BBIT), BBIL, the Bidder, BBI (GP) Aust Holdings I Pty Ltd and BBI (GP) Aust Holdings II Pty Ltd.

LNG means liquefied natural gas.

Offer means the takeover offer by the Bidder, a wholly owned subsidiay of BBIL (in association with APA) for GasNet Securities under Chapter 6 of the Corporations Act as described in the Bidder's Statement.

Offer Consideration means the consideration offered under the Offer. As at the date of this Target's Statement, it is 1.5455 BBI Securities for each GasNet Security.

Offer Period has the same meaning as given to that term in the Bidder's Statement.

Related Body Corporate has the same meaning as given to that term in the Corporations Act.

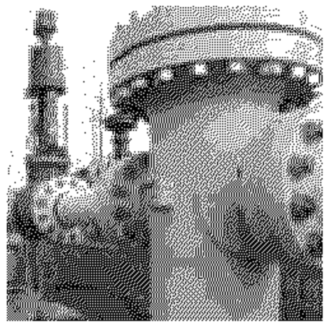
relevant interest has the same meaning as given to that term in the Corporations Act.

Target's Statement means this document.

VWAP means volume weighted average price.

GLOSSARY CONT'D

10.2 Interpretation



Unless the context otherwise requires:

- headings used in this Target's Statement are inserted for convenience and do not affect the interpretation of this Target's Statement;
- words or phrases defined in the Corporations Act have the same meaning in this Target's Statement;
- a reference to a section is a reference to a section of this Target's Statement;
- a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- the singular includes the plural and vice versa;
- the word "person" includes an individual, a firm, a body corporate, a partnership, a joint venture, an unincorporated body or association, or any government agency; and
- Australian dollars, dollars, A$ or $ is a reference to the lawful currency of Australia.