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Infrastructure Trust Of Australia Group

19 May 1999

Macquarie Infrastructure Investment Management Limited (MIIML), the Manager of the Infrastructure Trust of Australia Group (the ITA Group), today noted media coverage of the fact that Loy Yang Power had not met its sub-ordinated debt repayment obligation in May. The ITA Group owns 50.7% of the equity in the Horizon Group which, in turn, owns 25% of the equity in Loy Yang Power.

The Manager noted that: -

- sub-ordinated debt will capitalise until cash flows from Loy Yang A's operations improve;
- the reasonable possibility that such an event may occur had been recognised by the Board of MIIML when it wrote down the value of the ITA Group's investment in Loy Yang Power by approximately 25% at 30 June 1998;
- the current valuation of the Horizon equity, made at 31 December 1998, assumed that under the current capital structure of Loy Yang Power there would be negligible uncommitted cash flows to the ITA Group from Horizon for a number of years;
- this event by itself should not have implications for the current valuation of the ITA Group's investment in Horizon.

The Manager also noted that electricity spot prices have been considerably stronger in 1998/99 (around 60% higher than in 1997/98) and are generally in line with the assumptions made by the Manager when the ITA revaluation of the Horizon equity was made in June 1998. The Manager also noted that industry experts were consistently forecasting a significant increase in electricity prices going forward.

For further information, please contact:

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