

Wednesday, 20 October 2021

The Manager
Company Announcements
Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Sir / Madam,

Court Approves Convening of Meetings to Consider Proposed Schemes

Please see attached announcement to the market regarding the convening of meetings of Spark Infrastructure Securityholders to consider and vote on the proposed schemes of arrangement.

This announcement is authorised for release by the Spark Infrastructure Board of Directors.

Yours sincerely,



Jenny Faulkner
General Counsel and Company Secretary

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20 October 2021

COURT APPROVES CONVENING OF MEETINGS TO CONSIDER PROPOSED SCHEMES

Spark Infrastructure RE Limited (ACN 114 940 984) (in its capacity as responsible entity of Spark Infrastructure Trust (ARSN 116 870 725)) ("Spark Infrastructure") announces an update on the proposed acquisition by Pika Bidco Pty Ltd, a newly incorporated company indirectly owned by funds and/or investment vehicles managed and/or advised by Kohlberg Kravis Roberts & Co. L.P. and/or its affiliates, Ontario Teachers' Pension Plan Board and Public Sector Pension Investment Board.

Court Approval

The Supreme Court of New South Wales ("Court") made orders yesterday afternoon approving:

- the convening of meetings of Spark Infrastructure Securityholders to consider and vote on the proposed creditors' scheme of arrangement and trust scheme ("Meetings"); and
- the despatch to Spark Infrastructure Securityholders of an explanatory statement providing information about the creditors' scheme of arrangement, trust scheme and related transactions ("Schemes") and Notices of Scheme Meetings ("Scheme Booklet").

Scheme Booklet

A copy of the Scheme Booklet, including the Notices of Meetings, is attached to this announcement and will be made available online on the Spark Infrastructure website at <https://www.sparkinfrastructure.com/>. Copies of the following documents are also attached:

- the proxy form that will be sent to Spark Infrastructure Securityholders; and
- the online user guide for the Meetings.

Further details on where the Scheme Booklet can be viewed and downloaded, as well as the proxy form, are expected to be despatched to Spark Infrastructure Securityholders on Thursday, 21 October 2021.

Spark Infrastructure Securityholders who have nominated an email address for the purposes of receiving communications will receive an email containing a link to Spark Infrastructure's website, where they can download the Scheme Booklet, and instructions for appointing a proxy and voting online. Spark Infrastructure Securityholders who have not nominated an email address for this purpose will receive a letter (sent by post) containing details of where they can view and download the Scheme Booklet and the online user guide, as well as details about how to obtain a hard copy of the Scheme Booklet, and enclosing a proxy form.

The Scheme Booklet should be read in its entirety before making a decision on whether or not to vote in favour of the Schemes.

Independent Expert's Report

The Scheme Booklet includes a copy of the Independent Expert's report prepared by KPMG Financial Advisory Services (Australia) Pty Ltd ("Independent Expert").

The Independent Expert has concluded that the Schemes are fair and reasonable and in the best interests of Scheme Securityholders, in the absence of a superior proposal.

The Independent Expert's conclusion should be read in context with the full Independent Expert's report and the Scheme Booklet.

Recommendation of the Spark Infrastructure Board of Directors

The Spark Infrastructure Board of Directors unanimously recommends that Spark Infrastructure Securityholders vote in favour of the Schemes, subject to no superior proposal emerging and the Independent Expert continuing to conclude that the Schemes are in the best interests of Scheme Securityholders. Subject to the same qualifications, each Spark Infrastructure Director will vote, or procure the voting of, any Spark Infrastructure Securities held or controlled by them in favour of the Schemes.

Spark Infrastructure is being advised by Goldman Sachs, Herbert Smith Freehills and A. Brown and Company.

Meetings

The Meetings will be held at 11:00am (Sydney time) on Monday, 22 November 2021. Having regard to the uncertainty and potential health risks associated with large gatherings during the COVID-19 pandemic, Spark Infrastructure Securityholders will not be able to attend the Meetings in person. Spark Infrastructure Securityholders and their authorised proxies, attorneys and corporate representatives may participate in and vote at the Meetings online at <https://web.lumiagm.com> and by entering the unique 9-digit Meeting ID: 390-236-931.

If the resolutions are passed by the requisite majorities at the Meetings, Spark Infrastructure will make an application to the Court to approve the creditors' scheme and grant the second judicial advice in relation to the trust scheme.

Spark Infrastructure Securityholders should carefully read the Scheme Booklet in its entirety before making any decision in relation to the Schemes. Spark Infrastructure Securityholders are encouraged to seek independent financial, legal, taxation and/or other professional advice before making any voting or investment decision in relation to their Spark Infrastructure Securities.

For any questions in relation to the Scheme Booklet or the Schemes, please contact the Spark Infrastructure Securityholder Information Line on 1300 513 794 (within Australia) or +61 2 9066 4082 (outside Australia), between 8.30am and 5.00pm (Sydney time), Monday to Friday excluding public holidays.

This announcement is authorised for release by the Spark Infrastructure Board of Directors.

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SCHEME BOOKLET

For Schemes between Spark Infrastructure and Spark Infrastructure Securityholders in relation to the proposed acquisition of Spark Infrastructure

VOTE IN FAVOUR

The Spark Infrastructure Board unanimously recommends that you vote in favour of the Schemes, subject to no Superior Proposal emerging and the Independent Expert continuing to conclude that the Schemes are in the best interests of Scheme Securityholders.

For a creditors' scheme of arrangement and trust scheme between Spark Infrastructure RE Limited in its capacity as responsible entity of the Spark Infrastructure Trust and the securityholders of the Spark Infrastructure Trust (**Spark Infrastructure Securityholders**), in relation to the proposed acquisition by Pika Bidco Pty Ltd, a newly incorporated company indirectly owned by funds and/or investment vehicles managed and/or advised by Kohlberg Kravis Roberts & Co. L.P. and/or its affiliates, Ontario Teachers' Pension Plan Board and Public Sector Pension Investment Board. A Notice of Creditors' Scheme Meeting and Notice of Concurrent Creditors' Meeting and Trust Meeting is included as Annexure F of this Scheme Booklet and a proxy form in respect of the Meetings has been separately provided to Spark Infrastructure Securityholders by Boardroom Pty Limited on or about the date of this Scheme Booklet.

The Meetings will be held at 11:00am (Sydney time) on Monday, 22 November 2021.

Full details of how to participate in the Meetings are set out in this Scheme Booklet.



This is an important document and requires your immediate attention.

You should read this Scheme Booklet carefully and in its entirety before deciding whether or not to vote in favour of the Schemes.

If you are in any doubt as to what you should do, you should consult your broker, financial adviser or legal adviser immediately.

IMPORTANT NOTICES

General

This Scheme Booklet is important and requires your immediate attention. You should read this Scheme Booklet carefully and in full before making any decision as to how to vote at the Meetings.

Nature of this Scheme Booklet

This Scheme Booklet includes the explanatory statement for the Creditors' Scheme required by subsection 412(1) of the Corporations Act.

This Scheme Booklet does not constitute or contain an offer to Spark Infrastructure Securityholders, or a solicitation of an offer from Spark Infrastructure Securityholders, in any jurisdiction. This Scheme Booklet is not a disclosure document required by Chapter 6D of the Corporations Act. Subsection 708(17) of the Corporations Act provides that Chapter 6D of the Corporations Act does not apply in relation to arrangements under Part 5.1 of the Corporations Act approved at a meeting held as a result of an order under subsection 411(1). Instead, Spark Infrastructure Securityholders asked to vote on an arrangement at such a meeting must be provided with an explanatory statement as referred to above.

ASIC and ASX

ASIC has been given the opportunity to comment on this Scheme Booklet in accordance with subsection 411(2) of the Corporations Act. Neither ASIC, nor any of its officers, takes any responsibility for the contents of this Scheme Booklet.

ASIC has been requested to provide a statement, in accordance with subsection 411(17)(b) of the Corporations Act, that it has no objection to the Creditors' Scheme. If ASIC provides that statement, it will be produced to the Court at the Second Court Hearing.

A copy of this Scheme Booklet has been provided to the ASX. Neither the ASX, nor any of its officers, takes any responsibility for the contents of this Scheme Booklet.

Important notice associated with Court order under subsection 411(1) of the Corporations Act and the First Judicial Advice.

The fact that, under subsection 411(1) of the Corporations Act, the Court has ordered that the Creditors' Scheme Meeting be convened and has approved the explanatory statement required to accompany the Notice of Creditors' Scheme Meeting and the fact that the Court has provided the First Judicial Advice that Spark Infrastructure would be justified in convening the Trust Meeting is not an endorsement of, or any other expression of opinion on, the Schemes and does not mean that the Court:

- (a) has formed any view as to the merits of the Schemes or as to how Spark Infrastructure Securityholders should vote (on this matter Spark Infrastructure Securityholders must reach their own conclusion); or
- (b) has prepared, or is responsible for the content of, the explanatory statement.

Notices of Meetings

The Notices of Meetings, which include resolutions to approve the Creditors' Scheme and Trust Scheme, and amendment of the Spark Infrastructure Note Trust Deed are set out in Annexure F of this Scheme Booklet.

Notice of Second Court Hearing

At the Second Court Hearing, the Court will consider whether to approve the Creditors' Scheme following the vote at the Creditors' Scheme Meeting and provide the Second Judicial Advice following the vote at the Trust Meeting.

Any Spark Infrastructure Securityholder may appear at the Second Court Hearing, currently expected to be held at 9:15am (Sydney time) on 26 November 2021 at the Supreme Court of New South Wales, Law Courts Building, 184 Phillip Street Sydney, NSW 2000.

Any Spark Infrastructure Securityholder who wishes to oppose approval of the Creditors' Scheme or providing of the Second Judicial Advice at the Second Court Hearing may do so by filing with the Court and serving on Spark Infrastructure a notice of appearance in the prescribed form together with any affidavit that the Spark Infrastructure Securityholder proposes to rely on.

Defined terms

Capitalised terms used in this Scheme Booklet are defined in section 13.1 of this Scheme Booklet. Section 13.2 of this Scheme Booklet also sets out some rules of interpretation which apply to this Scheme Booklet. Some of the documents reproduced in the annexures to this Scheme Booklet have their own defined terms, which are sometimes different to those set out in section 13.1 of this Scheme Booklet.

No investment advice

This Scheme Booklet has been prepared without reference to the investment objectives, financial and tax situation or particular needs of any Spark Infrastructure Securityholder or any other person. The information and recommendations contained in this Scheme Booklet do not constitute, and should not be taken as, financial product advice. The Spark Infrastructure Board encourages you to seek independent financial and tax advice before making any investment decision and any decision as to whether or not to vote in favour of the Schemes. This Scheme Booklet should be read in its entirety before making a decision on whether or not to vote in favour of the Schemes. In particular, it is important that you consider the potential risks if the Schemes do not proceed, as set out in section 9 of this Scheme Booklet, and the views of the Independent Expert set out in the Independent Expert's Report contained in Annexure A of this Scheme Booklet. If you are in doubt as to the course you should follow, you should consult your legal, financial, tax or other professional advisers.

Forward looking statements

Some of the statements appearing in this Scheme Booklet (including in the Independent Expert's Report) may be in the nature of forward looking statements. Forward looking statements or statements of intent in relation to future events in this Scheme Booklet (including in the Independent Expert's Report) should not be taken to be forecasts or predictions that those events will occur. Forward looking statements generally may be identified by the use of forward looking words such as 'believe', 'aim', 'expect', 'anticipate', 'intending', 'foreseeing', 'likely', 'should', 'planned', 'may', 'estimate', 'potential', or other similar words. Similarly, statements that describe the objectives, plans, goals, intentions or expectations of Spark Infrastructure or Bidco are or may be forward looking statements. You should be aware that such statements are only opinions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to Spark Infrastructure or Bidco and/or the industries in which they operate, as well as general economic conditions, prevailing exchange rates and interest rates and conditions in financial markets.

Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and deviations are both normal and to be expected. None of Spark Infrastructure Group, the Consortium Group or any of their respective affiliates, officers, directors, employees or advisers or any person named in this Scheme Booklet or involved in the preparation of this Scheme Booklet 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. Accordingly, you are cautioned not to place undue reliance on those statements.

The forward looking statements in this Scheme Booklet reflect views held only at the date of this Scheme Booklet. Subject to any continuing obligations under the Listing Rules or the Corporations Act, Spark Infrastructure Group, the Consortium Group and their respective officers,

directors, employees and advisers, disclaim any obligation or undertaking to distribute after the date of this Scheme Booklet any updates or revisions to any forward looking statements to reflect (a) any change in expectations in relation to such statements; or (b) any change in events, conditions or circumstances on which any such statement is based.

Responsibility statement

Spark Infrastructure has prepared, and is responsible for, the Spark Infrastructure Information. Neither the Consortium Group nor any Consortium Group Members' directors, officers, employees or advisers assume any responsibility for the accuracy or completeness of such information.

Bidco has prepared, and is responsible for, the Bidco Information. Neither the Spark Infrastructure Group nor any the Spark Infrastructure Group Members' directors, officers, employees or advisers assume any responsibility for the accuracy or completeness of such information.

KPMG Financial Advisory Services (Australia) Pty Ltd has prepared the Independent Expert's Report (as set out in Annexure A of this Scheme Booklet) and takes responsibility for that report. None of Spark Infrastructure Group, the Consortium Group, or any of their respective directors, officers, employees or advisers assume any responsibility for the accuracy or completeness of the information contained in the Independent Expert's Report (except in relation to information given by them to the Independent Expert for the purposes of preparing the Independent Expert's Report).

PricewaterhouseCoopers has prepared sections 10.1 ('Introduction') to 10.7 ('GST') of this Scheme Booklet, each inclusive, and takes responsibility for the information contained in sections 10.1 to 10.7 of this Scheme Booklet, each inclusive. None of Spark Infrastructure Group, the Consortium Group or any of their respective directors, officers, employees or advisers assume any responsibility for the accuracy or completeness of the information contained in sections 10.1 to 10.7 of this Scheme Booklet, each inclusive.

Herbert Smith Freehills has prepared section 10.8 ('Stamp Duty') of this Scheme Booklet and takes responsibility for the information contained in section 10.8. None of Spark Infrastructure Group, the Consortium Group or any of their respective directors, officers, employees or advisers assume any responsibility for the accuracy or completeness of the information contained in section 10.8 of this Scheme Booklet.

No consenting party has withdrawn their consent to be named before the date of this Scheme Booklet.

Foreign jurisdictions

The release, publication or distribution of this Scheme Booklet in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons outside of Australia who come into possession of this Scheme Booklet should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations.

This Scheme Booklet has been prepared in accordance with the laws of Australia and the information contained in this Scheme Booklet may not be the same as that which would have been disclosed if this Scheme Booklet had been prepared in accordance with the laws and regulations of a jurisdiction outside of Australia. This Scheme Booklet and the Schemes do not constitute an offer of securities in any place which, or to any person whom, it would not be lawful to make such an offer.

Charts and diagrams

Any diagrams, charts, graphs or tables appearing in this Scheme Booklet are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts, graphs and tables is based on information available as at the Last Practicable Date. Any discrepancies in any chart, graph or table between totals and sums of amounts presented or listed therein or to previously published financial figures are due to rounding.

Timetable and dates

All times and dates referred to in this Scheme Booklet are times and dates in Sydney, New South Wales, Australia, unless otherwise indicated. All times and dates relating to the implementation of the Schemes referred to in this Scheme Booklet may change and, among other things, are subject to all necessary approvals from Government Agencies.

External websites

Unless expressly stated otherwise, the content of the websites of Spark Infrastructure Group and any Consortium Group Member do not form part of this Scheme Booklet and Spark Infrastructure Securityholders should not rely on any such content.

Privacy

Spark Infrastructure may collect personal information in the process of implementing the Schemes. The type of information that it may collect about you includes your name, contact details and information on your securityholding in Spark Infrastructure Trust and the names of persons appointed by you to act as a proxy, attorney or corporate representative at the Meetings as relevant to you. The collection of some of this information is required or authorised by the Corporations Act.

The primary purpose of the collection of personal information is to assist Spark Infrastructure to conduct the Meetings and implement the Schemes. Without this information, Spark Infrastructure may be hindered in its ability to issue this Scheme Booklet and implement the Schemes. Personal information of the type described above may be disclosed to the Spark Infrastructure Securities Registry, third party service providers (including print and mail service providers and parties otherwise involved in the conduct of the Meetings), authorised securities brokers, professional advisers, Related Entities of Spark Infrastructure Trust, Government Agencies, and also where disclosure is otherwise required or allowed by law. Spark Infrastructure Securityholders who are individuals and the other individuals in respect of whom personal information is collected as outlined above have certain rights to access the personal information collected in relation to them. If you would like to obtain details of the information about you held by the Spark Infrastructure Securities Registry in connection with Spark Infrastructure Securities, please contact the Spark Infrastructure Securities Registry. Spark Infrastructure Securityholders who appoint an individual as their proxy, corporate representative or attorney to vote at the Meetings should ensure that they inform such an individual of the matters outlined above. Further information about how Spark Infrastructure collects, uses and discloses personal information is contained in Spark Infrastructure's privacy policy which can be found on the Spark Infrastructure Group's website at www.sparkinfrastructure.com.

Date of Scheme Booklet

This Scheme Booklet is dated 19 October 2021.

CONTENTS

Key dates	4
1 Letter from the Chairman of Spark Infrastructure	5
2 Overview of the Schemes	8
2.1 What is the Transaction?	8
2.2 Special Distribution and Franking Credits	8
2.3 What is the recommendation of the Spark Infrastructure Board?	8
2.4 What has the Independent Expert concluded?	9
2.5 Reasons why you may want to vote in favour of or against the Schemes	9
3 What should you do?	10
3.1 Step 1: Read this Scheme Booklet in its entirety	10
3.2 Step 2: Vote on the Resolutions	10
4 Key considerations relevant to your vote	12
4.1 Reasons why you may want to vote in favour of the Schemes by voting in favour of the Resolutions	13
4.2 Reasons you may want to vote against the Schemes by voting against the Resolutions	17
4.3 Other Considerations	18
5 Frequently Asked Questions	20
6 Key features of the Schemes	29
6.1 Background	30
6.2 Scheme Consideration	31
6.3 Conditions to the Schemes	32
6.4 Scheme procedure	33
6.5 Provision of Scheme Consideration	36
6.6 The Spark Infrastructure Board's recommendation	37
6.7 Voting intentions of the Spark Infrastructure Directors	37
6.8 Independent Expert's conclusion	37
6.9 Implications if the Schemes do not proceed	38
6.10 Warranty by Scheme Securityholders	38
6.11 Delisting of Spark Infrastructure Group	38
7 Information about Spark Infrastructure Group	39
7.1 Overview of Spark Infrastructure Group	40
7.2 Spark Infrastructure Directors and senior management	42
7.3 Historical financial information	42
7.4 Guidance for the 2021 financial year including Final Distribution	46
7.5 Capital structure	46
7.6 Spark Infrastructure Trust's Substantial Securityholders	46
7.7 Recent Spark Infrastructure Security price performance	47
7.8 Litigation	47
7.9 Risks relating to Spark Infrastructure's businesses	48
7.10 Publicly available information about Spark Infrastructure Group	48
8 Information about Bidco	49
8.1 Overview of Bidco	50
8.2 Funding	52
8.3 Bidco's intentions	53
8.4 Additional information	54
9 Risk Factors	55
9.1 Introduction	56
9.2 General investment risks	56
9.3 Risks relating to an investment in Spark Infrastructure Securities	56
9.4 Risks relating to the Schemes	59
9.5 Risks relating to the Special Distribution	59

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10 Tax Considerations	60
10.1 Introduction	61
10.2 ATO Tax Ruling Request	62
10.3 Payments to Scheme Securityholders	62
10.4 Taxation treatment of Distributions	62
10.5 Taxation treatment of disposal of Scheme Securities	65
10.6 Foreign Resident Capital Gains Withholding	68
10.7 GST	68
10.8 Stamp Duty	68
11 Information relating to Spark Infrastructure Directors	69
11.1 Interests of Spark Infrastructure Directors in Spark Infrastructure Securities	70
11.2 Interests of Spark Infrastructure Directors in Bidco's securities	70
11.3 Benefits and agreements	71
12 Additional Information	72
12.1 Scheme Implementation Deed	73
12.2 Spark Infrastructure incentive and equity arrangements	75
12.3 Regulatory relief	77
12.4 Foreign jurisdictions	77
12.5 Consents and disclosures	78
12.6 Transaction costs	78
12.7 No unacceptable circumstances	78
12.8 Interests of trustee for holders of Spark Infrastructure Notes	79
12.9 No other material information	79
12.10 Supplementary disclosure	79
12.11 Copy of the Spark Infrastructure Securities Register	79
13 Glossary and Interpretation	80
13.1 Glossary	81
13.2 Interpretation	96
13.3 Interpretation of inclusive expressions	96
Annexures	97
Annexure A	98
Independent Expert's Report	
Annexure B	225
Spark Infrastructure Trust Supplemental Deed	
Annexure C	247
Spark Infrastructure Note Trust Deed Supplemental Deed	
Annexure D	255
Creditors' Scheme of Arrangement	
Annexure E	279
Deed Poll	
Annexure F	287
Notices of Meetings	
1 Notice of Creditors' Scheme Meeting	287
2 Notice of Concurrent Creditors' Meeting and Trust Meeting	289
3 Explanatory Notes	291
Corporate Directory	

KEY DATES

EVENT	TIME AND DATE
First Court Date	19 October 2021
Date of this Scheme Booklet	19 October 2021
Latest time and date for receipt of proxy appointments (including proxies appointed online) or powers of attorney by the Spark Infrastructure Securities Registry for the Meetings	11.00am on 20 November 2021¹
Time and date for determining eligibility to vote at the Meetings	7:00pm on 20 November 2021
Meetings (Creditors' Scheme Meeting, Concurrent Creditors' Meeting and Trust Meeting)	11.00am on 22 November 2021
Second Court Date ²	26 November 2021
Outcome of Second Court Hearing announced to the ASX	26 November 2021
Effective Date	29 November 2021
Last day of trading in Spark Infrastructure Securities on ASX (Spark Infrastructure Securities will be suspended from trading on ASX from close of trading)	29 November 2021
Special Distribution Ex Date ^{3,4}	30 November 2021
Special Distribution Record Date (for determining entitlements to Special Distribution) ⁴	1 December 2021
Special Distribution Payment Date ⁴	8 December 2021
Scheme Record Date (for determining entitlements to Scheme Consideration)	10 December 2021
Implementation Date (Scheme Consideration will be despatched to Scheme Securityholders on the Implementation Date)	22 December 2021

All times and dates in the above timetable are references to the time and date in Sydney, New South Wales, Australia and all such times and dates are subject to change. Spark Infrastructure may vary any or all of these dates and times. Any changes will be announced by Spark Infrastructure to the ASX.

1 If the Meetings are adjourned or postponed, the latest time and date for receipt of proxy appointments (including proxies appointed online) or powers of attorney by the Spark Infrastructure Securities Registry for the Meetings will be no later than 48 hours before the resumption of the Meetings in relation to the resumed part of the Meetings.

2 The Second Court Date and the announcement of the outcome of the Second Court Hearing to the ASX will only occur if the Resolutions are approved by Spark Infrastructure Securityholders at the Meetings and the events which follow the announcement of the outcome of the Second Court Hearing to the ASX will only occur if the Resolutions are approved by Spark Infrastructure Securityholders at the Meetings and the Court approves the Creditors' Scheme and provides the Second Judicial Advice at the Second Court Hearing.

3 If you acquire Spark Infrastructure Securities on or after the Special Distribution Ex Date, you will not be entitled to the Special Distribution in respect of those Spark Infrastructure Securities.

4 The Special Distribution Ex Date, Special Distribution Record Date and Special Distribution Payment Date will only apply if the Spark Infrastructure Board determines in its sole discretion to pay the Special Distribution.

LETTER FROM THE CHAIRMAN OF SPARK INFRASTRUCTURE



Dear Fellow Spark Infrastructure Securityholders,

On behalf of the Spark Infrastructure Board, I am pleased to provide you with this Scheme Booklet, which contains information for your consideration in relation to the proposed acquisition of Spark Infrastructure by Pika Bidco Pty Ltd (**Bidco**), a newly incorporated company indirectly owned by funds and/or investment vehicles managed and/or advised by Kohlberg Kravis Roberts & Co. L.P. and/or its affiliates (Kohlberg Kravis Roberts & Co. L.P. and its affiliates together, **KKR**), Ontario Teachers' Pension Plan Board (**OTPP**) and Public Sector Pension Investment Board (**PSP Investments**) (together, the **Consortium**).

On 23 August 2021, Spark Infrastructure announced that it had entered into a Scheme Implementation Deed under which Bidco has agreed to acquire all of the securities in Spark Infrastructure Trust (**Spark Infrastructure Securities**). The acquisition is proposed to be implemented by way of an interdependent Creditors' Scheme and Trust Scheme and related transactions (the **Schemes**), subject to Spark Infrastructure Securityholder approval, Court approval of the Creditors' Scheme and the Second Judicial Advice, FIRB approval, and certain other conditions described in section 6.3 of this Scheme Booklet.

Total Cash Amount

If the Schemes become Effective and are implemented on or before 31 December 2021, Spark Infrastructure Securityholders who hold Spark Infrastructure Securities as at the Scheme Record Date will receive cash of \$2.8875 for each Spark Infrastructure Security that they hold as at the Scheme Record Date (**Total Cash Amount**). The Total Cash Amount will comprise the following amounts:

- cash consideration from Bidco under the Schemes being an amount equal to \$2.8875 per Spark Infrastructure Security less the cash amount of any Special Distribution; plus
- the cash amount of any Special Distribution.

If the Schemes become Effective, subject to having received a favourable draft class ruling in respect of the Special Distribution from the ATO, Spark Infrastructure intends to pay, before the Schemes are implemented, a fully franked Special Distribution from the Spark Infrastructure Trust which is expected to be approximately \$0.12 per Spark Infrastructure Security.⁵ For those Spark Infrastructure Securityholders who are able to realise the full benefit of franking credits, the potential value in franking credits attached to a Special Distribution of \$0.12 per Spark Infrastructure Security is approximately 5 cents per Spark Infrastructure Security.⁶

The Total Cash Amount is in addition to Spark Infrastructure's FY21 interim distribution of \$0.0625 per Spark Infrastructure Security (**Interim Distribution**), which was paid on 15 September 2021. The total amount of cash Spark Infrastructure Securityholders who hold Spark Infrastructure Securities as at the Scheme Record Date and who held those Spark Infrastructure Securities as at the Interim Distribution Record Date will receive if the Schemes are implemented, including the Interim Distribution, is \$2.95 per Spark Infrastructure Security.

Changes to consideration if implementation delayed

The expected timing for implementation of the Schemes is 22 December 2021.

The record date for Spark Infrastructure's final distribution from the Spark Infrastructure Trust for the 2021 financial year (**Final Distribution**) is expected to be 31 December 2021. If the Schemes are implemented after 31 December 2021, Spark Infrastructure Securityholders who hold Spark Infrastructure Securities as at the Final Distribution record date will be entitled to receive the Final Distribution.⁷ In this situation, the Total Cash Amount per Spark Infrastructure Security will be reduced by the cash amount of the Final Distribution and the amount of the Special Distribution will be adjusted to reflect the availability of franking credits for distribution after payment of the Final Distribution.

⁵ The Spark Infrastructure Board will determine in its sole discretion whether to pay any Special Distribution. The amount of any Special Distribution will reflect the franking credits available for distribution at the time the Special Distribution is expected to be paid.

⁶ The maximum benefit associated with the franking credits will be less if the Special Distribution is less than \$0.12 per Spark Infrastructure Security. The ability of Spark Infrastructure Securityholders to benefit from franking credits depends on their individual tax circumstances, including their tax residency and marginal tax rate. When assessing the benefit of franking credits attached to any Special Distribution, Spark Infrastructure Securityholders should also seek independent professional taxation advice as to whether or not receipt of any Special Distribution and any associated entitlement to a tax offset in respect of such franking credits will be of benefit to them based on their own individual circumstances. For further information see section 10 of this Scheme Booklet.

⁷ The record date for the Final Distribution is expected to be 31 December 2021.

In addition, if the Schemes are not implemented before 15 February 2022, Spark Infrastructure Securityholders who hold Spark Infrastructure Securities as at the Scheme Record Date will receive additional cash consideration from Bidco of \$0.01 or 1 cent for each Spark Infrastructure Security that they hold as at the Scheme Record Date on 15 February 2022, and a further \$0.0003333 for each Spark Infrastructure Security that they hold as at the Scheme Record Date for every day thereafter (i.e. approximately \$0.01 or 1 cent for each Spark Infrastructure Security per month) up to the Implementation Date (**Additional Consideration**).

Spark Infrastructure Board's Recommendation

The Spark Infrastructure Board (including Spark Infrastructure's Managing Director) unanimously recommends that you vote in favour of the Schemes, subject to no Superior Proposal emerging and the Independent Expert continuing to conclude that the Schemes are in the best interests of Scheme Securityholders.⁸ Subject to the same qualifications, each Spark Infrastructure Director will vote, or procure the voting of, any Spark Infrastructure Securities held or controlled by them at the time of the Meetings in favour of the Schemes by voting in favour of the Resolutions at the Meetings.

The Spark Infrastructure Board considers that the Scheme Consideration appropriately reflects:

- the scarcity value of Spark Infrastructure's tier one assets and their reliable and inflation-linked operating cashflows;
- Spark Infrastructure's attractive pipeline of growth projects; and
- the growth opportunities available to Spark Infrastructure and the Asset Companies now and in the near-term arising from the transition of Australia's energy sector to a lower carbon future.

The key reasons for the Spark Infrastructure Board's recommendation are as follows:

- The Spark Infrastructure Board believes that the Total Cash Amount of \$2.8875 per Spark Infrastructure Security represents a significant premium to the recent historical trading prices of Spark Infrastructure Securities prior to 13 July 2021, being the day before

Spark Infrastructure Securities were placed in a trading halt on 14 July 2021 pending Spark Infrastructure's first announcement on 15 July 2021 of Bidco's Initial and Revised Proposals. The Total Cash Amount of \$2.8875 per Spark Infrastructure Security represents a:

- 26% premium to the closing price on 13 July 2021 of \$2.30 per Spark Infrastructure Security;
- 28% premium to the one month volume weighted average price (**VWAP**) up to and including 13 July 2021 of \$2.25 per Spark Infrastructure Security;
- 31% premium to the three month VWAP up to and including 13 July 2021 of \$2.20 per Spark Infrastructure Security; and
- 34% premium to the six month VWAP up to and including 13 July 2021 of \$2.16 per Spark Infrastructure Security.

- The Total Cash Amount of \$2.8875 per Spark Infrastructure Security is above the Independent Expert's range of assessed values for a Spark Infrastructure Security of between \$2.49 and \$2.86.
- If the Schemes proceed, Scheme Securityholders will achieve a certain cash price for their investment in Spark Infrastructure Securities and will avoid ongoing risks and uncertainties associated with their investment in Spark Infrastructure Securities.
- The Independent Expert has concluded that the Schemes are fair and reasonable to Scheme Securityholders and therefore are in the best interests of Scheme Securityholders, in the absence of a Superior Proposal.
- No Superior Proposal has emerged as at the date of this Scheme Booklet.
- Spark Infrastructure Securities' price may fall if the Schemes do not proceed.
- If Spark Infrastructure pays a fully franked Special Distribution from the Spark Infrastructure Trust of \$0.12 per Spark Infrastructure Security before the Schemes are implemented, Spark Infrastructure Securityholders who are able to realise the full benefit of franking credits could receive additional value of approximately 5 cents per Spark Infrastructure Security.⁹

⁸ Mr Richard Francis (Spark Infrastructure's Managing Director and Chief Executive Officer) will, if the Schemes become Effective, receive a total of \$6,731,331 in respect of his Spark Infrastructure Performance Rights and existing Spark Infrastructure Securities. See section 12.2 of this Scheme Booklet for details of the implications of the Schemes for Mr Francis' Spark Infrastructure Performance Rights. Spark Infrastructure Securityholders should have regard to these arrangements when considering Mr Francis' recommendation on the Schemes. Given the importance of the Schemes and Mr Francis' role in the management of Spark Infrastructure Group, the other Spark Infrastructure Directors consider that it is appropriate that Mr Francis make a recommendation on the Schemes. Mr Francis also considers that it is appropriate that he make a recommendation on the Schemes.

⁹ The Spark Infrastructure Board will determine in its sole discretion whether to pay any Special Distribution. The amount of the Special Distribution will reflect the franking credits available for distribution at the time the Special Distribution is expected to be paid. If the Schemes are implemented after 31 December 2021, the amount of any Special Distribution will be adjusted to reflect the availability of franking credits for distribution after payment of the Final Distribution. The maximum benefit associated with the franking credits will be less if the Special Distribution is less than \$0.12 per Spark Infrastructure Security. The ability of Spark Infrastructure Securityholders to benefit from franking credits depends on their individual tax circumstances, including their tax residency and marginal tax rate. When assessing the benefit of franking credits attached to any Special Distribution, Spark Infrastructure Securityholders should also seek independent professional taxation advice as to whether or not receipt of any Special Distribution and any associated entitlement to a tax offset in respect of such franking credits will be of benefit to them based on their own individual circumstances. For further information see section 10 of this Scheme Booklet.

- If the Schemes have not been implemented before 15 February 2022, Scheme Securityholders will be entitled to Additional Consideration of \$0.01 or 1 cent per Spark Infrastructure Security on 15 February 2022, and \$0.0003333 per Spark Infrastructure Security per day (i.e. approximately \$0.01 or 1 cent per Spark Infrastructure Security per month) after that date until the Implementation Date.
- Scheme Securityholders will not incur any brokerage charges on the transfer of their Spark Infrastructure Securities if the Schemes proceed.

In forming their view that the Schemes are in the best interests of Spark Infrastructure Securityholders, the Spark Infrastructure Board also considered the potential disadvantages of the Schemes proceeding. In particular:

- You will not have the opportunity to participate in any future value creation that may result from being a Spark Infrastructure Securityholder.
- You may wish to maintain your investment in Spark Infrastructure Securities because there may be limited alternative ways of obtaining exposure to an investment in an Australian listed entity with comparable investment characteristics and a comparable asset portfolio to Spark Infrastructure Group.
- You may believe that there is potential for a Superior Proposal to emerge in the foreseeable future.
- The tax consequences of the Schemes may not suit your current financial circumstances.

Further information to assist you in determining whether to vote in favour of or against the Schemes is set out in section 4 of this Scheme Booklet.

Independent Expert

Spark Infrastructure appointed KPMG as the Independent Expert to assess the merits of the Schemes.

The Independent Expert has concluded that the Schemes are fair and reasonable to Scheme Securityholders and therefore are in the best interests of Scheme Securityholders, in the absence of a Superior Proposal. The Independent Expert has assessed the value of a Spark Infrastructure Security to be between \$2.49 and \$2.86. The Total Cash Amount of \$2.8875 per Spark Infrastructure Security offered to Spark Infrastructure Securityholders is above this range.

A copy of the Independent Expert's Report is included in Annexure A of this Scheme Booklet. You are encouraged to read the Independent Expert's Report in its entirety.

How to Vote

Your vote is important and I strongly encourage you to vote by completing the proxy form in respect of the Meetings which has been separately provided to you by the Spark Infrastructure Securities Registry on or about the date of this Scheme Booklet (**Proxy Form**), or alternatively by participating in and voting at the Meetings online at <https://web.lumiagm.com> and by entering the unique 9-digit Meeting ID: 390-236-931.

The Meetings will be held at 11:00am (Sydney time) on 22 November 2021. Having regard to the uncertainty and potential health risks associated with large gatherings during the COVID-19 pandemic, Spark Infrastructure Securityholders will not be able to attend the Meetings in person. Spark Infrastructure Securityholders may participate in and vote at the Meetings online at <https://web.lumiagm.com> and by entering the unique 9-digit Meeting ID: 390-236-931.

The Schemes will only become Effective and be implemented if the Resolutions are approved by Spark Infrastructure Securityholders at the Meetings and the Court approves the Creditors' Scheme and provides the Second Judicial Advice.

If you wish the Schemes to proceed, it is important that you vote in favour of the Resolutions.

Further Information

If you have any questions in relation to this Scheme Booklet or the Schemes, please contact the Spark Infrastructure Securityholder Information Line on 1300 513 794 (within Australia) or +61 2 9066 4082 (outside Australia), between 8.30am and 5.00pm (Sydney time), Monday to Friday excluding public holidays.

Spark Infrastructure Securityholders should also consider seeking independent financial, legal, accounting and taxation advice as appropriate, before making any decision in relation to their Spark Infrastructure Securities.

On behalf of the Spark Infrastructure Board, I would like to take this opportunity to thank you for your ongoing support. I look forward to your participation in the Meetings and encourage you to vote in favour of the Schemes, which the Spark Infrastructure Board believes are in the best interests of Spark Infrastructure Securityholders, and which the Independent Expert has concluded are in the best interests of Scheme Securityholders.

Yours sincerely,



Dr Doug McTaggart
Chairman

2 OVERVIEW OF THE SCHEMES

2.1 What is the Transaction?

The Transaction is the acquisition by Bidco of 100% of the Spark Infrastructure Securities by way of an interdependent Creditors' Scheme and Trust Scheme, and related transactions described in this section and section 6 of this Scheme Booklet (the **Schemes**). Two schemes are required because each Spark Infrastructure Security comprises a Spark Infrastructure Unit stapled to a Spark Infrastructure Note. If the Schemes are implemented on or before 31 December 2021, Scheme Securityholders will be entitled to receive the Scheme Consideration from Bidco for each Scheme Security, calculated to be cash consideration equal to \$2.8875 per Spark Infrastructure Security less the cash amount of any Special Distribution. If the Schemes are implemented after 31 December 2021, the Scheme Consideration from Bidco for each Scheme Security that Scheme Securityholders will be entitled to receive will be reduced by the cash amount of the Final Distribution.¹⁰ Should implementation of the Schemes occur on or after 15 February 2022, Scheme Securityholders will receive Additional Consideration.¹¹ A detailed breakdown of the Scheme Consideration is outlined in section 6 of this Scheme Booklet.

2.2 Special Distribution and Franking Credits

If the Schemes become Effective, subject to having received a favourable draft class ruling in respect of the Special Distribution from the ATO, Spark Infrastructure intends to pay, before the Schemes are implemented, a Special Distribution from the Spark Infrastructure Trust which is expected to be approximately \$0.12 per Spark Infrastructure Security.¹² Depending on individual tax circumstances (including tax residency and marginal tax rate), assuming a distribution of \$0.12 per Spark Infrastructure Security, the Special Distribution may provide Spark Infrastructure Securityholders with franking credits providing an additional value of approximately 5 cents per Spark Infrastructure Security.¹³

The Special Distribution is expected to be declared, and the amount of the Special Distribution announced, shortly before the date of the Meetings, with payment being conditional on the Schemes becoming Effective.

2.3 What is the recommendation of the Spark Infrastructure Board?

The Spark Infrastructure Board (including Spark Infrastructure's Managing Director) unanimously recommends that Spark Infrastructure Securityholders vote in favour of the Schemes, subject to no Superior Proposal emerging and the Independent Expert continuing to conclude that the Schemes are in the best interests of Scheme Securityholders. Subject to the same qualifications, each Spark Infrastructure Director will vote, or procure the voting of, any Spark Infrastructure Securities held or controlled by them at the time of the Meetings in favour of the Schemes by voting in favour of the Resolutions at the Meetings. Details of the Relevant Interests of each Spark Infrastructure Director in Spark Infrastructure Securities are set out in section 11.1 of this Scheme Booklet.

Mr Richard Francis (Spark Infrastructure's Managing Director and Chief Executive Officer) will, if the Schemes become Effective, receive a total of \$6,731,331 in respect of his Spark Infrastructure Performance Rights and existing Spark Infrastructure Securities. See section 12.2 of this Scheme Booklet for details of the implications of the Schemes for Mr Francis' Spark Infrastructure Performance Rights. Spark Infrastructure Securityholders should have regard to these arrangements when considering Mr Francis' recommendation on the Schemes. Given the importance of the Schemes and Mr Francis' role in the management of Spark Infrastructure Group, the other Spark Infrastructure Directors consider that it is appropriate that Mr Francis make a recommendation on the Schemes. Mr Francis also considers that it is appropriate that he make a recommendation on the Schemes.

In considering whether to vote in favour of the Schemes, the Spark Infrastructure Board encourages you to:

- (a) carefully read all of this Scheme Booklet (including the Independent Expert's Report);
- (b) have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances; and
- (c) obtain advice from your legal, financial, tax or other professional advisers on the effect of the Schemes becoming Effective.

Details of the Relevant Interests of each Spark Infrastructure Director in Spark Infrastructure Securities are set out in section 11.1 of this Scheme Booklet.

¹⁰ The record date for the Final Distribution is expected to be 31 December 2021.

¹¹ Where the Implementation Date occurs on or after 15 February 2022, Scheme Securityholders will be entitled to additional cash consideration from Bidco of \$0.01 per Spark Infrastructure Security on 15 February 2022, and \$0.0003333 per Spark Infrastructure Security per day for each day (i.e. approximately \$0.01 per Spark Infrastructure Security per month) after that date until the Implementation Date.

¹² The Spark Infrastructure Board will determine in its sole discretion whether to pay any Special Distribution. The amount of any Special Distribution will reflect the franking credits available for distribution at the time the Special Distribution is expected to be paid. If the Schemes are implemented after 31 December 2021, the amount of any Special Distribution will be adjusted to reflect the availability of franking credits for distribution after payment of the Final Distribution.

¹³ The maximum benefit associated with the franking credits will be less if the Special Distribution is less than \$0.12 per Spark Infrastructure Security. The ability of Spark Infrastructure Securityholders to benefit from franking credits depends on their individual tax circumstances, including their tax residency and marginal tax rate. When assessing the benefit of franking credits attached to any Special Distribution, Spark Infrastructure Securityholders should also seek independent professional taxation advice as to whether or not receipt of any Special Distribution and any associated entitlement to a tax offset in respect of such franking credits will be of benefit to them based on their own individual circumstances. For further information see section 10 of this Scheme Booklet.

2.4 What has the Independent Expert concluded?

The Independent Expert has concluded that the Schemes are fair and reasonable to Scheme Securityholders and therefore are in the best interests of Scheme Securityholders, in the absence of a Superior Proposal.

The Independent Expert has assessed the value of a Spark Infrastructure Security to be between \$2.49 and \$2.86. The Total Cash Amount of \$2.8875 per Spark Infrastructure Security offered to Spark Infrastructure Securityholders is above this range.

2.5 Reasons why you may want to vote in favour of or against the Schemes

(a) What are the reasons you may want to vote in favour of the Schemes by voting in favour of the Resolutions?

- (1) The Total Cash Amount of \$2.8875 per Spark Infrastructure Security represents a premium to the recent historical trading prices of Spark Infrastructure Securities prior to 13 July 2021, being the day before Spark Infrastructure Securities were placed in a trading halt on 14 July 2021 pending Spark Infrastructure's first announcement on 15 July 2021 of Bidco's Initial and Revised Proposals. The Total Cash Amount of \$2.8875 per Spark Infrastructure Security represents a:
 - (A) 26% premium to the closing price on 13 July 2021 of \$2.30 per Spark Infrastructure Security;
 - (B) 28% premium to the one month VWAP up to and including 13 July 2021 of \$2.25 per Spark Infrastructure Security;
 - (C) 31% premium to the three month VWAP up to and including 13 July 2021 of \$2.20 per Spark Infrastructure Security; and
 - (D) 34% premium to the six month VWAP up to and including 13 July 2021 of \$2.16 per Spark Infrastructure Security.
- (2) The Total Cash Amount of \$2.8875 per Spark Infrastructure Security is above the Independent Expert's range of assessed values for a Spark Infrastructure Security of between \$2.49 and \$2.86.
- (3) If the Schemes proceed, Scheme Securityholders will achieve a certain cash price for their investment in Spark Infrastructure Securities and will avoid ongoing risks and uncertainties associated with their investment in Spark Infrastructure Securities.
- (4) The Independent Expert has concluded that the Schemes are fair and reasonable to Scheme Securityholders and therefore are in the best interests of Scheme Securityholders, in the absence of a Superior Proposal.
- (5) The Spark Infrastructure Board has unanimously recommended that you vote in favour of the Schemes, subject to no Superior Proposal emerging and the Independent Expert continuing to conclude that the Schemes are in the best interests of Scheme Securityholders.
- (6) No Superior Proposal has emerged as at the date of this Scheme Booklet.
- (7) Spark Infrastructure Securities' price may fall if the Schemes do not proceed.
- (8) If Spark Infrastructure pays a fully franked Special Distribution from the Spark Infrastructure Trust of \$0.12 per Spark Infrastructure Security before the Schemes are implemented, Spark Infrastructure Securityholders who are able to realise the full benefit of franking credits could receive additional value of approximately 5 cents per Spark Infrastructure Security.¹⁴
- (9) If the Schemes have not been implemented before 15 February 2022, Scheme Securityholders will be entitled to additional cash consideration from Bidco of \$0.01 per Spark Infrastructure Security on 15 February 2022, and \$0.0003333 per Spark Infrastructure Security per day (i.e. approximately \$0.01 per Spark Infrastructure Security per month) after that date until the Implementation Date.
- (10) Scheme Securityholders will not incur any brokerage charges on the transfer of their Spark Infrastructure Securities if the Schemes proceed.

The reasons you may want to vote in favour of the Schemes are discussed in more detail in section 4.1 of this Scheme Booklet.

(b) What are the reasons you may want to vote against the Schemes by voting against the Resolutions?

- (1) You may disagree with the Spark Infrastructure Board's unanimous recommendation or the Independent Expert's conclusion.
- (2) You may prefer to have the opportunity to participate in any future value creation that may result from being a Spark Infrastructure Securityholder.
- (3) You may wish to maintain your investment in Spark Infrastructure Securities because there may be limited alternative ways of obtaining exposure to an investment in an Australian listed entity with comparable investment characteristics and a comparable asset portfolio to Spark Infrastructure.
- (4) You may believe that there is potential for a Superior Proposal to emerge in the foreseeable future.
- (5) The tax consequences of the Schemes may not suit your current financial circumstances.

The reasons you may want to vote against the Schemes are discussed in more detail in section 4.2 of this Scheme Booklet.

¹⁴ The Spark Infrastructure Board will determine in its sole discretion whether to pay any Special Distribution. The amount of the Special Distribution will reflect the franking credits available for distribution at the time the Special Distribution is expected to be paid. If the Schemes are implemented after 31 December 2021, the amount of the Special Distribution will be adjusted to reflect the availability of franking credits for distribution after payment of the Final Distribution. The maximum benefit associated with the franking credits will be less if the Special Distribution is less than \$0.12 per Spark Infrastructure Security. The ability of Spark Infrastructure Securityholders to benefit from franking credits depends on their individual tax circumstances, including their tax residency and marginal tax rate. When assessing the benefit of franking credits attached to any Special Distribution, Spark Infrastructure Securityholders should also seek independent professional taxation advice as to whether or not receipt of the Special Distribution and any associated entitlement to a tax offset in respect of such franking credits will be of benefit to them based on their own individual circumstances. For further information see section 10 of this Scheme Booklet.

3 WHAT SHOULD YOU DO?

3.1 Step 1: Read this Scheme Booklet in its entirety

This Scheme Booklet contains information that is material to your decision whether or not to vote in favour of the Schemes. Accordingly, you should read this Scheme Booklet carefully and in its entirety before making a decision on how to vote on the Resolutions.

You should also consult your legal, financial, tax or other professional advisers in relation to voting on the Resolutions. Answers to some common questions are contained in section 5 of this Scheme Booklet titled 'Frequently asked questions'.

If you have any questions, please contact the Spark Infrastructure Securityholder Information Line on 1300 513 794 (within Australia) or +61 2 9066 4082 (outside Australia), between 8.30am and 5.00pm (Sydney time), Monday to Friday excluding public holidays.

3.2 Step 2: Vote on the Resolutions

YOUR VOTE IS IMPORTANT

If you are a Spark Infrastructure Securityholder as at 7:00pm (Sydney time) on the date which is two days before the Meetings (two days prior is currently expected to be Saturday, 20 November 2021), you are entitled to vote on the Resolutions at the Meetings. The Meetings will comprise the Creditors' Meetings to vote on the Creditors' Resolutions and the Trust Meeting to vote on the Trust Resolutions.

Spark Infrastructure has determined that the Creditors' Meetings and the Trust Meeting will be conducted concurrently in all respects (at 11:00am (Sydney time) on Monday, 22 November 2021). As a practical matter from an administrative and attendee point of view, the conduct of the meetings will be as if it were one single meeting.

The Resolutions (which comprise the Creditors' Resolutions and the Trust Resolutions) must be all passed by the requisite majorities of Spark Infrastructure Securityholders for the Schemes to proceed. If the Resolutions are passed at the Meetings, Spark Infrastructure will make an application to the Court to approve the Creditors' Scheme and provide the Second Judicial Advice at the Second Court Hearing.

Creditors' Meetings

The Creditors' Meetings will only consider the Creditors' Resolutions, which seek Spark Infrastructure Securityholders' approval (in their capacity as holders of Spark Infrastructure Notes) of:

- the Creditors' Scheme under which Bidco acquires all the Spark Infrastructure Notes (**Creditors' Scheme Resolution**); and
- the amendments to the Spark Infrastructure Note Trust Deed as set out in the Spark Infrastructure Note Trust Deed Supplemental Deed (**Spark Infrastructure Note Trust Deed Resolution**).

The Creditors' Resolutions are conditional on the Trust Resolutions being approved.

Trust Meeting

The Trust Meeting will only consider the Trust Resolutions, which seek Spark Infrastructure Securityholders' approval (in their capacity as holders of Spark Infrastructure Units) of:

- the amendments to the Spark Infrastructure Trust Constitution as set out in the Spark Infrastructure Trust Supplemental Deed (**Trust Constitution Amendment Resolution**); and
- the acquisition by Bidco of all the Spark Infrastructure Units (**Trust Acquisition Resolution**).

The Trust Resolutions are conditional on the Creditors' Resolutions being approved.

See section 6.4 of this Scheme Booklet for further details on the Resolutions.

HOW TO VOTE

Proxy appointments and powers of attorney must be received by the Spark Infrastructure Securities Registry by 11.00am (Sydney time) on Saturday, 20 November 2021 (or, if the Meetings are adjourned or postponed, no later than 48 hours before the resumption of the Meetings in relation to the resumed part of the Meetings).

As a Spark Infrastructure Securityholder, it is your right to vote on whether the Schemes proceed. Your vote is important and you are strongly encouraged to vote on the Resolutions. A Spark Infrastructure Securityholder can vote by doing one of the following:

- (a) **voting in person:** by participating in and voting at the Meetings online at <https://web.lumiagm.com> and by entering the unique 9-digit Meeting ID: 390-236-931;
- (b) **voting by proxy:** by completing and returning to the Spark Infrastructure Securities Registry the Proxy Form which has been separately provided to you by the Spark Infrastructure Securities Registry on or about the date of this Scheme Booklet, which must be received by the Spark Infrastructure Securities Registry at:
 - (1) Mailing Address:
Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001
Australia
 - (2) Email: proxy@boardroomlimited.com.au
 - (3) Fax Number: +61 2 9290 9655

Alternatively, you can appoint a proxy online. To appoint a proxy online, please go to <https://www.votingonline.com.au/skism2021> and follow the instructions.

To be effective, proxy appointments must be received by the Spark Infrastructure Securities Registry by 11.00am (Sydney time) on Saturday, 20 November 2021 (or, if the Meetings are adjourned or postponed, no later than 48 hours before the resumption of the Meetings in relation to the resumed part of the Meetings).

If you appoint a proxy, you may still participate in and vote at and revoke the proxy at the Meetings online at <https://web.lumiagm.com> and by entering the unique 9-digit Meeting ID: 390-236-931;

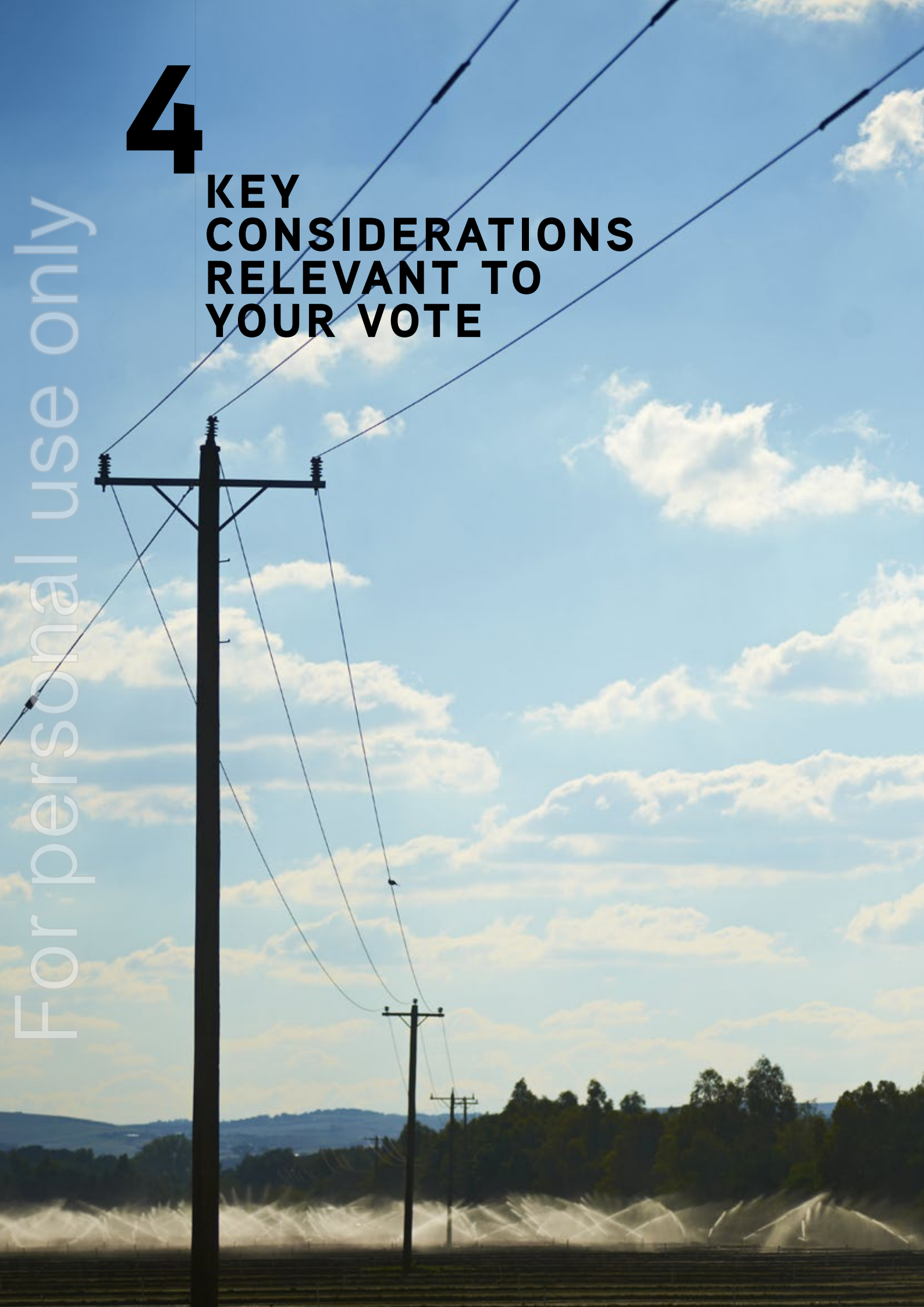
- (c) **voting by attorney:** by providing the Spark Infrastructure Securities Registry a certified copy of the instrument appointing an attorney by 11.00am (Sydney time) on Saturday, 20 November 2021 (or, if the Meetings are adjourned or postponed, no later than 48 hours before the resumption of the Meetings in relation to the resumed part of the Meetings) (unless a copy has already been provided to the Spark Infrastructure Securities Registry). If you appoint an attorney, you may still participate in and vote at the Meetings online at <https://web.lumiagm.com> and by entering the unique 9-digit Meeting ID: 390-236-931; and
- (d) **voting by corporate representative – (in the case of a body corporate):** by appointing a corporate representative to act as its representative. The appointment must comply with section 253B of the Corporations Act. A corporate Spark Infrastructure Securityholder or corporate proxy should obtain a “Certificate of Appointment of Corporate Representative” form from the Spark Infrastructure Securities Registry, and complete and sign the form in accordance with the instructions on it. The corporate representative must attend the Meetings in person by participating in and voting at the Meetings online at <https://web.lumiagm.com> and by entering the unique 9-digit Meeting ID: 390-236-931.

Please refer to the Notices of Meetings in Annexure F of this Scheme Booklet where these voting options are set out in full.

4

**KEY
CONSIDERATIONS
RELEVANT TO
YOUR VOTE**

For personal use only



4 KEY CONSIDERATIONS RELEVANT TO YOUR VOTE

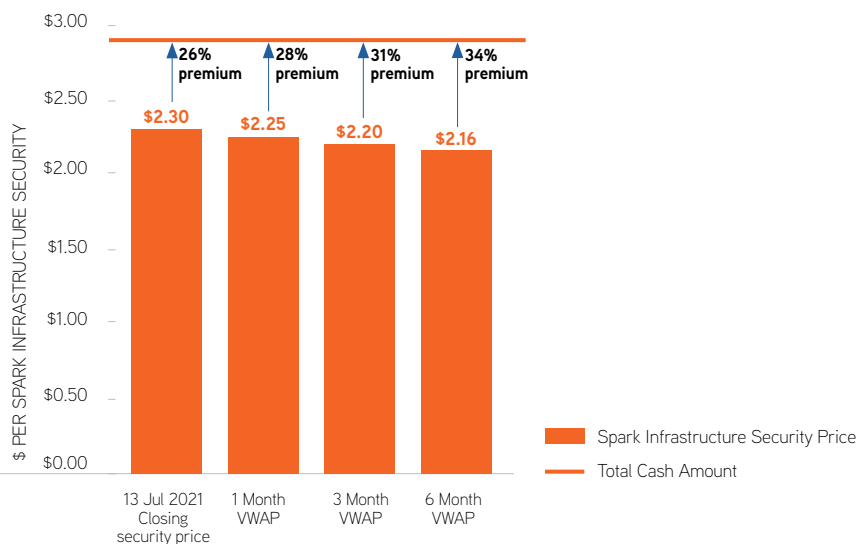
4.1 Reasons why you may want to vote in favour of the Schemes by voting in favour of the Resolutions

The Spark Infrastructure Board has formed the view that the Schemes are in the best interests of Spark Infrastructure Securityholders for the reasons set out below.

(a) The Total Cash Amount of \$2.8875 per Spark Infrastructure Security represents a premium to the recent historical trading prices of Spark Infrastructure Securities prior to Spark Infrastructure's first announcement of Bidco's Initial and Revised Proposals

The Total Cash Amount of \$2.8875 per Spark Infrastructure Security represents a premium to the recent historical trading prices of Spark Infrastructure Securities prior to 13 July 2021, being the day before Spark Infrastructure Securities were placed in a trading halt on 14 July 2021 pending Spark Infrastructure's first announcement on 15 July 2021 of Bidco's Initial and Revised Proposals. The Total Cash Amount of \$2.8875 per Spark Infrastructure Security represents a:

- (1) 26% premium to the closing price on 13 July 2021 of \$2.30 per Spark Infrastructure Security;
- (2) 28% premium to the one month VWAP up to and including 13 July 2021 of \$2.25 per Spark Infrastructure Security;
- (3) 31% premium to the three month VWAP up to and including 13 July 2021 of \$2.20 per Spark Infrastructure Security; and
- (4) 34% premium to the six month VWAP up to and including 13 July 2021 of \$2.16 per Spark Infrastructure Security.



Source: VWAPs based on IRESS data. IRESS has not consented to the use of this information in this Scheme Booklet.

The Total Cash Amount of \$2.8875 per Spark Infrastructure Security does not include the additional value of approximately 5 cents per Spark Infrastructure Security, which Spark Infrastructure Securityholders who are able to realise the full benefit of franking credits could receive if a Special Distribution of \$0.12 per Spark Infrastructure Security is declared and paid by Spark Infrastructure.¹⁵

The Independent Expert has observed that Bidco's willingness to pay this level of premium above the undisturbed price of Spark Infrastructure Securities may reflect:

- the scarcity of acquisition opportunities for public companies holding interests in quality infrastructure assets;
- the steady and inflation-linked cash flow streams of the underlying businesses of each of SA Power Networks, Victoria Power Networks and TransGrid in which Spark Infrastructure holds an equity interest; and
- the potential for Bidco to realise financial benefits from holding Spark Infrastructure Securities not available to all portfolio securityholders.

¹⁵ The Spark Infrastructure Board will determine in its sole discretion whether to pay any Special Distribution. The amount of the Special Distribution will reflect the franking credits available for distribution at the time the Special Distribution is expected to be paid. If the Schemes are implemented after 31 December 2021, the amount of the Special Distribution will be adjusted to reflect the availability of franking credits for distribution after payment of the Final Distribution. The maximum benefit associated with the franking credits will be less if the Special Distribution is less than \$0.12 per Spark Infrastructure Security. The ability of Spark Infrastructure Securityholders to benefit from franking credits depends on their individual tax circumstances, including their tax residency and marginal tax rate. When assessing the benefit of franking credits attached to any Special Distribution, Spark Infrastructure Securityholders should also seek independent professional taxation advice as to whether or not receipt of the Special Distribution and any associated entitlement to a tax offset in respect of such franking credits will be of benefit to them based on their own individual circumstances. For further information see section 10 of this Scheme Booklet.

(b) The Total Cash Amount of \$2.8875 per Spark Infrastructure Security is above the Independent Expert's range of assessed values for a Spark Infrastructure Security of between \$2.49 and \$2.86

The Independent Expert has assessed the value of a Spark Infrastructure Security to be between \$2.49 and \$2.86. The Total Cash Amount of \$2.8875 per Spark Infrastructure Security offered to Spark Infrastructure Securityholders is above this range.

A copy of the Independent Expert's Report is included as Annexure A of this Scheme Booklet. The Spark Infrastructure Board encourages you to read this report in its entirety.

(c) If the Schemes proceed, Scheme Securityholders will achieve a certain cash price for their investment in Spark Infrastructure Securities and will avoid ongoing risks and uncertainties associated with their investment in Spark Infrastructure Securities

The all-cash Total Cash Amount per Spark Infrastructure Security provides Scheme Securityholders with certainty of value for their Spark Infrastructure Securities.

In particular, the all-cash Total Cash Amount, with its premium to the recent historical trading prices of Spark Infrastructure Securities prior to 13 July 2021, being the day before Spark Infrastructure Securities were placed in a trading halt on 14 July 2021 pending Spark Infrastructure's first announcement on 15 July 2021 of Bidco's Initial and Revised Proposals, provides certainty against the risks associated with the execution of Spark Infrastructure's long term strategy as well as risks arising from external factors, including from market volatility and the regulatory environment.

If the Schemes do not become Effective, the amount which Spark Infrastructure Securityholders will be able to realise for their investment in Spark Infrastructure Securities in terms of price and future distributions will necessarily be uncertain and subject to these risks, as well as other general and specific risks relating to the business and operations of Spark Infrastructure Group, including those summarised in more detail in section 9 of this Scheme Booklet.

The Schemes remove these risks and uncertainties for Scheme Securityholders and allow Scheme Securityholders to exit their investment in Spark Infrastructure Securities at a price that the Spark Infrastructure Board considers attractive. If the Schemes become Effective and are implemented, these risks and uncertainties will be assumed by Bidco, as the sole holder of Spark Infrastructure Securities following implementation of the Schemes.

(d) The Independent Expert has concluded that the Schemes are fair and reasonable to Scheme Securityholders and therefore are in the best interests of Scheme Securityholders, in the absence of a Superior Proposal

Spark Infrastructure appointed KPMG to prepare an Independent Expert's Report, including an opinion as to whether the Schemes are in the best interests of Scheme Securityholders, in the absence of a Superior Proposal.

The Independent Expert has concluded that the Schemes are fair and reasonable to Scheme Securityholders and therefore are in the best interests of Scheme Securityholders, in the absence of a Superior Proposal.

The Independent Expert has assessed the value of a Spark Infrastructure Security to be between \$2.49 and \$2.86. The Total Cash Amount of \$2.8875 per Spark Infrastructure Security offered to Spark Infrastructure Securityholders is above this range.

A copy of the Independent Expert's Report is included as Annexure A of this Scheme Booklet. The Spark Infrastructure Board encourages you to read this report in its entirety.

(e) The Spark Infrastructure Board unanimously recommends that you vote in favour of the Schemes, subject to no Superior Proposal emerging and the Independent Expert continuing to conclude that the Schemes are in the best interests of Scheme Securityholders

The Spark Infrastructure Board (including Spark Infrastructure's Managing Director) unanimously recommends that Spark Infrastructure Securityholders vote in favour of the Schemes, subject to no Superior Proposal emerging and the Independent Expert continuing to conclude that the Schemes are in the best interests of Scheme Securityholders.¹⁶

In reaching its recommendation, the Spark Infrastructure Board has assessed the Schemes having regard to the reasons to vote in favour of, or against, the Schemes, as set out in this Scheme Booklet. The Spark Infrastructure Board considers that the Total Cash Amount appropriately reflects:

- the scarcity value of Spark Infrastructure Group's tier one assets and their reliable and inflation-linked operating cashflows;
- Spark Infrastructure's attractive pipeline of growth projects; and
- the growth opportunities available to Spark Infrastructure and the Asset Companies now and in the near-term arising from the transition of Australia's energy sector to a lower carbon future.

¹⁶ Mr Richard Francis (Spark Infrastructure's Managing Director and Chief Executive Officer) will, if the Schemes become Effective, receive a total of \$6,731,331 in respect of his Spark Infrastructure Performance Rights and existing Spark Infrastructure Securities. See section 12.2 of this Scheme Booklet for details of the implications of the Schemes for Mr Francis' Spark Infrastructure Performance Rights. Spark Infrastructure Securityholders should have regard to these arrangements when considering Mr Francis' recommendation on the Schemes. Given the importance of the Schemes and Mr Francis' role in the management of Spark Infrastructure Group, the other Spark Infrastructure Directors consider that it is appropriate that Mr Francis make a recommendation on the Schemes. Mr Francis also considers that it is appropriate that he make a recommendation on the Schemes.

Subject to the same qualifications, each Spark Infrastructure Director will vote, or procure the voting of, any Spark Infrastructure Securities held or controlled by them at the time of the Meetings in favour of Schemes by voting in favour of the Resolutions at the Meetings. Details of the Relevant Interests of each Spark Infrastructure Director in Spark Infrastructure Securities are set out in section 11.1 of this Scheme Booklet.

(f) No Superior Proposal has emerged as at the date of this Scheme Booklet

Since Spark Infrastructure's first announcement on 15 July 2021 of Bidco's Initial and Revised Proposals and up to the date of this Scheme Booklet, no Superior Proposal has emerged and, as at the date of this Scheme Booklet, the Spark Infrastructure Directors are not aware of any Superior Proposal that is likely to emerge.

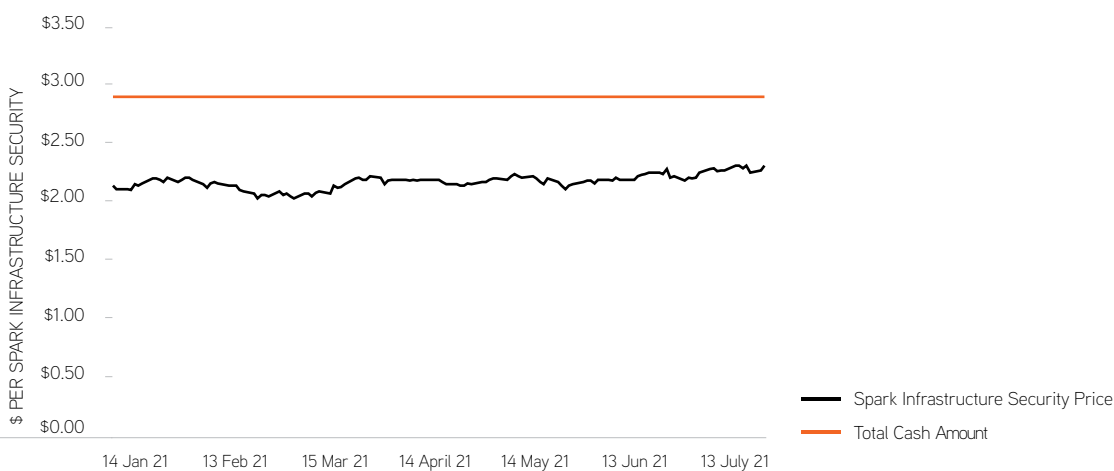
The Scheme Implementation Deed prohibits Spark Infrastructure from soliciting a Competing Proposal. However, Spark Infrastructure is permitted to respond to any Competing Proposal should the Spark Infrastructure Board determine that the Competing Proposal could reasonably be expected to become a Superior Proposal, and that failing to respond would, or would be reasonably likely to, constitute a breach of the Spark Infrastructure Directors' fiduciary or statutory duties. Further details of the key terms of the Scheme Implementation Deed are provided in section 12.1 of this Scheme Booklet.

(g) Spark Infrastructure Securities' price may fall if the Schemes do not proceed

If the Schemes do not proceed, Spark Infrastructure Securities will remain quoted on the ASX and will continue to be subject to market volatility, including general stock market movements, the impact of general economic conditions, and the demand for listed securities. As such, if the Schemes do not proceed, subject to no comparable proposal or Superior Proposal being implemented, the price at which Spark Infrastructure Securities trade may fall, including to a price that is below the Total Cash Amount of \$2.8875 per Spark Infrastructure Security.

The closing trading price on 13 July 2021, being the day before Spark Infrastructure Securities were placed in a trading halt on 14 July 2021 pending Spark Infrastructure's first announcement on 15 July 2021 of Bidco's Initial and Revised Proposals, was \$2.30 per Spark Infrastructure Security. See section 4.1(a) of this Scheme Booklet for the VWAP of Spark Infrastructure Securities over the one, three, and six month periods up to and including 13 July 2021.

The graph below shows the closing Spark Infrastructure Security price during the six months ended 13 July 2021.



Source: IRESS daily closing price data. IRESS has not consented to the use of this information in this Scheme Booklet.

Note: Market data is for the six months from 14 January 2021 to 13 July 2021, being the day before Spark Infrastructure Securities were placed in a trading halt on 14 July 2021 pending Spark Infrastructure's first announcement on 15 July 2021 of Bidco's Initial and Revised Proposals.

(h) If Spark Infrastructure pays a fully franked Special Distribution from the Spark Infrastructure Trust of \$0.12 per Spark Infrastructure Security before the Schemes are implemented, Spark Infrastructure Securityholders who are able to realise the full benefit of franking credits could receive additional value of approximately 5 cents per Spark Infrastructure Security

If the Schemes become Effective, subject to having received a favourable draft class ruling in respect of the Special Distribution from the ATO, Spark Infrastructure intends to pay, before the Schemes are implemented, a fully franked Special Distribution from the Spark Infrastructure Trust which is expected to be approximately \$0.12 per Spark Infrastructure Security.¹⁷ A determination of whether or not to pay a Special Distribution will be made by the Spark Infrastructure Board in its sole discretion.

If Spark Infrastructure pays a fully franked Special Distribution from the Spark Infrastructure Trust of \$0.12 per Spark Infrastructure Security before the Schemes are implemented, Spark Infrastructure Securityholders who are entitled to the franking credits attached to any Special Distribution may be entitled to an Australian tax offset of approximately 5 cents per Spark Infrastructure Security.¹⁸

In assessing the value to them of any Special Distribution, Spark Infrastructure Securityholders should seek independent professional taxation advice as to whether the receipt of any Special Distribution and any entitlement to franking credits attached to it is beneficial to them based on their own circumstances. In particular, Spark Infrastructure Securityholders should note that, depending on the timing of and price at which they acquired their Spark Infrastructure Securities, there may be differences in the tax consequences for them. See section 10 of this Scheme Booklet for further details.

(i) If the Schemes have not been implemented before 15 February 2022, Scheme Securityholders will be entitled to additional cash consideration from Bidco of \$0.01 per Spark Infrastructure Security on 15 February 2022, and \$0.0003333 per Spark Infrastructure Security per day (i.e. approximately \$0.01 per Spark Infrastructure Security per month), after that date until the Implementation Date

The Schemes include cash consideration in addition to the Total Cash Amount of \$2.8875 per Spark Infrastructure Security for any delays in Bidco securing necessary regulatory approvals. If the Implementation Date occurs on or after 15 February 2022, Scheme Securityholders will be entitled to additional cash consideration from Bidco of \$0.01 per Spark Infrastructure Security on 15 February 2022, and \$0.0003333 per Spark Infrastructure Security for each day (i.e. approximately \$0.01 per Spark Infrastructure Security per month) after that date until the Implementation Date.

This adjustment mechanism helps to protect Spark Infrastructure Securityholders against the risks associated with delays in Bidco securing necessary regulatory approvals and provides further certainty of value for Spark Infrastructure Securityholders under the Schemes.

(j) Scheme Securityholders will not incur any brokerage charges on the transfer of their Spark Infrastructure Securities if the Schemes proceed

Scheme Securityholders will not incur brokerage charges on the transfer of their Spark Infrastructure Securities to Bidco pursuant to the Schemes. If you dispose of your Spark Infrastructure Securities other than under the Schemes, you may incur brokerage charges.

¹⁷ The amount of any Special Distribution will reflect the franking credits available for distribution at the time the Special Distribution is expected to be paid. If the Schemes are implemented after 31 December 2021, the amount of any Special Distribution will be adjusted to reflect the availability of franking credits for distribution after payment of the Final Distribution.

¹⁸ The maximum benefit associated with the franking credits will be less if the Special Distribution is less than \$0.12 per Spark Infrastructure Security. The ability of Spark Infrastructure Securityholders to benefit from franking credits depends on their individual tax circumstances, including their tax residency and marginal tax rate.

4.2 Reasons you may want to vote against the Schemes by voting against the Resolutions

The Spark Infrastructure Board (including Spark Infrastructure's Managing Director) recommends that you vote in favour of the Schemes, subject to no Superior Proposal emerging and the Independent Expert continuing to conclude that the Schemes are in the best interests of Scheme Securityholders.¹⁹

However, there may be reasons which lead you to consider voting against the Schemes, including those set out below.

(a) You may disagree with the Spark Infrastructure Board's unanimous recommendation or the Independent Expert's conclusion

Despite the unanimous recommendation of the Spark Infrastructure Board to vote in favour of the Schemes, subject to no Superior Proposal emerging and the Independent Expert continuing to conclude that the Schemes are in the best interests of Scheme Securityholders, and the conclusion of the Independent Expert that the Schemes are fair and reasonable to Scheme Securityholders and therefore are in the best interests of Scheme Securityholders, in the absence of a Superior Proposal, you may believe that the Schemes are not in your best interests.

(b) You may prefer to have the opportunity to participate in any future value creation that may result from being a Spark Infrastructure Securityholder

If the Schemes are implemented, you will no longer be a Spark Infrastructure Securityholder and will forgo any benefits that may result from being a Spark Infrastructure Securityholder. This will mean that you will not participate in the future performance of Spark Infrastructure or retain any exposure to Spark Infrastructure's businesses or assets or have the potential to share in the value that could be generated by Spark Infrastructure in the future, including any distributions or capital growth.

You may consider that, despite the risk factors relevant to Spark Infrastructure's potential future operations (including those set out in section 9 of this Scheme Booklet), Spark Infrastructure may be able to return greater value from its assets by remaining an Australian listed entity or by seeking alternative corporate transactions in the future.

However, there is no guarantee as to Spark Infrastructure's future performance, as is the case with all investments.

(c) You may wish to maintain your investment in Spark Infrastructure Securities because there may be limited alternative ways of obtaining exposure to an investment in an Australian listed entity with comparable investment characteristics and a comparable asset portfolio to Spark Infrastructure

You may prefer to keep your Spark Infrastructure Securities to preserve your investment in an Australian listed entity with the specific characteristics and asset portfolio of Spark Infrastructure, including but not limited to industry, size, operational profile, capital structure, potential future distributions and governance. In particular, you may have regard to:

- (1) the long-term growth prospects of Spark Infrastructure's regulated and contracted assets driven by the transition of Australia's energy sector to a lower carbon future;
- (2) Spark Infrastructure's attractive distribution profile, and the corresponding protection against inflation provided by the inflation-linked operating cashflows of its asset portfolio which underpin distributions to Spark Infrastructure Securityholders; and
- (3) Spark Infrastructure's environmental, social and corporate governance credentials.

You may also consider that it would be difficult to identify or invest in alternative investments that have comparable investment characteristics and asset portfolios to that of Spark Infrastructure or may incur transaction costs in undertaking any new investment.

(d) You may believe that there is potential for a Superior Proposal to emerge in the foreseeable future

You may consider that a Superior Proposal could emerge in the foreseeable future. This may include a takeover offer or scheme of arrangement which would deliver total consideration to Spark Infrastructure Securityholders in excess of the Total Cash Amount under the Schemes.

However, as at the date of this Scheme Booklet, no Superior Proposal has emerged and the Spark Infrastructure Directors are not aware of any Superior Proposal that is likely to emerge.

¹⁹ Mr Richard Francis (Spark Infrastructure's Managing Director and Chief Executive Officer) will, if the Schemes become Effective, receive a total of \$6,731,331 in respect of his Spark Infrastructure Performance Rights and existing Spark Infrastructure Securities. See section 12.2 of this Scheme Booklet for details of the implications of the Schemes for Mr Francis' Spark Infrastructure Performance Rights. Spark Infrastructure Securityholders should have regard to these arrangements when considering Mr Francis' recommendation on the Schemes. Given the importance of the Schemes and Mr Francis' role in the management of Spark Infrastructure Group, the other Spark Infrastructure Directors consider that it is appropriate that Mr Francis make a recommendation on the Schemes. Mr Francis also considers that it is appropriate that he make a recommendation on the Schemes.

(e) The tax consequences of the Schemes may not suit your current financial circumstances

The tax consequences of the Schemes will depend on your personal situation.

You may consider that the tax consequences of the Schemes are not attractive to you. Spark Infrastructure Securityholders should read the tax implications of the Schemes outlined in section 10 of this Scheme Booklet. However, section 10 is general in nature, and Spark Infrastructure Securityholders should consult their own independent taxation advisers regarding the tax implications of the Schemes for their own particular circumstances.

4.3 Other Considerations**(a) The Schemes are subject to conditions**

In addition to the need to obtain Spark Infrastructure Securityholder approval and Court approval of the Creditors' Scheme and the Second Judicial Advice, the Schemes are subject to a number of other conditions. These Conditions Precedent are summarised in section 6.3 of this Scheme Booklet.

All of these Conditions Precedent need to be satisfied (or alternatively waived, in the case of certain Conditions Precedent that are capable of being waived) in order for the Schemes to proceed.

The Spark Infrastructure Board has reviewed these Conditions Precedent and does not consider them to be unduly onerous or inconsistent with market practice for a transaction of this nature.

As at the date of this Scheme Booklet, the Spark Infrastructure Directors are not aware of any circumstances which would cause the Conditions Precedent not to be satisfied (or waived, if applicable). An update as to the status of the Conditions Precedent will be provided at the Meetings.

(b) The Schemes may be implemented even if you vote against them

You should be aware that even if you do not vote on, or vote against the Resolutions, the Schemes will still be implemented if they are approved by Spark Infrastructure Securityholders at the Meetings, the Court approves the Creditors' Scheme and provides the Second Judicial Advice, and if all of the other conditions are satisfied (or if applicable, waived). If this occurs and you are a Spark Infrastructure Securityholder on the Scheme Record Date, your Spark Infrastructure Securities will be transferred to Bidco and you will receive as Scheme Consideration for each Scheme Security:

- (1) if the Schemes are implemented on or before 31 December 2021:
 - (A) cash consideration from Bidco under the Schemes of \$2.8875 per Spark Infrastructure Security; less
 - (B) the cash amount of any Special Distribution; and
- (2) if the Schemes are implemented after 31 December 2021:
 - (A) cash consideration from Bidco under the Schemes of \$2.8875 per Spark Infrastructure Security; less
 - (B) the cash amount of any Special Distribution; less
 - (C) the cash amount of the Final Distribution; plus
 - (D) if the Implementation Date is on or after 15 February 2022, the Additional Consideration,

even though you did not vote on, or voted against, the Resolutions.

If the Schemes become Effective, subject to having received a favourable draft class ruling in respect of the Special Distribution from the ATO, Spark Infrastructure intends to pay, before the Schemes are implemented, a fully franked Special Distribution from the Spark Infrastructure Trust which is expected to be approximately \$0.12 per Spark Infrastructure Security. The Spark Infrastructure Board will determine in its sole discretion whether to pay any Special Distribution. The amount of any Special Distribution will reflect the franking credits available for distribution at the time the Special Distribution is expected to be paid. If the Schemes are implemented after 31 December 2021, the amount of any Special Distribution will be adjusted to reflect the availability of franking credits for distribution after payment of the Final Distribution.

Assuming a Special Distribution of \$0.12 per Spark Infrastructure Security, the potential value in franking credits attached to the Special Distribution for those Spark Infrastructure Securityholders who are able to realise the full benefit of franking credits is approximately 5 cents per Spark Infrastructure Security.²⁰

In addition if the Schemes are implemented after 31 December 2021, you will receive the Final Distribution if you are a Spark Infrastructure Securityholder on the Final Distribution record date.²¹ Also, you should have received the Interim Distribution, if you were a Spark Infrastructure Securityholder on the Interim Distribution Record Date.

²⁰ The maximum benefit associated with the franking credits will be less if the Special Distribution is less than \$0.12 per Spark Infrastructure Security. The ability of Spark Infrastructure Securityholders to benefit from franking credits depends on their individual tax circumstances, including their tax residency and marginal tax rate. When assessing the benefit of franking credits attached to any Special Distribution, Spark Infrastructure Securityholders should also seek independent professional taxation advice as to whether or not receipt of the Special Distribution and any associated entitlement to a tax offset in respect of such franking credits will be of benefit to them based on their own individual circumstances. For further information see section 10 of this Scheme Booklet.

²¹ The amount of the Special Distribution will be adjusted to reflect the availability of franking credits for distribution after payment of the Final Distribution.

(c) Reimbursement Fee (payable by Spark Infrastructure)

A fee of \$52 million (excluding GST) (**Reimbursement Fee**) is payable by Spark Infrastructure to Bidco if the Schemes do not proceed because certain events occur, including, for example:

- (1) except in certain circumstances, one or more Spark Infrastructure Directors withdraws or adversely changes, adversely modifies, or adversely qualifies their recommendation of the Schemes;
- (2) one or more Spark Infrastructure Directors recommends a Competing Proposal;
- (3) a Competing Proposal is implemented or agreed; or
- (4) Bidco validly terminates the Scheme Implementation Deed because of Spark Infrastructure's material breach of a term of that document.

However, the Reimbursement Fee is not payable by Spark Infrastructure to Bidco simply because the Resolutions are not approved by Spark Infrastructure Securityholders. See section 12.1(e) of this Scheme Booklet for more details.

(d) Reverse Reimbursement Fee (payable by Bidco)

A fee of \$52 million (excluding GST) (**Reverse Reimbursement Fee**), is payable by Bidco to Spark Infrastructure if the Schemes do not proceed because Spark Infrastructure validly terminates the Scheme Implementation Deed because of Bidco's material breach of a term of that document. See section 12.1(f) of this Scheme Booklet for more details.

However, the Reverse Reimbursement Fee is not payable by Bidco to Spark Infrastructure simply because Bidco does not obtain, among other regulatory approvals, FIRB approval. See section 12.1(f) of this Scheme Booklet for more details.

(e) Costs

Spark Infrastructure has incurred significant costs in respect of the Schemes, including those to conduct negotiations with Bidco, retain advisers, provide information to Bidco, engage the Independent Expert and prepare this Scheme Booklet.

If the Schemes do not proceed, subject to no comparable proposal or Superior Proposal being implemented, Spark Infrastructure is likely to incur external transaction related costs of approximately \$9 million (excluding GST). This assumes no Reimbursement Fee is payable by Spark Infrastructure to Bidco and no Reverse Reimbursement Fee is payable by Bidco to Spark Infrastructure (see sections 12.1(e) and 12.1(f) of this Scheme Booklet for more information as to when the Reimbursement Fee and Reverse Reimbursement Fee may be payable).

If the Schemes are implemented, Spark Infrastructure expects to pay approximately \$27 million (excluding GST) in external transaction related costs. These costs will effectively be met by Bidco as the ultimate controller of Spark Infrastructure following implementation of the Schemes.

(f) Implications if the Schemes do not proceed

If the Resolutions are not approved by Spark Infrastructure Securityholders or the Court does not approve the Creditors' Scheme and provide the Second Judicial Advice, or if any of the other conditions set out in section 6.3 of this Scheme Booklet are not satisfied (or waived, if applicable), the Schemes will not proceed. In those circumstances:

- (1) Spark Infrastructure Securityholders will not receive the Scheme Consideration;
- (2) Spark Infrastructure will not declare and pay any Special Distribution; and
- (3) Spark Infrastructure Group will remain listed on the ASX.

Spark Infrastructure Securityholders will retain their Spark Infrastructure Securities and, in doing so, will continue to have the benefits of their current Spark Infrastructure Group investment and continue to be exposed to the risks of holding their Spark Infrastructure Securities (see section 9 of this Scheme Booklet in respect of risks relating to an investment in Spark Infrastructure Securities).

Spark Infrastructure Securityholders who held Spark Infrastructure Securities on the Interim Distribution Record Date will still have received the Interim Distribution (and the benefit of any franking credits attached to the Interim Distribution) and Spark Infrastructure will continue to target a Final Distribution for the 2021 financial year of \$0.0625 per Spark Infrastructure Security, subject to business conditions.

Subject to no comparable proposal or Superior Proposal being implemented, there is a risk that Spark Infrastructure Securityholders may not be able to realise a price for all of their Spark Infrastructure Securities comparable to the Total Cash Amount that they would receive under the Schemes.

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5

FREQUENTLY ASKED QUESTIONS



5 FREQUENTLY ASKED QUESTIONS

This section 5 answers some frequently asked questions about the Schemes. It is not intended to address all relevant issues for Spark Infrastructure Securityholders. This section 5 should be read together with all other parts of this Scheme Booklet.

QUESTION	ANSWER	MORE INFORMATION
Background and overview of the Schemes		
<i>Why have I received this Scheme Booklet?</i>	<p>This Scheme Booklet has been sent or made available to you because you are a Spark Infrastructure Securityholder and you are being asked to vote on the Resolutions.</p> <p>This Scheme Booklet is intended to help you to consider and decide on how to vote on the Resolutions at the Meetings.</p>	Section 6.
<i>What is the Transaction?</i>	The Transaction is the acquisition by Bidco of 100% of the Spark Infrastructure Securities by way of the Schemes.	Section 2.1
<i>Why are there two schemes?</i>	<p>There are two schemes because Spark Infrastructure Securities comprise a Spark Infrastructure Unit stapled to a Spark Infrastructure Note, requiring the Transaction to be implemented by the following two interdependent schemes:</p> <ul style="list-style-type: none"> the Creditors' Scheme, being the scheme of arrangement between Spark Infrastructure and the Scheme Securityholders (as holders of Spark Infrastructure Notes) for, among other matters, the transfer of all of the Spark Infrastructure Notes to Bidco; and the Trust Scheme under which, among other matters, all of the Spark Infrastructure Units will be transferred to Bidco, facilitated by an amendment to the Spark Infrastructure Trust Constitution as set out in the Spark Infrastructure Trust Supplemental Deed. 	<p>Section 6.4</p> <p>Creditors' Scheme attached as Annexure D</p> <p>Spark Infrastructure Trust Supplemental Deed attached as Annexure B</p>
<i>Where can I get further information?</i>	<p>If you have any questions or require further information in relation to this Scheme Booklet or the Schemes, you can contact the Spark Infrastructure Securityholder Information Line on 1300 513 794 (within Australia) or +61 2 9066 4082 (outside Australia), between 8.30am and 5.00pm (Sydney time), Monday to Friday excluding public holidays.</p> <p>If you are in any doubt as to what you should do, please consult the appropriate legal, financial, tax or other professional advisers.</p>	N/A
Scheme Consideration and Distributions		
<i>What is the Scheme Consideration?</i>	<p>If the Schemes are implemented on or before 31 December 2021, Scheme Securityholders will be entitled to receive from Bidco the following consideration for each Scheme Security:</p> <ul style="list-style-type: none"> cash consideration of \$2.8875 per Spark Infrastructure Security; less the cash amount of any Special Distribution. <p>If the Schemes are implemented after 31 December 2021, Scheme Securityholders will be entitled to receive from Bidco the following consideration for each Scheme Security:</p> <ul style="list-style-type: none"> cash consideration of \$2.8875 per Spark Infrastructure Security; less the cash amount of any Special Distribution; less the cash amount of the Final Distribution; plus if the Schemes are implemented on or after 15 February 2022, the Additional Consideration. 	Section 6.2

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QUESTION	ANSWER	MORE INFORMATION
<i>What is the Special Distribution?</i>	<p>If the Schemes become Effective, subject to having received a favourable draft class ruling in respect of the Special Distribution from the ATO, Spark Infrastructure intends to pay, before the Schemes are implemented, a Special Distribution from the Spark Infrastructure Trust.</p> <p>The Spark Infrastructure Board will determine in its sole discretion whether to pay any Special Distribution.</p> <p>The amount of any Special Distribution will reflect the franking credits available for distribution at the time the Special Distribution is expected to be paid. If the Schemes are implemented on or before 31 December 2021, the Special Distribution is expected to be approximately \$0.12 per Spark Infrastructure Security. If the Schemes are implemented after 31 December 2021, the amount of the Special Distribution will be adjusted to reflect the availability of franking credits for distribution after payment of the Final Distribution.</p> <p>The Special Distribution is expected to be declared, and the amount of the Special Distribution announced, shortly before the date of the Meetings, with payment being conditional on the Schemes becoming Effective.</p>	Sections 2.2 and 6.2
<i>What is the Final Distribution</i>	<p>As previously announced by the Spark Infrastructure Board, Spark Infrastructure is targeting a Final Distribution of \$0.0625 cash per Spark Infrastructure Security, subject to business conditions.</p> <p>The record date for the Final Distribution is expected to be 31 December 2021.</p>	Section 6.2
<i>What is the Additional Consideration</i>	<p>If the Schemes have not been implemented before 15 February 2022, the Scheme Consideration will be increased by the Additional Consideration of \$0.01 or 1 cent per Scheme Security on 15 February 2022, and \$0.0003333 per Scheme Security per day (i.e. approximately \$0.01 per Scheme Security per month) after 15 February 2022 until the Implementation Date.</p>	Section 6.2
<i>When will the Scheme Consideration be paid?</i>	<p>If the Schemes become Effective, Bidco will pay the Scheme Consideration to Scheme Securityholders on the Implementation Date.</p>	Section 6.2(c)
<i>When will the Special Distribution be paid?</i>	<p>If Spark Infrastructure pays a Special Distribution from the Spark Infrastructure Trust, Spark Infrastructure will pay the Special Distribution to Spark Infrastructure Securityholders who hold Spark Infrastructure Securities on the Special Distribution Record Date on the Special Distribution Payment Date, which will be before the Scheme Record Date.</p>	Section 6.2(c)
<i>How will the Scheme Consideration and Special Distribution be paid?</i>	<p>Scheme Securityholders who have validly registered their bank account details with the Spark Infrastructure Securities Registry will have their Scheme Consideration sent directly to their bank account. Otherwise, Scheme Securityholders will have their Scheme Consideration sent by cheque to their Registered Address.</p> <p>Spark Infrastructure Securityholders who have validly registered their bank account details with the Spark Infrastructure Securities Registry will have their Special Distribution sent directly to their bank account. Otherwise, Spark Infrastructure Securityholders will have their Special Distribution sent by cheque to their Registered Address.</p> <p>Spark Infrastructure Securityholders are encouraged to provide their bank account details to the Spark Infrastructure Securities Registry either by phone on 1800 000 639 (within Australia) or +61 2 9290 9600 (outside Australia), between 8.30am and 5.00pm (Sydney time), Monday to Friday excluding public holidays, to receive an electronic funds transfer form which can be completed and returned to the Spark Infrastructure Securities Registry, or online at www.investorserve.com.au.</p>	Section 6.2(c)

QUESTION	ANSWER	MORE INFORMATION
Voting recommendations and considerations		
<p><i>What does the Spark Infrastructure Board recommend?</i></p>	<p>The Spark Infrastructure Board (including Spark Infrastructure’s Managing Director) unanimously recommends that Spark Infrastructure Securityholders vote in favour of the Schemes, subject to no Superior Proposal emerging and the Independent Expert continuing to conclude that the Schemes are in the best interests of Scheme Securityholders.</p> <p>Mr Richard Francis (Spark Infrastructure’s Managing Director and Chief Executive Officer) will, if the Schemes become Effective, receive a total of \$6,731,331 in respect of his Spark Infrastructure Performance Rights and existing Spark Infrastructure Securities. See section 12.2 of this Scheme Booklet for details of the implications of the Schemes for Mr Francis’ Spark Infrastructure Performance Rights. Spark Infrastructure Securityholders should have regard to these arrangements when considering Mr Francis’ recommendation on the Schemes. Given the importance of the Schemes and Mr Francis’ role in the management of Spark Infrastructure Group, the other Spark Infrastructure Directors consider that it is appropriate that Mr Francis make a recommendation on the Schemes. Mr Francis also considers that it is appropriate that he make a recommendation on the Schemes.</p> <p>In considering whether to vote in favour of the Schemes, the Spark Infrastructure Board encourages you to:</p> <ul style="list-style-type: none"> • carefully read all of this Scheme Booklet (including the Independent Expert’s Report); • have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances; and • obtain advice from your legal, financial, tax or other professional advisers on the effect of the Schemes becoming Effective. 	<p>Sections 6.6 and 12.2</p>
<p><i>What is the opinion of the Independent Expert?</i></p>	<p>The Independent Expert has concluded that the Schemes are in the best interests of Scheme Securityholders, in the absence of a Superior Proposal.</p>	<p>Section 6.8</p>
<p><i>How do the Spark Infrastructure Directors intend to vote?</i></p>	<p>Each Spark Infrastructure Director will vote, or procure the voting of, any Spark Infrastructure Securities held or controlled by them at the time of the Meetings in favour of the Schemes by voting in favour of the Resolutions at the Meetings, subject to no Superior Proposal emerging and the Independent Expert continuing to conclude that the Schemes are in the best interests of Scheme Securityholders.</p>	<p>Section 6.7</p>

QUESTION	ANSWER	MORE INFORMATION
Conditions to the Schemes and approval of the Schemes		
<i>Are there any conditions to the Schemes?</i>	<p>Implementation of the Schemes is subject to a number of Conditions Precedent, including:</p> <ul style="list-style-type: none"> • approval from FIRB; • approval from China's State Administration for Market Regulation;²² • relief from ASIC and ASX in relation to the Schemes; • approval of all of the Resolutions by the requisite majorities of Spark Infrastructure Securityholders; • the Independent Expert continuing to conclude that the Schemes are in the best interests of Scheme Securityholders, in the absence of a Superior Proposal; • the Court approves the Creditors' Scheme and provides the Second Judicial Advice; • no court or Government Agency restraints that prevent implementation of the Schemes; • no Spark Infrastructure Prescribed Occurrence; • no Spark Infrastructure Material Adverse Change; and • the representations and warranties given by Spark Infrastructure being true and correct in all material respects. <p>The Schemes will not proceed unless all the Conditions Precedent are satisfied (or waived, if applicable) before 24 May 2022 (or such later date as Spark Infrastructure and Bidco may agree) in accordance with the Scheme Implementation Deed.</p> <p>As at the date of this Scheme Booklet, the Conditions Precedent relating to approval from China's State Administration for Market Regulation and ASIC and ASX relief have been satisfied.</p>	Section 6.3
<i>When and where will the Meetings be held?</i>	The Meetings will be conducted concurrently in all respects, and will be held at 11.00am (Sydney time) on Monday, 22 November 2021 online at https://web.lumiagm.com .	Notices of Meetings attached as Annexure F
<i>What will the Spark Infrastructure Securityholders be asked to vote on at the Meetings?</i>	<p>Spark Infrastructure Securityholders will be asked at the Meetings to vote on the following resolutions:</p> <ul style="list-style-type: none"> • the Creditors' Resolutions – to approve the Creditors' Scheme under which Bidco acquires all the Spark Infrastructure Notes (Creditors' Scheme Resolution) and to approve the amendments to the Spark Infrastructure Note Trust Deed as set out in the Spark Infrastructure Note Trust Deed Supplemental Deed (Spark Infrastructure Note Trust Deed Resolution); and • the Trust Resolutions – to approve the amendments to the Spark Infrastructure Trust Constitution as set out in the Spark Infrastructure Trust Supplemental Deed (Trust Constitution Amendment Resolution) and to approve the acquisition by Bidco of all the Spark Infrastructure Units (Trust Acquisition Resolution). 	Section 6.4 Notices of Meetings attached as Annexure F

²² The Scheme Implementation Deed was amended on 1 October 2021 to remove approval of the Israeli Competition Authority as a Condition Precedent as it is not required.

QUESTION	ANSWER	MORE INFORMATION
<p><i>What is the Spark Infrastructure Securityholder approval threshold for the Resolutions?</i></p>	<p>For the Creditors' Resolutions to be approved:</p> <ul style="list-style-type: none"> • The Creditors' Scheme Resolution must be passed by: <ul style="list-style-type: none"> – a majority in number (more than 50%) of Spark Infrastructure Securityholders present and voting (in person or by proxy, attorney or corporate representative); and – at least 75% of the total number of votes cast on the Creditors' Scheme Resolution by Spark Infrastructure Securityholders entitled to vote on the Creditors' Scheme Resolution; and • the Spark Infrastructure Note Trust Deed Resolution must be passed by at least 75% of the total number of votes cast on the Spark Infrastructure Note Trust Deed Resolution by Spark Infrastructure Securityholders entitled to vote on the Spark Infrastructure Note Trust Deed Resolution. <p>For the Trust Resolutions to be approved:</p> <ul style="list-style-type: none"> • the Trust Constitution Amendment Resolution must be passed by at least 75% of the total number of votes cast by Spark Infrastructure Securityholders entitled to vote on the Trust Constitution Amendment Resolution; and • the Trust Acquisition Resolution must be passed by more than 50% of the total number of votes cast by Spark Infrastructure Securityholders entitled to vote on the Trust Acquisition Resolution. Bidco and its Associates must not cast any votes in favour of this Resolution. 	<p>Section 6.4</p> <p>Notices of Meetings attached as Annexure F</p>
<p><i>Am I entitled to vote at the Meetings?</i></p>	<p>You will be entitled to vote at the Meetings if you are registered as a Spark Infrastructure Securityholder on the Spark Infrastructure Securities Register at 7:00pm (Sydney time) on the date which is two days before the Meetings (two days prior is currently expected to be Saturday, 20 November 2021).</p>	<p>Notices of Meetings attached as Annexure F</p>
<p><i>How can I vote if I can't attend the Meetings?</i></p>	<p>If you would like to vote but cannot attend the Meetings in person, you can vote by appointing a proxy, attorney or corporate representative (if applicable) to attend and vote on your behalf, including by completing and returning to the Spark Infrastructure Securities Registry the Proxy Form, or lodging your proxy online at https://www.votingonline.com.au/skism2021 and following the instructions on the Proxy Form.</p>	<p>Notices of Meetings attached as Annexure F</p>
<p><i>When will the results of the Meetings be known?</i></p>	<p>The results of the Meetings will be available as soon as possible after the conclusion of the Meetings and will be announced to the ASX (www.asx.com.au) once available.</p>	<p>Section 6.4(f)</p>

QUESTION	ANSWER	MORE INFORMATION
<i>What happens if the Court does not approve the Creditors' Scheme or provide the Second Judicial Advice or the Schemes do not otherwise proceed?</i>	<p>If the Court does not approve the Creditors' Scheme or provide the Second Judicial Advice or the Schemes do not otherwise proceed, subject to no comparable proposal or Superior Proposal being implemented:</p> <ul style="list-style-type: none"> • Spark Infrastructure Securityholders will continue to hold Spark Infrastructure Securities and will be exposed to general and specific risks relating to an investment in Spark Infrastructure Securities, including those set out in section 9 of this Scheme Booklet; • Spark Infrastructure Securityholders will not receive the Scheme Consideration; • Spark Infrastructure will not declare and pay the Special Distribution; • the Reimbursement Fee may be payable by Spark Infrastructure to Bidco under certain circumstances. Those circumstances will not include the failure by Spark Infrastructure Securityholders to pass the Resolutions at the Meetings; and • the Reverse Reimbursement Fee may be payable by Bidco to Spark Infrastructure under certain circumstances. <p>Spark Infrastructure Group will continue as an ASX-listed entity with management continuing to implement the business plan, and financial and operating strategies it had in place prior to Spark Infrastructure's announcement of its entry into the Scheme Implementation Deed on 23 August 2021.</p>	Section 6.9
<i>What happens to my Spark Infrastructure Securities if I do not vote, or if I vote against the Resolutions, and the Schemes become Effective and are implemented?</i>	<p>If you do not vote, or vote against the Resolutions and the Schemes become Effective and are implemented, any Spark Infrastructure Securities held by you on the Scheme Record Date (currently expected to be 10 December 2021) will be transferred to Bidco and you will be sent the Scheme Consideration, despite not having voted on or having voted against the Resolutions.</p>	Section 4.3(b)
Information about Bidco and the Consortium		
<i>Who is Bidco?</i>	<p>If the Schemes are implemented, Bidco will become the holder of all Scheme Securities.</p> <p>Bidco is an Australian special purpose company incorporated for the purpose of acquiring the Scheme Securities.</p> <p>The direct holding company of Bidco is Pika Holdco. As at the date of this Scheme Booklet, Pika Holdco is owned by KKR Acquisition Co, OTPP Acquisition Co and PSP Acquisition Trust, each holding a 33.33% interest.</p>	Section 8.1
<i>Who is KKR?</i>	<p>KKR Acquisition Co is indirectly controlled by funds and/or investment vehicles managed and/or advised by KKR.</p> <p>KKR is a leading global investment firm with approximately US\$429 billion in assets under management.</p> <p>KKR has significant experience and deep roots in infrastructure investing and has approximately US\$38.2 billion in infrastructure assets under management as at 30 June 2021.</p>	<p>Section 8.1(b)</p> <p>For additional information about KKR, please visit KKR's website www.kkr.com</p>

QUESTION	ANSWER	MORE INFORMATION
<i>Who is OTPP?</i>	OTPP Acquisition Co is wholly-owned by OTPP. OTPP, an independent statutory corporation without share capital established by the <i>Teachers' Pension Act</i> (Ontario), is the administrator of Canada's largest single-profession pension plan, with approximately C\$227.7 billion in assets under management as at 30 June 2021.	Section 8.1(c) For additional information about OTPP, please visit OTPP's website www.otpp.com
<i>Who is PSP Investments?</i>	PSP Acquisition Trust is wholly-owned by PSP Investments. PSP Investments is a Canadian Crown corporation, incorporated under the <i>Public Sector Pension Investment Board Act</i> (Canada). PSP Investments' infrastructure group invests globally on a long-term basis, primarily in the sectors of transportation, communications and utilities, which include renewable power. PSP Investments has approximately C\$204.5 billion in assets under management as at 31 March 2021.	Section 8.1(d) For additional information about PSP Investments, please visit PSP Investments' website www.investpsp.com
<i>What are Bidco's intentions if the Schemes are implemented?</i>	Bidco's current intention, subject to a detailed review of Spark Infrastructure's assets and operations post-acquisition, is to continue the strategic direction and operations of Spark Infrastructure, whereby it continues to focus on investing in services infrastructure businesses, primarily electricity distribution and transmission businesses in Australia.	Section 8.3
<i>How is Bidco funding the Scheme Consideration?</i>	Bidco intends to fund payment of the Scheme Consideration using a combination of debt and equity. For the equity, Bidco has received legally binding Equity Commitment Letters from the Equity Commitment Parties. For the debt, Bidco has entered into a Debt Commitment Letter with the Mandated Lead Arrangers and Bookrunners.	Section 8.2
<i>Other questions</i>		
<i>What happens if a Competing Proposal is received?</i>	Under the Scheme Implementation Deed, Spark Infrastructure is bound by certain exclusivity obligations, including in relation to a Competing Proposal. Subject to Spark Infrastructure's exclusivity obligations under the Scheme Implementation Deed, the Spark Infrastructure Board will carefully consider a Competing Proposal and, as appropriate, advise you of their recommendation should such a Competing Proposal arise. As at the date of this Scheme Booklet, the Spark Infrastructure Directors are not aware of any Competing Proposal. If the Spark Infrastructure Board or any Spark Infrastructure Director withdraws or adversely modifies its or their recommendation on the Schemes, Spark Infrastructure may be obliged to pay Bidco the Reimbursement Fee.	Section 12.1
<i>Is there a Reimbursement Fee?</i>	Spark Infrastructure must pay Bidco the Reimbursement Fee in certain circumstances (unless the Schemes become Effective). The Reimbursement Fee will not be payable as a result of the Resolutions not being approved by Spark Infrastructure Securityholders at the Meetings.	Section 12.1
<i>Is there a Reverse Reimbursement Fee?</i>	Bidco must pay Spark Infrastructure the Reverse Reimbursement Fee in certain circumstances (unless the Schemes become Effective).	Section 12.1

QUESTION	ANSWER	MORE INFORMATION
<i>Can I sell my Spark Infrastructure Securities now?</i>	Yes. You can sell your Spark Infrastructure Securities on market at any time before the close of trading on the ASX on the Effective Date (assuming the Resolutions are approved by Spark Infrastructure Securityholders at the Meetings and the Court approves the Creditors' Scheme and provides the Second Judicial Advice, the other Conditions Precedent are satisfied or, if applicable, waived, and Spark Infrastructure applies to the ASX for Spark Infrastructure Securities to be suspended from trading on the ASX from close of trading on the Effective Date) at the prevailing market price at that time (which may vary from the Scheme Consideration). If you do so, you will not receive the Scheme Consideration or any Special Distribution and you may incur brokerage costs.	N/A
<i>What are the tax implications of the Schemes?</i>	<p>The tax implications of the Schemes will depend on your personal circumstances.</p> <p>A general outline of the main Australian tax implications of the Schemes for certain Spark Infrastructure Securityholders is set out in section 10 of this Scheme Booklet.</p> <p>As this outline is general in nature, you should consult with your own tax advisers for detailed tax advice regarding the Australian and, if applicable, foreign tax implications for participating in the Schemes in light of the particular circumstances which apply to you before making a decision as to how to vote on the Schemes.</p> <p>Section 10 sets out further details on the tax implications of the Schemes.</p>	Section 10

6

KEY FEATURES OF THE SCHEMES

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6 KEY FEATURES OF THE SCHEMES

6.1

Background

On 15 July 2021, Spark Infrastructure announced that it had received two conditional and non-binding indicative proposals from the Consortium to acquire all of the Spark Infrastructure Securities by way of schemes. The proposals included an initial proposal (**Initial Proposal**) for an all-cash consideration of \$2.70 per Spark Infrastructure Security, to be reduced to the extent that Spark Infrastructure paid or declared a distribution to Spark Infrastructure Securityholders prior to the implementation date, and a subsequent revised proposal (**Revised Proposal**) for an all-cash consideration of \$2.80 per Spark Infrastructure Security on the same basis as the Initial Proposal. Spark Infrastructure had already announced on 1 July 2021 the Interim Distribution, so the effective cash consideration under the Initial Proposal and the Revised Proposal was \$2.6375 and \$2.7375 per Spark Infrastructure Security, respectively.

On receiving the Initial Proposal, the Spark Infrastructure Board engaged advisers to assist it with its assessment of the proposals, to test the market for potential competing proposals and to help it secure a proposal that the Spark Infrastructure Board would be prepared to recommend to Spark Infrastructure Securityholders.

Subsequent to Spark Infrastructure receiving the Revised Proposal and the Consortium (or affiliates of the Consortium Members) entering into the Confidentiality Agreement, the Spark Infrastructure Board provided the Consortium with a management presentation and access to certain other limited information.

On 28 July 2021, Spark Infrastructure announced that it had received a further revised proposal (**Further Revised Proposal**) from the Consortium for all-cash consideration of \$2.95 per Spark Infrastructure Security, to be reduced to the extent that Spark Infrastructure pays or declares any distribution to Spark Infrastructure Securityholders prior to the implementation date. The effective cash consideration under the Further Revised Proposal was therefore \$2.8875 per Spark Infrastructure Security.

Subsequent to Spark Infrastructure receiving the Further Revised Proposal, the Spark Infrastructure Board granted the Consortium access for due diligence on a non-exclusive basis.

On 23 August 2021, Spark Infrastructure announced that it had entered into the Scheme Implementation Deed with Bidco, under which Bidco agreed to acquire all of the Spark Infrastructure Securities on issue by way of an interdependent Creditors' Scheme and Trust Scheme in return for the Scheme Consideration being, for each Scheme Security:

- (a) an amount of \$2.95 per Spark Infrastructure Security;²³ less
- (b) the cash amount of any distributions to which Scheme Securityholders become entitled on or before the Implementation Date, including the Interim Distribution, any Special Distribution and any Final Distribution; plus
- (c) the amount of any Additional Consideration.

A brief summary of the Scheme Implementation Deed is included in section 12.1 of this Scheme Booklet.

This section 6 contains an overview of the Schemes.

If the Schemes are implemented, Spark Infrastructure Trust will become a wholly owned Subsidiary of Bidco.

²³ As the Interim Distribution of \$0.0625 per Spark Infrastructure Security has been paid as at the date of this Scheme Booklet, the amount of the Interim Distribution has been deducted from the \$2.95 amount agreed in the Scheme Implementation Deed for purposes of describing the Scheme Consideration in this Scheme Booklet.

6.2 Scheme Consideration

(a) Implementation on or before 31 December 2021

If the Implementation Date is on or before 31 December 2021, Scheme Securityholders will be entitled to receive from Bidco the following Scheme Consideration for each Scheme Security:

- cash consideration of \$2.8875 per Spark Infrastructure Security; less
- the cash amount of any Special Distribution.

If the Schemes become Effective, subject to having received a favourable draft class ruling in respect of the Special Distribution from the ATO, Spark Infrastructure intends to pay, before the Schemes are implemented, a Special Distribution from the Spark Infrastructure Trust. The cash amount of the Special Distribution that may be paid is capped at \$0.125 per Spark Infrastructure Security under the Scheme Implementation Deed.

Having regard to available franking credits, and Spark Infrastructure's intention that the Special Distribution be franked to the maximum extent possible, if the Implementation Date is on or before 31 December 2021, Spark Infrastructure expects to pay a Special Distribution of approximately \$0.12 in cash for each Spark Infrastructure Security held as at the Special Distribution Record Date.²⁴

Depending on individual tax circumstances (including tax residency and marginal tax rate), assuming a distribution of \$0.12 per Spark Infrastructure Security, the Special Distribution may provide Spark Infrastructure Securityholders with franking credits providing an additional value of approximately 5 cents per Spark Infrastructure Security.²⁵

The Special Distribution is expected to be declared, and the amount of the Special Distribution announced, shortly before the date of the Meetings, with payment being conditional on the Schemes becoming Effective.

As all Scheme Securityholders²⁶ will receive both the Scheme Consideration and the Special Distribution, each Scheme Securityholder will receive Total Cash Amount of \$2.8875 per Scheme Security.

(b) Implementation after 31 December 2021

The record date for Spark Infrastructure's final distribution for the 2021 financial year is expected to be 31 December 2021. As previously announced by the Spark Infrastructure Board, Spark Infrastructure is targeting a Final Distribution of \$0.0625 cash per Spark Infrastructure Security, subject to business conditions, and it is anticipated that approximately 1.5 cents of franking credits per Spark Infrastructure Security will be attached to the Final Distribution.

Accordingly, if the Implementation Date for the Schemes is after 31 December 2021, Scheme Securityholders will be entitled to receive from Bidco the following Scheme Consideration for each Scheme Security:

- cash consideration of \$2.8875 per Spark Infrastructure Security; less
- the cash amount of any Special Distribution; less
- the cash amount of the Final Distribution; plus
- if the Implementation Date is on or after 15 February 2022, the Additional Consideration.

The amount of the Special Distribution will reflect the franking credits available for distribution at the time the Special Distribution is expected to be paid. If the Implementation Date is after 31 December 2021, the amount of the Special Distribution will be adjusted to reflect the availability of franking credits for distribution after payment of the Final Distribution.

The Special Distribution is expected to be declared, and the amount of the Special Distribution announced, shortly before the date of the Meetings, with payment being conditional on the Schemes becoming Effective.

If the Schemes have not been implemented before 15 February 2022, the Scheme Consideration will be increased by the Additional Consideration of \$0.01 per Scheme Security on 15 February 2022, and \$0.0003333 per Scheme Security per day (i.e. approximately \$0.01 per Scheme Security per month) after that date until the Implementation Date.

The Total Cash Amount of \$2.8875 per Scheme Security will be reduced by the cash amount of the Final Distribution and increased by the amount of any Additional Consideration.

²⁴ The Spark Infrastructure Board will determine in its sole discretion whether to pay any Special Distribution. The amount of any Special Distribution will reflect the franking credits available for distribution at the time the Special Distribution is expected to be paid. If the Schemes are implemented after 31 December 2021, the amount of any Special Distribution will be adjusted to reflect the availability of franking credits for distribution after payment of the Final Distribution.

²⁵ The maximum benefit associated with the franking credits will be less if the Special Distribution is less than \$0.12 per Spark Infrastructure Security. The ability of Spark Infrastructure Securityholders to benefit from franking credits depends on their individual tax circumstances, including their tax residency and marginal tax rate. When assessing the benefit of franking credits attached to any Special Distribution, Spark Infrastructure Securityholders should also seek independent professional taxation advice as to whether or not receipt of any Special Distribution and any associated entitlement to a tax offset in respect of such franking credits will be of benefit to them based on their own individual circumstances. For further information see section 10 of this Scheme Booklet.

²⁶ Provided that Scheme Securityholders acquired their Spark Infrastructure Securities on or before the Special Distribution Record Date and continued to hold those securities on the Scheme Record Date.

(c) Payment of Scheme Consideration and Special Distribution

If the Schemes become Effective:

- Bidco will pay the Scheme Consideration to Scheme Securityholders on the Implementation Date; and
- Spark Infrastructure will pay the Special Distribution to Spark Infrastructure Securityholders who hold Spark Infrastructure Securities on the Special Distribution Record Date on the Special Distribution Payment Date, which will be before the Scheme Record Date.²⁷

Scheme Securityholders who have validly registered their bank account details with the Spark Infrastructure Securities Registry will have their Scheme Consideration sent directly to their bank account. Otherwise, Scheme Securityholders will have their Scheme Consideration sent by cheque to their Registered Address.

Spark Infrastructure Securityholders who have validly registered their bank account details with the Spark Infrastructure Securities Registry will have their Special Distribution sent directly to their bank account. Otherwise, Spark Infrastructure Securityholders will have their Special Distribution sent by cheque to their Registered Address.

Spark Infrastructure Securityholders are encouraged to provide their bank account details to the Spark Infrastructure Securities Registry either by phone on 1800 000 639 (within Australia) or +61 2 9290 9600 (outside Australia), between 8.30am and 5.00pm (Sydney time), Monday to Friday excluding public holidays, to receive an electronic funds transfer form which can be completed and returned to the Spark Infrastructure Securities Registry, or online at www.investorserve.com.au.

6.3 Conditions to the Schemes

Implementation of the Schemes is subject to a number of Conditions Precedent, including:

- approval from FIRB;
- approval from China's State Administration for Market Regulation;²⁸
- relief from ASIC and ASX in relation to the Schemes;
- approval of all of the Resolutions by the requisite majorities of Spark Infrastructure Securityholders;
- the Independent Expert continuing to conclude that the Schemes are in the best interests of the Scheme Securityholders, in the absence of a Superior Proposal;
- the Court approving the Creditors' Scheme and providing the Second Judicial Advice;
- no court or Government Agency restraints that prevent implementation of the Schemes;
- no Spark Infrastructure Prescribed Occurrence;
- no Spark Infrastructure Material Adverse Change; and
- the representations and warranties given by Spark Infrastructure being true and correct in all material respects.

The Conditions Precedent are set out in full in clause 3.1 of the Scheme Implementation Deed.

The Schemes will not proceed unless all the Conditions Precedent are satisfied (or waived, if applicable) before 24 May 2022 (or such later date as Spark Infrastructure and Bidco may agree) in accordance with the Scheme Implementation Deed.

As at the date of this Scheme Booklet, the Conditions Precedent relating to approval from China's State Administration for Market Regulation and ASIC and ASX relief have been satisfied.

As at the date of this Scheme Booklet, the Treasurer of the Commonwealth of Australia has not yet provided notice that the Commonwealth Government has no objection to the Schemes under the *Foreign Acquisitions and Takeovers Act 1975* (Cth). An update on the status of the FIRB approval will be provided at the Meetings.

²⁷ The Spark Infrastructure Board will determine in its sole discretion whether to pay any Special Distribution.

²⁸ The Scheme Implementation Deed was amended on 1 October 2021 to remove approval of the Israeli Competition Authority as a Condition Precedent as it is not required.

The Scheme Implementation Deed may also be terminated in certain circumstances, in which case Spark Infrastructure and Bidco will not be required to proceed with the Schemes, including:

- (a) material unremedied breach of the Scheme Implementation Deed by Spark Infrastructure or Bidco;
- (b) material unremedied breach of representations and warranties given by Spark Infrastructure and Bidco;
- (c) occurrence of a Spark Infrastructure Prescribed Occurrence or Spark Infrastructure Regulated Event, which is not remedied; and
- (d) any Spark Infrastructure Director changing their recommendation or stating that they no longer support the Schemes.

The termination rights are set out in full in clauses 14.1 and 14.2 of the Scheme Implementation Deed.

As at the date of this Scheme Booklet, the Spark Infrastructure Directors are not aware of the existence of any issue that would cause any of the Conditions Precedent to be incapable of being satisfied (or waived, if applicable) or would otherwise trigger the termination rights.

6.4 Scheme procedure

(a) Resolutions

Spark Infrastructure Securityholders will be asked to consider, and if thought fit, pass the following Resolutions at the Meetings:

RESOLUTION	DESCRIPTION OF RESOLUTION
Creditors' Scheme Resolution	a resolution under section 411(4)(a)(i) of the Corporations Act, to approve the creditors scheme pursuant to which Bidco acquires all the Spark Infrastructure Notes.
Spark Infrastructure Note Trust Deed Resolution	a special resolution under clause 16.4 of the Spark Infrastructure Note Trust Deed to approve amendments to the Spark Infrastructure Note Trust Deed to facilitate the implementation of certain Related Steps and reflect that, if the Schemes are implemented, Spark Infrastructure Securities will cease to be quoted on the ASX, as set out in the Spark Infrastructure Note Trust Deed Supplemental Deed (as set out in Annexure C).
Trust Constitution Amendment Resolution	a special resolution under section 601GC(1) of the Corporations Act to approve amendments to the Spark Infrastructure Trust Constitution to facilitate the implementation of certain Related Steps and the acquisition by Bidco of the Spark Infrastructure Units, as set out in the Spark Infrastructure Trust Supplemental Deed (as set out in Annexure B).
Trust Acquisition Resolution	an ordinary resolution for the purposes of item 7 of section 611 of the Corporations Act to approve the acquisition by Bidco of all the Spark Infrastructure Units.

(b) Scheme approval requirements

The Schemes will only become Effective and be implemented if:

- (1) the Creditors' Resolutions are approved by the requisite majorities of Spark Infrastructure Securityholders at the Creditors' Meetings;
- (2) the Trust Resolutions are approved by the requisite majorities of Spark Infrastructure Securityholders at the Trust Meeting;
- (3) the Creditors' Scheme is approved by the Court at the Second Court Hearing and the Court provides the Second Judicial Advice; and
- (4) the Conditions Precedent in relation to the Schemes, which are outlined in section 6.3 of this Scheme Booklet, are satisfied (or waived, if applicable).

(c) Meetings

The Creditors' Meetings and Trust Meeting will be conducted concurrently in all respects. As a practical matter from an administrative and attendee point of view, the conduct of the Meetings will be as if they were one single meeting.

Voting at the Meetings will be by poll. The entitlement of Spark Infrastructure Securityholders to attend and vote at the Meetings, together with instructions on how to attend and vote at the Meetings (in person, by proxy, or in person through an attorney or corporate representative) are set out in the Notices of Meetings in Annexure F of this Scheme Booklet.

(d) Creditors' Meetings

The Court has ordered Spark Infrastructure to convene the Creditors' Scheme Meeting at which Spark Infrastructure Securityholders will be asked to approve the Creditors' Scheme Resolution. Spark Infrastructure is also convening the Concurrent Creditors' Meeting at which Spark Infrastructure Securityholders will be asked to approve the Spark Infrastructure Note Trust Deed Resolution.

The terms of the Creditors' Resolutions to be considered at the Creditors' Meetings are contained in the Notices of Meetings in Annexure F of this Scheme Booklet. The Creditors' Resolutions are inter-conditional and are conditional upon the Trust Resolutions being approved.

The fact that the Court has ordered the Creditors' Scheme Meeting to be convened and has approved this Scheme Booklet required to accompany the Notices of Meetings does not mean that the Court has prepared, or is responsible for the content of, this Scheme Booklet or has any view as to the merits of the Creditors' Scheme or as to how Spark Infrastructure Securityholders should vote. On these matters Spark Infrastructure Securityholders must reach their own decision.

For the Creditors' Resolutions to be approved:

- (1) the Creditors' Scheme Resolution must be passed by:
 - (A) unless the Court waives this requirement, a majority in number (more than 50%) of Spark Infrastructure Securityholders present (either in person or by proxy, attorney or, in the case of corporate Spark Infrastructure Securityholders, body corporate representative) and voting at the Creditors' Scheme Meeting; and
 - (B) at least 75% of the total number of votes cast on the resolution by Spark Infrastructure Securityholders entitled to vote on the Creditors' Scheme Resolution; and
- (2) the Spark Infrastructure Note Trust Deed Resolution must be passed by at least 75% of the total number of votes cast on the resolution by Spark Infrastructure Securityholders entitled to vote on the Spark Infrastructure Note Trust Deed Resolution.

(e) Trust Meeting

The terms of the Trust Resolutions to be considered at the Trust Meeting are contained in the Notices of Meetings in Annexure F of this Scheme Booklet. The Trust Resolutions are inter-conditional and are conditional on the Creditors' Resolutions being approved.

The fact that the Court has approved this Scheme Booklet required to accompany the Notices of Meetings and has provided the First Judicial Advice that Spark Infrastructure would be justified in convening the Trust Meeting does not mean that the Court has prepared, or is responsible for the content of, this Scheme Booklet or has any view as to the merits of the Trust Scheme or as to how Spark Infrastructure Securityholders should vote. On these matters Spark Infrastructure Securityholders must reach their own decision.

For the Trust Resolutions to be approved:

- (1) the Trust Constitution Amendment Resolution must be passed by at least 75% of the total number of votes cast on the resolution by Spark Infrastructure Securityholders entitled to vote on the Trust Constitution Amendment Resolution; and
- (2) the Trust Acquisition Resolution must be passed by more than 50% of the total number of votes cast on the relevant resolutions by Spark Infrastructure Securityholders entitled to vote on the Trust Acquisition Resolution. For the purposes of this Resolution, and in accordance with item 7, section 611 of the Corporations Act, Bidco and its Associates must not cast any votes in favour of this Resolution.

For the purposes of these Resolutions, in accordance with section 253E of the Corporations Act, Spark Infrastructure RE and its Associates are not entitled to vote any interests in the Spark Infrastructure Trust they may have, if they have an interest in the Resolution other than as a member of Spark Infrastructure Trust. As at the date of this Scheme Booklet, Spark Infrastructure RE and its Associates do not have any interests in the Spark Infrastructure Trust.

(f) Results of the Meetings

The results of the Meetings will be available as soon as possible after the conclusion of the Meetings and will be announced to the ASX (www.asx.com.au) once available.

(g) Court approval of the Creditors' Scheme and Second Judicial Advice

In the event that:

- (1) the Creditors' Resolutions are approved by the requisite majorities of Spark Infrastructure Securityholders at the Creditors' Meetings;
- (2) the Trust Resolutions are approved by the requisite majorities of Spark Infrastructure Securityholders at the Trust Meeting; and
- (3) all other Conditions Precedent (except Court approval of the Creditors' Scheme and the Second Judicial Advice) have been satisfied (or waived, if applicable),

Spark Infrastructure will apply to the Court for orders approving the Creditors' Scheme and providing the Second Judicial Advice.

Each Spark Infrastructure Securityholder has the right to appear at the Second Court Hearing.

(h) Effective Date

If the Court approves the Creditors' Scheme and provides the Second Judicial Advice, the Schemes will become Effective on the Effective Date, being the date an office copy of the Court order from the Second Court Hearing approving the Creditors' Scheme and providing the Second Judicial Advice is lodged with ASIC. Spark Infrastructure will, on the Schemes becoming Effective, announce that on the ASX.

(i) Suspension from trading

Spark Infrastructure intends to apply to the ASX for Spark Infrastructure Securities to be suspended from trading on the ASX from close of trading on the Effective Date.

(j) Scheme Record Date and entitlement to Scheme Consideration

Those Spark Infrastructure Securityholders on the Spark Infrastructure Securities Register on the Scheme Record Date (which is expected to be 10 December 2021) will be entitled to receive the Scheme Consideration in respect of the Spark Infrastructure Securities they hold at that time.

(k) Related Steps

There are a number of related transactions that form part of the Schemes, which will be implemented on the Implementation Date (which is expected to be 22 December 2021). These transactions are being implemented in order to ensure that the Schemes are implemented consistent with certain material contracts to which Spark Infrastructure Group Members are a party.

On or before the Implementation Date, each of SIH1, SIH2 and SIH3 will create a new class of A class shares by converting 1 ordinary share into an A class share and then subdividing the A class share into 1,754,954,280 shares (referred to as the Scheme Shares). An A class share will entitle its holder to \$0.00001 on a winding up of SIH1, SIH2 or SIH3 (as applicable) and no other voting, dividend, capital or other rights.

On the Implementation Date, shortly before acquisition by Bidco, Spark Infrastructure will cause the Spark Infrastructure Trust to make an in specie capital distribution of the Scheme Shares to Scheme Securityholders. Simultaneously with the distribution, the Scheme Shares will be stapled with Scheme Securityholders' existing Scheme Units and Scheme Notes to form New Scheme Securities each comprising one Spark Infrastructure Unit, one Spark Infrastructure Note, one SIH1 A class share, one SIH2 A class share and one SIH3 A class share.

These Scheme Shares will be acquired together with the Scheme Units and Scheme Notes comprising the New Scheme Securities.

A detailed breakdown of the related transactions can be found under Schedule 6 of the Scheme Implementation Deed.

(l) Acquisition of Scheme Securities

Scheme Securityholders will be paid the Scheme Consideration on the Implementation Date (which is expected to be 22 December 2021). Immediately after the Scheme Consideration is paid to Scheme Securityholders, the Scheme Securities will be transferred to Bidco.

(m) Spark Infrastructure Note Trust Deed amendments

Currently, the Spark Infrastructure Note Trust Deed requires that:

- securities stapled to Spark Infrastructure Notes be quoted for trading by the ASX; and
- entities whose securities are stapled to Spark Infrastructure Notes be listed on the ASX and be party to a co-operation deed with Spark Infrastructure RE.

These requirements are not necessary for the stapling of Scheme Shares to Spark Infrastructure Notes.

Currently, the Spark Infrastructure Note Trust Deed also requires that Spark Infrastructure Notes be quoted for trading by the ASX. However, if the Schemes are implemented, Bidco will arrange for Spark Infrastructure to apply for the termination of the official quotation of Spark Infrastructure Securities on the ASX and for Spark Infrastructure Group to be removed from the ASX's official list with effect on or around the Business Day immediately following the Implementation Date.

In order to facilitate implementation of the Schemes and reflect that, if the Schemes are implemented, Spark Infrastructure Securities will cease to be quoted on the ASX, subject to Spark Infrastructure Securityholders passing the Spark Infrastructure Note Trust Deed Resolution, the Spark Infrastructure Note Trust Deed Supplemental Deed will be executed to remove those provisions from Spark Infrastructure Note Trust Deed.

(n) Deed Poll

As at the date of this Scheme Booklet, a deed poll has been entered into by Bidco in favour of the Scheme Securityholders, to:

- (1) provide the Scheme Consideration to each Scheme Securityholder in accordance with the terms of the Schemes; and
- (2) undertake all other actions attributed to it under the Schemes.

A copy of the Deed Poll is contained in Annexure E of this Scheme Booklet. Bidco's capacity to perform its obligations under the Deed Poll depends in turn upon Bidco obtaining equity and debt funding as detailed further in section 8.2 of this Scheme Booklet.

6.5 Provision of Scheme Consideration

If the Schemes are implemented, the Scheme Consideration will be paid to the Scheme Securityholders on the Implementation Date. Scheme Securityholders who have validly registered their bank account details with the Spark Infrastructure Securities Registry will have their Scheme Consideration sent directly to their bank account. Otherwise, Scheme Securityholders will have their Scheme Consideration sent by cheque to their Registered Address. Spark Infrastructure Securityholders are encouraged to provide their bank account details to the Spark Infrastructure Securities Registry either by phone on 1800 000 639 (within Australia) or +61 2 9290 9600 (outside Australia), between 8.30am and 5.00pm (Sydney time), Monday to Friday excluding public holidays, to receive an electronic funds transfer form which can be completed and returned to the Spark Infrastructure Securities Registry, or online at www.investorserve.com.au.

6.6 The Spark Infrastructure Board's recommendation

Having regard to the reasons to vote in favour of, or against, the Schemes, as set out in this Scheme Booklet, the Spark Infrastructure Board (including Spark Infrastructure's Managing Director) unanimously recommends that Spark Infrastructure Securityholders vote in favour of the Schemes, subject to no Superior Proposal emerging and the Independent Expert continuing to conclude that the Schemes are in the best interests of Scheme Securityholders.

Mr Richard Francis (Spark Infrastructure's Managing Director and Chief Executive Officer) will, if the Schemes are implemented, receive a total of \$6,731,331 in respect of his Spark Infrastructure Performance Rights and existing Spark Infrastructure Securities. See section 12.2 of this Scheme Booklet for details of the implications of the Schemes for Mr Francis' Spark Infrastructure Performance Rights. Spark Infrastructure Securityholders should have regard to these arrangements when considering Mr Francis' recommendation on the Schemes. Given the importance of the Schemes and Mr Francis' role in the management of Spark Infrastructure Group, the other directors Spark Infrastructure Directors consider that it is appropriate that Mr Francis make a recommendation on the Schemes. Mr Francis also considers that it is appropriate that he make a recommendation on the Schemes.

In considering whether to vote in favour of the Schemes, the Spark Infrastructure Board encourages you to:

- (a) carefully read all of this Scheme Booklet (including the Independent Expert's Report);
- (b) have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances; and
- (c) obtain advice from your legal, financial, tax or other professional advisers on the effect of the Schemes becoming Effective.

Details of the Relevant Interests of each Spark Infrastructure Director in Spark Infrastructure Securities are set out in section 11.1 of this Scheme Booklet.

6.7 Voting intentions of the Spark Infrastructure Directors

Each Spark Infrastructure Director will vote, or procure the voting of, any Spark Infrastructure Securities held or controlled by them at the time of the Meetings in favour of the Schemes by voting in favour of the Resolutions, subject to no Superior Proposal emerging and the Independent Expert continuing to conclude that the Schemes are in the best interests of Scheme Securityholders.

Details of the Relevant Interests of each Spark Infrastructure Director in Spark Infrastructure Securities are set out in section 11.1 of this Scheme Booklet.

6.8 Independent Expert's conclusion

Spark Infrastructure appointed KPMG as an Independent Expert to review the Schemes and to provide an opinion on whether the Schemes are in the best interests of Scheme Securityholders, in the absence of a Superior Proposal.

The Independent Expert has assessed the value of a Spark Infrastructure Security to be between \$2.49 and \$2.86. As the Total Cash Amount of \$2.8875 per Spark Infrastructure Security offered to Spark Infrastructure Securityholders is above this range, the Independent Expert has formed the view that the Schemes are fair. As the Independent Expert has assessed the Schemes to be fair, this means that they are reasonable.

Having considered the issue of fairness and each of the other facts considered relevant to Scheme Securityholders, including the consequences of not approving the Schemes, the Independent Expert has concluded that in the absence of a Superior Proposal, the Schemes are in the best interests of Scheme Securityholders.

6.9 Implications if the Schemes do not proceed

If the Schemes do not proceed, subject to no comparable proposal or Superior Proposal being implemented:

- (a) Spark Infrastructure Securityholders will continue to hold Spark Infrastructure Securities and will be exposed to general and specific risks relating to an investment in Spark Infrastructure Securities, including those set out in section 9 of this Scheme Booklet;
- (b) Spark Infrastructure Securityholders will not receive the Scheme Consideration;
- (c) Spark Infrastructure will not declare and pay the Special Distribution;
- (d) the Reimbursement Fee may be payable by Spark Infrastructure to Bidco under certain circumstances. Those circumstances will not include the failure by Spark Infrastructure Securityholders to pass the Resolutions at the Meetings; and
- (e) the Reverse Reimbursement Fee may be payable by Bidco to Spark Infrastructure under certain circumstances.

Spark Infrastructure Trust will continue as an ASX-listed entity with management continuing to implement the business plan and financial and operating strategies it had in place prior to Spark Infrastructure's announcement of its entry into the Scheme Implementation Deed on Monday, 23 August 2021 (see section 7 of this Scheme Booklet).

The advantages of the Schemes described in section 4.1 of this Scheme Booklet will not be realised.

Spark Infrastructure has incurred significant costs in respect of the Schemes, including those to conduct negotiations with Bidco, retain advisers, provide information to Bidco, engage the Independent Expert and prepare this Scheme Booklet. If the Schemes do not proceed, subject to no comparable proposal or Superior Proposal being implemented, Spark Infrastructure is likely to incur external transaction related costs of approximately \$9 million (excluding GST). This assumes no Reimbursement Fee is payable by Spark Infrastructure to Bidco and no Reverse Reimbursement Fee is payable by Bidco to Spark Infrastructure (see sections 12.1(e) and 12.1(f) of this Scheme Booklet for more information as to when the Reimbursement Fee and Reverse Reimbursement Fee may be payable).

6.10 Warranty by Scheme Securityholders

Under the terms of the Schemes, each Scheme Securityholder is deemed to have warranted to Spark Infrastructure and Bidco, and is deemed to have authorised Spark Infrastructure as its attorney and agent to warrant to Bidco, on the Implementation Date, that:

- (a) all their Scheme Securities (including any rights and entitlements attaching to those Scheme Securities) which are transferred to Bidco will, at the date they are transferred to Bidco, be fully paid and free from all encumbrances; and
- (b) they have full power and capacity to sell and to transfer their Scheme Securities (including any rights and entitlements attaching to those Scheme Securities) to Bidco.

Under the terms of the Schemes, Spark Infrastructure will provide that warranty to Bidco as agent and attorney of each Scheme Securityholder.

6.11 Delisting of Spark Infrastructure Group

Following implementation of the Schemes, Bidco will arrange for Spark Infrastructure to apply for the termination of the official quotation of Spark Infrastructure Securities on the ASX and for Spark Infrastructure Group to be removed from the ASX's official list with effect on or around the Business Day immediately following the Implementation Date.

7

INFORMATION ABOUT SPARK INFRASTRUCTURE GROUP

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7 INFORMATION ABOUT SPARK INFRASTRUCTURE GROUP

7.1 Overview of Spark Infrastructure Group

(a) Introduction

Spark Infrastructure Group is a S&P/ASX 100 entity listed on the ASX (ASX: SKI), headquartered in Sydney, Australia. It is a long-term investor in energy infrastructure assets, including electricity distribution, electricity transmission and renewable energy generation technologies.

Spark Infrastructure's purpose is to build a sustainable energy future that delivers clean, reliable and affordable energy to every Australian.

(b) Corporate structure

Spark Infrastructure RE is an Australian public company, limited by shares. Spark Infrastructure RE is the responsible entity of Spark Infrastructure Trust. Spark Infrastructure RE is not a trustee or responsible entity of any trust other than Spark Infrastructure Trust and does not carry on any business separate from that of Spark Infrastructure Trust. Spark Securityholders may obtain a copy of the Spark Infrastructure Trust Constitution on Spark Infrastructure's website at www.sparkinfrastructure.com.

Spark Infrastructure Securities are traded on the ASX under the ticker "SKI" and are a stapled instrument, comprising two securities:

- (1) one Spark Infrastructure Unit; and
- (2) one Spark Infrastructure Note.

The stapled securities are quoted on the ASX as if they were a single security that investors can buy and sell. Individual Spark Infrastructure Units and Spark Infrastructure Notes cannot be traded separately.

(c) Spark Infrastructure's business

Spark Infrastructure is a long-term investor in energy infrastructure assets, including electricity distribution, electricity transmission and renewable energy generation technologies.

Spark Infrastructure Group listed on the ASX in December 2005 and as at close of trading on 20 August 2021, being the Business Day before Spark Infrastructure entered into the Scheme Implementation Deed, it had a market capitalisation of \$4.86 billion.

(d) Overview of assets and operations

Spark Infrastructure currently has investments in electricity distribution and transmission assets and a renewable electricity generation business. Its current investment portfolio consists of:

- (1) 49% ownership of CitiPower and Powercor (collectively Victoria Power Networks);
- (2) 49% ownership of SA Power Networks;
- (3) 15.01% ownership of TransGrid; and
- (4) 100% ownership of Spark Renewables.

Victoria Power Networks is the operator of distribution networks that supply electricity to over 330,000 customers in Melbourne's central business district and over 840,000 customers in central and Western Victoria.

SA Power Networks is the sole operator of South Australia's electricity distribution network, supplying energy to over 896,000 residential and commercial customers in all regions and the major population centres.

TransGrid is the operator of high-voltage transmission networks in New South Wales and the Australian Capital Territory. In 2020, it delivered 35% of the operational energy across the National Electricity Market (**NEM**) and by energy volume is the largest high-voltage transmission network in the NEM.

Spark Renewables is the owner and operator of the 120MW_{DC}/100MW_{AC} Bomen Solar Farm (**Bomen**), located near Wagga Wagga in New South Wales. Bomen comprises approximately 310,000 bifacial solar panels with capacity to produce enough clean energy to power 36,000 homes annually. Spark Renewables' development portfolio consists of ~2.2GW of utility scale solar, wind, storage and green hydrogen opportunities.

(e) Spark Infrastructure's strategy

Spark Infrastructure's objective is to deliver long-term sustainable value through yield plus growth from a portfolio of high quality, long-life essential energy infrastructure businesses. Spark Infrastructure's 'Value Enhance, Value Build, Value Acquire' strategy supports its objective, by combining the efficient management of businesses with the development and operation of new infrastructure which includes growth through disciplined acquisitions.

The Australian Energy Regulator (**AER**) determines the regulated rate of return for Spark Infrastructure's and the Asset Companies' regulated businesses which provides predictable earnings. In addition, the regulatory framework also creates opportunities for outperformance through efficient management, which is a key component of Spark Infrastructure's 'Value Enhance' strategy. This outperformance incentive allows Spark Infrastructure's and the Asset Companies' businesses, which are among the most efficient electricity networks in Australia, to extract additional value for their securityholders, while also providing benefits to energy consumers through efficient network costs.

The transition of Australia's energy sector to a lower carbon future provides growth opportunities for the Spark Infrastructure's and the Asset Companies' businesses, which reflects the 'Value Build' and 'Value Acquire' aspects of Spark Infrastructure's strategy.

For Victoria Power Networks and SA Power Networks, investment in grid augmentation that supports increased distributed generation, such as the penetration of rooftop solar, will assist in maintaining network stability. Additionally, the electrification of the economy and changing consumer behaviours, such as electric vehicles (**EVs**), will require innovative solutions for demand management.

TransGrid is expected to play a key role in the Australian Energy Market Operator's Integrated System Plan and the New South Wales Government's Electricity Infrastructure Roadmap. This includes investments such as Project EnergyConnect, which will connect the New South Wales grid to the South Australian grid, and Humelink which is required to allow Snowy Hydro 2.0 to export its generated electricity to the NEM.

The increasing push for renewable energy generation in Australia is set to drive growth in Spark Infrastructure's unregulated businesses, Beon Energy Solutions (which is wholly-owned by Victoria Power Networks), Enerven (which is wholly-owned by SA Power Networks) and Lumea (which is wholly-owned by TransGrid).

The strategy has seen Spark Renewables identify a development portfolio of ~2.2GW of utility scale solar, wind, storage and green hydrogen opportunities, including the Dinawan Energy Hub which is strategically located to the transformational Project EnergyConnect in south-west New South Wales. Spark Renewables' role as a long-term owner means being involved in the development, construction, and ongoing operational phase of the projects it undertakes.

(f) Corporate restructure

As announced by Spark Infrastructure on 24 August 2021, Spark Infrastructure has been evaluating the merits of a corporate restructure whereby the multiple tax consolidated groups within the Spark Infrastructure Group would be consolidated into a single tax consolidated group under a listed company. This restructure has the potential to create a more efficient structure with governance, administrative and compliance benefits expected, as well as allowing for the improved utilisation of tax deductions in the group. Relevant tax rulings requests have been submitted to the ATO in respect of the restructure, however, due to the Schemes, discussions with the ATO in respect of the restructure have been suspended.

7.2 Spark Infrastructure Directors and senior management

(a) Spark Infrastructure Directors

The Spark Infrastructure Directors (as at the Last Practicable Date) are listed below.

NAME	CURRENT POSITION
Dr Doug McTaggart	Chair and Independent Director
Mr Richard Francis	Managing Director and Chief Executive Officer
Ms Anne Brennan	Independent Director
Ms Lianne Buck	Independent Director
Mr Andrew Fay	Independent Director
Mr Miles George	Independent Director
Mr Greg Martin	Independent Director

(b) Spark Infrastructure senior management

Spark Infrastructure's current senior management comprises the following members in addition to Mr Richard Francis (Spark Infrastructure's Managing Director and Chief Executive Officer).

NAME	CURRENT POSITION
Mr Gerard Dover	Chief Financial Officer
Ms Jenny Faulkner	General Counsel and Company Secretary
Mr Anthony Marriner	Head of Renewables

7.3 Historical financial information

(a) Basis of preparation

This section 7.3 contains financial information about Spark Infrastructure Group for the years ended 31 December 2019 and 31 December 2020 and the half year ended 30 June 2021. The financial information in this section 7.3 is summary only and is prepared for the purpose of this Scheme Booklet. The information has been extracted from the audited financial reports of Spark Infrastructure Group for the years ended 31 December 2019 and 31 December 2020 and the reviewed interim financial report for the half year ended 30 June 2021.

Further details on Spark Infrastructure Group's financial performance can be found within the Appendix 4E and financial statements for the year ended 31 December 2020 as announced to the ASX on 23 February 2021 and which can be found on the Spark Infrastructure Group's website at www.sparkinfrastructure.com.

(b) Historical consolidated statement of profit or loss

	1 JAN 2021 - 30 JUN 2021 \$'000	1 JAN 2020 - 31 DEC 2020 \$'000	1 JAN 2019 - 31 DEC 2019 \$'000
Income from associates:			
– Share of equity accounted profits ⁽¹⁾	85,684	205,705	207,760
– Interest income	28,989	59,425	63,182
	114,673	265,130	270,942
Revenue – Bomen Solar Farm related	6,287	7,045	-
Other income – interest	16	700	1,543
Total income	120,976	272,875	272,485
Interest expense	(2,030)	(3,862)	(748)
General and administrative expenses	(8,758)	(14,343)	(14,075)
Project and transaction bid costs	(1,993)	(4,181)	(4,827)
Tax shortfall penalties	762	(1,302)	-
Operating costs – Bomen Solar Farm related	(4,525)	(4,539)	(1,141)
Unrealised (losses)/gains from derivative instruments – Bomen Solar Farm related	(10,520)	35,663	6,776
Profit before Spark Infrastructure Note interest and Income Tax	93,912	280,311	258,470
Spark Infrastructure Note interest	(61,284)	(120,459)	(119,180)
Profit before income tax	32,628	159,852	139,290
Income tax expense	(11,024)	(54,849)	(60,152)
Net profit after income tax attributable to Securityholders	21,604	105,003	79,138

(1) Adjustments are made to distribution and transmission revenues to defer/accrue for amounts in excess of/under the regulated revenue cap to reflect that these amounts will be returned to/recovered from electricity consumers in future periods via adjustments to tariffs. For the period ended 30 June 2021 an amount of \$7.0 million was accrued, for the year ended 31 December 2020 an amount of \$4.6 million was accrued, and for the year ended 31 December 2019 an amount of \$3.6 million was deferred.

(c) Historical consolidated statement of financial position

	30 JUN 2021 \$'000	31 DEC 2020 \$'000	31 DEC 2019 \$'000
Current Assets			
Cash and cash equivalents	52,613	36,898	31,400
Receivables from associates	6,778	6,835	7,339
Tax and interest refund receivable	45,000	45,000	-
GST receivable	-	697	8,839
Other current assets	2,599	3,679	1,829
Total Current Assets	106,990	93,109	49,407
Non-Current Assets			
Property, plant and equipment	170,255	172,599	159,789
Derivative instruments – Power Purchase Agreements	33,319	43,839	8,176
Derivative instruments – Interest rate swaps	2,048	-	1,714
Investments in associates:			
– Investments accounted for using the equity method	2,238,954	2,043,921	2,165,891
– Loans to associates	460,598	460,598	460,598
– Notes to associates	237,444	237,444	237,444
Total Non-Current Assets	3,142,618	2,958,401	3,033,612
Total Assets	3,249,608	3,051,510	3,083,019
Current Liabilities			
Payables	5,659	5,697	7,767
GST Payable	222	-	-
Interest bearing liabilities	-	38,991	39,567
Current tax liability	4,845	39,384	68,830
Spark Infrastructure Notes interest payable to Securityholders	61,423	61,701	60,309
Total Current Liabilities	72,149	145,773	176,473
Non-Current Liabilities			
Payables	113	648	1,310
Derivative instruments – Interest rate swaps	1,379	4,196	-
Interest bearing liabilities	99,225	-	-
Spark Infrastructure Notes attributable to Securityholders	1,111,280	1,097,956	1,072,674
Deferred tax liabilities	245,060	206,906	194,154
Total Non-Current Liabilities	1,457,057	1,309,706	1,268,138
Total Liabilities	1,529,206	1,455,479	1,444,611
Net Assets	1,720,402	1,596,031	1,638,408
Equity			
Equity attributable to the Parent Entity			
– Issued capital	701,984	732,887	805,884
– Reserves	(154,939)	(247,674)	(178,980)
– Retained earnings	1,173,357	1,110,818	1,011,504
Total Equity	1,720,402	1,596,031	1,638,408
Total Equity attributable to Spark Infrastructure Securityholders is as follows:			
Total Equity	1,720,402	1,596,031	1,638,408
Spark Infrastructure Notes attributable to Securityholders	1,111,280	1,097,956	1,072,674
Total Equity and Spark Infrastructure Notes	2,831,682	2,693,987	2,711,082

(d) Historical consolidated statement of cash flows

	1 JAN 2021 – 30 JUN 2021 \$'000	1 JAN 2020 – 31 DEC 2020 \$'000	1 JAN 2019 – 31 DEC 2019 \$'000
Cash Flows from Operating Activities			
Distributions from associates – preferred partnership capital	34,341	69,826	69,635
Distributions from associates – other	46,370	171,212	135,832
Interest received from associates	29,047	59,929	64,213
Interest received – other	28	704	1,641
Interest paid – other	(1,547)	(9,244)	(399)
Other expenses	(8,120)	(13,243)	(13,273)
Operating cash flows – Bomen Solar Farm related	5,343	4,726	(1,215)
Project and transaction bid costs	(1,481)	(5,561)	(4,110)
Tax Paid ⁽²⁾	(52,420)	(85,852)	(38,730)
Net Cash Inflow Related to Operating Activities	51,561	192,497	213,594
Cash Flows from Investing Activities			
Purchase of property, plant and equipment	(66)	(5)	(32)
Net (purchase)/receipt of property, plant and equipment – Bomen Solar Farm	(799)	(9,754)	(155,042)
Purchase of land – Bomen Solar Farm	–	–	(7,772)
Acquisition of subsidiary – Bomen Solar Farm	–	–	(1,400)
Repayment of borrowings by associates	–	–	42,774
Equity investment in TransGrid	(15,310)	(6,770)	(9,111)
Net Cash Outflow Related to Investing Activities	(16,175)	(16,529)	(130,583)
Cash Flows from Financing Activities			
Payment of external borrowing costs	–	(1,439)	(200)
Payment for share issue costs	(92)	(341)	(170)
Payment of lease liabilities	(371)	(725)	(693)
Proceeds from external borrowings	60,000	140,000	40,000
Repayment of external borrowings	–	(140,000)	–
Distributions to Securityholders:			
– Spark Infrastructure Note interest	(61,701)	(120,569)	(118,582)
– Trust distribution ⁽¹⁾	(17,507)	(47,396)	(106,310)
Net Cash Outflow Related to Financing Activities	(19,671)	(170,470)	(185,955)
Net Increase in Cash and Cash Equivalents for the Period	15,715	5,498	(102,944)
Cash and cash equivalents at the beginning of the period	36,898	31,400	134,344
Cash and Cash Equivalents at the end of the Period	52,613	36,898	31,400

(1) Net of Distribution Reinvestment Plan proceeds of \$33.9 million in the period ended 30 June 2021, \$80.0 million in the year ended 31 December 2020, and \$35.8 million in the year ended 31 December 2019.

(2) During 2019, Spark Infrastructure paid a total of \$38.7 million income tax, this amount comprised of income tax in respect of a number of income years and in respect of both the SIH1 and SIH2 tax consolidated groups. Of this, \$34.4 million was 50% of the balance of the original income tax liability attributable to the income tax years 31 December 2015 to 31 December 2018 inclusive. The remaining \$4.3 million relates to tax instalments in respect of 31 December 2019 income tax year.

During 2020, Spark Infrastructure paid a total of \$85.9 million income tax, this amount comprised of income tax in respect of a number of income years and in respect of both the SIH1 and SIH2 tax consolidated groups. Of this amount, \$34.4 million was the outstanding balance (i.e. 50%) of the income tax liability attributable to the income tax years 31 December 2015 to 31 December 2018 inclusive. This amount was paid prior to the decision of the Full Federal Court regarding Victoria Power Networks and the tax treatment of gifted assets and cash contributions and was on the basis that the Full Federal Court upheld the decision of the Federal Court for both gifted assets and cash contributions. \$33.7 million is attributable to the 31 December 2019 income tax year net of instalments made in 2019 of \$4.2 million. The remaining \$13.6 million related to tax instalments in respect of 31 December 2020 income tax year.

During the first six months of 2021, Spark Infrastructure paid a total of \$52.4 million of income tax, this amount comprised of income tax of both the SIH1 and SIH2 tax consolidated groups for the 2020 and 2021 income tax years. Of this, \$38.3 million is attributable to the 31 December 2020 income tax year and is net of instalments made in 2020 of \$16.5 million. The remaining \$14.1 million relates to tax instalments in respect of 31 December 2021 income tax year.

On 22 October 2020, the Full Federal Court handed down its judgement, which confirmed the ATO's view on the tax treatment of certain cash contributions but found in favour of Victoria Power Networks in respect of the tax treatment of certain gifted assets. As a consequence, Spark Infrastructure now anticipates a partial refund in respect of prior year taxes paid. It is estimated that this refund will be in the order of \$40 million with a refund of associated interest of approximately \$5.0 million.

(e) Material changes in financial position (since 30 June 2021)

Within the knowledge of the Spark Infrastructure Directors and other than as disclosed in this Scheme Booklet or announced to the ASX (including the Appendix 4D and Spark Infrastructure Group's interim financial report for the half year ended 30 June 2021 as announced to the ASX on 24 August 2021), the financial position of Spark Infrastructure Group has not materially changed since 30 June 2021, being the date of Spark Infrastructure Group's interim financial report for the half year ended 30 June 2021.

7.4 Guidance for the 2021 financial year including Final Distribution

The Spark Infrastructure Board has provided full year distribution guidance for the 2021 financial year of \$0.125 per Spark Infrastructure Security, subject to business conditions. In addition, it is expected that the full year distribution guidance will carry franking credits of approximately 3 cents per Spark Infrastructure Security.

Consistent with this guidance, Spark Infrastructure paid the Interim Distribution of \$0.0625 per Spark Infrastructure Security on 15 September 2021. If the Schemes are not implemented on or before 31 December 2021, Spark Infrastructure will continue to target a Final Distribution for the 2021 financial year of \$0.0625 per Spark Infrastructure Security, subject to business conditions.

If the Schemes do not proceed, Spark Infrastructure would also plan to reinstate its distribution reinvestment plan to assist in funding future equity commitments for its growth pipeline.

7.5 Capital structure

As at the date of this Scheme Booklet, the issued securities of Spark Infrastructure Trust are as follows:

TYPE OF SECURITY	NUMBER ON ISSUE
Spark Infrastructure Security	1,754,954,280
Spark Infrastructure Performance Rights	2,051,099

7.6 Spark Infrastructure Trust's Substantial Securityholders

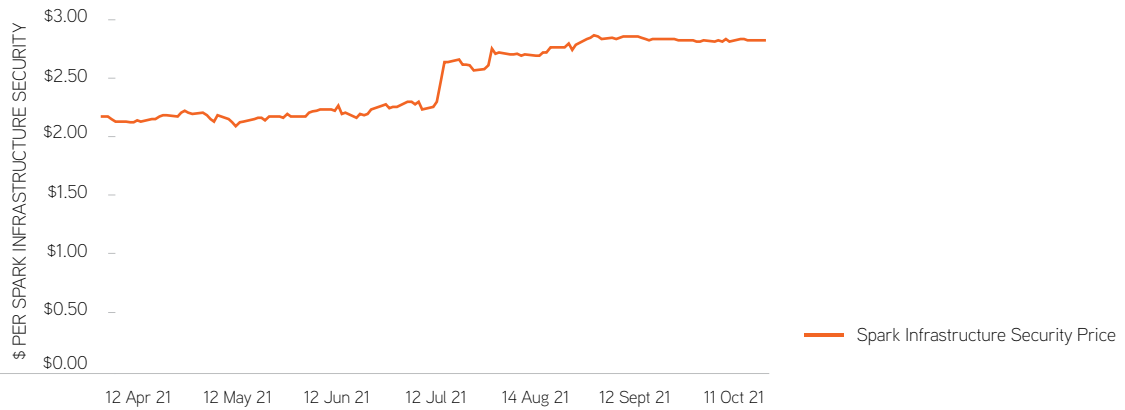
As extracted from filings released to the ASX, in each case prior to the Last Practicable Date, the following persons were substantial holders of Spark Infrastructure Securities:

SUBSTANTIAL HOLDER	NUMBER OF SPARK INFRASTRUCTURE SECURITIES	VOTING POWER (%)
Lazard Asset Management Pacific Co	230,704,682	13.27
Magellan Financial Group Limited	105,169,002	6.05
Maple-Brown Abbott Limited	87,283,806	5.02

7.7 Recent Spark Infrastructure Security price performance

Spark Infrastructure Securities are listed on the ASX under the ticker "SKI".

The graph below shows the closing Spark Infrastructure Security price during the six months ended on the Last Practicable Date.



Source: IRESS daily closing price data. IRESS has not consented to the use of this information in this Scheme Booklet..

Up to and including the Last Practicable Date:

- (1) the closing Spark Infrastructure Security price on the Last Practicable Date was \$2.81 per Spark Infrastructure Security;
- (2) the one month VWAP of Spark Infrastructure Securities was \$2.81 per Spark Infrastructure Security;
- (3) the three month VWAP of Spark Infrastructure Securities was \$2.76 per Spark Infrastructure Security;
- (4) the six month VWAP of Spark Infrastructure Securities was \$2.62 per Spark Infrastructure Security; and
- (5) the lowest and highest Spark Infrastructure Securities price during the preceding six months were \$2.10 and \$2.85 per Spark Infrastructure Security, respectively.

7.8 Litigation

As at the date of this Scheme Booklet, Spark Infrastructure is not aware of any material legal disputes or litigation matters involving any Spark Infrastructure Group Member.

7.9 Risks relating to Spark Infrastructure's businesses

If the Schemes do not proceed, the Spark Infrastructure Group will continue to be subject to a number of risks and uncertainties. One or more or a combination of these risks could materially impact Spark Infrastructure's and the Asset Companies' businesses, Spark Infrastructure's operating and financial performance, the price of Spark Infrastructure Securities or any distributions which might be paid in respect of Spark Infrastructure Securities.

You should carefully consider the risk factors described in section 9 of this Scheme Booklet, as well as the other information contained in this Scheme Booklet before voting on the Schemes. You should also consult the appropriate legal, financial, tax or other professional advisers on the effect of the Schemes becoming Effective.

7.10 Publicly available information about Spark Infrastructure Group

The Spark Infrastructure Group is a listed disclosing entity for the purpose of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as an entity listed on the ASX, Spark Infrastructure is subject to Listing Rules which require (subject to some exceptions) continuous disclosure of any information that Spark Infrastructure has that a reasonable person would expect to have a material effect on the price or value of Spark Infrastructure Securities.

The ASX maintains files containing publicly disclosed information about all entities listed on the ASX. Information disclosed to the ASX by Spark Infrastructure can be found on the ASX's website at www.asx.com.au.

In addition, Spark Infrastructure is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Spark Infrastructure may be obtained from ASIC.

Spark Infrastructure Securityholders may obtain a copy of the Spark Infrastructure Group's 2020 Annual Report (including its audited financial statements in respect of the year ended 31 December 2020) from the ASX's website at www.asx.com.au, from the Spark Infrastructure Group's website at www.sparkinfrastructure.com or free of charge by calling the Spark Infrastructure Securities Registry on 1800 000 639 (within Australia) or +61 2 9290 9600 (outside Australia), between 8.30am and 5.00pm (Sydney time), Monday to Friday excluding public holidays.

Spark Infrastructure's announcements to ASX since 24 August 2021, being the date it lodged its interim financial report for the half year ended 30 June 2021 with the ASX, to the Last Practicable Date are listed in the table below.

Spark Infrastructure ASX announcements since 24 August 2021

DATE	ANNOUNCEMENT
25 August 2021	SKI – Updated Appendix 3A.1
15 September 2021	Tax components of HY2021 Spark Trust Distribution

This table does not contain announcements on ASX relating to substantial securityholder notices.

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8

INFORMATION ABOUT BIDCO



8 INFORMATION ABOUT BIDCO

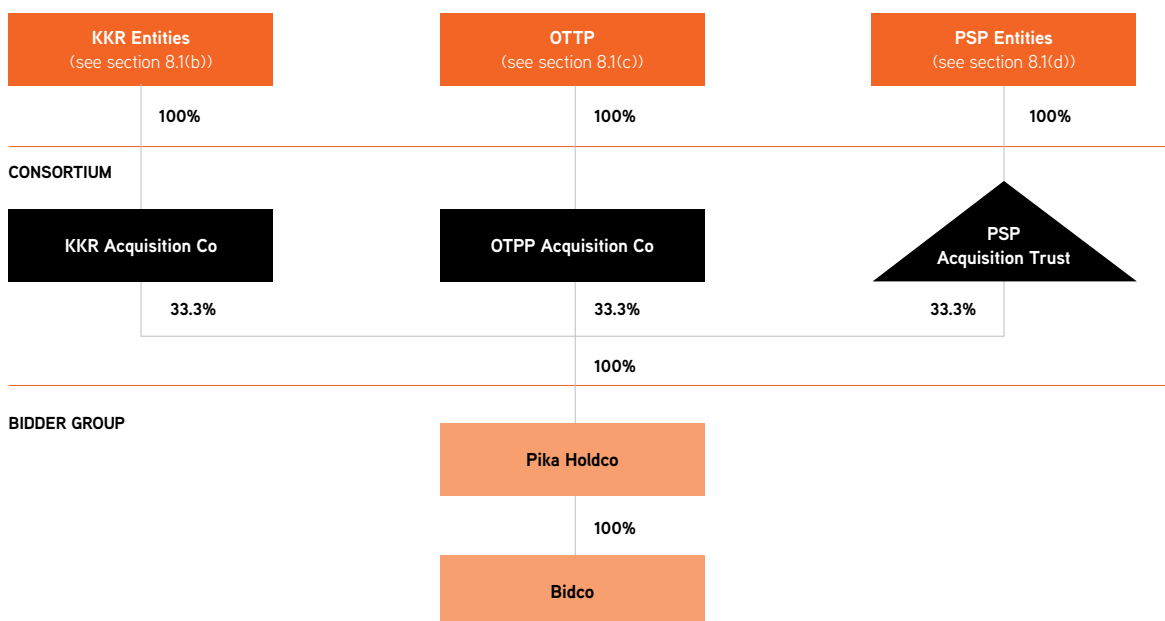
8.1

Overview of Bidco

(a) Overview of ownership structure

Bidco is an Australian special purpose company that was incorporated for the purpose of acquiring the Scheme Securities, and has not conducted any other business. If the Schemes become Effective and subject to Bidco having paid the Scheme Consideration, Bidco will acquire all Scheme Securities on the Implementation Date.

The direct holding company of Bidco is Pika Holdco. As at the date of this Scheme Booklet, Pika Holdco is owned by KKR Acquisition Co, OTTP Acquisition Co and PSP Acquisition Trust, each holding a 33.33% interest. The ownership structure of Bidco (as at the date of this Scheme Booklet) is illustrated below.



(b) KKR Acquisition Co

KKR Acquisition Co is a newly formed company incorporated in Singapore, which was established for the purposes of the Schemes.

As at the date of this Scheme Booklet, KKR Acquisition Co is indirectly wholly-owned by the 'KKR Diversified Core Infrastructure Fund', comprising:

- (1) KKR Diversified Core Infrastructure Fund L.P., a limited partnership established in Delaware, USA;
- (2) KKR Diversified Core Infrastructure Fund (A) SCSp, a special limited partnership established in Luxembourg; and
- (3) KKR Diversified Core Infrastructure Fund (B) SCSp, a special limited partnership established in Luxembourg.

Each of the above funds and investment vehicles are managed and/or advised by KKR and the limited partners in the KKR Diversified Core Infrastructure Fund do not have any material rights or power to direct the management of these entities.

KKR intends to, prior to the Implementation Date, interpose a wholly-owned Australian unit trust between KKR Acquisition Co and Pika Holdco.

On or around implementation of the Schemes, certain third party co-investors will directly or indirectly acquire a minority shareholding in KKR Acquisition Co or the interposed Australian unit trust. Following such co-investment, KKR Acquisition Co and the interposed Australian unit trust will continue to be controlled by KKR, and it is intended that those third party co-investors will have no material rights or power to direct the management of these entities.

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KKR is a leading global investment firm that offers alternative asset management and capital markets and insurance solutions. KKR sponsors investment funds that invest in private equity, credit and real assets and has strategic partners that manage hedge funds. KKR's insurance subsidiaries offer retirement, life and reinsurance products under the management of The Global Atlantic Financial Group. As of 30 June 2021, KKR has approximately US\$429 billion in assets under management. KKR has significant experience and deep roots in infrastructure investing and has approximately US\$38.2 billion in infrastructure assets under management as at 30 June 2021. Since 2011, KKR has made numerous infrastructure investments spanning the globe across various sectors, including renewables, utilities, midstream, transportation, water and communications. References to KKR's investments may include the activities of its sponsored funds and insurance subsidiaries.

For additional information about KKR & Co. Inc. (NYSE: KKR), please visit KKR's website at www.kkr.com and on Twitter @KKR_Co.

(c) OTPP Acquisition Co

OTPP Acquisition Co is a newly established company incorporated in the Province of Ontario, Canada, which was established for the purposes of the Schemes. As at the date of this Scheme Booklet, OTPP Acquisition Co is directly wholly-owned by OTPP.

OTPP will, prior to the Implementation Date, interpose a wholly-owned Australian unit trust between OTPP Acquisition Co and PikaHoldco.

OTPP is the administrator of Canada's largest single-profession pension plan, with approximately C\$227.7 billion in assets under management as of 30 June 2021. OTPP is an independent statutory corporation without share capital established by the *Teachers' Pension Act* (Ontario). Since its establishment as an independent organisation in 1990, it has built an international reputation for innovation and leadership in investment management and member services. OTPP holds a diverse global portfolio of assets, approximately 80% of which is managed in-house, and has earned an annual total-fund net return of 9.6% since the plan was established. It is responsible for investing the plan's assets and administering pensions for 331,000 active and retired teachers in Ontario, Canada.

Further information on OTPP is available from its website at www.otpp.com.

(d) PSP Acquisition Trust

PSP Acquisition Trust is a newly established Australian unit trust, named PSPIB Power Trust, with Perpetual Corporate Trust Limited (ACN 000 341 533) acting as trustee. PSPIB Power Trust was established on 16 August 2021. The units in PSPIB Power Trust are held by PSP Investments (99%) and Infra-PSP Credit Inc. (1%) (a Canadian company which is directly 100% owned by PSP Investments).

PSP Investments is a Canadian Crown corporation, incorporated under the *Public Sector Pension Investment Board Act* (Canada), with approximately C\$204.5 billion in assets under management as of 31 March 2021. PSP Investments was established to invest the amounts transferred by the Canadian Federal Government since 1 April 2000 equal to the proceeds of the net contributions for the pension plans of the Canadian Public Service, the Canadian Forces and the Royal Canadian Mounted Police, and since 1 March 2007, for the Reserve Force Pension Plan. Under section 3.1 of the *Public Sector Pension Investment Board Act* (Canada), the President of the Treasury Board holds all of the shares in the capital of PSP Investments on behalf of Her Majesty in right of Canada. PSP Investments operates through the following asset classes: capital markets, private equity, real estate, infrastructure, natural resources and credit investments. PSP Investments' infrastructure group invests globally on a long-term basis, primarily in the sectors of transportation, communication and utilities, which include renewable power. The group is focused on direct investments, including through industry platforms and co-investments.

Further information on PSP Investments is available from its website at www.investpsp.com.

(e) Bidco Directors

As at the date of this Scheme Booklet, the directors of Bidco and Pika HoldCo are the same, being Andrew Jennings – Director of KKR's Infrastructure team, Bruce Crane – Managing Director of OTPP's Infrastructure & Natural Resources team and Sandiren Curthan – Senior Director of PSP Investments' Infrastructure Investments team.

8.2

Funding**(a) Overview**

If the Schemes become Effective, Scheme Securityholders will receive the Scheme Consideration for each Scheme Security held by them as at the Scheme Record Date. The maximum aggregate amount of cash payable on implementation of the Schemes by Bidco to Scheme Securityholders will be approximately \$5.16 billion.²⁹

Bidco intends to fund payment of the Scheme Consideration using a combination of debt and equity. These funding arrangements are described in sections 8.2(b) and 8.2(c) of this Scheme Booklet.

The proceeds available to Bidco under the Debt Acquisition Facilities (as defined below), together with the Equity Funding (as defined below), are in excess of the maximum aggregate Scheme Consideration (whether the Implementation Date occurs before, on or after 15 February 2022).

(b) Equity Funding

Bidco has received legally binding equity commitment letters from:

- (1) KKR DCIF Lower Entity IV SCSp, an entity within the KKR Diversified Core Infrastructure Fund for \$1,421,055,289.35;
- (2) OTPP for \$1,421,055,289.35; and
- (3) PSP Investments for \$1,421,055,289.35,

(each an **Equity Commitment Party**) each letter dated 23 August 2021 (together, the **Equity Commitment Letters**) under which the relevant Equity Commitment Party commits, on a several basis, to provide their individual respective cash amount noted above to Bidco, totaling \$4,263,165,868.05 (together, the **Equity Funding**) for the purpose of funding part of the aggregate Scheme Consideration payable by Bidco under the Schemes. The Equity Funding will be paid to Bidco shortly before the Implementation Date, by way of one or more direct or indirect capital contributions, which contributions may take the form of ordinary equity, shareholder loans, preferred equity or other securities.

The respective Equity Funding of each Equity Commitment Party is subject to:

- (1) the Schemes becoming Effective; and
- (2) the Equity Commitment Letters of each other Equity Commitment Party not being modified, amended or altered in any manner adverse to the Equity Commitment Party without its prior written consent.

The Equity Funding is otherwise unconditional.

Each Equity Commitment Party has the capacity to fund their respective Equity Funding by drawing on cash or cash equivalents available to it or binding commitments from each of their respective affiliates, or their respective affiliates' direct or indirect investors.

(c) Debt Acquisition Facilities

Bidco has entered into a debt commitment letter dated 22 August 2021 (the **Debt Commitment Letter**) under which Canadian Imperial Bank of Commerce, Commonwealth Bank of Australia, Export Development Canada, MUFG Bank, Ltd., National Australia Bank Limited and UBS AG, Australia Branch (collectively, the Mandated Lead Arrangers and Bookrunners (**MLAUBs**)) have severally agreed to provide certain secured debt facilities (**Debt Acquisition Facilities**) in an aggregate amount of no less than \$920 million to Bidco.

Bidco is permitted to use the proceeds of borrowings under the Debt Acquisition Facilities to fund part of the aggregate Scheme Consideration payable by Bidco under the Schemes, to refinance certain existing indebtedness of the Spark Infrastructure Group and to pay fees, costs and expenses (including indirect taxes and stamp duty) related to the Debt Acquisition Facilities or the Schemes.

The availability of the Debt Acquisition Facilities provided by the MLAUBs on a customary 'certain funds' basis is subject to the satisfaction of certain customary conditions precedent, including:

- (1) certification that consummation of the acquisition of the Scheme Securities by Bidco under the Schemes will occur in accordance with the terms of the Scheme Implementation Deed (and related documentation);
- (2) confirmation that there has been no termination of or amendment to, or a waiver of any condition precedent or subsequent granted under, the Scheme Implementation Deed which would be adverse to the interests of the MLAUBs, taken as a whole, unless they have provided their prior written consent (not to be unreasonably withheld or delayed);
- (3) execution of definitive long form syndicated facility documentation (and related definitive financing documentation) as described below; and

²⁹ This amount is calculated on the assumption that all Spark Infrastructure Performance Rights are converted into Spark Infrastructure Securities, that no Special Distribution nor Final Distribution is paid by Spark Infrastructure Trust, and that there is delay in the current indicative timetable such that the Effective Date occurs on the End Date (being 24 May 2022) resulting in a delayed Implementation Date and Additional Consideration of approximately \$0.05 per Scheme Security.

- (4) the accuracy of certain representations identified in the Debt Commitment Letter made with respect to Bidco prior to funding of the Debt Acquisition Facilities.

It is expected that as of the Second Court Date, the Debt Commitment Letter will be superseded by a definitive long form syndicated facility agreement and related definitive financing documentation required to be entered into as a condition precedent to initial borrowings under the Debt Acquisition Facilities among the parties thereto, the material terms and conditions of which are specified in the Debt Commitment Letter.

It is expected that the conditions to the Debt Acquisition Facilities will be satisfied on or before the Second Court Date (other than certain procedural conditions which are intended to be satisfied concurrently with, or prior to, the initial borrowings under the Debt Acquisition Facilities, including the payment of fees, costs and expenses).

As at the Last Practicable Date, Bidco is not aware of any reason why the conditions to the Debt Acquisition Facilities will not be satisfied so as to enable the relevant Debt Acquisition Facilities to be drawn for the purpose of funding the Scheme Consideration.

(d) Provision of Scheme Consideration

On the basis of the arrangements described above, Bidco is of the opinion that it has a reasonable basis for holding the view, and holds the view, that it will be able to satisfy the funding commitments described in this section 8.2.

8.3 Bidco's intentions

(a) Introduction

If the Schemes are implemented, Bidco will become the holder of all Scheme Securities and, accordingly, Spark Infrastructure Trust will become a wholly-owned subsidiary of Bidco.

This section 8.3 sets out Bidco's present intention only and is based on the information concerning Spark Infrastructure Trust (including certain non-public information made available by Spark Infrastructure to Bidco prior to the entry into the Scheme Implementation Deed) and the general business environment which is known to Bidco at the time of preparation of this Scheme Booklet. Bidco does not currently have full knowledge of all material information, facts and circumstances that are necessary to assess all of the operational, commercial, taxation and financial implications of its present intentions. Bidco's present intentions concerning the businesses, operations, assets and employees of Spark Infrastructure Trust are the same as the intentions of KKR Acquisition Co, OTPP Acquisition Co and PSP Acquisition Trust.

If the Schemes are implemented, Bidco intends to undertake a detailed review of Spark Infrastructure's assets and operations, including to evaluate their performance, prospects and strategic relevance. Bidco will only make final decisions following the completion of this review and based on the facts and circumstances at the relevant time.

Accordingly, the statements set out in this section 8.3 are statements of present intention and may change as new information becomes available or as circumstances change.

(b) Spark Infrastructure Trust's removal from the ASX

Following the implementation of the Schemes, Bidco will arrange for Spark Infrastructure to apply for the termination of the official quotation of Spark Infrastructure Securities on the ASX and for the Spark Infrastructure Group to be removed from the ASX's official list with effect on or around the Business Day immediately following the Implementation Date.

(c) Deregistration of managed investment scheme

Bidco intends to apply to ASIC to deregister Spark Infrastructure Trust as a registered managed investment scheme in due course, noting that it is intended that Spark Infrastructure RE will continue as trustee of the Spark Infrastructure Trust following that deregistration.

(d) Responsible entity

As at the date of this Scheme Booklet, Bidco has no current plans to remove the current responsible entity of the Spark Infrastructure Trust (being Spark Infrastructure RE) and to appoint a new responsible entity.

(e) Board of directors

If the Schemes are implemented, the Spark Infrastructure Board will be reconstituted, such that some or all of the directors may be replaced, with effect on and from the Implementation Date. At the date of this Scheme Booklet, the new directors have not been identified.

(f) Employees

Following implementation of the Schemes, Bidco will review Spark Infrastructure's business operations and organisational structure to ensure Spark Infrastructure has the relevant mix and level of employees and skills that is appropriate for an un-listed entity to enhance the business going forward and to enable the business to pursue growth opportunities.

(g) Changes to Spark Infrastructure's constituent documents

Bidco has no current intention to make material changes to Spark Infrastructure's constituent documents following implementation of the Schemes, other than to reflect that Spark Infrastructure Securities will no longer be publicly listed following implementation of the Schemes.

See section 6.4 of this Scheme Booklet for details regarding proposed changes to Spark Infrastructure's constituent documents on the Implementation Date, to be approved by Spark Infrastructure Securityholders at the Meetings.

(h) Business, operations and assets

Subject to the findings of the post-acquisition review referred to in this section 8.3, Bidco's current intention is to continue the strategic direction and operations of Spark Infrastructure, whereby it continues its focus on investing in services infrastructure businesses, primarily electricity distribution and transmission businesses in Australia, without any major changes to be made to the operations of Spark Infrastructure. Bidco will look to advance Spark Infrastructure's mission to provide essential energy infrastructure to the millions of customers across Australia that rely on its assets.

8.4 Additional information**(a) Relevant Interests in Spark Infrastructure Securities**

Bidco is not the registered holder of, nor does it have the power to control voting rights attached to, or the power to dispose of, any Spark Infrastructure Securities.

(b) Voting Power in Spark Infrastructure Trust

As at the date of this Scheme Booklet, Bidco has no Voting Power in Spark Infrastructure Trust.

(c) Dealing in Spark Infrastructure Securities in previous four months

Neither Bidco nor its Associates has provided or agreed to provide any consideration for any Spark Infrastructure Securities under any transaction or agreement during the period of four months before the date of this Scheme Booklet, except for the Scheme Consideration which Bidco has agreed to provide under the Schemes.

(d) Benefits to Spark Infrastructure Securityholders

During the four months before the date of this Scheme Booklet, none of Bidco or its Associates have given, or offered to give or agreed to give a benefit to another person where the benefit was likely to induce the other person or an Associate to:

- (1) vote in favour of the Schemes; or
- (2) dispose of Scheme Securities,

where the benefit was not offered to all Spark Infrastructure Securityholders.

(e) Benefits to current Spark Infrastructure officers

Neither Bidco nor any of its Associates will be making any payment or giving any benefit to any current officers of Spark Infrastructure or any of Spark Infrastructure Trust's subsidiaries as compensation or consideration for, or otherwise in connection with, their resignation from their respective offices dependent on the Schemes being implemented.

(f) No interests of Bidco directors in Spark Infrastructure Securities

As at the date of this Scheme Booklet, none of the directors of Bidco have a Relevant Interest in any Spark Infrastructure Securities.

(g) No other material information

Except as otherwise disclosed in this Scheme Booklet, there is no other Bidco Information that is material to the making of a decision in relation to the Schemes, being Bidco Information that is within the knowledge of the directors of Bidco, at the date of this Scheme Booklet, which has not previously been disclosed to Spark Infrastructure Securityholders.

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9

RISK FACTORS



9 RISK FACTORS

9.1

Introduction

The Schemes present a number of potential risks that Spark Infrastructure Securityholders should consider when deciding how to vote on the Resolutions.

This section 9 outlines some of the:

- (a) general and specific risks relating to an investment in Spark Infrastructure Securities, which may affect the future operating and financial performance of Spark Infrastructure and the value of Spark Infrastructure Securities (see sections 9.2 and 9.3 of this Scheme Booklet); and
- (b) general risks relating to the Schemes (see section 9.4 of this Scheme Booklet); and
- (c) general risks relating to the Special Distribution (see section 9.5 of this Scheme Booklet).

The risks in sections 9.2 and 9.3 relating to an investment in Spark Infrastructure Securities will only apply to you if the Schemes are not implemented and you retain an investment in Spark Infrastructure Securities. You will not be exposed to the risks in these sections if the Schemes are implemented and you receive the Scheme Consideration.

The outline of risks in this section 9 is a summary only and is not exhaustive. This summary does not purport to list every risk that may be associated with an investment in Spark Infrastructure Securities now or in the future, or that may be associated with the Schemes being implemented. Additional risks and uncertainties that Spark Infrastructure is currently unaware of, or that Spark Infrastructure considers to be immaterial, may also become important factors that adversely affect Spark Infrastructure's operating and financial performance. The occurrence or consequences of some of the risks described in this section 9 may be partially or completely outside the control of Spark Infrastructure or its directors and management.

This section 9 is general in nature only and does not take into account your individual objectives, financial situation, taxation position or particular needs.

9.2

General investment risks

General risks that may affect Spark Infrastructure or the price or value of Spark Infrastructure Securities include:

- (a) changes in general business, industry cycles and economic conditions, including inflation, interest rates, exchange rates, commodity prices and consumer demand and preferences;
- (b) the overall performance of the Australian and international stock and credit markets, changes in investor sentiment, recommendations by securities analysts, the operating and trading price performance of other comparable listed entities or the inclusion or removal of Spark Infrastructure from major market indices;
- (c) changes to government policy (including fiscal, monetary, taxation, foreign investment, employment and environmental policies), legislation or regulation (including accounting and reporting standards);
- (d) governmental or political intervention in export and import markets (including sanction controls and import duties) and the disruptions this causes to supply and demand dynamics;
- (e) the nature of competition in the markets in which Spark Infrastructure and the Asset Companies operate; and
- (f) weather conditions, natural disasters or catastrophes, pandemics generally and other general operational and business risks.

9.3

Risks relating to an investment in Spark Infrastructure Securities

Key risks relating to an investment in Spark Infrastructure Securities which may affect the future operating and financial performance of Spark Infrastructure and the value of Spark Infrastructure Securities include:

- (a) **Minority interests in Asset Companies:** Spark Infrastructure does not have a controlling interest in its investments in the Asset Companies, which means that Spark Infrastructure cannot exercise full control over these investments. Spark Infrastructure's co-investors in the Asset Companies may have different objectives and opinions regarding the management of the Asset Companies and there is a risk that a material disagreement between Spark Infrastructure and its co-investors could have a material adverse effect on Spark Infrastructure's investment in the Asset Companies.

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- (b) **Energy industry regulation:** The Asset Companies operate in regulated industries and carry out their respective business activities under various permits, licences, approvals and authorities from regulatory bodies. The AER is responsible for determining revenue in accordance with the National Electricity Rules, which effectively set the large majority of the revenue the Asset Companies are entitled to recover over the 5-year regulatory periods. The Australian Energy Market Commission, Energy Security Board and State and Federal Energy Ministers can also establish new, or amend existing, rules and regulations in the energy industry in Australia. Accordingly, the value of Spark Infrastructure's investment in the Asset Companies may be materially adversely affected by:
 - (1) adverse changes to the structure, regulations and rules governing the energy industry;
 - (2) adverse changes to regulatory settings and instruments;
 - (3) revocation of permits, licences, approvals or authorities; and
 - (4) breach by an Asset Company of permitted operating conditions.
 - (c) **Regulatory determinations:** The Asset Companies operate in accordance with 5-year regulatory periods administered by the AER, which commenced on 1 July 2020 for SA Power Networks, 1 July 2021 for CitiPower and Powercor (together Victoria Power Networks) and 1 July 2018 for TransGrid. The AER published the final determinations for SA Power Networks and Victoria Power Networks on 5 June 2020 and 30 April 2021, respectively, which, under the operation of a "revenue cap" form of revenue recovery, now provide revenue certainty for SA Power Networks and Victoria Power Networks out to 30 June 2025 and 30 June 2026, respectively. The AER is expected to publish the preliminary determination for TransGrid in September 2022 and the final determination in April 2023 for TransGrid's next 5-year regulatory period commencing 1 July 2023. The outcome of this process may have a material impact on Spark Infrastructure's operating results.
 - (d) **Government policy, laws and regulatory change generally:** Spark Infrastructure and the Asset Companies are subject to environmental laws and regulations, occupational health and safety requirements and technical and safety standards, as well as general regulation, including in relation to land use and land access, native title and cultural heritage and technical regulation. Changes to government policy, laws or regulations, or the introduction of new regulatory regimes (for example, in relation to climate change), may lead to an increase in operational costs and may have a material adverse effect on Spark Infrastructure's and the Asset Companies' businesses.
 - (e) **Asset Company funding requirements:** Spark Infrastructure is exposed to risks relating to the refinancing of existing debt instruments and facilities of the Asset Companies. The Asset Companies may experience difficulty in refinancing some or all of these debt maturities. The terms on which they are refinanced may also be less favourable than at present.
 - (f) **Interest rates and inflation:** While Spark Infrastructure and the Asset Companies take reasonable steps to protect themselves through the use of hedges, rising interest rates may nonetheless adversely affect Spark Infrastructure and the Asset Companies. Inflation in underlying input costs may also adversely impact the performance of Spark Infrastructure and the Asset Companies. Under the regulatory model, regulated revenues to be recovered from consumers are adjusted annually for interest and inflation changes. In addition, the regulated asset bases of the Asset Companies' businesses are also adjusted for actual inflation. Differences in expectations and variances to regulatory forecasts regarding interest and inflation can have a material impact on operating results and on the value of Spark Infrastructure's investment in the Asset Companies.
 - (g) **Reliance on key personnel:** Spark Infrastructure's growth and profitability may be limited by the loss of key senior management personnel, the inability to attract new suitably qualified personnel or by increased compensation costs associated with attracting and retaining key personnel.
 - (h) **Acquisition risk:** Spark Infrastructure's growth strategy includes pursuing acquisitions, particularly of renewable energy generation and storage assets and development opportunities. Spark Infrastructure Securityholders' interests may be diluted and Spark Infrastructure Securityholders may experience a loss in value of their equity if Spark Infrastructure issues securities as consideration for acquisitions or if Spark Infrastructure funds acquisitions through raising equity capital by placing securities with new investors.
 - (i) **Development risk:** Spark Infrastructure's growth strategy includes development of renewable energy generation and storage assets. Development costs and timeframes may be adversely affected by delays in receiving planning approvals, connection to the network, securing off-take agreements, costs of materials, labour and finance, project variations, geotechnical or other physical constraints on site development, and delays in testing and obtaining regulatory approvals.

- (j) **New technologies/industry change:** Spark Infrastructure and the Asset Companies operate in a business environment which is characterised by significant technological change in the generation, storage and metering of electricity. Whilst also an opportunity, new and developing technologies may adversely impact future demand, capital expenditure requirements, the value of existing investments and the relevance of certain operational structures and processes.
- (k) **Technology and cybersecurity:** Technology, including both operational technology and information technology, has been integrated throughout Spark Infrastructure's and the Asset Companies' businesses to ensure safe and efficient operations. The increased dependency on technology creates general technology risks (including hardware failure, software failure and human error) and increased cybersecurity risks.
- (l) **Safety risks:** Failure to implement effective workplace health and safety procedures for Spark Infrastructure and the Asset Companies could give rise to workplace health and safety and/or public safety risks which in turn may create reputational or regulatory risk, or lead to a claim and may have a material adverse effect on the performance of Spark Infrastructure and the Asset Companies.
- (m) **Climate change:** The physical risks posed by climate change, such as increased frequency and intensity of adverse weather events, have the potential to impact the performance of Spark Infrastructure and the Asset Companies. In particular, bushfires in the Australian summer pose a risk to the maintenance of safe and reliable electricity networks. Climate change may also affect the affordability and appropriateness of bushfire related insurance coverage for the Asset Companies.
- (n) **Debt covenants:** Spark Infrastructure and the Asset Companies have various covenants in relation to their debt facilities, including financial undertakings. In the event that these covenants are breached, Spark Infrastructure's and the Asset Companies' lenders (as the case may be) may cancel their commitments under the relevant facilities and require all amounts payable to them under or in connection with those facilities to be repaid immediately. Spark Infrastructure may issue Spark Infrastructure Securities for purposes of repayment of debt. Spark Infrastructure Securityholders' interests may be diluted and Spark Infrastructure Securityholders may experience a loss in value of their equity if Spark Infrastructure issues securities to repay debt or if Spark Infrastructure repays debt through raising equity capital by placing securities with new investors.
- (o) **Litigation:** Spark Infrastructure and the Asset Companies are subject to the usual business risk that disputes or litigation may arise from time to time in the course of its business activities. Spark Infrastructure and the Asset Companies may face claims in respect of safety by an employee, contractor or a member of the public, or for property damage and personal injury associated with bushfires that may be caused by the Asset Companies' operations.
- (p) **Insurance:** Although Spark Infrastructure maintains insurance that it believes is appropriate to protect against major operating and other risks, not all risks are insured or insurable. Spark Infrastructure cannot be sure that adequate insurance coverage for potential losses and liabilities will be available in the future on commercially reasonable terms, and may also elect to self-insure and/or carry large deductibles. If Spark Infrastructure experiences a loss in the future, the proceeds of the applicable insurance policies, if any, may not be adequate to cover replacement costs, lost revenues, increased expenses or liabilities to third parties. This may have a material adverse effect on Spark Infrastructure Group's financial position and performance.
- (q) **Compliance with environmental standards:** Failure to comply with operation and maintenance standards could lead to safety issues, service disruptions and adverse publicity and could otherwise result in a material adverse effect on Spark Infrastructure's and the Asset Companies' businesses. Spark Infrastructure's and the Asset Companies' current and historic facilities handle or contain various materials and substances that are hazardous or environmentally sensitive. There is a risk of cost and reputational damage from the handling of these substances, or from historic contamination. Although Spark Infrastructure and the Asset Companies have implemented risk management systems designed to identify and manage risks to employees, contractors and the community, accidents, including fatalities and severe injuries, may occur in the future. These risks could expose Spark Infrastructure and the Asset Companies to potential fines and increased expenses.
- (r) **Taxation:** Future changes in Australian taxation law, including changes in interpretation or application of the law by the courts or taxation authorities in Australia, may affect the taxation treatment of an investment in Spark Infrastructure Securities or the holding and disposal of Spark Infrastructure Securities. Further, changes in tax law, or changes in the way tax law is interpreted, in the various jurisdictions in which Spark Infrastructure and the Asset Companies operate, may impact the future tax liabilities and tax treatment of Spark Infrastructure and the Asset Companies.

9.4 Risks relating to the Schemes

- (a) **Schemes may not proceed or may be delayed:** As set out in section 6.3 of this Scheme Booklet, the Schemes are subject to a number of Conditions Precedent, including Court approval of the Creditors' Scheme and the Second Judicial Advice and regulatory approvals (including FIRB approval).

There is a risk that such Court approval of the Creditors' Scheme and the Second Judicial Advice and regulatory approvals may not be obtained, or in the case of regulatory approvals may be obtained subject to conditions which Bidco or Spark Infrastructure or both (as applicable) are not prepared to accept (acting reasonably), or may be delayed. This may result in implementation of the Schemes being delayed, or the Schemes not proceeding.

Each of Spark Infrastructure and Bidco also has the right to terminate the Scheme Implementation Deed, and not proceed with the Schemes, in certain circumstances. These termination rights are summarised in section 12.1(h) of this Scheme Booklet.

- (b) **Risks if the Schemes are implemented:** If the Schemes are implemented, Scheme Securityholders will no longer hold Spark Infrastructure Securities and will forgo any future benefits of being a Spark Infrastructure Securityholder, including future financial and security price performance of Spark Infrastructure, exposure to Spark Infrastructure's business and investments and the opportunity to share in any value that could be generated by Spark Infrastructure in the future. However, there is no guarantee as to Spark Infrastructure's future operating or financial performance, or the future price of Spark Infrastructure Securities. Also, it may be difficult for Scheme Securityholders to identify or invest in alternative investments that have comparable investment characteristics and asset portfolios to that of Spark Infrastructure, and Scheme Securityholders may incur transaction costs in undertaking any new investment.
- (c) **Tax consequences:** There will be tax consequences for the Scheme Securityholders if the Schemes are implemented, which may include tax being payable. For further detail regarding general Australian tax consequences of the Schemes and any Special Distribution, see section 10 of this Scheme Booklet. The tax consequences may vary depending on the nature and characteristics of Scheme Securityholders and their specific individual circumstances. Accordingly, you should seek professional tax advice in relation to your particular circumstances.
- (d) **Risks if the Schemes are not implemented:** If the Schemes do not become Effective, Spark Infrastructure Securityholders will not receive the Scheme Consideration and Spark Infrastructure will not declare and pay the Special Distribution.

Spark Infrastructure will continue, in the absence of a Superior Proposal, to operate as a standalone entity, and remain listed on the ASX.

In addition, Spark Infrastructure may be required to pay the Reimbursement Fee to Bidco if the Schemes do not proceed in certain circumstances. However, the Reimbursement Fee is not payable by Spark Infrastructure to Bidco simply because the Resolutions are not approved by Spark Infrastructure Securityholders. Further, Bidco may be required to pay the Reverse Reimbursement Fee to Spark Infrastructure if the Schemes do not proceed in certain circumstances. See sections 12.1(e) and 12.1(f) of this Scheme Booklet for more details.

Unless they choose to sell their Spark Infrastructure Securities on the ASX, Spark Infrastructure Securityholders will continue to hold Spark Infrastructure Securities and will be exposed to both the risks (including those set out in this section 9) and the potential future benefits in retaining exposure to Spark Infrastructure's business and investments.

The Spark Infrastructure Security price will also remain subject to market volatility and may fall in the absence of a Superior Proposal.

See section 4.3(f) of this Scheme Booklet for further details.

9.5 Risks relating to the Special Distribution

- (a) **Special Distribution dependent on outcome of Schemes:** As noted in section 9.4(c) of this Scheme Booklet, if the Schemes do not become Effective, Spark Infrastructure will not declare and pay the Special Distribution.
- (b) **Payment of Special Distribution:** The declaration and amount of the Special Distribution is subject to the Spark Infrastructure Board's discretion. The Special Distribution is expected to be declared, and the amount of the Special Distribution announced, shortly before the date of the Meetings, with payment being conditional on the Schemes becoming Effective.
- (c) **Tax implications of the Special Distribution:** The payment of any Special Distribution is subject to Spark Infrastructure having received a favourable draft ATO Tax Ruling in respect of the Special Distribution from the ATO. On the basis that the draft ATO Tax Ruling is received, the ability of Spark Infrastructure Securityholders to benefit from any franking credits attached to the Special Distribution will depend on their individual tax circumstances, including their tax residency and marginal tax rate. When assessing the benefit of any franking credits attached to the Special Distribution, Spark Infrastructure Securityholders should seek independent professional taxation advice as to whether or not receipt of the Special Distribution and any associated entitlement to a tax offset in respect of such franking credits will be of benefit to them based on their own individual circumstances. For further information see section 10 of this Scheme Booklet.

10

TAX CONSIDERATIONS

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10 TAX CONSIDERATIONS

10.1 Introduction

This is a general overview of the Australian taxation implications that should arise for certain Spark Infrastructure Securityholders as a result of the following transactions:

- (a) implementation of the Schemes between Spark Infrastructure, Bidco and Spark Infrastructure Securityholders under which Bidco will acquire all of the Scheme Securities (as described in section 2 of this Scheme Booklet);
- (b) payment of the Interim Distribution;
- (c) payment of any Special Distribution; and
- (d) payment of any Final Distribution if the Implementation Date occurs after 31 December 2021.³⁰

The information provided below does not consider the consequences for Spark Infrastructure Securityholders who:

- (a) received the Interim Distribution and/or are entitled to any Special Distribution and/or any Final Distribution but dispose of their Spark Infrastructure Securities prior to the Scheme Record Date such that they are not entitled to receive the Scheme Consideration;
- (b) hold their Spark Infrastructure Securities as a revenue asset (including trading entities or entities who acquired their Spark Infrastructure Securities for the purposes of resale at a profit) or as trading stock for Australian income tax purposes;
- (c) are partnerships or entities who are partners of such partnerships;
- (d) are non-residents who hold their Spark Infrastructure Securities as an asset in a business that is carried on through a permanent establishment in Australia;
- (e) acquired their Spark Infrastructure Securities pursuant to an employee equity, option or rights plan;
- (f) are under a legal disability;
- (g) may be subject to special tax rules, such as insurance companies, partnerships, tax exempt entities and entities subject to the Investment Manager Regime under Subdivision 842-1 of the *Income Tax Assessment Act 1997* (Cth) (ITAA 1997) in respect of their Spark Infrastructure Securities; or
- (h) are subject to the Taxation of Financial Arrangements (TOFA) rules in Division 230 of the ITAA 1997 in relation to gains and losses on their Spark Infrastructure Securities.

This summary is necessarily general in nature and is not intended to be an authoritative or complete statement of the applicable law. It is based on Australian tax legislation, case law and relevant administrative practice in force as at the date of this Scheme Booklet. The Australian income tax, stamp duty and GST implications outlined in this summary may alter if there is a change in the taxation law after the date of this Scheme Booklet.

This summary does not take into account any financial objectives, tax positions or investment needs of any Spark Infrastructure Securityholders and should not be construed as being investment, legal or tax advice to any particular Spark Infrastructure Securityholder.

As the taxation implications of the Schemes and the Interim Distribution, any Special Distribution and any Final Distribution will depend upon a Spark Infrastructure Securityholder's nature and characteristics and their specific circumstances, Spark Infrastructure Securityholders should seek and rely only upon their own professional taxation advice before concluding on the particular taxation treatment that will apply to them.

Spark Infrastructure Securityholders that are subject to tax in a jurisdiction outside Australia may be subject to tax consequences in that jurisdiction in respect of the Schemes that are not covered by this summary. Such Spark Infrastructure Securityholders should seek and rely only upon their own professional taxation advice in relation to the taxation implications of the Schemes and the Interim Distribution, any Special Distribution and any Final Distribution in any jurisdictions that are relevant to them.

³⁰ The record date for the Final Distribution is expected to be 31 December 2021.

10.2 ATO Tax Ruling Request

Spark Infrastructure has applied for a class ruling from the ATO on behalf of Scheme Securityholders regarding the income tax implications for Scheme Securityholders in respect of the Schemes and the payment of the Interim Distribution, any Special Distribution and any Final Distribution (the **ATO Tax Ruling**). The income tax comments provided below are consistent with the positions taken in the application for the ATO Tax Ruling lodged with the ATO.

Obtaining the ATO Tax Ruling is not a requirement for Scheme Securityholders adopting the tax treatment discussed below, and completion of the Schemes is not conditional on the ATO Tax Ruling being issued. However, the declaration of any Special Distribution is subject to Spark Infrastructure having received a favourable draft ATO Tax Ruling.

The final ATO Tax Ruling is not expected to be issued by the ATO until after the Implementation Date (which is expected to be 22 December 2021). However, Spark Infrastructure Trust expects to receive the draft ATO Tax Ruling prior to the Meetings. Spark Infrastructure Securityholders should refer to the ATO Tax Ruling once it is published on www.ato.gov.au. However, to the extent that the Schemes are implemented in a manner that is consistent with that outlined in the application for the ATO Tax Ruling, it is expected that the Commissioner of Taxation's conclusion in the draft and final versions of the ATO Tax Ruling should be consistent. This section 10 should be read in conjunction with the ATO Tax Ruling to be issued by the ATO.

10.3 Payments to Scheme Securityholders

Currently, a Spark Infrastructure Security consists of one Spark Infrastructure Note stapled to one Spark Infrastructure Unit.

On the Implementation Date, shortly before acquisition by Bidco, Scheme Securityholders will be distributed the Scheme Shares (**In Specie Distribution**). The Scheme Shares will have nil value and will only confer on their holders a right to receive a nominal capital distribution in the event of a winding up. The Scheme Shares will have no voting or dividend rights.

Simultaneously with their distribution, the Scheme Shares will be stapled to the Scheme Units and Scheme Notes to form the Scheme Securities.

Under the terms of the Schemes, if the Implementation Date is before 15 February 2022, Scheme Securityholders will receive the Total Cash Amount of \$2.8875 cash per Scheme Security.

The Total Cash Amount will consist of the following amounts:

- (a) in respect of the Scheme Units, cash consideration of approximately \$2.2375 per Spark Infrastructure Unit less the amounts of any Special Distribution and any Final Distribution, paid by Bidco;
- (b) in respect of the Scheme Notes, cash consideration of \$0.65 per Spark Infrastructure Note, paid by Bidco; plus
- (c) in respect of the Scheme Shares, nil.

As part of the Total Cash Amount, Scheme Securityholders are expected to receive a fully franked Special Distribution from the Spark Infrastructure Trust of approximately \$0.12 per Spark Infrastructure Security.³¹

If the Schemes have not been implemented before 15 February 2022, the cash consideration in respect of the Scheme Units will be increased by \$0.01 per Spark Infrastructure Security on 15 February 2022, and \$0.0003333 per Spark Infrastructure Security per day (i.e. approximately \$0.01 per Spark Infrastructure Security per month) after that date until the Implementation Date.

The tax treatment and consequences of each of these amounts is discussed below.

10.4 Taxation treatment of Distributions

(a) Interim, Special and Final Distributions

The Interim Distribution consisted of interest on the Spark Infrastructure Notes and a trust distribution (comprising a tax deferred distribution and a fully franked trust distribution with attached franking credits).

The Special Distribution will solely comprise a franked trust distribution with attached franking credits. No interest will be paid on the Spark Infrastructure Notes as part of the payment of the Special Distribution.

Where the Schemes are implemented after 31 December 2021, a Final Distribution will be paid. The exact components of the Final Distribution are not presently known but will include interest on the Spark Infrastructure Notes and a franked distribution component with associated franking credits anticipated to be approximately 1.5 cents per Spark Infrastructure Security. Spark Infrastructure will pay any Final Distribution to Spark Infrastructure Securityholders who hold Spark Infrastructure Securities as at the Final Distribution record date on the Final Distribution payment date, which will be before the Scheme Record Date.

³¹ The Spark Infrastructure Board will determine in its sole discretion whether to pay any Special Distribution. The amount of any Special Distribution will reflect the franking credits available for distribution at the time the Special Distribution is expected to be paid. If the Schemes are implemented after 31 December 2021, the amount of any Special Distribution will be adjusted to reflect the availability of franking credits for distribution after payment of the Final Distribution.

The estimated components of the Interim Distribution and the Final Distribution (where relevant) will be published in the 'Investor Centre' on the Spark Infrastructure Group's website at www.sparkinfrastructure.com.

The details regarding the components of the Interim Distribution, any Special Distribution and any Final Distribution will be included in the 2022 annual tax statement that will be provided to each Spark Infrastructure Securityholder in time for Spark Infrastructure Securityholders who need to complete a 30 June 2022 income tax return.

The tax implications arising from the Interim Distribution, any Special Distribution and any Final Distribution will depend on whether the Spark Infrastructure Securityholder is a resident of Australia or a non-resident of Australia for Australian income tax purposes.

(b) Resident Spark Infrastructure Securityholders

(1) Interest on Spark Infrastructure Notes

Interest on the Spark Infrastructure Notes received by an Australian tax resident (**Resident**) Spark Infrastructure Securityholder will be included in the assessable income of the Spark Infrastructure Securityholder for the income year to which it relates. In the present circumstances this will be the income year ending 30 June 2022.

If a TFN or ABN or details of any relevant exemption is not provided to Spark Infrastructure Trust by the Spark Infrastructure Securityholder, tax at the relevant rate (47%) will be deducted from the interest paid by Spark Infrastructure Trust and remitted to the ATO. Spark Infrastructure Securityholders may be entitled to claim an income tax credit/refund (as applicable) in their income tax returns in respect of any tax withheld.

(2) Tax deferred distribution component

A tax deferred distribution represents the amount by which the net income of Spark Infrastructure Trust for income tax purposes is less than the amount distributed to the Spark Infrastructure Securityholders.

Where the Spark Infrastructure Security is held on capital account for income tax purposes (i.e. not as trading stock or otherwise on revenue account), the 'tax deferred' component of the trust distribution paid to a Resident Spark Infrastructure Securityholder will not be included in the Spark Infrastructure Securityholder's assessable income. However, the tax deferred component affects the Spark Infrastructure Securityholder's cost base in their Spark Infrastructure Units.

A component of the Interim Distribution will comprise a tax deferred distribution.

A Spark Infrastructure Securityholder's cost base or reduced cost base in the Spark Infrastructure Units will be reduced by the amount of the tax deferred distribution.

To the extent that the tax deferred distribution exceeds the Spark Infrastructure Securityholder's cost base or reduced cost base in the Spark Infrastructure Units, the Spark Infrastructure Securityholder will make an immediate capital gain equal to the excess.

See section 10.5(d)(2) of this Scheme Booklet for further detail of the effect of the tax deferred distribution on the Spark Infrastructure Securityholder's cost base of the Spark Infrastructure Units.

If a TFN or ABN or details of any relevant exemptions is not provided to Spark Infrastructure Trust by the Spark Infrastructure Securityholder, where the distribution is not wholly tax deferred tax at the relevant rate (47%) will be deducted from the tax deferred distribution paid by Spark Infrastructure Trust and remitted to the ATO. Spark Infrastructure Securityholders may be entitled to claim an income tax credit/refund (as applicable) in their income tax returns in respect of any tax withheld.

(3) Franked trust distribution component

The franked dividends received by the Spark Infrastructure Trust will be included in the net income of the trust. Resident Spark Infrastructure Securityholders in receipt of the proposed franked trust distributions should be assessed on their proportionate share of the net income (disregarding franking credits) of Spark Infrastructure Trust for the year ended 31 December 2021. The net income of Spark Infrastructure Trust will be included in the 2022 annual tax statement that will be provided to each Spark Infrastructure Securityholder after the Implementation Date.

Generally, the franking credits attached to the Interim Distribution, any Special Distribution and any Final Distribution received directly by a Resident Spark Infrastructure Securityholder will also be included in the assessable income of that Spark Infrastructure Securityholder.

A tax offset equal to the franking credits should then be available to offset or reduce the resulting tax liability. Individuals and complying superannuation entities may be entitled to a refund where the tax offset for any franked distribution exceeds their tax liability. Where the Spark Infrastructure Securityholder is a corporate securityholder, franked trust distributions will generally give rise to a franking credit in the company's franking account.

To be eligible for the franking credit and tax offset, a Spark Infrastructure Securityholder must generally satisfy the 'holding period rules'. In this case, this means the Spark Infrastructure Units must be held 'at risk' for a continuous period of at least 45 days (not including the date of acquisition and the date of disposal of the Spark Infrastructure Units) within the relevant 'qualification period'.

A Spark Infrastructure Securityholder will not be taken to have held the Spark Infrastructure Units 'at risk' where the Spark Infrastructure Securityholder holds 'positions' (such as options or other hedging arrangements) which materially diminish the risks of loss or opportunities for gain in respect of those Spark Infrastructure Units by more than 70%. In relation to the Schemes, Scheme Securityholders will not hold their Spark Infrastructure Units 'at risk' from the Scheme Record Date.

In respect of the Special Distribution, a Spark Infrastructure Securityholder who holds their Spark Infrastructure Units at risk for a continuous period of at least 45 whole days within the period from 16 October 2021 to the day before the Scheme Record Date (currently expected to be 10 December 2021) (not including the date of acquisition and the date of disposal of the Spark Infrastructure Units) should satisfy the 'holding period rules' and be eligible for the franking credit and tax offset on any Special Distribution. The above dates could change if the Schemes are not implemented on or before 31 December 2021.

In respect of the Interim Distribution, a Spark Infrastructure Securityholder who holds their Spark Infrastructure Units at risk for a continuous period of at least 45 whole days within the period from 23 May 2021 to 21 August 2021 (this excludes the days on which Spark Infrastructure Units are purchased or sold) should satisfy the 'holding period rules' and be eligible for the franking credit and tax offset on the Interim Distribution.

The Final Distribution ex-date is not yet known as a Final Distribution will only be paid if the Schemes are not implemented on or before 31 December 2021. However, a Spark Infrastructure Securityholder who holds their Spark Infrastructure Units at risk for a continuous period of at least 45 whole days commencing 45 days before the Final Distribution ex-date and ending 45 days after the Final Distribution ex-date (**End Date**) (this excludes the days on which Spark Infrastructure Units are purchased or sold) should satisfy the 'holding period rules' and be eligible for the franking credit and tax offset on any Final Distribution. A Final Distribution will only be paid if the Schemes are not implemented on or before 31 December 2021 (i.e. where the Scheme Record Date is after 31 December 2021). If the Scheme Record Date is less than 45 days after the Final Distribution ex-date, then the day before the Scheme Record Date should be the relevant End Date.

This issue is being addressed in the ATO Tax Ruling requested by Spark Infrastructure Trust. Spark Infrastructure Securityholders should refer to the ATO Tax Ruling once it is published.

If a TFN or ABN or details of any relevant exemptions is not provided to Spark Infrastructure Trust by the Spark Infrastructure Securityholder, tax at the relevant rate (47%) will be deducted from the franked trust distribution paid by Spark Infrastructure Trust and remitted to the ATO. Spark Infrastructure Securityholders may be entitled to claim an income tax credit/refund (as applicable) in their income tax returns in respect of any tax withheld.

(4) In Specie Distribution

As the Scheme Shares will have a nil value, Resident Spark Infrastructure Securityholders will not be required to recognise any assessable income or reduction in the cost base of their Spark Infrastructure Units as a result of the In Specie Distribution.

(c) Non-Resident Spark Infrastructure Securityholders

(1) Interest on the Spark Infrastructure Notes

Non-Australian tax resident (**Non-Resident**) Spark Infrastructure Securityholders should not be liable to Australian withholding tax in respect of interest on the Spark Infrastructure Notes on the basis that section 128FA of the *Income Tax Assessment Act 1936* (Cth) applies to interest paid by Spark Infrastructure on the Spark Infrastructure Notes as the Spark Infrastructure Notes satisfy the 'public offer test'.

For Non-Resident Spark Infrastructure Securityholders the interest will not be assessable income and will not be exempt income.

(2) Tax deferred distribution component

A component of the Interim Distribution will comprise a tax deferred distribution.

No tax should be withheld from the tax deferred component of the trust distribution paid from Spark Infrastructure Trust to Non-Resident Spark Infrastructure Securityholders, nor should Non-Resident Spark Infrastructure Securityholders be assessed on tax deferred distributions for Australian income tax purposes.

The tax deferred component will affect the Non-Resident Spark Infrastructure Securityholder's cost base and reduced cost base in the Spark Infrastructure Units. Their cost base in the Spark Infrastructure Units will be reduced by the amount of the tax deferred distribution as described at section 10.5(d)(2) of this Scheme Booklet.

As a practical matter, this should only have consequences for Non-Resident Spark Infrastructure Securityholders if the tax deferred amount exceeds the Non-Resident Spark Infrastructure Securityholder's cost base in the Spark Infrastructure Units and upon disposal of their Spark Infrastructure Units (subject to the comments at section 10.5(e)(2) of this Scheme Booklet).

(3) Franked trust distribution component

The taxable component of the Interim Distribution, any Special Distribution and any Final Distribution is expected to be a fully franked dividend and as a result no Australian dividend withholding tax should arise with respect to the franked trust distribution component of these distributions.

For Non-Resident Spark Infrastructure Securityholders the franked trust distribution component will not be assessable income and will not be exempt income.

(4) In Specie Distribution

As the Scheme Shares will have a nil value, Non-Resident Spark Infrastructure Securityholders will not be required to recognise any assessable income or reduction in the cost base of their Spark Infrastructure Units as a result of the In Specie Distribution.

10.5 Taxation treatment of disposal of Scheme Securities

At the time of their disposal under the Schemes, a Scheme Security will consist of one Spark Infrastructure Unit, one Spark Infrastructure Note and three Scheme Shares which are stapled to form a single Scheme Security. For Australian income tax purposes, each component of a Scheme Security is a separate asset and Scheme Securityholders will need to perform separate calculations to determine the gain or loss arising in respect of the disposal of each component of the Scheme Security.

For the purposes of calculating the gain or loss arising from the disposal of the Scheme Securities, assuming the Implementation Date is before 15 February 2022, the proceeds referable to the disposal of each Spark Infrastructure Unit, Spark Infrastructure Note and Scheme Share under the Schemes are as follows:

- (a) \$2.2375 per Spark Infrastructure Unit less the amount of any Special Distribution (expected to be approximately \$0.12 per Spark Infrastructure Unit³²) and the amount of any Final Distribution;
- (b) \$0.65 per Spark Infrastructure Note; and
- (c) nil per Scheme Share.

If the Schemes have not been implemented before 15 February 2022, the proceeds referable to each Spark Infrastructure Unit will be increased by \$0.01 on 15 February 2022, and \$0.0003333 per day (i.e. approximately \$0.01 per month) after that date until the Implementation Date.

The disposal of Scheme Securities to Bidco under the Schemes will give rise to a disposal event for income tax purposes, pursuant to the Capital Gains Tax (CGT) provisions, the traditional securities provisions or both, at the time Spark Infrastructure Securityholders transfer their Scheme Securities to Bidco (i.e. the Implementation Date).

The tax implications arising from the disposal of each of these assets will depend on whether the Spark Infrastructure Securityholder is a Resident or Non-Resident.

(d) Resident Scheme Securityholders

(1) Disposal of Spark Infrastructure Notes

The Spark Infrastructure Note component of the Scheme Security should be regarded as a "traditional security" for Australian income tax purposes. This means that a gain made on the disposal of a Spark Infrastructure Note is taxed as ordinary income and a loss is deductible.

Scheme Securityholders will make a gain, which should be included in the Scheme Securityholder's assessable income, to the extent that the proceeds received in respect of the disposal of the Spark Infrastructure Notes are more than the acquisition costs associated with the Spark Infrastructure Notes. Conversely, Scheme Securityholders will make a loss, which should be deductible to the Scheme Securityholder, to the extent that the proceeds received in respect of the disposal of the Spark Infrastructure Notes are less than the acquisition costs associated with the Spark Infrastructure Notes.

The proceeds received by the Scheme Securityholders with respect to the Spark Infrastructure Notes will be \$0.65 for each Spark Infrastructure Note.

The acquisition costs for the Spark Infrastructure Notes will be equal to the portion of the purchase price paid by the Scheme Securityholders for the Spark Infrastructure Securities attributable to the Spark Infrastructure Notes at the time the Spark Infrastructure Securities were acquired. Certain incidental costs incurred in relation to the acquisition and/or disposal of the Spark Infrastructure Notes should also be included in the acquisition costs of the Spark Infrastructure Notes. The incidental costs may need to be apportioned between the Spark Infrastructure Units and the Spark Infrastructure Notes.

³² The Spark Infrastructure Board will determine in its sole discretion whether to pay any Special Distribution. The amount of any Special Distribution will reflect the franking credits available for distribution at the time the Special Distribution is expected to be paid. If the Schemes are implemented after 31 December 2021, the amount of any Special Distribution will be adjusted to reflect the availability of franking credits for distribution after payment of the Final Distribution.

For Spark Infrastructure Securities acquired before 21 December 2010,³³ in order to work out the acquisition cost of each Spark Infrastructure Note, the consequences of the restructure completed by Spark Infrastructure Group on 31 December 2010 as announced to the ASX on 31 December 2010 (**2010 Restructure**) need to be taken into account. This means that the acquisition cost of each Spark Infrastructure Note should be reduced by \$0.60 to \$0.65. Whilst each Scheme Securityholder is responsible for deciding how to split the purchase price for each Spark Infrastructure Security, the allocation set out in Appendix 1 of Spark Infrastructure Trust's 2021 Tax Guide (**2021 Tax Guide**) may assist. Link here: https://sparkinfrastructure.com/sites/sparkinfrastructure.com/files/2021_securityholder_tax_guide.pdf

For Spark Infrastructure Securities acquired on or after 21 December 2010, in accordance with Appendix 2 of the 2021 Tax Guide, Scheme Securityholders should allocate \$0.65 of their purchase price for each Scheme Security to the Spark Infrastructure Note. The relevance of the \$0.65 is that this is the face value of the Spark Infrastructure Note on or after 21 December 2010.

For Scheme Securityholders that acquired their Spark Infrastructure Securities on or after 21 December 2010 and allocate \$0.65 of their purchase price to the Spark Infrastructure Note, it is expected that the disposal of the Spark Infrastructure Notes should not give rise to a gain.

The Spark Infrastructure Note will also be regarded as a CGT asset for Australian income tax purposes and its disposal will prima facie, give rise to a CGT event. However, no capital gain should arise on the basis that the cost base of the Spark Infrastructure Note should be equal to or exceed the capital proceeds for the Spark Infrastructure Note of \$0.65.

(2) Disposal of Spark Infrastructure Units

For Resident Scheme Securityholders who hold their Scheme Securities on capital account, the Spark Infrastructure Unit component of the Scheme Security should be regarded as a CGT asset for Australian income tax purposes. This means that Scheme Securityholders will be required to determine if a capital gain or loss has been made from the disposal of the Spark Infrastructure Units.

Scheme Securityholders will make a capital gain on disposal of their Spark Infrastructure Units to the extent that the capital proceeds received in respect of the Spark Infrastructure Unit are more than its cost base. Conversely, Scheme Securityholders will make a capital loss if the capital proceeds in respect of the Spark Infrastructure Units are less than its reduced cost base.

If the Schemes are implemented before 15 February 2022, a Scheme Securityholder's capital proceeds for the disposal of a Spark Infrastructure Unit will be \$2.2375 per Spark Infrastructure Unit less the amount of any Special Distribution and the amount of any Final Distribution.

A Scheme Securityholder's cost base in a Spark Infrastructure Unit will generally include the Scheme Securityholder's original cost to acquire the Spark Infrastructure Unit, plus certain incidental costs incurred in relation to the acquisition and/or disposal of the Spark Infrastructure Unit. The incidental costs will need to be apportioned between the Spark Infrastructure Units and the Spark Infrastructure Notes.

For Spark Infrastructure Securities acquired before 21 December 2010, Appendix 1 of the 2021 Tax Guide may assist with working out the cost base of the Scheme Securityholders' Spark Infrastructure Units.

For Spark Infrastructure Securities acquired on or after 21 December 2010, Appendix 2 of the 2021 Tax Guide may assist with working out the cost base of Scheme Securityholders' Spark Infrastructure Units. Link here: https://sparkinfrastructure.com/sites/sparkinfrastructure.com/files/2021_securityholder_tax_guide.pdf

A Scheme Securityholder's cost base will be reduced to the extent that the Scheme Securityholder has received a distribution from the Spark Infrastructure Trust (including a component of the Interim Distribution) that is a tax deferred distribution. The components of the Interim Distribution (including the amount of the tax deferred distribution component) will be included in the 2022 annual tax statement that will be provided to each Spark Infrastructure Securityholder after the Implementation Date. For tax deferred distributions made from the Spark Infrastructure Trust up to 30 June 2021, refer to Appendix 3 of the 2021 Tax Guide.

Where a capital gain arises upon disposal of the Spark Infrastructure Unit, Scheme Securityholders who are individuals, trusts or complying superannuation entities and who have held their Spark Infrastructure Units for at least 12 months prior to the Implementation Date, should be entitled to discount the amount of the capital gain (after the application of any current year or carry forward capital losses). The amount of the discount is 50% in the case of individuals and trustees and 33 1/3% for complying superannuation funds. No discount on a capital gain is available for Scheme Securityholders that are companies.

³³ The relevance of 21 December 2010 is that this was the date on which Spark Infrastructure Securities in their current form were first traded on the ASX (on a deferred settlement basis). Prior to this, a Spark Infrastructure Security consisted of five stapled securities: one loan note issued by Spark Infrastructure RE, one unit in Spark Infrastructure Trust, one share in SIH1, one share in SIH2 and one chess depository interest in SIH3. Therefore, if you acquired your Spark Infrastructure Securities after that date, you would not have participated in the 2010 Restructure.

Where a capital loss arises upon disposal of the Spark Infrastructure Unit, this capital loss may be used to offset any capital gains derived by a Scheme Securityholder for the current year of income (including any capital gain derived by a Scheme Securityholder on other Spark Infrastructure Units) or may be carried forward to offset capital gains in future income years.

Specific loss recoupment rules may apply to restrict the ability to utilise capital losses in future income years in some circumstances. Scheme Securityholders should seek their own tax advice in relation to the operation of these rules and the availability of any losses.

(3) Disposal of Scheme Shares

As noted above, the Scheme Shares are expected to have a nil value due to the rights attaching to them. This, together with the fact that Resident Scheme Securityholders will receive and dispose of the Scheme Shares on the Implementation Date, means that neither a capital gain nor a capital loss should arise on disposal of the Scheme Shares.

(e) Non-Resident Scheme Securityholders

(1) Disposal of Spark Infrastructure Notes

A Non-Resident Scheme Securityholder may be subject to Australian income tax on any gain arising on the disposal of their Spark Infrastructure Notes if the gain has an Australian source. Equally, any losses incurred by the Non-Resident Scheme Securityholder in deriving Australian sourced income should be deductible.

For comments regarding the calculation of any gain or loss arising on the disposal of the Spark Infrastructure Notes, see section 10.5(d)(1) of this Scheme Booklet.

If the Non-Resident Scheme Securityholder is a tax resident of a country in which a double tax treaty exists with Australia, relief may be available under the relevant treaty in respect of a gain arising on disposal of the Spark Infrastructure Notes (although it is expected that the disposal of the Spark Infrastructure Notes should not give rise to a gain). Non-Resident Scheme Securityholders should seek their own advice in relation to the availability of treaty relief.

(2) Disposal of Spark Infrastructure Units

Non-Resident Scheme Securityholders should be able to disregard any capital gain or capital loss that would otherwise arise from the disposal of their Spark Infrastructure Units unless their Spark Infrastructure Units constitute 'Taxable Australian Property', as defined for Australian income tax purposes.

Specifically, Spark Infrastructure Units would constitute 'Taxable Australian Property' if both of the following tests are satisfied:

- (A) non-portfolio interest test:** where a Scheme Securityholder, and its associates, held 10% or more of the issued capital of Spark Infrastructure Trust at the Implementation Date (or throughout a 12 month period that began no earlier than 24 months before Implementation Date and ended no later than the Implementation Date); and
- (B) principal asset test:** where the sum of the market value of Spark Infrastructure Trust's assets that are taxable Australian real property (broadly, direct and indirect interests in Australian real property, including leases of Australian land) exceeds the sum of the market value of its assets that are not taxable Australian real property.

Any Non-Resident Scheme Securityholders who own 10% or more of the units in Spark Infrastructure Trust (on an associate inclusive basis) should seek independent professional advice in relation to their own particular circumstances, including in relation to the availability of treaty relief.

For comments regarding the calculation of the capital gain/capital loss arising on the disposal of the Spark Infrastructure Units, see section 10.5(d)(2) of this Scheme Booklet.

Non-Resident Scheme Securityholders are not entitled to any discount on capital gains.

(3) Disposal of Scheme Shares

As noted above, the Scheme Shares are expected to have a nil value due to the rights attaching to them. This, together with the fact that Non-Resident Scheme Securityholders will receive and dispose of the Scheme Shares on the Implementation Date, means that neither a capital gain nor a capital loss should arise on disposal of the Scheme Shares.

10.6 Foreign Resident Capital Gains Withholding

The foreign resident capital gains withholding regime can impose an obligation on a purchaser of units to withhold an amount equal to 12.5% of the purchase price for the units (**FRCGW Amount**) and remit that amount to the ATO. This withholding requirement can apply to transactions involving the acquisition of certain indirect interests in Australian real property from relevant Non-Residents.

Broadly, a Non-Resident Scheme Securityholder's interest in Spark Infrastructure Units would constitute an 'indirect Australian real property interest' if the 'non-portfolio interest' and 'principal asset' tests (as outlined in section 10.5(e)(2) of this Scheme Booklet) are satisfied.

Based on the Spark Infrastructure Securities Register for the preceding 24 months, it is not anticipated that any FRCGW Amounts will be withheld from the Total Cash Amount referable to the Scheme Units. Bidco has agreed an approach to determine this with the ATO. Bidco will clarify the status of particular Spark Infrastructure Securityholders by issuing a Foreign Resident Declaration Form (**Declaration Form**). Spark Infrastructure Securityholders who are asked to complete the Declaration Form must return their signed Declaration Form by the date specified in the correspondence included with the Declaration Form in order to prevent the FRCGW Amount being deducted from the Total Cash Amount referable to the Scheme Units otherwise payable to the Scheme Securityholder. The FRCGW Amount is not a final tax and can be credited against the actual tax liability of a Non-Resident Scheme Securityholder, with any excess refunded.

10.7 GST

No GST should be payable by Spark Infrastructure Securityholders in respect of the Interim Distribution, any Special Distribution or any Final Distribution, the In Specie Distribution or the disposal of the Scheme Securities.

Spark Infrastructure Securityholders may be charged GST on costs (such as adviser fees) that relate to their participation in the Schemes. Spark Infrastructure Securityholders may be entitled to full or partial input tax credits for any GST payable on such costs, but this will depend on each Spark Infrastructure Securityholder's circumstances. Spark Infrastructure Securityholders should seek their own tax advice in this regard.

10.8 Stamp Duty

There should not be stamp duty (including landholder duty) payable by Scheme Securityholders on the disposal of their Spark Infrastructure Securities under the Schemes.

11

INFORMATION RELATING TO SPARK INFRASTRUCTURE DIRECTORS

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11

INFORMATION RELATING TO SPARK INFRASTRUCTURE DIRECTORS

11.1

Interests of Spark Infrastructure Directors in Spark Infrastructure Securities

(a) Relevant Interests of Spark Infrastructure Directors in Spark Infrastructure Securities

As at the Last Practicable Date, the Spark Infrastructure Directors have the following Relevant Interests in Spark Infrastructure Securities:

SPARK INFRASTRUCTURE DIRECTOR	NUMBER OF SPARK INFRASTRUCTURE SECURITIES	NUMBER OF SPARK INFRASTRUCTURE PERFORMANCE RIGHTS
Dr Doug McTaggart	264,991	Nil
Ms Anne Brennan	50,000	Nil
Ms Lianne Buck	25,000	Nil
Mr Andrew Fay	238,590	Nil
Mr Miles George	306,483	Nil
Mr Greg Martin	100,000	Nil
Mr Richard Francis	912,039	245,326 Spark Infrastructure Performance Rights held as short term incentive deferred securities. 1,004,678 Spark Infrastructure Performance Rights issued under the long term incentive plan.

Each Spark Infrastructure Director will vote, or procure the voting of, any Spark Infrastructure Securities held or controlled by them at the time of the Meetings in favour of the Schemes by voting in favour of the Resolutions at the Meetings, subject to no Superior Proposal emerging and the Independent Expert continuing to conclude that the Schemes are in the best interests of Scheme Securityholders.

(b) Dealings of Spark Infrastructure Directors in Spark Infrastructure Securities

No Spark Infrastructure Director acquired or disposed of a Relevant Interest in any Spark Infrastructure Securities in the four month period ending on the date before the date of this Scheme Booklet.

11.2

Interests of Spark Infrastructure Directors in Bidco's securities

(a) Relevant Interests of Spark Infrastructure Directors in Bidco's securities

As at the Last Practicable Date, no Spark Infrastructure Director had a Relevant Interest in any of Bidco's securities.

(b) Dealings of Spark Infrastructure Directors in Bidco's securities

No Spark Infrastructure Director acquired or disposed of a Relevant Interest in any of Bidco's securities in the four month period ending on the date before the date of this Scheme Booklet.

11.3 Benefits and agreements

(a) Deeds of indemnity, insurance and access

Spark Infrastructure has entered into deeds of indemnity, insurance and access with the directors of Spark Infrastructure Group Members, on customary terms. These deeds include terms that provide for Spark Infrastructure to indemnify the directors against any liability incurred by such persons in their capacity as a director of a Spark Infrastructure Group Member.

Spark Infrastructure also pays premiums in respect of a directors' and officers' and investment managers' insurance policy for the benefit of the directors and officers of Spark Infrastructure Group Members. Spark Infrastructure intends to enter into an arrangement to provide run-off insurance coverage for all current directors and officers of Spark Infrastructure Group Members for a period of up to seven years from the Implementation Date. As at the date of this Scheme Booklet, Spark Infrastructure expects that the premium for entry into such run-off arrangement to be approximately \$3.5 million. The entry into such arrangements by Spark Infrastructure is permitted by clause 8.3 of the Scheme Implementation Deed, provided the premium for entry into the run-off arrangement does not exceed \$3.5 million.

(b) Benefits in connection with retirement from office

No payment or other benefit is proposed to:

- be made or given to any director, company secretary or executive officer of Spark Infrastructure as compensation for the loss of, or as consideration for or in connection with his or her retirement from, office in Spark Infrastructure or in a Related Entity of Spark Infrastructure; or
- be made or given to any director, company secretary or executive officer of any Related Entity of Spark Infrastructure as compensation for the loss of, or as consideration for or in connection with his or her retirement from, office in that Related Entity of Spark Infrastructure or in Spark Infrastructure,

in connection with the Schemes.

(c) Remuneration in connection with remaining in office

If any of the Spark Infrastructure Directors remain on the Spark Infrastructure Board following implementation of the Schemes, it is anticipated by the Spark Infrastructure Board that they would receive remuneration and expense reimbursement arrangements for their services commensurate with a position as a Spark Infrastructure Director.

(d) Agreements connected with or conditional on the Schemes

Except as disclosed in this section 11 and in section 12.2 of this Scheme Booklet, there are no agreements or arrangements made between any Spark Infrastructure Director and any other person in connection with, or conditional on, the outcome of the Schemes.

(e) Interests of Spark Infrastructure Directors in contracts with Bidco or any Related Entity of Bidco

None of the Spark Infrastructure Directors has any interest in any contract entered into by Bidco or any Related Entity of Bidco.

(f) Benefits from Bidco

None of the Spark Infrastructure Directors has agreed to receive, or is entitled to receive, any benefit from Bidco, or any Related Entity of Bidco, which is conditional on, or is related to, the Schemes, other than Scheme Consideration in respect of Scheme Securities held by Spark Infrastructure Directors which are acquired by Bidco pursuant to the Schemes.

12

ADDITIONAL INFORMATION

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12 ADDITIONAL INFORMATION

12.1 Scheme Implementation Deed

(a) Overview

On 23 August 2021, Spark Infrastructure and Bidco entered into the Scheme Implementation Deed, under which Bidco undertook to acquire 100% of Spark Infrastructure Securities by way of an interdependent creditors' scheme of arrangement and trust scheme. The key terms of the Scheme Implementation Deed are summarised below.

A full copy of the Scheme Implementation Deed was released to the ASX on 23 August 2021 and can be obtained from <https://www.asx.com.au> or <https://www.sparkinfrastructure.com/investor-centre/news-and-events/asx-announcements>. The Scheme Implementation Deed was amended on 1 October 2021 to remove approval of the Israeli Competition Authority as a Condition Precedent as it is not required.

Capitalised expressions used in this section 12 but not otherwise defined in this Scheme Booklet, have the meaning given to them in the Scheme Implementation Deed.

(b) Conditions Precedent

Implementation of the Schemes is subject to the Conditions Precedent in the Scheme Implementation Deed which must be satisfied (or waived, if applicable). For details of the Conditions Precedent, see clause 3.1 of the Scheme Implementation Deed and section 6.3 of this Scheme Booklet.

(c) Exclusivity arrangements

The Scheme Implementation Deed contains certain exclusivity arrangements in favour of Bidco. These arrangements are in line with Australian market practice in this regard and may be summarised as follows:

- **No shop:** Spark Infrastructure must not solicit, invite, encourage or initiate any enquiries, discussions or proposals from any third party in relation to, or which would reasonably be expected to encourage or lead to the making of, an actual, proposed or potential Competing Proposal;
- **No talk:** subject to a fiduciary exception on market standard terms, Spark Infrastructure must not:
 - participate in any negotiations, discussions or other communications with any person to make, or which would reasonably be expected to encourage or lead to the making of, an actual, proposed or potential Competing Proposal; or
 - negotiate, accept or enter into any agreement, arrangement or understanding regarding an actual, proposed or potential Competing Proposal;
- **No due diligence:** subject to a fiduciary exception on market standard terms, Spark Infrastructure must not provide any non-public information about the Spark Infrastructure Group to a third party in connection with or which would reasonably be expected to lead to, an actual, proposed or potential Competing Proposal;
- **Notification:** Spark Infrastructure must notify Bidco within 24 hours if it:
 - becomes aware of any negotiations, discussions or approach in connection with, or in respect of any exploration or completion of, an actual, proposed or potential Competing Proposal;
 - becomes aware of any request made by a third party for any non-public information about the Spark Infrastructure Group, other than where the Spark Infrastructure Board reasonably believes that such request is not in connection with the formulation, development or finalisation of, any actual, proposed or potential Competing Proposal;
 - decides to disclose non-public information about the Spark Infrastructure Group to any person in connection with an actual, proposed or potential Competing Proposal; or
 - receives any Competing Proposal and
- **Matching right:** Spark Infrastructure must not enter into an agreement (other than a confidentiality agreement) in relation to an actual, proposed or potential Competing Proposal unless:
 - the Spark Infrastructure Board acting in good faith, and in what the Spark Infrastructure Directors consider to be their statutory or fiduciary duties, determines that the Competing Proposal would be, or would be likely to be, a Superior Proposal;
 - Spark Infrastructure has given Bidco the material terms and conditions of the Competing Proposal (including price and identity of the bidder);
 - Spark Infrastructure has given Bidco at least 5 Business Days after the date of the provision of that information to provide a matching or superior proposal to the terms of the Competing Proposal; and
 - Bidco has not provided a further proposal that the Spark Infrastructure Board, acting reasonably and in good faith determines would provide an equivalent or superior outcome for Spark Infrastructure Securityholders as a whole compared with the Competing Proposal.

These exclusivity provisions end on the earlier of the date of termination of the Scheme Implementation Deed in accordance with its terms, the End Date, the Schemes becoming Effective and Spark Infrastructure determining that a Competing Proposal is a Superior Proposal after having complied with its matching right obligations.

These exclusivity arrangements are set out in clause 11 of the Scheme Implementation Deed.

(d) Spark Infrastructure Board recommendation

Spark Infrastructure must use all reasonable endeavours to procure that the Spark Infrastructure Directors do not adversely change, withdraw or adversely qualify their recommendation in relation to the Schemes unless:

- the Independent Expert concludes that the Schemes are not in the best interests of the Scheme Securityholders;
- Spark Infrastructure receives a Superior Proposal; or
- the change, withdrawal or qualification occurs because of a requirement by a court or Government Agency that one or more Spark Infrastructure Directors abstain or withdraw from making a recommendation,

and Spark Infrastructure has complied with the exclusivity provisions.

Spark Infrastructure's obligations regarding the recommendation of the Spark Infrastructure Board are set out in clause 5.5 of the Scheme Implementation Deed.

(e) Reimbursement Fee payable by Spark Infrastructure

In accordance with Australian market practice, Spark Infrastructure has agreed to pay Bidco the Reimbursement Fee of \$52 million if certain events occur (unless the Schemes become Effective), including:

- during the Exclusivity Period, one or more Spark Infrastructure Directors withdraws, adversely changes or adversely qualifies their support of the Schemes or their recommendation in favour of the Schemes, except as a result of:
 - the Independent Expert concluding that the Schemes are not in the best interests of the Spark Infrastructure Securityholders (except where that conclusion is due to the existence of a Competing Proposal);
 - a requirement by a court or Government Agency that one or more Spark Infrastructure Directors abstain or withdraw from making a recommendation; or
 - Spark Infrastructure terminating the Scheme Implementation Deed in accordance with its termination rights;
- during the Exclusivity Period, one or more Spark Infrastructure Directors supports, or recommends that Spark Infrastructure Securityholders accept or vote in favour of, a Competing Proposal that is announced during the Exclusivity Period;
- a Competing Proposal is received by Spark Infrastructure or announced prior to the earlier of the End Date and termination of the Scheme Implementation Deed by Spark Infrastructure and within 12 months of receipt or announcement of the Competing Proposal (as applicable), the competing bidder (or an Associate) completes a Competing Proposal or acquires a 50% or greater interest in the Spark Infrastructure Trust; or
- Bidco terminates the Scheme Implementation Deed as a result of:
 - a material breach of the Scheme Implementation Deed (including of a representation and warranty) by Spark Infrastructure that is not remedied within the applicable remedy period; or
 - a Spark Infrastructure Prescribed Occurrence or Spark Infrastructure Regulated Event occurring that is not remedied within the applicable remedy period.

Each of Spark Infrastructure and Bidco considers that the Reimbursement Fee is a genuine and reasonable pre-estimate of costs that would be suffered by Bidco if the Schemes do not proceed.

The Reimbursement Fee arrangements are set out in clause 12 of the Scheme Implementation Deed.

(f) Reverse Reimbursement Fee payable by Bidco

Bidco has agreed to pay Spark Infrastructure the Reverse Reimbursement Fee of \$52 million if the Schemes do not become Effective and Spark Infrastructure has terminated the Scheme Implementation Deed as a result of a material breach of the Scheme Implementation Deed (including of a representation and warranty) by Bidco that is not remedied within the applicable remedy period.

Each of Bidco and Spark Infrastructure considers that the Reverse Reimbursement Fee is a genuine and reasonable pre-estimate of costs that would be suffered by Spark Infrastructure if the Schemes do not proceed.

The Reverse Reimbursement Fee arrangements are set out in clause 13 of the Scheme Implementation Deed.

(g) Representations and warranties

Each party to the Scheme Implementation Deed has given representations and warranties to the other. A material breach of such representations and warranties that is not remedied within the applicable grace period is capable of giving rise to a termination right.

These representations and warranties are set out in clause 7 and Schedule 3 (in the case of Bidco) or Schedule 4 (in the case of Spark Infrastructure) of the Scheme Implementation Deed.

(h) Termination rights

The Scheme Implementation Deed may be terminated by the written agreement of Spark Infrastructure and Bidco, and each of Spark Infrastructure and Bidco may terminate the Scheme Implementation Deed if:

- the other party is in material breach of the Scheme Implementation Deed (including of a representation and warranty), it gives notice to the other party setting out the relevant circumstances and the relevant circumstances continue for five Business Days after such notice is given;
- at any time before 8.00am on the Second Court Date, the Court or another Government Agency has taken any action permanently restraining or otherwise preventing the implementation of the Schemes and the action has become final and cannot be appealed or there is no realistic prospect of an appeal succeeding;
- any Condition Precedent becomes unable to be satisfied; or
- the Schemes have not become effective by the End Date.

In addition, Bidco may terminate the Scheme Implementation Deed at any time before 8.00am on the Second Court Date if:

- a Spark Infrastructure Prescribed Occurrence or Spark Infrastructure Regulated Event occurs, Bidco gives notice to Spark Infrastructure setting out the relevant circumstances and the relevant circumstances continue for five Business Days after such notice is given; or
- any Spark Infrastructure Director withdraws, adversely changes or adversely qualifies their support of the Schemes or their recommendation in favour of the Schemes, or makes a public statement indicating they no longer recommend the Schemes or recommends, supports or endorses another transaction.

Spark Infrastructure may terminate the Scheme Implementation Deed at any time before 8.00am on the Second Court Date if the Spark Infrastructure Board or a majority of the Spark Infrastructure Board has changed, withdrawn or qualified its recommendation as permitted in the circumstances described in section 12.1(d) of this Scheme Booklet.

The termination rights are set out in clause 14 of the Scheme Implementation Deed.

12.2 Spark Infrastructure incentive and equity arrangements

(a) Overview of arrangements

Spark Infrastructure provides employees with equity-based long term incentives and cash and equity-based short term incentives. Spark Infrastructure has also put in place retention arrangements in relation to certain employees.

As detailed in Spark Infrastructure Group's 2020 Annual Report, Spark Infrastructure has granted Spark Infrastructure Performance Rights to senior management under the Spark Infrastructure Equity Incentive Plan.

As at the Last Practicable Date, there were 2,051,099 Spark Infrastructure Performance Rights outstanding held by Spark Infrastructure Equity Incentive Plan participants, which comprise the following:

- 1,578,177 Spark Infrastructure Performance Rights held as long term incentives;
- 332,922 Spark Infrastructure Performance Rights held as short term incentive deferred securities; and
- 140,000 Spark Infrastructure Performance Rights held as Retention Securities.

Further information about Spark Infrastructure's incentive and equity arrangements can be found in announcements lodged by Spark Infrastructure with the ASX, including in Spark Infrastructure's 2020 Remuneration Report which can be obtained from the ASX website at www2.asx.com.au.

(b) Directors and executive officers

As noted in section 11.1(a) of this Scheme Booklet, as at the Last Practicable Date, no Spark Infrastructure Director other than Mr Francis holds a Relevant Interest in Spark Infrastructure Performance Rights.

As at the Last Practicable Date, Mr Gerard Dover (Spark Infrastructure's Chief Financial Officer) also holds a Relevant Interest in 364,719 Spark Infrastructure Performance Rights (comprising 277,123 Spark Infrastructure Performance Rights held as long term incentives and 87,596 Spark Infrastructure Performance Rights held as deferred short term incentive securities).

As at the Last Practicable Date, Mr Anthony Marriner (Spark Infrastructure's Head of Renewables) also holds a Relevant Interest in 117,925 Spark Infrastructure Performance Rights (all comprising Spark Infrastructure Performance Rights held as long term incentives).

As at the Last Practicable Date, Ms Jennifer Faulkner (Spark Infrastructure's General Counsel and Company Secretary) also holds a Relevant Interest in 25,000 Spark Infrastructure Performance Rights (all comprising Retention Securities).

If the Schemes are implemented, each of Mr Francis', Mr Dover's, Mr Marriner's and Ms Faulkner's Spark Infrastructure Performance Rights will be dealt with in the manner described in section 12.2(c) of this Scheme Booklet.

(c) Implications of the Schemes for Spark Infrastructure Equity Incentive Plan participants

The Spark Infrastructure Board, with the assistance of the Spark Infrastructure Board remuneration committee, considered, in the absence of management, management retention and alignment risks arising from the Schemes, the impact of the Schemes on the ability to test performance conditions for incentives and equity arrangements, and the alternatives available to the Spark Infrastructure Board regarding the treatment of incentives and equity arrangements to address those risks. Having regard to all those matters, in the period after entry into the Scheme Implementation Deed, the Spark Infrastructure Board has determined that it would be in the best interests of Spark Infrastructure Securityholders to vest all the Spark Infrastructure Performance Rights in full, subject to the Schemes becoming Effective.

Spark Infrastructure intends to cash settle all of the 2,051,099 Spark Infrastructure Performance Rights outstanding as at the Last Practicable Date held by Spark Infrastructure Equity Incentive Plan participants, in accordance with the terms of the Equity Incentive Plan Rules, which give the Spark Infrastructure Board the discretion to determine that the vesting of Spark Infrastructure Performance Rights will be satisfied by the payment of a cash amount. Holders of Spark Infrastructure Performance Rights will also be entitled to receive the distribution equivalent payment in accordance with the Spark Infrastructure Equity Incentive Plan terms for cash distributions and franking credits that would have been received had the Spark Infrastructure Performance Rights been Spark Infrastructure Securities. Amounts payable to Spark Infrastructure Equity Incentive Plan participants on vesting of the Spark Infrastructure Performance Rights will be paid to Spark Infrastructure Equity Incentive Plan participants after the Effective Date. Assuming vesting on 29 November 2021 (the expected Effective Date), the approximate total cash amount to be paid to Spark Infrastructure Equity Incentive Plan participants on vesting of the Spark Infrastructure Performance Rights is \$6.7 million.

Spark Infrastructure has applied for a waiver from ASX Listing Rule 6.23.4 to permit the Spark Infrastructure Performance Rights to be dealt with in this manner (see section 12.3 of this Scheme Booklet). See clause 4.5 of the Scheme Implementation Deed for further details.

(d) Short term incentives

Spark Infrastructure Group employees are eligible to receive short term incentives, subject to the Spark Infrastructure Board's assessment of applicable performance conditions. Short term incentives are awarded in cash or, in respect of senior management, a combination of cash and deferred Spark Infrastructure Performance Rights. The deferred component of the short term incentives is issued as Spark Infrastructure Performance Rights pursuant to the Spark Infrastructure Equity Incentive Plan Rules. As noted in section 12.2(c) of this Scheme Booklet, Spark Infrastructure intends to cash settle all outstanding Spark Infrastructure Performance Rights, including those held as deferred securities.

The Spark Infrastructure Board has determined that all employees will receive their full short term incentive for FY21 in cash subject to them remaining employees of Spark Infrastructure Group at the earlier of the Implementation Date and 31 December 2021. The amount of the incentives payable may be reduced by the Spark Infrastructure Board having regard to such circumstances as it considers relevant, including the employees' performance. Payment of these incentives is not conditional on the Schemes proceeding.

(e) Retention arrangements

All employees of the Spark Infrastructure Group other than Mr Francis and Mr Dover have received a retention incentive to remain employees of Spark Infrastructure Group. Subject to such persons remaining employees of Spark Infrastructure Group at the Implementation Date, or if the Schemes do not proceed, 30 June 2022, participating employees will receive a cash payment. No Spark Infrastructure Director (including Mr Francis) is participating in this retention arrangement. Further retention incentives may be put in place if the Schemes are not implemented until after 31 December 2021.

(f) Implications for incentives and equity arrangements if the Scheme does not become Effective

Except as set out above, if the Schemes do not become Effective, Spark Infrastructure expects that its existing incentive arrangements will remain in place subject to their existing terms and conditions (including the incentive arrangements relating to Mr Francis).

If the Schemes do not become Effective, Spark Infrastructure also expects to put in place incentive arrangements for employees for future years similar to those in place prior to the announcement of the Schemes.

12.3 Regulatory relief

(a) ASX Relief

The ASX has granted Spark Infrastructure a waiver of ASX Listing Rule 6.23.4 to the extent necessary to permit the treatment of the Spark Infrastructure Performance Rights as set out in section 12.2 of this Scheme Booklet.

(b) ASIC Relief

ASIC has granted relief to Spark Infrastructure from the operation of the following provisions of the Corporations Act:

- (1) **Disclosure relief:** relief from paragraphs 8201(a) – (e) and paragraphs 8203(a) and (b) of Part 2 of Schedule 8 of the Corporations Regulations for certain disclosure requirements of a creditors' scheme of arrangement,

and provided a decision in principle to grant relief to Spark Infrastructure from the operation of the following provisions of the Corporations Act pending the conversion of SIH1, SIH2 and SIH3 to public companies:

(2) **Stapling relief:**

- (A) modification of sections 601FC(1)(c), 601FD(1)(c), 601FC(1)(e), 601FD(1)(d), 601FD(1)(e) and 601FE(1) of the Corporations Act to permit Spark Infrastructure to consider the best interests of the members of the Trust Scheme, the creditors of the Creditors' Scheme and the holders of class A shares in each of SIH1, SIH2 and SIH3 as a whole, rather than only the interests of the members of the Trust Scheme; and
- (B) a modification of section 601LC of the Corporations Act to allow Spark Infrastructure to provide financial benefits to the stapled group comprising Spark Infrastructure Trust, SIH1, SIH2 and SIH3.

ASIC gave notice in the Commonwealth of Australia Gazette No. A41/21, published by ASIC on 12 October 2021, that ASIC will alter the registration details of SIH1, SIH2 and SIH3 to change SIH1, SIH2 and SIH3 to public companies one month after the publication of such notice, unless an order by a court or Administrative Appeals Tribunal prevents it from doing so.

ASIC has granted relief to Bidco from the operation of the following provisions of the Corporations Act:

- (3) **Takeovers relief:** a modification of item 7, section 611 of the Corporations Act to permit holders of Spark Infrastructure Units not Associated with Bidco to vote on the Trust Resolutions.
- (4) **Unsolicited offer relief:** an exemption from Division 5A of Part 7.9 of the Corporations Act in relation to offers under the Trust Scheme potentially being characterised as unsolicited off-market offers made to Spark Infrastructure Securityholders as consideration for the transfer of Spark Infrastructure Securities to Bidco.

ASIC has granted relief to Bidco and Spark Infrastructure from the operation of the following provisions of the Corporations Act:

- (5) **Chapter 7 relief:** an exemption from Division 2 of Part 7.7 of the Corporations Act in relation to the requirement for Spark Infrastructure or Bidco to issue a Financial Services Guide under section 941A of the Corporations Act.

12.4 Foreign jurisdictions

The distribution of this Scheme Booklet outside Australia may be restricted by law and persons who come into possession of it outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may contravene applicable securities laws. Spark Infrastructure disclaims all liabilities to such persons who contravene these laws.

Scheme Securityholders who are nominees, trustees or custodians are encouraged to seek independent advice as to how they should proceed.

No action has been taken to register or qualify this Scheme Booklet or any aspect of the transaction in any jurisdiction outside of Australia.

This Scheme Booklet has been prepared in accordance with the laws of Australia and the information contained in this Scheme Booklet may not be the same as that which would have been disclosed if this Scheme Booklet had been prepared in accordance with the laws and regulations of a jurisdiction outside of Australia. This Scheme Booklet does not constitute an offer in any place which, or to any person whom, it would not be lawful to make such an offer.

12.5 Consents and disclosures

The following parties have given and have not, before the time of registration of this Scheme Booklet with ASIC, withdrawn their consent to be named in this Scheme Booklet in the form and context in which they are named:

- (a) Goldman Sachs Australia Pty Limited as financial adviser to Spark Infrastructure;
- (b) A. Brown and Company Limited as strategic adviser to Spark Infrastructure;
- (c) Melbourne Securities Corporation Limited as note trustee for the Spark Infrastructure Notes; and
- (d) Boardroom Pty Limited as the manager of the Spark Infrastructure Securities Register.

The Independent Expert has given and has not withdrawn its consent to be named in this Scheme Booklet and to the inclusion of the Independent Expert's Report in this Scheme Booklet in the form and context in which it appears in Annexure A of this Scheme Booklet and has not withdrawn that consent before the date of this Scheme Booklet.

PwC has given its consent to be named in this Scheme Booklet and to the inclusion of the information in sections 10.1 ('Introduction') to 10.7 ('GST') of this Scheme Booklet, each inclusive, in this Scheme Booklet in the form and context in which it appears in sections 10.1 ('Introduction') to 10.7 ('GST') of this Scheme Booklet, each inclusive, and has not withdrawn that consent before the date of this Scheme Booklet.

Herbert Smith Freehills has given its consent to be named in this Scheme Booklet and to the inclusion of the information in section 10.8 ('Stamp duty') of this Scheme Booklet in the form and context in which it appears in section 10.8, and has not withdrawn that consent before the date of this Scheme Booklet.

Each Consortium Group Member referred to in this Scheme Booklet has given its consent to be named in this Scheme Booklet and has not withdrawn that consent before the date of this Scheme Booklet and Bidco has given its consent to the inclusion of the Bidco Information in this Scheme Booklet in the form and context in which it appears in this Scheme Booklet and has not withdrawn that consent before the date of this Scheme Booklet.

Each person named in this section 12.5:

- (a) has not authorised or caused the issue of this Scheme Booklet;
- (b) does not make, or purport to make, any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based, other than as specified in this section 12.5; and
- (c) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Scheme Booklet, other than a reference to its name and the statement (if any) included in this Scheme Booklet with the consent of that party as specified in this section 12.5.

12.6 Transaction costs

Spark Infrastructure has incurred significant costs in respect of the Schemes, including those to conduct negotiations with Bidco, retain advisers, provide information to Bidco, engage the Independent Expert and prepare this Scheme Booklet. If the Schemes do not proceed, subject to no comparable proposal or Superior Proposal being implemented, Spark Infrastructure is likely to incur external transaction related costs of approximately \$9 million (excluding GST). This assumes no Reimbursement Fee is payable by Spark Infrastructure to Bidco and no Reverse Reimbursement Fee is payable by Bidco to Spark Infrastructure (see sections 12.1(e) and 12.1(f) of this Scheme Booklet for more information as to when the Reimbursement Fee and Reverse Reimbursement Fee may be payable).

If the Schemes are implemented, Spark Infrastructure expects to pay approximately \$27 million (excluding GST) in external transaction related costs. These costs will effectively be met by Bidco as the ultimate controller of Spark Infrastructure following implementation of the Schemes.

12.7 No unacceptable circumstances

The Spark Infrastructure Board believes that the Schemes do not involve any circumstances in relation to the affairs of Spark Infrastructure that could reasonably be characterised as constituting 'unacceptable circumstances' for the purposes of section 657A of the Corporations Act.

12.8 Interests of trustee for holders of Spark Infrastructure Notes

Melbourne Securities Corporation Limited, the trustee for the holders of Spark Infrastructure Notes under the Spark Infrastructure Note Trust Deed, has a material interest as trustee for the holders of Spark Infrastructure Notes. This interest is not affected by the Schemes.

It does not otherwise have a material interest as a member or creditor of Spark Infrastructure or otherwise. For purposes of section 412(5) of the Corporations Act, no other matters relating to the trustee are required to be included in this Scheme Booklet.

12.9 No other material information

Except as disclosed elsewhere in this Scheme Booklet, so far as the Spark Infrastructure Board is aware, there is no other information that is:

- material to the making of a decision by a Spark Infrastructure Securityholder whether or not to vote in favour of the Schemes; and
- known to any Spark Infrastructure Director at the date of lodging this Scheme Booklet with ASIC for registration,

which has not previously been disclosed to Spark Infrastructure Securityholders.

12.10 Supplementary disclosure

Spark Infrastructure will issue a supplementary document to this Scheme Booklet if it becomes aware of any of the following between the date of this Scheme Booklet and the Second Court Date:

- a material statement in this Scheme Booklet is false or misleading in a material respect;
- a material omission from this Scheme Booklet;
- a significant change affecting a matter included in this Scheme Booklet; or
- a significant new matter has arisen and it would have been required to be included in this Scheme Booklet if it had arisen before the date of this Scheme Booklet.

Depending on the nature and timing of the changed circumstances, and subject to obtaining any relevant approvals, Spark Infrastructure may circulate and publish any supplementary document by:

- making an announcement to ASX;
- placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia;
- posting the supplementary document to Spark Infrastructure Securityholders at their address shown on the Spark Infrastructure Securities Register; or
- posting a statement on the Spark Infrastructure Group's website at <https://sparkinfrastructure.com/>,

as Spark Infrastructure, in its absolute discretion, considers appropriate.

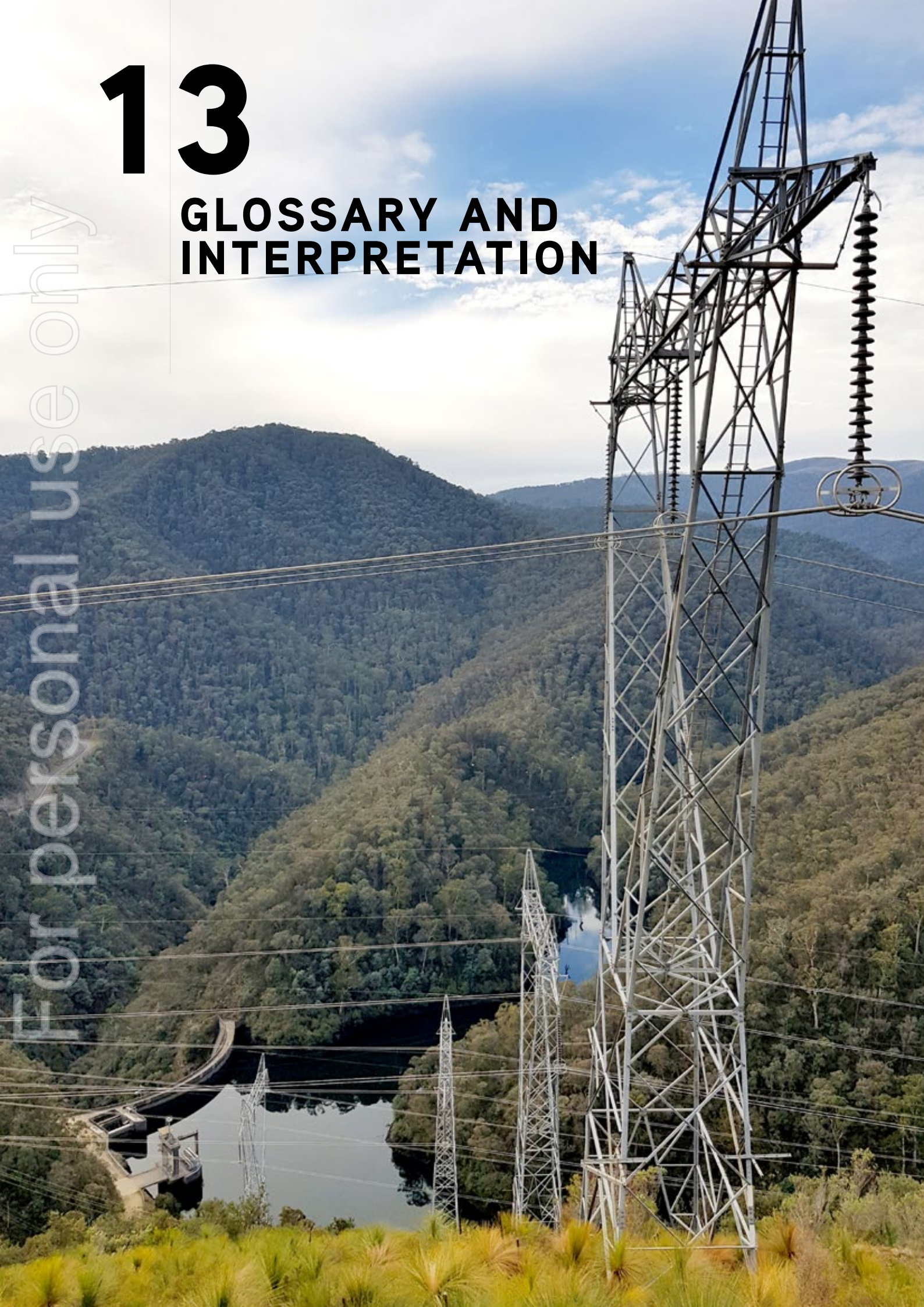
12.11 Copy of the Spark Infrastructure Securities Register

Under sections 169, 171 and 173 of the Corporations Act, any Spark Infrastructure Securityholder has a right to inspect, and to ask for a copy of, the Spark Infrastructure Securities Register which contains details of the name and address of each Spark Infrastructure Securityholder. Spark Infrastructure may require a Spark Infrastructure Securityholder to provide reasons for their request prior to providing a copy of the Spark Infrastructure Securities Register, and a Spark Infrastructure Securityholder must not use any information obtained for an improper purpose. A copy of the Spark Infrastructure Securities Register will be given to any Spark Infrastructure Securityholder upon request and payment of the prescribed fee under the Corporations Act and provision of valid identification and a signed 'Acknowledgement – Inspection of Register of Members' form' where Spark Infrastructure is satisfied that the details provided are not likely to be used for an improper purpose.

13

GLOSSARY AND INTERPRETATION

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13 GLOSSARY AND INTERPRETATION

13.1 Glossary

In this Scheme Booklet, unless the context otherwise appears, the following terms have the meanings shown below:

TERM	MEANING
ABN	Australian Business Number.
Additional Consideration	where the Implementation Date occurs on or after 15 February 2022, \$0.01 per Spark Infrastructure Security on 15 February 2022, and \$0.0003333 per Spark Infrastructure Security for each day (i.e. approximately \$0.01 per Spark Infrastructure Security per month) after 15 February 2022 until the Implementation Date.
AER	Australian Energy Regulator.
Affiliate	an entity will be an Affiliate of another entity if it Controls the other entity, the other entity Controls the first entity, or both entities are under common Control.
ASIC	the Australian Securities and Investments Commission.
Asset Company	<ol style="list-style-type: none"> 1 (TransGrid) TransGrid and each entity from time to time that it Controls; 2 (Victoria Power Networks) Victoria Power Networks and each entity from time to time that it Controls; and 3 (SA Power Networks) SA Power Networks and each entity from time to time that it Controls.
Associate	has the meaning set out in section 12 of the Corporations Act, as if subsection 12(1) of the Corporations Act included a reference to this Scheme Booklet and Spark Infrastructure Trust or Bidco (as applicable) was the designated body.
ASX	ASX Limited ABN 98 008 624 691 and, where the context requires, the financial market that it operates.
ATO	the Australian Taxation Office.
ATO Tax Ruling	has the meaning given in section 10.2 of this Scheme Booklet.
Bidco	Pika Bidco Pty Ltd ACN 652 787 258.
Bidco Information	<p>information contained in:</p> <ol style="list-style-type: none"> 1 the answers to the questions in section 5 of this Scheme Booklet under the heading "Information about Bidco and the Consortium"; 2 section 8 (Information about Bidco) of this Scheme Booklet; and 3 the definitions provided or approved by Bidco in this section 13.1.
Business Day	a business day as defined in the Listing Rules and which is not a Saturday, Sunday or a public holiday or bank holiday in Sydney, Hong Kong or Toronto.
CGT	Capital Gains Tax.

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TERM	MEANING
Competing Proposal	<p>any proposal, agreement, arrangement or transaction, which, if entered into or completed, would mean a Third Party (either alone or together with any Associate) would:</p> <ol style="list-style-type: none"> 1 directly or indirectly acquire a Relevant Interest in, or have a right to acquire, a legal, beneficial or economic interest in, or control of, 20% or more of the Spark Infrastructure Securities; 2 acquire Control of Spark Infrastructure Trust or of any Spark Infrastructure Group Member; 3 directly or indirectly acquire or become the holder of, or otherwise acquire or have a right to acquire, a legal, beneficial or economic interest in, or control of, all or a material part of Spark Infrastructure's business or assets or the business or assets of the Spark Infrastructure Group; 4 otherwise directly or indirectly acquire or merge, or be involved in an amalgamation or reconstruction (as those terms are used in section 413(1) of the Corporations Act), with Spark Infrastructure Trust; or 5 require Spark Infrastructure to abandon, or otherwise fail to proceed with, the Transaction, whether by way of takeover bid, members' or creditors' scheme of arrangement, reverse takeover, shareholder approved acquisition, capital reduction, buy back, sale or purchase of shares, other securities or assets, assignment of assets and liabilities, incorporated or unincorporated joint venture, dual-listed company (or other synthetic merger), deed of company arrangement, any debt for equity arrangement, recapitalisation, refinancing or other transaction or arrangement. <p>For the avoidance of doubt, each successive material modification or variation of any proposal, agreement, arrangement or transaction in relation to a Competing Proposal will constitute a new Competing Proposal.</p>
Concurrent Creditors' Meeting	<p>the meeting of the Spark Infrastructure Securityholders, as holders of Spark Infrastructure Notes, convened by Spark Infrastructure concurrently with the Creditors' Scheme Meeting and Trust Meeting to consider and vote on the Spark Infrastructure Note Trust Deed Resolution, and includes any meeting convened following any adjournment or postponement of that meeting.</p>
Conditions Precedent	<p>each of the conditions set out at clause 3.1 of the Scheme Implementation Deed, as amended on 1 October 2021.</p>
Confidentiality Agreement	<p>the confidentiality agreement between Spark Infrastructure, KKR Asia and OTPP dated 15 July 2021, to which PSP Investments acceded on 10 August 2021.</p>
Consortium	<p>the consortium comprising KKR, OTPP and, on and from 10 August 2021, PSP Investments.</p>

TERM	MEANING
Consortium Group	<p>Bidco, each Consortium Member and each Consortium Member's Related Entities, and a reference to a Consortium Group Member or a member of the Consortium Group is to any of Bidco, any Consortium Member and any of the Consortium Members' Related Entities.</p> <p>For the purposes of this definition only:</p> <p>1 Related Entity in relation to Bidco and any Consortium Member means:</p> <ul style="list-style-type: none"> • each Affiliate of Bidco and the Consortium Members (including KKR Asia, KKR, OTPP and PSP Investments); • Pika Holdco and Bidco; and • each trust, partnership, fund, equity investor, co-investor, other investment vehicle and investment mandate from time to time managed and/or advised by any of KKR Asia, KKR, OTPP or PSP Investments or any Affiliate of any of KKR Asia, KKR, OTPP or PSP Investments, <p>excluding any investee or portfolio entity, being a business in which KKR Asia, KKR, OTPP or PSP Investments or an entity referred to in this paragraph 1 invests, manages and/or advises in the ordinary course of its business; and</p> <p>2 Control has the meaning given in section 50AA of the Corporations Act. Also, for these purposes:</p> <ul style="list-style-type: none"> • a trust will Control another entity if its trustee Controls the entity (disregarding for these purposes the operation of section 50AA(4) of the Corporations Act) in its capacity as trustee of the trust; • a partnership will Control another entity if a partner (including a general partner) Controls the entity (disregarding for these purposes the operation of section 50AA(4) of the Corporations Act) in its capacity as partner and a general partner is deemed to control a limited partnership in respect of which it is the general partner; and • a fund or investment vehicle will Control another entity if the responsible entity or manager or adviser of the fund or investment vehicle Controls the entity (disregarding for these purposes the operation of section 50AA(4) of the Corporations Act) in its capacity as responsible entity or manager or adviser of the fund or investment vehicle.
Consortium Member	any or each of KKR Acquisition Co, OTPP Acquisition Co and PSP Acquisition Trust.
Control	<p>has the meaning given in section 50AA of the Corporations Act.</p> <p>Also, for these purposes:</p> <p>1 a trust will Control another entity if its trustee Controls the entity (disregarding for these purposes the operation of section 50AA(4) of the Corporations Act) in its capacity as trustee of the trust;</p> <p>2 a partnership will Control another entity if a partner (including a general partner) Controls the entity (disregarding for these purposes the operation of section 50AA(4) of the Corporations Act) in its capacity as partner; and</p> <p>3 a fund or investment vehicle will Control another entity if the responsible entity or manager of the fund or investment vehicle Controls the entity (disregarding for these purposes the operation of section 50AA(4) of the Corporations Act) in its capacity as responsible entity or manager of the fund or investment vehicle.</p>
Corporations Act	the <i>Corporations Act 2001</i> (Cth), as modified or varied by ASIC.
Corporations Regulations	the <i>Corporations Regulations 2001</i> (Cth).
Court	the Supreme Court of New South Wales or such other court of competent jurisdiction under the Corporations Act agreed to in writing by Bidco and Spark Infrastructure.
Creditors' Meetings	<p>each of:</p> <p>1 the Creditors' Scheme Meeting; and</p> <p>2 the Concurrent Creditors' Meeting.</p>
Creditors' Resolutions	each of the Creditors' Scheme Resolution and Spark Infrastructure Note Trust Deed Resolution.

TERM	MEANING
Creditors' Scheme	the scheme of arrangement under Part 5.1 of the Corporations Act between Spark Infrastructure and the Scheme Securityholders (as holders of Spark Infrastructure Notes), the form of which is attached as Annexure D, subject to any alterations or conditions made or required by the Court under subsection 411(6) of the Corporations Act and agreed to in writing by Bidco and Spark Infrastructure.
Creditors' Scheme Meeting	the meeting of Spark Infrastructure Securityholders, as holders of Spark Infrastructure Notes, ordered by the Court to be convened under subsection 411(1) of the Corporations Act to consider and vote on the Creditors' Scheme, and includes any meeting convened following any adjournment or postponement of that meeting.
Creditors' Scheme Resolution	the Creditors Scheme Resolution set out in the Notice of Creditors' Scheme Meeting.
Debt Acquisition Facilities	has the meaning given in section 8.2(c) of this Scheme Booklet.
Debt Commitment Letter	has the meaning given in section 8.2(b) of this Scheme Booklet.
Deed Poll	a deed poll in the form of Annexure E (or in such other form as may be agreed to by Spark Infrastructure and Bidco) under which Bidco covenants in favour of the Scheme Securityholders to perform the obligations attributed to Bidco under the Schemes.
Disclosure Materials	<ol style="list-style-type: none"> 1 the documents and information contained in the data room made available by Spark Infrastructure to Bidco and its Related Persons as at 9pm on 20 August 2021, the index of which has been initialled by, or on behalf of, Bidco and Spark Infrastructure for identification; 2 written responses from Spark Infrastructure and its Related Persons to requests for further information made by Bidco and its Related Persons received as at 9pm on 20 August 2021 (including for clarity verbal responses provided to the Consortium Group's advisers on 16 August 2021 in response to the document entitled Spark Infrastructure – Compliance Diligence Questions dated 8 August 2021); and 3 the disclosure letter.
EBITDA	earnings before interest, tax, depreciation and amortisation.
Effective	when used in relation to the Schemes, all the following events taking place: <ol style="list-style-type: none"> 1 the Spark Infrastructure Trust Supplemental Deed taking effect pursuant to section 601GC(2) of the Corporations Act; and 2 the coming into effect, under subsection 411(10) of the Corporations Act, of the order of the Court made under paragraph 411(4)(b) of the Corporations Act in relation to the Creditors' Scheme.
Effective Date	the date on which the Schemes become Effective.
End Date	24 May 2022, or such later date as agreed in writing by Bidco and Spark Infrastructure.
Equity Commitment Letter	has the meaning given in section 8.2(b) of this Scheme Booklet.
Equity Commitment Party	has the meaning given in section 8.2(b) of this Scheme Booklet.
Equity Funding	has the meaning given in section 8.2(b) of this Scheme Booklet.
Excluded Securityholder	any Spark Infrastructure Securityholder who is a member of the Consortium Group or any Spark Infrastructure Securityholder who holds any Spark Infrastructure Securities on behalf of, or for the benefit of, any member of the Consortium Group and does not hold Spark Infrastructure Securities on behalf of, or for the benefit of, any other person (including themselves).

TERM	MEANING
Exclusivity Period	<p>the period from and including the date of the Scheme Implementation Deed to the earlier of:</p> <ol style="list-style-type: none"> 1 the date on which Spark Infrastructure gives notice to Bidco that it has determined that a Competing Proposal is a Superior Proposal having complied with clause 11.6 of the Scheme Implementation Deed; 2 the date of termination of the Scheme Implementation Deed; 3 the End Date; and 4 the Effective Date.
Fairly Disclosed	<p>disclosed to Bidco or any of its Related Persons, to a sufficient extent, and in sufficient detail, so as to enable a reasonable bidder (or one of its Related Persons) experienced in transactions similar to the Transaction and experienced in a business similar to any business conducted by the Spark Infrastructure Group, to identify the nature and scope of the relevant matter, event or circumstance (including, in each case, that the potential financial effect of the relevant matter, event or circumstance was reasonably ascertainable from the information disclosed).</p>
Final Distribution	<p>the distribution contemplated by clause 6.2(b) of the Scheme Implementation Deed.</p>
Financial Adviser	<p>any financial adviser retained by a party in relation to the Transaction from time to time.</p>
Financial Indebtedness	<p>any debt or other monetary liability (whether actual or contingent) in respect of monies borrowed or raised or any financial accommodation including under or in respect of any:</p> <ol style="list-style-type: none"> 1 bill, bond, debenture, note or similar instrument; 2 acceptance, endorsement or discounting arrangement; 3 guarantee; 4 finance or capital lease; 5 agreement for the deferral of a purchase price or other payment in relation to the acquisition of any asset or service; or 6 obligation to deliver goods or provide services paid for in advance by any financier.
First Court Date	<p>the first day on which an application made to the Court for an order under subsection 411(1) of the Corporations Act convening the Creditors' Scheme Meeting and to seek the First Judicial Advice is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard.</p>
First Judicial Advice	<p>confirmation from the Court under section 63 of the <i>Trustee Act 1925</i> (NSW) that:</p> <ol style="list-style-type: none"> 1 Spark Infrastructure would be justified in convening the Trust Meeting for the purposes of considering the Trust Resolutions; and 2 subject to the Spark Infrastructure Securityholders passing the Trust Resolutions, Spark Infrastructure would be justified in proceeding on the basis that amending the Spark Infrastructure Trust Constitution as set out in the Spark Infrastructure Trust Supplemental Deed would be within the powers of alteration conferred by the Spark Infrastructure Trust Constitution and section 601GC of the Corporations Act.
Further Revised Proposal	<p>has the meaning given in section 6.1 of this Scheme Booklet.</p>
Government Agency	<p>any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity (including any stock or other securities exchange), or any minister of the Crown in right of the Commonwealth of Australia or any State, and any other federal, state, provincial, or local government, whether foreign or Australian.</p>

TERM	MEANING
GST	Goods and Services Tax.
Implementation Date	the tenth Business Day after the Scheme Record Date, or such other date after the Scheme Record Date as Bidco and Spark Infrastructure agree in writing.
Independent Expert	KPMG Financial Advisory Services (Australia) Pty Ltd.
Independent Expert's Report	the report issued by the Independent Expert in connection with the Schemes as attached at Annexure A, and including any subsequent, updated or supplementary report, setting out the Independent Expert's opinion whether or not the Schemes are in the best interests of Spark Infrastructure Securityholders and the reasons for holding that opinion.
Initial Proposal	has the meaning given in section 6.1 of this Scheme Booklet.
Interim Distribution	Spark Infrastructure's FY21 interim distribution of \$0.0625 per Spark Infrastructure Security.
Interim Distribution Record Date	8 July 2021.
Insolvency Event	in relation to an entity: <ol style="list-style-type: none"> 1 the entity resolving that it be wound up or a court making an order for the winding up or dissolution of the entity (other than where the order is set aside within 14 days); 2 a liquidator, provisional liquidator, administrator, receiver, receiver and manager or other insolvency official being appointed to the entity or in relation to the whole, or a substantial part, of its assets; 3 the entity executing a deed of company arrangement; 4 the entity ceases, or threatens to cease to, carry on substantially all the business conducted by it as at the date of the Scheme Implementation Deed; 5 the entity is or becomes unable to pay its debts when they fall due within the meaning of the Corporations Act (or, if appropriate, legislation of its place of incorporation); 6 the entity being deregistered as a company or otherwise dissolved; or 7 something having a substantially similar effect to paragraphs 1 to 6 above happens in connection with that entity under the laws of any jurisdiction.
In Specie Distribution	has the meaning given in section 10.3 of this Scheme Booklet.
Judicial Advices	<ol style="list-style-type: none"> 1 First Judicial Advice; and 2 Second Judicial Advice.
KPMG	KPMG Financial Advisory Services (Australia) Pty Ltd.
KKR	Kohlberg Kravis Roberts & Co. L.P. and its affiliates.
KKR Acquisition Co	PikaK Bidco Pte. Ltd., a company incorporated in Singapore (UEN 202128369W).
KKR Asia	KKR Asia Limited.
Last Practicable Date	11 October 2021.
Listing Rules	the official listing rules of ASX.
Meetings	<ol style="list-style-type: none"> 1 the Creditors' Meetings; and 2 the Trust Meeting.
MLAUBs	has the meaning given in section 8.2(c) of this Scheme Booklet.
NEM	National Electricity Market.

TERM	MEANING
New Scheme Security	a stapled security comprising one Spark Infrastructure Unit, one Spark Infrastructure Note, one SIH1 A class share, one SIH2 A class share and one SIH3 A class share.
Non-Resident	a non-Australian tax resident.
Notice of Creditors' Scheme Meeting	the notice of meeting relating to the Creditors' Scheme Meeting attached as Annexure F.
Notice of Concurrent Creditors' Meeting and Trust Meeting	the notice of meeting relating to the Concurrent Creditors' Meeting and Trust Meeting attached as Annexure F.
Notices of Meetings	1 the Notice of Creditors' Scheme Meeting; and 2 the Notice of Concurrent Creditors' Meeting and Trust Meeting.
Operating Rules	the official operating rules of ASX.
OTPP	Ontario Teachers' Pension Plan Board.
OTPP Acquisition Co	2857980 Ontario Limited, a company incorporated in Ontario, Canada (Corporation Number 002857980).
Pika Holdco	Pika Holdco Pty Ltd ACN 652 787 150.
PSP Acquisition Trust	Perpetual Corporate Trust Limited ACN 000 341 533 as trustee of the PSPiB Power Trust.
PSP Investments	Public Sector Pension Investment Board.
Proxy Form	the proxy form in respect of the Meetings which has been separately provided to Spark Infrastructure Securityholders by the Spark Infrastructure Securities Registry on or about the date of this Scheme Booklet.
PwC	PricewaterhouseCoopers.
Registered Address	in relation to a Spark Infrastructure Securityholder, the address shown in the Spark Infrastructure Securities Register as at the Scheme Record Date.
Reimbursement Fee	a fee of \$52 million (excluding GST).
Related Entity	<p>1 in relation to Spark Infrastructure:</p> <ul style="list-style-type: none"> • Spark Infrastructure Trust; • SIH1; • SIH2; • SIH3; • Spark Infrastructure RE, in its personal capacity; and • Spark Renewables, <p>and each entity, from time to time, Controlled by any one or more of the entities referred to above; and</p> <p>2 in relation to Bidco and any Consortium Member:</p> <ul style="list-style-type: none"> • each Affiliate of Bidco and the Consortium Members (including KKR Asia, OTPP and PSP Investments); • Pika Holdco and Bidco; and • each trust, partnership, fund, equity investor, co-investor, other investment vehicle and investment mandate from time to time managed or advised by any of KKR Asia, OTPP or PSP Investments or any Affiliate of any of KKR Asia, OTPP or PSP Investments, <p>excluding any investee or portfolio entity, being a business in which KKR Asia, OTPP or PSP Investments or an entity referred to in this paragraph 2 invests in the ordinary course of its private equity investment operations.</p>

TERM	MEANING
Related Person	<p>1 in respect of a party or its Related Entities, each director, officer, employee, adviser, agent or representative of that party or Related Entity; and</p> <p>2 in respect of a Financial Adviser, each director, officer, employee or contractor of that Financial Adviser.</p>
Related Steps	the steps set out in Schedule 6 of the Scheme Implementation Deed.
Relevant Interest	has the meaning given in sections 608 and 609 of the Corporations Act.
Resident	an Australian tax resident.
Resolutions	the Creditors' Resolutions and the Trust Resolutions.
Retention Securities	grants of Spark Infrastructure Securities, with the only vesting condition being continued service at the end of a prescribed vesting period.
Reverse Reimbursement Fee	a fee of \$52 million (excluding GST).
Revised Proposal	has the meaning given in section 6.1 of this Scheme Booklet.
Scheme Consideration	<p>the consideration to be provided by Bidco to each Scheme Securityholder for the transfer to Bidco of each Scheme Security, being for each Spark Infrastructure Security held by a Scheme Securityholder as at the Scheme Record Date:</p> <p>1 cash consideration of \$2.8875 per Spark Infrastructure Security; less</p> <p>2 the cash amount of any distributions to which Scheme Securityholders become entitled on or before the Implementation Date, including any Special Distribution and any Final Distribution; plus</p> <p>3 the amount of any Additional Consideration.</p>
Scheme Implementation Deed	the scheme implementation deed dated 23 August 2021 between Bidco and Spark Infrastructure relating to the implementation of the Schemes as amended on 1 October 2021.
Scheme Notes	all Spark Infrastructure Notes held by the Scheme Securityholders as at the Scheme Record Date.
Scheme Record Date	7.00pm (Sydney time) on the ninth Business Day after the Effective Date, or such other time and date as Bidco and Spark Infrastructure agree in writing.
Scheme Securities	all Spark Infrastructure Securities held by the Scheme Securityholders as at the Scheme Record Date and, from the time of the distribution of the Scheme Shares to Scheme Securityholders under the Related Steps, is a reference to the New Scheme Securities held by the Scheme Securityholders as at that time.
Scheme Securityholder	a holder of Spark Infrastructure Securities recorded in the Spark Infrastructure Securities Register as at the Scheme Record Date (other than an Excluded Securityholder).
Scheme Shares	the A class shares in each of SIH1, SIH2 and SIH3 to be distributed to Scheme Securityholders under the Related Steps.
Scheme Units	all Spark Infrastructure Units held by the Scheme Securityholders as at the Scheme Record Date.
Schemes	the Creditors' Scheme, Trust Scheme and related transactions described in sections 2 and 6 of this Scheme Booklet.
Second Court Date	the first day on which an application made to the Court for an order under paragraph 411(4)(b) of the Corporations Act approving the Creditors' Scheme and to seek the Second Judicial Advice is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application or appeal is heard.
Second Court Hearing	the hearing of the application made to the Court for an order under paragraph 411(4)(b) of the Corporations Act approving the Creditors' Scheme and to seek the Second Judicial Advice.

TERM	MEANING
Second Judicial Advice	confirmation from the Court under section 63 of the Trustee Act 1925 (NSW) that, the Spark Infrastructure Securityholders having approved the Trust Resolutions by the requisite majorities, Spark Infrastructure would be justified in implementing the Trust Resolutions, giving effect to the provisions of the Spark Infrastructure Trust Constitution (as amended by the Spark Infrastructure Trust Supplemental Deed) and in doing all things and taking all necessary steps to put the Trust Scheme into effect.
Security Interest	has the meaning given in section 51A of the Corporations Act.
SIH1	Spark Infrastructure Holdings No. 1 Pty Ltd ACN 116 940 786 which, as at the date of this Scheme Booklet, is in the process of changing from a proprietary company limited by shares to a public company limited by shares, and which will have changed to a public company limited by shares before the Effective Date, unless an order by a court or Administrative Appeals Tribunal prevents ASIC from altering the registration details of the company.
SIH2	Spark Infrastructure Holdings No. 2 Pty Ltd ACN 116 940 795 which, as at the date of this Scheme Booklet, is in the process of changing from a proprietary company limited by shares to a public company limited by shares, and which will have changed to a public company limited by shares before the Effective Date, unless an order by a court or Administrative Appeals Tribunal prevents ASIC from altering the registration details of the company.
SIH3	Spark Infrastructure Holdings No. 3 Pty Ltd ACN 117 034 492 which, as at the date of this Scheme Booklet, is in the process of changing from a proprietary company limited by shares to a public company limited by shares, and which will have changed to a public company limited by shares before the Effective Date, unless an order by a court or Administrative Appeals Tribunal prevents ASIC from altering the registration details of the company.
Spark Infrastructure	Spark Infrastructure RE in its capacity as responsibility entity for Spark Infrastructure Trust.
Spark Infrastructure Board	the board of directors of Spark Infrastructure RE.
Spark Infrastructure Director	a director of Spark Infrastructure RE.
Spark Infrastructure Equity Incentive Plan	the equity incentive plan rules adopted by Spark Infrastructure on 16 October 2015.
Spark Infrastructure Group	Spark Infrastructure Trust and each of its Related Entities, and a reference to a Spark Infrastructure Group Member or a member of the Spark Infrastructure Group is to Spark Infrastructure Trust or any of its Related Entities.
Spark Infrastructure Information	information regarding the Spark Infrastructure Group prepared by Spark Infrastructure for inclusion in this Scheme Booklet that comprises the entirety of this Scheme Booklet and explains the effect of the Schemes and sets out the information prescribed by the Corporations Act and the Corporations Regulations, and any other information that is material to the making of a decision by the Spark Infrastructure Securityholders whether or not to vote in favour of the Schemes, being information that is within the knowledge of each of the Spark Infrastructure Directors, but which does not include the Bidco Information, the Independent Expert's Report or any description of the tax effect of the Schemes on Scheme Securityholders prepared by an external adviser to Spark Infrastructure.

TERM	MEANING
<p>Spark Infrastructure Material Adverse Change</p>	<p>an event, change, condition, matter, circumstance or thing occurring after the date of the Scheme Implementation Deed (each a Specified Event) which, whether individually or when aggregated with all such events, changes, conditions, matters, circumstances or things that have occurred or are reasonably likely to occur, has had or would be considered reasonably likely to have:</p> <ol style="list-style-type: none"> 1 the effect of a diminution in the value of the consolidated net assets of the Spark Infrastructure Group, taken as a whole, by at least \$172,000,000 against what it would reasonably have been expected to have been but for such Specified Event; or 2 the effect of a diminution in the Adjusted Look-Through Earnings of the Spark Infrastructure Group (as defined below), taken as a whole, by at least \$85,000,000 for either the financial year ending 31 December 2021 or the financial year ending 31 December 2022 against what it would reasonably have been expected to have been but for such Specified Event, <p>other than (in each case) any events, changes, conditions, matters, circumstances or things:</p> <ol style="list-style-type: none"> 3 arising out of the announcement of the Schemes (including any loss of or adverse change in the relationship of Spark Infrastructure Group Members with their respective employees, customers, partners (including joint venture partners), creditors or suppliers as at the date of the Scheme Implementation Deed, including the loss of any contract and including any consequences of a change of control provision in a contract being triggered); 4 required or expressly permitted by the Scheme Implementation Deed, the Schemes or the transactions contemplated by either; 5 that are Fairly Disclosed in the Disclosure Materials; 6 agreed to in writing by Bidco; 7 arising as a result of any generally applicable change in law (including subordinate legislation), regulation, directions, orders, accounting standards or principles or governmental policy or the interpretation of any of them; 8 arising from changes in economic or business conditions that impact on Australian business generally (including interest rates, general economic, political or business conditions, including material adverse changes or major disruptions to, or fluctuations in, domestic or international financial markets); 9 constituted by or arising from any determinations, announcements or rulings by: <ul style="list-style-type: none"> • the ATO; • the AER, Australian Energy Market Commission, Australian Energy Market Operator or Energy Security Board; or • any State government or other Government Agency in relation to regulated electricity networks; 10 arising from any act of terrorism, outbreak or escalation of war (whether or not declared), major hostilities, civil unrest or outbreak or escalation of any disease epidemic or pandemic (including the outbreak, escalation or any impact of, or recovery from, the Coronavirus or COVID-19 pandemic); 11 arising from any act of God, natural disaster, lightning, storm flood, bushfire, earthquake, explosion, cyclone, tidal wave, landslide, adverse weather conditions on or after the date of the Scheme Implementation Deed; 12 directly relating to costs and expenses incurred by Spark Infrastructure associated with the Scheme process or the Transaction, including all fees payable to external advisers of Spark Infrastructure, to the extent such amounts are Fairly Disclosed in the Disclosure Materials; or 13 that Spark Infrastructure Fairly Disclosed in an announcement made by Spark Infrastructure to ASX, or a publicly available document lodged by it or a Related Entity of Spark Infrastructure with ASIC, before the date of the Scheme Implementation Deed. <p>For purposes of this definition, the Adjusted Look-Through Earnings of the Spark Infrastructure Group is 'EBITDA' plus 'Total Spark Net Costs' (but excluding from Total Spark Net Costs 'interest received', 'interest paid' and 'income tax paid'), calculated on a consistent basis with the way those amounts were calculated in the 'Look Through Operating Cash Flow' on page 4 of the "Five Year Plan 2021-25" (as included as document 02.02.01 in the data room in the Disclosure Materials). By way of illustration, Adjusted Look-Through Earnings of the Spark Infrastructure Group for 2020 forecast in that document was \$848.4 million.</p>
<p>Spark Infrastructure Note</p>	<p>a loan note issued by Spark Infrastructure under the terms of the Spark Infrastructure Note Trust Deed.</p>

TERM	MEANING
Spark Infrastructure Note Trust Deed	the Spark Infrastructure Note Trust Deed dated 9 November 2005, as amended by: <ol style="list-style-type: none"> 1 Note Trust Deed – Supplemental Deed No. 1 (Terms Of Issue) dated 25 October 2010; 2 Note Trust Deed – Supplemental Deed No. 2 (Restructure Effective Date Amendments) dated 8 November 2010; and 3 Note Trust Deed – Supplemental Deed No. 3 (Restructure Implementation Date Amendments) dated 10 December 2010, and as rectified by deed of rectification dated 31 March 2011.
Spark Infrastructure Note Trust Deed Resolution	the Spark Infrastructure Note Trust Deed Resolution set out in the Notice of Concurrent Creditors' Meeting and Trust Meeting.
Spark Infrastructure Note Trust Deed Supplemental Deed	a deed poll in the form of Annexure C under which Spark Infrastructure will amend the Spark Infrastructure Note Trust Deed.
Spark Infrastructure Performance Right	an entitlement to receive a Spark Infrastructure Security (or, in certain circumstances, a cash payment in lieu of a Spark Infrastructure Security), granted under the Spark Infrastructure Equity Incentive Plan.
Spark Infrastructure Prescribed Occurrence	<p>other than as:</p> <ol style="list-style-type: none"> 1 required or permitted by the Scheme Implementation Deed, the Schemes or the transactions contemplated by either or the Related Steps; 2 Fairly Disclosed in the Disclosure Materials, in an announcement made by Spark Infrastructure to ASX, or in a publicly available document lodged by a Spark Infrastructure Group Member with ASIC, before the date of the Scheme Implementation Deed; or 3 agreed to in writing by Bidco, <p>the occurrence of any of the following:</p> <ol style="list-style-type: none"> 4 Spark Infrastructure Trust converting all or any of its units into a larger or smaller number of units; 5 Spark Infrastructure Trust reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its Spark Infrastructure Securities; 6 Spark Infrastructure Trust redeeming, buying back or repurchasing Spark Infrastructure Securities or resolving to approve or enter into an agreement to do any of those things; 7 a member of the Spark Infrastructure Group issuing securities, or granting a performance right or option over its securities, or agreeing to make such an issue or grant such a performance right or option, other than: <ul style="list-style-type: none"> • an issue or grant (or an agreement to issue or grant) to another member of the Spark Infrastructure Group; or • the vesting of rights under the Spark Infrastructure Performance Rights, or the issue of Spark Infrastructure Securities in respect of such vested performance rights, including, for the avoidance of doubt, any issue of Spark Infrastructure Securities pursuant to the Spark Infrastructure Distribution Reinvestment Plan whether or not the issues of Spark Infrastructure Securities under such plan was Fairly Disclosed in the Disclosure Materials; 8 a member of the Spark Infrastructure Group issuing or agreeing to issue securities convertible into shares or units (as applicable), other than an issue (or agreement to issue) to another member of the Spark Infrastructure Group; 9 Spark Infrastructure Trust agrees to pay, declares, pays or makes, or incurs a liability to pay or make, a distribution of income, profits, assets or capital to any person, other than the interim distribution announced on 1 July 2021, the Final Distribution or the Special Distribution or pursuant to the Related Steps; 10 a member of the Spark Infrastructure Group disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property; 11 a member of the Spark Infrastructure Group granting a Security Interest, or agreeing to grant a Security Interest, in the whole, or a substantial part, of its business or property other than a lien which arises by operation of law or legislation securing an obligation that is not yet due; 12 an Insolvency Event occurs in relation to a member of the Spark Infrastructure Group; or 13 Spark Infrastructure Trust making any change to its constitution or the Spark Infrastructure Note Trust Deed.

TERM	MEANING
Spark Infrastructure RE	Spark Infrastructure RE Limited ACN 114 940 984.
Spark Infrastructure Regulated Event	<p>other than as:</p> <ol style="list-style-type: none"> 1 required or expressly permitted by the Scheme Implementation Deed, the Schemes or the transactions contemplated by either; 2 Fairly Disclosed in the Disclosure Materials, in an announcement made by Spark Infrastructure to ASX, or in a publicly available document lodged by it or a Related Entity of Spark Infrastructure with ASIC, before the date of the Scheme Implementation Deed; or 3 agreed to in writing by Bidco, <p>the occurrence of any of the following:</p> <ol style="list-style-type: none"> 4 a member of the Spark Infrastructure Group: <ul style="list-style-type: none"> • acquiring, leasing or disposing of; • agreeing, offering or proposing to acquire, lease or dispose of; or • announcing or proposing a bid, or tendering, for, any business, entity or undertaking, the value of which exceeds \$25 million (individually or in the aggregate); 5 a member of the Spark Infrastructure Group entering into a contract or commitment materially restraining a member of the Spark Infrastructure Group from competing with any person or conducting activities in any material market; 6 a member of the Spark Infrastructure Group entering into any contract or commitment (other than in respect of capital expenditure, Financial Indebtedness, an acquisition, lease or disposal of a business, entity or undertaking, or provision of financial accommodation) requiring payments (excluding payments between Spark Infrastructure Group Members) by the Spark Infrastructure Group in excess of \$25 million (individually or in the aggregate), other than: <ul style="list-style-type: none"> • any payment required by law; • funding commitments in respect of Project EnergyConnect or any Integrated System Plan project for which TransGrid requires or seeks funding from the Spark Infrastructure Group; or • any power purchase agreement in relation to the Spark Infrastructure Group's renewables business under which payments by the relevant Spark Infrastructure Group Member that is party to the agreement over the term of the agreement are calculated (in accordance with the methodology set out in the Disclosure Letter) to have a net present value as at the date the agreement is entered into of less than \$25 million, provided that: <ul style="list-style-type: none"> – Spark Infrastructure has consulted with Bidco in good faith in relation to the entry into such power purchase agreement, including providing all material details of such power purchase agreement, prior to entry into the power purchase agreement; and – the power purchase agreement is entered into in connection with a renewables project that is either existing as at the date of the Scheme Implementation Deed, or a proposed renewables project that has been disclosed in the Disclosure Materials; 7 a member of the Spark Infrastructure Group agreeing to incur or incurring capital expenditure of more than \$25 million (individually or in the aggregate); 8 a member of the Spark Infrastructure Group incurring any Financial Indebtedness of an amount in excess of \$50 million (individually or in the aggregate), other than Financial Indebtedness that is: <ol style="list-style-type: none"> (a) incurred by one member of the Spark Infrastructure Group to another; (b) incurred to meet funding commitments in respect of Project EnergyConnect or any Integrated System Plan project for which TransGrid requires or seeks funding from the Spark Infrastructure Group; or (c) incurred to pay the interim distribution announced on 1 July 2021, the Final Distribution or the Special Distribution, <p>and in respect of Financial Indebtedness incurred under the Senior Facility Agreements, only the net increase in Financial Indebtedness drawn under those agreements from the date of the Scheme Implementation Deed (disregarding drawings referred to in paragraphs b and c above) will be taken into account in calculating Financial Indebtedness for purposes of this paragraph (such that redraws of amounts repaid under the Senior Facility Agreements will be disregarded);</p>

TERM	MEANING
<p>Spark Infrastructure Regulated Event</p> <p>Continued</p>	<p>9 a member of the Spark Infrastructure Group:</p> <ul style="list-style-type: none"> • waiving any material third party default where the financial impact on the Spark Infrastructure Group will be in excess of \$5 million (individually or in the aggregate); or • accepting as a compromise of a matter less than the full compensation due to a member of the Spark Infrastructure Group where the financial impact of the compromise on the Spark Infrastructure Group is more than \$5 million (individually or in the aggregate); <p>10 a member of the Spark Infrastructure Group providing financial accommodation other than to members of the Spark Infrastructure Group (irrespective of what form of Financial Indebtedness that accommodation takes) in excess of \$25 million (individually or in the aggregate) other than any financial accommodation provided from to time to TransGrid, Victoria Power Networks or South Australia Power Networks, and other than performance guarantees in relation to power purchase agreements referred to in paragraph 6c above;</p> <p>11 a member of the Spark Infrastructure Group entering into any agreement, arrangement or transaction with respect to derivative instruments (including swaps, futures contracts, forward commitments, commodity derivatives or options, but not including a power purchase agreement referred to in paragraph 6c above) or similar instruments;</p> <p>12 a member of the Spark Infrastructure Group entering into, or resolving to enter into, a transaction with any related party of the Spark Infrastructure Trust (other than a related party which is a member of the Spark Infrastructure Group), as defined in section 228 of the Corporations Act (as that section is modified by section 601LA of the Corporations Act);</p> <p>13 a member of the Spark Infrastructure Group:</p> <ul style="list-style-type: none"> • entering into (other than for the purposes of replacing an existing agreement or arrangement on a materially consistent basis) or materially altering, varying or amending any employment, consulting, severance or similar agreement or arrangement with one or more of its officers, directors or senior executives; • paying or agreeing to pay, any bonus, retention bonus, benefit or similar to any director or employee of the Spark Infrastructure Group in connection with the Schemes; or • accelerating or otherwise materially increasing compensation or benefits for any of the above, in each case other than pursuant to: <ul style="list-style-type: none"> a. contractual arrangements in effect on the date of the Scheme Implementation Deed and which are contained in the Disclosure Materials; or b. Spark Infrastructure’s policies and guidelines in effect on the date of the Scheme Implementation Deed and which are contained in the Disclosure Materials; <p>14 a Spark Infrastructure Group Member:</p> <ul style="list-style-type: none"> • entering into, renewing, extending, altering or varying any agreement or arrangement relating to the appointment of, or any fees payable to, any Financial Adviser or other adviser appointed or retained by Spark Infrastructure in connection with the Schemes; or • paying any third party costs or expenses incurred by the Spark Infrastructure Group in connection with the transactions contemplated by the Scheme Implementation Deed, the Schemes, (including legal, financial, tax, accounting, communications and public relations, counsel, expert and court fees and fees payable to Government Agencies) in excess of the amount disclosed in the Disclosure Materials;

TERM	MEANING
Spark Infrastructure Regulated Event Continued	<p>15 any of the following occurs:</p> <ul style="list-style-type: none"> • Spark Infrastructure RE ceases to be the responsible entity of the Spark Infrastructure Trust; • Spark Infrastructure Securityholders resolve to remove or replace Spark Infrastructure RE as responsible entity of the Spark Infrastructure Trust; • a meeting being convened to consider a resolution for the removal, retirement or replacement of Spark Infrastructure RE as responsible entity of the Spark Infrastructure Trust; • an order is made by any court, or any application being made in any court, for the appointment of a temporary responsible entity of the Spark Infrastructure Trust in accordance with the Corporations Act; • Spark Infrastructure effects or facilitates a termination of the Spark Infrastructure Trust; or • Spark Infrastructure effects or facilitates the resettlement of any of the Trust Property; <p>16 Spark Infrastructure, or any other member of the Spark Infrastructure Group, settling or compromising or making any concessions in relation to any material tax claims, liabilities or disputes or making any election in relation to tax, where the financial impact on the Spark Infrastructure Group of such settlement, compromise, concession or election will be in excess of \$5 million (individually or in the aggregate);</p> <p>17 a member of the Spark Infrastructure Group changing any accounting policy applied by them to report their financial position other than any change in policy required by a change in law or accounting standards; or</p> <p>18 a member of the Spark Infrastructure Group receiving notice of any new material investigation, prosecution, arbitration, litigation or dispute threatened against a member of the Spark Infrastructure Group or an Asset Company which could reasonably be expected to give rise to a liability for the Spark Infrastructure Group in excess of \$50 million (individually or in the aggregate) (Material Proceedings), and for the avoidance of doubt which is not frivolous or vexatious, or circumstances arising which could reasonably be expected to give rise to any Material Proceedings or a Spark Infrastructure Group Member settling or compromising or making any material concessions in relation to any Material Proceedings where the financial impact on the Spark Infrastructure Group of such settlement, compromise or concession will be in excess of \$5 million (individually or in the aggregate). For the avoidance of doubt, Material Proceedings do not include any liability relating to an investigation, prosecution, arbitration, litigation or dispute to the extent that an insurer has agreed to cover the liability under an insurance policy maintained by a member of the Spark Infrastructure Group.</p>
Spark Infrastructure Security	a stapled security comprising one Spark Infrastructure Unit stapled to one Spark Infrastructure Note.
Spark Infrastructure Securityholder	a holder of one or more Spark Infrastructure Securities from time to time.
Spark Infrastructure Securityholder Information Line	1300 513 794 (within Australia) or +61 2 9066 4082 (outside Australia), between 8.30am and 5.00pm (Sydney time), Monday to Friday excluding public holidays.
Spark Infrastructure Securities Register	the register of securityholders of Spark Infrastructure Trust maintained in accordance with the Corporations Act (comprising a register of holders of Spark Infrastructure Units and a register of holders of Spark Infrastructure Notes).
Spark Infrastructure Securities Registry	Boardroom Pty Limited ABN 14 003 209 836.
Spark Infrastructure Trust	Spark Infrastructure Trust ARSN 116 870 725.

TERM	MEANING
Spark Infrastructure Trust Constitution	the constitution constituting the Spark Infrastructure Trust from time to time.
Spark Infrastructure Trust Supplemental Deed	a deed poll in the form of Annexure B under which Spark Infrastructure will amend the Spark Infrastructure Trust Constitution to effect the Trust Scheme.
Spark Infrastructure Unit	a fully paid unit in the Spark Infrastructure Trust.
Spark Renewables	Spark Renewables Pty Limited ACN 632 860 023.
Special Distribution	a special distribution that the Spark Infrastructure Board may determine, in its sole discretion, be paid to Spark Infrastructure Securityholders from the Spark Infrastructure Trust of up to \$0.125 per Spark Infrastructure Security.
Special Distribution Record Date	the record date for the Special Distribution (if any), as determined by the Spark Infrastructure Board in its sole discretion, currently expected to be 7.00pm (Sydney time) on Wednesday, 1 December 2021.
Subsidiary	has the meaning given in Division 6 of Part 1.2 of the Corporations Act, provided that an entity will also be taken to be a Subsidiary of another entity if it is Controlled by that entity and, without limitation: <ol style="list-style-type: none"> 1 a trust may be a Subsidiary, for the purposes of which a unit or other beneficial interest will be regarded as a share; 2 an entity may be a Subsidiary of a trust if it would have been a Subsidiary if that trust were a corporation; and 3 an entity will also be deemed to be a Subsidiary of an entity if that entity is required by the accounting standards to be consolidated with that entity.
Superior Proposal	a bona fide Competing Proposal: <ol style="list-style-type: none"> 1 of the kind referred to in any of paragraphs 2, 3 or 4 of the definition of Competing Proposal; and 2 not resulting from a breach by Spark Infrastructure of any of its obligations under clause 11 of the Scheme Implementation Deed, 3 that the Spark Infrastructure Board, acting in good faith, and after receiving written legal advice from its external legal advisers and written financial advice from its Financial Adviser, determines: 4 reasonably capable of being completed taking into account all aspects of the Competing Proposal, including its conditions, the identity, reputation and financial condition of the person making such proposal, and all relevant legal, regulatory and financial matters; and 5 would, if completed substantially in accordance with its terms, be more favourable to Spark Infrastructure Securityholders as a whole (other than Excluded Securityholders) than the Transaction, if applicable as amended or varied following application of the matching right set out in clause 11.6 of the Scheme Implementation Deed, taking into account all terms and conditions and other aspects of the Competing Proposal and of the Transaction (including any timing considerations, any conditions precedent, the identity, reputation and financial condition of the proponent, all relevant legal, regulatory and financial matters or other matters affecting the probability of completion) and the Reimbursement Fee (if payable).
Takeovers Panel	the Australian Takeovers Panel.
TFN	Tax File Number.
Third Party	a person other than Bidco, the Consortium Members and their other Associates.
Total Cash Amount	<ol style="list-style-type: none"> 1 the Scheme Consideration; plus 2 the cash amount of any Special Distribution.
Transaction	the acquisition by Bidco of 100% of the Spark Infrastructure Securities by way of the Schemes.

TERM	MEANING
Trust Acquisition Resolution	the Trust Acquisition Resolution set out in the Notice of Concurrent Creditors' Meeting and Trust Meeting.
Trust Constitution Amendment Resolution	the Trust Constitution Amendment Resolution set out in the Notice of Concurrent Creditors' Meeting and Trust Meeting.
Trust Meeting	the meeting of the Spark Infrastructure Securityholders, as holders of Spark Infrastructure Units, convened by Spark Infrastructure to consider and vote on the Trust Resolutions, and includes any meeting convened following any adjournment or postponement of that meeting.
Trust Property	all of the scheme property of Spark Infrastructure Trust, including all Spark Infrastructure's rights, property and undertaking which are the subject of Spark Infrastructure Trust: 1 of whatever kind and wherever situated; and 2 whether present or future.
Trust Resolutions	each of the Trust Constitution Amendment Resolution and the Trust Acquisition Resolution.
Trust Scheme	an arrangement under which Bidco acquires all of the Scheme Units and Scheme Shares, the form of which is attached as Annexure B, facilitated by amendments to the Spark Infrastructure Trust Constitution as set out in the Spark Infrastructure Trust Supplemental Deed, subject to the requisite approvals of the Spark Infrastructure Securityholders.
Voting Power	has the meaning given in the Corporations Act.
VWAP	volume weighted average price.
2021 Tax Guide	the 2021 Spark Infrastructure Securityholder tax guide accessible via the following link https://sparkinfrastructure.com/sites/sparkinfrastructure.com/files/2021_securityholder_tax_guide.pdf

13.2 Interpretation

In this Scheme Booklet, unless the context otherwise appears:

- (a) words and phrases have the same meaning (if any) given to them in the Corporations Act;
- (b) words importing a gender include any gender;
- (c) words importing the singular include the plural and vice versa;
- (d) an expression importing a natural person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;
- (e) a reference to a section or annexure is a reference to a section of and an annexure to this Scheme Booklet as relevant;
- (f) a reference to any statute, regulation, proclamation, ordinance or by law includes all statutes, regulations, proclamations, ordinances, or by laws amending, varying, consolidating or replacing it and a reference to a statute includes all regulations, proclamations, ordinances and by laws issued under that statute;
- (g) headings and bold type are for convenience only and do not affect the interpretation of this Scheme Booklet;
- (h) a reference to time is a reference to time in Sydney, Australia;
- (i) a reference to writing includes facsimile transmissions; and
- (j) a reference to dollars, \$, cents, c and currency is a reference to the lawful currency of the Commonwealth of Australia.

13.3 Interpretation of inclusive expressions

Specifying anything in this Scheme Booklet after the words 'include' or 'for example' or similar expressions does not limit what else is included.

ANNEXURES



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ANNEXURE A INDEPENDENT EXPERT'S REPORT



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The Directors
Spark Infrastructure RE Limited
Level 29, 225 George Street
Sydney NSW 2021

11 October 2021

Dear Directors

INDEPENDENT EXPERT REPORT AND FINANCIAL SERVICES GUIDE

PART ONE – INDEPENDENT EXPERT REPORT

1 Introduction

On 15 July 2021, Spark Infrastructure RE Limited (**Spark Infrastructure**) announced that it had received a conditional, non-binding indicative proposal from Ontario Teachers' Pension Plan Board (**OTPPB**) and Kohlberg Kravis Roberts & Co. L.P. (**KKR**)¹, to acquire all of the ordinary stapled securities in Spark Infrastructure (**Stapled Securities**) by way of a scheme. The consideration offered under the Initial Proposal was \$2.70² cash per Stapled Security, to be reduced to the extent that Spark Infrastructure pays or declares a distribution to its securityholders prior to the implementation of the proposed transaction (**the Initial Proposal**).

Spark Infrastructure advised that its board of directors (**the Board**) had concluded that the proposed consideration under the Initial Proposal undervalued Spark Infrastructure and was not at a level at which Spark Infrastructure was prepared to grant the parties access to due diligence.

Spark Infrastructure also advised that it had subsequently received a revised proposal, on the same basis as the Initial Proposal, but with the cash consideration increased to \$2.80 per Stapled Security³ (**the Revised Proposal**).

Whilst concluding that the Revised Proposal continued to undervalue Spark Infrastructure, the Board informed the parties that it was prepared to provide them with limited information on Spark Infrastructure's business and its prospects.

¹ On behalf of certain of its affiliated infrastructure investment funds, vehicles and entities managed and/or advised by it or its affiliates

² All amounts are stated in Australian dollars (**\$** or **AUD**) unless expressly noted otherwise.

³ To be reduced to the extent that Spark Infrastructure pays or declares a distribution to its securityholders prior to the implementation of the Schemes



On 28 July 2021, Spark Infrastructure announced that following the provision of limited information on Spark Infrastructure's business and its prospects to the OTPPB and KKR after the signing of a Confidentiality Agreement, containing customary disclosure restrictions and standstills, it had received a further revised proposal from OTPPB and KKR increasing the cash consideration to \$2.95 per Stapled Security⁴, and had agreed to provide the parties with an opportunity to conduct due diligence on a non-exclusive basis.

On 10 August 2021, Spark Infrastructure announced that it had received a request from OTPPB and KKR to engage with Public Sector Pension Investment Board (**PSP Investments**), with the intention of PSP Investments joining OTPPB and KKR (collectively **the Consortium**) in the offer to acquire all of the Stapled Securities.

On 23 August 2021, Spark Infrastructure announced that following completion of due diligence by the Consortium, it had entered into a Scheme Implementation Deed (**SID**), pursuant to which the Consortium⁵ will, subject to the satisfaction of various conditions precedent, acquire:

- all of the loan notes issued by Spark Infrastructure by means of a Creditors' Scheme
- all of the units in the Spark Infrastructure Trust by means of a Trust Scheme (together **the Schemes**),

for a total cash consideration of \$2.95 per Stapled Security held on the Record Date^{6,7}, comprised of:

- i) Spark Infrastructure's interim distribution for HY21⁸ of 6.25 cps payable on 15 September 2021⁹;
- ii) additional cash consideration of approximately \$2.7675 per Stapled Security payable by the Consortium; and

⁴ To be reduced by the cash amount of any distribution that Spark Infrastructure pays or declares in favour of its securityholders prior to the implementation of the Schemes.

⁵ The acquisition will be completed by Pika Bidco Pty Ltd, a newly incorporated company owned by funds managed or advised by the individual parties of the Consortium.

⁶ If the Schemes have not been implemented by 15 February 2022, Spark Infrastructure Securityholders will be entitled to additional cash consideration of 1.00 cents per Stapled Security (**cps**) on 15 February 2022 and approximately 1.00 cps per month thereafter, calculated daily, from that date until implementation.

⁷ Record date refers to 7.00pm on the fifth business day after the Schemes are given effect (**Effective Date**), or such other business day after the Effective Date as may be agreed to in writing by Spark Infrastructure and the Consortium

⁸ References to financial years have been abbreviated to FY. References to the first 6 months of a financial year have been abbreviated to HY.

⁹ In order to receive the interim distribution for 2021, Spark Infrastructure Securityholders must have been on the Spark Infrastructure register on the distribution record date of 8 July 2021.



*Spark Infrastructure RE Limited
Independent Expert Report
11 October 2021*

- iii) a franked special distribution expected to be approximately 12.00 cps^{10,11,12} (together the **Scheme Consideration**).

Completion of the Schemes requires the approval of eligible Spark Infrastructure securityholders (**Scheme Securityholders**) and the satisfaction of various other conditions precedent (summarised in Section 2.1).

The directors of Spark Infrastructure (**Directors**) have unanimously recommended Scheme Securityholders vote in favour of the Schemes, in the absence of a superior offer and subject to an independent expert concluding, and continuing to conclude, that the Schemes are in the best interests of Scheme Securityholders. As at the date of this report, the Directors have not withdrawn or modified their recommendation.

Spark Infrastructure is an Australian essential energy infrastructure investment company listed on the Official List of ASX Ltd (**ASX**). As at 11 October 2021, Spark Infrastructure had a market capitalisation of approximately \$4,931.4 million. Spark Infrastructure's principal assets comprise:

- its 49% ownership interest in electricity distribution entity, SA Power Networks (**SAPN**)
- its 49% ownership interest in Victoria Power Networks Pty Ltd (**VPN**), which, through its subsidiaries, CitiPower Pty Ltd (**CitiPower**) and Powercor Australia Pty Ltd (**Powercor**), provides electricity distribution services in Victoria
- its 15.01% interest in electricity transmission entity, TransGrid
- its 100% interest in Spark Renewables, which owns the Bomen Solar Farm and various greenfield renewable development projects.

KKR is a leading global investment firm that offers alternative asset management and capital markets and insurance solutions. KKR sponsors investment funds that invest in private equity, credit and real assets and has strategic partners that manage hedge funds. KKR's insurance subsidiaries offer retirement, life

¹⁰ If the Schemes are implemented after 31 December 2021, the amount of the special distribution will be adjusted for the final distribution for 2021.

¹¹ The special distribution is conditional on Spark Infrastructure having received a favourable draft class ruling in respect of the special distribution from the Australian Taxation Office. The amount of the special distribution will reflect the franking credits available for distribution at the time the special distribution is expected to be paid.

¹² The cash amount of the special dividend is capped at 12.5cps under the SID. Having regard to available franking credits, and Spark Infrastructure's intention that the special distribution be franked to the maximum extent possible, if the implementation date is on or before 31 December 2021, Spark Infrastructure expects to pay a special distribution of 12 cps cash for each Spark Infrastructure Security held as at the record date for the special distribution.

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and reinsurance products under the management of The Global Atlantic Financial Group. Additional information about KKR & Co. Inc. (NYSE: KKR), is available at KKR's website www.kkr.com.

OTPPB is headquartered in Toronto and is the administrator of Canada's largest single-profession pension plan, with approximately 221,200 million Canadian dollars in net assets as at 31 December 2020. It holds a diverse global portfolio of assets. Additional information about OTPPB is available at www.otpp.com.

PSP Investments is one of Canada's largest pension investment managers. It manages a diversified global portfolio composed of investments in public financial markets, private equity, real estate, infrastructure, natural resources and credit investments. Established in 1999, PSP Investments manages and invests amounts transferred to it by the Government of Canada for the pension plans of the federal Public Service, the Canadian Forces, the Royal Canadian Mounted Police and the Reserve Force and is headquartered in Ottawa. Additional information about PSP Investments is available at www.investpsp.com.

The Directors have requested KPMG Financial Advisory Services (Australia) Pty Ltd (of which KPMG Corporate Finance is a division) (**KPMG Corporate Finance**) prepare an Independent Expert Report (**IER**) to Scheme Securityholders in relation to the Schemes. The purpose of the IER is to set out whether, in our opinion, the Schemes are in the best interests of Scheme Securityholders as a whole.

The specific terms of the resolutions to be approved by Scheme Securityholders in relation to the Schemes are set out in the documents to be sent to Scheme Securityholders (**Scheme Booklet**) to which this report is attached.

The sole purpose of this report is an expression of the opinion of KPMG Corporate Finance as to whether the Schemes are in the best interests of Scheme Securityholders. This report should not be used for any other purposes or by any other party. Our opinion should not be interpreted as representing a recommendation to Scheme Securityholders to either vote for or against the Schemes, which remains a matter solely for individual Scheme Securityholders to determine.

This report should be considered in conjunction with and not independently of the information set out in the Scheme Booklet in its entirety.

KPMG Corporate Finance's Financial Services Guide is contained in Part Two of this report.

2 Summary of the Schemes

The principal terms of the Schemes as they affect Scheme Securityholders are that Scheme Securityholders will receive cash consideration of \$2.95 for each Stapled Security, before adjustment for any distributions paid or payable prior to the implementation of the Schemes.

2.1 Conditions precedent

Completion of the Schemes is subject to a number of conditions precedent as set out in the SID, including, but not limited to:

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*Spark Infrastructure RE Limited
Independent Expert Report
11 October 2021*

- approval of Australia's Foreign Investment Review Board
- the Consortium obtaining foreign merger clearances
- approval of Scheme Securityholders by the requisite majorities
- the independent expert concluding that the Schemes are in the best interests of Scheme Securityholders
- all regulatory and other approvals, consents, clearances and permissions to give the Schemes effect having been obtained from all relevant bodies, including the Court, the Australian Securities and Investments Commission (ASIC) and the ASX
- no Spark Infrastructure prescribed occurrence or material adverse change occurring.

As at the date of this report, Spark Infrastructure is not aware of any reason why the conditions precedent will not be satisfied.

2.2 No shop, No talk

The parties have agreed that an exclusivity period shall apply¹³, during which Spark Infrastructure will not, directly or indirectly, solicit any competing proposal or participate in any discussions or negotiations in relation to any competing proposal unless failure to do so would involve a breach of the fiduciary duties of its Directors.

Spark Infrastructure must notify the Consortium if it becomes aware of any competing bid. The Consortium has also been granted a right to match any competing bid.

The Directors have advised that at the date of this report they are not aware of any competing bid.

2.3 Other clauses

The SID includes clauses for Spark Infrastructure to pay a break fee of \$52 million to the Consortium, and vice versa, in certain circumstances leading to the Schemes not proceeding, along with various other standard provisions relevant to schemes, such as termination rights and the obligations of each party to the SID in the lead up to implementation.

¹³ Defined in the SID to be the period from and including the date of the SID to the earlier of: 1) the date on which Spark Infrastructure gives notice to the Consortium that it has determined that a competing proposal is a superior proposal having complied with requirements of the SID, 2) the date of termination of the SID, 3) 24 May 2022, or such other later date as agreed in writing by the parties, 4) the Schemes being given effect.

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Further details in relation to the Schemes are set out in the Scheme Booklet to which this report is attached, and in the SID included with Spark Infrastructure's announcement of the Schemes to the market on 23 August 2021.

3 Technical requirements

The Consortium's acquisition of the Stapled Securities is to be implemented by way of a Creditors' scheme of arrangement under Section 411(3) of the Corporations Act 2001 (**the Act**) in respect of the loan notes issued by Spark Infrastructure and a Trust Scheme in respect of the units in the Spark Infrastructure Trust.

Whilst there is no technical requirement in the current circumstances for an IER to be prepared in relation to the Schemes, the Directors have engaged KPMG Corporate Finance to prepare an IER advising whether, in our opinion, the Schemes are in the best interests of Scheme Securityholders as a whole.

In contrast to a creditors' scheme under section 411 of the Act, there is no specific statutory framework for a scheme of arrangement between a trust and its members. As a result, the Takeovers Panel has issued Guidance Note 15 – Trust scheme mergers (**GN15**) outlining recommended procedures for a trust scheme. GN15 indicates that the notice of meeting and explanatory statement for a trust scheme is expected to include a report by an independent expert that states whether, in the expert's opinion, the terms of the trust scheme are fair and reasonable to trust members. GN15 also sets out that it is not uncommon for the expert to opine on whether the transaction is in the best interest of holders.

In undertaking our work, we have referred to guidance provided by ASIC in its Regulatory Guides, in particular Regulatory Guide 111 'Content of expert reports' (**RG 111**) which outlines the principles and matters which it expects a person preparing an IER to consider when providing an opinion on whether a transaction is "fair and reasonable", and therefore "in the best interests" of Scheme Securityholders.

3.1 Basis of assessment

RG 111 indicates the principles and matters which it expects a person preparing an independent expert report to consider. RG 111.18 states that where a scheme of arrangement is used as an alternative to a takeover bid, the form of analysis undertaken by the expert should be substantially the same as for a takeover bid. That form of analysis considers whether the transaction is "fair and reasonable" and, as such, incorporates issues as to value. In particular:

- 'fair and reasonable' is not regarded as a compound phrase
- an offer is 'fair' if the value of the offer price or consideration is equal to or greater than the value of the securities subject to the offer
- the comparison be made assuming 100% ownership of the 'target' and irrespective of whether the consideration is scrip or cash and without regard to the percentage holding of the bidder or its associates in the target prior to the bid

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*Spark Infrastructure RE Limited
Independent Expert Report
11 October 2021*

- an offer is 'reasonable' if it is 'fair'
- an offer might also be 'reasonable' if, despite being 'not fair', the expert believes that there are enough reasons for securityholders to accept the offer in the absence of any higher bid before the close of the offer.

Fairness

Having regard to guidance set out in RG 111, the principal matter we are required to consider is whether the Scheme Consideration, comprising cash of \$2.95, is equal to or exceeds the market value of an existing Stapled Security on a 100% control basis.

RG 111 provides that any special value of the 'target' to a particular 'bidder' (e.g. synergies that are not available to other bidders) should not be taken into account under this comparison, rather they are matters that an expert might consider in assessing whether an offer is reasonable. As such, in assessing the full underlying value of Spark Infrastructure, we have considered those synergies and benefits that would be available to a pool of potential purchasers of Spark Infrastructure. Accordingly, our valuation of Spark Infrastructure has been determined regardless of the bidder and any special benefits have been considered separately.

Reasonableness

Reasonableness involves an analysis of other factors that securityholders might consider prior to accepting an offer, such as but not limited to:

- recent trading prices and the liquidity of the market in the target's securities
- the risk profile of continuing to hold securities in the target against that of accepting the proposed consideration
- any special value of the target to the bidder
- the likely market price of the target's securities in the absence of the offer
- any conditions associated with the scheme
- the likelihood of an alternative offer being made
- the consequences of not approving the scheme.

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4 Summary of opinion

In our opinion the Schemes are fair and reasonable to Scheme Securityholders and therefore are in the best interests of Scheme Securityholders, in the absence of a superior proposal.

In forming our opinion, we have assessed whether the Schemes are:

- *fair*, by comparing our assessed value of a Stapled Security on a controlling interest basis to the Scheme Consideration of cash of \$2.8875¹⁴
- *reasonable*, by assessing the implications of the Schemes for Scheme Securityholders, the alternatives to the Schemes and the consequences of not approving the Schemes.

The principal matters we have taken into consideration in forming our opinion are summarised below.

Assessment of fairness

We have assessed the value of a Stapled Security in Spark Infrastructure to be between \$2.49 and \$2.86, which compares to the Scheme Consideration of \$2.8875 cash per Stapled Security.

As the Scheme Consideration lies above our range of assessed values for a Stapled Security, inclusive of a premium for control, the Scheme Consideration is fair to Scheme Securityholders.

In assessing our range of values for a Stapled Security, we have had regard to the attractiveness of Spark Infrastructure as a target given its principal assets comprise its investment in operating electricity infrastructure businesses, which are substantially underpinned by stable and recurring regulated revenue streams, whilst also having opportunities for growth in terms of unregulated revenue streams, both within the portfolio and for Spark Infrastructure itself, particularly through participation in the rapidly changing mix in power sources as the industry transitions from traditional sources towards renewables.

Further discussion in relation to our analysis as to the fairness of the Schemes is set out in Section 4.1 below.

Assessment of Reasonableness

Whilst we have determined the Schemes to be fair based on our assessment of the underlying value of Spark Infrastructure and therefore, in accordance with RG 111, the Schemes are also considered reasonable, we have considered various matters that Scheme Securityholders may also wish to take into account in deciding whether or not to vote for the Schemes. These include:

¹⁴ As the interim distribution in respect of HY21 of 6.25 cps was paid on 15 September 2021, we have adjusted both our assessed values of Spark Infrastructure and the Scheme Consideration to be calculated on an ex-distribution basis.



*Spark Infrastructure RE Limited
Independent Expert Report
11 October 2021*

- Scheme Securityholders are receiving a premium for control based on trading prices for a Stapled Security prior to the announcement of the Initial Proposal, the level of which is consistent with that typically observed in successful corporate acquisitions in Australia
- in the event the Scheme is not approved, it is likely that, in the absence of another offer, the trading price of a Stapled Security will fall from current levels
- the Scheme Consideration provides Scheme Securityholders with an opportunity to realise their investment in Spark Infrastructure in the short term for a certain cash amount, free of transaction costs. In contrast, the future value of Spark Infrastructure will be impacted both positively and negatively by matters both within and outside of the control of Spark Infrastructure and, as such, includes a degree of inherent uncertainty
- the terms of the Schemes provide for Scheme Securityholders to be compensated financially in the event of undue delay in the implementation of the Scheme
- in the event the Schemes are successful, Scheme Securityholders will have no continuing interest in Spark Infrastructure and will not be able to participate in any potential for upside, particularly from the future participation of its underlying investments in the on-going transition in energy mix towards renewable energy. Alternative publicly traded investments with a similar profile to Spark Infrastructure are scarce and so Scheme Securityholders may not be able to continue their investment exposure to the industry.
- no alternative offer has emerged in the period since the Initial Proposal was announced on 15 July 2021
- in the event the Schemes are approved, Scheme Securityholders may face potential tax implications at a time that may not be optimal for individual Scheme Securityholders

Having considered the issue of fairness and each of the other factors considered relevant to Scheme Shareholders, including the consequences of not approving the Schemes, we are of the opinion that **in the absence of a superior offer the Schemes are in the best interests of Scheme Securityholders.**

Further information in relation to each of the above and other matters we have considered in forming our opinion is set out below.

The decision whether to approve the Schemes is a matter for individual Scheme Securityholders based on their views as to value, expectations about future market conditions and their particular circumstances including investment strategy and portfolio structure, risk profile and tax position. We recommend that Scheme Securityholders consult their own professional advisor regarding the action they should take in relation to the Schemes.

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4.1 Fairness

We have assessed the value of Spark Infrastructure to lie in the range of \$4,368 million to \$5,025 million, inclusive of a premium for control, which equates to an assessed value per Stapled Security of between \$2.49 and \$2.86. This compares to the Scheme Consideration of \$2.8875 cash per Stapled Security.

Our valuation is set out in Section 13 of this report and summarised in the table below.

Table 1: Summary of assessed market values of Spark Infrastructure

\$ millions	Section Reference	Value range	
		Low	High
49% equity interest in SAPN	13.4	1,347.5	1,543.5
49% equity interest in VPN	13.5	2,107.0	2,401.0
15% equity interest in TransGrid	13.6	1,125.8	1,305.9
100% equity interest in renewable projects	13.7	187.6	234.4
Equity value of Spark Infrastructure 's interest in operating companies		4,767.8	5,484.8
Capitalised Spark Infrastructure corporate costs	13.8.1	(155.2)	(170.4)
Capitalised Spark Infrastructure financing costs	13.8.3	(67.4)	(73.5)
Capitalised Spark Infrastructure tax payments	13.8.4	(118.1)	(156.1)
Add: Cash ²	13.8.5	45.9	45.9
Add: Other net assets ³	13.8.6	4.3	4.3
Less: Interim HY21 distribution	13.8.7	(109.7)	(109.7)
Value of 100% of equity of Spark Infrastructure		4,367.7	5,025.3
Stapled Securities outstanding (millions)		1,755.0	1,755.0
Value per Stapled Security		2.49	2.86

Source: Management; Cash Flow Models; KPMG Corporate Finance analysis.

Notes:

1. Amounts may not add due to rounding
2. Cash has been adjusted to deduct estimate cash payment in relation performance rights
3. Other net assets comprise receivables from associates of \$6.8 million (positive) less tax shortfall penalties of \$0.5 million, interest payable accrued of \$0.5 million and interest rate swap derivatives of \$1.4 million

Our range of assessed values represents the value of a 100% interest in Spark Infrastructure and incorporates corporate cost savings that would generally be available to a pool of purchasers but does not include any potential strategic, operational or other benefits that may be unique to a specific purchaser. Accordingly, our range of values has been prepared independent of the specific circumstances of any potential bidder.

Our valuation of the Stapled Securities is inclusive of a premium for control and therefore exceeds the price at which, based on current market conditions, we would expect the Stapled Securities to trade on the ASX in the absence of the Schemes or some superior offer.

Our valuation of each of the operating businesses comprising Spark Infrastructure's investment portfolio is sensitive to various assumptions, in particular, the values of SAPN, VPN and TransGrid are highly



Spark Infrastructure RE Limited
 Independent Expert Report
 11 October 2021

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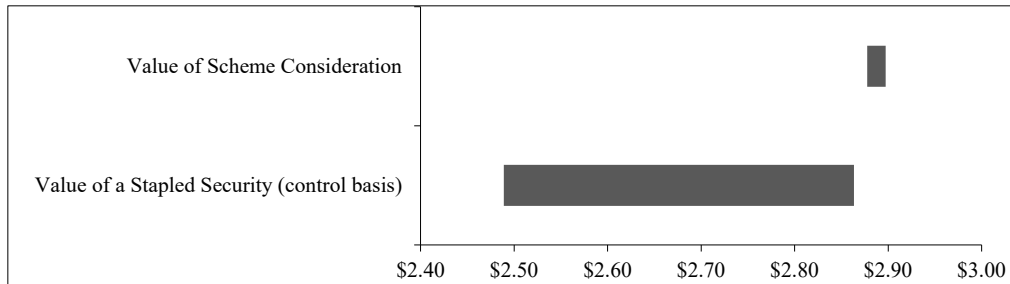
sensitive to assumptions in relation to future regulatory rates of return. Other than in respect of the remaining period of existing regulatory periods¹⁵, actual future regulatory rates of return are unable to be determined at this time. Whilst we consider there to be a reasonable basis for the regulatory, operational and economic assumptions adopted by us, a range of assumptions could credibly be adopted, which would impact assessed fair values either positively or negatively.

In this context, we draw Scheme Securityholders' attention to the scenario analysis set out in respect of each of SAPN, VPN and TransGrid included in Section 13 of this report.

4.1.1 Comparison of assessed values to the Scheme Consideration

The chart below provides a comparison of our assessed valuation ranges for a Stapled Security on a control basis to the Scheme Consideration of \$2.8875 cash.

Figure 1: Comparison of our assessed valuation ranges for a Spark Infrastructure Stapled Security and the Scheme Consideration



Source: KPMG Corporate Finance analysis

As the Scheme Consideration lies above our range of assessed values for a Stapled Security inclusive of a premium for control, we consider the Schemes to be fair, in the absence of a superior offer.

4.2 Reasonableness

In accordance with RG 111, a transaction is considered to be reasonable if it is fair. Accordingly, as we have determined that the Scheme is fair, there is no technical requirement for us to separately consider matters of reasonableness. Notwithstanding this, we believe that there are various issues that Scheme Securityholders may also wish to consider in deciding whether or not to support the Scheme, including those set out below.

¹⁵ SAPN's current regulatory period runs until 2025, VPN's until 2026 and TransGrid's until 2023.

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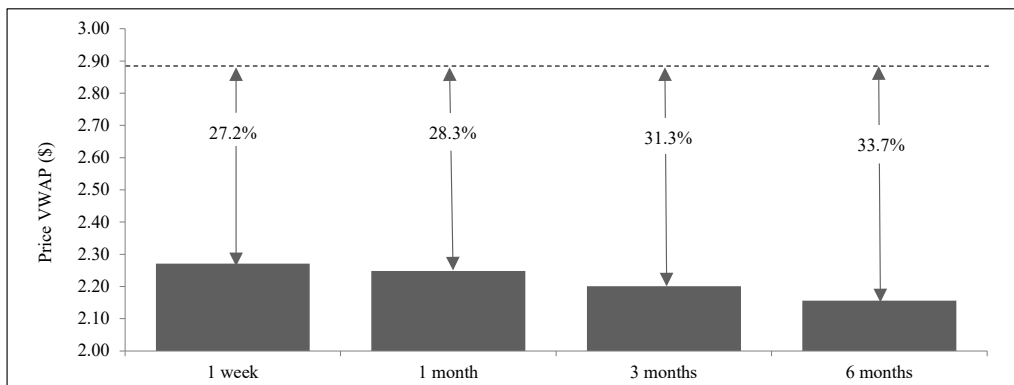
4.2.1 Advantages

Based on the Scheme Consideration and traded prices for Spark Infrastructure’s Stapled Securities prior to media speculation in relation to the Initial Proposal, Scheme Securityholders are receiving a premium

The Scheme Consideration of \$2.8875 cps cash, reflects:

- a 25.5% premium over the \$2.30 closing price of Spark Infrastructure’s Stapled Securities on 13 July 2021 (being the last day prior to media speculation emerging of a potential offer for Spark Infrastructure).
- a premium between 27.2% and 33.7% over the volume weighted average price (VWAP) of Spark Infrastructure Stapled Securities at various points in the six months prior 13 July 2021 as illustrated in the chart below.

Figure 2: Scheme Consideration compared to Spark Infrastructure’s VWAP



Source: IRESS Trading Data and KPMG Corporate Finance analysis

With regard to our assessment of the premium implied by the Scheme Consideration, we note it is commonly accepted that acquirers of 100% of a business should pay a premium over the value implied by the trading price of a security to reflect their ability to obtain control over the target’s strategy and operations, as well as extract synergies from integration.

Various studies based on observations from transaction evidence indicate that takeover premiums generally concentrate around a range between 25% and 40% for completed takeovers, depending on the individual circumstances of the specific transaction.

In considering the evidence provided by actual transactions, it is important to recognise, however, that observed premia for control is an outcome, not a determinant of value and that each transaction will



*Spark Infrastructure RE Limited
Independent Expert Report
11 October 2021*

reflect to varying degrees the outcome of a unique combination of factors, including amongst other things:

- pure control premium in respect of the acquirer's ability to exercise full control over the strategy and cash flows of the target entity
- the level of synergies available to all acquirers, such as the removal of costs associated with the target being a listed entity and/or costs related to duplicated head office functions
- synergistic or special value that may be unique to a specific acquirer
- whether the acquisition is competitive.

The premia offered by the Consortium over Spark Infrastructure's undisturbed trading price, both cum and ex the HY21 distribution of 6.25 cps, falls within the range of commonly observed takeover premium, albeit toward the low end.

Given the acquisition of Spark Infrastructure is not competitive and that whilst the Consortium is acquiring 100% of Spark Infrastructure, it is in effect acquiring a non-controlling interest in each of SAPN, VPN and TransGrid and, as such, the prospect of realising significant operational synergies at that level is limited, it would not be unreasonable to expect a control premium at the lower end or below the range of that typically observed.

The Consortium's willingness to pay the level of premium over Spark Infrastructure's undisturbed trading price that it is, may reflect:

- the scarcity of acquisition opportunities for public companies holding interests in quality infrastructure assets
- the steady and inflation linked cash flow streams of the underlying business of each of SAPN, VPN and TransGrid in which Spark Infrastructure holds an equity interest
- the potential, as discussed later, for the Consortium to realise financial benefits from holding Spark Infrastructure not available to all portfolio securityholders.

We would expect the price of a Stapled Security to fall from current levels in the absence of the Schemes or an alternative superior offer

On 14 July 2021, being the date that media speculation emerged in relation Spark Infrastructure having been approached by a potential suitor, the Stapled Securities last traded at \$2.475, up approximately 7.6% on the prior day closing price of \$2.30, prior to Spark Infrastructure calling a trading halt. The Stapled Securities closed up 6.3% at \$2.63 on 15 July 2021 following Spark Infrastructure's confirmation that it had received an approach from KKR and OTTPB to acquire the Stapled Securities for \$2.70 cash each (\$2.6375 ex the HY21 interim dividend of 6.25 cps).

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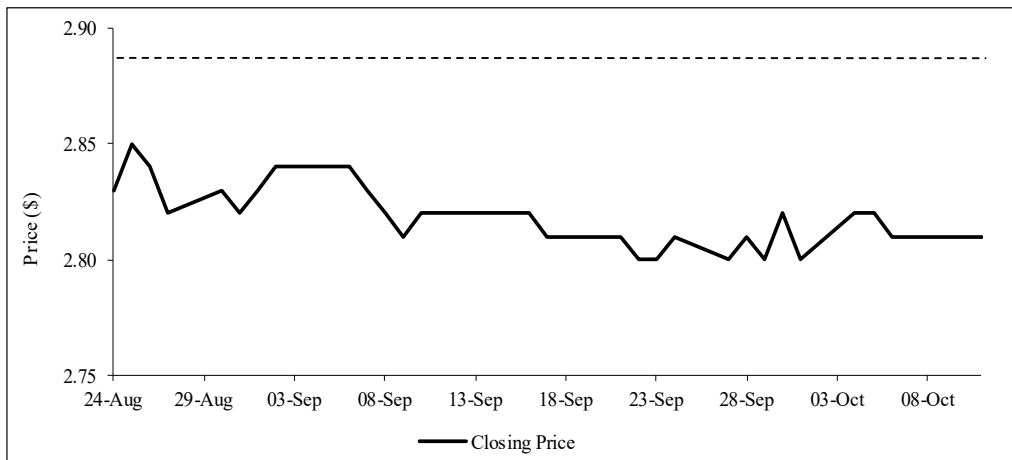


The Stapled Securities also closed 5.4% up on the prior day following the announcement on 28 July 2021 that it had received a further offer of \$2.95 from KKR and OTPP contributing to a total increase in the closing price of a Stapled Security between 13 July 2021 and 22 August 2021 of 20.4%.

Over the same period the S&P/ASX 200 All Ordinaries index (**ASX 200 Index**) rose approximately 1.8% and the S&P/ASX 200 Utilities Sector Index (**Utilities Index**) by 3.8%. In that period, Spark Infrastructure did not release any announcements identified on the ASX platform as being price sensitive other than as they relate to each of the Initial Proposal, the Revised Proposal and the SID. Accordingly, it would appear that the Stapled Securities have been trading “cum” each of the Initial Proposal, the Revised Proposal and the Schemes.

Since 23 August 2021, the Stapled Securities have traded just below the implied Scheme Consideration of \$2.8875 per Stapled Security as shown in the table below. This may reflect the market’s assessment of the time value of money before the Scheme Consideration is received and a discount, albeit small, to reflect that there remains an inherent risk that the Schemes may not be approved.

Figure 3: Spark Infrastructure’s daily close price on the ASX after 23 August 2021



Source: Capital IQ, IRESS Trading Data and KPMG Corporate Finance analysis

Accordingly, in the absence of the Schemes or some superior offer, there is a strong likelihood that the Stapled Securities would fall significantly. However, it is possible that the price of Stapled Securities may not fall back to the levels immediately prior to the announcement of the Proposal given the market will have the benefit of additional information contained in the Scheme Booklet, including this report.

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Independent Expert Report
11 October 2021*

The Scheme provides certainty as to value

As the Scheme Consideration comprises cash, free of transaction costs, Scheme Securityholders are provided with certainty as to the amount of the consideration they are receiving for their Spark Infrastructure Stapled Securities.

In contrast, should Scheme Securityholders resolve to continue to hold their Stapled Securities, the value of a Stapled Security will, in addition to general market movements, be impacted by, inter alia, future regulatory reset decisions, changes to both State and Federal government policy positioning in relation to alternative energy sources and the ability of both the portfolio businesses and Spark Infrastructure to crystallise the growth opportunities provided by their development pipelines.

Scheme Securityholders will be compensated for any unscheduled delay in the implementation of the Schemes

If the Schemes have not been implemented by 15 February 2022, Scheme Securityholders will be entitled to additional cash consideration of 1.0 cps on 15 February 2022 and 0.03333 cps per day (i.e. approximately 1.0 cps per month) from that date until the Schemes are implemented.

4.2.2 Disadvantages

Scheme Securityholders will no longer hold an interest in Spark Infrastructure's assets

If the Schemes are successfully implemented, Scheme Securityholders will exchange each Stapled Security held for a certain cash amount of \$2.8875 cash. As a result, Scheme Securityholders will no longer have any interest in the portfolio of energy investments and other assets of Spark Infrastructure, including its interests in the potentially long-life and valuable unregulated renewable energy initiatives and development opportunities.

Whilst it is open for Scheme Securityholders to re-invest the Scheme Consideration in other energy infrastructure companies listed on the ASX such as APA Group, AusNet Services and Vector Limited, these companies hold various investments outside of the electricity transmission, distribution and renewables sectors and therefore the risk profile of holding these investments differs to holding a Stapled Security.

4.2.3 Other considerations

Likelihood of a superior alternative proposal emerging is considered unlikely

Under the SID, Spark Infrastructure is restricted from either soliciting or entering discussions with third parties in relation to alternative proposals. However, the Directors would be required under their fiduciary duties to consider the merits of an alternative proposal should it arise.

Whilst no alternative offers have been received by Spark Infrastructure since the date of the announcement of the Initial Proposal and we consider the prospect of an alternative offer emerging to be

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unlikely, it is not entirely without prospect given the attractiveness of the assets. We note however that the Consortium has a first right to match any competing bid considered by the Board to be superior to the Schemes, which may reduce the appetite of any potential alternative bidder.

Whilst Scheme Securityholders with no requirement for short term liquidity and a positive view on the impact of the changing mix in the power generation sector and, in particular, the part that Spark Infrastructure can play, both directly and indirectly through semi-regulated and unregulated business activities, in any transition towards renewable energy, could vote against the Scheme in the hope that the Consortium will agree to an increase in the Scheme Consideration, we consider the prospects of an improved offer from the Consortium in the absence of a competing offer to be unlikely given:

- the Schemes have already secured the recommendation of the Board (subject to a superior offer not emerging and our report concluding and continuing to that the Schemes are in the best interests of Scheme Securityholders)
- each of the Directors have advised it is their intention to vote in favour of the Schemes (subject to the same qualifications as set out immediately above)
- the Consortium has already increased the Scheme Consideration on two separate occasions
- the Scheme Consideration is considered by us to be fair.

Taxation implications for Scheme Securityholders

In the event the Schemes are implemented, Scheme Securityholders will receive \$2.8875 cash, in the form of:

- additional cash consideration of approximately \$2.7675 per Stapled Security payable by the Consortium; and
- a franked special distribution expected to be approximately 12.00 cps

for each Stapled Security currently held. This will represent a disposal of the Stapled Securities for capital gains tax purposes and crystallise any capital gains tax implications for individual Scheme Securityholders, which may not be at a time most financial beneficial for the relevant holder.

Scheme Securityholders are strongly encouraged to read the outline of the taxation implications for Scheme Securityholders in respect of the Schemes set out in Section 10 of the Scheme Booklet and, if any doubt, should seek their own independent taxation advice regarding the tax consequences of the Scheme.

The value of a Stapled Security to certain Scheme Securityholders and to the Consortium may exceed our range of assessed fair values

Spark Infrastructure is currently transitioning to a tax paying entity which, along with franking credits received from VPN, is expected by Spark Infrastructure to result in a partial franking of future distributions to holders of Stapled Securities on an ongoing basis in the absence of the Schemes. Individual Scheme Securityholders may, depending on their tax circumstances, including tax residency

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*Spark Infrastructure RE Limited
Independent Expert Report
11 October 2021*

and marginal tax rate, benefit from the tax offset provided by these franking credits, resulting in an increase in the value of a Stapled Security to those shareholders.

As we do not know the current financial circumstances of individual Scheme Securityholders, including their ability to utilise future franking credits, if at all, we have not incorporated any uplift to our range of values of a Stapled Security to Scheme Securityholders as a whole. We note that Scheme Securityholders able to utilise franking credits will, should they desire, be able to re-invest the certain cash amount of \$2.8875 per Stapled Security in alternative listed securities providing franked distributions.

We note that it would not be unreasonable to expect that the members of the Consortium would be able to take advantage of future franking credits to at least some degree.

The Schemes are subject to the satisfaction of various conditions precedent

Under the SID, implementation of the Schemes is subject to various conditions precedent, including the approval of various Australian and overseas regulatory bodies. Whilst a number of these conditions are yet to be satisfied as at the date of this report, the Board has confirmed that it does not have any reason to expect that these conditions will not be satisfied in due course.

4.2.4 Consequences if the Schemes does not proceed

If the Schemes are not approved, or any conditions precedent prevent the Schemes from being implemented, Spark Infrastructure will continue to operate in its current form and remain listed on the ASX. Consequently:

- Scheme Securityholders will not receive the Scheme Consideration (including the expected fully franked dividend of 12 cps) and the implications of the Schemes, as summarised above, will not occur
- Scheme Securityholders will continue to be exposed to the benefits and risks associated with an investment in Spark Infrastructure as management continues to implement its stated strategy with respect to its investments and renewable energy portfolio
- The price of a Stapled Security will likely fall from current levels
- a break cost may be payable by either party in certain circumstances.

5 Other matters

In forming our opinion, we have considered the interests of Scheme Securityholders as a whole. This advice therefore does not consider the financial situation, objectives or needs of individual Scheme Securityholders. It is not practical or possible to assess the implications of the Schemes on individual Scheme Securityholders as their financial circumstances are not known.

The decision of Scheme Securityholders as to whether to approve the Schemes is a matter for individuals based on, amongst other things, their risk profile, liquidity preference, investment strategy and tax

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position. Individual Scheme Securityholders should therefore consider the appropriateness of our opinion to their specific circumstances before acting on it. As an individual's decision to vote for or against the proposed resolutions may be influenced by his or her particular circumstances, we recommend that individual Scheme Securityholders seek their own independent professional advice.

Our report has been prepared solely for the purpose of assisting Scheme Securityholders in considering the Schemes. We do not assume any responsibility or liability to any other party as a result of reliance on this report for any other purpose. Our opinion should not be construed to represent a recommendation as to whether Scheme Securityholders should vote in favour of the Schemes, which remains a matter solely for individual Scheme Securityholders to determine.

Neither the whole nor any part of our report or its attachments or any reference thereto may be included in or attached to any document, other than the Notice of Meeting and the Scheme Booklet to be sent to Scheme Securityholders in relation to the Schemes, without the prior written consent of KPMG Corporate Finance as to the form and context in which it appears. KPMG Corporate Finance consents to the inclusion of our report in the form and context in which it appears in the Scheme Booklet.

Our opinion is based solely on information available as at the date of this report as set out in Appendix 2. We have not undertaken to update our report for events or circumstances arising after the date of this report other than those of a material nature which would impact upon our opinion. We refer readers to the limitations and reliance on information as set out in Section 6 of our report.

References to financial years have been abbreviated to FY. References to the first 6 months of a financial year have been abbreviated to HY.

The above opinion should be considered in conjunction with and not independently of the information set out in the remainder of this report, including the appendices.

Yours faithfully

Jason Hughes
Authorised Representative

Sean Collins
Authorised Representative



*Spark Infrastructure RE Limited
Independent Expert Report
11 October 2021*

Contents

1	Introduction	1
2	Summary of the Schemes	4
3	Technical requirements	6
4	Summary of opinion	8
5	Other matters	17
6	Scope of the report	20
7	Industry overview	22
8	Profile of Spark Infrastructure	32
9	Profile of SAPN	47
10	Profile of VPN	51
11	Profile of TransGrid	58
12	Spark Renewables	65
13	Valuation of Spark Infrastructure	68
	Appendix 1 – KPMG Corporate Finance Disclosures	93
	Appendix 2 – Sources of Information	95
	Appendix 3 – Broker Forecasts	96
	Appendix 4 – Overview of Valuation Methodologies	98
	Appendix 5 – Discount Rates	100
	Appendix 6 – Cash Flow Model assumptions	106
	Appendix 7 – Market Evidence	111

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6 Scope of the report

6.1 Purpose

This report has been prepared by KPMG Corporate Finance for inclusion in the Scheme Booklet to accompany the Notice of Meeting convening a meeting of Scheme Securityholders on or around 22 November 2021. The purpose of the meeting will be to seek approval of the Schemes.

6.2 Limitations and reliance on information

In preparing this report and arriving at our opinion, we have considered the information detailed in Appendix 2 of this report. In forming our opinion, we have relied upon the truth, accuracy and completeness of any information provided or made available to us without independently verifying it. Nothing in this report should be taken to imply that KPMG Corporate Finance has in any way carried out for the purposes of this report an audit of the books of account or other records of Spark Infrastructure, any of its associated entities or any of the entities in which it holds an investment.

Further, we note that an important part of the information base used in forming our opinion is comprised of the opinions and judgements of management. In addition, we have also had discussions with Spark Infrastructure's management in relation to the nature of the business operations, specific risks and opportunities, historical results and prospects for the foreseeable future. This type of information has been evaluated through analysis, enquiry and review to the extent practical. However, such information is often not capable of external verification or validation.

Spark Infrastructure has been responsible for ensuring that information provided by it or its representatives is not false or misleading or incomplete. Complete information is deemed to be information which at the time of completing this report should have been made available to KPMG Corporate Finance and would have reasonably been expected to have been made available to KPMG Corporate Finance to enable us to form our opinion.

We have no reason to believe that any material facts have been withheld from us but do not warrant that our inquiries have revealed all the matters which an audit or extensive examination might disclose. The statements and opinions included in this report are given in good faith, and in the belief that such statements and opinions are not false or misleading.

The information provided to KPMG Corporate Finance included forecasts/projections and other statements and assumptions about future matters (forward-looking financial information) prepared by or on behalf of the management of Spark Infrastructure, including but not limited to:

- business plans and medium-term forecasts (2021 – 2025) for each of Spark Infrastructure, SAPN, VPN and TransGrid
- long-term cash flow projections for each of Spark Infrastructure, SAPN, VPN and TransGrid (**Cash Flow Models**).

KPMG Corporate Finance has relied upon this forward-looking financial information in preparing this report and Spark Infrastructure remains responsible for all aspects of this forward-looking financial information. The forecasts and projections as supplied to us are based upon assumptions about events and



*Spark Infrastructure RE Limited
Independent Expert Report
11 October 2021*

circumstances which have not yet transpired. We have not tested individual assumptions or attempted to substantiate the veracity or integrity of such assumptions in relation to any forward-looking financial information or tested the mathematical integrity of the models. However, we have made sufficient enquiries to satisfy ourselves that such information has been prepared on a reasonable basis. Where necessary, we have made adjustments to reflect our judgement.

KPMG Corporate Finance has undertaken various enquiries in relation to the Cash Flow Models, including holding discussions with management of Spark Infrastructure regarding the commercial assumptions underpinning the Cash Flow Models. We have reviewed the key commercial assumptions and their bases and the mechanics of the Cash Flow Models. We have considered the key commercial assumptions in the context current, financial and other conditions (e.g. regulatory). We are of the view that the forward-looking information has been prepared on a reasonable basis and, therefore, are suitable as a basis for our valuation. In making this assessment we have taken the following into account:

- Spark Infrastructure has sophisticated management and reporting processes and is subject to the reporting requirements of a public company listed on the ASX
- the Spark Infrastructure corporate, SAPN, VPN and Bomen Solar Farm cash flow models are prepared by the Spark Infrastructure management from the “ground-up” based on the budgets and business plans provided by each of SAPN and VPN. The Spark Infrastructure TransGrid cash flow model is based on a forecast cash flow model prepared independently by TransGrid, and includes general economic assumptions updated by the Spark Infrastructure corporate team
- the significant majority of SAPN’s, VPN’s and TransGrid’s medium term revenue streams are regulated or subject to contract and, therefore, are relatively stable and predictable
- the Cash Flow Models were updated for the purpose of the considering the proposed transaction and accordingly reflect the current expectations of Spark Infrastructure management
- the Cash Flow Models were the subject of separate independent mathematical accuracy and integrity reviews (completed by the KPMG Partnership in respect of Spark Infrastructure’s corporate model, SAPN and VPN, and by ClayMatter Pty Ltd in respect of TransGrid).

Notwithstanding the above, KPMG Corporate Finance cannot provide any assurance that the forward-looking financial information will be representative of the results which will be achieved during the forecast period. Any variations in the forward-looking financial information may affect our valuation and opinion.

It is not the role of the independent expert to undertake the commercial and legal diligence that a company and its advisers may undertake. The Directors are responsible for conducting diligence in relation to the Schemes. KPMG Corporate Finance provides no warranty as to the adequacy, effectiveness or completeness of the diligence process, which is outside our control and beyond the scope of this report. We have assumed that the diligence process has been and is being conducted in an adequate and appropriate manner.

The opinion of KPMG Corporate Finance is based on prevailing market, economic and other conditions at the date of this report. Conditions can change over relatively short periods of time. Any subsequent changes in these conditions could impact upon our opinion. We note that we have not undertaken to

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update our report for events or circumstances arising after the date of this report other than those of a material nature which would impact upon our opinion.

6.3 Disclosure of information

In preparing this report, KPMG Corporate Finance has had access to all financial information considered necessary in order to provide the required opinion. Due to commercial sensitivity and/or confidentiality undertakings given by Spark Infrastructure we have limited the level of disclosure in relation to certain key business arrangements however we have disclosed a summary of material information which we relied on in forming our view.

7 Industry overview

Spark Infrastructure's principal assets comprise its interests in electricity transmission, distribution and renewable assets located in New South Wales (NSW) (and extending into the Australian Capital Territory (ACT)), Victoria and South Australia. Accordingly, the financial performance of Spark Infrastructure is significantly impacted by developments in the electricity industry in these states. To provide a context for assessing the prospects of Spark Infrastructure, we have included an overview of recent trends in the electricity industry in these states at below.

7.1 Introduction

During the late 1990s, a number of Australian states in conjunction with the Federal Government implemented industry reforms, resulting in a transition from fully vertically integrated state-owned electricity monopolies into functional pools of generation, transmission, distribution and retail assets. As a result, competition has been introduced into the generation and retail sectors, whilst the transmission and distribution sectors are subject to economic regulation of revenue.

Generation companies located on Australia's eastern and south-eastern coasts produce electricity and compete to sell it in the National Electricity Market (NEM). The NEM consists of a wholesale energy only spot market and a transmission grid covering five interconnected states that also act as price regions: Queensland, NSW (including the ACT), South Australia, Victoria, and Tasmania.

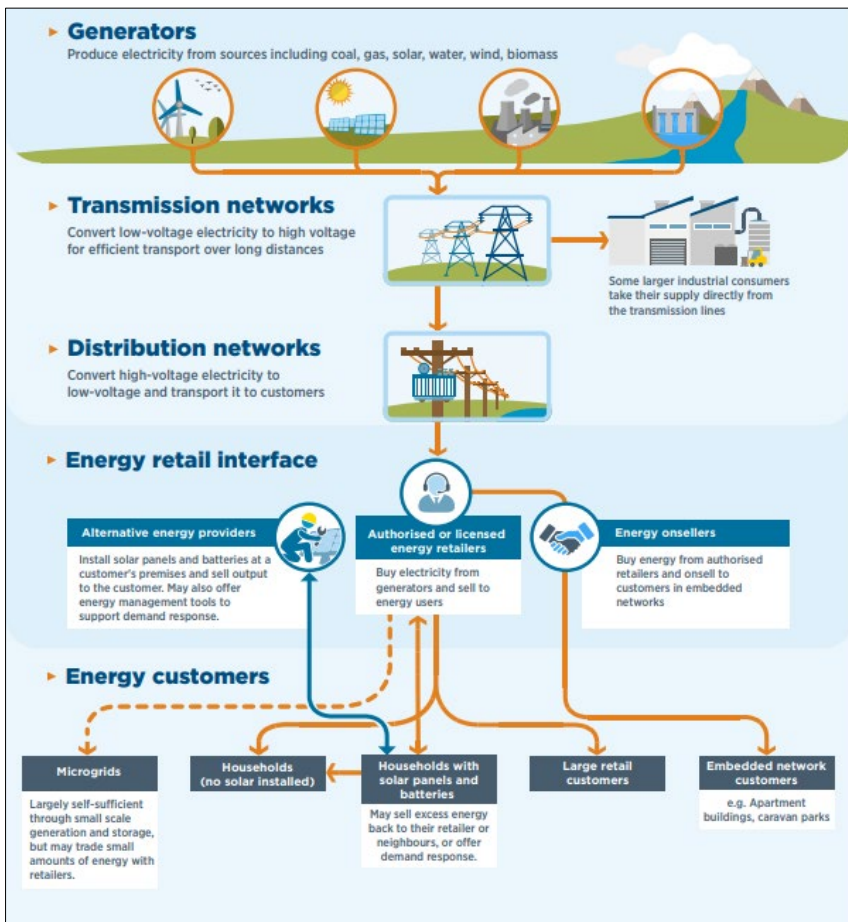
The NEM transmission grid carries electricity along approximately 44,000 kilometres (km) of high voltage power lines and cables to industrial energy users and local distribution networks. Energy retailers complete the supply chain by purchasing electricity from the NEM and packaging it with transmission and distribution network services for sale to residential, commercial and industrial energy users.

Participants in the NEM are governed by the National Electricity Laws (NEL) and the National Electricity Rules (NER). The Australian Energy Market Commission (AEMC), Australian Energy Market Operator (AEMO) and the Australian Energy Regulator (AER) are responsible for the rules, operation, regulation and compliance within the NEM.



The electricity supply chain is shown in the figure below.

Figure 4 – Electricity supply chain



Source: State of the energy market 2021, Australian Energy Regulator, June 2021

7.2 Generation

Approximately 200 power stations sell electricity into the NEM, with installed capacity of c.67,000 megawatts (MW) as at January 2021¹⁶. Both generation capacity and output are highly concentrated, with the 2 largest participants in each region accounting for over 40% of total capacity in that region and, except for South Australia, over 60% of output:

¹⁶ including roof top solar

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- in NSW, AGL Energy (26%) and Origin Energy (20%) have a combined 46% of capacity. The Australian Government owned Snowy Hydro is the next largest (16%), EnergyAustralia (10%) and Sunset Power (7%) are other major players
- in Victoria, AGL Energy (27%) and EnergyAustralia (19%) hold a combined 46% of capacity. Snowy Hydro is the next largest
- in South Australia, AGL Energy has 30% of capacity. Other significant entities are Engie (18%), Origin Energy (14%) and EnergyAustralia (6%).

AGL Energy is the largest market participant in terms of both capacity and output in NSW, Victoria and South Australia.

7.2.1 Pricing

Prices in the NEM are determined every five minutes and from October 2021 will be settled in 5-minute intervals to determine a spot price. Previously prices were settled in 30-minute intervals using an average of the 5-minute interval dispatch prices. Generators bid how much electricity they are willing to provide, and at what price, for each five-minute interval. Subject to meeting system security and transmission capability requirements, the AEMO then accepts the bids – starting from the lowest priced bid – up to the point where supply equals demand in that interval. A separate spot price is determined for each of the NEM regions.

Average annual wholesale prices achieved by generators in the various NEM regions declined by between 23% and 58% across 2020 compared to 2019, averaging below \$70 per megawatt hour (**MWh**) for the first time since 2015. The AER has identified an increasing contribution of cheaper renewable energy to the generation mix and muted demand for grid electricity, as a result of both systemic change (increasing installations of “behind-the-meter rooftop solar photovoltaic (**PV**) and small batteries) and abnormal impacts (Covid-19) as contributing factors to falling wholesale prices.

The AER expects wholesale prices to remain subdued for at least the medium term.

7.2.2 Outlook

In its June 2021 publication “State of the energy market 2021”, the AER highlights that the generation mix in the NEM is undergoing significant transformation, away from a centralised system of large fossil fuel (coal and gas) generation towards an array of smaller scale, widely dispersed wind and solar generators and grid scale batteries.

The AER notes that since 2014 more than 4 gigawatts (**GW**) of coal fired and gas powered generation had exited the NEM, whilst over the same period, around 12.5 GW of large-scale wind and solar capacity and 8.5 GW of rooftop solar PV has been added.

While wind and solar generation has increased, fossil fuel generation is reported by the AER to still produce over 70% of electricity in the NEM, but that its relative contribution is declining. Over the next two decades, another 16 GW of thermal generation (61% of the current coal fleet in the NEM) is expected to retire as plants reach the end of their economic lives. Over the same period, 26 to 50 GW of new large-scale wind and solar capacity is forecast to come online, along with 13–24 GW of rooftop solar PV.



*Spark Infrastructure RE Limited
Independent Expert Report
11 October 2021*

Increased wind and solar generation in the NEM is creating more volatile supply and demand conditions. Since wind and solar generation relies upon specific weather conditions as a fuel source, its output is variable and can at times be difficult to predict. By comparison, coal, gas and large hydroelectric generators can stockpile fuel for continuous use.

Wind and solar generators typically bid so they can generate when available, with more expensive sources of supply responding to their variability. As the contribution of weather-dependent generation increases, the power system will be required to respond to increasingly large and sudden changes in output caused by changes in weather conditions and dispatch decisions by plant operators.

In addition, this changing generation mix is impacting the timing and duration of minimum demand periods over the system. Historically, electricity demand reached its lowest point in the middle of the night, when most people are sleeping. But the growth of rooftop solar PV capacity means households are increasingly exporting electricity to the grid in the middle of the day. This trend is lowering daytime grid demand to the extent that minimum grid demand increasingly occurs in the middle of the day. Periods when grid demand drops to almost zero pose significant challenges for AEMO in terms of balancing supply and demand and maintaining of the system in a secure operating state.

In response, strategic planning and policy and regulatory reforms are being implemented to maintain power system reliability and security across the whole network as the generation mix continues to evolve. Examples include:

- a new fit-for-purpose electricity market framework – NEM 2025, which is being developed by the Energy Security Board to ensure the market signals opportunities for new generation investment and for services needed for system security, and to effectively integrate “behind the meter” energy solutions such as rooftop solar PV, small batteries etc.
- AEMO’s Integrated System Plan (ISP) (first published in 2018 and updated every 2 years with the 2022 draft publication due in late 2021), which provides information to the market on future generation and network requirements over a 20-year horizon. It is a whole-of-system plan that aims to facilitate strategic investments and deliver the least cost mix of resources to supply secure and reliable energy to consumers.

7.3 Transmission

Transmission networks provide the link between power generators and customers by transporting high-voltage electricity to major load centres. Electricity is injected from points along the transmission grid into the distribution networks that deliver electricity to residential homes and commercial and industrial premises.

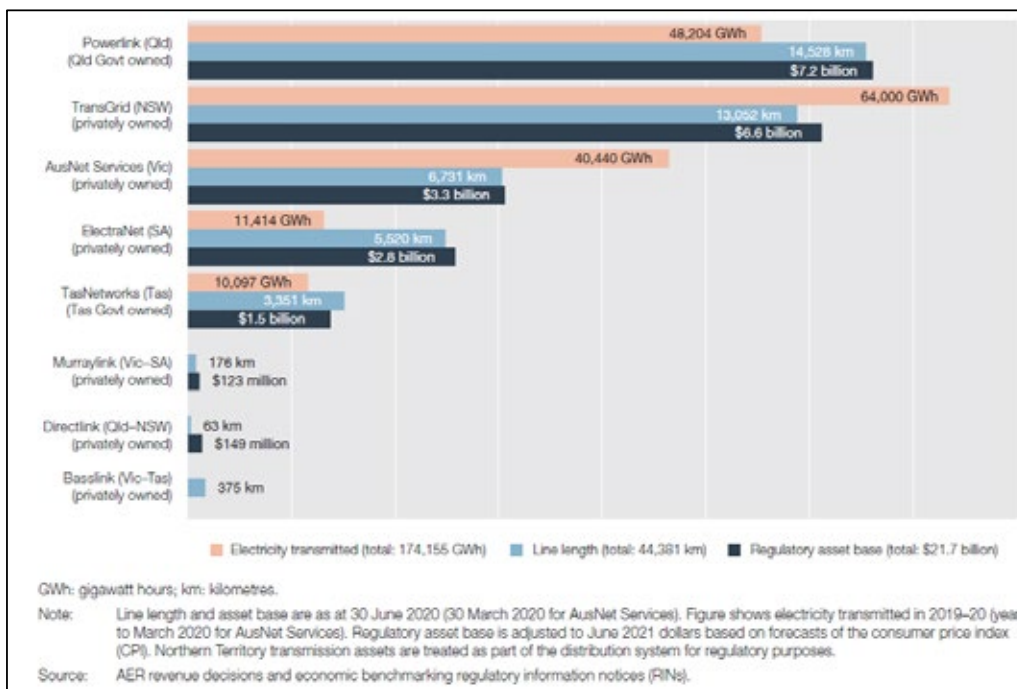
The NEM transmission network is one of the world’s longest interconnected power systems, incorporating around 44,000 kms of transmission lines and cables. It carries power from electricity generators to large industrial energy users and local electricity distributors across Queensland, NSW (including the ACT), South Australia, Victoria, and Tasmania. Transmission interconnectors link the NEM’s 5 regions, allowing trade to take place, which improves the reliability and security of the power system by allowing each region to draw on generation from across the market.

These transmission assets are owned and operated by a mix of private consortiums and state governments:

- Queensland - Powerlink (government owned)
- NSW and the ACT - TransGrid (privately owned)
- Victoria - AusNet (privately owned)
- South Australia - ElectraNet (privately owned)
- Tasmania - TasNetworks (government owned).

Summary details of electricity transmission networks regulated by the AER are set out in the figure below.

Figure 5 – Electricity networks regulated by the AER - transmission¹⁷



Source: State of the energy market 2021, Australian Energy Regulator, June 2021

¹⁷ The AER regulates all major networks in the NEM, other than the BassLink interconnector linking Victoria with Tasmania



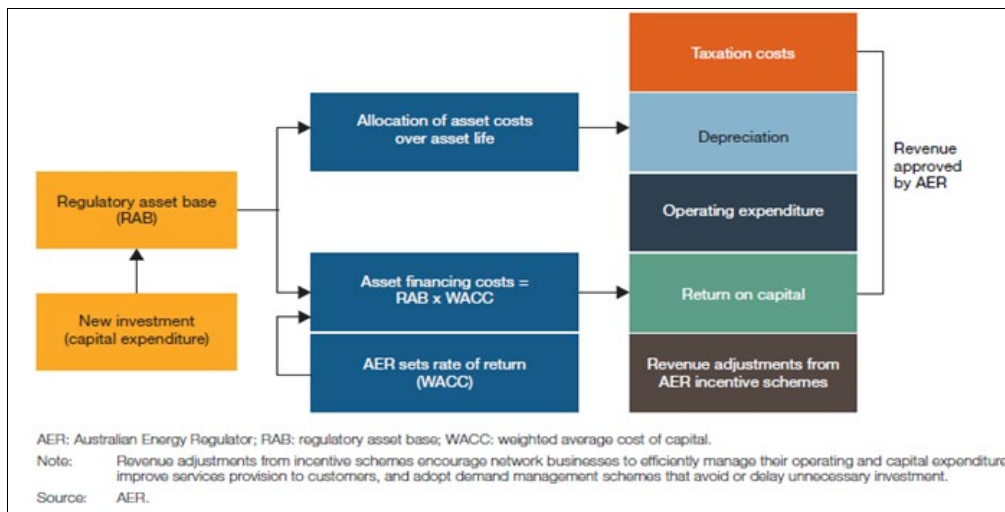
7.3.1 Pricing

Transmission networks are generally capital intensive and achieve declining marginal costs as output increases, resulting in high barriers to entry. Accordingly, transmission networks are often viewed as geographic monopolies and therefore are often highly regulated to ensure the efficient delivery of electricity at the lowest cost to customers.

The NEL and NER, which are applied by the AER¹⁸, provide a uniform framework for access to transmission and distribution networks forming part of the NEM. Under the regulatory regime, the AER determines the maximum allowable revenue (**MAR**) a transmission business can earn from its customers over each regulatory period (typically five-year intervals¹⁹) using a ‘building block’ approach.

The building block approach provides for an allowable revenue stream designed to cover ongoing operating and maintenance costs, the cost of income tax, depreciation of the regulated asset base (**RAB**) and a commercial return (weighted average cost of capital) on the RAB. The AER also makes revenue adjustments for over and under recovery of revenue made in the past and for rewards and penalties earned through any applicable incentive schemes.

Figure 6: AER ‘building block’ approach



Source: *State of the energy market 2021, Australian Energy Regulator, June 2021*

¹⁸ The AER does not regulate electricity networks in Western Australia, where the Economic Regulation Authority administers state-based arrangements. Western Power (owned by the Western Australian Government) is the state’s principal network, covering the populated south west region, including Perth. Another state-owned corporation – Horizon Power – services Western Australia’s regional and remote areas.
¹⁹ Recognising that a 5-year regulatory period poses risks of locking in inaccurate forecasts, the NER include mechanisms for dealing with uncertainties – such as cost pass-through triggers and a process for approving contingent investment projects – when costs were not clear at the time of the revenue determination.

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Whilst the AER determines the maximum revenue that can be earned over each regulatory period rather than pricing, the two are closely related, with operators setting prices to spread allowed revenues across their customer base. The regime also offers network operators various incentives schemes rewarding ongoing improvements in areas such as, inter alia, service performance and expenditure efficiencies.

IBISWorld²⁰ estimates industry revenue is likely to fall at an average annual rate of 3.6% over the five years through to 2020-21, to \$3,200 million, principally due to less favourable revenue determinations by the AER in its latest round of revenue settings.

7.3.2 Outlook

Reflecting the significant ongoing transformation of the power generation sector away from a centralised system of large fossil fuel generation towards an array of smaller scale, widely dispersed wind and solar generators and grid scale batteries, transmission network operators are receiving an unprecedented number of connection enquiries from renewable projects seeking to locate in sunny or windy locations on the edges of the grid, where transmission capacity is weak.

Connecting new plant in these areas to existing transmission assets can cause network congestion, which, in turn, can prevent generators in an affected area from being dispatched efficiently and weakens system security. Congestion is expected to be further exacerbated in coming years as coal-fired generation is progressively withdrawn and electricity consumers increasingly become “behind-the-meter” producers through the take up of roof top solar PV, small batteries and electric vehicles.

Furthermore, as current generators retire or move to more flexible operations to match changing usage profiles, the level of inertia and system strength is expected to also reduce, highlighting the need for system transformation over the medium term.

Strategic planning, such as AEMO’s ISP, is continuing to better coordinate planning and investment in transmission and generation assets to maintain system stability and security by seeking to ensure new assets are built in the right place, at the optimal time.

The ISP forecasts where and when network investment is likely to be needed to accommodate the large amount of new generation likely to connect to the grid in coming years. Elements include upgrading transmission interconnection where needed for efficient sharing of energy, upgrading storage and backup supply across regions. The updated 2020 ISP identifies targeted augmentations of the NEM transmission assets to accommodate weather dependent generation, “behind-the-meter” energy sources and the phasing out of coal generation. The ISP considers sets of investments that together with non-grid developments could be considered candidate development paths for the ISP, these projects fall into 4 categories:

- Committed projects, which are those already approved and underway
- Actionable projects, which are those considered by AEMO as critical for immediate development but still undergoing regulatory approvals

²⁰ Electricity Transmission in Australia, IBIS World Pty Ltd, April 2021



*Spark Infrastructure RE Limited
Independent Expert Report
11 October 2021*

- third and fourth categories, which relate to projects that have been identified as potentially contributing to improved system outcomes but are not required immediately or are contingent on other projects or work programs.

Another key initiative is to cluster new wind and solar projects in hubs called renewable energy zones (**REZs**) so that efficient transmission investment can be made to transport energy to customers. The clustering of renewable plant reduces the amount of transmission investment that would be needed if new renewable plant were widely dispersed.

State governments have also initiated programs to support the development of REZs identified through the ISP, including:

- the NSW Government's "Electricity Infrastructure Roadmap", launched in November 2020, which will underwrite 12 GW of renewable energy across 5 REZs, support the development of transmission assets and set a pathway for 2 GW of long-duration energy storage (and potentially other firming capacity) by 2030
- the Victorian Government's intention, announced in February 2021, to establish a new body, VicGrid, to plan and develop 6 REZs across the state to add 10 GW of new renewable energy.
- the Queensland Government's commitment of \$145 million in May 2021 to establish 3 REZs.

7.4 Distribution

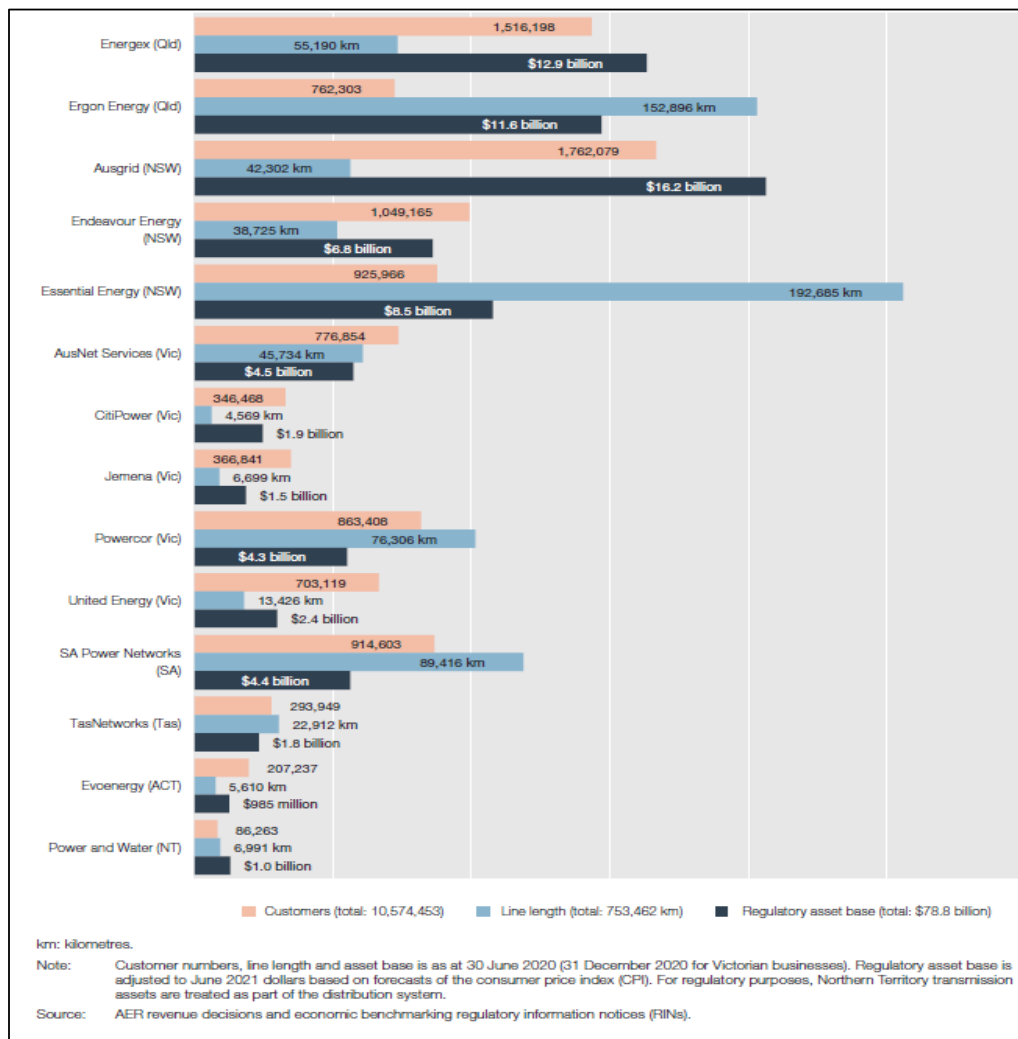
The NEM transmission grid connects with 13 distribution networks. Consumers in Queensland, NSW and Victoria are serviced by multiple distribution networks, each of which owns and operates its network within a defined geographic region. South Australia, Tasmania and the ACT are serviced by single distribution networks operating within each jurisdiction.

When electricity enters a distribution network, it is stepped down to lower voltages for safe delivery to customers. Distribution networks consist of poles and wires, substations, transformers, switching equipment, and monitoring and signalling equipment.

While electricity distributors transport and deliver electricity to customers, they do not sell it. Instead, retailers purchase electricity from the wholesale market and package it with network services to sell to customers.

Summary details of electricity distribution networks regulated by the AER are set out in the figure below.

Figure 7 – Electricity networks regulated by the AER - distribution



Source: State of the energy market 2021, Australian Energy Regulator, June 2021

Alongside the major distribution networks, small embedded distribution networks deliver energy to sites such as apartment blocks, retirement villages, caravan parks and shopping centres. Electricity is delivered to a single connection point at these sites, then sold by the embedded network operator to tenants or residents. The revenues of embedded networks are not regulated.



*Spark Infrastructure RE Limited
Independent Expert Report
11 October 2021*

In 2020, the average residential electricity distribution customer consumed 0.8% more energy from the distribution network than in 2019 – the second consecutive year of mildly increasing consumption. This compares to a trend of decreasing average consumption since 2008 due in large part to the rapid uptake of rooftop solar PV systems. The opposite was experienced by business customers, with average electricity use falling by 4.5% over 2020.

7.4.1 Pricing

Distribution companies typically levy the following charges:

- network tariffs, which reflects distribution costs to deliver electricity, costs for use of the transmission network and any jurisdictional specific charges
- metering tariffs, which cover the cost of the meter installation, maintenance and meter data services.

Network and metering charges are passed on to electricity retailers, who in turn pass them on to customers via electricity bills.

Like transmission networks, electricity distributors are viewed as natural monopolies and are regulated by the same regulatory bodies. In this regard, the AER sets allowable revenues using the same 'building block' approach, which establishes a MAR for each year of the regulatory period. Distributors comply with the constraint by forecasting sales for the next regulatory year and setting prices so that expected revenue is equal to or less than the MAR. Any over or under recovery is subject to a 'true-up' in subsequent years.

Consistent with the framework applicable to the transmission network, the regulatory framework provides various incentive schemes rewarding improvements in areas such as supply reliability, cost efficiencies, tariff structures and demand management, amongst others.

In addition, distribution companies may also provide:

- user-requested services and additional metering services, which are attributed to the customer that receives the service
- unregulated services.

7.4.2 Outlook

IBISWorld²¹ forecasts aggregate distribution revenues to grow at an annualised 1.0% over the five years through 2025-2026, but notes that profitability is anticipated to be placed under increasing pressure as operators and regulators adapt to new market conditions, with the increasing adoption of smaller solar panels challenging the traditional role of participants in the electricity supply chain.

The AER notes that distribution networks have sought to address the costs of network congestion and voltage instability caused by rooftop solar PV through efficient expansion of their networks and by imposing solar export limits, in some cases as low as zero.

²¹ Electricity Distribution in Australia, IBIS World Pty Ltd, January 2021

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Final pricing reforms released in August 2021 will allow networks to charge for transporting electricity both from the grid and into it to better signal the cost of network services. Proposed new 'solar export charges would allow network businesses to signal the value of excess electricity produced by rooftop solar PV at different times of the day. The networks will also receive incentives to identify and implement a level of export service valued by their customers.

While pricing of energy exports into the grid is a major reform focus in 2021, market bodies have also continued to progress a shift away from fixed retail tariffs, whilst the AER continues to incentivise distributors to implement strategies to manage the impact of distributed energy resources on their networks through the Demand Management Incentive Scheme (**DMIS**) and Demand Management Innovation Allowance Mechanism (**DMIAM**), which provide financial incentives and an allowance for electricity distributors to undertake projects or programs to reduce network demand.

8 Profile of Spark Infrastructure

8.1 Overview

Spark Infrastructure is an Australian essential energy infrastructure investment company listed on the ASX. As at 11 October 2021, Spark Infrastructure had a market capitalisation of approximately \$4,931.4 million.

Spark Infrastructure's principal assets comprise:

- its 49% ownership interest in SAPN, the sole operator of South Australia's electricity distribution network, supplying residential and commercial customers across South Australia
- its 49% interest in VPN, which, through CitiPower and Powercor, distributes electricity to customers in Melbourne and western Victoria
- its 15.01% of TransGrid, the largest high-voltage electricity transmission network in the NEM, connecting generators, distributors and major users in NSW and the ACT
- its 100% interest in Spark Renewables, which owns the now fully operational Bomen Solar Farm located north of Wagga Wagga in NSW, and various greenfield renewable development projects.

An overview of each of these businesses is set out in sections 9 to 12 of this report.

Spark Infrastructure was established in 2005 and listed on the ASX that same year, with a stated purpose of developing a portfolio of international utility infrastructure assets. Spark Infrastructure's initial public offer (**IPO**) comprised 908.8 million stapled securities via an instalment receipt mechanism, to raise \$1,817 million, making it one of the then largest Australian IPOs in recent years.

The proceeds from the IPO were used to partially fund the purchase of a 49% interest in each of CitiPower, Powercor and the distribution business of Electricity Trust of South Australia (**ETSA**) (later renamed SA Power Networks).



Spark Infrastructure RE Limited
Independent Expert Report
11 October 2021

Spark Infrastructure was originally managed by an external management company owned jointly by:

- Cheung Kong Infrastructure Holdings Limited, (**CKI**) a Hong Kong listed entity and part of the Cheung Group, one of the world's largest utility and infrastructure asset owners
- RREEF Infrastructure (**RREEF**), the investment business of Deutsche Asset Management, the asset management business of Deutsche Bank AG.

In 2011, agreement was reached with CKI and RREEF to internalise the management of Spark Infrastructure.

In November 2015, Spark Infrastructure announced that NSW Electricity Networks, a consortium comprising Spark Infrastructure, Hastings Funds Management, as manager of Utilities Trust of Australia fund, (**UTA**), Tawreed Investments Pty Ltd, a wholly owned subsidiary of the Abu Dhabi Investment Authority (**ADIA**), Caisse de depot et placement du Quebec (**CDPQ**) and Wren House Infrastructure Management, a wholly owned subsidiary of the Kuwait Investment Authority, had been selected by the NSW State Government as the successful bidder for a 99-year lease of the TransGrid transmission network, for a purchase consideration of \$10,258 million.

In April 2019, Spark Infrastructure announced that it had acquired a 100% interest in the 120MW_{DC}/100MW_{AC} Bomen Solar Farm development project.

8.2 Historical financial Performance

Spark Infrastructure's historical audited consolidated financial performance for each of FY19 and FY20, and independently reviewed consolidated financial performance for HY21 are summarised below.

Table 2: Spark Infrastructure's historical consolidated financial performance

\$ million unless otherwise stated	FY19	FY20	HY21
Income from associates:			
- Share of equity accounted profits	207.8	205.7	85.7
- Interest Income	63.2	59.4	29.0
Revenue from sale of electricity and Large Scale Renewable Generation Certifications	-	7.0	6.3
Other income - interest	1.5	0.7	0.0
Total income	272.5	272.9	121.0
Interest expense (including borrowing costs)	(0.7)	(3.9)	(2.0)
General and administrative expenses	(14.1)	(14.3)	(8.8)
Operating costs - Bomen Solar Farm related	(1.1)	(4.5)	(1.6)
Depreciation - Bomen Solar Farm related	-	-	(2.9)
Project and transaction bid costs	(4.8)	(4.2)	(2.0)
Tax shortfall penalties	-	(1.3)	0.8
Unrealised gains/(losses) from derivative instruments - Bomen Solar Farm related	6.8	35.7	(10.5)
Profit before Income Tax and Loan Note Interest	258.5	280.3	93.9
Loan Note interest	(119.2)	(120.5)	(61.3)
Profit before Income Tax	139.3	159.9	32.6

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\$ million unless otherwise stated	FY19	FY20	HY21
Income Tax Expense	(60.2)	(54.8)	(11.0)
Net Profit after Income Attributable to Securityholders	79.1	105.0	21.6
Share of associates' actuarial (losses)/gains on defined benefit plans	(26.3)	(7.7)	56.2
Share of associates' (losses)/gains on hedges	(145.3)	(85.7)	118.5
Gains/(losses) on cash flow hedges	1.2	(4.1)	3.4
Income tax benefit related to components of other comprehensive income	41.9	22.9	(43.6)
Other Comprehensive (Loss)/Income	(128.5)	(74.7)	134.5
Total Comprehensive (Loss)/Income for the period attributable to Securityholders	(49.4)	30.3	156.2
<i>Statistics</i>			
Revenue growth	n/a	0.1%	n/a
Basic earnings per stapled security (cents)	4.69	6.10	1.24

Source: Spark Infrastructure Annual Report and Half Year Reports for 2020 and 2021.

Note 1. Adjustments are made to distribution and transmission revenues to defer / accrue for amounts in excess of / under the regulated revenue cap to reflect that these amounts will be returned to / recovered from electricity consumers in future periods via adjustments to tariffs. For the period ended 30 June 2021 an amount of \$7.0 million was accrued, for the year ended 31 December 2020 an amount of \$4.6 million was accrued and for the year ended 31 December 2019 an amount of \$3.6 million was deferred.

Spark Infrastructure's income largely comprises distributions received from each of SAPN, VPN and TransGrid, which, in turn, are largely underpinned by stable long-term contracted or regulated revenues. Over FY20, regulated and contracted revenues grew by 3.7%.

Performance in FY20 and HY21 benefited from the commencement of commercial operations at the Bomen Solar Farm in late June 2020.

Spark Infrastructure has identified the following significant and non-recurring items and other income/(expense) items.

Table 3: Significant and non-recurring items and other income/(expense) items

\$ million	FY19	FY20	HY21
Profit before loan note interest and income tax	258.5	280.3	93.9
Addback: Project and transaction bid costs ¹	6.0	4.2	2.0
Addback: Interest and tax shortfall penalties ²	-	3.0	(0.8)
Addback: Unrealised losses/(gains) from derivative instruments - Bomen Solar Farm related ³	(6.8)	(35.7)	10.5
Underlying Profit before Loan Note Interest and Income Tax	257.7	251.8	105.6

Source: Spark Infrastructure Annual Report and Half Year Reports for 2020 and 2021.

Notes:

- Includes project and transaction bid costs, and Bomen Solar Farm costs incurred before commercial operations commenced.
- FY20: interest charge of \$6.7 million less expected refund of \$5.0 million and tax shortfall penalties of \$1.3 million on historical tax payments. HY21: includes partial reversal of tax shortfall penalties from prior year – refer section 8.3 below for more information
- Comprises unrealised losses/(gains) on Bomen Solar Farm Power Purchase Agreements - refer section 12 below for more information in relation to Bomen Solar Farm



Spark Infrastructure RE Limited
Independent Expert Report
11 October 2021

8.3 Historical financial position

Spark Infrastructure's historical audited consolidated financial position as at each of 31 December 2019 and 31 December 2020 and independent reviewed consolidated financial position as at 30 June 2021 are summarised below.

Table 4: Spark Infrastructure's historical consolidated financial position

As at	31-Dec-19	31-Dec-20	30-Jun-21
\$ million unless otherwise stated			
Cash and cash equivalents	31.4	36.9	52.6
Receivables from associates	7.3	6.8	6.8
GST receivable	8.8	0.7	-
Tax and interest refund receivable	-	45.0	45.0
Other current assets	1.8	3.7	2.6
Total Current Assets	49.4	93.1	107.0
Property, plant and equipment	159.8	172.6	170.3
Derivative financial instruments - Power Purchase Agreements (PPA)	8.2	43.8	33.3
Derivative financial instruments - Interest rate swaps	1.7	-	2.0
Investments accounted for using the equity method	2,165.9	2,043.9	2,239.0
Loans to associates	460.6	460.6	460.6
Loan notes to associates	237.4	237.4	237.4
Total Non-Current Assets	3,033.6	2,958.4	3,142.6
Total Assets	3,083.0	3,051.5	3,249.6
Current tax liability	68.8	39.4	4.8
Payables	7.8	5.7	5.9
Interest bearing liabilities	39.6	39.0	-
Loan Note interest payable to Securityholders	60.3	61.7	61.4
Total Current Liabilities	176.5	145.8	72.1
Payables	1.3	0.6	0.1
Derivative financial instruments - Interest rate swaps	-	4.2	1.4
Loan Notes attributable to Securityholders	1,072.7	1,098.0	1,111.3
Deferred tax liabilities	194.2	206.9	245.1
Interest bearing liabilities	-	-	99.2
Total Non-Current Liabilities	1,268.1	1,309.7	1,457.1
Total Liabilities	1,444.6	1,455.5	1,529.2
Net Assets	1,638.4	1,596.0	1,720.4
<i>Statistics</i>			
<i>Weighted average number of securities</i>	<i>1,687.1</i>	<i>1,722.0</i>	<i>1,748.2</i>
<i>Net assets per security (\$)</i>	<i>0.97</i>	<i>0.93</i>	<i>0.98</i>
<i>Gearing¹</i>	<i>88.2%</i>	<i>91.2%</i>	<i>88.9%</i>

Source: Spark Infrastructure Annual Report and Half Year Reports for 2020 and 2021; KPMG Corporate Finance analysis.

Note: Gearing is total liabilities divided by total equity.

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We note the following in relation Spark Infrastructure's financial position as at 30 June 2021:

- Spark Infrastructure's largest asset categories comprise its investments in and loans to associates. Investments in associates represent Spark Infrastructure's equity accounted investment interests SAPN, VPN and TransGrid. Loans to associates comprise a 100-year loan to VPN maturing in 2105, with a fixed interest rate of 10.85% per annum. The loan is repayable at the discretion of VPN. Loan notes to associates comprise funds advanced to TransGrid at the applicable bank bill interest rate plus a margin of 3.50% per annum. The loan notes are redeemable at the discretion of TransGrid, with a maximum maturity in December 2025.
- On 22 October 2020, the Full Federal Court handed down its judgement in relation to a dispute between VPN and the Australian Taxation Office (ATO), which, confirmed VPN's view that the transfer of assets to VPN from customers (i.e. gifted assets) does not give rise to assessable income to VPN (after the offset of any rebate paid by VPN to the customer). As a result of the decision, a tax receivable of \$40.0 million has been recognised reflecting the estimated tax refund for overpayment of tax by Spark Infrastructure in respect of prior years.

Spark Infrastructure also expects that it will receive a refund of interest that was paid in respect of underpayment of tax in prior years due to gifted assets being originally judged to be assessable for tax purposes. An interest receivable balance of \$5.0 million has been recognised in this regard.

- Spark Infrastructure's derivative position as at 30 June 2021 is presented below.

Table 5: Derivative financial instruments as at 30 June 2021.

As at 30 June 2021	
\$ million	Total
Interest rate swaps (net)	0.7
Power purchase agreements (net)	33.3
Total	34.0

Source: Spark Infrastructure Half Year Report for 2021.

Bomen Solar Farm has Power Purchase Agreements (PPAs) with Westpac for ten years and with Flow Power for a range of contract tenures of five, seven and ten years. Under the PPA arrangements, the difference between the market and the contract price is settled on a net basis with the counterparty. These agreements mean that approximately 95% of Bomen Solar Farm's revenue is contracted for the first five years and approximately 82% contracted over the first ten years. Bomen Solar Farm also sells the uncontracted electricity and Large-Scale Renewable Generation Certificates (LGCs)

- The liability in relation to Loan notes to securityholders comprises the debt portion of the Stapled Securities
- As at 30 June 2021, Spark Infrastructure had total committed finance facilities available to it of \$400 million, drawn to \$100 million, each with a maturity date of February 2023.



Spark Infrastructure RE Limited
Independent Expert Report
11 October 2021

Table 6: Spark Infrastructure reconciliation of interest-bearing liabilities

\$ million	As at 30 June 2021
Drawn debt	100
Capitalised refinancing costs	(0.8)
Consolidated interest bearing liabilities per statement of financial of financial position	99.2

Source: Spark Infrastructure Half Year Reports 2021.

Spark Infrastructure is currently in compliance with all of its debt covenants.

8.4 Statement of cash flows

Spark Infrastructure's historical audited consolidated statement of cash flows for each of FY19 and FY20 and HY21 are summarised below.

Table 7: Spark Infrastructure's historical consolidated statement of cash flows

\$ million	FY19	FY20	HY21
Cash Flows from Operating Activities			
Distributions from associates - preferred partnership capital	69.6	69.8	34.3
Distributions from associates - other	135.8	171.2	46.4
Interest received from associates	64.2	59.9	29.0
Interest received - other	1.6	0.7	0.0
Interest paid - other	(0.4)	(9.2)	(1.5)
Other expenses	(13.3)	(13.2)	(8.1)
Operating cash flows - Bomen Solar Farm related	(1.2)	4.7	5.3
Project and transaction bid costs	(4.1)	(5.6)	(1.5)
Tax paid	(38.7)	(85.9)	(52.4)
Net Cash Inflow Related to Operating Activities	213.6	192.5	51.6
Cash Flows from Investing Activities			
Repayment of borrowings by associate	42.8	-	-
Acquisition of subsidiary - Bomen Solar Farm	(1.4)	-	-
Purchase of property, plant and equipment - Bomen Solar Farm	(155.0)	(9.8)	(0.8)
Purchase of Land - Bomen Solar Farm	(7.8)	-	-
Purchase of property, plant and equipment	(0.0)	(0.0)	(0.1)
Equity investment in TransGrid	(9.1)	(6.8)	(15.3)
Net Cash Outflow Related to Investing Activities	(130.6)	(16.6)	(16.2)
Cash Flows from Financing Activities			
Payment of debt refinancing costs	(0.2)	(1.4)	-
Payment of issue costs	(0.2)	(0.3)	(0.1)
Payment of lease liability	(0.7)	(0.7)	(0.4)
Proceeds from external borrowings	40.0	140.0	60.0
Repayment of external borrowings	-	(140.0)	-
Distributions to Securityholders	(224.9)	(168.0)	(79.2)
Net Cash Outflow Related to Financing Activities	(186.0)	(170.5)	(19.7)

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\$ million	FY19	FY20	HY21
Net (Decrease)/Increase in Cash and Cash Equivalents	(102.9)	5.5	15.7
Cash and Cash Equivalents at beginning of the Year	134.3	31.4	36.9
Cash and Cash Equivalents at end of the Year	31.4	36.9	52.6

Source: Spark Infrastructure Annual Report and Half Year Reports for 2020 and 2021.

We note the following in relation Spark Infrastructure's consolidated cash flows:

- FY20: Purchase of property, plant and equipment – Bomen Solar Farm includes \$18.9 million of purchases of property, plant & equipment, offset by a (\$9.1) million refund of GST paid on purchases in FY19.
- HY21: Capital distributions are net of Dividend Reinvestment Plan (DRP) proceeds of \$33.9 million (FY20: \$80.0 million, FY19: \$35.8 million)
- HY21: Cash and cash equivalents at year end includes \$5 million of cash which is required to be held by Spark Infrastructure at all times for Australian Financial Services Licence purposes (FY20: \$5 million, FY19: \$5 million).

Spark Infrastructure's cash flow from operating activities (referred to as standalone operating cash flow) for each of FY19, FY20 and HY21 are summarised below.

Table 8: Spark Infrastructure's Standalone Net Operating cashflows

\$ million	FY19	FY20	HY21
Victoria Power Networks ¹	159.5	171.5	68.6
SA Power Networks	116.2	106.6	34.3
TransGrid	36.8	22.9	6.8
Total Cash Distributions Received from Investment Portfolio Business	312.5	301.0	109.7
Net interest (paid)/ received	1.2	(1.8)	(1.5)
Bomen Solar Farm margin	-	4.7	5.3
Corporate expenses	(13.3)	(13.2)	(8.1)
Underlying Net Standalone Operating Cash Flows before tax paid	300.4	290.7	105.5
Less tax paid ²	(16.9)	(37.9)	(27.4)
Underlying Net Standalone Operating Cash Flows after tax paid	283.5	252.8	78.1
Project and transaction bid costs	(5.3)	(5.6)	(1.5)
Interest on historical tax	-	(6.7)	-
Other tax paid ³	(21.8)	(48.0)	(25.0)
Net Operating Cash Flows	256.4	192.5	51.6

Source: Spark Infrastructure Annual Report and Half Year Reports for 2020 and 2021

Notes

1. FY19 distributions received from VPN include repayment of shareholder loans
2. HY21 tax paid represents half of the total \$54.8m tax liability in respect of FY20. FY20 tax paid represents tax liability in respect of the FY19. FY19 tax paid represents tax liability in respect of FY18



Spark Infrastructure RE Limited
Independent Expert Report
11 October 2021

- HY21 includes \$14.1 million of tax instalments for FY21 and \$10.9 million for FY20. FY20 includes \$34.4 million relating to a number of historical income tax years (2015-2018) regarding an ongoing tax dispute with the ATO and \$13.6 million relating to instalments for FY20. FY19 other tax paid relates to a number of historical income tax years (2015-2018) regarding the ongoing tax dispute with the ATO

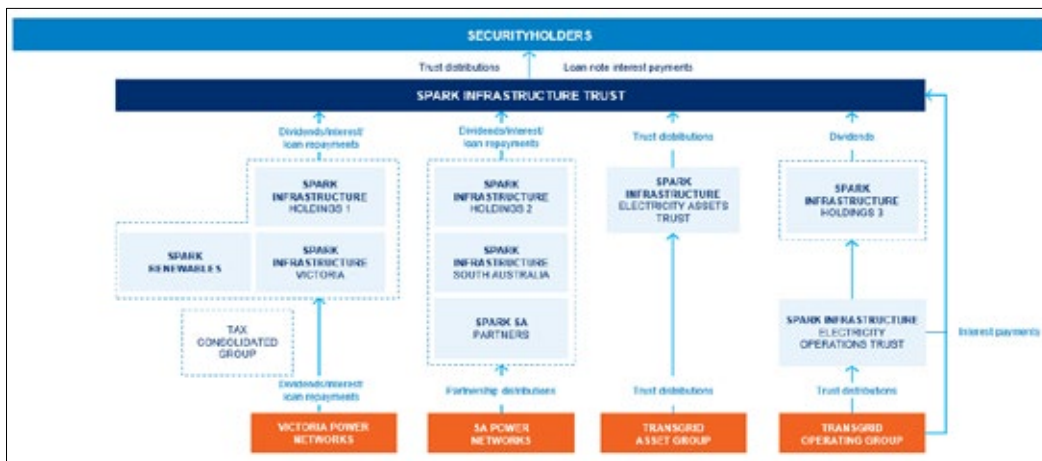
Spark Infrastructure’s FY20 cash flows from operating activities (referred to as standalone net operating cash flow) were \$192.5 million, a decrease of 24.9% on 2019. However, as Spark Infrastructure is currently transitioning to a tax-paying entity, actual tax paid over this period will vary significantly between years. As a result, a better period-on-period comparison is underlying standalone operating cash flows before tax payments and excluding one-off items such as acquisition and project costs. Spark Infrastructure has calculated this at \$290.7 million for FY20, representing a reduced decrease of \$9.7 million or 3.2% on FY19.

Total distributions received from VPN were \$171.5 million in FY20, representing a year-on-year increase of 7.5%. In contrast, distributions received from SAPN fell from \$116.2 million in FY19 to \$106.6 million in FY20, down approximately 8.3%, reflecting SAPN’s transition into its new regulatory determination period with lower regulatory revenues from 1 July 2020. Total distributions received from TransGrid were down by approximately 37.8%, primarily due to TransGrid retaining a portion of operating cash for its capital growth pipeline.

8.5 Securities and ownership

Spark Infrastructure’s Stapled Securities comprise a Loan Note and a stapled unit issued by Spark Infrastructure Trust, which in turn receives distributions from related entities, as summarised in the figure below:

Figure 8 – Spark Infrastructure ownership structure



Source: Spark Infrastructure website

As announced by Spark Infrastructure on 24 August 2021, Spark Infrastructure has been evaluating the merits of a corporate restructure whereby the multiple tax consolidated groups within the Spark Infrastructure Group and Spark Infrastructure Trust would be consolidated into a single tax consolidated

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group under a listed company. This restructure has the potential to create a more efficient structure with governance, administrative and compliance benefits expected, as well as allowing for the improved utilisation of tax deductions in the group. Relevant tax rulings requests have been submitted to the ATO in respect of the restructure, however, due to the Schemes, discussions with the ATO in respect of the restructure have been suspended.

As at 9 September 2021, Spark Infrastructure had 1,754,954,280 Stapled Securities on issue and 329 registered securityholders (excluding private investors, unknown and shareholdings below threshold). The top 20 registered securityholders accounted for approximately 52.1% of Stapled Securities on issue and were principally institutional nominees, custodian companies or listed operating companies.

8.5.1 Substantial securityholders

As at 11 October 2021, Spark Infrastructure had received notices from the following substantial holders.

Table 9: Substantial securityholders as at 11 October 2021

Name of holder	Date of notice	Number of stapled securities	Percentage interest
Lazard Asset Management Pacific Co	27 October 2020	230,704,682	13.27%
Magellan Financial Group Limited	11 February 2021	105,169,002	6.05%
Maple-Brown Abbot Limited	13 January 2021	87,283,806	5.02%

Source: ASX announcements.

8.5.2 Performance rights

Spark Infrastructure operates Short Term Incentive (STI) and Long-Term Incentive (LTI) plans.

STI are measured over a 1-year performance period and in the normal course are paid 50% in cash following the end of the STI performance period and 50% in rights to acquire Stapled Securities, which subject to continued service through to the end of the relevant vesting period, vest:

- 50% 12 months after the STI performance period
- 50% 24 months after the STI performance period.

STI performance measures include both financial and non-financial targets. Executives ordinarily receive one Stapled Security for each right that vests, together with a distribution equivalent payment for each Stapled Security allocated on vesting.

LTI awards are granted in the form of rights to acquire Stapled Securities, subject to achievement of performance measures over the performance and vesting period. Executives ordinarily receive one Stapled Security for each right that vests, together with a distribution equivalent payment for each Stapled Security allocated on vesting.

LTI vesting occurs at the end of four years, the extent the relevant performance and service conditions are met.

In addition, retention securities are provided to several members of staff who are not part of the LTI plan. The deferred securities are subject to a 24-month vesting period, subject only to retention. Staff ordinarily



Spark Infrastructure RE Limited
 Independent Expert Report
 11 October 2021

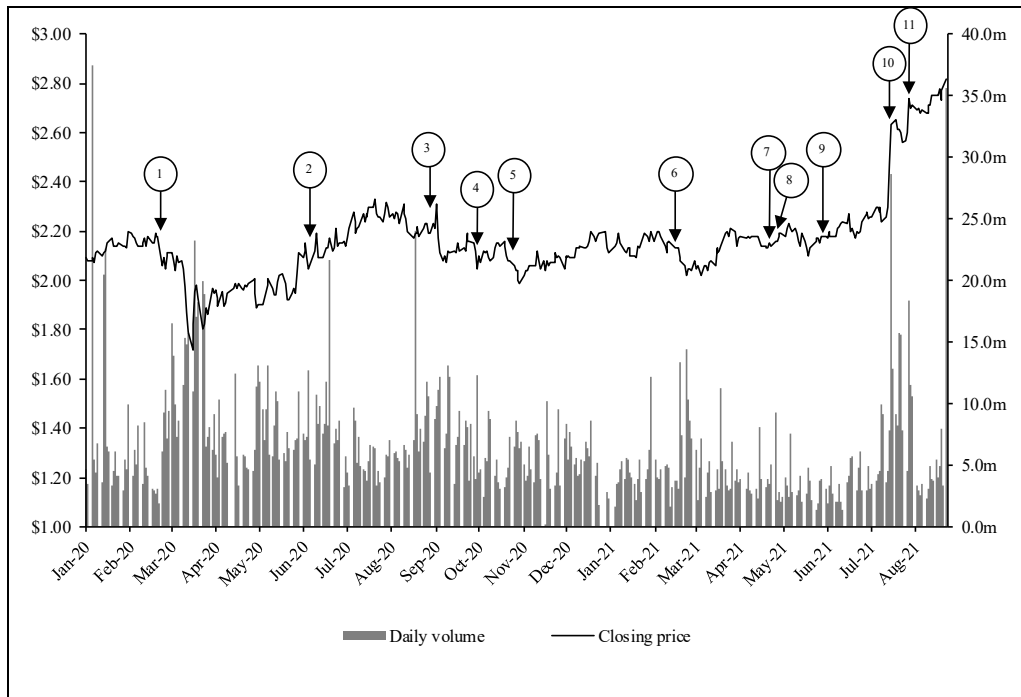
receive one Stapled Security for each right that vests, together with a distribution equivalent payment for each Stapled Security allocated on vesting.

As at 8 September 2021, approximately 2.0 million rights over Stapled Securities under the STI, LTI and retention plans were on issue. Spark Infrastructure has advised that each of the rights fully vest on any change of control transaction taking place and that these would be settled in cash estimated at approximately \$6.7 million.

8.6 Security price and volume trading history

The chart below shows Spark Infrastructure’s daily closing price on the ASX over period 1 January 2020 to 23 August 2021 inclusive, along with the daily volume of securities traded on the ASX over the period.

Figure 9 – Spark Infrastructure security prices and trading volumes



Source: S&P Capital IQ, IRESS Trading Data and KPMG Corporate Finance analysis.

In addition to Spark Infrastructure’s normal half year and full year results and distribution announcements, other significant announcements made by Spark Infrastructure over this period that may have had an impact on its Stapled Security price include:

1. On 21 February 2020, Spark Infrastructure announced that SAPN had successfully placed \$60m of 8-year fixed rate Australian Medium-Term Notes maturing in February 2028. The additional borrowings to be used to fund SAPN’s capital expenditure.

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2. On 5 June 2020, Spark Infrastructure announced that the AER had released its final decision in relation to SAPN's 5-year regulatory period commencing 1 July 2020, which provides for a nominal regulatory weighted average cost of capital (WACC) of 4.75% per annum.
3. On 28 August 2020, Spark Infrastructure announced that TransGrid had established \$800 million in new syndicated bank debt facilities comprising a \$600 million 3-year capital expenditure facility and \$200 million 7-year term debt facility.
4. On 30 September 2020, Spark Infrastructure announced that the AER had released its draft decision in relation to VPN's 5-year regulatory period commencing 1 July 2021, including a nominal regulatory WACC of 4.59% per annum.
5. On 22 October 2020, Spark Infrastructure announced that the Full Federal Court had handed down its decision in the appeal by VPN in relation to the tax treatment of certain cash contributions and "gifted" assets provided by VPN customers for the tax years 2008 to 2011. VPN's view in relation to the correct treatment of gifted assets was confirmed.
6. On 12 February 2021, Spark Infrastructure announced that TransGrid had successfully raised \$600 million via new 5-year syndicated debt facilities.
7. On 26 April 2021, Spark Infrastructure announced that Moody's Investor Services (**Moody's**) had revised its issuer rating from Baa1 (negative outlook) to Baa2 (stable outlook), rating reflecting the AER's new 5-year regulatory decision for SAPN commencing on 1 July 2020, and expected regulatory decisions for CitiPower and Powercor commencing on 1 July 2021.
8. On 30 April 2021, Spark Infrastructure announced that the AER had released its final decision in relation to VPN's 5-year regulatory period commencing 1 July 2021, which provides for a nominal regulatory WACC of 4.35% per annum.
9. On 31 May 2021, Spark Infrastructure announced that TransGrid had successfully reached a Final Investment Decision to build Project Energy Connect, having received final approvals from the AER.
10. On 15 July 2021, Spark Infrastructure announced that it had received the Initial Proposal.
11. On 28 July 2021, Spark Infrastructure announced that it had received the Revised Proposal.
12. On 23 August 2021, Spark Infrastructure announced it had entered into the SID.

8.6.1 Trading liquidity

The table below presents analysis in relation to the volume of trading in Spark Infrastructure's Stapled Securities over various periods in the 12 months to 13 July 2021 inclusive, being the last trading day prior to media speculation emerging in respect of the Initial Proposal and Spark Infrastructure entering into a trading halt prior to its announcement in relation to the Initial Proposal.



Spark Infrastructure RE Limited
Independent Expert Report
11 October 2021

Table 10: Trading liquidity in Spark Infrastructure Stapled Securities prior to announcement of the Initial Proposal

Period up to and including 13 Jul 21	Price (low) \$	Price (high) \$	Price VWAP \$	Cumulative value \$m	Cumulative volume m	% of issued capital
1 day	2.26	2.30	2.29	10.3	4.5	0.3%
1 week	2.23	2.30	2.27	72.3	31.9	1.8%
1 month	2.17	2.32	2.25	215.3	95.8	5.5%
3 months	2.10	2.32	2.20	527.8	239.9	13.7%
6 months	2.00	2.32	2.16	1,158.4	537.4	30.7%
12 months	1.99	2.36	2.15	2,831.1	1,315.9	75.6%

Source: S&P Capital IQ, IRESS Trading Data and KPMG Corporate Finance analysis.
Note: Stapled Security price data represents intra-day trading rather than closing prices

Spark Infrastructure's Stapled Securities exhibited reasonably strong liquidity over the 12 months to 13 July 2021, inclusive. The average daily volume traded per day was 5.181 million Stapled Securities, with a daily value of approximately \$11.146 million. We note that over this period the Stapled Securities were traded all available trading days.

An analysis of the volume of trading in Spark Infrastructure's Stapled Securities in the period from 14 July 2021 to 11 October 2021, inclusive is set out below.

Table 11: Trading liquidity in Spark Infrastructure Stapled Securities post-announcement of the Initial Proposal

Period from 14 Jul 2021 to 11 Oct 2021	Price (low) \$	Price (high) \$	Price VWAP \$	Cumulative value \$m	Cumulative volume m	% of issued capital
64 days	2.29	2.93	2.77	1,981.4	715.3	40.8%

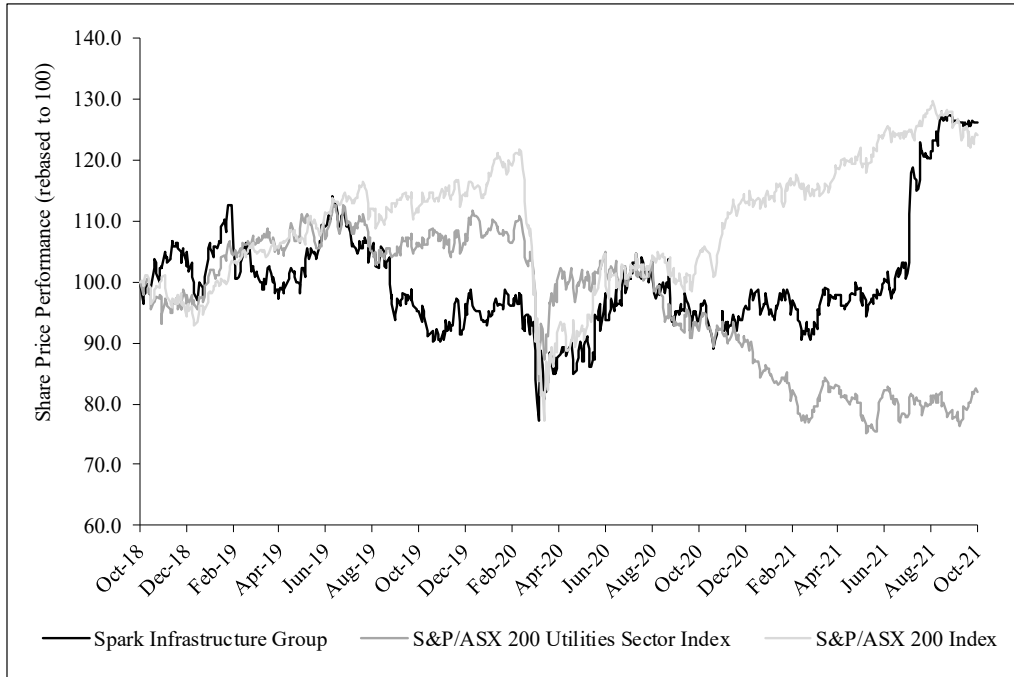
Source: S&P Capital IQ, IRESS Trading Data and KPMG Corporate Finance analysis.

8.6.2 Relative Stapled Security price performance

Spark Infrastructure is a member of various indices, including the ASX 200 Index and the Utilities Index. The performance of Spark Infrastructure's Securities over the three-year period to 11 October 2021, relative to these indices (rebased to 100) is illustrated in the following chart.

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Figure 10: Relative Stapled Security price performance



Source: S&P Capital IQ, IRESS Trading Data and KPMG Corporate Finance analysis.

In general, Spark Infrastructure’s Stapled Security price underperformed against both the ASX 200 and Utilities indices from August 2019 until the late 2019. After this date, Stapled Security price movements displayed a strong correlation to directional movements in both indices, particularly the ASX 200 index through to November 2020. Since November 2020, the Stapled Security price has outperformed the Utilities Index, however until the announcement of the Initial Proposal the Stapled Security price had underperformed against the broader ASX 200 Index over this period.

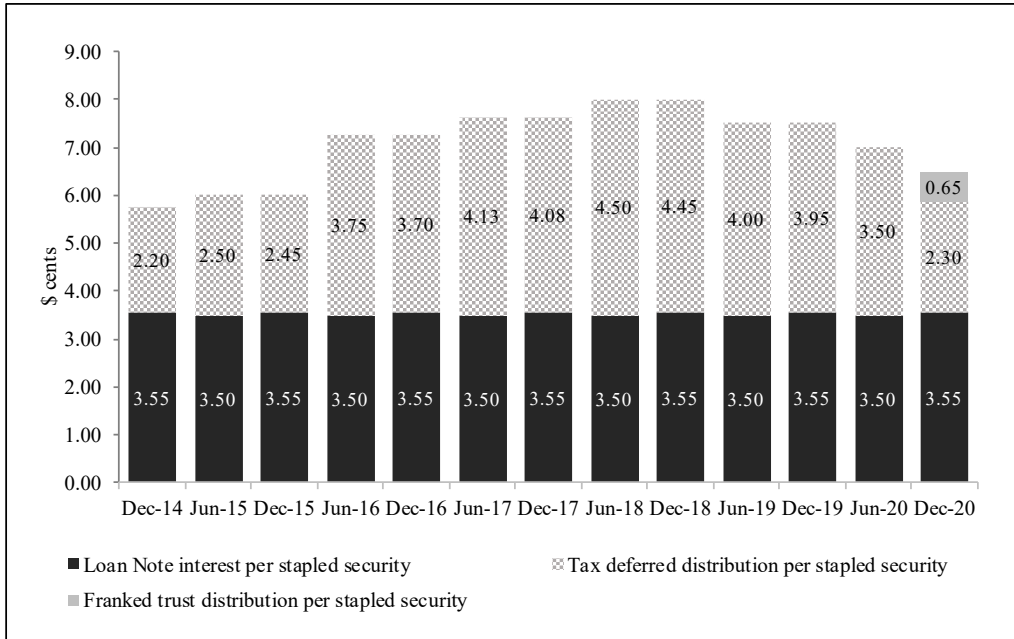
8.7 Distributions to Spark Infrastructure securityholders

As set out in the figure below Spark Infrastructure has a history of paying regular distributions to its securityholders.



Spark Infrastructure RE Limited
 Independent Expert Report
 11 October 2021

Figure 11 - Historical distribution paid to Spark Infrastructure Securityholders



Source: Spark Infrastructure Group Website.

Note: Aggregate distributions above may not agree exactly to actual distributions due to rounding

As at 31 December 2020, the Spark Infrastructure group had collectively paid \$124.3 million of income tax, with a refund of \$40.0 million as discussed above anticipated. The net amount of \$84.3 million represents approximately 4.9 cps of franking credits of which 2.1 cps was attached to the final distribution for FY20. The remaining 2.8 cents per Stapled Security along with ongoing tax payments made by Spark Infrastructure and franking credits received from VPN are expected to result in partial franking of future distributions made by Spark Infrastructure on an ongoing basis.

On 1 July 2021, Spark Infrastructure announced an interim distribution for HY21 of 6.25cps, comprising of 3.50 cps interest on Loan Notes and a trust distribution of 2.75 cps, scheduled to be paid on 15 September 2021 and franked to approximately 1.5 cps.

On 24 August 2021, Spark Infrastructure re-affirmed its previous guidance that it expects to pay total distributions of 12.5 cps, franked to approximately 25%, in respect of FY21 (i.e. a final partially franked distribution of 6.25cps) subject to business conditions and in the absence of the Schemes, and that it is Spark Infrastructure’s intention to grow distributions by at or around the Consumer Price Index over the next 5 years to 2025

In addition, Spark Infrastructure announced that in light of the Schemes it was suspending Spark Infrastructure’s DRP under which securityholders are able to elect to re-invest their distribution

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entitlement in new Stapled Securities at a 2.0% discount to the price specified on the DRP²². Funds generated from the DRP have been earmarked to assist in the funding of future growth projects, including the potential for a further equity contribution to TransGrid to fund its growth pipeline (discussed further in Section 11 below).

8.8 Outlook

Other than distribution guidance, Spark Infrastructure has not released earnings forecasts for FY22 or beyond. In order to provide an indication of the expected future financial performance of Spark Infrastructure and its portfolio businesses, we have considered brokers' forecasts for Spark Infrastructure. The median forecasts are summarised as follows:

Table 12: Broker forecasts

Period \$ million unless otherwise stated	Actual	Broker Forecast (Median)		
	FY20	FY21	FY22	FY23
Proportionate revenue	1,177.8	1,255.1	1,285.8	1,396.8
Proportionate EBITDA:				
Victoria Power Networks	442.5	407.8	397.9	402.2
SA Power Network	327.4	304.2	298.6	299.3
TransGrid	100.4	103.5	112.5	122.7
Bomen Solar Farm	5.3	8.5	8.5	9.0
Total proportionate EBITDA¹	875.6	807.2	816.5	831.4
EPS ²	6.1¢	2.2¢	2.2¢	3.0¢
DPS ^{2,3}	13.5¢	13.0¢	13.0¢	13.0¢

Source: Broker reports for Spark Group, Spark Infrastructure Annual Report 2020; KPMG Corporate Finance analysis.

Notes:

1. Proportionate EBITDA is the median forecast sourced directly from broker reports and does not tie to the sum of median proportionate EBITDA for each of the operating investments as not all brokers provide separate forecasts for each.
2. EPS = earnings per stapled security, DPS = dividends per stapled security
3. FY21, FY22 and FY23 figures above reflect Broker forecasts. Spark Infrastructure has provided guidance that, subject to business conditions and in the absence of the Schemes, it expects the total distribution for FY21 be 12.5cps, franked to 3.0cps, following which it is Spark Infrastructure's intention to grow distributions the Stapled Securityholders by at or around CPI.

²² The pricing calculation methodology is the average market price of the stapled securities based on the average VWAP during the relevant pricing period, unless Spark Infrastructure believes this is not a fair market price, in which case the allocation price will be determined by an independent expert



*Spark Infrastructure RE Limited
Independent Expert Report
11 October 2021*

9 Profile of SAPN

9.1 Overview

SAPN is the sole distribution network service provider in South Australia, delivering electricity from high voltage transmission network connection points operated by ElectraNet.

SAPN, formally ETSA Utilities, was established in 1996 as part of the separation of state-owned electricity assets into general, retail and transmission entities, with ETSA Utilities responsible for electricity distribution.

ETSA Utilities was privatised in 1999 and changed its name to SA Power Networks in 2012. SAPN is currently owned by the Hong Kong-based Cheung Kong Infrastructure Holdings (51%) and Spark Infrastructure (49%).

SAPN operates its electricity distribution business under a licence granted by the Government of South Australia. SAPN's distribution network covers approximately 178,200 square kilometres (**sq km**) representing approximately 99% of South Australia's population and consists of c.89,400 kms of power lines. SAPN common service distribution is subject to regulation by the AER and the Essential Services Commission of South Australia. Regulation of the business primarily relates to establishing service standards and setting the revenue required to meet those standards cost efficiently.

SAPN also provides semi-regulated ancillary control services (**ACS**) including ancillary network services, public lighting and metering (although this is being phased out with the requirement for all new and replacement meters to be smart meters, responsibility for the installation and maintenance of which has been transferred to electricity retailers).

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Figure 12 – SAPN’s distribution network coverage



Source: Spark Infrastructure website

SAPN has a history of ranking as the most efficient electricity distributor on a state-by-state basis in the NEM and has the second lowest state-by-state distribution charges per residential customer.

SAPN also competes in the unregulated energy market through its wholly owned business Enerven Energy Infrastructure Pty Ltd (**Enerven**), which provides infrastructure design, construct and maintenance services to industry and government. Enerven’s client base includes ElectraNet, BHP Billiton, Oz Minerals, Power and Water Corporation, the Department of Defence and local government councils. The key services it provides across the energy and telecommunications sectors include:

- substation and transmission network construction and maintenance
- embedded networks and private electricity network construction and management
- electrical and technical services, including metering
- National Association of Testing Authorities accredited calibration laboratory
- material sales and supply chain management
- engineering services, including LiDAR and drone services
- lighting Solutions, including public and private lighting construction, including smart lighting

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Spark Infrastructure RE Limited
Independent Expert Report
11 October 2021

- renewable energy project construction, integration, and maintenance, such as Solar PV and Battery Storage
- communication network solutions, including 5G.

9.2 Historical financial performance

The historical financial performance of SAPN on a 100% basis for HY19, FY20 and HY21 is summarised below.

Table 13: Financial performance of SAPN on a 100% basis

SA Power Networks (100% basis)			
\$ million unless otherwise stated	FY19	FY20	HY21
Distribution Revenue ¹	848.8	849.2	410.4
Semi-regulated Revenue	97.3	81.4	48.5
Unregulated Revenue	14.0	11.6	8.8
Total Revenue	960.1	942.2	467.7
Operating Expenses	(292.2)	(301.2)	(152.2)
Enerven Margin	22.8	27.1	13.8
EBITDA	690.7	668.1	329.3
Depreciation and amortisation	(306.5)	(325.6)	(161.9)
Net finance expenses	(138.7)	(137.2)	(63.7)
Interest on Subordinate Debt	(72.5)	(72.7)	(35.9)
Tax expense ²	(3.5)	(3.5)	(2.1)
Net Profit after Tax	169.5	129.1	65.7
<i>Statistics (100% basis)</i>			
Period end RAB ³	4,340.0	4,395.0	4,410.0
Net capital expenditure	405.6	368.7	161.3
Gearing ⁴	74.5%	73.9%	72.7%
Revenue growth	5.5%	-1.9%	n/a
EBITDA growth	5.3%	-3.3%	n/a
EBITDA margin	71.9%	70.9%	n/a

Source: Spark Infrastructure Annual Report and Half Year Reports for 2020 and 2021; KPMG Corporate Finance analysis.

Notes:

1. Adjustments are made to distribution revenues to defer/accrete for amounts in excess of/under the regulated revenue cap to reflect that these amounts will be returned to/recovered from electricity consumers in future periods via adjustments to tariffs.
2. Tax expense relates to Enerven, a subsidiary company of SAPN. SAPN is itself a partnership and as such all of its taxable income is recognised at the Spark Infrastructure level as is the related tax expense.
3. Including public lighting RAB.
4. Gearing is net debt divided by RAB.

9.2.1 Regulated and semi-regulated revenue

SAPN's new 5-year regulatory control period (RCP) commenced 1 July 2020, adversely impacting its results over the second half of FY20 and over HY21.

As the sole provider of electricity distribution services in South Australia, the revenue that SAPN can recover from its customers for the provision of common distribution services is regulated by the AER via its "building-block" approach. The AER's final decision for RCP 2020-25 allows for total revenue recoveries over RCP 2020-25 of \$3,914.2 million²³, 5.5% lower in real terms than that allowed under the AER's previous RCP 2015-20 decision.

The principal drivers of this reduction in allowed revenue are:

- a decrease in the allowed rate of return from 6.17% per annum over RCP 2015-20 to 4.75 per cent per annum for the RCP 2020-25. The AER attributed this reduction largely to a fall in interest rates over the period since its last decision
- a change in the AER's approach to the calculation of tax allowances in order to align with the latest rulings of the ATO, which resulted in a reduction in SAPN's tax allowance.

Offsetting these impacts to a degree when compared to the RCP 2015-20 was higher:

- forecast regulatory depreciation, driven by a rising RAB and forecast capital expenditure
- forecast operating expenditure compared, reflecting output and price growth and accepted step changes
- incentive scheme payments.

SAPN's costs for the provision of ACS were considered by the AER separately to its building block determination. SAPN did not propose to provide any services on a negotiated basis in the RCP 2020-25 regulatory control period.

The fall in semi-regulated revenues in FY20 compared to FY19 was driven by declining activity across negotiated services, including asset relocation and embedded generation (down \$4.5 million), and council funded replacement of public lighting (down \$12.4 million), partially offset by an increase in metering and pole/duct rentals (up \$1.0 million).

9.2.2 Unregulated revenue

Unregulated revenue received by Enerven increased by 10.4% over FY20 to \$296.2 million (2019: \$268.2 million) and its operating margin by \$4.3 million from \$22.8 million to \$27.1 million, driven largely by increased commercial solar installations and ElectraNet construction projects. Enerven was also engaged in deploying solar and battery capability to a significant number of SA Water sites under a framework contract of up to \$300 million in revenue over FY19 and FY20.

²³ in nominal terms



9.2.3 Operating expenses

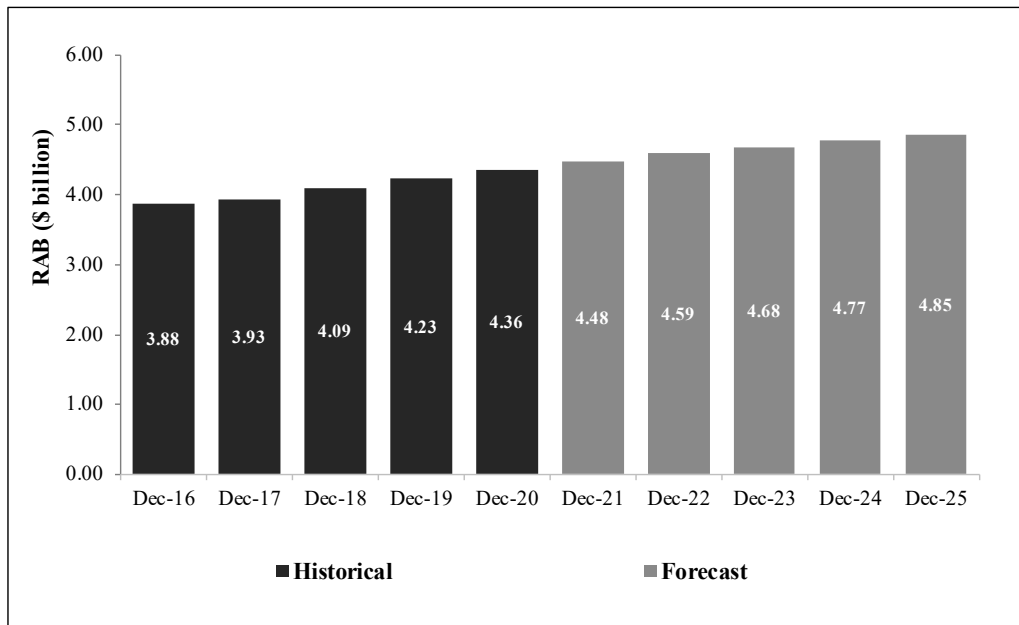
SAPN’s increase to operating expenses was largely due to a revised corporate overhead capitalisation policy, which was partially offset by reduced expenditure in connection with emergency response, lower labour costs and adjustments to 2019 bushfire provisions.

As a result of lower interest on refinanced debt, which was partially offset by a net movement in a non-cash credit valuation hedge accounting adjustment, net finance costs decreased by 1.1% during FY20 to \$137.2 million.

9.3 Regulated assets

The figure below summarises the growth in SAPN’s RAB determined by the AER over the 10 years to 31 December 2025.

Figure 13 – Historical and forecast growth in RAB determined by the AER



Source: Spark Infrastructure HY2021 Investor Presentation, 24 August 2021 based by Spark Infrastructure on AER Final Decision 2015-2020, October 2015 updated to \$2020, and AER Final Decision Overview, June 2020

10 Profile of VPN

10.1 Overview

VPN provides electricity distribution and other adjacent services in Victoria through its two subsidiaries, CitiPower and Powercor, which together own and operate Victoria’s largest electricity distribution network, supplying power to over 1.1 million Victorian households.

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VPN also competes in the unregulated energy market through its wholly owned business Beon Energy Solutions (**Beon**), which is a leader in deployment and operating large-scale renewable energy and infrastructure projects, with experience in design, construction, operations and maintenance. Beon also partners with clients to reduce costs and project timelines.

Beon's clients include some of the largest electricity utilities, infrastructure and renewable developers, commercial and industrial companies and telecommunications network owners in Australia and overseas. Recent major renewables projects include construction of Spark Infrastructure's Bomen Solar Farm in Bomen, NSW (as engineering, procurement and construction (**EPC**) contractor and operations and maintenance (**O&M**) provider).

The financial performance of VPN on a 100% basis for FY19, FY20 and HY21 are summarised below.

Table 14: Financial performance of VPN on a 100% basis

Victoria Power Networks (100% basis)			
\$ million unless otherwise stated	FY19	FY20	HY21
Regulated Revenue ¹	956.9	1,001.1	434.3
Advanced Metering Infrastructure (AMI) Revenue	85.7	81.4	39.6
Semi-regulated Revenue	60.8	62.4	31.6
Other Unregulated Revenue	47.0	42.0	19.0
Total Revenue (excluding Beon)	1,150.4	1,186.9	524.5
Operating Expenses (excluding Beon)	(312.8)	(303.9)	(146.6)
Beon Margin	11.3	20.1	11.5
EBITDA	848.9	903.1	389.4
Depreciation and amortisation	(316.4)	(325.0)	(164.8)
Net finance expenses	(167.2)	(165.6)	(80.0)
Interest on Subordinated Debt	(104.5)	(102.3)	(50.6)
Tax expense	(83.2)	(97.0)	(29.8)
Net Profit after Tax	177.6	213.2	64.2
<i>Statistics (100% basis)</i>			
<i>Period end RAB</i>	<i>6,339.0</i>	<i>6,635.0</i>	<i>6,858.0</i>
<i>Net capital expenditure</i>	<i>507.6</i>	<i>585.2</i>	<i>323.4</i>
<i>Gearing²</i>	<i>70.9%</i>	<i>72.3%</i>	<i>71.9%</i>
<i>Revenue growth</i>	<i>2.8%</i>	<i>3.2%</i>	<i>n/a</i>
<i>EBITDA growth</i>	<i>2.3%</i>	<i>6.4%</i>	<i>n/a</i>
<i>EBITDA margin</i>	<i>73.8%</i>	<i>76.1%</i>	<i>n/a</i>

Source: Spark Infrastructure Annual Report and Half Year Reports for 2020 and 2021; KPMG Corporate Finance analysis.

Notes:

- Adjustments are made to distribution revenues to defer/accrete for amounts in excess of/under the regulated revenue cap to reflect that these amounts will be returned to/recovered from electricity consumers in future periods via adjustments to tariffs.
- Gearing is net debt divided by RAB.

The increase in regulated revenues for use of VPN's distribution networks over FY20 was largely driven by annual changes in the inputs used to derive regulatory revenues, in particular inflation, a negative X-



factor (resulting in a real increase in revenues before inflation) and year-on-year movement in incentive payments such as under the Service Target Performance Incentive Scheme (STPIS) (\$22.2 million).

VPN's semi-regulated revenues increased 2.6% in FY20 principally due to an increase in new connections to the Powercor network.

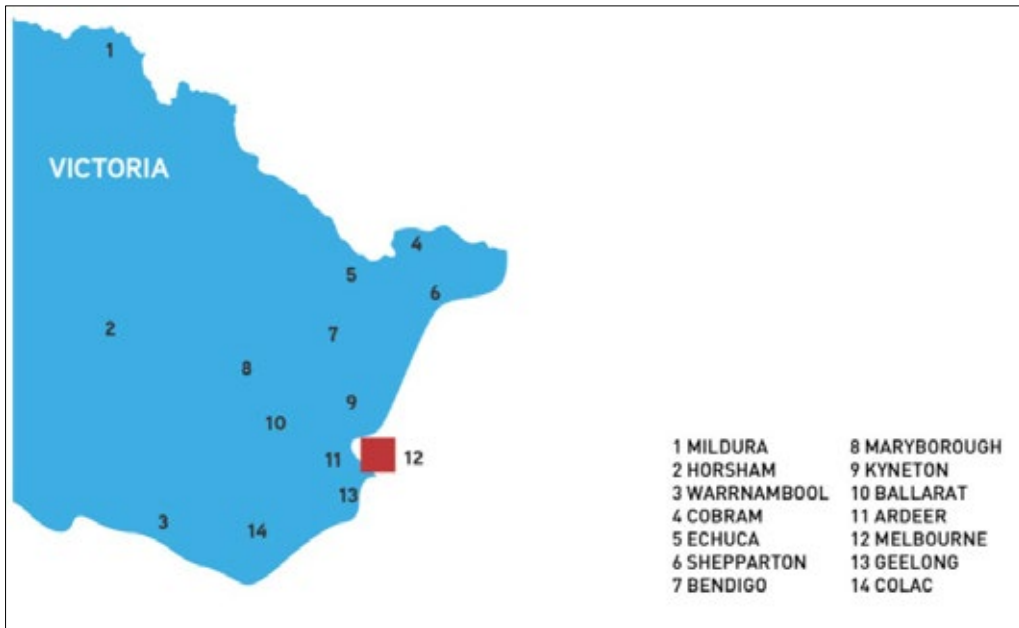
VPN's unregulated revenue (excluding Beon) decreased by 10.6% in HY20 primarily due to the inclusion of one-off proceeds from the sale of properties in FY19.

Beon performed well over FY20, recording unregulated revenue of \$233.8 million, largely driven by the new solar farm projects. Beon's overall margin earned increased by \$8.8 million to \$20.1 million.

10.1.1 Powercor

Powercor owns and operates Victoria's largest electricity distribution network, with more than half a million poles and c.90,000 kms of power lines. The network provides electricity for over 840,000 customers in central and western Victoria, as well as Melbourne's western suburbs.

Figure 14 – Powercor's distribution network coverage



Source: Spark Infrastructure website

Powercor's customer base comprises of large industrial and commercial customers through to small urban and rural consumers. There are also a number of high voltage customer supplies and interconnection points for embedded generation such as wind farms and solar farms.

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Powercor’s electricity network comprises a sub-transmission network and a distribution network comprised of approximately 86 per cent overhead lines and 14 per cent underground cables.

The sub-transmission network is supplied from a number of terminal stations owned and operated by AusNet Services and TransGrid. The sub-transmission network supplies electricity to zone substations which then transform (step down) the voltage suitable for the distribution to the surrounding area.

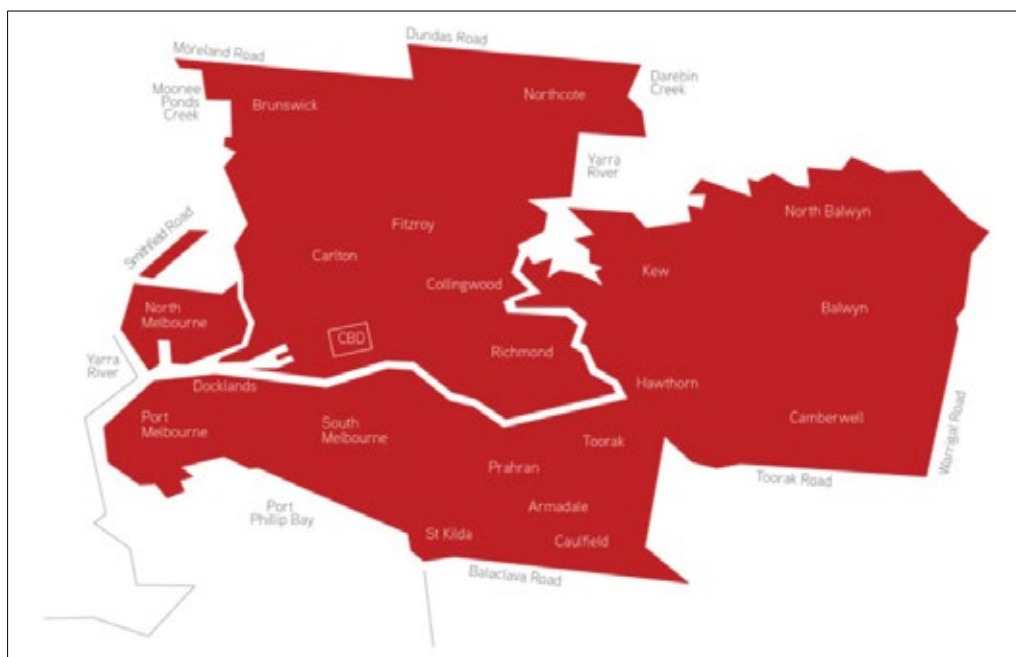
Powercor also takes two supplies from the South Australian network to supply the small townships of Nelson in the far south-west and Lindsay Point in the far north-west of Victoria.

In addition to its common distribution services, Powercor also provides ACS, such as ancillary network services, public lighting and metering, the costs of which are recovered only from users of those services.

10.1.2 CitiPower

CitiPower owns and manages a 157 sq km electricity distribution network, with a network line length of c.7,700 km. It provides power for more than 330,000 customers in Melbourne’s CBD and inner suburbs.

Figure 15 – CitiPower’s distribution network coverage



Source: Spark Infrastructure website

CitiPower’s customer base comprises high rise domestic and commercial customers, some industrial customers through to small domestic customers.

The CitiPower electricity network comprises a sub-transmission network, consisting predominately of overhead lines operating at 66kV, with some at 22kV, and a distribution network that generally operates

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*Spark Infrastructure RE Limited
Independent Expert Report
11 October 2021*

at a voltage of 11kV with some 6.6kV. The overall network consists of around 57 per cent overhead lines and 43 per cent underground cables.

The sub-transmission network is supplied from a number of terminal stations forming part of the transmission network owned and operated by AusNet Services. The sub-transmission network supplies electricity to zone substations which then transform (step down) the voltage suitable for distribution to the surrounding area.

The final supply to small consumers is provided through the low voltage distribution systems. Both overhead and underground low voltage reticulation, including service arrangements, complete the final connections to the low voltage consumer's points of supply.

CitiPower also provides ACS, such as ancillary network services, public lighting and total revenue for metering, the costs of which are recovered only from users of those services.

10.2 Regulated revenue

VPN provides electricity distribution and other adjacent services in Victoria through its two subsidiaries, CitiPower and Powercor, which together own and operate Victoria's largest electricity distribution network. The prices that it charges for common distribution charges are regulated by the AER via its "building-block" approach. The AER published its final decision for both Powercor and CitiPower for RCP 2021-26, which commenced on 1 July 2021, in April 2021.

10.2.1 Powercor

Total revenue that can be recovered by Powercor from its consumers for the provision of common distribution services over RCP 2021-26 is \$3,450.9 million²⁴, 0.8% lower in real terms than that allowed over the RCP 2016-20. The principal drivers of this reduction were:

- a decrease in the allowed rate of return from 6.11% per annum over RCP 2016-20 to 4.73 per cent per annum for RCP 2021-26
- a change in the AER's approach to the calculation of the tax allowances in order to align with the latest rulings of the ATO, which resulted in a reduction to Powercor's tax allowance.

Offsetting these impacts to a degree when compared to the RCP 2016-20 was higher:

- forecast regulatory depreciation driven by a rising RAB and forecast capital expenditure
- forecast operating expenditure
- incentive scheme payments.

Powercor's costs for the provision of ACS were considered by the AER separately to its building block determination. Powercor did not propose to provide any services on a negotiated basis in the 2021-26 regulatory control period.

²⁴ in nominal terms

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10.2.2 CitiPower

Total revenue that can be recovered by CitiPower from its customers for the provision of common distribution services over RCP 2020–25 period is \$1,485.8 million²⁵, 7.6% lower in real terms than that allowed under RCP 2016–20. The principal drivers of this change were the same as those for Powercor, however the change in the allowed rate of return from 6.11% per annum to 4.73% per annum, has a greater relative impact on CitiPower.

CitiPower's costs of the provision of ACS were considered by the AER separately to its building block determination. CitiPower did not propose to provide any services on a negotiated basis in RCP 2021–26.

10.3 Unregulated revenue

Unregulated revenue recorded by Beon in FY20 was \$233.8 million (2019: \$239.5 million). The Beon operating margin increased by \$8.8 million from \$11.3 million to \$20.1 million, driven largely by continuing installations of solar farm, including Spark Infrastructure's Bomen Solar Farm.

10.4 Regulated assets

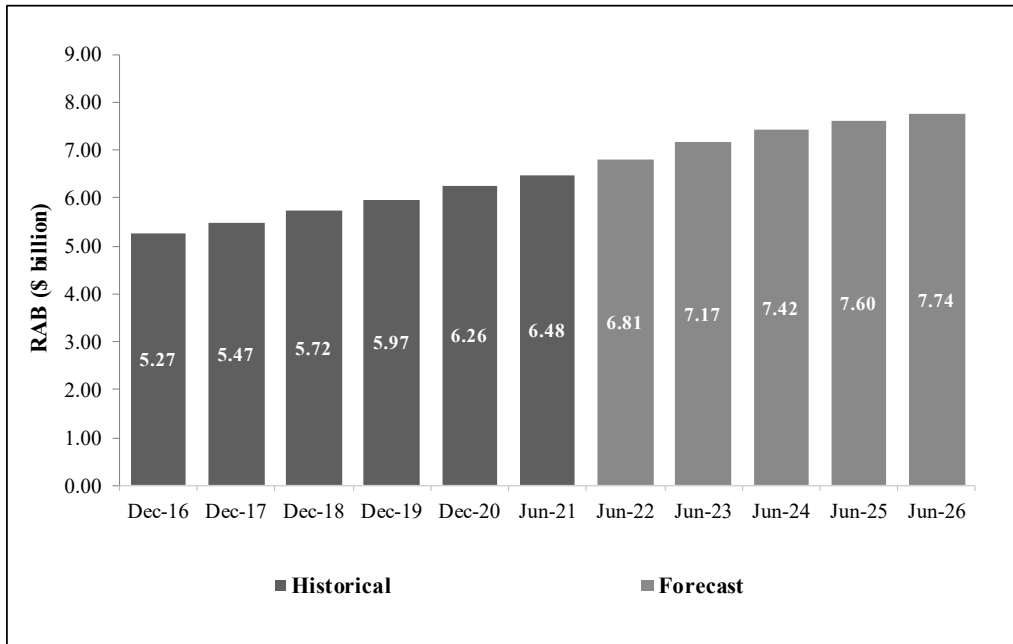
The figure below summarises the growth in VPN's RAB determined by the AER over the period to 30 June 2026.

²⁵ in nominal terms



Spark Infrastructure RE Limited
 Independent Expert Report
 11 October 2021

Figure 16 – Historical and forecast growth in RAB determined by the AER



Source: Spark Infrastructure HY2021 Investor Presentation, 24 August 2021 based by Spark Infrastructure on AER: CitiPower / Powercor – Final Decision 2016-2020 (Capex and Opex updated to \$2021), CitiPower / Powercor – Final Decision 2021-2026 – April 2021 and Spark Infrastructure’s RAB roll-forward model and post-tax revenue model

Note: VPN’s RAB represents the combined RAB of Powercor and CitiPower. At the request of the Victorian State Government, the regulatory period was changed from 31 December to 30 June with effect from 1 July 2021

10.5 Capital works

Some of the major projects underway or planned by Powercor and CitiPower include:

- Portland Overhead Conductor Replacement Project. The upgrade involves replacing 7.65 km of existing powerline in and around Portland, Victoria, some sections of which were installed from as early as 1963 and have now reached the end of their lives
- CBD Pit Inspection and Remediation Program. CitiPower is inspecting and maintaining the Melbourne CBD’s extensive underground electrical pit network
- Geelong Street Lighting Changeover Program. Approximately 15,000 existing 80-watt mercury vapour streetlights will be replaced by Powercor with energy efficient LED luminaires, including new smart PE cells, which are roughly 85% more energy efficient. The rollout is the first part of an overall project that will convert all Greater Geelong’s 25,000-plus streetlights to LED

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- Collingwood Network Upgrade Project. The project involves CitiPower installing approximately 1.3 kms of new underground cables with the capacity to meet current and future electricity demand in Collingwood and the surrounding area.

11 Profile of TransGrid

11.1 Overview

TransGrid was established in February 1995 as a statutory authority under the Electricity Transmission Authority Act 1994, as part of the separation of the state-owned Electricity Commission of NSW's high voltage electricity transmission network from its power generation assets. TransGrid was corporatised in December 1998, by the Energy Services Corporations Amendment (TransGrid Corporatisation) Act 1998.

Current ownership of TransGrid comprises, Spark Infrastructure (15%), UTA (22.5%), CDPQ (22.5%), ADIA (20%) and Ontario Municipal Employees Retirement System (20%).

TransGrid operates the major high voltage electricity transmission network in NSW and the ACT and is part of the NEM. TransGrid's network operates primarily at voltage levels of 500 kV, 330 kV, 220 kV and 132 kV and comprises 119 bulk supply substations, more than 13,200 kms of high voltage transmission lines and underground cables and five interconnectors to Queensland and Victoria. The majority of TransGrid's transmission occurs using aboveground lines, however, in certain circumstances underground cabling has also been installed i.e. under roadways in major urban areas such as Sydney.

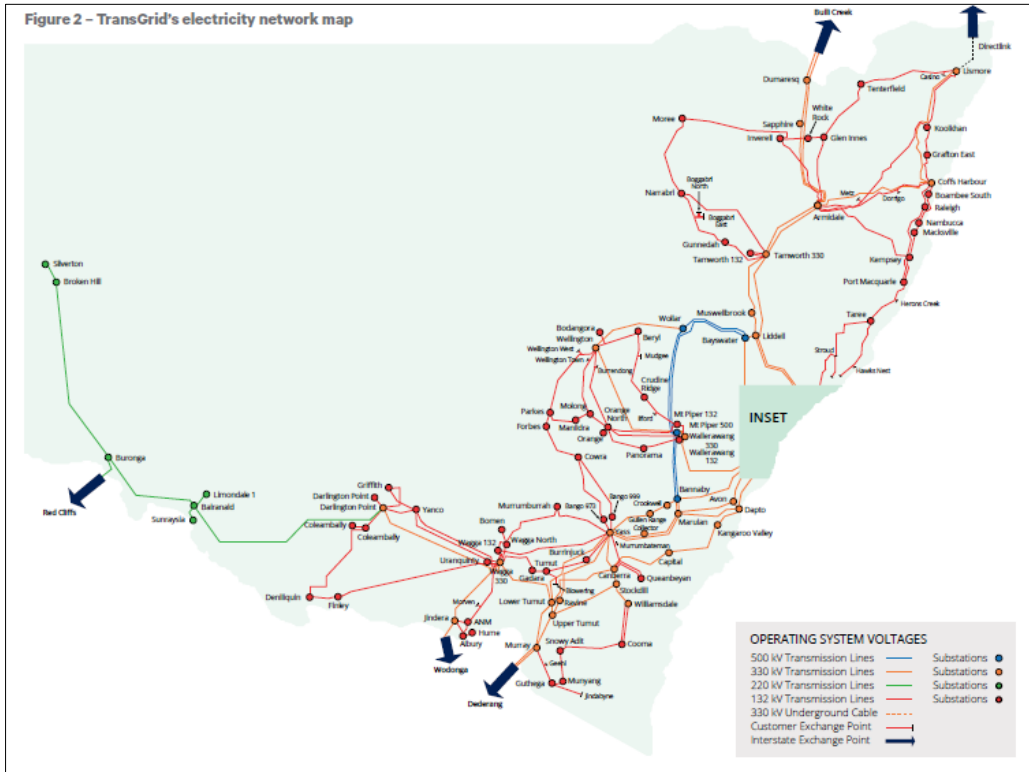
TransGrid delivered approximately 35% of the operational energy across the NEM in CY2020.

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Spark Infrastructure RE Limited
Independent Expert Report
11 October 2021

Figure 17 – TransGrid’s transmission network map

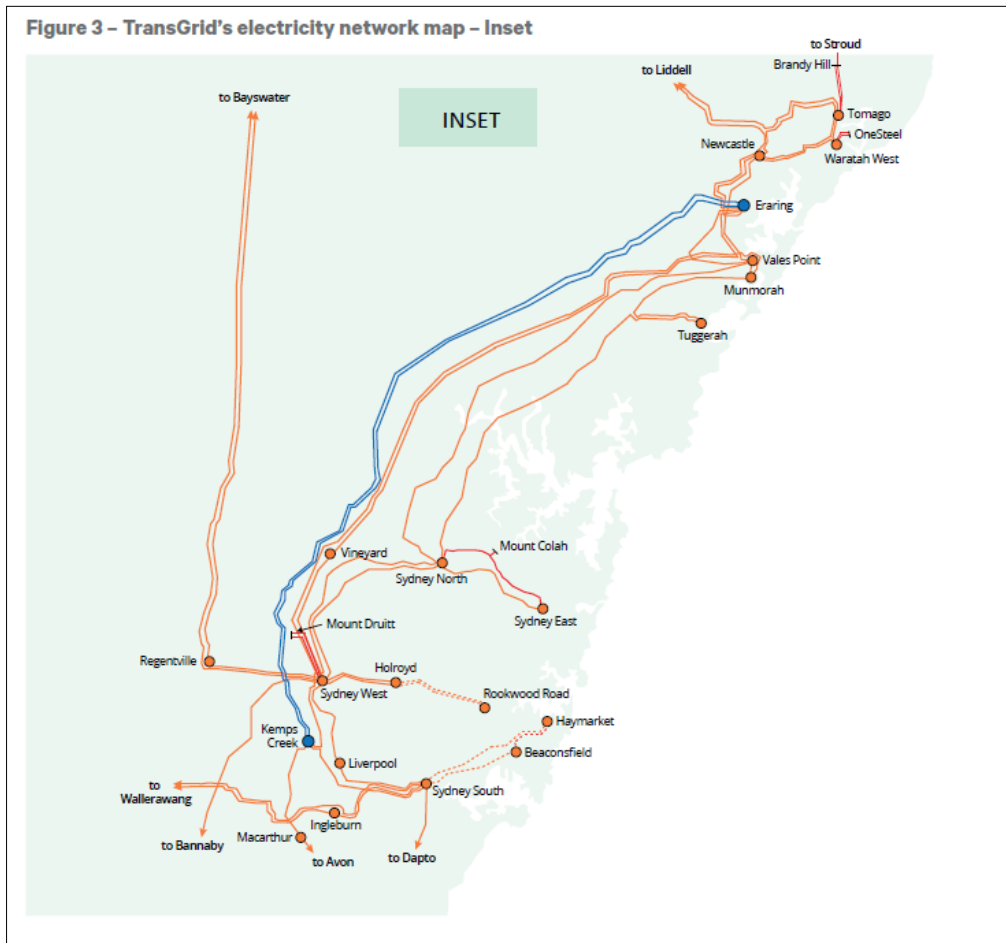


Source: TransGrid’s New South Wales Transmission Annual Planning report 2021

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Figure 18 – TransGrid’s transmission network map - cont.



Source: TransGrid’s New South Wales Transmission Annual Planning report 2021

In addition to providing regulated transmission services, TransGrid, through its commercial arm, Lumea also provides a full range of unregulated services across the end-to-end NEM infrastructure delivery pipeline, including in the areas of:

- initiation, feasibility and estimation studies
- option analysis and opportunity development consultation
- grid connection services for new generators, loads, or asset redevelopment
- bespoke, case specific design, construction and operation of specialist energy infrastructure in transport, precinct and industrial settings

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Spark Infrastructure RE Limited
Independent Expert Report
11 October 2021

- asset management and maintenance services to distribution companies and large industrial companies.

Over FY20, new transmission connections facilitated by Lumea supported 1,690 MW of new renewable generation projects in NSW and Victoria, including the connection of Spark Infrastructure's Bomen Solar Farm.

In addition to providing contestable infrastructure services, Lumea, is also one of the leading telecommunications providers to renewable projects in Australia, with a focus on regional areas, data transmission and emergency broadcast services, with a 4,000+ km fibre optic network across NSW, the ACT and Victoria. Telecommunications services include providing access to towers, backhaul services, Cloud connections, Function as a Service, modular data centres and 5G mobile facilities.

TransGrid as the owner of a property portfolio also derives income from commercial tenancies on land not required for transmission infrastructure requirements.

11.2 Historical financial performance

The financial performance of TransGrid on a 100% basis for FY19, FY20 and HY21 is summarised below.

Table 15: Financial performance of TransGrid on 100% basis

TransGrid (100% basis)			
\$ million unless otherwise stated	FY19	FY20	HY21
Transmission Revenue ¹	754.5	773.6	406.8
Unregulated Revenue	120.1	124.2	71.2
Other Revenue ²	5.4	(1.4)	0.2
Total Revenue	880.0	896.4	478.2
Regulated Operating Expenses	(155.6)	(165.1)	(82.1)
Unregulated Operating Expenses	(43.4)	(62.2)	(41.4)
EBITDA	681.0	669.1	354.7
Depreciation and amortisation	(354.2)	(348.4)	(173.9)
Net finance expenses	(222.2)	(220.3)	(113.8)
Interest on Shareholder loans	(79.8)	(62.0)	(28.0)
Net Profit	24.8	38.4	39.0
<i>Statistics (100% basis)</i>			
<i>Period end RCAB</i>	<i>7,126.0</i>	<i>7,516.5</i>	<i>8,049.0</i>
<i>Capital expenditure</i>	<i>493.3</i>	<i>708.2</i>	<i>564.1</i>
<i>Gearing³</i>	<i>80.2%</i>	<i>80.7%</i>	<i>76.9%</i>
<i>Revenue growth</i>	<i>-1.8%</i>	<i>1.9%</i>	<i>n/a</i>
<i>EBITDA growth</i>	<i>1.8%</i>	<i>-1.7%</i>	<i>n/a</i>
<i>EBITDA margin</i>	<i>77.4%</i>	<i>74.6%</i>	<i>n/a</i>

Source: Spark Infrastructure Annual Report and Half Year Reports for 2020 and 2021; KPMG Corporate Finance analysis.

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Notes

1. Adjustments are made to transmission revenues to defer/accrue for amounts in excess of/under the regulated revenue cap to reflect that these amounts will be returned to/recovered from electricity consumers in future periods via adjustments to tariffs.
2. FY20 amount includes (\$1.7 million) negative revaluation of investment property.
3. Gearing is net debt divided by the regulated and contracted asset base (**RCAB**). Net Debt is calculated using gross debt less cash and adjusted for prescribed revenue over/(under) collection and includes TransGrid Services. RCAB is based on 31 December 2020 estimate

TransGrid's Transmission Use of System (**TUoS**) revenue increased by 2.5% in FY20 to \$773.6 million and 6.6% in HY21 compared to the prior corresponding period (**pcp**). The increase in TUoS revenue was primarily due to annual changes in the inputs used to derive regulatory revenues, specifically inflation, X-factors, year-on-year movement in incentive payments.

As a result of bushfire remediation costs of \$12.8 million incurred due to damage sustained during bushfires in late 2019, regulated operating expenses increased to \$165.1 million in FY20. Additional project development costs were also incurred to support the acceleration of TransGrid's rapidly expanding non-prescribed connections pipeline, which has delivered increased contracted revenue growth.

11.3 Regulated revenue

TransGrid is the only provider of prescribed transmission services in NSW and the ACT. As a result it is considered a natural monopoly, with the prices that it charges regulated by the AER via its "building-block" approach, which determines, subject to adjustment by the AER in certain circumstances, the MAR that TransGrid can earn from its customers over each regulatory period.

In this regard, TransGrid is required to lodge a "Revenue Proposal" with the AER every five years setting out the basis for the revenue it proposes to recover from its customers under the following service categories:

- Shared transmission services, which are provided to large customers and distribution companies
- Connection services or "exit services", which are also provided to large customers and distributors
- Connection services or "entry services", which are provided to generators
- Common services, which are services that provide the same benefit to all transmission customers irrespective of their location.

TransGrid's Revenue Proposal for RCP 2023-2028, is due to the AER by 31 January 2022, with a final AER determination to be published by April 2023.

The AER's last revenue decision in May 2018 for RCP 2018 – 2023 allows TransGrid to recover \$4,015.1 million²⁶ over the period.

²⁶ in nominal terms



*Spark Infrastructure RE Limited
Independent Expert Report
11 October 2021*

With prescribed revenue, allowable capital and operating expenditure and inflation adjustments relatively constrained, efficiency gains and incentives²⁷ represent the principal opportunity for outperformance, all other things being equal.

11.4 Unregulated revenue

TransGrid’s unregulated revenue in FY20 was \$124.2 million, an increase on FY19 of \$4.1 million. Unregulated revenue comprised:

- \$106.2 million of infrastructure services revenue, derived mainly from transmission connections and line modifications (and associated consulting services) primarily a result of an increase in the number of completed new infrastructure connections in the current year
- \$13.1 million from telecommunications
- \$4.9 million from property services.

11.5 Regulated asset base

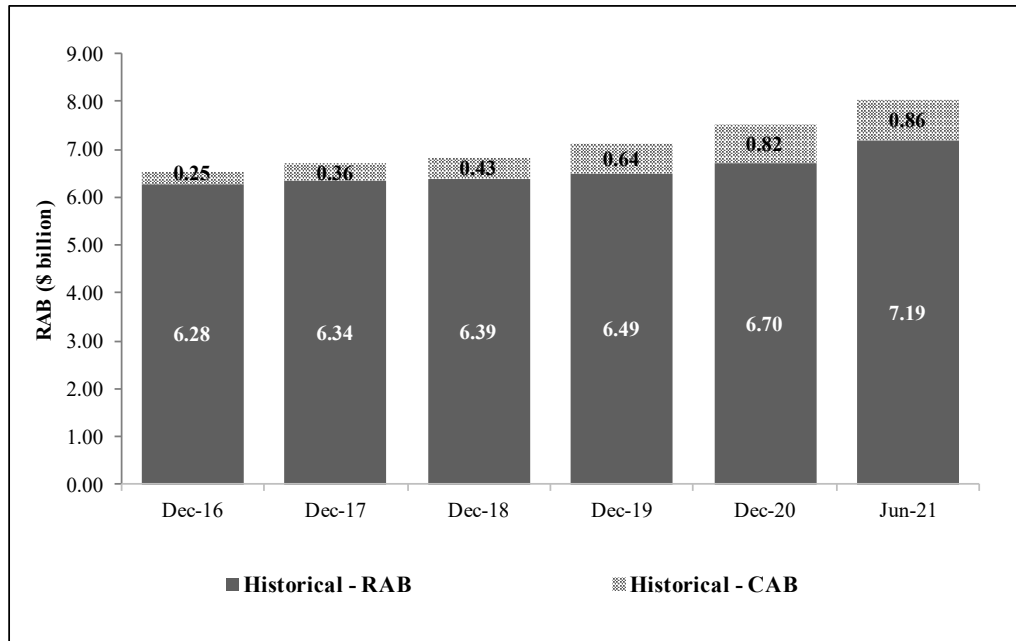
The figure below summarises TransGrid’s growth in RAB and contracted asset base (CAB) over the period from 31 December 2016 to 30 June 2021.

²⁷ Such as under the Service Target Performance Incentive Scheme which provides networks with incentives for maintaining and improving network performance

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Figure 19 – TransGrid’s historical growth in RAB and CAB



Source: Spark Infrastructure Annual Investor Presentations 2016 -2020, Spark Infrastructure HY2021 Investor Presentation, 24 August 2021

Through targeted capital expenditure, TransGrid expanded its RAB by 3.2% and its CAB by 28.8% respectively over FY20. TransGrid currently has a RAB of approximately \$7,186 million and a CAB of \$863 million.

11.6 Capital works

Over FY20, TransGrid spent approximately \$158 million in asset replacement capital expenditure, including installing 445 transmission line structures and asset renewal works at 45 substations.

In its “Leading the Energy Transition FY20 Annual Review” paper, TransGrid noted that it has an investment pipeline of more than \$10,000 million through major projects.

TransGrid is undertaking several significant capital works programs to enhance and maintain the current transmission network, including:

- Powering Sydney’s Future.** This project will deliver a new 20km underground electricity cable between Potts Hill and Alexandria, along with upgrades to three substations, to help meet Sydney’s future energy needs. The 330kV cable will replace 50-year old cables which are now reaching the end of their serviceable life. Construction works commenced in August 2020 and is expected to be completed by late 2022.



*Spark Infrastructure RE Limited
Independent Expert Report
11 October 2021*

- **Queensland-NSW Interconnector Upgrade.** This project was identified as a priority by both the AEMO in its 2020 ISP and by the NSW State Government in its NSW Transmission Infrastructure Strategy, was approved by the AER in April 2020 and began in May 2020. Upgrading the interconnector is expected to boost interstate transmission capacity and increase power flow on existing lines.
- **Energy Connect.** This project was identified in AEMO's 2020 ISP as an actionable project and was approved by the AER in May 2021. It involves delivery of a new 900km transmission line, connecting Wagga Wagga (NSW), Robertson (South Australia) and Red Cliffs (Victoria). These connections will expand the wholesale electricity market across the three states, meaning increased reliability and security of electricity supply and lower power bills.

TransGrid is partnering with ElectraNet to deliver the project, with TransGrid responsible for the build of the NSW section. The project is forecast to unlock 1,800MW of additional renewable generation and add around \$1,800 million to TransGrid's RAB.

In addition to projects currently under way, AEMO's 2020 ISP identifies additional transmission projects needed to deliver the in excess of 26 GW of new grid-scale renewables required to replace Australia's coal-fired generation that is likely to be retired by 2040. TransGrid is expected to be central to the delivery of these potential projects, including amongst others:

- **HumeLink** – a 500 kV transmission upgrade to reinforce the southern NSW shared network and increase transfer capacity between the Snowy Mountains hydroelectric scheme and the region's demand centres. Total capital expenditure is expected to be \$3,317 million, comprising lines and substations, \$2,380 million and biodiversity offset costs, \$935 million, with a delivery target of 2026-27. TransGrid published the Project Assessment Conclusion Report in July 2021 in relation to the project and has commenced the regulatory approval process.
- **Central-West Orana Renewable Energy Zone (REZ) Transmission Link.** TransGrid is working with the NSW Government to plan network augmentations to support the development of Australia's first coordinated REZ in the state's Central-West Orana region. If the project goes ahead, capital costs are expected to be in the order of \$700 million, with a delivery target of 2024-25.
- **VNI West (Kerang Route).** AEMO has published a Project Specification Consultation Report in December 2019 and more recently a 'Progress update' in March 2021 as part of a joint Regulatory Investment Test for Transmission with TransGrid in relation the potential expansion of the transmission interconnector capacity between NSW and Victoria. If the project goes ahead, capital costs are expected to be in the order of \$2,400 million, with a delivery target of 2027-29.

12 Spark Renewables

Spark Renewables is a wholly owned business. Based in Manly, NSW, it is growing its renewables platform with its operational Bomen Solar Farm and an approximate 3.7GW development portfolio of other wind, solar, storage and green hydrogen projects.

12.1 Profile of Bomen Solar Farm

Spark Infrastructure acquired a 100% interest in the Bomen Solar Farm development project, located 10km north-east of Wagga Wagga in NSW, on 17 April 2019.

Beon, owned by VPN, was appointed as EPC contractor, whilst TransGrid connected the solar farm into its transmission network. Build, own, operate and maintain services for the grid connection are being provided by TransGrid for a 30-year term.

Bomen Solar Farm achieved commercial operations in late June 2020. Bomen Solar Farm has PPAs with Westpac for ten years and with Flow Power for a range of contract tenures of five, seven and ten years. Under the PPA arrangements, the difference between the market and the contract price is settled on a net basis with the counterparty. These agreements mean that approximately 95% of Bomen Solar Farm's revenue is contracted for the first five years and approximately 82% contracted over the first ten years. Bomen Solar Farm also sells electricity and LGCs.

12.1.1 Historical financial performance

The financial performance of Bomen Solar Farm FY20 and HY21 is summarised below.

Table 16: Financial performance of Bomen Solar Farm

Bomen Solar (100% basis)			
\$ million unless otherwise stated	FY19	FY20	HY21
PPA fixed revenue	-	6.2	5.0
Merchant electricity revenue	-	0.1	0.1
Merchant LGC revenue	-	0.7	0.3
Other revenue	-	-	0.9
Total Revenue from sale of electricity and LGCs	-	7.0	6.3
Operating costs	(1.1)	(1.8)	(1.6)
Unrealised gains/(losses) on PPA	6.8	35.7	(10.5)
EBITDA	5.6	40.9	(5.9)
Depreciation	-	(2.8)	(2.9)
Interest revenue	-	0.0	-
Tax (expense)/benefit	(1.7)	(10.5)	5.8
Net profit after tax	3.9	27.6	(2.9)

Source: Spark Infrastructure Annual Report and Half Year Reports for 2020 and 2021; KPMG Corporate Finance analysis

Note 1: Amounts may not calculate due to rounding.

Bomen Solar Farm has been operational since late June 2020, generating revenue of \$7.0 million during its first six months of operation and \$6.3 million during the most recent six-month period. The solid performance of Bomen Solar Farm in FY20 has been largely supported by the fixed revenues associated with the PPA agreements. During January 2021, Bomen Solar Farm was offline for twenty days due to a fault in the switch gear at the onsite substation. The loss of revenue over this period was non-material and partially offset by liquidated damages being paid by the O&M Contractor.



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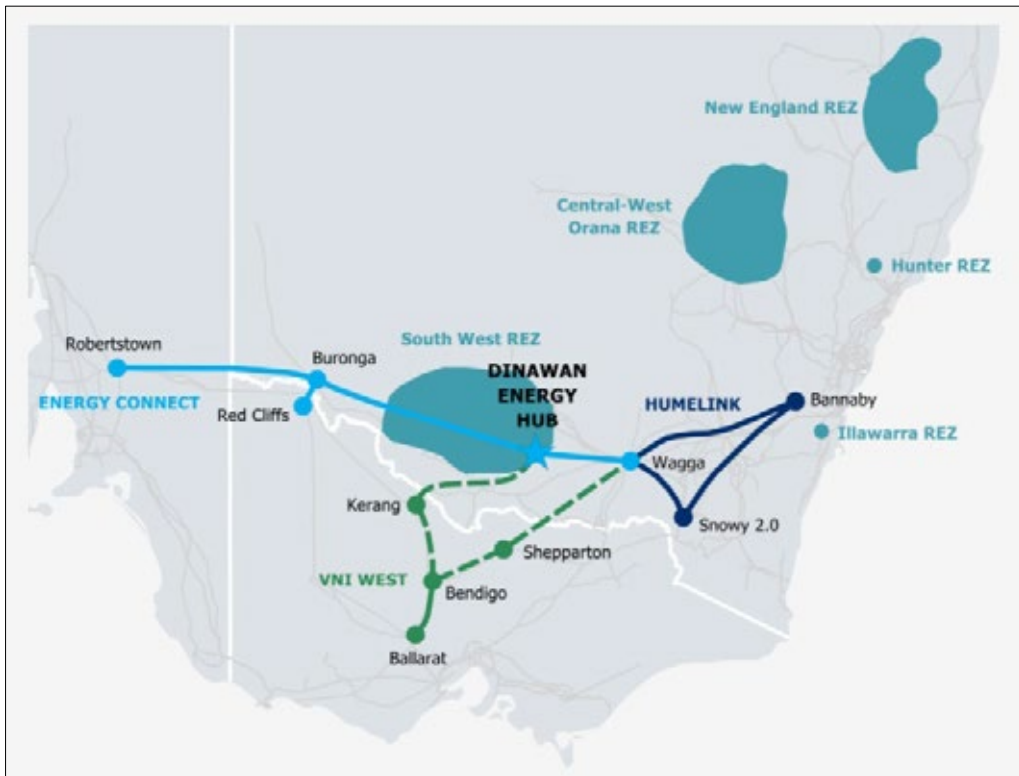
12.2 Development projects

Spark Renewables has a diversified portfolio of development assets including wind, solar, storage and green hydrogen located across NSW and South Australia.

12.2.1 Dinawan Energy Hub

The Dinawan Energy Hub is a proposed hybrid wind, solar and battery storage project of up to 2.5GW and is located in the Murrumbidgee shire about halfway between Coleambally and Jerilderie in south-west NSW. The project is on the route of the recently committed EnergyConnect interconnector which will run between Robertstown, SA and Wagga Wagga, NSW. It is strategically positioned to support the network as well as the proposed Humelink and VNI West (Keranglink) interconnectors. Dinawan Energy Hub is in the South West Renewable Energy Zone.

Figure 20 – Dinawan Energy Hub location map



Source: Dinawan Energy Hub website

Spark Infrastructure anticipates development of the Dinawan Energy Hub would take place over two stages:

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- Stage 1 of the project is planned to deliver 1.0GW of capacity at a capital cost of \$1,800 million, with a final investment decision (FID) in 2024.
- Stage 2 is planned to deliver 1.5GW of capacity at a capital cost of \$2,450 million, with FID in 2026.

12.2.2 Bomen Energy Hub

Spark Infrastructure is currently evaluating further development opportunities in the Bomen area, including the potential for solar, storage and green hydrogen energy with a capacity of 60MW. Spark Infrastructure estimates the potential capital expenditure for this project at \$80 million, with a final investment decision in 2022.

12.3 Development pipeline

Spark Renewables has an interest in a number of potential wind farm and solar farm development projects in NSW and South Australia with a combined capacity of 1.6GW, estimated capital expenditure in excess of \$2,500 million and FIDs between 2023 and 2024.

13 Valuation of Spark Infrastructure

13.1 Summary

We have assessed the market value of Spark Infrastructure to be in the range of \$4,368 million to \$5,025 million, which corresponds to a value range of \$2.49 to \$2.86 per Stapled Security. Our valuation assumes 100% ownership of Spark Infrastructure and, therefore, incorporates a control premium.

Our valuation of Spark Infrastructure has been estimated by aggregating the estimated market value of Spark Infrastructure's interests in the operating companies comprising its investment portfolio, together with the realisable value of non-trading assets and deducting non-trading liabilities. Our valuation has had regard to the additional value resulting from estimated corporate cost savings that would generally be available to a pool of potential purchasers. It does not include any other operational or financing synergies that may be available to only specific buyers.

The assessed value for Spark Infrastructure has been cross-checked using multiples of EBITDA for transactions involving energy infrastructure companies and comparable listed companies.

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Spark Infrastructure RE Limited
Independent Expert Report
11 October 2021

Our valuation of Spark Infrastructure is summarised in the table below.

Table 17: Valuation summary of Spark Infrastructure

\$ millions	Section Reference	Value range	
		Low	High
49% equity interest in SAPN	13.4	1,347.5	1,543.5
49% equity interest in VPN	13.5	2,107.0	2,401.0
15% equity interest in TransGrid	13.6	1,125.8	1,305.9
100% equity interest in renewable projects	13.7	187.6	234.4
Equity value of Spark Infrastructure 's interest in operating companies		4,767.8	5,484.8
Capitalised Spark Infrastructure corporate costs	13.8.1	(155.2)	(170.4)
Capitalised Spark Infrastructure financing costs	13.8.3	(67.4)	(73.5)
Capitalised Spark Infrastructure tax payments	13.8.4	(118.1)	(156.1)
Add: Cash ²	13.8.5	45.9	45.9
Add: Other net assets ³	13.8.6	4.3	4.3
Less: Interim HY21 distribution	13.8.7	(109.7)	(109.7)
Value of 100% of equity of Spark Infrastructure		4,367.7	5,025.3
Stapled Securities outstanding (millions)		1,755.0	1,755.0
Value per Stapled Security		2.49	2.86

Source: Management; Cash Flow Models; KPMG Corporate Finance analysis.

Notes:

1. Amounts may not add due to rounding
2. Cash has been adjusted to deduct estimate cash payment in relation performance rights
3. Other net assets comprise receivables from associates of \$6.8 million (positive) less tax shortfall penalties of \$0.5 million, interest payable accrued of \$0.5 million and interest rate swap derivatives of \$1.4 million

The value attributed to Spark Infrastructure's interest in the operating companies comprising its investment portfolio is an overall judgement having regard to discounted cash flow (DCF) analysis, the capitalisation of earnings methodology and other measures commonly used in the energy infrastructure sector (multiples of RAB or MW, as appropriate).

Synergies available to acquirers, such as cost savings through merging operations, are normally an important factor in justifying their ability to pay a meaningful premium over market prices. In this case, direct synergies available to a pool of potential purchasers of Spark Infrastructure would likely include most of the head office corporate costs as each operating business in which Spark Infrastructure holds an equity interest has its own management team. The valuation has assumed certain cost synergies as set out in Section 13.8.1 of this report.

13.2 Valuation methodology

13.2.1 Overview

Our valuation of Spark Infrastructure has been prepared in accordance with the International Valuation Standards (IVS) definition of 'market value', being the "estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and

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without compulsion". The above definition of market value is consistent with the accepted definition of market value that is supported by case law and originates from *Spencer v. The Commonwealth of Australia (1907)*.

Market value excludes 'special value', which is the value over and above market value that a particular buyer, who can achieve synergistic or other benefits from the acquisition, may be prepared to pay.

Market value is commonly derived by applying one or more of the following valuation methodologies:

- DCF
- capitalisation of maintainable earnings
- estimated net proceeds from an orderly realisation of assets
- rules of thumb.

These methodologies are discussed in further detail in Appendix 4. Ultimately, the methodology adopted is dependent on the nature of the underlying business and the availability of suitably robust information. A secondary methodology is often adopted as a cross-check to ensure the reasonableness of the outcome determined by application of the primary valuation methodology, with the valuation conclusion ultimately being a judgement derived through an iterative process.

13.2.2 Selected methodology

The DCF methodology has been adopted as our primary methodology for each of Spark Infrastructure and the operating companies in which it holds an equity interest. This approach allows for analysis of key assumptions and for a range of scenarios to be modelled. The DCF analyses were based on long-term financial models for each of the operating companies provided by Spark Infrastructure.

We have undertaken various enquiries in relation to each Cash Flow Model, including holding discussions with Management regarding the commercial assumptions underlying the Cash Flow Models and their bases and the mechanics of the models. We have reviewed the key commercial assumptions in the context of current economic, financial and other conditions (e.g. regulatory) and are of the view for the reasons set out previously at Section 6.2, that the Cash Flow Models have been prepared on a reasonable basis and, therefore, are suitable as a basis for our valuations.

Capitalised Earnings methodology

A Capitalised Earnings methodology is also commonly used for the valuation of energy businesses. This method is appropriate for businesses with a long operating history and a consistent earnings trend that is sufficiently stable to be indicative of ongoing earnings potential. Furthermore, there is sufficient transaction and trading evidence available from which to calculate meaningful multiples.

A Capitalised Earnings approach can be applied to a number of different earnings or cash flow measures, including, but not limited to, EBITDA, EBIT and net profit after tax. The choice between parameters is usually not critical and should give a similar result. However, we note that EBITDA is commonly used in capital intensive industries where differences in depreciation and amortisation policies adopted by market

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*Spark Infrastructure RE Limited
Independent Expert Report
11 October 2021*

participants can make comparisons between companies difficult. Therefore, multiples of EBITDA have been used as a cross-check.

Rules of thumb

Multiples of RAB are commonly used in the valuation of regulated energy infrastructure businesses, where RAB is an accumulation of the value of investments that a service provider has made in its network. It includes assets of various useful lives and is combined with a determination of an appropriate regulatory rate of return (usually a weighted average cost of capital) to develop a tariff structure designed to deliver that return over the regulatory period. Multiples of RAB have been considered in the valuation of SAPN, VPN and TransGrid.

Multiples of MW are commonly used in the valuation of electricity generation assets and have been considered in valuing Bomen Solar Farm and Spark Renewable's project pipeline. However, we note that rules of thumb should be utilised with caution as they can be misleading (e.g. where unregulated assets represent a significant proportion of a company's asset base, the multiple of RAB will be overstated).

13.2.3 Control premium

Consistent with the requirements of RG 111, we have assumed 100% ownership in valuing Spark Infrastructure. Due to the nature of the shareholder mix in each of the operating investments and common practice in valuing investments in tightly held infrastructure assets, we have also valued each of the operating companies in which Spark Infrastructure has an equity interest on a pro-rata of a 100% value and, therefore, our valuation is inclusive of a premium for control. More specifically:

- the DCF methodology incorporates a control premium as it is based on 100% of the cash flows generated by the operating companies
- we have considered premium for control when assessing our Capitalised Earnings based cross-check. Multiples applied in a Capitalised Earnings methodology are generally based on data from listed companies and recent transactions in a comparable sector, with appropriate adjustment after consideration has been given to the specific characteristics of the business being valued. The multiples derived for listed comparable companies are generally based on share prices reflective of the trades of small parcels of shares. As such, they generally reflect prices at which portfolio interests change hands with no premium for control incorporated. They may also be impacted by the level of liquidity in trading of the stock. Accordingly, when valuing a business en bloc (i.e. 100%) it is appropriate to also reference the multiples achieved in recent transactions, where a control premium and breadth of purchaser interest are more fully reflected.

13.3 Cross-check

Our selected valuation range for Spark Infrastructure overall has been cross-checked having regard to multiples of EBITDA for comparable transactions involving selected energy infrastructure businesses and selected listed energy companies, which are set out in the following sections.

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Implied multiples

The enterprise value attributed to the business operations of Spark Infrastructure of \$9,445 million to \$10,102 million implies the following multiples of proportionate EBITDA²⁸ of 11.4 times to 12.2 times as set out in the table below.

Table 18: Spark Infrastructure implied multiples

\$ millions	Value range	
	Low	High
100% equity interest in Spark Infrastructure	4,368	5,025
Add: net borrowings ¹	5,077	5,077
Enterprise value of Spark Infrastructure	9,445	10,102
Historical EBITDA ²	831	831
EBITDA multiple	11.4	12.2

Source: Management; Cash Flow Models; KPMG Corporate Finance analysis

Notes:

1. Net borrowings are sourced from Spark Infrastructure HY21 Results and include the proportionate interest in the net debt for each of the investments (SAPN, VPN and TransGrid)
2. EBITDA is the rolling 12 months figure sourced from Spark Infrastructure's FY20 Annual Report and HY 21 Results

Comparative EBITDA multiples of selected comparable transactions and listed electricity transmission and distribution companies are set out in Appendix 7 of this report and are summarised in the table below.

Table 19: Comparable analysis summary

Comparable analysis	Historical EBITDA multiple
Transaction evidence	
Mean	13.6
Median	14.6
Share market evidence – Australian/New Zealand	
Mean (excl. Spark Infrastructure)	13.2
Median (excl. Spark Infrastructure)	12.7
Share market evidence – International	
Mean	13.7
Median	14.0

Sources: S&P Capital IQ; Media articles; Broker reports; KPMG Corporate Finance analysis.

Note: Multiples calculated based on share market evidence reflect prices of trades of small parcels of shares and are therefore exclusive of a premium for control

²⁸ Proportionate EBITDA is the aggregate of the Spark Infrastructure's proportionate share in the EBITDA of the operating businesses in which it has an equity interest, the EBITDA for Spark Renewables and Spark Infrastructure's corporate costs



Spark Infrastructure RE Limited
Independent Expert Report
11 October 2021

Observations

As set out in Appendix 7, acquisitions of controlling interests in energy infrastructure businesses have occurred at multiples in a broad range of 8.0 to 17.1 times historical EBITDA.

EBITDA multiples based on share market trading, that is before a premium for control, indicate an EBITDA multiple range of 12.5 to 14.4 times for Australian and New Zealand companies, and a range of 9.6 to 16.4 times for other International companies.

This cross check benchmarking analysis indicates a wide range of outcomes, however we note that the EBITDA multiples implied by our range of assessed enterprise values for Spark Infrastructure lie within the range of observed comparable transaction multiples and listed company multiples.

In considering this outcome, we would highlight however that:

- these results need to be viewed with some caution as they do not capture such things as:
 - the weighting of regulatory to unregulated business in each comparable. Spark Infrastructure's operations comprise a combination of regulated and unregulated assets. Its regulated assets (SAPN, VPN and TransGrid) provide predictable, stable cash flows while its unregulated business (Spark Renewables) have a pipeline of growth opportunities
 - the growth outlook for each company relative to its historical EBITDA
 - other assets and liabilities held by the selected companies not reflected in the historical EBITDA.
- the comparability of international listed energy companies is limited due to differences in regulatory frameworks and political environments.

Accordingly, whilst in our view the outcome of this analysis provides broad support for our range of values, this form of analysis should only be considered as a high level cross-check of the outcomes of our selected primary valuation methodologies.

13.4 Valuation of SAPN

13.4.1 Overview

We have assessed the value of Spark Infrastructure's 49% interest in the equity of SAPN to be in the range of \$1,348 million to \$1,544 million, as summarised in the table below.

Table 20: Valuation summary of SAPN

\$ millions	Value range	
	Low	High
100% equity interest in SAPN	2,750.0	3,150.0
Spark Infrastructure 's 49% equity interest in SAPN	1,347.5	1,543.5

Source: Management; SAPN Cash Flow Model; KPMG Corporate Finance analysis.

In assessing the equity value of SAPN, we have adopted the DCF methodology as the primary valuation methodology. The value range derived from our DCF analysis has been cross-checked using multiples of EBITDA and RAB.

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We do not consider it necessary to apply a minority discount to the pro-rata value of the 49% equity interest being valued having regard to the current equity shareholder structure, Spark Infrastructure's representation on the Board of SAPN and associated shareholder rights.

13.4.2 DCF analysis

We have conducted a DCF analysis based on SAPN's Cash Flow Model provided by Spark Infrastructure. The DCF analysis adopts the financial position of SAPN as at 30 June 2021 as its starting date following which nominal, pre-investor-tax equity distributions (including shareholder loan interest payments) are projected to 30 June 2068 (a period of 47 years), covering the current and 9 subsequent regulatory periods. To reflect the perpetual nature of the distribution licence held by SAPN, a terminal value was applied at the end of the forecast period, with the calculation based on a Gordon Growth method utilising a long-term growth rate of 2.5% per annum. The forecast equity distributions are discounted by a cost of equity discount rate in the range of 6.8% to 7.4% per annum, which has been determined as set out in Appendix 5.

In analysing forecast equity distributions, a number of different scenarios were developed to understand the impact on value of changes to various key value drivers relating to revenue, capital expenditure and other factors. The base case scenario (**Scenario A**) assumes that SAPN's business operations continue on an 'as is' basis reflecting Spark Infrastructure's estimate of future regulatory returns and key operational assumptions. A summary of the key assumptions underlying Scenario A are set out in Appendix 6.

Scenario A produces a net present value (NPV) range for 100% of SAPN's equity of \$2,745 million to \$3,142 million. We have developed an additional six scenarios based on changes in key variables as summarised in the table below.

Table 21: SAPN valuation scenarios

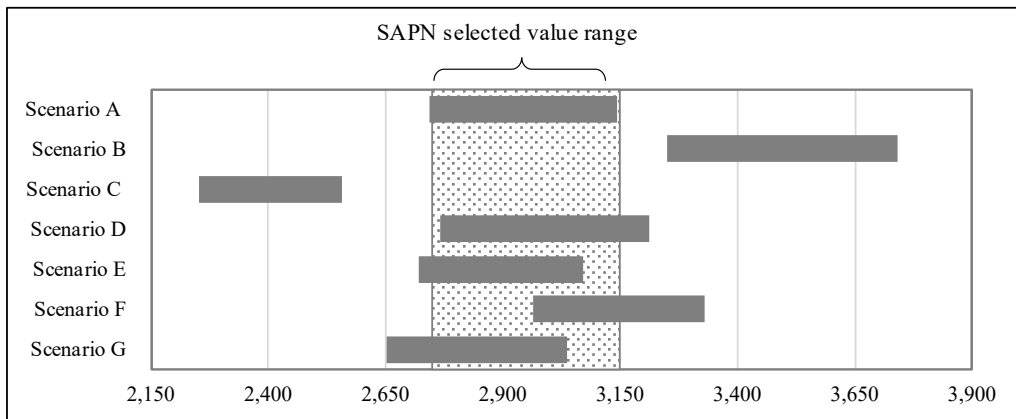
Scenario	Description
Scenario A	Key assumptions as set out in Appendix 5
Scenario B	Scenario A, except that regulatory returns are 0.5% higher from the next regulatory period (RP)
Scenario C	Scenario A, except that regulatory returns are 0.5% lower from the next RP
Scenario D	Scenario A, except that regulated capex forecast is 10% higher from the next RP
Scenario E	Scenario A, except that regulated capex forecast is 10% lower from the next RP
Scenario F	Scenario A, except that unregulated EBITDA are 10% higher from FY22
Scenario G	Scenario A, except that unregulated EBITDA are 10% lower from FY22

Source: KPMG Corporate Finance analysis.



The range of values for each scenario based on our adopted discount rate of 6.8% to 7.4% per annum is illustrated in the figure below.

Figure 21 – SAPN Scenario Analysis



Source: SAPN Cash Flow Model; KPMG Corporate Finance analysis.

In relation to the scenario analysis outcomes, we note:

- NPV is most sensitive to changes in the regulatory rate of return (Scenario B and C). Scenario A reflects Management’s view that certain components of the regulatory return can be expected to increase over the longer term, including government bond yields and market risk premium assumptions
- the Cash Flow Model is only slightly sensitive to the changes in regulated capital expenditure (Scenario D and E)
- the model is somewhat sensitive to the changes in unregulated business EBITDA (Scenario F and G).

Having regard to the above, we have selected a value for 100% of the equity of SAPN in the range of \$2,750 million to \$3,150 million, which reflects a subjective balance between the scenarios and the adopted discount rate range.

13.4.3 Cross-check

Implied multiples of SAPN

Our selected value range for 100% of the enterprise value of SAPN of between \$6,074 million to \$6,474 million implies the following multiples of EBITDA and RAB.

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Table 22: SAPN implied multiples

\$ millions	Value range		
	Low	High	
100% equity interest in SAPN	2,750.0	3,150.0	
Add: net borrowings	3,324.4	3,324.4	
Enterprise value of SAPN	6,074.4	6,474.4	
RAB multiple ¹ (Jun-21)	4,410	1.38	1.47
EBITDA multiple ² (Jul-20 to Jun-21)	636	9.6	10.2

Sources: Management; KPMG Corporate Finance analysis.

Notes:

1. RAB is the actual RAB sourced from Spark Infrastructure HY21 Results
2. EBITDA is the rolling 12 months figure sourced from Spark Infrastructure's FY20 Annual Report and HY 21 Results

Transaction evidence

The following table sets out the EBITDA and RAB multiples implied by transactions involving the acquisition of selected electricity distribution network assets since 2013.

Table 23: Transaction evidence

Date	Target	Gas		Electricity		Buyer	Acquired stake (%)	Transaction enterprise value \$ millions	Implied RAB multiple	Implied EBITDA multiple
		T	D	T	D					
May-17	Endeavour Energy			✓		Advance Energy	50%	10,474	1.64	14.6
May-17	DUET Group	✓	✓			CKI/CKP/PAH ¹	100%	13,446	2.17	15.9
Oct-16	Ausgrid			✓		IFM/AusSuper ²	50%	20,700	1.36	15.3
May-13	SP AusNet		✓	✓	✓	State Grid	20%	9,460	1.48	9.7
Mean									1.66	13.9
Median									1.56	14.9

Sources: S&P Capital IQ, Media articles, Broker reports, KPMG Corporate Finance analysis

Notes:

1. Cheung Kong Infrastructure Holdings Ltd., Cheung Kong Property Holdings Limited and Power Assets Holdings Limited.
2. IFM Investors Pty Ltd and AustralianSuper Pty Ltd.

In relation to the transaction evidence presented above, we note:

- transactions involving electricity distribution network assets have occurred at multiples in the range of 9.7 to 15.9 times historical EBITDA and 1.36 to 2.17 times RAB. SAPN's implied multiples of EBITDA and RAB set out in table 22 above lie within this range, albeit towards the low end
- forecast EBITDA multiples are not typically available for transactions due to the lack of publicly available forecast data. In addition, in comparing the RAB multiples implied by our valuation and past transactions, it is often difficult to determine whether the publicly reported RAB multiples for past transactions are based on current or forecast RABs.
- the high end of the range of multiples is represented by the acquisition of DUET. This transaction offered significant cost savings opportunities associated with a public to private transition. It was reported at the time that the acquiring consortium expected to achieve operating efficiencies as its



Spark Infrastructure RE Limited
Independent Expert Report
11 October 2021

members already held interests in operations that were similar to, and in some cases adjacent to, DUET's operations. In this regard, the acquiring consortium expected to be able to achieve operating efficiencies in areas of network operations, metering, customer services, marketing, billing and information technology through improved contract negotiations and more efficient utilisation of existing infrastructure and resources. It was considered that there were limited other parties that could achieve a similar level of operating synergies within DUET's operating companies. The ability to achieve the level of synergies available to the acquiring consortium. This level of special synergies available to the consortium is likely to have influenced the amount it was willing to pay, resulting in higher implied multiples of EBITDA and RAB.

- both DUET and SP AusNet comprised a portfolio of regulated and unregulated assets across gas and electricity networks, which reduces the comparability of these implied multiples.
- whilst the sale of Ausgrid involved a competitive tender, the implied multiples may be somewhat understated to what may have been able to be achieved as the Foreign Investment Review Board blocked a potential sale to Chinese investors for higher consideration
- the SP AusNet acquisition represented a less than controlling stake and therefore it is unclear whether the price paid included any element of control premium
- the NSW State Government started to implement its program of electricity network privatisation in 2015. Both the Endeavour Energy and Ausgrid transactions were part of this privatisation program. The sale of the 50.4% interest in Endeavour Energy represented the last of the "poles and wires" assets offered by the NSW government.

Share market evidence

The following table sets out the implied EBITDA and RAB multiples for a range of listed comparable companies based on share prices as at 31 August 2021.

Table 24: Share market evidence

Comparable companies - Financial analysis					
Company name	Country	Enterprise Value AUDm	EBITDA multiple FY ¹	EBITDA multiple FY+1 ²	RAB multiple ³
Australian/ New Zealand Electricity Transmission and Distribution					
APA Group	Australia	20,580	12.7	12.4	n/a
AusNet Services Ltd	Australia	16,386	14.4	14.0	1.60
Spark Infrastructure Group	Australia	10,026	11.5	12.4	1.52
Vector Limited	New Zealand	7,057	12.5	11.3	2.08
Mean (Australian/ New Zealand Electricity Transmission and Distribution)			12.8	12.5	1.73
Median (Australian/ New Zealand Electricity Transmission and Distribution)			12.6	12.4	1.60
International Electricity Transmission and Distribution					
Terna - Rete Elettrica Nazionale Società per Azioni	Italy	38,448	13.7	13.2	nmf
National Grid plc	United Kingdom	124,099	14.6	11.8	nmf
American Electric Power Company, Inc.	United States	111,956	14.0	12.8	nmf

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Comparable companies - Financial analysis					
Eversource Energy	United States	68,826	16.4	14.9	nmf
Exelon Corporation	United States	122,737	9.6	10.2	nmf
Mean (International Electricity Transmission and Distribution)			13.7	12.6	nmf
Median (International Electricity Transmission and Distribution)			14.0	12.8	nmf

Sources: S&P Capital IQ, Media articles, Broker reports, KPMG Corporate Finance analysis

Notes:

1. Represents enterprise value divided by EBITDA.
2. Forecast EBITDA data is based on the mean value of broker forecast data available on S&P Capital IQ. Additional broker analysis was undertaken for Spark Infrastructure Group.
3. Represents enterprise value divided by RAB
4. n/a = not available, nmf = not meaningful.

The following matters are relevant for consideration of the share market evidence:

- SAPN's EBITDA and RAB multiples implied by our range of values lie below those of comparable listed companies but only slightly those companies with network assets principally located in Australia.
- the multiples for the listed comparable companies are based on the trading prices of generally small parcels of shares and therefore do not include a premium for control
- although none of the comparable companies is directly comparable to SAPN, they generally exhibit characteristics and value drivers similar to electricity network businesses. We consider AusNet Services Ltd to be the most comparable given it focuses on electricity transmission and distribution and gas distribution in Australia. It is traded at 14.4 times historical EBITDA, 14.0 times FY+1 forecast EBITDA, and 1.6 times its last reported RAB.
- Spark Infrastructure's current trading multiples are likely to have been positively impacted by the proposed transaction and likely includes an element of control premium. As noted at Section 4.2 above, Spark Infrastructure's share price increased by approximately 20% in the period between the announcement of the Initial Proposal and the announcement of the SID.
- APA Group and Vector Limited have significantly greater proportion of revenues generated from unregulated activities relative to SAPN, which is considered likely to result in APA Group and Vector Limited having:
 - higher RAB multiples given the unregulated business value does not have a RAB attached
 - higher EBITDA multiples given the recent reduction in regulatory returns in the most recent AER determinations and the greater prospect for proportionate growth in the unregulated operations
- Whilst listed on the ASX, Vector Limited's principal asset base is located in New Zealand and therefore subject to different regulatory oversight and issues
- current share market prices will reflect the markets assessment as to the potential for future growth, including in areas such as increased profitability through the realisation of operational efficiencies.



Spark Infrastructure RE Limited
Independent Expert Report
11 October 2021

As set out in Spark Infrastructure's HY21 investor presentation, SAPN was ranked first in the AER's Benchmarking Report 2020 - Multilateral Total Factor Productivity Rankings²⁹. In comparison, AusNet was ranked eleventh, which may indicate that AusNet has the potential to realise greater incremental efficiencies in the future

- the comparability of international listed energy companies is limited due to different regulatory and political environment.

Conclusion

The cross-check benchmarking analysis indicates a wide range of outcomes. Whilst the range of multiples implied by our valuation of SAPN lie toward or slightly below the low end of observed multiples, we do not consider this to be unexpected having regard to its current relative mix of regulated and unregulated revenues and the specific factors influencing the various comparable transactions and listed companies.

We note our previous comments in relation to the high level nature of these cross checks set out in section 13.3 is equally applicable here. Accordingly, whilst in our view the outcome of this analysis provides broad support for our range of values, this form of analysis should only be considered as a high level cross-check of the outcomes of our selected primary valuation methodologies.

13.5 Valuation of VPN

13.5.1 Overview

We have assessed the value of Spark Infrastructure's 49% interest in the equity of VPN to be in the range of \$2,107 million to \$2,401 million, as summarised in the table below.

Table 25: Valuation summary of VPN

\$ millions	Value range	
	Low	High
100% equity in VPN	4,300.0	4,900.0
Spark Infrastructure's 49% equity interest in VPN	2,107.0	2,401.0

Source: Management; VPN Cash Flow Model; KPMG Corporate Finance analysis.

In assessing the equity value of VPN, we have adopted the DCF methodology as the primary valuation methodology. The value range derived from our DCF analysis has been cross-checked using multiples of EBITDA and RAB.

We do not consider it necessary to apply a minority discount to the pro-rata value of the 49% equity interest being valued having regard to the current equity shareholder structure, Spark Infrastructure's representation on the Board of VPN and associated shareholder rights.

²⁹ The multilateral total factor productivity is a productivity index numbers (PIN) technique that measures the relationship between total output and total input. It allows both total productivity levels and growth rates to be compared between entities (networks).



13.5.2 DCF analysis

We have conducted a DCF analysis based on VPN's Cash Flow Model provided by Spark Infrastructure. The DCF analysis adopts the financial position of VPN as at 30 June 2021 as its starting date following which nominal, pre-investor-tax equity distributions (including shareholder loan interest payments) are projected to 30 June 2068 (a period of 47 years), covering the current and 9 subsequent regulatory periods. To reflect the perpetual nature of the distribution licence held by VPN, a terminal value was applied at the end of the forecast period, with the calculation based on a Gordon Growth method utilising a long-term growth rate of 2.5% per annum. The forecast equity distributions are discounted by a cost of equity discount rate in the range of 6.8% to 7.4% per annum which has been determined as set out in Appendix 5.

In analysing forecast equity distributions, a number of different scenarios were developed to understand the impact on value of various changes to key value drivers relating to revenue, capital expenditure and other factors. The base case scenario (**Scenario A**) assumes that VPN's business operations continue on an 'as is' basis reflecting Spark Infrastructure's estimate of future regulatory returns and key operational assumptions. A summary of the key assumptions underlying Scenario A are set out in Appendix 6.

Scenario A produces an NPV range for 100% of VPN's equity of \$4,299 million to \$4,903 million. We have developed an additional six scenarios based on potential changes in key variables as summarised in the table below.

Table 26: VPN valuation scenarios

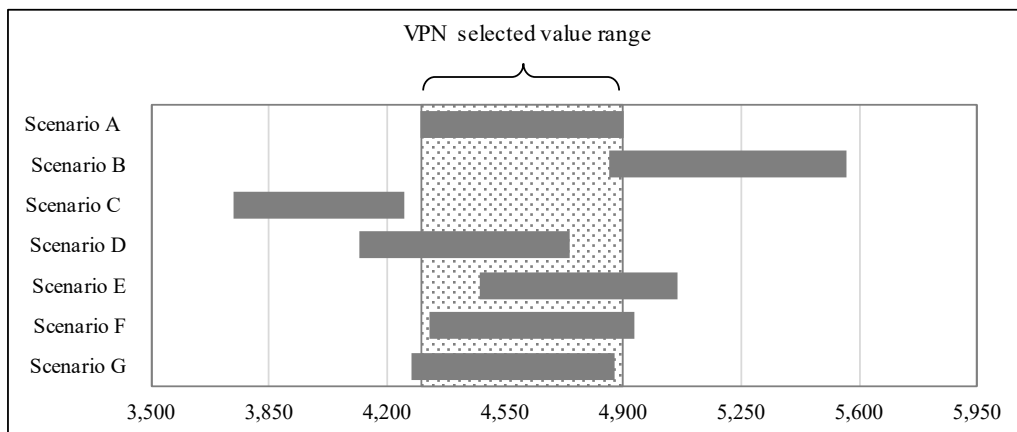
Scenario	Description
Scenario A	Key assumptions as set out in Appendix 5
Scenario B	Scenario A, except that regulatory returns are 0.5% higher from the next RP
Scenario C	Scenario A, except that regulatory returns are 0.5% lower from the next RP
Scenario D	Scenario A, except that regulated capex forecast is 10% higher from the next RP
Scenario E	Scenario A, except that regulated capex forecast is 10% lower from the next RP
Scenario F	Scenario A, except that unregulated EBITDA are 10% higher from FY22
Scenario G	Scenario A, except that unregulated EBITDA are 10% lower from FY22

Source: KPMG Corporate Finance analysis.



The range of values for 100% of VPN for each scenario based on our adopted discount rate of 6.8% to 7.4% per annum is illustrated in the figure below.

Figure 22 – VPN Scenario Analysis



Source: VPN Cash Flow Model; KPMG Corporate Finance analysis.

In relation to the scenario analysis outcomes above, we note:

- NPV is most sensitive to changes in the regulatory rate of return (Scenario B and C). Scenario A reflects Management’s view that certain components of the regulatory return can be expected to increase over the longer term, including government bond yields and market risk premium assumptions
- NPV is moderately sensitive to the changes of regulated capital expenditure (Scenario D and E). Whilst regulated capital expenditure increases the RAB and maximum regulated revenue, VPN’s funding structure assumes it would finance any increase in capital expenditure through additional debt, with the associated increase in financing costs having an adverse impact on NPV outcomes
- there is minimal impact on value from changes in unregulated business EBITDA (Scenario F and G). This outcome reflects the relatively small contribution of VPN’s unregulated business.

We have selected an equity value for VPN in the range of \$4,300 million to \$4,900 million, which reflects a subjective balance between the scenarios and the adopted discount rate range.

13.5.3 Cross-check

Implied multiples of VPN

KPMG Corporate Finance’s selected value range for 100% of the enterprise of VPN of between \$9,283 million to \$9,883 million implies the following multiples of EBITDA and RAB.

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Table 27: VPN implied multiples

\$ millions	Value range	
	Low	High
100% equity interest in VPN	4,300.0	4,900.0
Add: net borrowings	4,983.4	4,983.4
Enterprise value of VPN	9,283.4	9,883.4
RAB multiple ¹ (Jun-21)	6,858	1.35
EBITDA multiple ² (Jul-20 to Jun-21)	856	10.8

Sources: Management; KPMG Corporate Finance analysis.

Notes:

1. RAB is the actual RAB sourced from Spark Infrastructure HY21 Results
2. EBITDA is the rolling 12 months figure sourced from Spark Infrastructure's FY20 Annual Report and HY 21 Results

Similar to SAPN, VPN's implied multiples of historical EBITDA and RAB lie within the range implied by recent completed transactions, albeit at the low end, and slightly below those implied by reference to current trading in comparable listed companies.

We note that each of the observations made above at 13.4.3 have equal relevance when considering VPN's implied trading multiples, including in relation to operational efficiencies already realised, with CitiPower being ranked second (behind SAPN) and Powercor third in the AER's 2030 Benchmarking report of Multilateral Total Factor Productivity.

Conclusion

In our view, the outcome of this analysis is not unexpected and provides broad support for our range of values, however we note our previous comments in relation to the high level nature of these cross checks set out in section 13.3, which are is equally applicable here. As such, this form of analysis should only be considered as a high level cross-check of the outcomes of our selected primary valuation methodologies.

13.6 Valuation of TransGrid

13.6.1 Overview

We have assessed the value of Spark Infrastructure's 15.01% interest in the equity of TransGrid to be in the range of \$1,126 million to \$1,306 million, as summarised in the table below.

Table 28: Valuation summary of TransGrid

\$ millions	Value range	
	Low	High
100% equity in TransGrid	7,500.0	8,700.0
Spark Infrastructure's 15% equity interest in TransGrid	1,125.8	1,305.9

Source: Management; TransGrid Cash Flow Model; KPMG Corporate Finance analysis.

In assessing the equity value of TransGrid, we have adopted the DCF methodology as the primary valuation methodology. The value range derived from our DCF analysis has been cross-checked using multiples of EBITDA and RAB.



Spark Infrastructure RE Limited
 Independent Expert Report
 11 October 2021

We do not consider it necessary to apply a minority discount to the pro-rata value of the 15.01% equity interest being valued having regard to the current equity shareholder structure, Spark Infrastructure's representation on the Board of TransGrid and associated shareholder rights.

13.6.2 DCF analysis

We have conducted a DCF analysis based on TransGrid's Cash Flow Model provided by Spark Infrastructure. The DCF analysis adopts the financial position of TransGrid at 30 June 2021 as the starting date following which nominal, pre-investor-tax equity distributions (including shareholder loan interest payments) are projected to 30 June 2068 (a period of 47 years), covering the current and 9 subsequent regulatory periods. Whilst the consortium, of which Spark Infrastructure is a member, entered a 99-year lease for TransGrid in December 2015, the present value impact from TransGrid's forecast performance beyond the end of the 99-year lease (i.e. after 2114) is minimal. Therefore, a terminal value was applied at the end of the explicit forecast period, based on the Gordon Growth method utilising a long-term growth rate of 2.5% per annum rather than seeking to extend the explicit cash flow forecasting period to 2114. The forecast equity distributions are discounted by a cost of equity discount rate in the range of 6.2% to 6.7 % per annum, which has been determined as set out in Appendix 5.

In analysing forecast equity distributions, a number of different scenarios were developed to understand the impact on value of changes to various key value drivers relating to revenue, capital expenditure and other factors. The base case scenario (**Scenario A**) assumes that TransGrid's business operations continue on an 'as is' basis reflecting Spark Infrastructure's estimate of future regulatory returns and key operational assumptions. A summary of the key assumptions underlying Scenario A are set out in Appendix 6.

Scenario A produces an NPV range for 100% of TransGrid's equity of \$7,521 million to \$8,667 million. We have developed an additional 8 scenarios based on potential changes in key variables as summarised in the table below.

Table 29: TransGrid valuation scenarios

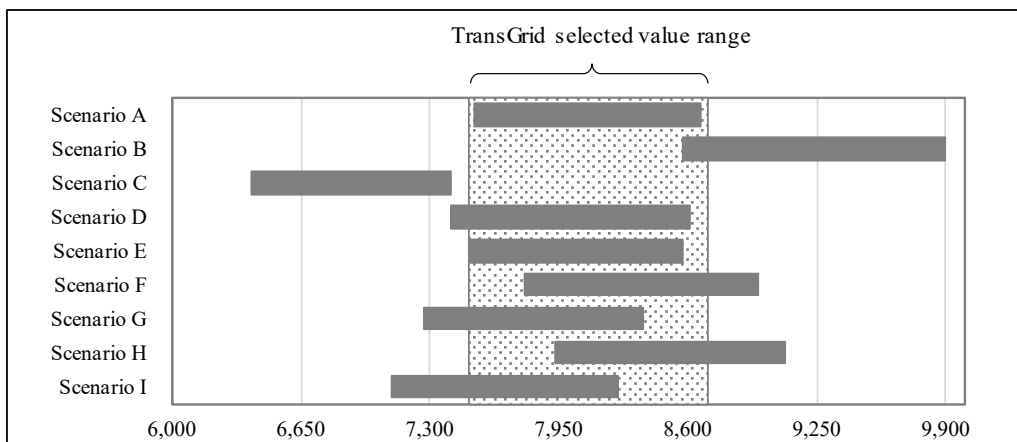
Scenario	Description
Scenario A	Key assumptions as set out in Appendix 5
Scenario B	Scenario A, except that regulatory returns are 0.5% higher from the next RP
Scenario C	Scenario A, except that regulatory returns are 0.5% lower from the next RP
Scenario D	Scenario A, except that regulated capex forecast is 10% higher from the next RP
Scenario E	Scenario A, except that regulated capex forecast is 10% lower from the next RP
Scenario F	Scenario A, except that unregulated EBITDA are 10% higher from FY22
Scenario G	Scenario A, except that unregulated EBITDA are 10% lower from FY22
Scenario H	Scenario A, except that premium on the forecast RAB of the ISP projects is 10% higher
Scenario I	Scenario A, except that premium on the forecast RAB of the ISP projects is 10% lower

Source: KPMG Corporate Finance analysis.

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The range of values for 100% of TransGrid for each scenario based on our adopted discount rate of 6.2% to 6.7% per annum is illustrated in figure below.

Figure 23 – TransGrid Scenario Analysis



Source: TransGrid Cash Flow Model; KPMG Corporate Finance analysis.

In relation to the scenario analysis outcomes above, we note:

- NPV is most sensitive to changes in the regulatory rate of return (Scenario B and C). Scenario A reflects Management's view that certain components of the regulatory return can be expected to increase over the longer term, including government bond yields and market risk premium assumptions
- changes of regulated capital expenditure (Scenario D and E) and unregulated business EBITDA (Scenario F and G) have less impact on the NPV. Whilst the capital expenditure increases the RAB and maximum regulated revenue, the Cash Flow Model assumes that TransGrid funds this expenditure through additional debt, with the increased financing costs having an adverse impact on NPV. Unregulated business contributes around 15.8% of TransGrid's total EBITDA over the forecast period. Growing the unregulated business is one of TransGrid's key 5-year strategies
- the NPV is sensitive to the value uplift from the ISP projects (Scenario H and I), reflecting the size of the capital investments required for these projects.

We have selected a value for 100% of the equity of TransGrid in the range of \$7,500 million to \$8,700 million, which reflects a subjective balance between the scenarios and the adopted discount rate range.

13.6.3 Cross-check

Our assessed range of enterprise value for 100% of TransGrid of \$12,604 million to \$13,782 million (excluding the valuation impact of the ISP project pipeline as there is no current EBITDA, RAB or RCAB attaching to those projects) implies the following multiples of EBITDA, RAB and RCAB.



Spark Infrastructure RE Limited
Independent Expert Report
11 October 2021

Table 30: TransGrid implied multiples

\$ millions	Value range		
	Low	High	
100% equity interest in TransGrid	7,500.0	8,700.0	
Add: net borrowings	6,343.3	6,343.3	
Enterprise value of TransGrid	13,843.3	15,043.3	
Enterprise value of TransGrid (excluding ISP projects)	12,604.0	13,782.4	
RAB multiple ¹ (excluding ISP projects) (Jun-21)	7,186	1.75	1.92
RCAB multiple ¹ (excluding ISP projects) (Jun-21)	8,049	1.57	1.71
EBITDA multiple ² (excluding ISP projects) (Jul-20 to Jun-21)	697	18.1	19.8

Sources: Management; KPMG Corporate Finance analysis.

Notes:

1. RAB and RCAB is the actual RAB and RCAB sourced from Spark Infrastructure HY21 Results
2. EBITDA is the rolling 12 months figure sourced from Spark Infrastructure's FY20 Annual Report and HY 21 Results

Transaction evidence

The following table sets out the EBITDA and RAB multiples implied by transactions involving the acquisition of selected electricity transmission network assets since 2006.

Table 31: Transaction evidence

Date	Target	Gas		Electricity		Buyer	Acquired stake (%)	Transaction enterprise value \$ millions	Implied RAB multiple	Implied EBITDA multiple
		T	D	T	D					
Jul-20	TransGrid			✓		OMERS	20%	11,670	1.80	17.1
Feb-16	Mortlake Terminal Station ¹			✓		AusNet Services	100%	n.a.	n.a.	12.9
Nov-15	TransGrid			✓		SKI/HFM/ADIA/KIA ²	100%	10,392	1.66	14.7
Sep-14	OtagoNet			✓		EIL/TPCL ³	51%	285	1.93	n.a.
May-13	SP AusNet		✓	✓	✓	State Grid	20%	9,460	1.48	9.7
Nov-12	ElectraNet Pty Ltd			✓		State Grid	41%	2,504	1.34	8.0
Sep-07	Basslink			✓		CitySpring	100%	1,175	n.a.	14.6
Dec-06	DirectLink			✓		APA	100%	n.a.	1.44	15.3
Mean									1.61	13.2
Median									1.57	14.6

Sources: S&P Capital IQ, Media articles, Broker reports, KPMG Corporate Finance analysis

Notes:

1. Implied EBITDA multiple sourced from Media Release. Unable to calculate transaction enterprise value.
2. SKI/HFM/ADIA/KIA = Spark Infrastructure Group, Hasting Funds Management Abu Dhabi Investment Authority, Kuwait Investment Authority.
3. EIL/TPCL = Electricity Invercargill Limited and The Power Company USA, LLC.
4. T=Transmission and D= Distribution

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We note the following in relation to the above transactions:

- the number of transactions involving electricity transmission networks since 2006 is limited but indicate multiples in the range of 8.0 times to 17.1 times historical EBITDA and 1.3 times to 1.9 times RAB respectively.
- the EBITDA multiples (excluding ISP Projects yet to be approved by the AER) implied by our range of values for TransGrid of between 18.1 times and 19.8 times lies above those achieved in recent company transactions, whilst TransGrid's implied RAB multiple of between 1.75 to 1.92 times lies at the top end of observed multiples.

This is not unexpected given that our range of values includes the future benefit of TransGrid's participation in the AER approved EnergyConnect project (one of the ISP Projects), for which significant RAB is yet to, but will be, incurred, whereas the EBITDA and RAB measures are calculated on a historical basis as at 30 June 2021.

- the high end of the range of comparable company transactions in terms of RAB multiples is represented by the acquisition of a 51% interest in OtagoNet in September 2014 at 1.93 times. OtagoNet distributes power through South Otago, the Maniototo and Otago's east coast from Waitati to Palmerston in New Zealand. Whilst the business is still subject to regulatory oversight, the market conditions and dynamics under which the business operates are different to those experienced by Australian based operators. We also note that this by far the smallest completed transaction considered.
- the low end of the range of comparable company transactions in terms of both EBITDA and RAB multiples is represented by the acquisition of a 41.1% interest in ElectraNet by State Grid. We note that at the time ElectraNet's business was fully regulated and State Grid acquired an interest of less than 50%, therefore the acquisition price may not have included a full premium for control.
- the most recent completed transaction was OMERS acquisition of a 20% interest in TransGrid at an implied EBITDA multiple of 17.1 times and a RAB multiple of 1.80 times. It is likely that the purchase consideration paid by OMERS would have been attributed between TransGrid's regulated and unregulated business and potentially to the future participation in ISP projects, however, it is difficult to identify from publicly available information the relative weighting by OMERS to each. Had that portion of the purchase consideration attributed to TransGrid's unregulated business and the ISP been excluded, this would have reduced the implied multiples. In this regard we note that unregulated revenue accounted for approximately 15% of TransGrid's revenue in HY21 and 14% in FY20.

Share market evidence

The EBITDA multiples implied by our range of values for TransGrid of between 18.1 times and 19.8 times (excluding ISP Projects yet to be approved by the AER) lie above those implied by current trading in comparable companies as set out in Table 24 (refer to Section 13.4.3). TransGrid's implied RAB multiple of between 1.75 to 1.92 times lies within the range of observed multiples of listed comparable companies based on share prices as at 31 August 2021 but above the Australian comparators.

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Spark Infrastructure RE Limited
 Independent Expert Report
 11 October 2021

This likely reflects the impact of the inclusion of the EnergyConnect project in our range of values without a corresponding increase in historical earnings or RAB.

Conclusion

Whilst in our view the outcome of the analysis above provides broad support for our range of values, we note our previous comments in relation to the high-level nature of these cross checks set out in section 13.3 is equally applicable here. As such, this form of analysis should only be considered as a high level cross-check of the outcomes of our selected primary valuation methodologies.

13.7 Valuation of Spark Renewables

13.7.1 Overview

We have assessed the value of Spark Infrastructure’s 100% interest in the equity of Spark Renewables to be in the range of \$188 million to \$234 million as summarised in the table below.

Table 32: Valuation summary of Spark Renewables

\$ millions	Value range	
	Low	High
100% equity in Bomen Solar Farm	152.4	167.2
PV of renewable pipeline	35.2	67.2
Spark Infrastructure 's 100% equity interest in Renewables	187.6	234.4

Source: Management; Bomen Cash Flow Model; KPMG Corporate Finance analysis.

In assessing the equity value of Spark Renewables, we have adopted the DCF methodology for Bomen Solar Farm and the commonly used multiples of MW for valuation of Spark Renewable’s development pipeline.

13.7.2 Bomen Solar Farm

We have assessed the equity value of Bomen Solar Farm to be in the range of \$152 million to \$167 million.

The valuation is based on the value attributed to Bomen Solar Farm’s forecast cash flows to shareholders from 1 July 2021 to 30 June 2055. A cost of equity discount rate in the range of 6.7% to 7.5% per annum has been applied to these forecast cash flows (refer to Appendix 5). A summary of the key assumptions underlying the Bomen Cash Flow Model are set out in Appendix 6.

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Our range of values derived from the DCF analysis has been cross-checked to the multiples of MW for comparable transactions involving selected renewable assets as set out below.

Table 33: Bomen Solar Farm implied multiples

\$ millions	Value range	
	Low	High
100% equity interest in Bomen solar farm	152.4	167.2
Add: net borrowings ¹	-	-
Enterprise value of Bomen solar farm	152.4	167.2
Implied MW multiple (Bomen Solar Farm only)	100	1.7

Sources: Management; KPMG Corporate Finance analysis

Note: Spark Renewables does not currently have any debt

Transaction evidence

Appendix 7 sets out an analysis of the multiples of MW implied by transactions involving the acquisition of selected solar farms since 2018. We note that:

- these transactions indicate multiples in the range of \$0.6 to \$2.7 million per MW, with a mean and median of \$1.8 million and \$1.8 million per MW respectively
- transaction multiples have decreased in recent years, likely reflecting the recent challenges in the renewable generation sector in Australia (i.e. grid connection issues, policy and regulatory uncertainty, a general decline in electricity prices, etc.).

Share market evidence

Appendix 8 sets out the MW multiples implied by selected listed renewable energy companies. We note that:

- the MW multiples implied by trading prices of the selected listed companies range between \$1.8 million to \$6.7 million per MW, with a mean and median of \$3.9 million and \$3.5 million per MW respectively
- none of the listed companies are directly comparable to the Bomen Solar Farm, with the multiples observed likely impacted by nearly all of the listed companies being significantly larger than Spark Renewables and none of the listed companies being pure solar farm operators, with many having one or more alternative generation assets, including wind, geothermal, hydro and alternative fuel sources.

The cross check benchmarking analysis indicates a wide range of outcomes, however we note that the range of MW multiples implied by our range of assessed market values for the enterprise value of the Bomen Solar Farm lie below the range of observed listed company multiples for the reasons noted above and lie within the range of observed transaction multiples.

Whilst in our view the outcome of this analysis provides broad support for our range of values, we note our previous comments in relation to the high level nature of these cross checks set out in section 13.3 is equally applicable here. As such, this form of analysis should only be considered as a high level cross-check of the outcomes of our selected primary valuation methodologies.



Spark Infrastructure RE Limited
Independent Expert Report
11 October 2021

13.7.3 Renewable development pipeline

Spark Renewables has a large pipeline of early-stage development opportunities in Australia. Valuing a development pipeline is difficult given the various stages of development for each project, individual asset characteristics, uncertainty around development timeframes, uncertainty as to the future uncontracted energy and LGC revenue, and ultimately whether the projects will reach financial close.

Management has advised that whilst Spark Infrastructure currently holds development projects with potential capacity up to approximately 3,700 MW, some of these projects are more uncertain and their eventual development is reliant on the expansion of current transmission networks, which has not yet been approved. A reduced portfolio of projects was identified by Management as having greater potential for near-term development, which we have utilised for our valuation of the development pipeline.

A multiple of potential MW capacity is a variation of the capitalised earnings methodology and is commonly used for early-stage renewable generation assets. This method applies a dollar per MW multiple to the expected capacity of a project to derive an enterprise value for the project. This multiple is typically significantly lower than those observed by having regard to listed comparable companies reflecting the undeveloped state increased risk of value crystallisation.

We have assessed the value of the development pipeline using a MW multiple range of 0.020 to 0.045 times (i.e. \$20,000 to \$45,000 per MW) based on our discussions with Management as to the development stage of these pipeline projects and multiples for early stage development assets. Our valuation range is set out in the table below.

Table 34: Valuation summary of Spark Renewables development pipeline

\$ millions (unless otherwise stated)	MW	MW multiple (\$m/MW)		Value range	
		Low	High	Low	High
South Australian Wind Farm (development approved)	630	0.025	0.045	15.8	28.4
Dinawan (land secured)	500	0.020	0.040	10.0	20.0
NSW Wind Farm (land secured)	340	0.020	0.040	6.8	13.6
NSW Solar Farm (land secured)	130	0.020	0.040	2.6	5.2
Total	1,600			35.2	67.2

Source: Management; Cash Flow Models; KPMG Corporate Finance analysis.

We have selected a value range for Spark Renewables' development pipeline in the range of \$35.2 million to \$67.2 million.

13.8 Spark Infrastructure corporate adjustments

13.8.1 Spark Infrastructure corporate costs

Spark Infrastructure's unallocated corporate costs are currently approximately \$20.5 million per annum (in 2021 pre-tax dollars). Unallocated corporate costs represent the costs of running Spark Infrastructure's head office and include staff costs, fees to external service providers (audit, tax, registry), Directors' fees and other costs (custodian fees, travel, insurance, office costs).



The valuations of Spark Infrastructure's investments in the operating business in which it holds an equity interest do not include these corporate costs and therefore it is necessary to deduct the present value of anticipated future management and administrative costs incurred at the Spark Infrastructure level from the overall value of Spark Infrastructure.

We have been provided with a schedule prepared by Management that sets out Spark Infrastructure's assessment of the direct synergies and cost savings likely to be available to a pool of purchasers in acquiring a 100% interest in Spark Infrastructure. Depending upon the size and nature of the acquirer these synergy benefits and cost savings could total up to approximately \$12.0 million per annum (in 2021 pre-tax dollars).

In assessing the quantum of these synergies and cost savings for the purpose of our valuation we have considered:

- head office costs – a large acquirer with excess capacity should be able realise head office wage and on-cost savings as a result of various management and head office functions being subsumed within the organisational structure of the acquirer, in particular in relation items such as investor relations
- directors' and officers' fees – any acquirer would seek to rationalise the governance structure of Spark Infrastructure
- audit and compliance costs – any acquirer is expected to realise economies of scale from consolidation in terms of statutory reporting and compliance requirements charged in respect of the enlarged entity when compared to two standalone entities.
- external rent – an acquirer may be able to realise cost savings associated with the reduction of space requirements as a direct result of the reduction in head office executive and employee head count.
- Spark Renewables pipeline development costs – given we have valued the Spark Renewables pipeline by reference to comparable transaction multiples, which would already reflect the acquirers' views as to expected associated development costs for each comparable transaction, Spark Renewables pipeline development costs have been removed for this analysis.

We have discussed with Management the basis of its assessment as to the level of synergies and cost savings that may be realised by a pool of purchasers. Whilst there is both downside risk and potential upside in relation to the final quantum and nature of the synergies that may ultimately be realised, we believe, based on information available that Spark Infrastructure's estimated synergy benefits and cost savings are reasonable for the purpose of our evaluation.

The NPV of these adjusted pre-tax corporate costs has been estimated to be in order of \$155.2 million to \$170.4 million. The tax shield provided by these corporate costs is included in our calculation of Spark Infrastructure's tax costs at 13.8.4 below.

13.8.2 Synergies unique to the Consortium

We have been advised by Management, and we concur, that given the nature of Spark Infrastructure's assets and the profile of the participants in the Consortium, it is not expected that the Consortium will realise any significant cost synergies that a general pool of purchasers may not otherwise be able to achieve.



*Spark Infrastructure RE Limited
Independent Expert Report
11 October 2021*

13.8.3 Spark Infrastructure financing costs

As at 30 June 2021, Spark Infrastructure had \$100.0 million of interest-bearing liabilities drawn down against various available finance facilities totalling \$400.0 million, each maturing in February 2023.

Management has advised that it expects to repay or draw down amounts under these facilities (and subsequent replacement debt facilities) depending on the surplus cash held by or cash needs of Spark Infrastructure at the time. Consistent with our valuation treatment of the investments in SAPN, VPN, TransGrid and Spark Renewables, we have assumed this debt amount is held constant over the period of the cash flows.

The NPV of the forecast pre-tax finance costs associated with this amount of debt funding has been estimated to be in the order of \$67.4 million to \$73.5 million. The tax shield provided by these financing costs is included in our calculation of Spark Infrastructure's tax costs at 13.8.4 below.

13.8.4 Spark Infrastructure tax costs

Spark Infrastructure is currently transitioning to a tax-paying position and has provided calculations estimating tax payable by Spark Infrastructure in relation to the forecast distributions and payments to be received from SAPN, VPN, TransGrid and the Bomen Solar Farm in its Corporate model.

In assessing the value of Spark Infrastructure, it is necessary to deduct the present value of anticipated corporate tax cash flows for Spark Infrastructure. The key assumptions which have underpinned our forecast tax cash flows include:

- a corporate income tax rate of 30%
- the implementation of a tax restructure which contemplates the consolidation of the multiple tax consolidated groups within the Spark Infrastructure Group and the Spark Infrastructure Trust into a single tax consolidated group. This is expected to improve the efficiency of the Spark Infrastructure group tax structure and reduce the effective tax rate relative to the current structure. The tax restructure is forecast to be value accretive net of implementation and realisation costs
- distributions and income from each of SAPN, VPN, TransGrid and the Bomen Solar Farm as per the base case cash flow forecast for each investment
- the forecast corporate costs net of synergies as set out above
- the forecast Spark Infrastructure finance costs as set out above.

The NPV of the forecast tax cash out flows of Spark Infrastructure has been estimated to be in order of \$118.1 million to \$156.1 million.

Spark Infrastructure tax refund

On 22 October 2020, the Full Federal Court handed down its judgement in relation to a dispute between VPN and the ATO as discussed earlier in this report.

Spark Infrastructure has included Management's estimate of the refund and related interest in the order of \$45.0 million in the forecast tax calculations for Spark Infrastructure in the December quarter of 2021. This figure is reflected in the NPVs of the forecast tax cash flows stated above.

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13.8.5 Spark Infrastructure corporate cash

As at 30 June 2021, Spark Infrastructure had \$52.6 million of corporate cash which is not captured elsewhere in our valuation analysis. We have included this cash, reduced by Management's estimate of the aggregate cash payments for notional securities issued under Spark Infrastructure's incentive plans that will be crystallised on a change of control of \$6.7 million, as a surplus asset for the purpose of our evaluation.

13.8.6 Other assets and liabilities

We have adjusted our assessed values for Spark Infrastructure for the following surplus assets and liabilities which are not elsewhere captured in our valuation analysis:

- receivables from associates as at 30 June 2021 of \$6.8 million (positive)
- payables for tax shortfall penalties as at 30 June 2021 of \$0.5 million (negative)
- interest payable accrued on senior debt as at 30 June 2021 of \$0.5 million (negative)
- aggregate mark to market of interest rate swap derivatives as at 31 August 2021 \$1.4 million (negative).

The PPA derivative instruments held by Spark Renewables are reflected in the forecast cash flows which formed the basis of our valuation of the Bomen Solar Farm. As such, the mark to market of the PPAs has not been reflected in the above assets and liabilities.

The net of the above assets and liabilities of \$4.3 million (positive) has been included as a surplus asset for the purpose of our valuation.

13.8.7 Interim HY21 distribution

On 1 July 2021, Spark Infrastructure announced an interim distribution for HY21 of 6.25 cps, comprising of 3.50 cps interest on Loan Notes and a trust distribution of 2.75 cps. The interim HY21 distribution of 6.25 cps was paid on 15 September 2021. We have reduced our valuation of Spark Infrastructure for the aggregate amount of the interim HY21 distribution of \$109.7 million to ensure consistency for comparison of our assessed values for Spark Infrastructure with the Scheme Consideration ex the HY21 interim dividend.

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*Spark Infrastructure RE Limited
Independent Expert Report
11 October 2021*

Appendix 1 – KPMG Corporate Finance Disclosures

Qualifications

The individuals responsible for preparing this report on behalf of KPMG Corporate Finance are Jason Hughes and Sean Collins. Each has a significant number of years of experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as preparation of expert reports.

Jason Hughes is an Authorised Representative of KPMG Financial Advisory Services (Australia) Pty Ltd and a Partner in the KPMG Partnership. Jason is a Fellow of Chartered Accountants Australia and New Zealand and holds a Bachelor of Commerce and a Graduate Diploma in Applied Finance.

Sean Collins is an Authorised Representative of KPMG Financial Advisory Services (Australia) Pty Ltd and a Partner in the KPMG Partnership. Sean is a Fellow of Chartered Accountants Australia and New Zealand, a Fellow of the Chartered Institute of Securities and Investments in the United Kingdom and holds a Bachelor of Commerce.

Disclaimers

It is not intended that this report should be used or relied upon for any purpose other than KPMG Corporate Finance's opinion as to whether the Schemes are in the best interests of Scheme Securityholders taken as a whole. KPMG Corporate Finance expressly disclaims any liability to any Scheme Securityholder who relies or purports to rely on the report for any other purpose and to any other party who relies or purports to rely on the report for any purpose whatsoever.

Other than this report, neither KPMG Corporate Finance nor the KPMG Partnership has been involved in the preparation of the Scheme Booklet or any other document prepared in respect of the Schemes. Accordingly, we take no responsibility for the content of the Scheme Booklet as a whole or other any other documents prepared in respect of the Schemes.

We note that the forward-looking financial information prepared by Spark Infrastructure does not include estimates as to the potential impact of any future changes in taxation legislation in Australia or any other jurisdiction. Future taxation changes are unable to be reliably determined at this time.

Our report makes reference to "KPMG Corporate Finance analysis". This indicates only that we have (where specified) undertaken certain analytical activities on the underlying data to arrive at the information presented.

Independence

KPMG Corporate Finance and the individuals responsible for preparing this report have acted independently.

In addition to the disclosures in our Financial Services Guide, it is relevant to a consideration of our independence that, during the course of this engagement, KPMG Corporate Finance provided draft copies of this report to management of Spark Infrastructure for comment as to factual accuracy, as opposed to opinions which are the responsibility of KPMG Corporate Finance alone. Changes made to this report as

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a result of those reviews have not altered the opinions of KPMG Corporate Finance as stated in this report.

Other than fees to be received in respect to preparing this report, neither KPMG Corporate Finance or the KPMG Partnership have provided professional services to Spark Infrastructure or the Consortium in relation to the Offer.

Consent

KPMG Corporate Finance consents to the inclusion of this report in the form and context in which it is included with the Scheme Booklet to be issued to Scheme Securityholders. Neither the whole nor the any part of this report nor any reference thereto may be included in any other document without the prior written consent of KPMG Corporate Finance as to the form and context in which it appears.

Professional standards

Our report has been prepared in accordance with professional standard APES 225 "Valuation Services" issued by the Accounting Professional & Ethical Standards Board.

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*Spark Infrastructure RE Limited
Independent Expert Report
11 October 2021*

Appendix 2 – Sources of Information

In preparing this report we have been provided with and considered the following sources of information:

Publicly available information:

- company presentations and announcements of Spark Infrastructure
- Spark Infrastructure audited annual reports for the periods ended 31 December 2019, 31 December 2020 and independently reviewed report for the six months ended 30 June 2021
- annual reports, company presentations and news releases of comparable companies
- data providers including S&P Capital IQ Pty Ltd, Bloomberg, Thompson One, Connect 4, IBISWorld Pty Ltd, Economic Intelligence Unit, Oxford Economics.
- regulatory determinations published by the AER in relation to SAPN, VPN and TransGrid
- various regulatory guidance, including Guidance Note 15 – Trust scheme mergers issued by the Takeovers Panel and ASIC Regulatory Guide 111 - ‘Content of expert reports’
- industry papers published by the AER
- various broker and analyst reports
- various press and media articles
- the Scheme Booklet
- the websites of SAPN, VPN and TransGrid

Non-public information

- confidential internal Spark Infrastructure, SAPN, VPN, TransGrid and Bomen Solar Farm cash flow modelling, presentations and Board and management papers and advice.

In addition, we have held discussions with, and obtained information from, the senior management of Spark Infrastructure.



Appendix 3 – Broker Forecasts

Other than distribution guidance, Spark Infrastructure has not released detailed earnings forecasts for FY21 or beyond. In order to provide an indication of expected future financial performance of Spark Infrastructure and each of the principal operating businesses in which it holds an equity interest, we have considered brokers' forecasts for Spark Infrastructure and the operating businesses as summarised below:

Table 35: Broker forecasts

Year end 31 December \$ million unless otherwise stated	Report Date	Proportionate Revenue			Proportionate EBITDA		
		FY21	FY22	FY23	FY21	FY22	FY23
Post-Announcement							
Broker 1	24/08/2021	1,085.0	1,067.0	1,120.0	798.0	795.0	834.0
Broker 2	28/07/2021	1,172.0	1,204.0	n/a	820.0	843.0	n/a
Broker 3	28/07/2021	1,422.0	1,457.0	1,474.0	845.0	876.0	874.0
Broker 4	19/07/2021	n/a	n/a	n/a	807.2	794.7	828.8
Pre-Announcement							
Broker 5	24/02/2021	1,338.2	1,367.6	1,396.8	806.5	816.5	817.5
Minimum		1,085.0	1,067.0	1,120.0	798.0	794.7	817.5
Maximum		1,422.0	1,457.0	1,474.0	845.0	876.0	874.0
Mean		1,254.3	1,273.9	1,330.3	815.3	825.0	838.6
Median		1,255.1	1,285.8	1,396.8	807.2	816.5	831.4

Year end 31 December \$ million unless otherwise stated	Report Date	Victoria Power EBITDA			SA Power Network EBITDA		
		FY21	FY22	FY23	FY21	FY22	FY23
Post-Announcement							
Broker 1	24/08/2021	371.0	369.0	391.0	325.0	328.0	336.0
Broker 2	28/07/2021	n/a	n/a	n/a	n/a	n/a	n/a
Broker 3	28/07/2021	420.0	445.0	442.0	307.0	302.0	290.0
Broker 4	19/07/2021	413.9	398.8	403.8	291.7	286.9	308.6
Pre-Announcement							
Broker 5	24/02/2021	401.7	397.1	400.6	301.3	295.2	289.9
Minimum		371.0	369.0	391.0	291.7	286.9	289.9
Maximum		420.0	445.0	442.0	325.0	328.0	336.0
Mean		401.7	402.5	409.3	306.2	303.0	306.1
Median		407.8	397.9	402.2	304.2	298.6	299.3

Source: Broker reports for Spark Group and KPMG Corporate Finance analysis.

Notes:

1. Proportionate EBITDA is the median forecast sourced directly from broker reports and does not tie to the sum of median proportionate EBITDA for each of the operating investments as not all brokers provide separate forecasts for each.
2. Spark Infrastructure has provided guidance that, subject to business conditions and in the absence of the Schemes, it expects the total distribution for FY21 be 12.5cps, franked to 3.0cps, following which it is Spark Infrastructure's intention to grow distributions the Stapled Securityholders by at or around CPI.



Spark Infrastructure RE Limited
Independent Expert Report
11 October 2021

Year end 31 December \$ million unless otherwise stated	Report Date	TransGrid EBITDA			Bomen Solar Farm EBITDA		
		FY21	FY22	FY23	FY21	FY22	FY23
Post-Announcement							
Broker 1	24/08/2021	102.0	98.0	108.0	4.0	5.0	5.0
Broker 2	28/07/2021	n/a	n/a	n/a	n/a	n/a	n/a
Broker 3	28/07/2021	105.0	116.0	129.0	13.0	12.0	13.0
Broker 4	19/07/2021	101.6	109.1	116.5	n/a	n/a	n/a
Pre-Announcement							
Broker 5	24/02/2021	111.8	132.7	135.7	n/a	n/a	n/a
Minimum		101.6	98.0	108.0	4.0	5.0	5.0
Maximum		111.8	132.7	135.7	13.0	12.0	13.0
Mean		105.1	113.9	122.3	8.5	8.5	9.0
Median		103.5	112.5	122.7	8.5	8.5	9.0

Year end 31 December \$ million unless otherwise stated	Report Date	DPS (cents)			EPS (cents)		
		FY21	FY22	FY23	FY21	FY22	FY23
Post-Announcement							
Broker 1	24/08/2021	0.130	0.130	0.130	0.020	0.020	0.030
Broker 2	28/07/2021	n/a	n/a	n/a	n/a	n/a	n/a
Broker 3	28/07/2021	n/a	n/a	n/a	0.030	0.030	0.030
Broker 4	19/07/2021	0.130	0.130	0.130	0.020	0.010	0.010
Pre-Announcement							
Broker 5	24/02/2021	0.125	0.128	n/a	0.024	0.023	n/a
Minimum		0.125	0.128	0.130	0.020	0.010	0.010
Maximum		0.130	0.130	0.130	0.030	0.030	0.030
Mean		0.128	0.129	0.130	0.024	0.021	0.023
Median		0.130	0.130	0.130	0.022	0.022	0.030

Source: Broker reports for Spark Group and KPMG Corporate Finance analysis.

Notes:

1. Proportionate EBITDA is the median forecast sourced directly from broker reports and does not tie to the sum of median proportionate EBITDA for each of the operating investments as not all brokers provide separate forecasts for each.
2. Spark Infrastructure has provided guidance that, subject to business conditions and in the absence of the Schemes, it expects the total distribution for FY21 be 12.5cps, franked to 3.0cps, following which it is Spark Infrastructure's intention to grow distributions the Stapled Securityholders by at or around CPI.

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Appendix 4 – Overview of Valuation Methodologies

DCF

Under a DCF approach, forecast cash flows are discounted back to the Valuation Date, generating a net present value for the cash flow stream of the business. A terminal value at the end of the explicit forecast period is then determined and that value is also discounted back to the Valuation Date to give an overall value for the business.

In a DCF analysis, the forecast period should be of such a length to enable the business to achieve a stabilised level of earnings, or to be reflective of an entire operation cycle for more cyclical industries. Typically a forecast period of at least five years is required, although this can vary by industry and by sector within a given industry.

The rate at which the future cash flows are discounted (the Discount Rate) should reflect not only the time value of money, but also the risk associated with the business' future operations. This means that in order for a DCF to produce a sensible valuation figure, the importance of the quality of the underlying cash flow forecasts is fundamental.

The Discount Rate most generally employed is the WACC, reflecting an optimal (as opposed to actual) financing structure, which is applied to unleveraged cash flows and results in an Enterprise Value for the business. Alternatively, for some sectors it is more appropriate to apply an equity approach instead, applying a cost of equity to leveraged cash flows to determine equity value.

In calculating the terminal value, regard must be had to the business' potential for further growth beyond the explicit forecast period. This can be calculated using either a capitalisation of earnings methodology or the 'constant growth model', which applies an expected constant level of growth to the cash flow forecast in the last year of the forecast period and assumes such growth is achieved in perpetuity.

Capitalisation of earnings

An earnings based approach estimates a sustainable level of future earnings for a business (maintainable earnings) and applies an appropriate multiple to those earnings, capitalising them into a value for the business. The earnings bases to which a multiple is commonly applied include Revenue, EBITDA, EBIT and NPAT.

In considering the maintainable earnings of the business being valued, factors to be taken into account include whether the historical performance of the business reflects the expected level of future operating performance, particularly in cases of development, or when significant changes occur in the operating environment, or the underlying business is cyclical.

With regard to the multiples applied in an earnings based valuation, they are generally based on data from listed companies and recent transactions in a comparable sector, but with appropriate adjustment after consideration has been given to the specific characteristics of the business being valued. The multiples derived for comparable quoted companies are generally based on security prices reflective of the trades of small parcels of securities. As such, multiples are generally reflective of the prices at which portfolio interests change hands. That is there is no premium for control incorporated within such pricing. They may also be impacted by illiquidity in trading of the particular stock. Accordingly, when valuing a



*Spark Infrastructure RE Limited
Independent Expert Report
11 October 2021*

business en bloc (100%) it is usual to also reference the multiples achieved in recent mergers and acquisitions, where a control premium and breadth of purchaser interest are reflected.

An earnings approach is typically used to provide a market cross-check to the conclusions reached under a theoretical DCF approach or where the entity subject to valuation operates a mature business in a mature industry or where there is insufficient forecast data to utilise the DCF methodology.

Net assets or cost based

Under a net assets or cost based approach, total value is based on the sum of the net asset value or the costs incurred in developing a business to date, plus, if appropriate, a premium to reflect the value of intangible assets not recorded on the balance sheet. Net asset value is determined by marking every asset and liability on (and off) the entity's balance sheet to current market values.

A premium is added, if appropriate, to the marked-to-market net asset value, reflecting the profitability, market position and the overall attractiveness of the business. The net asset value, including any premium, can be matched to the 'book' net asset value, to give a price to net assets, which can then be compared to that of similar transactions or quoted companies.

A net asset or cost based methodology is most appropriate for businesses where the value lies in the underlying assets and not the ongoing operations of the business (e.g. real estate holding companies). A net asset approach is also useful as a cross-check to assess the relative riskiness of the business (e.g. through measures such as levels of tangible asset backing).

Enterprise or equity value

Depending on the valuation approach selected and the treatment of the business' existing debt position, the valuation range calculated will result in either an enterprise value or an equity value being determined.

An enterprise value reflects the value of the whole of the business (i.e. the total assets of the business including fixed assets, working capital and goodwill/intangibles) that accrues to the providers of both debt and equity. An enterprise value will be calculated if a multiple is applied to unleveraged earnings (i.e. revenue, EBITDA, EBITA or EBIT) or unleveraged free cash flow.

An equity value reflects the value that accrues to the equity holders. To compare an enterprise value to an equity value, the level of net debt must be deducted from the enterprise value. An equity value will be calculated if a multiple is applied to leveraged earnings (i.e. NPAT) or free cash flow, post debt servicing.

Appendix 5 – Discount Rates

Where cash flow forecasts consist of free cash flows to equity shareholders, the cost of equity is commonly employed as a basis for determining an appropriate discount rate. For the purposes of our DCF analysis, we have adopted the following per annum cost of equity discount rates for the operating businesses in which Spark Infrastructure’s has an equity interest:

- **SAPN:** 6.8% to 7.4%
- **VPN:** 6.8% to 7.4%
- **TransGrid:** 6.2% to 6.7%
- **Bomen Solar Farm:** 6.7% to 7.5%.

We consider these rates appropriately reflect the expected return that would be required by a hypothetical prudent purchaser, based upon the perceived risks associated with each of the operating businesses.

The selection of the appropriate discount rate to apply to the forecast cash flows of any asset or business operation is fundamentally a matter of judgement rather than a precise calculated outcome. Whilst there is commonly adopted theory that provides a framework for the derivation of an appropriate discount rate, it is important to recognise that given the level of subjectivity involved, the calculated discount rate should be treated as a guidance rather than objective truth. Furthermore, discount rate assessments need to consider both the market conditions and future expectations, and to the extent that there are any changes in conditions and expectations over time, an adjustment to the discount rate at a future point in time may be warranted.

In selecting appropriate discount rates to apply to the cash flows of each of the operating businesses in which Spark Infrastructure has an equity interest, we have determined a nominal cost of equity to align with the forecast nominal geared cash flows being used to derive the resultant DCF values, using the modified Capital Asset Pricing Model (CAPM) as follows:

$$K_e = R_f + \beta * (R_m - R_f) + \alpha$$

Where the key inputs are defined in the table below.

Table 36: Cost of equity parameters

Parameter	Description
Rf	Risk free rate, representing the return on risk-free assets
Rm	Market rate of return, representing the expected average return on a market portfolio
(Rm - Rf)	Market risk premium, representing the excess return that a market portfolio is expected to generate over the risk-free rate
B	Beta factor, being a measure of the systematic risk of a particular asset relative to the risk of a market portfolio
α	Specific risk factor, which may be included to compensate for risks which are not adequately captured in either the other discount rate parameters or the cash flows being discounted

Source: KPMG Corporate Finance analysis.



Spark Infrastructure RE Limited
Independent Expert Report
11 October 2021

Our rationale for the selection of each of the variables in developing our cost of equity for each of the operating businesses is discussed below.

Discount rate parameters

Risk free rate

The risk-free rate of return is the return on a risk-free security, typically for a long-term period. In practice, long dated government bonds are accepted as a benchmark for a risk-free security. In Australia, the spot yield to maturity of 10-year Australian Government Bonds has traditionally been accepted as a proxy for the risk-free rate in determining a cost of equity under the CAPM. Further, the market in 10 year Australian Government Bonds is liquid such that, in our view, the current yield on government bonds represents the best indicator of the risk free opportunity cost of the assets for the forthcoming 10 year period at any particular point in time.

Continued market volatility and ongoing global economic uncertainty as governments seek to manage the impact of the COVID-19 pandemic, has contributed to bond yields continuing to trade significantly below long-term averages. With market evidence indicating that bond yields and the market risk premium (MRP) are inversely correlated, it is important that any assessment of the risk-free rate should be made with respect to the position adopted in deriving the MRP. On balance, we consider adopting the spot government bond yield in isolation of a change in the MRP (as discussed below) to be inappropriate and therefore have applied an adjusted risk-free rate to reflect the adoption of a long-term view and represent an appropriate return in the current investment environment.

In our view, it is appropriate to take into account both the current yield on 10-year Australian Government Bonds, as well as the longer term expected yield, in order to calculate a long-term blended risk-free rate consistent with the approach adopted in deriving the MRP (as discussed below). In this regard, we have assessed a long-term blended risk-free rate estimate of 2.8% per annum for SAPN, VPN and TransGrid, and a median term blended risk-free rate of 2.0% per annum for Bomen Solar Farm (considering the finite life of the solar farm).

Market Risk Premium

The MRP represents the additional return that investors expect in return for holding risk in the form of a well-diversified portfolio of risky assets (such as a market index) over risk free assets (such as government bonds). In this context, the required MRP needs to be distinguished from the historical MRP and the expected MRP. In this regard, asset pricing theory holds that:

- the required MRP forms part of the CAPM
- the historical MRP is the same for all investors and reflects the historical differential return of the stock market over government bonds, and
- the expected MRP reflects the expected differential return of the stock market over government bonds. The CAPM assumes the required MRP equals the expected MRP.

As it is difficult to observe the expected/required MRP, it is common practice to base the estimate of the MRP upon historical data. In these circumstances, long term averages may not, in our opinion, reflect market conditions and investor sentiment at any specific valuation date as perceptions that equities are more or less risky than at other times may prevail. In this regard, we note that the expected MRP is a

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function of expected earnings, the expected growth in those earnings and the risk-free rate of return at any given point in time.

We have considered the historical relationship between the risk-free rate and the MRP and consider the general observation of an inverse correlation between the risk-free rate and the equity MRP generally applies to all developed markets. Consequently, in our view it is important to consider the risk-free rate in conjunction with, and not in isolation of, the expected equity MRP in order to reflect the inverse relationship between the MRP and the absolute level of the risk-free rate. In this regard, two relevant options are available:

- adopt a long-term historical MRP as a proxy for the expected MRP and apply a higher risk-free rate than the spot government bond yield to take into account the relationship highlighted above; or
- adopt the spot government bond yield as the risk-free rate and adjust the MRP for the perceived additional risks attached to equity investments implicit from historically low (or high as the case may be) bond yields to reflect the current investment environment and the inverse relationship between the two variables.

For the purposes of our analysis, we have adopted the former approach and applied a long-term historical estimate of the MRP and applied a higher blended risk-free rate than spot government bond yields, accordingly. In this regard, we consider an MRP of 6.0% is appropriate for the valuation of SAPN, VPN, TransGrid and Bomen Solar Farm.

Beta factor for SAPN, VPN, and TransGrid

The beta factor is a measure of the risk of an investment or business operation, relative to a well-diversified portfolio of investments. In theory, the only risks that are captured by beta are those risks that cannot be eliminated by the investor through diversification. Such risks are referred to as systematic, undiversifiable or market risk. The concept of beta is central to the CAPM given that beta risk is the only risk that is priced into investor required rates of return.

The equity betas can be statistically measured by regressing the returns on an equity market index against the share price returns of the relevant stock. By definition, the market portfolio has an equity beta of 1.0. A beta greater than 1.0 implies that the returns on a stock are, on average, more volatile, and hence the stock is more risky than the market, whilst a beta of less than 1.0 implies the reverse.

The beta of a stock can be presented as either an adjusted beta or as an historical beta. The historical beta is obtained from the linear regression of a stock's historical data and is based on the observed relationship between the security's return and the returns on an index. Conversely, the adjusted beta is an estimate of a security's future beta. It is initially derived from the historical beta, but modified by the assumption that a security's true beta will move towards the market average of one, over time. Generally, an adjusted beta is used because of its greater predictive features.

Betas derived from stock market observations represent equity betas, which reflect the degree of financial gearing of the company. Consequently, it is not possible to compare the equity betas of different companies without having regard to their gearing levels. In theory, a more valid analysis of betas can be obtained by "ungearing" the equity beta, by applying the following formula:



Spark Infrastructure RE Limited
Independent Expert Report
11 October 2021

$$\beta_a = \frac{\beta_e}{1 + \left[\frac{D}{E} \times (1 - t)\right]}$$

where “D/E” is the debt and equity market values of the relevant equity security and “t” is the corporate tax rate. The adjustment involves stripping out the impact of financial gearing from the equity beta to obtain ungeared beta (denoted by β_a).

The following table sets out closing market capitalisation as at 31 August 2021, the 2-year and 5-year historical average financial gearing and the adjusted ungeared 2-year weekly and 5-year monthly beta estimates for a selection of Australian and International listed electricity transmission and distribution companies.

Table 37: Betas and financial gearing for selected listed energy transmission and distribution companies

Company name	Market Cap AUDm	Levered beta 2-year weekly	Unlevered beta 2-year weekly	Debt to equity 2-year avg	Levered beta 5-year monthly	Unlevered beta 5-year monthly	Debt to equity 5-year avg
Australian / New Zealand							
Spark Infrastructure Group	4,949	0.58	0.49	26%	0.60	0.51	24%
APA Group	10,831	0.71	0.44	84%	0.62	0.39	87%
AusNet Services Ltd	7,406	0.41	0.22	129%	0.44	0.24	121%
Vector Limited	4,065	0.62	0.40	73%	0.78	0.52	69%
Mean (Australian / New Zealand)		0.58	0.39	78%	0.61	0.42	75%
Median (Australian / New Zealand)		0.60	0.42	79%	0.61	0.45	78%
Mean (Australian / New Zealand) excl. outliers		0.64	0.44	79%	0.67	0.47	78%
Median (Australian / New Zealand) excl. outliers		0.62	0.44	79%	0.62	0.51	78%
International							
Terna - Rete Elettrica Nazionale Societa per Azioni	21,709	0.67	0.42	77%	0.57	0.35	81%
National Grid plc	64,117	0.72	0.40	100%	0.53	0.30	93%
American Electric Power Company, Inc.	61,324	1.00	0.65	76%	0.51	0.34	71%
Eversource Energy	42,671	1.06	0.75	57%	0.55	0.39	59%
Exelon Corporation	65,602	1.16	0.72	84%	0.62	0.39	87%
Mean (International)		0.92	0.59	79%	0.56	0.35	78%
Median (International)		1.00	0.65	77%	0.55	0.35	81%
Mean (International) excl. outliers		0.92	0.59	79%	0.58	0.38	83%
Median (International) excl. outliers		1.00	0.65	77%	0.57	0.39	84%

Sources: S&P Capital IQ (data as at 31 August 2021 and KPMG Corporate Finance analysis)

Notes:

1. Outliers have been shaded and excluded from the calculation of mean and median (where specified)
2. Cash has been offset against debt for the purposes of calculating gearing ratios 'debt to equity' and 'debt to value'

Each of SAPN's, VPN's and TransGrid's network businesses fundamentally share similar characteristics with revenues being largely regulated, which reduces the volatility of the underlying cash flows. On this basis, KPMG Corporate Finance has applied a consistent unlevered beta in the range of 0.35 to 0.40 across SAPN, VPN, and TransGrid for the purpose of our valuation.

In selecting our range of unlevered beta we considered that there are a limited number of comparable companies and none of the comparable companies' operations, particularly in relation to their

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diversification and size, match exactly those of SAPN, VPN or TransGrid. In particular, we note each company has various levels of non-regulatory asset operations which would give rise to higher observed historical betas than would be applicable for each of SAPN, VPN and TransGrid.

Having determined an appropriate ungeared beta, it is necessary to 'regear' the beta to a specific level of financial gearing to determine the equivalent beta.

Beta factor for Bomen Solar Farm

In selecting an appropriate unlevered beta to apply to Bomen Solar Farm, KPMG Corporate Finance has considered betas for selected listed Australian and New Zealand renewable energy companies and selected listed international renewable energy companies as set out in the table below.

Table 38: Betas and financial gearing for selected listed energy companies

Company name	Market Cap AUDm	Levered beta 2-year weekly	Unlevered beta 2-year weekly	Debt to equity 2-year avg	Levered beta 5-year monthly	Unlevered beta 5-year monthly	Debt to equity 5-year avg
Australian/ New Zealand							
Contact Energy Limited	6,093	1.29	1.15	17%	1.01	0.84	27%
Genesis Energy Limited	3,405	1.09	0.85	38%	1.07	0.83	42%
Genex Power Limited	241	1.36	0.82	93%	1.00	0.65	77%
Mercury NZ Limited	8,726	1.08	0.96	17%	0.93	0.81	22%
Meridian Energy Limited	12,957	1.23	1.14	12%	1.21	1.10	14%
NZ Windfarms Limited	75	0.67	0.62	13%	0.75	0.67	18%
Trustpower Limited	2,403	0.94	0.78	29%	n/a	n/a	n/a
Mean (Australian/ New Zealand)		1.09	0.90	31%	1.00	0.82	33%
Median (Australian/ New Zealand)		1.09	0.85	17%	1.01	0.82	25%
Mean (Australian/ New Zealand) excl. outliers		1.09	0.90	21%	1.04	0.85	25%
Median (Australian/ New Zealand) excl. outliers		1.09	0.85	17%	1.01	0.83	22%
International							
Atlantica Sustainable Infrastructure plc	5,705	0.99	0.46	160%	0.77	0.32	203%
Boralex Inc.	4,296	1.14	0.63	108%	0.70	0.37	125%
Falck Renewables S.p.A.	3,261	0.90	0.68	44%	0.67	0.46	61%
Innervex Renewable Energy Inc.	3,915	0.93	0.47	134%	0.47	0.23	144%
Neoen S.A.	6,245	0.61	0.45	53%	n/a	n/a	n/a
Northland Power Inc.	10,206	0.97	0.58	92%	0.61	0.33	111%
Mean (International)		0.92	0.55	99%	0.64	0.34	129%
Median (International)		0.95	0.53	100%	0.67	0.33	125%
Mean (International) excl. outliers		0.92	0.55	49%	0.69	0.37	61%
Median (International) excl. outliers		0.95	0.53	49%	0.69	0.35	61%

Sources: S&P Capital IQ (data as at 31 August 2021) and KPMG Corporate Finance analysis.

Notes

- Outliers have been shaded and excluded from the calculation of mean and median (where specified)
- Cash has been offset against debt for the purposes of calculating the gearing ratios 'debt to equity' and 'debt to value'

Having regard to the above, we have selected an unlevered asset beta range of 0.60 to 0.70 for the Bomen Solar Farm.



Spark Infrastructure RE Limited
Independent Expert Report
11 October 2021

Debt / equity mix

In selecting an appropriate gearing ratio for Spark Infrastructure's operating businesses, we have considered both the average gearing of each operating business over the forecast period and the gearing level observed from the comparable companies set out in the Table 40 and Table 41. On this basis we have selected long term debt to equity gearing assumptions of 130%, 130%, 90% and 45% respectively for SAPN, VPN, TransGrid and the Bomen Solar Farm.

Company specific risk premium

We note that the principal specific risks of the operating businesses have been captured in the forecast cash flows and through our Scenario analysis. As such, we do not consider any additional allowance for company specific risk in the discount rates is appropriate.

Cost of equity conclusion

The selected parameters result in the following calculated base rate cost of equity for each of the operating businesses in which Spark Infrastructure has an equity interest.

Table 39: Selected cost of equity parameters for each of Spark Infrastructure's investments

	SAPN		VPN		TG		Spark Renewables	
	Low	High	Low	High	Low	High	Low	High
Risk-free rate	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.0%	2.0%
Market equity risk premium	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Ungeared beta	0.35	0.40	0.35	0.40	0.35	0.40	0.60	0.70
Gearing (D/E)	130%	130%	130%	130%	90%	90%	45%	45%
Tax rate	30%	30%	30%	30%	30%	30%	30%	30%
Gearred beta	0.67	0.76	0.67	0.76	0.57	0.61	0.79	0.92
Cost of equity (rounded)	6.8%	7.4%	6.8%	7.4%	6.2%	6.7%	6.7%	7.5%

Source: KPMG Corporate Finance analysis.

We have adopted these costs of equity for the purpose of assessing the pre-tax investor cash flows from each of the operating businesses to Spark Infrastructure.

Having assessed an appropriate cost of equity for each operating business, it is appropriate to calculate a weighted post tax cost of equity to apply to the post tax cashflows at the Spark Infrastructure level.

Table 40: Weighted average cost of equity at Spark Infrastructure corporate level

	Weight (%)	Low discount rate (%)	High discount rate (%)
SAPN	28%	6.8%	7.4%
VPN	44%	6.8%	7.4%
TG	24%	6.2%	6.7%
Spark Renewables	4%	6.7%	7.5%
Spark Infrastructure corporate weighted avg rate (%)		6.7%	7.2%

Source: KPMG Corporate Finance analysis.

We have adopted a post tax cost of equity of 6.7% to 7.2% pa at the Spark Infrastructure corporate level.

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Appendix 6 – Cash Flow Model assumptions

Assumptions common to SAPN, VPN, TransGrid Cash Flow Models

- Inflation is forecast to gradually increase from 1.6% in FY21 to 2.5% in FY31 and beyond having regard to the Reserve Bank of Australia's (RBA) long-term target of 2% to 3% per annum
- a corporate tax rate of 30%
- no significant changes in legislation or in the policies or procedures of regulatory bodies.

SAPN Cash Flow Model assumptions

General assumptions

The following general assumptions have been made in the SAPN Cash Flow Model:

- a forecast period of 47 years (until 30 June 2068), which covers 10 regulatory periods (including the current regulatory period)
- a terminal value has been applied, based on a Gordon Growth method, utilising a perpetual growth rate of 2.5%

Operational assumptions:

The key operational assumptions underlying Scenario A are set out below:

Regulated Business

- for the current and subsequent determination periods, regulated revenues have been modelled using the building block approach. That is, revenue is the sum of:
 - the rate of return multiplied by the starting period RAB subject to annual inflation and straight-line depreciation
 - regulatory allowed operating expenditure
 - tax payable less an allowance for the implied value of imputation credits
- the rate of return has been determined by reference to the AER guidelines released in December 2018. Key rate of return parameters in SAPN's current determination include an equity beta of 0.6, gearing of 60%, a market risk premium of 6.1%, a one year lagged risk free rate based on a 10-year Australian Government bond rate and a gamma of 0.585
- RAB is calculated by taking the start of regulatory period RAB, allowing for inflation, adding capital expenditure, subtracting straight-line depreciation and any disposals
- operating expenditure incentive payments are made for SAPN's performance relative to operating expenditure regulatory targets
- capital expenditure has been forecast on a project by project basis based on SAPN's 5-year business plan and Management's view of long-term connection costs and market trends
- depreciation reflects tax depreciation for cash flow purposes



*Spark Infrastructure RE Limited
Independent Expert Report
11 October 2021*

- no tax is assumed to be payable at the SAPN level over the forecast period given SAPN's corporate structure, and as a result, tax is paid at the investor level, i.e. the Spark Infrastructure level.

Other Negotiated Business

- revenue is predominately sourced from public lighting and other semi-regulated businesses and other negotiated revenue and is estimated to total approximately \$4.7 billion over the forecast period
- all operating costs for other negotiated services total \$1.7 billion over the forecast period
- capital expenditure primarily relates to public lighting and other semi-regulated businesses, totalling \$933.1 million.

Enerven

- revenue is sourced from Enerven's unregulated business which is forecast to grow at 2.5% annually from FY32 onwards and is forecast to total \$10.7 billion over the forecast period
- operating expenditure from Enerven's unregulated business incorporates no overhead costs and totals \$9.7 billion over the forecast period
- capital expenditure predominately relates to Enerven's unregulated business and is \$289.7 million over the forecast period.

VPN Cash Flow Model assumptions

General assumptions:

The following general assumptions have been made in the VPN Cash Flow Model:

- a forecast period of 47 years (until 31 June 2068), which covers 10 regulatory periods (including the current regulatory period), and
- a terminal value has been applied, based on a Gordon Growth method, utilising a perpetual growth rate of 2.5% per annum.

Operational assumptions:

The key operational assumptions underlying Scenario A are set out below:

Regulated Business

- for the current and subsequent determination periods, regulated revenues have been modelled using the building block approach. That is, revenue is the sum of:
 - the rate of return multiplied by the starting period RAB subject to annual inflation and straight-line depreciation
 - regulatory allowed operating expenditure
 - tax payable less an allowance for the implied value of imputation credits
- the rate of return has been determined by reference to the AER guidelines released in December 2018. Key rate of return parameters in VPN's current determination include an equity beta of 0.6,

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gearing of 60%, a market risk premium of 6.1%, a one year lagged risk free rate based on a 10-year Australian Government bond rate and a gamma of 0.585

- RAB is calculated by taking the start of regulatory period RAB, allowing for inflation, adding capital expenditure, subtracting straight-line depreciation and any disposals
- operating expenditure incentive payments are made for VPN's performance relative to operating expenditure regulatory targets
- capital expenditure has been forecast on a project by project basis based on VPN's 5-year business plan and Management's view of long-term connection costs and market trends
- tax is paid at the VPN corporate level and tax losses are utilised throughout the forecast period.

Other Negotiated Business

- revenue is solely sourced from alternative control services revenue which is forecast to grow by 2.5% annually from FY32 onwards and are estimated to total approximately \$4.7 billion over the forecast period
- operating costs are predominantly incurred from the alternative control services business and are estimated to total approximately \$4.0 billion over the forecast period.

Beon

- revenue is solely sourced from VPN's unregulated business which is forecast to grow at 2.5% annually from FY32 onwards and are estimated to total approximately \$12.0 billion over the forecast period
- operating expenditure from VPN's unregulated business incorporates no overhead costs and totals \$11.3 billion over the forecast period.

TransGrid Cash Flow Model assumptions

General assumptions:

The following general assumptions have been made in the TransGrid Cash Flow Model:

- a forecast period of 47 years (until 30 June 2068), which covers 10 regulatory periods (including the current regulatory period)
- a terminal value has been applied, based on a Gordon Growth method, utilising a perpetual growth rate of 2.5% per annum
- estimated amounts for bushfire recoveries from the AER in FY23 to FY25

Operational assumptions - regulated business:

The key operational assumptions underlying Scenario A are set out below:

- regulatory revenues have been modelled using the building block approach. That is, revenue is the sum of:



Spark Infrastructure RE Limited
Independent Expert Report
11 October 2021

- the rate of return multiplied by the starting period RAB subject to annual inflation and straight-line depreciation
- regulatory allowed operating expenditure
- tax payables less an allowance for the implied value of imputation credits
- the rate of return has been determined by reference to the AER guidelines released in December 2018 (that is, an equity beta of 0.6, gearing of 60%, a market risk premium of 6.1%, a one year lagged risk free rate based on a 10-year Australian Government bond rate and a gamma of 0.585). Key rate of return parameters in TransGrid's current determination, which was approved by the AER before release of the current rate of return guidelines include an equity beta of 0.7, gearing of 60%, a market risk premium of 6.5%, risk free rate based on a 10-year Australian Government bond rate and a gamma of 0.40
- RAB is calculated by taking the start of regulatory period RAB, allowing for inflation, adding capital expenditure, subtracting straight-line depreciation and any disposals
- operating expenditure incentive payments are made for TransGrid's performance relative to operating expenditure regulatory targets
- capital expenditure has been forecast on a project by project basis based on TransGrid's 5-year business plan and Management's view of long-term connection costs and market trends
- depreciation reflects tax depreciation for cash flow purposes
- no tax is assumed to be payable at the TransGrid level over the forecast period given TransGrid's corporate structure, and as a result, tax is paid at the Spark Infrastructure level rather than the TransGrid level.

Operational assumptions - unregulated business:

- revenue from TransGrid's unregulated business are estimated to total approximately \$18.9 billion over the forecast period
- operating expenditure from TransGrid's unregulated business incorporates no overhead costs and totals \$4.6 billion over the forecast period.

Bomen Solar Farm Cash Flow Model assumptions

General assumptions:

The following general assumptions have been made in the Bomen Solar Farm Cash Flow Model:

- the cash flows relate to the Bomen Solar Farm with a forecast period of 34 years (until April 2055)
- no terminal value has been applied given the finite life of the renewable asset.

Operational assumptions:

- electricity generation volume assumptions are based on energy assessments sourced from an independent third party

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- the cash flows are based on actual loss factors published by the AEMO for 2020 and 2021, and forecast loss factors based on independent advice
- the majority of the Bomen Solar Farm's revenue over the short-to-medium term is contracted under PPAs. The uncontracted revenue is estimated using forecast energy pricing sourced from an independent electricity pricing consultant, which take into account changes in industry wide capacity, carbon pricing, regulatory schemes, market demand and long-term marginal cost of new generation. The LGC pricing component of the energy pricing has been estimated as nil post 2030 having regard to the period of the current relevant regulatory schemes and uncertainty regarding long terms renewable energy generation and targets
- operating expenditure is estimated to total \$135.4 million over the forecast period, predominantly driven by operating and maintenance costs
- capital expenditure includes lifecycle costs of approximately \$15.4 million over the forecast period
- capital expenditure during construction was directly funded by Spark Infrastructure, and therefore no external debt is assumed at the Bomen Solar Farm level. For the purpose of the valuation, financing costs have been calculated at the Spark Infrastructure corporate level.



Spark Infrastructure RE Limited
Independent Expert Report
11 October 2021

Appendix 7 – Market Evidence

Transaction evidence – Australian electricity transmission and distribution

The following table sets out a summary of transactions involving electricity transmission and distribution networks since December 2006.

Table 41: Transaction evidence – Australian electricity transmission and distribution networks

Date	Target	Gas		Electricity		Buyer	Acquired stake (%)	Transaction enterprise value \$ millions	Implied RAB multiple ¹	Implied EBITDA multiple ²
		T	D	T	D					
Jul-20	TransGrid			✓		OMERS	20%	11,670	1.80	17.1
May-17	Endeavour Energy				✓	Advance Energy	50%	10,474	1.64	14.6
May-17	DUET Group	✓	✓		✓	CKI/CKP/PAH ³	100%	13,446	2.17	15.9
Oct-16	Ausgrid				✓	IFM/AusSuper ⁴	50%	20,700	1.36	15.3
Feb-16	Mortlake Terminal Station ⁵			✓		AusNet Services	100%	n.a.	n.a.	12.9
Nov-15	TransGrid			✓		SKI/HFM/ADIA/KIA ⁶	100%	10,392	1.66	14.7
Sep-14	OtagoNet			✓		EIL/TPCL ⁷	51%	285	1.93	n.a.
May-14	DUET Group	✓	✓		✓	Spark Infrastructure	14%	8,107	1.42	11.1
May-13	SP AusNet		✓	✓	✓	State Grid	20%	9,460	1.48	9.7
Nov-12	ElectraNet Pty Ltd			✓		State Grid	41%	2,504	1.34	8.0
Sep-07	Basslink			✓		CitySpring	100%	1,175	n.a.	14.6
Dec-06	DirectLink			✓		APA	100%	n.a.	1.44	15.3
Mean									1.62	13.6
Median									1.56	14.6

Source: S&P Capital IQ, Media articles, Broker reports, KPMG Corporate Finance analysis.

Notes:

1. Represents enterprise value divided by RAB.
2. Represents enterprise value divided by EBITDA.
3. Cheung Kong Infrastructure Holdings Ltd., Cheung Kong Property Holdings Limited and Power Assets Holdings Limited.
4. IFM Investors Pty Ltd and AustralianSuper Pty Ltd.
5. Implied EBITDA multiple sourced from Media Release. Unable to calculate transaction enterprise value based on publicly available information.
6. Spark Infrastructure Group, Hasting Funds Management Abu Dhabi Investment Authority, Kuwait Investment Authority.
7. Electricity Invercargill Limited and The Power Company USA, LLC.

A brief description of the selected comparable transactions is provided below.

Acquisition of a 19.9% stake of TransGrid by OMERS Infrastructure

On 17 July 2020, OMERS Infrastructure Management Inc. announced (OMERS) it had acquired a 19.99% stake in TransGrid from Wren House Infrastructure Management Limited. Whilst the purchase price wasn't announced we have estimated the purchase price to be approximately \$1.2 billion based on publicly available information. OMERS joined the consortium of Spark Infrastructure, Utilities Trust of Australia, CDPQ and Tawreed Investments Limited. As at 30 June 2020, regulated revenue contributed towards 86% (\$381.5 million) of TransGrid's total revenue (\$440.7 million).

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Acquisition of 50.4% stake of Endeavour Energy by Advance Energy

On 11 May 2017, Advance Energy acquired 50.4% of the long term lease of Endeavour Energy from the NSW Government for approximately \$2.9 billion net equity consideration. Advance Energy is an Australian led consortium comprised of Macquarie Infrastructure & Real Assets, AMP Capital, Canada's British Columbia Investment Management Corporation and the Qatar Investment Authority. Endeavour Energy provides electricity to 2.5 million people in households and businesses across Sydney's Greater West, Blue Mountains, Southern Highlands, the Illawarra and the South Coast. As at 30 April 2020, regulated EBITDA contributed to approximately 96% of reported EBITDA.

Acquisition of 100% stake of DUET Group

On 4 December 2016, a consortium including CKI, PAH and CKP made a non-binding and conditional proposal to acquire a 100% stake in DUET Group for approximately \$7.5 billion. DUET is an owner and operator of predominately Australian energy utility assets. The principle businesses owned and operated by DUET at the time of the transaction included:

- 100% shareholding in Multinet Gas, a gas distribution business operating a regulated network in Victoria.
- 66% stake in United Energy, an electricity distribution business located in Victoria.
- 100% ownership of Energy Developments, which manages an international portfolio of power generation facilities in Australia, the United States and Europe.
- 100% ownership of Dampier Bunbury Pipeline, which owns a gas transmission pipeline in Western Australia.
- 100% ownership of DBP Development Group which provided pipeline engineering and operating services.

99 year lease of Ausgrid by IFM and AustralianSuper

On 23 September 2016, IFM Investors Pty Ltd and AustralianSuper Pty Ltd announced they had agreed to acquire a 50.4% stake in a 99 year lease of Ausgrid from the New South Wales State Government for approximately \$5.9 billion. Ausgrid is an electricity distributor and transmitter that services approximately 1.7 million customers in the Sydney, Central Coast and Hunter regions of New South Wales. The electricity network comprises: a sub-transmission system of 33kV, 66kV and 132kV assets; a high-voltage distribution system of 5kV and 11kV assets; and, a low-voltage system of 240V and 415V assets.

Acquisition of Mortlake Terminal Station by AusNet Services

On 12 February 2016, AusNet Services announced that it had entered into a binding Asset Sale Agreement with Origin Energy to acquire Mortlake Terminal Station for \$110 million. Developed in 2011 by Origin Energy, Mortlake Terminal Station is located in western Victoria. Under the terms of the agreement, AusNet Services received long term fixed entitlements, escalating annually for movements in the consumer price index. The terminal station assets comprised of 500kV circuit breakers, bus bars and isolators, control building and associated switching equipment.



*Spark Infrastructure RE Limited
Independent Expert Report
11 October 2021*

99 year lease of TransGrid by a consortium

On 24 November 2015, a consortium including Hastings Funds Management, Abu Dhabi Investment Authority, Kuwait Investment Authority and Spark Infrastructure entered into a 99 year lease of the assets of TransGrid from the New South Wales State Government for \$10.3 billion cash. TransGrid was the owner and operator of the largest electricity network in the NEM. Fully regulated, it operates in New South Wales and the Australian Capital Territory.

Acquisition of 51% of OtagoNet by The Power Company USA, LLC and Electricity Invercargill Limited

On 1 September 2014, The Power Company USA, LLC and Electricity Invercargill Limited entered into an agreement to acquire the remaining 51% stake in OtagoNet Limited from Marlborough Lines Limited for NZ\$150 million. The sale saw The Power Company USA and Electricity Invercargill Limited assume full ownership of OtagoNet as a joint venture. OtagoNet Limited supplies electricity through its electricity network assets in New Zealand. For the year ended 31 March 2014, OtagoNet generated approximately \$33.249 million of regulatory income.

Acquisition of 14.1% of DUET Group by Spark Infrastructure

On 20 May 2014, Spark Infrastructure announced that it had acquired a 14.1% interest in DUET Group at the average entry price of \$2.16 per stapled security. Spark Infrastructure acquired the interest through derivative contracts with Deutsche Bank AG, comprising of cash settle equity swaps (4.6%) and 3-year forward contracts (9.5%). At the time of the acquisition DUET Group owned: 80% of Dampier to Bunbury pipeline, 66% of United Energy and 100% of Multinet.

Acquisition of 19.9% of SP AusNet by State Grid International Development Limited

On 17 May 2013, Singapore Power International Pte Ltd (**SPI**) announced that it had entered into an agreement to sell a 19.9% stake in SP AusNet Ltd. to State Grid International Development (**SGID**) for \$824 million cash. The transaction resulted in a loss of control, with SPI's total stake decreasing from 51.0% to 31.1%. In a related bid SGID announced it had agreed to acquire SPI's Australian assets. On 20 December 2013, the Federal Treasurer of Australia approved the transaction upon the condition that at least 50% of the Board members to be appointed by SGID to the Boards of SP AusNet are Australian citizens that ordinarily reside in Australia. SPI owns three regulated assets: electricity transmission, electricity distribution and gas distribution. It also owns the non-regulated Select Solutions Group Pty Ltd, which provides specialist utility related metering, monitoring and asset management services. As at 31 March 2013, regulated revenue contributed approximately 87% (\$1,433.9 million) of SP AusNet Ltd's total revenue (\$1,639.5 million).

Acquisition of 41.1% of ElectraNet by State Grid Corporation China

On 28 November 2012, State Grid Corporation of China entered into an agreement to acquire a 41.1% stake in ElectraNet Pty Ltd. from the Queensland Government for \$500 million cash. ElectraNet is headquartered in Adelaide and owns and operates an electricity transmission network in South Australia. The asset is fully regulated by the AER. As at 30 June 2012, regulated revenue contributed to 92% (\$297.7 million) of ElectraNet's total revenue (\$323.9 million).

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Acquisition of Basslink by CitySpring Infrastructure Trust

On 31 July 2007, CitySpring Infrastructure Trust announced it had entered into a sale and purchase agreement to acquire Basslink for \$1,175 million. Basslink is a 370km high voltage direct current electricity interconnector between Victoria and Tasmania. Basslink was constructed to allow Tasmania to participate in the NEM and began commercial operations in April 2006. For the year ended 31 March 2007, Basslink had unaudited consolidated net profit before tax of \$57.5 million.

Acquisition of DirectLink by Australian Pipeline Line Trust (APA)

On 20 December 2006, APA announced it had entered into an agreement to purchase the DirectLink electricity transmission asset linking the New South Wales and Queensland power grids for \$170 million. DirectLink comprises of three pairs of parallel cables, over a length of approximately 59km from Mullumbimby to Bungalora in Northern New South Wales, two AC/DC converter stations and a single 110kV AC underground transmission link. For financial year 2007, revenue from DirectLink was approximately \$12 million.

Transaction evidence – Australian solar farms

The following table sets out a summary of transactions involving Australian Solar Farms since 2018.

Table 42: Transaction evidence – Australian solar farms

Date	Target	Acquirer	Acquired stake	Transaction Enterprise Value (100%)	Implied MW multiple ¹
Jun-21	Beryl 111MW and Manildra 56MW Solar Farm Sale	Banpu Energy Australia Pty Ltd.	100%	288	1.7
Feb-21	New England 400MW Stage 1 Solar Farm	UPC Renewables	100%	241	0.6
Dec-20	Metz 115MW Solar Farm	Fotowatio Renewable Ventures	100%	183	1.6
Feb-20	Winton 85MW(AC) Solar Farm	Fotowatio Renewable Ventures	100%	150	1.8
Dec-19	Jemalong 50MW Solar Project (2018)	Genex	100%	135	2.7
Nov-19	Wellington NSW 174MW Solar Farm	Lightsource BP Renewable Energy	100%	270	1.6
Sep-19	Karadoc (formerly 112MW) 56MW Solar Farm	Bay Wa	100%	95	1.7
Jul-19	Goonumbla 67.8MW Solar Project	Fotowatio Renewable Ventures	100%	150	2.2
Dec-18	Darlington Point 333MW Solar Farm	Edify Energy & Octopus Renewables	100%	450	1.4
Dec-18	Warwick 64MW Solar Farm	University of Queensland	100%	125	2.0
Nov-18	Middlemount Solar Plant Acquisition (2018)	SUSI Partners	100%	50	1.5
Nov-18	Finley Solar Farm 174.9MW	John Liang	100%	309	1.8
Oct-18	Sunraysia 255MW Solar Farm	John Liang	100%	390	1.5
Sep-18	Houghton Solar Farm Stage One 100MW	Pacific Hydro	100%	268	2.7
Jul-18	Numurkah 100MW Solar Farm	Neon	100%	200	2.0
May-18	Beryl 87MW Solar Farm	First Solar	100%	187	2.1
Apr-18	Greenough River Solar Farm - Stage 1 & 2	Bright Energy Investments	100%	89	2.2
Feb-18	Tailem Bend Solar Project 127MW	Soleq	100%	201	2.1
Mean					1.8
Median					1.8

Source: S&P Capital IQ, Media articles, Inframation, KPMG Corporate Finance analysis.

Note 1. Represents the enterprise value divided by MW of installed capacity.



Spark Infrastructure RE Limited
Independent Expert Report
11 October 2021

A brief description of the selected comparable transactions is provided below.

Acquisition of Beryl and Manildra solar farms by Banpu Energy Australia Pty Ltd.

On 6 June 2021, Banpu Energy Australia Pty Ltd agreed to acquire the 111MW Beryl and 56MW Manildra solar farms from New Energy Solar Limited for \$288 million.

Acquisition of New England Stage 1 solar farm by UPC Renewables

On 11 February 2021, UPC Renewables acquired the 400MW first stage of a 720MW solar farm located near Uralla, New South Wales for approximately \$241 million. The project also included a 400MWh battery.

Acquisition of Metz 115MW solar farm by Fotowatio Renewable Ventures

On 22 December 2020, Fotowatio Renewable Ventures acquired Metz solar farm, located 500km north of Sydney for approximately \$7 million. The Metz solar farm is being developed by Metz Solar Farm Pty Ltd and was projected to have a generation capacity of 115MW. Construction was scheduled to commence by the end of 2020.

Acquisition of Winton 85MW solar farm by Fotowatio Renewable Ventures

On 14 February 2020, the 85MW Winton solar farm in Benalla, Victoria was acquired by Fotowatio Renewable Ventures for approximately \$36 million. The project became operational in January 2020.

Acquisition of Jemalong solar project by Genex Power

In December 2019, the refinancing of the Kidston solar project in Northern Queensland was used to fund the development of Jemalong 50MW solar project. The development of the 50MW solar plant near Forbes, New South Wales had all necessary land and development approvals secured and significant progress had been made towards finalising grid connection.

Acquisition of Wellington 174MW solar farm by Lightsource BP Renewable Energy Investments Limited

On 12 November 2019, the development of the 174MW Wellington solar farm located in New South Wales was acquired by Lightsource BP Renewable Energy Investments Limited. The project was in the early stages of development by First Solar, with construction scheduled to commence in 2018.

Acquisition of Karadoc 56MW solar farm

On 9 September 2019, BayWa acquired the development of the Karadoc 56MW solar farm for approximately \$95 million, 35km south of Mildura in Northern Victoria. Carlton United Breweries has a 74 GWh 12-year PPA with Karadoc while Melbourne retailer, Flow Power, has an agreed to purchase 20 MW per annum for the next 10 years. The project became operational in December 2018.

Acquisition of Goonumbla 68MW solar project by Fotowatio Renewable Ventures

On 19 July 2019, Fotowatio Renewable Ventures acquired the development of the 68MW Goonumbla solar farm, located approximately 10km west of the town of Parkes in New South Wales for approximately \$30 million. The plant was to be connected to the national grid and produce approximately 195,000 MWh of energy per year.

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Acquisition of Darlington Point solar farm by Edify Energy and Octopus Renewables

On 21 December 2017, Edify Energy and Octopus Renewables acquired the development of the Darlington Point 333MW solar farm in New South Wales. The project was expected to generate approximately 685,000 MWh of electricity per year. The acquisition price of \$407 million comprised \$353 million for the solar farm itself (including connection to the grid) and \$54 million for the Darlington Point Battery Energy Storage System.

Acquisition of Warwick solar farm by the University of Queensland

On 3 December 2018, the University of Queensland acquired the development of the Warwick 64MW solar farm, located 160km west of Brisbane.

Acquisition of Middlemount solar plant by SUSI Partners

On 13 November 2018, SUSI Partners acquired the 34MW Middlemount solar project in Queensland for approximately \$50 million. The acquisition represented one of the firm's largest investments outside of Europe with an installed capacity of 165MW.

Acquisition of Finley solar farm by John Laing

On 12 November 2018, John Laing acquired the development of the 175MW Finley solar farm, located in New South Wales Australia for approximately \$309 million project value. The Finley solar farm was being developed by ESCO Pacific and was expected to comprise approximately 500,000 solar panels.

Acquisition of Sunraysia 255MW solar farm by John Laing

On 5 October 2018, John Laing acquired the development of the 255 MW Sunraysia solar farm located near Balranald, in the southern region of New South Wales from developer Maoneng for approximately \$121 million. Construction on the development was scheduled to commence in 2018. Maoneng had previously entered into two PPA agreements: one with AGL Energy to supply up to 800,000 MWh per annum for 15 years and another with the University of New South Wales to supply up to 124,000MWh per annum for 15 years.

Acquisition of Haughton solar farm Stage One 100MW by Pacific Hydro

On 18 September 2018, Pacific Hydro acquired the development of the 100MW first stage of Haughton Solar located 40km west of Ayr in central Queensland for approximately \$112 million. Construction of the 100MW facility commenced in April 2018 with commercial operation expected at the time to commence in January 2019.

Acquisition of Numurkah 100MW solar farm by Neon

On 24 July 2018, Neon acquired the development of 100MW Numurkah solar farm located near Shepparton in north-west Victoria for approximately \$88 million. The plant had a 15-year offtake agreement with SIMEC Zen Energy. The Victorian government had also signed a green certificate purchase agreement for 38MW of the power generated by the plant, as part of a 138MW deal to offset the power consumed by Melbourne's tram network. Operation was expected to commence from May 2019.



*Spark Infrastructure RE Limited
Independent Expert Report
11 October 2021*

Acquisition of Beryl 87MW Solar Farm by First Solar

On 11 May 2018, First Solar acquired the development of Beryl 87MW Solar Farm, located 5km west of Gulgong, New South Wales. The facility was scheduled to commence commercial operations from mid-2019. The farm had a 15-year PPA with Transport for NSW, for the operation of Sydney Metro North railway and a 7.5 year PPA with Kellogg's Australia.

Acquisition of Greenough River Solar Farm by Bright Energy Investments

On 10 April 2018, Construction and Building Unions Superannuation fund (40.5%), DIF Infrastructure (40.5%) and Synergy (19.9%), together Bright Energy Investments, acquired the Greenough River solar farm stage one with future expansion to include a new second stage solar farm (40MW in total) for approximately \$18 million. The solar farm is located approximately 50km southeast of Gerladton, Western Australia.

Acquisition of Tailem Bend 127MW Solar Project by Soleq

On 14 February 2018, Soleq acquired 127MW Tailem Bend solar project located in South Australia for approximately \$27 million.

Sharemarket evidence - Energy Transmission and Distribution

The following table set out the market metrics for listed energy transmission and distribution companies.

Table 43: Share market evidence – Australian and New Zealand energy transmission and distribution

Comparable companies - Financial analysis					
Company name	Country	Enterprise Value AUDm	EBITDA multiple FY ¹	EBITDA multiple FY+1 ²	RAB multiple ³
Australian/ New Zealand Electricity Transmission and Distribution					
APA Group	Australia	20,580	12.7	12.4	n/a
AusNet Services Ltd	Australia	16,386	14.4	14.0	1.60
Spark Infrastructure Group	Australia	10,026	11.5	12.4	1.52
Vector Limited	New Zealand	7,057	12.5	11.3	2.08
Mean (Australian/ New Zealand Electricity Transmission and Distribution)			12.8	12.5	1.73
Median (Australian/ New Zealand Electricity Transmission and Distribution)			12.6	12.4	1.60
International Electricity Transmission and Distribution					
Terna - Rete Elettrica Nazionale Società per Azioni	Italy	38,448	13.7	13.2	nmf
National Grid plc	United Kingdom	124,099	14.6	11.8	nmf
American Electric Power Company, Inc.	United States	111,956	14.0	12.8	nmf
Eversource Energy	United States	68,826	16.4	14.9	nmf
Exelon Corporation	United States	122,737	9.6	10.2	nmf
Mean (International Electricity Transmission and Distribution)			13.7	12.6	nmf
Median (International Electricity Transmission and Distribution)			14.0	12.8	nmf

Source: S&P Capital IQ, Company Announcements, Company financial statements, KPMG Corporate Finance analysis.

Notes:

1. Represents enterprise value divided by EBITDA.
2. Forecast EBITDA data is based on the mean value of broker forecast data available on S&P Capital IQ. Additional broker analysis was undertaken for Spark Infrastructure Group.
3. Represents enterprise value divided by RAB
4. n/a = not available, nmf = not meaningful.
5. AUD enterprise value amounts calculated using spot exchange rates as at 31 August 2021

A brief description of the selected comparable companies is provided below.

APA Group

APA Group primarily focuses on long distance gas transportation and also provides asset management services. It is Australia's largest gas infrastructure business, with over 15,000 km of gas transmission pipelines, approximately 25,700 km of gas mains and pipeline, and 1.4 million gas consumer connections. The majority of APA Group's total revenue is generated from its unregulated segments. Its business segments include:



*Spark Infrastructure RE Limited
Independent Expert Report
11 October 2021*

- Energy Infrastructure, which includes APA Group's pipelines, gas storage assets, gas compression assets, wind farm, and power stations.
- Asset Management, which provides commercial, operating services and operating services to its energy investments, and
- Energy Investments, which includes APA Group's strategic stakes in investments vehicles that contain electricity transmission and distribution infrastructure assets as well as generation assets. (including Mortlake Gas Pipeline, North Brown Hill Wind Farm, Allgas Distribution Network).

AusNet Services Limited

AusNet Services is a Victorian energy delivery infrastructure business, with operations in both electricity and gas delivery and a variety of unregulated activities. As at 31 March 2021, regulated revenue contributed 92.1% (\$849.5 million) of total segment revenue (\$922.7 million). Its segments include:

- Electricity Distribution (\$922.7 million FY21 revenue), which has a high voltage network of approximately 770,000 customers
- Gas Distribution (\$224.9 million FY21 revenue), which has approximately 12,400 kilometres of underground gas pipelines that serve approximately 750,000 customers
- Electricity Transmission (\$601.2 million in FY21 revenue), which carries electricity from power generators to electricity distributors over its transmission network of approximately 6,900 kilometres of high voltage transmission powerlines and approximately 13,200 transmission towers, and
- Growth and Future Networks (\$185.2 million in FY21 revenue), contracted infrastructure asset and energy services, as well as a range of asset and utility services to support the management of electricity, gas, and water networks.

Vector Limited

Vector Limited is an integrated energy infrastructure company located in New Zealand. It operates gas and electricity distribution businesses; cogenerates, retails and stores natural gas and LPG and provides metering services and solutions for new energy technologies. Vector Limited distributes electricity to residential and commercial customers in Auckland, from Wellsford to Papakura through its network consisting of approximately 18,000 kilometres of overhead lines and underground cables. It also provides Vector solar systems; and designs, builds, and supports fiber network solutions that connect approximately 800 buildings in Auckland. More recently, the company offers electric vehicle charging stations. It has approximately 710,000 electricity and gas connections and transported approximately 14 petajoules of gas in FY21. As at 30 June 2021, the regulated segment EBITDA contributed approximately 74% (\$471.8 million) of total EBITDA (\$634.3 million). The unregulated segments contributed approximately 31% (\$199.0 million).

Terna – Rete Elettrica Nazionale Società per Azioni

Terna - Rete Elettrica Nazionale Società per Azioni, engages in electricity transmission and dispatching activities in Italy and internationally. It operates through Regulated, Non-Regulated and International segments. The company is also involved in the planning, development, management, operation, and maintenance of the national transmission grid, electricity infrastructures and high-voltage infrastructures. In addition, it designs, produces, commercialises, and repairs power transformers; implements and develops renewable energy projects; offers telecommunications, and operation and maintenance services

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for third parties; and undertakes private interconnector projects, as well as owns the national transmission grid.

National Grid plc

National Grid plc transmits and distributes electricity and natural gas. Its segments include:

- UK Electricity Transmission, which owns and operates electricity transmission networks, comprising of approximately 7,200 kilometres of overhead lines.
- UK Gas Transmission, which owns and operates gas transmission systems, as well as third-party independent systems and liquefied natural gas storage facilities.
- US Regulated, which owns and operates transmission facilities across upstate New York, Massachusetts, New Hampshire, Rhode Island, and Vermont; and electricity distribution networks in upstate New York, Massachusetts, and Rhode Island. Its assets comprise 14,400 kilometres of overhead lines; an electricity distribution network of approximately 118,000 circuit miles; and a network of approximately 58,000 kilometres of gas pipeline.
- Other, which engages in the energy metering business; transporting renewable energy through its electricity interconnectors; and storing LNG.

American Electric Power Company, Inc.

American Electric Power Company, Inc., engages in the generation, transmission, and distribution of electricity for sale to retail and wholesale customers in the United States. It operates through multiple segments including Vertically Integrated Utilities, Transmission and Distribution Utilities, AEP Transmission Holdco and Generation & Marketing. The company generates electricity using coal and lignite, natural gas, nuclear and hydroelectric, as well as solar and wind. It also supplies and markets electric power at wholesale to other electric utility companies, rural electric cooperatives, municipalities and other market participants. The company owns, leases or controls approximately 3,000 railcars, 400 barges, 6 towboats and a coal handling terminal with approximately 18 million tons of annual capacity.

Eversource Energy

Eversource Energy engages in the energy delivery business, through four segments Electric Distribution, Electric Transmission, Natural Gas Distribution and Water Distribution. It is involved in the transmission and distribution of electricity; solar power facilities; and distribution of natural gas. The company operates regulated water utilities that provide water services to approximately 216,000 customers.

Exelon Corporation

Exelon Corporation engages in energy generation and delivery in the United States and Canada. It is one of the largest competitive US power generators with more than 31,000MW of nuclear, gas, wind, solar and hydroelectric generating capacity. The company also sells electricity to wholesale and retail customers, is involved in the purchase and regulated retail sale of electricity and natural gas; the transmission and distribution of electricity and distribution of natural gas to retail customers.



Spark Infrastructure RE Limited
Independent Expert Report
11 October 2021

Sharemarket evidence – Renewable energy

The following table set out the market metrics for listed companies that generate electricity from renewable sources.

Table 44: Share market evidence – Renewable Sources

Comparable companies - Financial analysis					
Company name	Country	Enterprise Value AUDm	EBITDA multiple FY ¹	EBITDA multiple FY+1 ²	MW Multiple ³
Renewables					
Atlantica Sustainable Infrastructure plc	United States	13,464	13.7	11.6	4.9
Boralex Inc.	Canada	8,559	18.8	14.6	3.5
Contact Energy Limited	New Zealand	6,773	13.5	13.2	3.5
Falck Renewables S.p.A.	Italy	4,814	17.0	14.7	2.3
Genesis Energy Limited	New Zealand	4,680	12.5	11.3	3.0
Genex Power Limited	Australia	396	24.4	35.8	4.0
Innergex Renewable Energy Inc.	Canada	9,241	20.7	16.2	2.3
Mercury NZ Limited	New Zealand	10,107	23.7	17.5	n/a
Meridian Energy Limited	New Zealand	14,551	21.2	20.3	4.9
Neoen S.A.	France	9,622	22.2	19.6	3.2
Northland Power Inc.	Canada	17,640	11.5	14.5	6.1
NZ Windfarms Limited	New Zealand	81	7.7	n/a	1.8
Trustpower Limited	New Zealand	3,174	18.1	16.4	6.7
Mean (Renewables)			17.3	17.1	3.9
Median (Renewables)			18.1	15.5	3.5

Source: S&P Capital IQ, Company Announcements, Company financial statements, KPMG Corporate Finance analysis.

Notes:

1. Represents enterprise value divided by EBITDA.
2. Forecast EBITDA value based on mean value of broker forecast data available on S&P Capital IQ. Additional broker analysis was undertaken for Spark Infrastructure Group.
3. Represents enterprise value divided by MW.
4. n/a = not available.
5. AUD enterprise value amounts calculated using spot exchange rates as at 31 August 2021

A brief description of the selected comparable companies is provided below.

Atlantica Sustainable Infrastructure plc

Atlantica Sustainable owns and manages renewable energy, natural gas, transmission and transportation infrastructure in the United States, Canada, Mexico, Peru, Chile, Uruguay, Spain, Algeria and South Africa. It owns 28 assets with a combined 1,591 MW of installed generation capacity, 343 MW of natural gas-fired power generation capacity, approximately 1,900 kilometres of electric transmission lines and 17.5 million cubic feet per day of water desalination assets.

Boralex Inc.

Boralex is a developer and manager of renewable energy assets across Canada, France, the United Kingdom and the United States. It has interests in 88 wind farms with an installed capacity of 2,002MW, 16 hydroelectric power stations with a capacity of 181 MW, two thermal power stations with an installed

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capacity of 47 MW and 10 solar farms with an installed capacity of 225 MW. It also operates two hydroelectric power stations on behalf of other companies.

Contact Energy Limited

Contact Energy is a generator and retailer of electricity and natural gas in New Zealand. It produces and sells electricity to commercial and industrial customers, and also sells electricity, natural gas, broadband and other products and services to retail customers. Contact Energy operates two hydroelectric power stations, five geothermal power stations, three thermal power stations and a gas storage facility, serving approximately 532,000 customers.

Falck Renewables S.p.A.

Falck Renewables is a developer and manager of renewable energy assets. It generates electricity through wind farms, biomass, photovoltaic energy plants and storage systems. It has an installed capacity of approximately 1,160 MW. Falck Renewables operates in Italy, the United Kingdom, Germany, France, Spain, the United States, Japan, Sweden and Mexico.

Genesis Energy Limited

Genesis Energy is a generator and retailer of electricity in New Zealand, and also owns a 46% interest in the Kupe oil and gas field that lies in the offshore Taranaki basin. Genesis Energy produces electricity from thermal, hydroelectric and wind sources. It sells its electricity to residential, business and industrial customers under the Genesis Energy and Energy Online brands.

Genex Power Limited

Genex Power is a generator and retailer of renewable energy in Australia. The company's asset portfolio consists of the Huntly power station with a generation capacity of 953 MW, Tongariro Power Scheme that comprises of three power stations with a generation capacity of 361.8MW, Waikaremoana Power Scheme which includes three power stations with a generation capacity of 138 MW, Tekapo Power Scheme with a generation capacity of 190 MW and Hau Nui wind farm. Genesis Energy Limited also offers solar power products and bottled LPG.

Innergex Renewable Energy Inc.

Innergex is a renewable energy producer with operations in Canada, the United States, France and Chile. It owns, develops and operates hydroelectric power stations, wind and solar farms, and energy storage facilities. Innergex currently owns and operates 75 generation assets with a net installed capacity of approximately 2,740 MW and has interests in 10 projects under development and prospective opportunities.

Mercury NZ Limited

Mercury is a generator and retailer of electricity in New Zealand. It operates nine hydroelectric power stations on the Waikato River and five geothermal generation stations in the central North Island. Mercury sells electricity to residential, commercial, industrial and spot market customers under the GLOBUG, Bosco and Mercury brands.



*Spark Infrastructure RE Limited
Independent Expert Report
11 October 2021*

Meridian Energy

Meridian Energy is a generator and retailer of electricity and gas in New Zealand, Australia and the United Kingdom. It generates electricity from hydroelectric power stations and wind farms located in these countries, and from a solar farm in the Pacific Islands. Meridian Energy sells its electricity to residential, business and industrial customers under the Meridian and Powershop brands.

Neoen S.A.

Neoen is a developer and manager of renewable energy assets. It manages solar farms, wind farms and energy storage plants across Europe, South America, North America, Africa and Australia.

Northland Power Inc.

Northland Power is a renewable electricity generator with assets located across North America, Europe, Latin America and Asia. It currently has approximately 2,700 MW of installed capacity, comprising a mix of wind assets (44%), natural gas assets (36%) and other generation assets (20%).

NZ Windfarms

NZ Windfarms is a generator and retailer of electricity in New Zealand. It owns a wind farm in the Manawatu region, which has an installed capacity of 49 MW.

Trustpower Limited

Trustpower is a generator and retailer of electricity in New Zealand. It currently services approximately 265,000 electricity customers, 44,000 gas customers and 112,000 telecommunications customers. Trustpower owns 25 hydroelectric power stations with a total installed capacity of 487 MW. Trustpower Limited is a subsidiary of Infratil Limited.

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KPMG Financial Advisory Services (Australia) Pty Ltd

ABN 43 007 363 215

Australian Financial Services Licence No. 246901

Financial Services Guide

Dated 11 October 2021

What is a Financial Services Guide (FSG)?

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by **KPMG Financial Advisory Services (Australia) Pty Ltd ABN 43 007 363 215**, Australian Financial Services Licence Number 246901 (of which KPMG Corporate Finance is a division) ('**KPMG Corporate Finance**'), and Jason Hughes as an authorised representative of KPMG Corporate Finance, authorised representative number 404183, and Sean Collins as an authorised representative of KPMG Corporate Finance, authorised representative number 404189 (**Authorised Representatives**).

This FSG includes information about:

- KPMG Corporate Finance and its Authorised Representatives and how they can be contacted;
- The services KPMG Corporate Finance and its Authorised Representatives are authorised to provide;
- How KPMG Corporate Finance and its Authorised Representatives are paid;
- Any relevant associations or relationships of KPMG Corporate Finance and its Authorised Representatives;
- How complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and
- The compensation arrangements that KPMG Corporate Finance have in place.

The distribution of this FSG by the Authorised Representatives has been authorised by KPMG Corporate Finance.

This FSG forms part of an Independent Expert's Report (**Report**) which has been prepared for inclusion in a disclosure document or, if you are offered a financial product for issue or sale, a Product Disclosure Statement (**PDS**). The purpose of the disclosure document or PDS is to help you make an informed decision in relation to a financial product. The contents of the disclosure document or PDS, as relevant, will include details such as the risks, benefits and costs of acquiring the particular financial product.

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- Deposit and non-cash payment products;
- Derivatives;
- Foreign exchange contracts;
- Government debentures, stocks or bonds;
- Interests in managed investments schemes including investor directed portfolio services;
- Securities;
- Superannuation;

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- Carbon units;
- Australian carbon credit units; and
- Eligible international emissions units,

to retail and wholesale clients.

We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of financial products. The Authorised Representatives are authorised by KPMG Corporate Finance to provide financial product advice on KPMG Corporate Finance's behalf.

KPMG Corporate Finance and the Authorised Representatives' responsibility to you

KPMG Corporate Finance has been engaged by Spark Infrastructure RE Limited (**Spark Infrastructure or the Client**) to provide general financial product advice in the form of the Report which will be included in Spark Infrastructure's scheme booklets to be sent to Spark Infrastructure securityholders pursuant to the scheme implementation deed announced by Spark Infrastructure on 23 August 2021 under which a consortium comprising Ontario Teachers' Pension Plan Board and Kohlberg Kravis Roberts & Co. L.P. and Public Sector Pension Investment Board will acquire all of Spark Infrastructure's stapled securities on issue (**the Transaction**).

You have not engaged KPMG Corporate Finance or the Authorised Representatives directly but have received a copy of the Report because you have been provided with a copy of the Scheme Booklet. Neither KPMG Corporate Finance nor the Authorised Representatives are acting for any person other than the Spark Infrastructure.

KPMG Corporate Finance and the Authorised Representatives are responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

General advice

As KPMG Corporate Finance has been engaged by Spark Infrastructure, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the Document before making any decision in relation to the Transaction.

Fees KPMG Corporate Finance may receive, and remuneration or other benefits received by our representatives

KPMG Corporate Finance charges fees for preparing reports. These fees will usually be agreed with, and paid by, the Client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Client has agreed to pay KPMG Corporate Finance \$375,000 for preparing the Report. KPMG Corporate Finance and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of the Report.

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Associations and relationships

Through a variety of corporate and trust structures KPMG Corporate Finance is controlled by and operates as part of the KPMG Partnership. KPMG Corporate Finance's directors and Authorised Representatives may be partners in the KPMG Partnership. The Authorised Representatives are partners in the KPMG Partnership. The financial product advice in the Report is provided by KPMG Corporate Finance and the Authorised Representatives and not by the KPMG Partnership.

From time to time KPMG Corporate Finance, the KPMG Partnership and related entities (KPMG entities) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

KPMG entities have provided a range of services to Spark Infrastructure and to each of Ontario Teachers' Pension Plan Board, Kohlberg Kravis Roberts & Co. L.P. and Public Sector Pension Investment Board for which professional fees are received. Over the past two years professional fees of approximately \$0.44 million have been received from Spark Infrastructure, approximately \$0.04 million from Ontario Teachers' Pension Plan Board, approximately \$0.11 million from Kohlberg Kravis Roberts & Co. L.P. and nil from Public Sector Pension Investment Board respectively. None of those services have related to the Transaction or alternatives to the Transaction.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, Spark Infrastructure or has other material financial interests in the transaction.

Complaints resolution

Internal complaints resolution process

If you have a complaint, please let either KPMG Corporate Finance or the Authorised Representatives know. Formal complaints should be sent in writing to The AFSL Complaints Officer, KPMG, PO Box H67, Australia Square, Sydney NSW 1213. If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer on 02 9335 7000 and they will assist you in documenting your complaint.

Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than **45 days** after receiving the written complaint, the response to your complaint will be advised in writing.

External complaints resolution process

If KPMG Corporate Finance or the Authorised Representatives cannot resolve your complaint to your satisfaction within 45 days, you can refer the matter to the Australian Financial Complaints Authority (AFCA). AFCA is an independent

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company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about AFCA are available at the AFCA website www.afca.org.au or by contacting them directly at:

Address: Australian Financial Complaints Authority Limited, GPO Box 3, Melbourne Victoria 3001

Telephone: 1300 56 55 62

Facsimile: (03) 9613 6399

Email: info@afca.org.au.

The Australian Securities and Investments Commission also has a freecall infoline on 1800 931 678 which you may use to obtain information about your rights.

Compensation arrangements

KPMG Corporate Finance has professional indemnity insurance cover in accordance with section 912B of the *Corporations Act 2001(Cth)*.

Contact details

You may contact KPMG Corporate Finance or the Authorised Representatives using the contact details:

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A division of KPMG Financial Advisory
Services (Australia) Pty Ltd
Level 38, Tower Three
300 Barangaroo Avenue
Sydney NSW 2000
PO Box H67
Australia Square
NSW 1213

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ANNEXURE B SPARK INFRASTRUCTURE TRUST SUPPLEMENTAL DEED



HERBERT
SMITH
FREEHILLS

Deed Poll

Spark Infrastructure Trust Constitution Amending Deed

Spark Infrastructure RE Limited

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Spark Infrastructure Trust Constitution Amending Deed

Date ►

RE **Spark Infrastructure RE Limited**
ACN 114 940 984 of Level 29, 225 George Street, Sydney NSW 2000

- Recitals
- 1 Spark Infrastructure Trust ARSN 116 870 725 (**Trust**) is constituted and governed by the Constitution of the Spark Infrastructure Trust dated 25 October 2005, as amended from time to time (**Constitution**) and lodged with ASIC.
 - 2 The Trust is registered as a managed investment scheme under Chapter 5C of the Corporations Act.
 - 3 The Constitution was amended by deeds dated 8 November 2005, 9 December 2010 and 31 May 2011.
 - 4 The RE and the Consortium Sub have agreed, by executing the Implementation Deed, to implement the Trust Scheme and related transactions.
 - 5 The Constitution will be amended in the manner set out in this amending deed to facilitate implementation of the Trust Scheme.
 - 6 Section 601GC(1)(a) of the Corporations Act provides that the Constitution may be modified by special resolution of Unitholders.
 - 7 At a meeting of Unitholders held on [22] November 2021, the Unitholders approved, among other resolutions, a special resolution to make the amendments to the Constitution contained in this deed.
-

This deed witnesses as follows:

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1 Definitions and interpretation

1.1 Definitions

The meanings of the terms used in this deed are set out below.

Term	Meaning
ASIC	the Australian Securities and Investments Commission.
Consortium Sub	Pika Bidco Pty Ltd ACN 652 787 258.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Court	the Supreme Court of New South Wales, or such other court of competent jurisdiction under the Corporations Act agreed to in writing by the RE and the Consortium Sub.
Creditors' Scheme	the scheme of arrangement under Part 5.1 of the Corporations Act between the RE and holders of Notes, the form of which is attached as Attachment 2 in the Implementation Deed, subject to any alterations or conditions made or required by the Court under subsection 411(6) of the Corporations Act and agreed to in writing by the Consortium Sub and the RE.
Effective	<ol style="list-style-type: none">1 in relation to the Trust Scheme, the coming into effect of the amendments to the Constitution (which will occur on the date and at the time a copy of the amended Constitution, or of the amendments, is lodged with ASIC under section 601GC(2) of the Corporations Act); and2 in relation to the Creditors' Scheme, the coming into effect, pursuant to section 411(10) of the Corporations Act, of the orders of the Court made under section 411(4)(b) (and, if applicable, section 411(6)) in relation to the Creditors' Scheme but in any event at no time before an office copy of the orders of the Court is lodged with ASIC.
Effective Date	the date on which the Trust Scheme and Creditors' Scheme have both become Effective.
Government Agency	any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department,



Term	Meaning
	commission, authority, tribunal, agency or entity (including any stock or other securities exchange), or any minister of the Crown in right of the Commonwealth of Australia or any State, and any other federal, state, provincial, or local government, whether foreign or Australian.
Implementation Deed	the scheme implementation deed between the RE and the Consortium Sub dated 23 August 2021, relating to the implementation of the Trust Scheme and Creditors' Scheme.
Note	has the same meaning as in the Constitution.
Registered	has the same meaning as in the Constitution.
Scheme Share	has the same meaning as in Schedule 2 proposed to be included in the Constitution in accordance with this deed.
Trust Scheme	an arrangement under which the Consortium Sub acquires all of the Units and all of the Scheme Shares from Unitholders facilitated by amendments to the Constitution set out in the Schedule, subject to the requisite approvals of Unitholders (as may be amended from time to time in accordance with clause 6.7 of the Schedule 2 proposed to be included in the Constitution).
Units	has the same meaning as in the Constitution.
Unitholder	a person Registered as a holder of Units from time to time.

1.2 Interpretation

In this deed:

- (a) headings and bold type are for convenience only and do not affect the interpretation of this deed;
- (b) the singular includes the plural and the plural includes the singular;
- (c) words of any gender include all genders;
- (d) other parts of speech and grammatical forms of a word or phrase defined in this deed have a corresponding meaning;
- (e) a reference to a person includes any company, partnership, joint venture, association, corporation or other body corporate and any Government Agency as well as an individual;

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- (f) a reference to a clause, party, part, schedule, attachment or exhibit is a reference to a clause or part of, and a party, schedule, attachment or exhibit to, this deed;
- (g) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them;
- (h) a reference to a document (including this deed) includes all amendments or supplements to, or replacements or novations of, that document;
- (i) a reference to '\$', 'A\$' or 'dollar' is to Australian currency unless denominated otherwise;
- (j) a reference to any time is a reference to that time in Sydney, New South Wales;
- (k) a term defined in or for the purposes of the Corporations Act has the same meaning when used in this deed;
- (l) a reference to a party to a document includes that party's successors and permitted assignees;
- (m) no provision of this deed will be construed adversely to a party because that party was responsible for the preparation of this deed or that provision; and
- (n) a reference to a body, other than a party to this deed (including an institute, association or authority), whether statutory or not:
 - (1) which ceases to exist; or
 - (2) whose powers or functions are transferred to another body,is a reference to the body which replaces it or which substantially succeeds to its powers or functions.

1.3 Interpretation of inclusive expressions

Specifying anything in this deed after the words 'including', 'includes' or 'for example' or similar expressions does not limit what else is included.

2 Operation of this deed

Clause 4 of this deed shall take effect on and from the Effective Date.

3 Conditions

This deed is conditional upon, and will have no force or effect until, the satisfaction of each condition precedent stipulated in clause 3.1 of the Creditors' Scheme, other than the coming into effect of the amendments made by this deed.



4 Amendment of the Constitution

4.1 Amendment

- (a) The Constitution is amended (except for clauses 1.1 and 2 of the Constitution, which are not replaced, amended, reproduced, repeated, restated or otherwise affected in any way by this deed) by:
- (1) deleting clause 2.4 of Schedule 1 of the Constitution and replacing its heading with the words "[Not used]";
 - (2) deleting the words "and will be separately admitted to the official list of ASX notwithstanding that the Attached Securities are jointly quoted on ASX as Stapled Securities" from clause 2.6 of Schedule 1 of the Constitution;
 - (3) replacing each of clauses 6(b)(i), 6(b)(ii) and 6(b)(v) of Schedule 1 of the Constitution with the words "[Deleted]";
 - (4) deleting the definitions of Accession Deed and Co-operation Deed in clause 16.1 of Schedule 1 of the Constitution;
 - (5) deleting the words "and who has executed the Accession Deed" from the definition of 'Stapled Entity' in clause 16.1 of Schedule 1 of the Constitution;
 - (6) deleting the words "the Co-operation Deed," in the definition of 'Transaction Documents' in clause 16.1 of Schedule 1 of the Constitution;
 - (7) deleting the words "and which Attached Securities are quoted on the ASX jointly as a "Stapled Security" or such other term as the ASX permits" in the definition of 'Stapled' in clause 16.1 of Schedule 1; and
 - (8) inserting as a new Schedule 2 into the Constitution the text contained in the Schedule.
- (b) The RE confirms that clauses 1.1 and 2 of the Constitution are not replaced, amended, reproduced, repeated, restated or otherwise affected in any way by this deed.
- (c) The Constitution, as it applies to the Trust and as amended by this deed, is the constitution of the Trust.

4.2 Binding conditions

This deed is binding on the RE, each Unitholder and any other person claiming through any of them as if each was a party to this deed.

5 Governing law and jurisdiction

This deed is governed by the law of Victoria.



Schedule

Schedule 2 – Trust Scheme

1 Background

1.1 Schemes and related transactions

The Schemes and related transactions are intended to implement the following transactions (the **Transaction**):

- (a) Scheme Shares are created through the following steps:
 - (1) the rights attaching to one ordinary share in each of Spark Holdco 1, Spark Holdco 2 and Spark Holdco 3 are varied so that such ordinary share becomes an 'A class share'; and
 - (2) that A class share in each of Spark Holdco 1, Spark Holdco 2 and Spark Holdco 3 is subdivided into a number of A class shares in Spark Holdco 1, Spark Holdco 2 and Spark Holdco 3 (as applicable) as is in each case equal to the aggregate number of Spark Securities on issue as at the Scheme Record Date;
- (b) the RE distributes the Scheme Shares to Scheme Securityholders as a distribution of capital in accordance with clauses 10.9 and 10.17 to form the New Scheme Securities and, simultaneously with such distribution, the Scheme Shares are Stapled to the Spark Securities; and
- (c) the Consortium Sub acquires the New Scheme Securities in consideration for the Scheme Consideration in accordance with the Schemes.

The actions identified in this clause 1.1 of this Schedule 2 will be implemented by the RE pursuant to and in accordance with the provisions of this Schedule 2 and the provisions of the Implementation Deed.

The actions required to implement the Transaction will take place on the Implementation Date in the order set out above, with each action occurring immediately after the preceding action (except that, for the avoidance of doubt, the distribution and Stapling contemplated in clause 1.1(b) occur simultaneously).

1.2 Deed Poll

The Trust Scheme attributes actions to the Consortium Sub but does not itself impose an obligation on it to perform those actions. The Consortium Sub has agreed, by executing the Deed Poll, to perform the actions attributed to it under and in accordance with the Trust Scheme, including the provision or procuring the provision of the Scheme Consideration to the Scheme Securityholders.



2 Scheme Securityholders

2.1 Determination of Scheme Securityholders

To establish the identity and addresses of the Scheme Securityholders, dealings in Spark Securities and other alterations to the Register will only be recognised if:

- (a) in the case of dealings of the type to be effected using CHES, the transferee is registered in the Register as the holder of the relevant Spark Security on or before the Scheme Record Date; and
- (b) in all other cases, registrable transfer or transmission applications in respect of those dealings, or valid requests in respect of those alterations, are received on or before the Scheme Record Date at the place where the Register is kept,

and the RE must not accept for registration, nor recognise for any purpose (except a transfer to the Consortium Sub pursuant to the Schemes and any subsequent transfer by the Consortium Sub or its successors in title), any transfer or transmission application or other request received after such times, or received before such times but not in registrable or actionable form, as appropriate.

2.2 Register

- (a) The RE must register, or cause to be registered, registrable transmission applications or transfers of the Scheme Securities in accordance with clause 2.1(b) of this Schedule 2 by, or as soon as practicable after, the Scheme Record Date; provided that, for the avoidance of doubt, nothing in this clause 2.2(a) of this Schedule 2 requires the registration of a transfer that would result in a Scheme Securityholder holding a parcel of Spark Securities that is less than a 'marketable parcel' (for the purposes of this clause 2.2(a) of this Schedule 2 'marketable parcel' has the meaning given in the Operating Rules).
- (b) If the Trust Scheme becomes Effective, a holder of Scheme Securities (and any person claiming through that holder) must not dispose of or purport or agree to dispose of, any Scheme Securities or any interest in them after the Scheme Record Date (except a transfer to the Consortium Sub pursuant to the Schemes or any subsequent transfer by the Consortium Sub or its successors in title).
- (c) For the purpose of determining entitlements to the Scheme Consideration, the RE must maintain the Register in accordance with the provisions of this clause 2.2 of this Schedule 2 until the Scheme Consideration has been paid to the Scheme Securityholders. The Register in this form will solely determine entitlements to the Scheme Consideration.
- (d) All statements of holding for Spark Securities will cease to have effect after the Scheme Record Date as documents of title in respect of those Spark Securities and, as from that date and time, each entry current at that date on the Register (other than any entries on the Register in respect of the Consortium Sub) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Spark Securities relating to that entry.
- (e) As soon as possible on or after the Scheme Record Date, and in any event by 5.00pm on the first Business Day after the Scheme Record Date, the RE will ensure that details of the names, Registered Addresses and holdings of Spark Securities for each Scheme Securityholder as shown in the Register are available to the Consortium Sub in the form the Consortium Sub reasonably requires.

3 New Scheme Securities

3.1 Approval of creation of Scheme Shares

Unless it has already done so before the Implementation Date, the RE as sole member of Spark Holdco 1, Spark Holdco 2 and Spark Holdco 3 will vote in favour of all resolutions required to be passed, including under sections 246B and 254H of the Corporations Act, by members of Spark Holdco 1, Spark Holdco 2 and Spark Holdco 3 in order to create, respectively:

- (a) the number of Spark Holdco 1 Shares equal to the number of Scheme Units as at the Scheme Record Date;
- (b) the number of Spark Holdco 2 Shares equal to the number of Scheme Units as at the Scheme Record Date; and
- (c) the number of Spark Holdco 3 Shares equal to the number of Scheme Units as at the Scheme Record Date.

3.2 Amendments to Constituent Documents

Unless it has already done so before the Implementation Date, the RE as sole member of Spark Holdco 1, Spark Holdco 2 and Spark Holdco 3 will vote in favour of all resolutions required to amend the constitutions Spark Holdco 1, Spark Holdco 2 and Spark Holdco 3 to include provisions substantially the same as the Stapling Provisions in each such constitution.

3.3 Distribution of Scheme Shares

- (a) The RE will distribute, as an in specie capital distribution in accordance with clauses 10.9 and 10.17, all of the Scheme Shares to Scheme Securityholders to which they are entitled such that, for each Scheme Unit that a Scheme Securityholder holds, the Scheme Securityholder will receive one Spark Holdco 1 Share, one Spark Holdco 2 Share and one Spark Holdco 3 Share.
- (b) In accordance with clause 10.17, the RE (as agent for each Scheme Securityholder) agrees on behalf of each Scheme Securityholder to become a member of each of Spark Holdco 1, Spark Holdco 2 and Spark Holdco 3 with effect from receipt of the Scheme Shares.

3.4 Stapling

Simultaneously with the distribution of the Scheme Shares to Scheme Securityholders, the RE will be taken to have determined for all purposes (including for purposes of clause 6(b)(iii) of Schedule 1) that one Spark Holdco 1 Share, one Spark Holdco 2 Share and one Spark Holdco 3 Share will be Stapled to each Scheme Security to form a New Scheme Security. From the time of the distribution, a reference to 'Stapled Securities' in the Stapling Provisions will be deemed to be a reference to the New Scheme Securities.

3.5 Scheme Securityholders' appointment of RE as attorney

Each Scheme Securityholder, without the need for any further act by any Scheme Securityholder, irrevocably appoints the RE and each of its directors and secretaries (jointly and each of them individually) as its attorney and agent for the purpose of receiving, holding and delivering to any person any share certificates or other documents of title and executing any document necessary or expedient to give effect to the



transactions described in this clause 3 of this Schedule 2 or doing any other act or thing necessary or desirable to give effect to this clause 3 of this Schedule 2.

4 Acquisition

4.1 Agreement to transfer

Each Scheme Securityholder:

- (a) agrees to the transfer (at the same time as their other Spark Securities are transferred pursuant to the Creditors' Scheme) of all of their Scheme Units and Scheme Shares to the Consortium Sub, together with all rights and entitlements attaching to those Scheme Units and Scheme Shares, in consideration for the payment of the Scheme Consideration; and
- (b) without the need for any further act by any Scheme Securityholder, irrevocably appoints the RE and each of its directors and secretaries (jointly and each of them individually) as its attorney and agent for the purpose of executing any document necessary or expedient to give effect to the transactions described in this clause 4 of this Schedule 2 or doing any other act or thing necessary or desirable to give effect to this clause 4 of this Schedule 2.

4.2 Provision of Scheme Consideration

- (a) Each Scheme Securityholder is entitled to receive the Scheme Consideration in respect of each Scheme Unit and Scheme Share held by that Scheme Securityholder, subject to the terms of the Schemes.
- (b) Subject to clause 4.2(e), the Consortium Sub must, by no later than the Business Day before the Implementation Date, deposit, or procure the deposit, in cleared funds of an amount equal to the aggregate amount of the Scheme Consideration payable to all Scheme Securityholders into an Australian dollar denominated trust account, which will be an account held with an Australian authorised deposit-taking institution, operated by the RE as trustee for the Scheme Securityholders (**Trust Account**) (except that any interest on the amounts deposited (less bank fees and other charges) will be to the Consortium Sub's account).
- (c) On the Implementation Date after the New Scheme Securities have been created in accordance with clause 3.4 of this Schedule 2, subject to funds having been deposited in accordance with clause 4.2(b) of this Schedule 2, the RE must pay or procure the payment of the Scheme Consideration from the Trust Account to each Scheme Securityholder to which they are entitled to under this clause 4.2.
- (d) The obligations of the RE under clause 4.2(c) of this Schedule 2 will be satisfied by the RE (in its absolute discretion, and despite any election referred to in paragraph (1) below or authority referred to in paragraph (2) below made or given by the Scheme Securityholder):
 - (1) if a Scheme Securityholder has, before the Scheme Record Date, made a valid election in accordance with the requirements of the Registry to receive distribution payments from the RE by electronic funds transfer to a bank account nominated by the Scheme Securityholder, paying, or procuring the payment of, the relevant

- amount in Australian currency by electronic means in accordance with that election;
- (2) paying, or procuring the payment of, the relevant amount in Australian currency by electronic means to a bank account nominated by the Scheme Securityholder by an appropriate authority from the Scheme Securityholder to the RE; or
- (3) dispatching, or procuring the dispatch of, a cheque for the relevant amount in Australian currency to the Scheme Securityholder by prepaid post to their Registered Address (as at the Scheme Record Date), such cheque being drawn in the name of the Scheme Securityholder (or in the case of joint holders, in accordance with the procedures set out in clause 6.3 of this Schedule 2).
- (e) If the Consortium Sub is required by Subdivision 14-D of Schedule 1 of the *Taxation Administration Act 1953* (Cth) to pay amounts to the Australian Taxation Office (**ATO**) in respect of the acquisition of New Scheme Securities from certain Scheme Securityholders, the Consortium Sub is permitted to deduct the relevant amounts from the payment of the Scheme Consideration to those Scheme Securityholders and remit such amounts to the relevant taxation authorities. The aggregate sum payable to Scheme Securityholders shall not be increased to reflect the deduction and the net aggregate sum payable to those Scheme Securityholders shall be taken to be in full and final satisfaction of the amounts owing to those Scheme Securityholders. The Consortium Sub must pay any amount so withheld to the relevant taxation authorities within the time permitted by law, and, if requested in writing by the relevant Scheme Securityholder, provide a receipt or other appropriate evidence of such payment (or procure the provision of such receipt or other evidence) to the relevant Scheme Securityholder.
- (f) To the extent that, following satisfaction of the RE's obligations under clause 4.2(d) of this Schedule 2, there is a surplus in the amount held by the RE as trustee for the Scheme Securityholders in the Trust Account, that surplus must be paid by the RE to the Consortium Sub.
- (g) If, following satisfaction of Consortium Sub's obligations under clause 4.2(b) of this Schedule 2 but prior to the occurrence of all of the events described in clause 4.3 of this Schedule 2, this Scheme lapses because the Implementation Deed or the Deed Poll is terminated in accordance with its terms:
- (1) the RE must immediately repay (or cause to be repaid) to or at the direction of Consortium Sub the funds that were deposited in the Trust Account plus any interest on the amounts deposited (less bank fees and other charges); and
- (2) the obligation to transfer New Scheme Securities, together with all rights and entitlements attaching to the New Scheme Securities as at the Implementation Date, to Consortium Sub under 4.3(a) will immediately cease.
- (h) Where the calculation of the Scheme Consideration to be provided to a particular Scheme Securityholder would result in the Scheme Securityholder becoming entitled to a fraction of a cent, the fractional entitlement will be rounded down to the nearest cent.

4.3 Transfer to Consortium Sub

On the Implementation Date:



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Schedule Schedule 2 – Trust Scheme

- (a) after the Consortium Sub has given the RE written confirmation of the provision of the Scheme Consideration, all of the Scheme Units held by Scheme Securityholders, together with all rights and entitlements attaching to those Scheme Units as at the Implementation Date, and together with the Spark Holdco 1 Shares, Spark Holdco 2 Shares and Spark Holdco 3 Shares Stapled to those Scheme Units, will be transferred to the Consortium Sub without the need for any further act by any Scheme Securityholder (other than acts performed by the RE (or its directors or officers) as attorney and agent for the Scheme Securityholders under clause 6.2 of this Schedule 2) by:
- (1) the RE delivering to the Consortium Sub a duly executed Scheme Transfer, executed on behalf of the Scheme Securityholders by the RE, for registration; and
 - (2) the Consortium Sub duly executing the Scheme Transfer as transferee, attending to the stamping of the Scheme Transfer (if required) and delivering it to the RE, Spark Holdco 1, Spark Holdco 2 and Spark Holdco 3 for registration; and
- (b) following receipt of the Scheme Transfer in accordance with clause 4.3(a)(2), but subject to the stamping of the Scheme Transfer (if required), the RE must immediately register, and (as necessary) take all steps within its power to cause the registration by Spark Holdco 1, Spark Holdco 2 and Spark Holdco 3 (as applicable) of, the transfers of the New Scheme Securities, and enter, and (as necessary) take all steps within its power to cause the entry by Spark Holdco 1, Spark Holdco 2 and Spark Holdco 3 (as applicable) of, the name of the Consortium Sub in the Register in respect of all New Scheme Securities transferred to it under clause 4.3(a) of this Schedule 2 at the same time as the RE enters, or procures the entry of, the name of the Consortium Sub in the Register in respect of all other New Scheme Securities transferred to it in accordance with the Creditors' Scheme.

4.4 Scheme Securityholders' warranties

Each Scheme Securityholder warrants to the RE and the Consortium Sub, and appoints and authorises the RE as its attorney and agent to warrant to the Consortium Sub, that as at the Implementation Date:

- (a) all their Scheme Units and Scheme Shares (including any rights and entitlements attaching to those Scheme Units and Scheme Shares) which are transferred to the Consortium Sub will, at the date they are transferred to the Consortium Sub, be fully paid and free from all Encumbrances; and
- (b) they have full power and capacity to sell and to transfer their Scheme Units and Scheme Shares (including any rights and entitlements attaching to those Scheme Units and Scheme Shares) to the Consortium Sub.

The RE must provide such warranties to the Consortium Sub as agent and attorney of each Scheme Securityholder.

4.5 Title to and rights in New Scheme Securities

- (a) To the extent permitted by law, the Scheme Units and Scheme Shares (including all rights and entitlements attaching to the Scheme Units and Scheme Shares) transferred to the Consortium Sub will, at the time of transfer vest in the Consortium Sub free from all Encumbrances.
- (b) Immediately upon payment of the Scheme Consideration in accordance with clause 4.2 of this Schedule 2, the Consortium Sub will be beneficially entitled to

the Scheme Units and Scheme Shares to be transferred to it under this Trust Scheme pending registration by the RE, Spark Holdco 1, Spark Holdco 2 and Spark Holdco 3 of the Consortium Sub in the Register as the holder of the relevant Scheme Units and Scheme Shares.

4.6 Appointment of sole proxy

Immediately upon the provision of the Scheme Consideration to each Scheme Securityholder, and until the Consortium Sub is registered as the holder of all New Scheme Securities in the Register, each Scheme Securityholder:

- (a) is deemed to have appointed the Consortium Sub as attorney and agent (and directed the Consortium Sub in each such capacity) to appoint any director, officer, secretary or agent nominated by the Consortium Sub as its sole proxy and, where applicable or appropriate, corporate representative to attend Spark Securityholders' meetings, exercise the votes attaching to the Scheme Units and Scheme Shares registered in their name and sign any resolution or document;
- (b) must not attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to this clause 4.6 of this Schedule 2);
- (c) must take all other actions in the capacity of a registered holder of Scheme Units and Scheme Shares as the Consortium Sub reasonably directs; and
- (d) acknowledges and agrees that in exercising the powers referred to in this clause 4.6 of this Schedule 2, the Consortium Sub and any director, officer, secretary or agent nominated by the Consortium Sub may act in the best interests of the Consortium Sub as the intended registered holder of the Scheme Units and Scheme Shares.

4.7 Unclaimed monies

- (a) The RE may cancel a cheque issued under this clause 4 if the cheque:
 - (1) is returned to the RE; or
 - (2) has not been presented for payment within six months after the date on which the cheque was sent.
- (b) During the period of 12 months commencing on the Implementation Date, on request in writing from a Scheme Securityholder to the RE (or the Registry) (which request may not be made until the date which is 20 Business Days after the Implementation Date), the RE must reissue a cheque that was previously cancelled under this clause 4.7.
- (c) The *Unclaimed Money Act 2008* (Vic) will apply in relation to any Scheme Consideration which becomes 'unclaimed money' (as defined in section 3 of the *Unclaimed Money Act 2008* (Vic)).

4.8 Orders of a court or Government Agency

If written notice is given to the RE, the Registry or the Consortium Sub of an order or direction made by a court of competent jurisdiction or by another Government Agency that:

- (a) requires consideration to be provided to a third party in respect of New Scheme Securities held by a particular Scheme Securityholder, which would otherwise be payable to that Scheme Securityholder by the RE in accordance with this



- clause 4, the RE shall be entitled to procure that provision of that consideration is made in accordance with that order or direction; or
- (b) prevents the RE from providing consideration to any particular Scheme Securityholder in accordance with this clause 4, or the payment of such consideration is otherwise prohibited by applicable law, the RE shall be entitled to retain an amount, in Australian dollars, equal to the number of New Scheme Securities held by that Scheme Securityholder multiplied by the Scheme Consideration, until such time as provision of the Scheme Consideration in accordance with this clause 4 is permitted by that (or another) order or direction or otherwise by law.

5 Quotation of Spark Securities

- (a) The RE must apply to ASX to suspend trading of Spark Securities on the ASX with effect from the close of trading on the Effective Date.
- (b) On a date after the Implementation Date to be determined by the Consortium Sub, the RE will apply for termination of the official quotation of Spark Securities on the ASX and to have Spark Infrastructure Group removed from the official list of the ASX.

6 General

6.1 Binding effect

- (a) This Schedule 2 binds the RE and all of the present and future Scheme Securityholders (including those who did not attend the Trust Scheme Meeting, did not vote at that meeting, or voted against the Trust Scheme Resolutions) and, to the extent of any inconsistency, overrides any other part of the Constitution.
- (b) The RE and, so far as is relevant, the Scheme Securityholders, must give effect to the Trust Scheme and the Transaction in accordance with its terms, and must do all things and execute all deeds, instruments, transfer or other documents as the RE considers are necessary or desirable to give effect to the terms of the Trust Scheme and the Transaction.
- (c) Each Scheme Securityholder agrees to the variation, cancellation or modification of the rights attached to their Scheme Securities, New Scheme Securities, Scheme Units and Scheme Shares, constituted by or resulting from the Trust Scheme and the Transaction.

6.2 RE's authority

- (a) Without limiting the RE's powers under this Schedule 2 or the Constituent Documents, the RE has power to do all things that it considers necessary or desirable to give effect to the Trust Scheme, the Transaction, the Implementation Deed and the transactions contemplated by them.
- (b) Each Scheme Securityholder, without the need for any further act:
- (1) on the Effective Date, irrevocably appoints the RE and each of its directors, officers and secretaries (jointly and each of them severally)

as its attorney and agent for the purpose of enforcing the Deed Poll against the Consortium Sub, and the RE undertakes in favour of each Scheme Securityholder that it will enforce the Deed Poll against the Consortium Sub on behalf of and as agent and attorney for each Scheme Securityholder; and

- (2) on the Implementation Date, irrevocably appoints the RE and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of executing any document or doing or taking any other act necessary, desirable or expedient to give effect to the Trust Scheme, the Transaction, and the transactions contemplated by them including executing the Scheme Transfer,

and the RE accepts each such appointment.

- (c) The RE, as attorney and agent of each Scheme Securityholder, may sub-delegate its functions, authorities or powers under this clause 6.1(a) to all or any of its directors, officers, secretaries or employees (jointly, severally or jointly and severally).
- (d) Each Scheme Securityholder consents to the RE doing all things necessary or incidental to the implementation of the Trust Scheme, the Transaction and the transactions contemplated by them.

6.3 Joint holders

In the case of Scheme Securities, Scheme Units and Scheme Shares held in joint names:

- (a) any Scheme Shares to be distributed in respect of those Scheme Units pursuant to the Trust Scheme must be registered in the names of the joint holders;
- (b) subject to clause 6.3(c), any Scheme Consideration payable in respect of the Scheme Units and Scheme Shares is payable to the joint holders and any cheque required to be sent under the Trust Scheme will be made payable to the joint holders and sent to either, at the sole discretion of the RE, the holder whose name appears first in the Register as at the Scheme Record Date or to the joint holders; and
- (c) any other document required to be sent to Scheme Securityholders under the Trust Scheme will be forwarded to either, at the sole discretion of the RE, the holder whose name appears first in the Register as at the Scheme Record Date or to the joint holders.

6.4 CHESSE Holdings

Each Scheme Securityholder who holds their Scheme Securities in a CHESSE Holding agrees to the conversion of those Scheme Securities to an Issuer Sponsored Holding and irrevocably authorises the RE to do anything necessary or expedient (whether required by the Settlement Rules or otherwise) to effect or facilitate such conversion.

6.5 Transaction a Stapling Matter

The Transaction is taken to be a Stapling Matter for the purposes of the Stapling Provisions.



6.6 Indemnity

The RE acknowledges that the indemnity under clause 11.3 of the Note Trust Deed covers any liability or loss arising from, and any reasonable Costs incurred by the Note Trustee in connection with, any act, omission, matter or thing to give effect to the Transaction.

6.7 Amendment

The RE may amend the Trust Scheme and, as applicable, this Schedule 2 if such amendment is not inconsistent with the approvals given by the Scheme Securityholders in the Trust Scheme Resolutions, and this Schedule 2 shall apply to the Trust Scheme as amended.

6.8 Further action

The RE must do all things and execute all documents necessary to give full effect to the Trust Scheme and the transactions contemplated by it.

7 Definitions

In this Schedule 2, unless the context otherwise requires:

Term	Meaning
Affiliate	an entity will be an Affiliate of another entity if it Controls the other entity, the other entity Controls the first entity, or both entities are under common Control.
ASIC	the Australian Securities and Investments Commission.
ASX	ASX Limited ABN 98 008 624 691 and, where the context requires, the financial market that it operates.
Business Day	a business day as defined in the Listing Rules and which is not a Saturday, Sunday or public holiday or bank holiday in Sydney, Australia.
CHESS	the Clearing House Electronic Subregister System operated by ASX Settlement Pty Ltd and ASX Clear Pty Limited.
CHESS Holding	has the meaning given in the Settlement Rules.
Consortium Sub	Pika Bidco Pty Ltd ACN 652 787 258.



Constituent Documents	this constitution, the Note Trust Deed and the constitutions of Spark Holdco 1, Spark Holdco 2 and Spark Holdco 3 from time to time.
Control	has the meaning given in section 50AA of the Corporations Act. Also, for these purposes: <ol style="list-style-type: none">1 a trust will Control another entity if its trustee Controls the entity (disregarding for these purposes the operation of section 50AA(4) of the Corporations Act) in its capacity as trustee of the trust;1 a partnership will Control another entity if a partner (including a general partner) Controls the entity (disregarding for these purposes the operation of section 50AA(4) of the Corporations Act) in its capacity as partner; and2 a fund or investment vehicle will Control another entity if the responsible entity or manager of the fund or investment vehicle Controls the entity (disregarding for these purposes the operation of section 50AA(4) of the Corporations Act) in its capacity as responsible entity or manager of the fund or investment vehicle.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Costs	has the meaning given in Schedule 4 of the Note Trust Deed.
Court	the Supreme Court of New South Wales, or such other court of competent jurisdiction under the Corporations Act agreed to in writing by the RE and the Consortium Sub.
Creditors' Scheme	the scheme of arrangement under Part 5.1 of the Corporations Act between the RE and the Scheme Securityholders (as holders of Notes), in the form attached to the Implementation Deed, subject to any alterations or conditions made or required by the Court under subsection 411(6) of the Corporations Act and agreed to in writing by the Consortium Sub and the RE.
Deed Poll	the deed poll under which the Consortium Sub covenants in favour of the Scheme Securityholders to perform the obligations attributed to it under the Schemes.
Effective	<ol style="list-style-type: none">1 in relation to the Trust Scheme, the coming into effect of the amendments to this constitution (which will occur on the date and at the time a copy of the amended constitution, or of the amendments, is lodged with ASIC under section 601GC(2) of the Corporations Act); and2 in relation to the Creditors' Scheme, the coming into effect, pursuant to section 411(10) of the Corporations Act, of the orders of the Court made under section 411(4)(b) (and, if



applicable, section 411(6)) in relation to the Creditors' Scheme but in any event at no time before an office copy of the orders of the Court is lodged with ASIC.

Effective Date	the date on which the Schemes have both become Effective.
Encumbrances	mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the <i>Personal Property Securities Act 2009</i> (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind.
Excluded Securityholder	any Spark Securityholder who is the Consortium Sub or an Affiliate of the Consortium Sub, or who holds any Spark Securities on behalf of, or for the benefit of, any of the Consortium Sub or an Affiliate of the Consortium Sub and does not hold Spark Securities on behalf of, or for the benefit of, any other person (including themselves).
Government Agency	any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity (including any stock or other securities exchange), or any minister of the Crown in right of the Commonwealth of Australia or any State, and any other federal, state, provincial, or local government, whether foreign or Australian.
Implementation Date	the tenth Business Day after the Scheme Record Date, or such other date after the Scheme Record Date as agreed in writing by the RE and the Consortium Sub.
Implementation Deed	the Implementation Deed between the RE and the Consortium Sub dated 23 August 2021.
Issuer Sponsored Holding	has the meaning given in the Settlement Rules.
Listing Rules	the official listing rules of ASX.
New Scheme Security	a Stapled security comprising one Scheme Unit, one Spark Holdco 1 Share, one Spark Holdco 2 Share, one Spark Holdco 3 Share and one Scheme Note Stapled together, created as contemplated by clause 3 of this Schedule 2.
Note	has the same meaning as in the Constitution.

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Note Trust Deed	has the same meaning as in the Constitution.
Note Trustee	has the same meaning as in the Constitution.
Operating Rules	the official operating rules of ASX.
Register	the register of holders of Spark Securities (and, after formation of the New Scheme Securities, the register of holders of New Scheme Securities) maintained in accordance with clause 5 of Schedule 1 and the Corporations Act.
Registered Address	in relation to a Spark Securityholder, the address shown in the Register as at the Scheme Record Date.
Registry	Boardroom Pty Limited ABN 14 003 209 836.
Scheme Consideration	<p>the consideration to be provided by the Consortium Sub to each Scheme Securityholder for the transfer to the Consortium Sub of each Scheme Unit and Scheme Share, being for each Spark Security held by a Scheme Securityholder as at the Scheme Record Date:</p> <ol style="list-style-type: none"> 1 in respect of the Scheme Units, an amount of \$2.30 per Scheme Unit; <i>less</i> the cash amount of any distributions to which Scheme Securityholders become entitled on or before the Implementation Date, including the first half interim distribution for 2021 of \$0.0625 per Spark Security announced by the RE on 1 July 2021, any 'Special Distribution' and any 'Final Distribution' (as those terms are defined in the Implementation Deed); <i>plus</i> the amount of any 'Additional Consideration' (as that term is defined in the Implementation Deed); and 2 in respect of the Scheme Shares, nil.
Scheme Note	a Note as at the Scheme Record Date.
Scheme Record Date	7.00pm on the ninth Business Day after the Effective Date, or such other Business Day after the Effective Date as may be agreed to in writing by the RE and the Consortium Sub.
Scheme Security	a Spark Security as at the Scheme Record Date.
Scheme Securityholder	each person who is registered as the holder of a Spark Security recorded in the Register as at the Scheme Record Date other than, for the purposes of clause 4 of this Schedule 2 only, an Excluded



	Securityholder.
Scheme Share	a Spark Holdco 1 Share, a Spark Holdco 2 Share and a Spark Holdco 3 Share created as contemplated by clause 3.1 of this Schedule 2.
Scheme Transfer	a duly completed and executed proper instrument of transfer in respect of the New Scheme Securities (comprising Stapled Scheme Units, Scheme Shares and Scheme Notes) for the purposes of section 1071B of the Corporations Act, from Scheme Securityholders as transferors to the Consortium Sub as transferee, which may be a master transfer of all or part of the New Scheme Securities held by Scheme Securityholders.
Scheme Unit	a Unit as at the Scheme Record Date.
Schemes	the Trust Scheme and the Creditors' Scheme.
Settlement Rules	the ASX Settlement Operating Rules, being the official operating rules of the settlement facility provided by ASX Settlement Pty Ltd.
Spark Holdco 1	Spark Infrastructure Holdings No.1 Limited ACN 116 940 786.
Spark Holdco 1 Share	an A class share in Spark Holdco 1, which share confers on its holder a right to \$0.001c on a winding up of Spark Holdco 1 and no other voting, dividend, capital or other rights.
Spark Holdco 2	Spark Infrastructure Holdings No.2 Limited ACN 116 940 795.
Spark Holdco 2 Share	an A class share in Spark Holdco 2, which share confers on its holder a right to \$0.001c on a winding up of Spark Holdco 2 and no other voting, dividend, capital or other rights.
Spark Holdco 3	Spark Infrastructure Holdings No.3 Limited ACN 117 034 492.
Spark Holdco 3 Share	an A class share in Spark Holdco 3, which share confers on its holder a right to \$0.001c on a winding up of Spark Holdco 3 and no other voting, dividend, capital or other rights.
Spark Security	a Stapled security comprising one Unit and one Note Stapled together.

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Spark Securityholder	each person who is registered as the holder of a Spark Security in the Register.
Stapled	has the same meaning as in the Constitution (as amended by this deed).
Stapling Provisions	has the same meaning as in the Constitution.
Transaction	has the meaning given in clause 1.1 of this Schedule 2.
Trust Account	has the meaning given in clause 4.2 of this Schedule 2.
Trust Scheme	an arrangement under which, among other transactions, the Consortium Sub acquires all of the Units and all Scheme Shares from Scheme Securityholders facilitated by amendments to the Constitution as set out in this Schedule 2 (as may be amended from time to time in accordance with clause 6.7 of this Schedule 2), subject to the requisite approvals of Scheme Securityholders.
Trust Scheme Meeting	a meeting of the Unitholders convened by the RE to consider the Trust Scheme Resolutions, and includes any adjournment of that meeting.
Trust Scheme Resolutions	the resolutions to approve the Trust Scheme, including: <ol style="list-style-type: none">1 a resolution for the purposes of section 601GC(1) of the Corporations Act to approve amendments to the Constitution as set out in a deed poll under which the RE amends the Constitution to effect the Trust Scheme; and2 a resolution for the purposes of item 7 of section 611 of the Corporations Act to approve the acquisition of all the Units by the Consortium Sub.



Signing page

Executed as a deed poll

Signed sealed and delivered for
Spark Infrastructure RE Limited
by

sign here ► _____
Director

print name _____

sign here ► _____
Director/secretary

print name _____

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ANNEXURE C SPARK INFRASTRUCTURE NOTE TRUST DEED SUPPLEMENTAL DEED



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Deed

Note Trust Deed – Supplemental Deed No. 4

Spark Infrastructure RE Limited in its capacity as
responsible entity of the Spark Infrastructure Trust

Melbourne Securities Corporation Limited

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SMITH
FREEHILLS

Note Trust Deed Supplemental Deed No. 4

Date ►

RE **Spark Infrastructure RE Limited**
ACN 114 940 984
as responsible entity of the **Spark Infrastructure Trust**
ARSN 116 870 725
of Level 29, 225 George Street, Sydney NSW 2000

Note Trustee **Melbourne Securities Corporation Limited**
ACN 160 326 545 of Level 2, 395 Collins Street, Melbourne VIC 3000

- Recitals
- 1 RE and the Note Trustee are parties to the Spark Infrastructure Note Trust Deed dated 9 November 2005, as amended by:
 - Note Trust Deed – Supplemental Deed No. 1 (Terms Of Issue) dated 25 October 2010;
 - Note Trust Deed – Supplemental Deed No. 2 (Restructure Effective Date Amendments) dated 8 November 2010; and
 - Note Trust Deed – Supplemental Deed No. 3 (Restructure Implementation Date Amendments) dated 10 December 2010, and as rectified by deed of rectification dated 31 March 2011 (**Note Trust Deed**).
 - 2 RE and the Consortium Sub have agreed, by executing the Implementation Deed, to implement the Creditors' Scheme and related transactions.
 - 3 The Note Trust Deed will be amended in the manner set out in this supplemental deed to facilitate implementation of the Creditors' Scheme and related transactions.
 - 4 Clause 16.4 of the Note Trust Deed provides that the Note Trust Deed may be amended by a deed supplemental to the Note Trust Deed and made by RE and the Note Trustee if authorised by a Special Resolution of the Noteholders.
 - 5 At a meeting of Noteholders held on [22] November 2021, the Noteholders approved, among other resolutions, a Special Resolution to make the amendments to the Note Trust Deed contained in this deed.
-

This deed witnesses as follows:



1 Definitions and interpretation

1.1 Definitions

The meanings of the terms used in this deed are set out below.

Term	Meaning
ASIC	the Australian Securities and Investments Commission.
Consortium Sub	Pika Bidco Pty Ltd ACN 652 787 258.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Court	the Supreme Court of New South Wales, or such other court of competent jurisdiction under the Corporations Act agreed to in writing by RE and the Consortium Sub.
Creditors' Scheme	the scheme of arrangement under Part 5.1 of the Corporations Act between RE and the Noteholders, the form of which is attached as Attachment 2 in the Implementation Deed, subject to any alterations or conditions made or required by the Court under subsection 411(6) of the Corporations Act and agreed to in writing by the Consortium Sub and RE.
Effective	<ol style="list-style-type: none">1 in relation to the Trust Scheme, the coming into effect of the amendments to the Spark Infrastructure Trust Constitution (which will occur on the date and at the time a copy of the amended Spark Infrastructure Trust Constitution, or of the amendments, is lodged with ASIC under section 601GC(2) of the Corporations Act); and2 in relation to the Creditors' Scheme, the coming into effect, pursuant to section 411(10) of the Corporations Act, of the orders of the Court made under section 411(4)(b) (and, if applicable, section 411(6)) in relation to the Creditors' Scheme but in any event at no time before an office copy of the orders of the Court is lodged with ASIC.
Effective Date	the date on which the Trust Scheme and Creditors' Scheme have both become Effective.
Government Agency	any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department,



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1 Definitions and interpretation

Term	Meaning
	commission, authority, tribunal, agency or entity (including any stock or other securities exchange), or any minister of the Crown in right of the Commonwealth of Australia or any State, and any other federal, state, provincial, or local government, whether foreign or Australian.
Implementation Deed	the scheme implementation deed between RE and the Consortium Sub dated 23 August 2021, relating to the implementation of the Trust Scheme and Creditors' Scheme.
Note	has the same meaning as in the Note Trust Deed.
Note Trust Deed	has the meaning given in Recital 1.
Noteholder	has the same meaning as in the Note Trust Deed.
Registered	has the same meaning as in the Note Trust Deed.
Scheme Share	has the same meaning as in the Creditors' Scheme.
Spark Infrastructure Trust Constitution	the constitution establishing the Spark Infrastructure Trust as amended from time to time.
Special Resolution	has the same meaning as in the Note Trust Deed.
Trust Scheme	an arrangement under which the Consortium Sub acquires all of the Units and all of the Scheme Shares from Unitholders facilitated by amendments to the Spark Infrastructure Trust Constitution, the form of which is attached as Attachment 2 in the Implementation Deed (as may be amended from time to time in accordance with the Spark Infrastructure Trust Constitution, as amended), subject to the requisite approvals of Unitholders.
Unit	has the same meaning as in the Note Trust Deed.
Unitholder	a person Registered as a holder of Units from time to time.

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1.2 Interpretation

In this deed:

- (a) headings and bold type are for convenience only and do not affect the interpretation of this deed;
- (b) the singular includes the plural and the plural includes the singular;
- (c) words of any gender include all genders;
- (d) other parts of speech and grammatical forms of a word or phrase defined in this deed have a corresponding meaning;
- (e) a reference to a person includes any company, partnership, joint venture, association, corporation or other body corporate and any Government Agency as well as an individual;
- (f) a reference to a clause, party, part, schedule, attachment or exhibit is a reference to a clause or part of, and a party, schedule, attachment or exhibit to, this deed;
- (g) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them;
- (h) a reference to a document (including this deed) includes all amendments or supplements to, or replacements or novations of, that document;
- (i) a reference to '\$', 'A\$' or 'dollar' is to Australian currency unless denominated otherwise;
- (j) a reference to any time is a reference to that time in Sydney, New South Wales;
- (k) a term defined in or for the purposes of the Corporations Act has the same meaning when used in this deed;
- (l) a reference to a party to a document includes that party's successors and permitted assignees;
- (m) no provision of this deed will be construed adversely to a party because that party was responsible for the preparation of this deed or that provision; and
- (n) a reference to a body, other than a party to this deed (including an institute, association or authority), whether statutory or not:
 - (1) which ceases to exist; or
 - (2) whose powers or functions are transferred to another body,is a reference to the body which replaces it or which substantially succeeds to its powers or functions.

1.3 Interpretation of inclusive expressions

Specifying anything in this deed after the words 'including', 'includes' or 'for example' or similar expressions does not limit what else is included.

2 Operation of this deed

Clause 4 of this deed shall take effect on and from the Effective Date.



HERBERT
SMITH
FREEHILLS

3 Conditions

This deed is conditional upon, and will have no force or effect until, the satisfaction of each condition precedent stipulated in clause 3.1 of the Creditors' Scheme.

4 Amendment of the Note Trust Deed

4.1 Amendment

- (a) The Note Trust Deed is amended (except for clauses 1.1 and 1.5 of the Note Trust Deed, which are not replaced, amended, reproduced, repeated, restated or otherwise affected in any way by this deed) by:
- (1) replacing clause 8.1 of Schedule 1 of the Note Trust Deed with the words "[Deleted]";
 - (2) deleting clause 2.4 of Schedule 2 of the Note Trust Deed and replacing its heading with the words "[Not used]";
 - (3) deleting the words "and will be separately admitted to the official list of ASX notwithstanding that the Attached Securities are jointly quoted on ASX as Stapled Securities" from clause 2.6 of Schedule 2 of the Note Trust Deed;
 - (4) replacing each of clauses 6(b)(i), 6(b)(ii) and 6(b)(v) of Schedule 2 of the Note Trust Deed with the words "[Deleted]";
 - (5) deleting the definitions of Accession Deed and Co-operation Deed in clause 16.1 of Schedule 2 of the Note Trust Deed;
 - (6) deleting the words "and who has executed the Accession Deed" from the definition of 'Stapled Entity' in clause 16.1 of Schedule 2;
 - (7) deleting the words "the Co-operation Deed," in the definition of 'Transaction Documents' in clause 16.1 of Schedule 2 of the Note Trust Deed; and
 - (8) deleting the words "and which Attached Securities are quoted on the ASX jointly as a "Stapled Security" or such other term as the ASX permits" in the definition of 'Stapled' in clause 16.1 of Schedule 2 of the Note Trust Deed.
- (b) Each of RE and the Note Trustee confirms that clauses 1.1 and 1.5 of the Note Trust Deed are not replaced, amended, reproduced, repeated, restated or otherwise affected in any way by this deed.

4.2 Binding conditions

This deed is binding on RE, the Note Trustee and each Noteholder and any other person claiming through any of them as if each was a party to this deed.



5 General

5.1 Governing law and jurisdiction

This deed is governed by the law of Victoria.

5.2 Counterparts

This deed may be executed in any number of counterparts. Subject to applicable law, a counterpart may be executed in hard copy or electronic form.



HERBERT
SMITH
FREEHILLS

Signing page

Executed as a deed

Signed sealed and delivered In accordance with section 127 of the *Corporations Act 2001* (Cth) by
Spark Infrastructure RE Limited in its capacity as responsible entity of the
Spark Infrastructure Trust
by

sign here ► _____
Director

print name _____

sign here ► _____
Director/secretary

print name _____

Signed sealed and delivered In accordance with section 127 of the *Corporations Act 2001* (Cth) by
Melbourne Securities Corporation Limited
by

sign here ► _____
Director

print name _____

sign here ► _____
Director/secretary

print name _____

For personal use only

ANNEXURE D CREDITORS' SCHEME OF ARRANGEMENT



HERBERT
SMITH
FREEHILLS

Scheme of arrangement – creditors' scheme

Spark Infrastructure RE Limited as responsible
entity of the Spark Infrastructure Trust

Scheme Securityholders

For personal use only



Scheme of arrangement – creditors' scheme

This scheme of arrangement is made under section 411 of the *Corporations Act 2001* (Cth)

Between the parties

Spark Infrastructure RE Limited
ACN 114 940 984
as responsible entity of the **Spark Infrastructure Trust**
ARSN 116 870 725
of Level 29, 225 George Street, Sydney NSW 2000
(**Spark RE**)

The Scheme Securityholders

1 Definitions, interpretation and scheme components

1.1 Definitions

Schedule 1 contains definitions used in this Creditors' Scheme.

1.2 Interpretation

Schedule 1 contains interpretation rules for this Creditors' Scheme.

1.3 Scheme components

This Creditors' Scheme includes any schedule to it.

2 Preliminary matters

2.1 Parties

- (a) Spark RE is a public company limited by shares, registered in New South Wales, Australia.
- (b) Spark Investment Trust is a registered managed investment scheme. Spark RE is the responsible entity of the Spark Investment Trust.



- (c) Together, Spark RE and the Spark Infrastructure Trust comprise the Spark Infrastructure Group. The Spark Infrastructure Group has been admitted to the official list of the ASX.
- (d) As at the date of the Implementation Deed, 1,754,954,280 Spark Securities were on issue. Each Spark Security comprises one Unit Stapled to one Note, and they trade together as a stapled security on the ASX.
- (e) The Consortium Sub is Pika Bidco Pty Ltd ACN 652 787 258, an Australian proprietary company registered in Victoria that is wholly owned or controlled by related entities and affiliates of:
 - (1) PikaK Bidco Pte. Ltd. a company incorporated in Singapore (UEN 202128369W);
 - (2) 2857980 Ontario Limited a company incorporated in Ontario, Canada (Corporation Number 002857980); and
 - (3) Perpetual Corporate Trust Limited ACN 000 341 533 as trustee of the PSPIB Power Trust.

2.2 Schemes and related transactions

The Schemes and related transactions are intended to implement the following transactions (the **Transaction**):

- (a) Scheme Shares are created through the following steps:
 - (1) the rights attaching to one ordinary share in each of Spark Holdco 1, Spark Holdco 2 and Spark Holdco 3 are varied so that such ordinary share becomes an 'A class share'; and
 - (2) that A class share in each of Spark Holdco 1, Spark Holdco 2 and Spark Holdco 3 is subdivided into a number of A class shares in Spark Holdco 1, Spark Holdco 2 and Spark Holdco 3 (as applicable) as is in each case equal to the aggregate number of Spark Securities on issue as at the Scheme Record Date;
- (b) Spark RE distributes the Scheme Shares to Scheme Securityholders as a distribution of capital in accordance with the Spark Infrastructure Constitution to form the New Scheme Securities and, simultaneously with such distribution, the Scheme Shares are Stapled to the Spark Securities; and
- (c) the Consortium Sub acquires the New Scheme Securities in consideration for the Scheme Consideration in accordance with the Schemes.

The actions identified in this clause 2.2 will be implemented by Spark RE pursuant to and in accordance with the provisions of this Creditors' Scheme and the Implementation Deed.

The actions required to implement the Transaction will take place on the Implementation Date in the order set out above, with each action occurring immediately after the preceding action (except that, for the avoidance of doubt, the distribution and Stapling contemplated in clause 2.2(b) occur simultaneously).

2.3 Implementation Deed

Spark RE and the Consortium Sub have agreed, by executing the Implementation Deed, to implement the Transaction, including this Creditors' Scheme and the Trust Scheme.



2.4 Deed Poll

This Creditors' Scheme attributes actions to the Consortium Sub but does not itself impose an obligation on it to perform those actions. The Consortium Sub has agreed, by executing the Deed Poll, to perform the actions attributed to it under this Creditors' Scheme, including the provision or procuring the provision of the Scheme Consideration to the Scheme Securityholders.

3 Conditions

3.1 Conditions precedent

This Creditors' Scheme is conditional on and will have no force or effect until, the satisfaction of each of the following conditions precedent:

- (a) all the conditions in clause 3.1 of the Implementation Deed (other than the condition in the Implementation Deed relating to Court approval of this Creditors' Scheme) having been satisfied or waived in accordance with the terms of the Implementation Deed by 8.00am on the Second Court Date;
- (b) neither the Implementation Deed nor the Deed Poll having been terminated in accordance with their terms before 8.00am on the Second Court Date;
- (c) approval of this Creditors' Scheme by the Court under paragraph 411(4)(b) of the Corporations Act, including with any alterations made or required by the Court under subsection 411(6) of the Corporations Act and agreed to by the Consortium Sub and Spark RE;
- (d) such other conditions made or required by the Court under subsection 411(6) of the Corporations Act in relation to this Creditors' Scheme and agreed to by the Consortium Sub and Spark RE having been satisfied or waived;
- (e) the orders of the Court made under paragraph 411(4)(b) (and, if applicable, subsection 411(6)) of the Corporations Act approving this Creditors' Scheme coming into effect, pursuant to subsection 411(10) of the Corporations Act on or before the End Date (or any later date Spark RE and the Consortium Sub agree in writing); and
- (f) the Spark Infrastructure Trust Supplemental Deed taking effect pursuant to section 601GC(2) of the Corporations Act.

3.2 Certificate

- (a) Spark RE and the Consortium Sub will provide to the Court on the Second Court Date a certificate, or such other evidence as the Court requests, confirming (in respect of matters within their knowledge) whether or not all of the conditions precedent in clauses 3.1(a) and 3.1(b) have been satisfied or waived.
- (b) The certificate referred to in clause 3.2(a) constitutes conclusive evidence that such conditions precedent were satisfied, waived or taken to be waived.

3.3 End Date

This Creditors' Scheme will lapse and be of no further force or effect if:

- (a) the Effective Date does not occur on or before the End Date; or



- (b) the Implementation Deed or the Deed Poll is terminated in accordance with its terms,
unless Spark RE and the Consortium Sub otherwise agree in writing.

4 Implementation of Creditors' Scheme

Spark RE must lodge with ASIC, in accordance with subsection 411(10) of the Corporations Act, an office copy of the Court order approving this Creditors' Scheme as soon as possible after the Court approves this Creditors' Scheme and in any event by 5.00pm on the first Business Day after the day on which the Court approves this Creditors' Scheme.

5 Scheme Securityholders

5.1 Determination of Scheme Securityholders

To establish the identity and addresses of the Scheme Securityholders, dealings in Spark Securities and other alterations to the Register will only be recognised if:

- (a) in the case of dealings of the type to be effected using CHES, the transferee is registered in the Register as the holder of the relevant Spark Security on or before the Scheme Record Date; and
- (b) in all other cases, registrable transfer or transmission applications in respect of those dealings, or valid requests in respect of those alterations, are received on or before the Scheme Record Date at the place where the Register is kept,

and Spark RE must not accept for registration, nor recognise for any purpose (except a transfer to the Consortium Sub pursuant to the Schemes and any subsequent transfer by the Consortium Sub or its successors in title), any transfer or transmission application or other request received after such times, or received before such times but not in registrable or actionable form, as appropriate.

5.2 Register

- (a) Spark RE must register, or cause to be registered, registrable transmission applications or transfers of the Scheme Securities in accordance with clause 5.1(b) by, or as soon as practicable after, the Scheme Record Date; provided that, for the avoidance of doubt, nothing in this clause 5.2(a) requires the registration of a transfer that would result in a Scheme Securityholder holding a parcel of Spark Securities that is less than a 'marketable parcel' (for the purposes of this clause 5.2(a) 'marketable parcel' has the meaning given in the Operating Rules).
- (b) If this Creditors' Scheme becomes Effective, a holder of Scheme Securities (and any person claiming through that holder) must not dispose of, or purport or agree to dispose of, any Scheme Securities or any interest in them after the Scheme Record Date (except a transfer to the Consortium Sub pursuant to the Schemes or any subsequent transfer by the Consortium Sub or its successors in title).
- (c) For the purpose of determining entitlements to the Scheme Consideration, Spark RE must maintain the Register in accordance with the provisions of this



clause 5.2 until the Scheme Consideration has been paid to the Scheme Securityholders. The Register in this form will solely determine entitlements to the Scheme Consideration.

- (d) All statements of holding for Spark Securities will cease to have effect after the Scheme Record Date as documents of title in respect of those Spark Securities and, as from that date and time, each entry current at that date on the Register (other than any entries on the Register in respect of the Consortium Sub) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Spark Securities relating to that entry.
- (e) As soon as possible on or after the Scheme Record Date, and in any event by 5.00pm on the first Business Day after the Scheme Record Date, Spark RE will ensure that details of the names, Registered Addresses and holdings of Spark Securities for each Scheme Securityholder as shown in the Register are available to the Consortium Sub in the form the Consortium Sub reasonably requires.

6 New Scheme Securities

6.1 Stapling

The determination by Spark RE that 1 Spark Holdco 1 Share, 1 Spark Holdco 2 Share and 1 Spark Holdco 3 Share will be Stapled to each Scheme Security pursuant to the Trust Scheme will take effect in relation to the Notes with effect from the date and time at which those Scheme Shares are distributed to Scheme Securityholders so that the distribution and Stapling occur simultaneously. From the time of the distribution, a reference to 'Stapled Securities' in the Stapling Provisions will mean a reference to the New Scheme Securities.

This determination will be effective notwithstanding the requirements set out in clause 6(b)(i), (ii) and (v) of Schedule 2 of the Note Trust Deed have not been met.

This Determination is taken to be a 'Stapling Matter' for the purposes of the Stapling Provisions.

For the avoidance of doubt, no Scheme Securityholder may at any time transfer or otherwise deal in Scheme Shares except as part of the Attached Securities.

6.2 Scheme Securityholders' appointment of Spark RE as attorney

Each Scheme Securityholder, without the need for any further act by any Scheme Securityholder, irrevocably appoints Spark RE and each of its directors and secretaries (jointly and each of them individually) as its attorney and agent for the purpose of executing any document necessary or expedient to give effect to the transactions described in this clause 6 or doing any other act or thing necessary or desirable to give effect to this clause 6.

7 Acquisition

7.1 Agreement to transfer

Each Scheme Securityholder:

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- (a) agrees to the transfer (at the same time as their other Spark Securities are transferred pursuant to the Trust Scheme) of all of their Scheme Notes and Scheme Shares to the Consortium Sub, together with all rights and entitlements attaching to those Scheme Notes and Scheme Shares, in consideration for the payment of the Scheme Consideration; and
- (b) without the need for any further act by any Scheme Securityholder, irrevocably appoints Spark RE and each of its directors and secretaries (jointly and each of them individually) as its attorney and agent for the purpose of executing any document necessary or expedient to give effect to the transactions described in this clause 7 or doing any other act or thing necessary or desirable to give effect to this clause 7.

7.2 Provision of Scheme Consideration

- (a) Each Scheme Securityholder is entitled to receive the Scheme Consideration in respect of each Scheme Note and Scheme Share held by that Scheme Securityholder, subject to the terms of the Schemes.
- (b) Subject to clause 7.2(e), the Consortium Sub must, by no later than the Business Day before the Implementation Date, deposit, or procure the deposit, in cleared funds of an amount equal to the aggregate amount of the Scheme Consideration payable to all Scheme Securityholders into an Australian dollar denominated trust account, which will be an account held with an Australian authorised deposit-taking institution, operated by Spark RE as trustee for the Scheme Securityholders (**Trust Account**) (except that any interest on the amounts deposited (less bank fees and other charges) will be to the Consortium Sub's account).
- (c) On the Implementation Date after the New Scheme Securities have been created in accordance with clause 6 and the Trust Scheme, subject to funds having been deposited in accordance with clause 7.2(a), Spark RE must pay or procure the payment of the Scheme Consideration from the Trust Account to each Scheme Securityholder to which they are entitled to under this clause 7.2.
- (d) The obligations of Spark RE under clause 7.2(c) will be satisfied by Spark RE (in its absolute discretion, and despite any election referred to in clause 7.2(d)(1) below or authority referred to in clause 7.2(d)(2) below made or given by the Scheme Securityholder):
 - (1) if a Scheme Securityholder has, before the Scheme Record Date, made a valid election in accordance with the requirements of the Registry to receive distribution payments from Spark RE by electronic funds transfer to a bank account nominated by the Scheme Securityholder, paying, or procuring the payment of, the relevant amount in Australian currency by electronic means in accordance with that election;
 - (2) paying, or procuring the payment of, the relevant amount in Australian currency by electronic means to a bank account nominated by the Scheme Securityholder by an appropriate authority from the Scheme Securityholder to Spark RE; or
 - (3) dispatching, or procuring the dispatch of, a cheque for the relevant amount in Australian currency to the Scheme Securityholder by prepaid post to their Registered Address (as at the Scheme Record Date), such cheque being drawn in the name of the Scheme Securityholder (or in the case of joint holders, in accordance with the procedures set out in clause 10.3).



- (e) If the Consortium Sub is required by Subdivision 14-D of Schedule 1 of the *Taxation Administration Act 1953* (Cth) to pay amounts to the Australian Taxation Office (**ATO**) in respect of the acquisition of Spark Securities from certain Scheme Securityholders, the Consortium Sub is permitted to deduct the relevant amounts from the payment of the Scheme Consideration to those Scheme Securityholders and remit such amounts to the relevant taxation authorities. The aggregate sum payable to Scheme Securityholders shall not be increased to reflect the deduction and the net aggregate sum payable to those Scheme Securityholders shall be taken to be in full and final satisfaction of the amounts owing to those Scheme Securityholders. The Consortium Sub must pay any amount so withheld to the relevant taxation authorities within the time permitted by law, and, if requested in writing by the relevant Scheme Securityholder, provide a receipt or other appropriate evidence of such payment (or procure the provision of such receipt or other evidence) to the relevant Scheme Securityholder.
- (f) To the extent that, following satisfaction of Spark RE's obligations under clause 7.2(c), there is a surplus in the amount held by Spark RE as trustee for the Scheme Securityholders in the Trust Account, that surplus must be paid by Spark RE to the Consortium Sub.
- (g) If, following satisfaction of Consortium Sub's obligations under clause 7.2(b) but prior to the occurrence of all of the events described in clause 7.3(a), this Scheme lapses under clause 3.3(b):
- (1) Spark RE must immediately repay (or cause to be repaid) to or at the direction of Consortium Sub the funds that were deposited in the Trust Account plus any interest on the amounts deposited (less bank fees and other charges); and
 - (2) the obligation to transfer New Scheme Securities, together with all rights and entitlements attaching to the New Scheme Securities as at the Implementation Date, to Consortium Sub under 7.3(a) will immediately cease.
- (h) Where the calculation of the Scheme Consideration to be provided to a particular Scheme Securityholder would result in the Scheme Securityholder becoming entitled to a fraction of a cent, the fractional entitlement will be rounded down to the nearest cent.

7.3 Transfer to Consortium Sub

- (a) On the Implementation Date:
- (1) after the Consortium Sub has given Spark RE written confirmation of the provision of the Scheme Consideration, all of the Scheme Notes held by Scheme Securityholders, together with all rights and entitlements attaching to those Scheme Notes as at the Implementation Date, and together with the Spark Holdco 1 Shares, Spark Holdco 2 Shares and Spark Holdco 3 Shares Stapled to those Scheme Notes, will be transferred to the Consortium Sub without the need for any further act by any Scheme Securityholder (other than acts performed by Spark RE (or its directors or officers) as attorney and agent for the Scheme Securityholders under clause 10.2) by:
 - (A) Spark RE delivering to the Consortium Sub a duly executed Scheme Transfer, executed on behalf of the Scheme Securityholders by Spark RE, for registration; and



- (B) the Consortium Sub duly executing the Scheme Transfer as transferee, attending to the stamping of the Scheme Transfer (if required) and delivering it to Spark RE, Spark Holdco 1, Spark Holdco 2 and Spark Holdco 3 for registration; and
- (2) following receipt of the Scheme Transfer in accordance with clause 7.3(a)(1)(B), but subject to the stamping of the Scheme Transfer (if required), Spark RE must immediately register, and (as necessary) take all steps within its power to cause the registration by Spark Holdco 1, Spark Holdco 2 and Spark Holdco 3 (as applicable) of, the transfers of the New Scheme Securities, and enter, and (as necessary) take all steps within its power to cause the entry by Spark Holdco 1, Spark Holdco 2 and Spark Holdco 3 (as applicable) of, the name of the Consortium Sub in the Register in respect of all New Scheme Securities transferred to it under clause 7.3(a)(1)), at the same time as Spark RE enters, or procures the entry of, the name of the Consortium Sub in the Register in respect of all other New Scheme Securities transferred to it in accordance with the Trust Scheme.
- (b) Without limiting clause 7.3(a)(1), each Scheme Securityholder:
- (1) assigns to the Consortium Sub its right to be paid that Scheme Securityholder's principal outstanding (and any accrued but unpaid interest) on the Scheme Notes it holds as a debt, and the Consortium Sub accepts that assignment;
- (2) releases Spark RE from all Claims and obligations (including representations and warranties) to the extent such Claims or obligations arise under the Note Trust Deed in respect of, or in relation to, the Scheme Notes held by the Scheme Securityholder;
- (3) waives all rights against Spark RE to the extent such rights arise under the Note Trust Deed in respect of, or in relation to, the Scheme Notes held by the Scheme Securityholder;
- (4) releases each other person that is a Scheme Securityholder and Spark RE from all Claims and obligations under or in connection with the Creditors' Scheme and the Transaction; and
- (5) covenants not to:
- (A) sue, demand, commence, voluntarily aid in any way, prosecute or cause to be commenced or prosecuted against any other person that is a Scheme Securityholder or Spark RE any action, suit or other proceeding arising out of or in connection with or concerning the Creditors' Scheme and the Transaction, in this jurisdiction or any other; or
- (B) give any instructions or directions to any person through whom that person that is a Scheme Securityholder holds its Scheme Notes or would be entitled to enforce that Scheme Securityholder's rights under or in connection with the Scheme Notes to do any of the things referred to in clause 7.3(b)(5)(A).



7.4 Scheme Securityholders' warranties

Each Scheme Securityholder warrants to Spark RE and the Consortium Sub, and appoints and authorises Spark RE as its attorney and agent to warrant to the Consortium Sub, that as at the Implementation Date:

- (a) all their Scheme Notes and Scheme Shares (including any rights and entitlements attaching to those Scheme Notes and Scheme Shares) which are transferred to the Consortium Sub will, at the date they are transferred to the Consortium Sub, be fully paid and free from all Encumbrances; and
- (b) they have full power and capacity to sell and to transfer their Scheme Notes and Scheme Shares (including any rights and entitlements attaching to those Scheme Notes and Scheme Shares) to the Consortium Sub.

Spark RE must provide such warranties to the Consortium Sub as agent and attorney of each Scheme Securityholder.

7.5 Title to and rights in New Scheme Securities

- (a) To the extent permitted by law, the Scheme Notes and Scheme Shares (including all rights and entitlements attaching to the Scheme Notes and Scheme Shares) transferred to the Consortium Sub will, at the time of transfer vest in the Consortium Sub free from all Encumbrances.
- (b) Immediately upon payment of the Scheme Consideration in accordance with clauses 7.2(c) and 7.2(d), the Consortium Sub will be beneficially entitled to the Scheme Notes and Scheme Shares to be transferred to it under this Creditors' Scheme pending registration by Spark RE, Spark Holdco 1, Spark Holdco 2 and Spark Holdco 3 of the Consortium Sub in the Register as the holder of the relevant Scheme Notes and Scheme Shares.

7.6 Appointment of sole proxy

Immediately upon the provision of the Scheme Consideration to each Scheme Securityholder, and until the Consortium Sub is registered as the holder of all New Scheme Securities in the Register, each Scheme Securityholder:

- (a) is deemed to have appointed the Consortium Sub as attorney and agent (and directed the Consortium Sub in each such capacity) to appoint any director, officer, secretary or agent nominated by the Consortium Sub as its sole proxy and, where applicable or appropriate, corporate representative to attend Spark Securityholders' meetings, exercise the votes attaching to the Scheme Notes and Scheme Shares registered in their name and sign any resolution or document;
- (b) must not attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to clause 7.6(a));
- (c) must take all other actions in the capacity of a registered holder of Scheme Notes and Scheme Shares as the Consortium Sub reasonably directs; and
- (d) acknowledges and agrees that in exercising the powers referred to in clause 7.6(a), the Consortium Sub and any director, officer, secretary or agent nominated by the Consortium Sub may act in the best interests of the Consortium Sub as the intended registered holder of the Scheme Notes and Scheme Shares.



7.7 Unclaimed monies

- (a) Spark RE may cancel a cheque issued under this clause 7 if the cheque:
 - (1) is returned to Spark RE; or
 - (2) has not been presented for payment within six months after the date on which the cheque was sent.
- (b) During the period of 12 months commencing on the Implementation Date, on request in writing from a Scheme Securityholder to Spark RE (or the Registry) (which request may not be made until the date which is 20 Business Days after the Implementation Date), Spark RE must reissue a cheque that was previously cancelled under this clause 7.7.
- (c) The *Unclaimed Money Act 2008* (Vic) will apply in relation to any Scheme Consideration which becomes 'unclaimed money' (as defined in section 3 of the *Unclaimed Money Act 2008* (Vic)).

7.8 Orders of a court or Government Agency

If written notice is given to Spark RE, the Registry or the Consortium Sub of an order or direction made by a court of competent jurisdiction or by another Government Agency that:

- (a) requires consideration to be provided to a third party in respect of New Scheme Securities held by a particular Scheme Securityholder, which would otherwise be payable to that Scheme Securityholder by Spark RE in accordance with this clause 7, Spark RE shall be entitled to procure that provision of that consideration is made in accordance with that order or direction; or
- (b) prevents Spark RE from providing consideration to any particular Scheme Securityholder in accordance with this clause 7, or the payment of such consideration is otherwise prohibited by applicable law, Spark RE shall be entitled to retain an amount, in Australian dollars, equal to the number of New Scheme Securities held by that Scheme Securityholder multiplied by the Scheme Consideration, until such time as provision of the Scheme Consideration in accordance with this clause 7 is permitted by that (or another) order or direction or otherwise by law.

8 Quotation of Spark Securities

- (a) Spark RE must apply to ASX to suspend trading in Spark Securities on the ASX with effect from the close of trading on the Effective Date.
- (b) On a date after the Implementation Date to be determined by the Consortium Sub, Spark RE will apply for termination of the official quotation of Spark Securities on the ASX and to have Spark Infrastructure Group removed from the official list of the ASX.



9 Spark RE limitation of liability

9.1 Capacity

Spark RE is bound by this Creditors' Scheme only in its capacity as responsible entity of the Spark Infrastructure Trust and in no other capacity. Subject to clause 9.3, Spark RE will not be personally liable under or in respect of this Creditors' Scheme.

9.2 Limitation of liability

Subject to this clause 9:

- (a) a liability of Spark RE arising under or in connection with this Creditors' Scheme is limited and can be enforced against Spark RE only to the extent to which it can be satisfied out of property of the Spark Infrastructure Trust and for which Spark RE is actually indemnified out of property of the Spark Infrastructure Trust. This limitation of Spark RE's liability extends to all liabilities and obligations of Spark RE in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to this Creditors' Scheme, any other document in connection with it, or the Spark Infrastructure Trust;
- (b) the Spark Securityholders may not sue Spark RE in any capacity other than as responsible entity and trustee for the Spark Infrastructure Trust, including seeking the appointment of a receiver, a liquidator, an administrator or similar person to Spark RE or prove in any liquidation, administration or arrangement of or affecting Spark RE (except in each case in relation to property of the Spark Infrastructure Trust); and
- (c) Spark RE is not liable in contract, tort or otherwise to the Spark Securityholders for any loss suffered in any way relating to the Spark Infrastructure Trust except to the extent that the Corporations Act imposes such liability.

9.3 Limitation of liability provisions do not apply

- (a) The limitation of liability provisions in this clause 9 will not apply to any obligation or liability of Spark RE to the extent that it is not satisfied because, under this Creditors' Scheme or any other document in connection with it, or by operation of law, there is a reduction in the extent of Spark RE's indemnification out of the property of the Spark Infrastructure Trust as a result of Spark RE's fraud, negligence or breach of trust.
- (b) It is also acknowledged that a breach of an obligation imposed on, or a representation or warranty given by, Spark RE under or in connection with this Creditors' Scheme or any other document in connection with it will not be considered a breach of trust by Spark RE unless Spark RE has acted with negligence, or without good faith, in relation to the breach.
- (c) No act or omission of Spark RE (including any related failure to satisfy its obligations under this Creditors' Scheme) shall be considered fraud, negligence or breach of trust of Spark RE for the purpose of clause 9.3(a) to the extent that the act or omission was caused or contributed to by any failure by any other person to fulfil its obligations relating to Spark RE or by any other act or omission of any such other person.



9.4 Application

This clause 9 applies despite any other provisions of this Creditors' Scheme or any principle of equity or law to the contrary.

10 General

10.1 Binding effect

- (a) This Creditors' Scheme binds Spark RE and all of the present and future Scheme Securityholders (including those who did not attend the Creditors' Scheme Meeting, did not vote at that meeting, or voted against this Creditors' Scheme at that meeting) and, to the extent of any inconsistency, overrides the Note Trust Deed.
- (b) Spark RE and, so far as is relevant, the Scheme Securityholders, must give effect to this Creditors' Scheme and the Transaction in accordance with its terms, and must do all things and execute all deeds, instruments, transfer or other documents as Spark RE considers are necessary or desirable to give effect to the terms of this Creditors' Scheme and the Transaction.
- (c) Each Scheme Securityholder agrees to the variation, cancellation or modification of the rights attached to their Scheme Securities, New Scheme Securities, Scheme Notes and Scheme Shares constituted by or resulting from this Creditors' Scheme and the Transaction.

10.2 Spark RE's authority

- (a) Without limiting Spark RE's powers under this Creditors' Scheme or the Constituent Documents, Spark RE has power to do all things that it considers necessary or desirable to give effect to this Creditors' Scheme, the Transaction, the Implementation Deed and the transactions contemplated by them.
- (b) Each Scheme Securityholder, without the need for any further act:
 - (1) on the Effective Date, irrevocably appoints Spark RE and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of enforcing the Deed Poll against the Consortium Sub, and Spark RE undertakes in favour of each Scheme Securityholder that it will enforce the Deed Poll against the Consortium Sub on behalf of and as agent and attorney for each Scheme Securityholder; and
 - (2) on the Implementation Date, irrevocably appoints Spark RE and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of executing any document or doing or taking any other act necessary, desirable or expedient to give effect to this Creditors' Scheme, the Transaction and the transactions contemplated by them, including executing the Scheme Transfer,and Spark RE accepts each such appointment.
- (c) Spark RE as attorney and agent of each Scheme Securityholder, may sub-delegate its functions, authorities or powers under this clause 10.2 to all or any of its directors, officers, secretaries or employees (jointly, severally or jointly and severally).



- (d) Each Scheme Securityholder consents to Spark RE doing all things necessary or incidental to the implementation of this Creditors' Scheme, the Transaction and the transactions contemplated by them.

10.3 Joint holders

In the case of Scheme Securities, Scheme Notes and Scheme Shares held in joint names:

- (a) subject to clause 10.3(b), any Scheme Consideration payable in respect of the Scheme Notes and Scheme Shares is payable to the joint holders and any cheque required to be sent under this Creditors' Scheme will be made payable to the joint holders and sent to either, at the sole discretion of Spark RE, the holder whose name appears first in the Register as at the Scheme Record Date or to the joint holders; and
- (b) any other document required to be sent to Scheme Securityholders under this Creditors' Scheme will be forwarded to either, at the sole discretion of Spark RE, the holder whose name appears first in the Register as at the Scheme Record Date or to the joint holders.

10.4 CHESSE Holdings

Each Scheme Securityholder who holds their Scheme Securities in a CHESSE Holding agrees to the conversion of those Scheme Securities to an Issuer Sponsored Holding and irrevocably authorises Spark RE to do anything necessary or expedient (whether required by the Settlement Rules or otherwise) to effect or facilitate such conversion.

10.5 Consent to amendments to this Creditors' Scheme

If the Court proposes to approve this Creditors' Scheme subject to any alterations or conditions:

- (a) Spark RE may by its counsel consent on behalf of all persons concerned to those alterations or conditions to which the Consortium Sub has consented; and
- (b) each Scheme Securityholder agrees to any such alterations or conditions which Spark RE has consented to.

10.6 Stamp duty

The Consortium Sub will:

- (a) pay all stamp duty and any related fines and penalties in respect of this Creditors' Scheme and the Deed Poll, the performance of the Deed Poll and each transaction effected by or made under or in connection with this Creditors' Scheme and the Deed Poll; and
- (b) indemnify each Scheme Securityholder against any liability arising from failure to comply with clause 10.6(a).

10.7 Further action

Spark RE must do all things and execute all documents necessary to give full effect to this Creditors' Scheme and the transactions contemplated by it.



10.8 No liability when acting in good faith

Each Scheme Securityholder agrees that neither Spark RE, nor any director, officer, secretary or employee of Spark RE shall be liable for anything done or omitted to be done in the performance of this Creditors' Scheme or the Deed Poll in good faith.

10.9 Notices

- (a) If a notice, transfer, transmission application, direction or other communication referred to in this Creditors' Scheme is sent by post to Spark RE, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at Spark RE's registered office or at the office of the Registry.
- (b) The accidental omission to give notice of the Creditors' Scheme Meeting or the non-receipt of such notice by a Spark Securityholder will not, unless so ordered by the Court, invalidate the Creditors' Scheme Meeting or the proceedings of the Creditors' Scheme Meeting.

10.10 Governing law

- (a) This Creditors' Scheme is governed by the laws in force in Victoria, Australia.
- (b) The parties irrevocably submit to the exclusive jurisdiction of courts exercising jurisdiction in Victoria, Australia and courts of appeal from them in respect of any proceedings arising out of or in connection with this Creditors' Scheme. The parties irrevocably waive any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.



Schedule 1

Definitions and interpretation

1 Definitions

The meanings of the terms used in this Creditors' Scheme are set out below.

Term	Meaning
Affiliate	an entity will be an Affiliate of another entity if it Controls the other entity, the other entity Controls the first entity, or both entities are under common Control.
ASIC	the Australian Securities and Investments Commission.
ASX	ASX Limited ABN 98 008 624 691 and, where the context requires, the financial market that it operates.
Attached Security	has the meaning given to it in the Note Trust Deed, provided that 'New Attached Security' has the meaning given to it in this Creditors' Scheme.
Business Day	a business day as defined in the Listing Rules and which is not a Saturday, Sunday or public holiday or bank holiday in Sydney, Australia.
CHESS	the Clearing House Electronic Subregister System operated by ASX Settlement Pty Ltd and ASX Clear Pty Limited.
CHESS Holding	has the meaning given in the Settlement Rules.
Claim	any allegation, debt, cause of action, liability, claim, proceeding, suit or demand of any nature howsoever arising and whether present or future, fixed or unascertained, actual or contingent or otherwise whether at law, in equity, under statute or otherwise.
Consortium Sub	Pika Bidco Pty Ltd ACN 652 787 258.



Constituent Documents	the Spark Infrastructure Trust Constitution, the Note Trust Deed and the constitutions of Spark Holdco 1, Spark Holdco 2 and Spark Holdco 3 from time to time.
Control	has the meaning given in section 50AA of the Corporations Act. Also, for these purposes: <ol style="list-style-type: none">1 a trust will Control another entity if its trustee Controls the entity (disregarding for these purposes the operation of section 50AA(4) of the Corporations Act) in its capacity as trustee of the trust;1 a partnership will Control another entity if a partner (including a general partner) Controls the entity (disregarding for these purposes the operation of section 50AA(4) of the Corporations Act) in its capacity as partner; and2 a fund or investment vehicle will Control another entity if the responsible entity or manager of the fund or investment vehicle Controls the entity (disregarding for these purposes the operation of section 50AA(4) of the Corporations Act) in its capacity as responsible entity or manager of the fund or investment vehicle.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Court	the Supreme Court of New South Wales, or such other court of competent jurisdiction under the Corporations Act agreed to in writing by Spark RE and the Consortium Sub.
Creditors' Scheme	this scheme of arrangement under Part 5.1 of the Corporations Act between Spark RE and the Noteholders subject to any alterations or conditions made or required by the Court under subsection 411(6) of the Corporations Act and agreed to in writing by Spark RE and the Consortium Sub.
Creditors' Scheme Meeting	the meeting of Spark Securityholders, as holders of Notes, ordered by the Court to be convened under subsection 411(1) of the Corporations Act to consider and vote on this Creditors' Scheme, and includes any meeting convened following any adjournment or postponement of that meeting.
Deed Poll	the deed poll substantially in the form of Attachment 1 under which the Consortium Sub covenants in favour of the Scheme Securityholders to perform the obligations attributed to it under the Schemes.
Effective	<ol style="list-style-type: none">1 in relation to the Trust Scheme, the coming into effect of the amendments to the Spark Infrastructure Constitution (which will occur on the date and at the time a copy of the amended Spark Infrastructure Constitution, or of the amendments, is lodged with ASIC under section 601GC(2) of the Corporations Act); and2 in relation to this Creditors' Scheme, the coming into effect, pursuant to section 411(10) of the Corporations Act, of the orders



of the Court made under section 411(4)(b) (and, if applicable, section 411(6)) in relation to this Creditors' Scheme but in any event at no time before an office copy of the orders of the Court is lodged with ASIC.

Effective Date	the date on which the Schemes have both become Effective.
Encumbrances	mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the <i>Personal Property Securities Act 2009</i> (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind.
End Date	24 May 2022, or such other date as agreed in writing by the Consortium Sub and Spark RE.
Excluded Securityholder	any Spark Securityholder who is the Consortium Sub or an Affiliate of the Consortium Sub, or who holds any Spark Securities on behalf of, or for the benefit of, the Consortium Sub or an Affiliate of the Consortium Sub and does not hold Spark Securities on behalf of, or for the benefit of, any other person (including themselves).
Government Agency	any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity (including any stock or other securities exchange), or any minister of the Crown in right of the Commonwealth of Australia or any State, and any other federal, state, provincial, or local government, whether foreign or Australian.
Implementation Date	the fifth Business Day after the Scheme Record Date, or such other date after the Scheme Record Date as agreed in writing by Spark RE and the Consortium Sub.
Implementation Deed	the Implementation Deed between Spark RE and the Consortium Sub dated 23 August 2021.
Issuer Sponsored Holding	has the meaning given in the Settlement Rules.
Listing Rules	the official listing rules of ASX.
New Attached Security	has the meaning given to it in the Note Trust Deed, and includes each Scheme Share.

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New Scheme Security	a Stapled security comprising one Scheme Unit, one Spark Holdco 1 Share, one Spark Holdco 2 Share, one Spark Holdco 3 Share and one Scheme Note Stapled together, created as contemplated by clause 6 and the Trust Scheme.
Note	a loan note issued by Spark RE under the terms of the Note Trust Deed.
Note Trust Deed	the Spark Infrastructure Note Trust Deed dated 9 November 2005, as amended by: <ol style="list-style-type: none">1 Note Trust Deed – Supplemental Deed No. 1 (Terms Of Issue) dated 25 October 2010;2 Note Trust Deed – Supplemental Deed No. 2 (Restructure Effective Date Amendments) dated 8 November 2010; and3 Note Trust Deed – Supplemental Deed No. 3 (Restructure Implementation Date Amendments) dated 10 December 2010, and as rectified by deed of rectification dated 31 March 2011.
Noteholder	each person who is registered as the holder of a Note in the Register.
Operating Rules	the official operating rules of ASX.
Other Attached Security	has the meaning given to it in the Note Trust Deed, provided that 'New Attached Security' has the meaning given to it in this Creditors' Scheme.
Register	the register of holders of Spark Securities (and, after formation of the New Scheme Securities, the register of holders of New Scheme Securities) maintained in accordance with clause 8 of the Note Trust Deed and the Corporations Act.
Registered Address	in relation to a Spark Securityholder, the address shown in the Register as at the Scheme Record Date.
Registry	Boardroom Pty Limited ABN 14 003 209 836.
Scheme Consideration	the consideration to be provided by the Consortium Sub to each Scheme Securityholder for the transfer to the Consortium Sub of each Scheme Note and Scheme Share, being for each Spark Security held by a Scheme Securityholder as at the Scheme Record Date: <ol style="list-style-type: none">1 in respect of the Scheme Notes, an amount equal to \$0.65 per Scheme Note; and2 in respect of the Scheme Shares, nil.



Scheme Note	a Note as at the Scheme Record Date.
Scheme Record Date	7.00pm on the fifth Business Day after the Effective Date, or such other Business Day after the Effective Date as may be agreed to in writing by Spark RE and the Consortium Sub.
Scheme Security	a Spark Security as at the Scheme Record Date.
Scheme Securityholder	each person who is registered as the holder of a Spark Security recorded in the Register as at the Scheme Record Date other than, for the purposes of clause 7 only, an Excluded Securityholder.
Scheme Share	a Spark Holdco 1 Share, a Spark Holdco 2 Share and a Spark Holdco 3 Share created as contemplated by clause 2.2 and the Trust Scheme.
Scheme Transfer	a duly completed and executed proper instrument of transfer in respect of the New Scheme Securities (comprising Stapled Scheme Units, Scheme Shares and Scheme Notes) for the purposes of section 1071B of the Corporations Act, from Scheme Securityholders as transferors to the Consortium Sub as transferee, which may be a master transfer of all or part of the New Scheme Securities held by Scheme Securityholders.
Scheme Unit	a Unit as at the Scheme Record Date.
Schemes	this Creditors' Scheme and the Trust Scheme.
Second Court Date	the first day on which an application made to the Court for an order under paragraph 411(4)(b) of the Corporations Act approving this Creditors' Scheme is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application or appeal is heard.
Settlement Rules	the ASX Settlement Operating Rules, being the official operating rules of the settlement facility provided by ASX Settlement Pty Ltd.
Spark Holdco 1	Spark Infrastructure Holdings No.1 Limited ACN 116 940 786.
Spark Holdco 1 Share	an A class share in Spark Holdco 1, which share confers on its holder a right to \$0.001c on a winding up of Spark Holdco 1 and no other

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voting, dividend, capital or other rights.

Spark Holdco 2 Spark Infrastructure Holdings No.2 Limited ACN 116 940 795.

Spark Holdco 2 Share an A class share in Spark Holdco 2, which share confers on its holder a right to \$0.001c on a winding up of Spark Holdco 2 and no other voting, dividend, capital or other rights.

Spark Holdco 3 Spark Infrastructure Holdings No.3 Limited ACN 117 034 492.

Spark Holdco 3 Share an A class share in Spark Holdco 3, which share confers on its holder a right to \$0.001c on a winding up of Spark Holdco 3 and no other voting, dividend, capital or other rights.

Spark Infrastructure Trust Constitution the constitution establishing the Spark Infrastructure Trust as amended from time to time.

Spark Infrastructure Trust Supplemental Deed a deed poll under which Spark RE will amend the Spark Infrastructure Trust Constitution to effect the Trust Scheme.

Spark RE Spark Infrastructure RE Limited ACN 114 940 984 as responsible entity of the Spark Infrastructure Trust ARSN 116 870 725.

Spark Security a Stapled security comprising one Unit and one Note Stapled together.

Spark Securityholder each person who is registered as the holder of a Spark Security in the Register.

Stapled the linking together of securities so that one Attached Security may not be transferred or otherwise dealt with without the Other Attached Securities. **Stapling** is to be construed accordingly.

Stapling Provisions has the meaning given in the Note Trust Deed.

Transaction has the meaning given in clause 2.2(a).

Trust Account has the meaning given in clause 7.2(a).

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Trust Scheme	an arrangement under which, among other transactions, the Consortium Sub acquires all of the Units and all Scheme Shares from Scheme Securityholders facilitated by amendments to the Spark Infrastructure Trust Constitution the form of which is attached as Attachment 2 to the Implementation Deed (as may be amended from time to time in accordance with the Spark Infrastructure Trust Constitution, as amended), subject to the requisite approvals of Scheme Securityholders.
Unit	a fully paid unit in the Spark Infrastructure Trust.

2 Interpretation

2.1 Interpretation

In this Creditors' Scheme:

- (a) headings and bold type are for convenience only and do not affect the interpretation of this Creditors' Scheme;
- (b) the singular includes the plural and the plural includes the singular;
- (c) words of any gender include all genders;
- (d) other parts of speech and grammatical forms of a word or phrase defined in this Creditors' Scheme have a corresponding meaning;
- (e) a reference to a person includes any company, partnership, joint venture, association, corporation or other body corporate and any Government Agency as well as an individual;
- (f) a reference to a clause, party, schedule, attachment or exhibit is a reference to a clause of, and a party, schedule, attachment or exhibit to, this Creditors' Scheme;
- (g) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or reenactments of any of them (whether passed by the same or another Government Agency with legal power to do so);
- (h) a reference to a document (including this Creditors' Scheme) includes all amendments or supplements to, or replacements or novations of, that document;
- (i) a reference to '\$', 'A\$' or 'dollar' is to Australian currency;
- (j) a reference to any time is, unless otherwise indicated, a reference to that time in Sydney, New South Wales;
- (k) a term defined in or for the purposes of the Corporations Act, and which is not defined in clause 1 of this Schedule 1, has the same meaning when used in this Creditors' Scheme;
- (l) a reference to a party to a document includes that party's successors and permitted assignees;



- (m) no provision of this Creditors' Scheme will be construed adversely to a party because that party was responsible for the preparation of this Creditors' Scheme or that provision;
- (n) any agreement, representation, warranty or indemnity in favour of two or more parties (including where two or more persons are included in the same defined term) is for the benefit of them jointly and severally;
- (o) a reference to a body (including an institute, association or authority), other than a party to this Creditors' Scheme, whether statutory or not:
- (1) which ceases to exist; or
 - (2) whose powers or functions are transferred to another body,
- is a reference to the body which replaces it or which substantially succeeds to its powers or functions;
- (p) a reference to an agreement other than this Creditors' Scheme includes a deed and any legally enforceable undertaking, agreement, arrangement or understanding, whether or not in writing;
- (q) if a period of time is specified and dates from a given day or the day of an act or event, it is to be calculated exclusive of that day;
- (r) a reference to a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;
- (s) if an act prescribed under this Creditors' Scheme to be done by a party on or by a given day is done after 5.00pm on that day, it is taken to be done on the next day; and
- (t) a reference to the Listing Rules and the Operating Rules includes any variation, consolidation or replacement of these rules and is to be taken to be subject to any waiver or exemption granted to the compliance of those rules by a party.

2.2 Interpretation of inclusive expressions

Specifying anything in this Creditors' Scheme after the words 'include' or 'for example' or similar expressions does not limit what else is included.

2.3 Business Day

Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the next Business Day.



Attachment 1

Deed Poll

Intentionally omitted.

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ANNEXURE E DEED POLL



HERBERT
SMITH
FREEHILLS

Deed Poll

Scheme deed poll

Pika Bidco Pty Ltd

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Scheme deed poll

Date ► **15 October 2021**

This deed poll is made

By **Pika Bidco Pty Ltd**
ACN 652 787 258
of c/- TMF Corporate Services (Aust) Pty Limited, Level 16, 201
Elizabeth Street, Sydney, NSW 2000
(Bidco)

in favour of Spark Infrastructure RE Limited (**Spark RE**) as responsible entity of the Spark Infrastructure Trust and each Scheme Securityholder as at the Scheme Record Date (other than the Excluded Securityholders).

Recitals

- 1 Spark RE and Bidco entered into the Implementation Deed.
- 2 In the Implementation Deed, Bidco agreed to make this deed poll.
- 3 Bidco is making this deed poll for the purpose of covenanting in favour of the Scheme Securityholders to perform its obligations under the Implementation Deed and the Schemes.

This deed poll provides as follows:

1 Definitions and interpretation

1.1 Definitions

(a) The meanings of the terms used in this deed poll are set out below.

Term	Meaning
First Court Date	the first day on which an application made to the Court for an order under subsection 411(1) of the Corporations Act convening the Creditors' Scheme Meeting and to seek the First Judicial Advice is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard.

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Term	Meaning
Implementation Deed	the scheme implementation deed entered into between Spark RE and Bidco dated 23 August 2021.
Schemes	the Trust Scheme and the Creditors' Scheme.
(b)	Unless the context otherwise requires, terms defined in the Implementation Deed have the same meaning when used in this deed poll.

1.2 Interpretation

Section 2 of Schedule 1 of the Creditors' Scheme applies to the interpretation of this deed poll, except that references to 'this Creditors' Scheme' are to be read as references to 'this deed poll'.

1.3 Nature of deed poll

Bidco acknowledges that:

- (a) this deed poll may be relied on and enforced by any Scheme Securityholder in accordance with its terms even though the Scheme Securityholders are not party to it; and
- (b) under the Schemes, each Scheme Securityholder irrevocably appoints Spark RE and each of its directors, officers and secretaries (jointly and each of them severally) as its agent and attorney to enforce this deed poll against Bidco.

2 Conditions to obligations

2.1 Conditions

This deed poll and the obligations of Bidco under this deed poll are subject to the Schemes becoming Effective.

2.2 Termination

The obligations of Bidco under this deed poll to the Scheme Securityholders will automatically terminate and the terms of this deed poll will be of no force or effect if:

- (a) the Implementation Deed is terminated in accordance with its terms; or
 - (b) the Schemes are not Effective on or before the End Date,
- unless Bidco and Spark RE otherwise agree in writing.

2.3 Consequences of termination

If this deed poll terminates under clause 2.2, in addition and without prejudice to any other rights, powers or remedies available to it:



- (a) Bidco is released from its obligations to further perform this deed poll except those obligations under clause 6.1; and
- (b) each Scheme Securityholder retains the rights they have against Bidco in respect of any breach of this deed poll which occurred before it was terminated.

3 Scheme obligations

Subject to clause 2 and the terms of the Schemes:

- (a) Bidco undertakes in favour of each Scheme Securityholder to:
 - (1) do all things that it is required to do under each of the Schemes; and
 - (2) undertake all other actions, and give each acknowledgement, representation and warranty (if any), attributed to it under the Schemes;
- (b) Bidco undertakes in favour of each Scheme Securityholder to deposit, or procure the deposit of, in cleared funds, by no later than the Business Day before the Implementation Date, an amount equal to the aggregate amount of the Scheme Consideration payable to all Scheme Securityholders under the Schemes into an Australian dollar denominated trust account operated by Spark RE as trustee for the Scheme Securityholders, except that any interest on the amounts deposited (less bank fees and other charges) will be credited to Bidco's account,

subject to and in accordance with the terms of the Schemes.

4 Warranties

Bidco represents and warrants in favour of each Scheme Securityholder that:

- (a) it is validly existing under the laws of its place of registration;
- (b) it has the corporate power to enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;
- (c) it has taken all necessary corporate action to authorise its entry into this deed poll and has taken or will take all necessary corporate action to authorise the performance of this deed poll and to carry out the transactions contemplated by this deed poll;
- (d) this deed poll is valid and binding on it and enforceable against it in accordance with its terms; and
- (e) this deed poll does not conflict with, or result in the breach of or default under, any provision of its constitution, or any writ, order or injunction, judgment, law, rule or regulation to which it is a party or subject or by which it is bound.



5 Continuing obligations

This deed poll is irrevocable and, subject to clause 2, remains in full force and effect until:

- (a) Bidco has fully performed its obligations under this deed poll; or
- (b) the earlier termination of this deed poll under clause 2.

6 General

6.1 Stamp duty

Bidco:

- (a) will pay all stamp duty and any related fines and penalties in respect of the Schemes and this deed poll, the performance of this deed poll and each transaction effected by or made under or in connection with the Schemes and this deed poll; and
- (b) indemnifies each Scheme Securityholder against any liability arising from failure to comply with clause 6.1(a).

6.2 Governing law and jurisdiction

- (a) This deed poll is governed by the law in force in Victoria.
- (b) Bidco irrevocably submits to the non-exclusive jurisdiction of courts exercising jurisdiction in Victoria and courts of appeal from them in respect of any proceedings arising out of or in connection with this deed poll. Bidco irrevocably waives any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

6.3 Waiver

- (a) Bidco may not rely on the words or conduct of any Scheme Securityholder as a waiver of any right unless the waiver is in writing and signed by the Scheme Securityholder granting the waiver.
- (b) No Scheme Securityholder may rely on words or conduct of Bidco as a waiver of any right unless the waiver is in writing and signed by Bidco.
- (c) The meanings of the terms used in this clause 6.3 are set out below.

Term	Meaning
conduct	includes delay in the exercise of a right.
right	any right arising under or in connection with this deed poll and includes the right to rely on this clause.

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waiver includes an election between rights and remedies, and conduct which might otherwise give rise to an estoppel.

6.4 Variation

A provision of this deed poll may not be varied unless:

- (a) if before the First Court Date, the variation is agreed to by Spark RE; or
- (b) if on or after the First Court Date, the variation is agreed to by Spark RE and the Court indicates that the variation would not of itself preclude approval of the Schemes,

in which event Bidco will enter into a further deed poll in favour of the Scheme Securityholders giving effect to the variation.

6.5 Cumulative rights

The rights, powers and remedies of Bidco and the Scheme Securityholders under this deed poll are cumulative and do not exclude any other rights, powers or remedies provided by law independently of this deed poll.

6.6 Assignment

- (a) The rights created by this deed poll are personal to Bidco and each Scheme Securityholder and must not be dealt with at law or in equity without the prior written consent of Spark RE.
- (b) Any purported dealing in contravention of clause 6.6(a) is invalid.

6.7 Further action

Bidco must, at its own expense, do all things and execute all documents necessary to give full effect to this deed poll and the transactions contemplated by it.

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SMITH
FREEHILLS

Attachment 1

Schemes

Intentionally omitted.

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Signing page

Executed as a deed poll

Executed by Pika Bidco Pty Ltd ACN 652 787 258 in accordance with section 127 of the *Corporations Act 2001* (Cth) by:

sign here ► 
Company Secretary/Director

print name Andrew Jennings

sign here ► 
Director

print name Bruce R Crane

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ANNEXURE F

NOTICES OF MEETINGS

1

Notice of Creditors' Scheme Meeting

Spark Infrastructure RE Limited ACN 114 940 984 AFSL 290436 (**Spark Infrastructure RE**) as responsible entity of Spark Infrastructure Trust ARSN 116 870 725 (**Spark Infrastructure Trust**) (**Spark Infrastructure**).

Notice is hereby given that, by an order of the New South Wales Supreme Court (**Court**) made on 19 October 2021, pursuant to subsection 411(1) of the *Corporations Act 2001* (Cth) (**Corporations Act**), a meeting of holders of loan notes issued by Spark Infrastructure pursuant to the Note Trust Deed dated 9 November 2005 as amended and rectified (**Spark Infrastructure Note Trust Deed**) will be held online on Monday, 22 November 2021 at 11:00am (Sydney time) (**Creditors' Scheme Meeting**).

Spark Infrastructure Securityholders can participate in the Creditors' Scheme Meeting at <https://web.lumiagm.com> and by entering the unique 9-digit Meeting ID: 390-236-931.

The Explanatory Notes form part of this Notice of Creditors' Scheme Meeting.

1.1

Purpose of the Creditors' Scheme Meeting

The purpose of the Creditors' Scheme Meeting is to consider and, if thought fit, to agree to a scheme of arrangement (with or without modification as approved by the Court) proposed to be made between Spark Infrastructure and holders of Spark Infrastructure Notes (**Creditors' Scheme Resolution**).

A copy of the Creditors' Scheme and a copy of the explanatory statement for the Creditors' Scheme required by subsection 412(1) of the Corporations Act are contained in the Scheme Booklet, of which this notice forms part.

1.2

Resolution

Resolution 1 – Creditors' Scheme Resolution

To consider and, if thought fit, pass the following resolution:

'That, subject to and conditional on:

- a. Resolution 2 – Spark Infrastructure Note Trust Deed Resolution, in the Notice of Concurrent Creditors' Meeting and Trust Meeting, being passed;
- b. Resolution 3 – Trust Constitution Amendment Resolution and Resolution 4 – Trust Acquisition Resolution, in the Notice of Concurrent Creditors' Meeting and Trust Meeting (the **Trust Resolutions**), being passed; and
- c. the Court confirming that Spark Infrastructure would be justified in acting upon the Trust Resolutions and doing all things and taking all necessary steps to put the Trust Scheme into effect,

pursuant to and in accordance with the provisions of section 411(4)(a)(i) of the Corporations Act, the scheme of arrangement proposed between Spark Infrastructure and the holders of loan notes issued by it, as contained in and more particularly described in the Scheme Booklet, of which the notice convening this meeting forms part, is agreed to (with or without modifications as approved by the Court).'

1.3

Meeting format

Spark Infrastructure Securityholders and their authorised proxies, attorneys and corporate representatives may participate in the Creditors' Scheme Meeting via the online platform at <https://web.lumiagm.com>.

Further details on how to participate in the Creditors' Scheme Meeting are set out in the Explanatory Notes that accompany and form part of this Notice of Creditors' Scheme Meeting and in the online user guide which has been released to the ASX and will be available at Spark Infrastructure's website at <https://www.sparkinfrastructure.com/>.

Spark Infrastructure Securityholders who are unable to, or do not wish to, participate in the Creditors' Scheme Meeting, or will not have access to a device or the internet, are encouraged to submit a directed proxy vote as early as possible and in any event by 11:00am (Sydney time) on Saturday, 20 November 2021 by completing and submitting the Proxy Form in accordance with the instructions on that form.

1.4**Webcasting**

In addition to the above, an archived recording of the webcast will also be available to Spark Infrastructure Securityholders after the Creditors' Scheme Meeting on Spark Infrastructure's website at <https://www.sparkinfrastructure.com/>.

1.5**Chairman**

The Court has directed that Dr Doug McTaggart is to act as chairman of the Creditors' Scheme Meeting (and, if Dr McTaggart is unable or willing to attend, Mr Greg Martin is to act as chairman of the Creditors' Scheme Meeting) and has directed the chairman to report the result of the meeting to the Court.



Jenny Faulkner

Company Secretary

19 October 2021

2 Notice of Concurrent Creditors' Meeting and Trust Meeting

Spark Infrastructure RE Limited ACN 114 940 984 AFSL 290436 (**Spark Infrastructure RE**) as responsible entity of Spark Infrastructure Trust ARSN 116 870 725 (**Spark Infrastructure Trust**) (**Spark Infrastructure**).

Notice is hereby given by Spark Infrastructure that pursuant to the Spark Infrastructure Note Trust Deed, a meeting of holders of Spark Infrastructure Notes will be held online on Monday, 22 November 2021 at 11:00am (Sydney time) (the **Concurrent Creditors' Meeting**).

Notice is hereby given by Spark Infrastructure that pursuant to the constitution of the Spark Infrastructure Trust a meeting of holders of Spark Infrastructure Units will be held online on Monday, 22 November 2021 at 11:00am (Sydney time) (**Trust Meeting**).

Spark Infrastructure Securityholders can participate in the Concurrent Creditors' Meeting and Trust Meeting at <https://web.lumiagm.com> and by entering the unique 9-digit Meeting ID: 390-236-931.

The Explanatory Notes form part of this Notice of Concurrent Creditors' Meeting and Trust Meeting.

2.1 Purpose of the Concurrent Creditors' Meeting and Trust Meeting

The purpose of the Concurrent Creditors' Meeting is to consider and, if thought fit, to agree to the following resolution of holders of Spark Infrastructure Notes to approve the amendment of the Spark Infrastructure Note Trust Deed set out in the Spark Infrastructure Note Trust Deed Supplemental Deed (**Spark Infrastructure Note Trust Deed Resolution**).

The purpose of the Trust Meeting is to consider and, if thought fit, to agree to the following resolutions of holders of Spark Infrastructure Units to approve the amendment of the Spark Infrastructure Trust Constitution (**Trust Constitution Amendment Resolution**) and the proposed trust scheme under which Pika Bidco Pty Ltd (**Bidco**) acquires all of the Spark Infrastructure Units from Spark Infrastructure Securityholders at the Scheme Record Date (**Trust Acquisition Resolution**).

A copy of the Spark Infrastructure Trust Supplemental Deed and a copy of the explanatory statement provided in respect of the Spark Infrastructure Note Trust Deed Resolution, the Trust Constitution Amendment Resolution and the Trust Acquisition Resolution are contained in the Scheme Booklet, of which this notice forms part.

2.2 Resolutions

Resolutions of holders of Spark Infrastructure Notes

Resolution 2 – Spark Infrastructure Note Trust Deed Resolution

To consider and, if thought fit, pass the following resolution as a special resolution:

'That, subject to and conditional on:

- a. Resolution 1 – Creditors' Scheme Resolution, in the Notice of Creditors' Scheme Meeting, being passed;
- b. the Creditors' Scheme being approved by the Court under section 411(4)(b) of the Corporations Act (with or without modifications as approved by the Court) and an office copy of the order of the Court approving the Creditors' Scheme being lodged with ASIC;
- c. Resolution 3 – Trust Constitution Amendment Resolution and Resolution 4 – Trust Acquisition Resolution, in the Notice of Concurrent Creditors' Meeting and Trust Meeting (the **Trust Resolutions**), being passed; and
- d. the Court confirming that Spark Infrastructure would be justified in acting upon the Trust Resolutions and doing all things and taking all necessary steps to put the Trust Scheme into effect,

the Spark Infrastructure Note Trust Deed be amended with effect on and from the Effective Date, as set out in the Scheme Booklet of which the notice convening this meeting forms part, and Spark Infrastructure RE and Melbourne Securities Corporation Limited be authorised to execute a copy of the Spark Infrastructure Note Trust Deed Supplemental Deed.'

Resolutions of holders of Spark Infrastructure Units

Resolution 3 – Trust Constitution Amendment Resolution

To consider and if thought fit, pass the following resolution as a special resolution:

‘That, subject to and conditional on:

- a. Resolution 1 – Creditors’ Scheme Resolution, in the Notice of Creditors’ Scheme Meeting, being passed;
- b. the Creditors’ Scheme being approved by the Court under section 411(4)(b) of the Corporations Act (with or without modifications as approved by the Court) and an office copy of the order of the Court approving the Creditors’ Scheme being lodged with ASIC; and
- c. Resolution 2 – Note Trust Deed Amendment Resolution and Resolution 4 – Trust Acquisition Resolution, in the notice convening this meeting, being passed,

pursuant to and in accordance with the provisions of section 601GC(1) of the Corporations Act, the Spark Infrastructure Trust Constitution be amended with effect on and from the Effective Date, as set out in the Scheme Booklet of which the notice convening this meeting forms part, for the purpose of giving effect to the Trust Scheme and Spark Infrastructure be authorised to execute and lodge with ASIC a copy of the Spark Infrastructure Trust Supplemental Deed.’

Resolution 4 – Trust Acquisition Resolution

To consider and if thought fit, pass the following resolution as an ordinary resolution:

‘That, subject to and conditional on:

- a. Resolution 1 – Creditors’ Scheme Resolution, in the Notice of Creditors’ Scheme Meeting, being passed;
- b. the Creditors’ Scheme being approved by the Court under section 411(4)(b) of the Corporations Act (with or without modifications as approved by the Court) and an office copy of the order of the Court approving the Creditors’ Scheme being lodged with ASIC; and
- c. Resolution 2 – Note Trust Deed Amendment Resolution and Resolution 3 – Trust Constitution Amendment Resolution, in the notice convening this meeting, being passed,

pursuant to and in accordance with the provisions of item 7 of section 611 of the Corporations Act, the Trust Scheme, as set out in the Scheme Booklet of which the notice convening this meeting forms part, be approved and, in particular, the acquisition by Bidco of all Spark Infrastructure Units held by the Scheme Securityholders as at the Scheme Record Date and all Scheme Shares pursuant to the Trust Scheme be approved for all purposes.’

2.3

Meeting format

Spark Infrastructure Securityholders and their authorised proxies, attorneys and corporate representatives may participate in the Concurrent Creditors’ Meeting and Trust Meeting via the online platform at <https://web.lumiagm.com>.

Further details on how to participate in the Concurrent Creditors’ Meeting and Trust Meeting are set out in the Explanatory Notes that accompany and form part of this Notice of Concurrent Creditors’ Meeting and Trust Meeting and in the online user guide which has been released to the ASX and will be available on Spark Infrastructure’s website at <https://www.sparkinfrastructure.com/>.

Spark Infrastructure Securityholders who are unable to, or do not wish to, participate in the Concurrent Creditors’ Meeting and Trust Meeting, or will not have access to a device or the internet, are encouraged to submit a directed proxy vote as early as possible and in any event by 11:00am (Sydney time) on Saturday, 20 November 2021 by completing and submitting the Proxy Form in accordance with the instructions on that form.

2.4

Webcasting

In addition to the above, an archived recording of the webcast will also be available to Spark Infrastructure Securityholders after the Concurrent Creditors’ Meeting and Trust Meeting on Spark Infrastructure’s website at <https://www.sparkinfrastructure.com/>.

2.5

Chairman

Dr Doug McTaggart will act as chairman of the Concurrent Creditors’ Meeting and Trust Meeting (and, if Dr McTaggart is unable or willing to attend, Mr Greg Martin will act as chairman of the Trust Meeting).



Jenny Faulkner
Company Secretary

19 October 2021

3 Explanatory Notes

1. General

These Notices of Meetings relate to the Schemes and should be read in conjunction with the scheme booklet dated on or about the date of these Notices of Meetings (**Scheme Booklet**) of which these Notices of Meetings form part. The Scheme Booklet contains important information to assist you in determining how to vote on the Resolutions.

A copy of the Spark Infrastructure Trust Supplemental Deed is set out in Annexure B of the Scheme Booklet, a copy of the Note Trust Deed Supplemental Deed is set out in Annexure C of the Scheme Booklet, and a copy of the Creditors' Scheme of Arrangement is set out in Annexure D of the Scheme Booklet.

These Explanatory Notes form part of, and should be read in conjunction with, the Notices of Meetings. Capitalised terms used in this notice have the same meaning as set out in 'Glossary and Interpretation' in section 13 of the Scheme Booklet, unless the context otherwise requires.

2. Conduct of the Meetings

Spark Infrastructure represents Spark Infrastructure Trust (for which Spark Infrastructure RE is the responsible entity). Each unit in Spark Infrastructure Trust (**Spark Infrastructure Unit**) is stapled to one loan note issued by Spark Infrastructure RE as responsible entity of the Spark Infrastructure Trust (**Spark Infrastructure Note**) (each Spark Infrastructure Unit stapled to a Spark Infrastructure Note together a **Spark Infrastructure Security**). The Spark Infrastructure Securities trade on the Australian Securities Exchange (**ASX**). The Meetings involve meetings of both the Spark Infrastructure Unitholders and Spark Infrastructure Noteholders, with voting on each Resolution undertaken in the relevant capacity.

3. Eligibility to vote

For the purposes of the Meetings, Spark Infrastructure Securityholders that are eligible to vote will be taken to be those persons who are registered as holders of Spark Infrastructure Securities as at 7:00pm (Sydney time) on Saturday, 20 November 2021 and their entitlement to vote at the Meetings will be determined by their holdings of Spark Infrastructure Securities at that time. Security transfers registered after that time will be disregarded in determining entitlements to vote at the Meetings.

The remaining comments in these explanatory notes are addressed to Spark Infrastructure Securityholders entitled to attend and vote at the Meetings.

4. Participating in the Meetings online

Spark Infrastructure Securityholders can watch and participate in the Meetings online using a computer (desktop or laptop), smartphone, tablet or a smart device and by entering the following URL in the browser <https://web.lumiagm.com> (Meeting ID 390-236-931).

You will be able to vote live during the Meetings when invited by the chairman. Once voting is opened you will be able to vote using the voting icon. You will be able to vote for, against or abstain on each item through the online platform. You will also be able to ask questions live during the Meetings.

To participate and vote online you will need to register online as a Spark Infrastructure Securityholder. You will need your Voting Access Code (**VAC**) and postcode. Proxyholders should obtain their log in credentials by calling the Spark Infrastructure Securities Registry on 1800 000 639 (within Australia) or +61 2 9290 9600 (outside Australia), between 8.30am and 5.00pm (Sydney time), Monday to Friday excluding public holidays. Participants will be able to register online 1 hour before the start of the Meetings. It is recommended that Spark Infrastructure Securityholders register at least 15 minutes before the start of the Meetings.

Further information about how to participate can be found in the online user guide which will be available on Spark Infrastructure's website at <https://www.sparkinfrastructure.com/>. The online user guide provides details about how to ensure your browser is compatible with the online platform as well as a step-by-step guide to successfully log in and navigate the site.

Please monitor Spark Infrastructure's website and ASX announcements, where updates will be provided if it becomes necessary or appropriate to make alternative arrangements for the holding or conduct of the Meetings.

5. Technical difficulties when participating online

Technical difficulties may arise during the course of a Meeting. The chairman has discretion as to whether and how the Meetings should proceed in the event that a technical difficulty arises. In exercising the chairman's discretion, the chairman will have regard to the number of Spark Infrastructure Securityholders impacted and the extent to which participation in the business of the Meetings are affected. Where the chairman considers it appropriate, the chairman may continue to hold the Meetings and transact business, including conducting a poll and voting in accordance with valid proxy instructions.

6. Written questions to Spark Infrastructure

Spark Infrastructure Securityholders who wish to ask Spark Infrastructure a question are encouraged to submit a written question before the Meetings using one of the proxy form lodgement methods set out below. Written questions to Spark Infrastructure must be received by Spark Infrastructure by no later than Wednesday, 17 November 2021.

The chairman will endeavour to address as many of the frequently raised relevant questions as possible during the course of the Meetings. However, there may not be sufficient time available at the Meetings to address all of the questions asked. Please note that individual responses will not be sent to Spark Infrastructure Securityholders.

7. Voting

7.1 Method of voting

On all resolutions the vote will be taken by poll.

On a poll for a resolution of Spark Infrastructure Trust, a holder of Spark Infrastructure Units or their nominated proxy has one vote for each dollar of the value of the total interests they have in Spark Infrastructure Trust pursuant to section 253C(2) of the Corporations Act. In accordance with section 253F of the Corporations Act, the value of a Spark Infrastructure Securityholder's total interest in the Spark Infrastructure Trust will be calculated by reference to the last sale price of the Spark Infrastructure Securities on the ASX on Friday, 19 November 2021.

On a poll, a noteholder or their nominated proxy has one vote for each dollar (cents being ignored) of the face value of loan notes registered in the holder's name.

If you are a Spark Infrastructure Securityholder entitled to vote at the Meetings, you may vote:

- **online**, by participating in and voting at the Meetings online at <https://web.lumiagm.com> and by entering the unique 9-digit Meeting ID: 390-236-931;
- **by proxy**, by completing and submitting the Proxy Form in accordance with the instructions on that form. To be effective, your proxy appointment must be received by the Spark Infrastructure Securities Registry by 11:00am (Sydney time) on Saturday, 20 November 2021;
- **by attorney**, by appointing an attorney to participate in and vote at the Meetings on your behalf and providing a duly executed power of attorney to the Spark Infrastructure Securities Registry by 11:00am (Sydney time) on Saturday, 20 November 2021; or
- **by corporate representative**, in the case of a body corporate, appointing a body corporate representative to participate in and vote at the Meetings on your behalf, and providing a duly executed certificate of appointment prior to the Meetings in accordance with section 7.5 below.

If you hold Spark Infrastructure Securities jointly with one or more other persons, only one of you may vote. If more than one of you attempts to vote at the Meetings, only the last vote prior to closing of the poll will be counted.

7.2

Voting by proxy

If you are entitled to participate and vote at the Meetings, you have a right to appoint a proxy to participate in the Meetings and vote on your behalf.

A proxy need not be a Spark Infrastructure Securityholder and may be an individual or a body corporate. A personalised proxy form has been separately provided to you by the Spark Infrastructure Securities Registry on or about the date of these Notices of Meetings.

If you are entitled to cast two or more votes at the Meetings, you may appoint up to two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If you do not specify a proportion or number, each proxy may exercise half of the votes.

You should consider how you wish your proxy to vote. That is, whether you want your proxy to vote 'for' or 'against', or abstain from voting on, the Creditors' Resolutions and the Trust Resolutions, or whether to leave the decision to the proxy after he or she has considered the matters discussed at the meeting.

If you do not direct your proxy how to vote on the Creditors' Resolutions and/or Trust Resolutions, the proxy may vote, or abstain from voting, as he or she thinks fit. If you instruct your proxy to abstain from voting on an item of business, he or she is directed not to vote on your behalf, and the securities the subject of the proxy appointment will not be counted in computing the required majority.

Note that if you direct your proxy how to vote but your nominated proxy does not vote on a poll on a resolution, the chairman of the Meetings will act in place of the nominated proxy and vote in accordance with any directions.

If you return your proxy form:

- without identifying a proxy on it, you will be taken to have appointed the chairman of the Meetings as your proxy to vote on your behalf; or
- with a proxy identified on it but your proxy does not participate in the Meetings, the chairman of the Meetings will act in place of your nominated proxy and vote in accordance with any directions on your proxy form.

The chairman of the Meetings intends to vote all available undirected proxies in favour of the Creditors' Resolutions and the Trust Resolutions, subject to no Superior Proposal emerging and the Independent Expert continuing to conclude that the Schemes are in the best interests of Scheme Securityholders.

7.3

Lodging your proxy form

You can lodge your completed proxy form by:

- mailing it to the Spark Infrastructure Securities Registry using the reply paid envelope enclosed with this notice;
- mailing it to the Spark Infrastructure Securities Registry, GPO Box 3993, Sydney NSW 2001;
- lodging it online at <https://www.votingonline.com.au/skism2021> and following the instructions;
- emailing it to the Spark Infrastructure Securities Registry at proxy@boardroomlimited.com.au;
- lodging it on your mobile device by scanning the QR code on the proxy form and following the instructions; or
- faxing it to the Spark Infrastructure Securities Registry on +61 2 9290 9655.

Your completed proxy form (and any necessary supporting documentation) must be received no later than 11:00am (Sydney time) on Saturday, 20 November 2021 (or, if the Meetings are adjourned or postponed, no later than 48 hours before the resumption of the Meetings in relation to the resumed part of the Meetings).

If the proxy form is signed by an attorney, a certified copy of the instrument appointing the attorney must also be received by this deadline unless it has been previously provided to the Spark Infrastructure Securities Registry.

If you appoint a proxy, you may still participate in the Meetings online as a guest (however, you will not be able to vote or ask questions at the Meetings as a guest) or you may revoke the proxy and vote and ask questions at the Meetings.

7.4 Voting by attorney

You may appoint an attorney to participate in and vote at the Meetings on your behalf. Your attorney need not be another Spark Infrastructure Securityholder. Each attorney will have the right to vote on the poll and also to speak at the Meetings.

The power of attorney appointing your attorney to participate in and vote at the Meetings must be duly executed by you and specify your name, the entity (that is, Spark Infrastructure), and the attorney, and also specify the meeting(s) at which the appointment may be used. The appointment may be a standing one.

The power of attorney, or a certified copy of the power of attorney, must be received by the Spark Infrastructure Securities Registry before 11:00am (Sydney time) on Saturday, 20 November 2021 (or, if the Meetings are adjourned or postponed, no later than 48 hours before the resumption of the Meetings in relation to the resumed part of the Meetings) in any of ways specified for proxy forms in section 7.3 above, except that the power of attorney or a certified copy of the power of attorney cannot be lodged online or by mobile device.

A validly appointed attorney wishing to participate in and vote at the Meetings via the online platform will require the appointing Spark Infrastructure Securityholders' name, postcode and VAC in order to access the online platform.

If you appoint an attorney, you may still participate in the Meetings online and vote at the Meetings.

7.5 Voting by corporate proxyholders or corporate holders of Spark Infrastructure Securities

Corporate proxyholders or corporate holders of Spark Infrastructure Securities who wish to appoint a representative to participate in the Meetings on their behalf must provide that person with a properly executed letter or other document confirming that they are authorised to act as the company's representative. The "Appointment of Corporate Representative form" can be obtained from the Spark Infrastructure Securities Registry for this purpose by visiting the forms menu of the Spark Infrastructure Securities Registry's website <https://www.boardroomlimited.com.au/forms/Appointment%20of%20Corporate%20Representative.pdf> or calling the Spark Infrastructure Securities Registry on 1800 000 639 (within Australia) or +61 2 9290 9600 (outside Australia), between 8.30am and 5.00pm (Sydney time), Monday to Friday excluding public holidays. The authorisation may be effective either for the Meetings only or for all meetings of Spark Infrastructure.

The appointment of corporate representative form must be received the Spark Infrastructure Securities Registry prior to the Meetings. Spark Infrastructure Securityholders may submit the form:

- via email, by sending it to proxy@boardroomlimited.com.au; or
- in any of the ways specified for proxy forms in section 7.3 above, except that an appointment of corporate representative form cannot be lodged online or by mobile device.

If an appointment of corporate representative form is completed by an individual or corporation under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed certificate unless the power of attorney or other authority has previously been received by the Spark Infrastructure Securities Registry.

A validly appointed corporate representative wishing to participate in and vote at the Meetings via the online platform will require the appointing Spark Infrastructure Securityholders' name, postcode and VAC in order to access the online platform.

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CORPORATE DIRECTORY

Spark Infrastructure

Level 29, 225 George Street
Sydney NSW 2000
T: +61 2 9086 3600
F: +61 2 9086 3666
E: info@sparkinfrastructure.com
W: www.sparkinfrastructure.com

Spark Infrastructure Securities Registry

Boardroom Pty Limited
ABN 14 003 209 836
GPO Box 3993
Sydney NSW 2001
T: 1300 737 760 (within Australia) or
T: + 61 2 9290 9600 (outside Australia)
F: + 61 2 9279 0644
E: enquiries@boardroomlimited.com.au
W: www.boardroomlimited.com.au

Stock Exchange Listing

Spark Infrastructure Securities are quoted on the Australian Securities Exchange (ASX:SKI)

Financial adviser

Goldman Sachs Australia Pty Ltd
Level 46, Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000

Strategic adviser

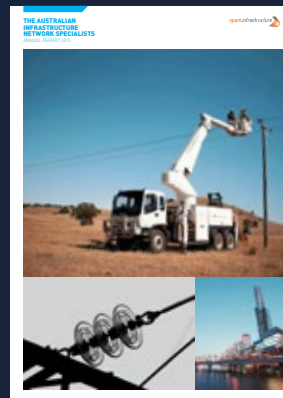
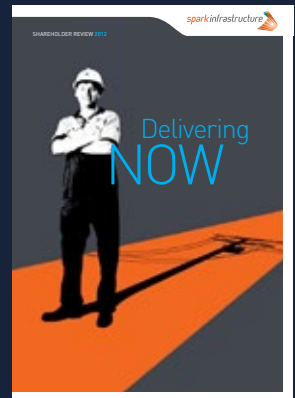
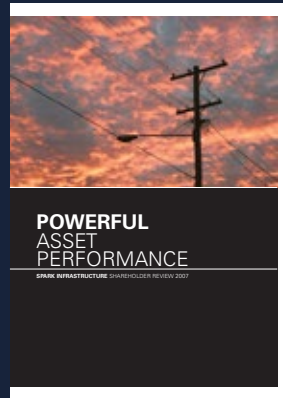
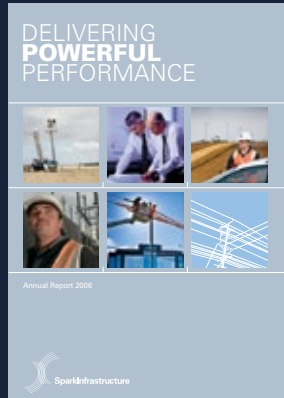
A. Brown and Company Limited
31 Eastbourne Avenue
Toronto, Ontario M5P 2E8
CANADA

Legal adviser

Herbert Smith Freehills
Level 34, ANZ Tower
161 Castlereagh Street
Sydney NSW 2000

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✉ **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia

📠 **By Fax:** +61 2 9290 9655

💻 **Online:** www.boardroomlimited.com.au

☎ **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 11:00am (Sydney time) on Saturday, 20 November 2021.**

🖥 TO VOTE ONLINE

STEP 1: VISIT <https://www.votingonline.com.au/skism2021>

STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)

STEP 3: Enter your Voting Access Code (VAC):



Scan QR Code using smartphone
QR Reader App

📱 BY SMARTPHONE

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meetings as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meetings as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the Meetings, the Chair of the Meetings will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the Meetings and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the Meetings, therefore by **11:00am (Sydney time) on Saturday, 20 November 2021.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

💻 **Online** <https://www.votingonline.com.au/skism2021>

📠 **By Fax** + 61 2 9290 9655

✉ **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia

✉ **By email** proxy@boardroomlimited.com.au

👤 **In Person** Boardroom Pty Limited
Level 12, 225 George Street,
Sydney NSW 2000 Australia

Written questions

If you would like to ask a question about the business of the Meetings, please use the Securityholder Question Form and submit it as set out in the Securityholder Question Form. You will also be able to ask questions live during the Meetings by text on the online platform at <https://web.lumiagm.com> or by telephone. Further information about how to ask questions live during the Meetings can be found in the online user guide which will be available on Spark Infrastructure's website at <https://www.sparkinfrastructure.com/>.

Your Address
 This is your address as it appears on Spark Infrastructure’s register of stapled securityholders. If this is incorrect, please mark the box with an “X” and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.
Please note, you cannot change ownership of your securities using this form.

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of the **Spark Infrastructure Trust** and noteholder/s of **Spark Infrastructure RE** and entitled to attend and vote hereby appoint:

the **Chair of the Meetings** (mark box)

OR if you are **NOT** appointing the Chair of the Meetings as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meetings as my/our proxy at the Creditors’ Scheme Meeting of Spark Infrastructure RE, the Concurrent Creditors’ Meeting and the Trust Meeting of the Spark Infrastructure Trust to be held concurrently as a **virtual meeting** at <https://web.lumiagm.com/390236931> on **Monday, 22 November 2021 at 11:00am (Sydney time)** and at any postponement or adjournment of those meetings, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit to the extent permitted by law.

The Chair of the Meetings intends to vote undirected proxies in favour of each of the items of business, subject to no Superior Proposal emerging and the Independent Expert continuing to conclude that the Schemes are in the best interests of Scheme Securityholders.

STEP 2 VOTING DIRECTIONS
 * If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

	For	Against	Abstain*
CREDITORS’ SCHEME MEETING			
Resolution 1 Creditors’ Scheme Resolution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CONCURRENT CREDITORS’ MEETING			
Resolution 2 Spark Infrastructure Note Trust Deed Resolution Special	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
TRUST MEETING			
Resolution 3 Trust Constitution Amendment Resolution Special	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Trust Acquisition Resolution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 SIGNATURE OF SECURITYHOLDERS
 This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1	Securityholder 2	Securityholder 3
<input style="width: 100%; height: 30px;" type="text"/>	<input style="width: 100%; height: 30px;" type="text"/>	<input style="width: 100%; height: 30px;" type="text"/>
Sole Director and Sole Company Secretary	Director	Director / Company Secretary

Contact Name..... Contact Daytime Telephone..... Date / / 2021

ONLINE SECURITYHOLDERS' MEETING GUIDE 2021

Attending the Meeting online

Visit <https://web.lumiagm.com> and enter the Meeting ID: 390-236-931.

You will need the latest version of Chrome, Firefox, Edge, Internet Explorer or Safari web browsers. Please ensure your web browser is compatible with the Lumi platform. You may use your computer, laptop, tablet or smartphone to access the meeting.

You will be able to view a live webcast of the meeting, ask questions and submit your votes in real time.

<https://web.lumiagm.com>

Spark Infrastructure Group (SKI) Meeting ID: 390-236-931

To log in you must have your **Voting Access Code (VAC)** and **Postcode or Country Code**

The meeting will start at 11:00am (Sydney time), Monday, 22 November 2021.
Participants will be able to log in and register online 1 hour before the start of the meeting.

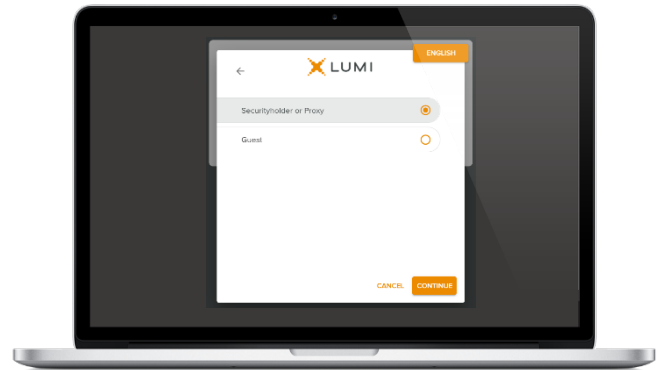
ACCESS

The first page of the Lumi platform will ask in what capacity you are joining the meeting.

Securityholders or appointed proxies should select

"Securityholder or Proxy"

Guests should select **"Guest"**

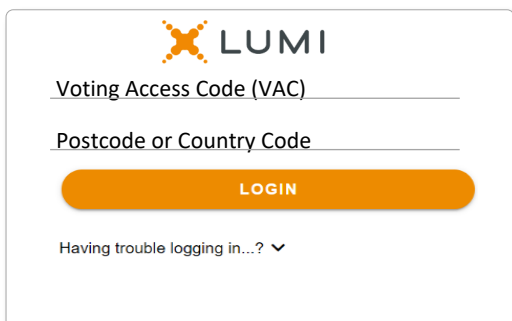


CREDENTIALS

Securityholder / Proxy

Your username is your **Voting Access Code** (which can be found on your proxy form) and your password is your **Postcode or Country Code**. For Non-Australian residents, this is your **3-letter country code**.

Appointed proxies should obtain their log in credentials from BoardRoom Pty Limited by calling 1800 000 639 or +61 2 9290 9600.

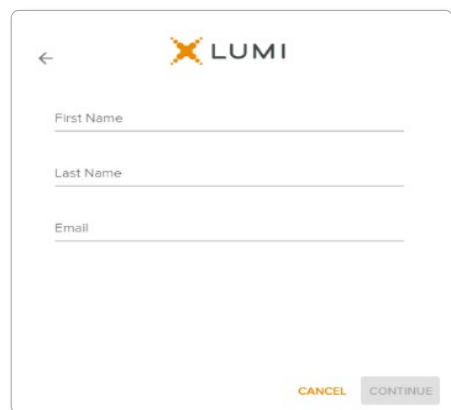


The screenshot shows the Lumi login interface for Securityholder / Proxy. It features the Lumi logo at the top, followed by two input fields: "Voting Access Code (VAC)" and "Postcode or Country Code". Below these fields is a prominent orange "LOGIN" button. At the bottom, there is a link that says "Having trouble logging in...?" with a dropdown arrow.

Guest

Please enter your name and email address to be admitted into the meeting.

Please note, guests will not be able to ask questions or vote at the meeting.



The screenshot shows the Lumi login interface for Guest. It features the Lumi logo at the top, followed by three input fields: "First Name", "Last Name", and "Email". At the bottom right, there are two buttons: "CANCEL" and "CONTINUE".

NAVIGATION

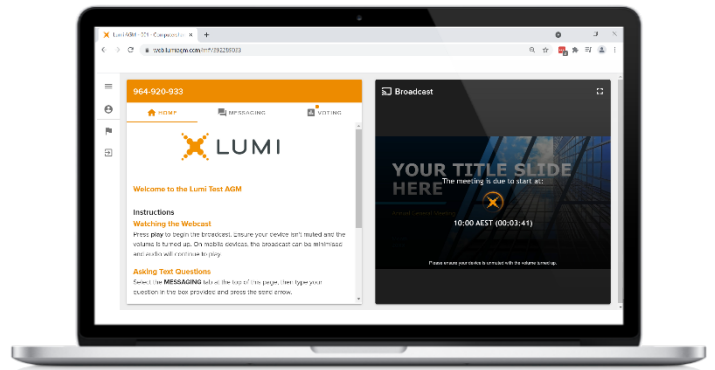
Once successfully registered, the home page will appear. You can view meeting instructions, ask questions and view the webcast of the meeting.

If viewing on a computer, the webcast will automatically appear at the side once the meeting has started.

On a mobile device, select the broadcast icon at the bottom of the screen to watch the webcast.



During the meeting, mobile users can minimise the webcast at any time by selecting the arrow by the broadcast icon. You will still be able to hear the meeting. Selecting the broadcast icon again will reopen the webcast.



Desktop / Laptop users can watch the webcast full screen, by selecting the full screen icon.



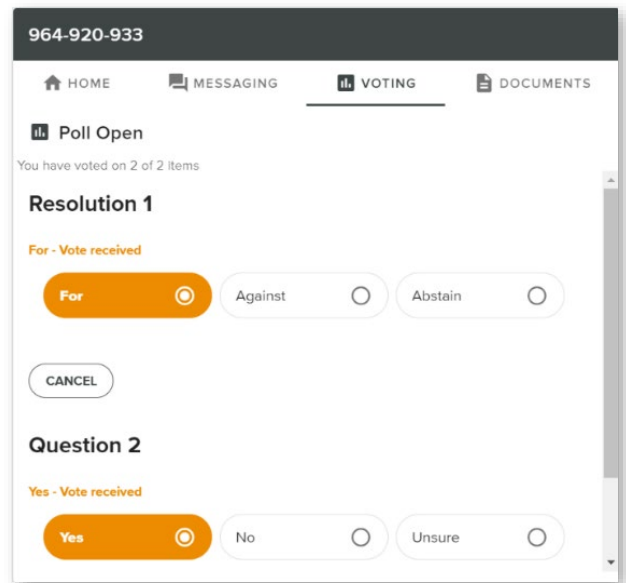
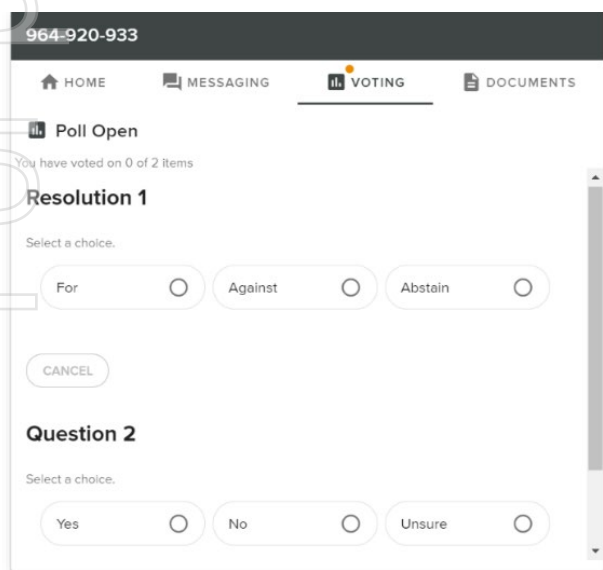
To reduce the webcast to its original size, select the X at the top of the broadcast window.

VOTING

The Chair will open voting on all resolutions at the start of the meeting. Once voting has opened, the voting tab will appear on the navigation bar.



Selecting this tab will open a list of all resolutions and their voting options (see below).



To vote, simply select your voting direction from the options displayed on screen. Your selection will change colour and a confirmation message will appear (see above).

To change your vote, simply select another option. If you wish to cancel your vote, please press cancel.

There is no need to press a submit or send button. Your vote is automatically counted.

Voting can be performed at any time during the meeting until the Chair closes the poll.

QUESTIONS

Any securityholder or appointed proxy is eligible to ask questions.

1. Asking questions via text message

If you would like to ask a question. Select the messaging tab.



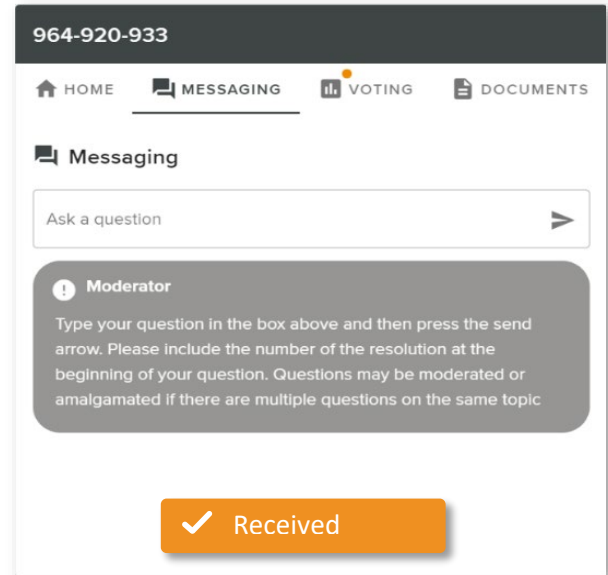
Select the “Ask a Question” box and type in your question.

Once you are happy with your question, select the send icon.



Questions sent via the Lumi platform may be moderated before being sent to the Chair. This is to avoid repetition and remove any inappropriate language.

Questions can be submitted at any time from the start of the meeting, up until the Chair closes the Q&A session.



2. Asking verbal questions via telephone

A teleconference number will be displayed on the home page of the Lumi platform (for securityholders and appointed proxies only).

If you would like to ask a verbal question at the meeting, please dial this number and have your name and Voting Access Code (VAC) ready.

You will hear a welcome message and instructions on how to ask a question.

At the end of the welcome message, you will be greeted by a moderator and asked to provide your VAC. This will verify you as a securityholder and allow you to ask a question. Note, if your holding cannot be verified you will not be able to ask a question.

You will then be placed in ‘listen-only’ mode where your line will be muted.

When the Chair calls for questions, press *1 on your keypad to ‘raise your hand’ to ask a question and you will be placed in a queue.

When it is time to ask your question, the moderator will introduce you to the meeting, your line will be unmuted and you can start speaking. Note, if you no longer wish to ask your question, you can ‘lower your hand’ by pressing *2 on your keypad.

We also ask that you mute your laptop or desktop device while you ask your question.

Your line will be muted once your question has been asked.

Spark Infrastructure Group Meeting ID: 390-236-931

To login you must have your **Voting Access Code (VAC)** and **Postcode or Country Code**

The Meeting will start at 11:00am (Sydney time), Monday, 22 November 2021.
Participants will be able to log in and register for the Meeting 1 hour before the start of the Meeting.

Country Codes

For overseas shareholders, select your country code from the list below and enter it into the password field.

ABW	Aruba	DZA	Algeria	LBR	Liberia	ROU	Romania
AFG	Afghanistan	ECU	Ecuador	LBY	Libyan Arab Jamahiriya	RUS	Russian Federation
AGO	Angola	EGY	Egypt	LCA	St Lucia	RWA	Rwanda
AIA	Anguilla	ERI	Eritrea	LIE	Liechtenstein	SAU	Saudi Arabia Kingdom Of
ALA	Aland Islands	ESH	Western Sahara	LKA	Sri Lanka	SDN	Sudan
ALB	Albania	ESP	Spain	LSO	Lesotho	SEN	Senegal
AND	Andorra	EST	Estonia	LTU	Lithuania	SGP	Singapore
ANT	Netherlands Antilles	ETH	Ethiopia	LUX	Luxembourg	SGS	Sth Georgia & Sth Sandwich Isl
ARE	United Arab Emirates	FIN	Finland	LVA	Latvia	SHN	St Helena
ARG	Argentina	FJI	Fiji	MAC	Macao	SJM	Svalbard & Jan Mayen
ARM	Armenia	FLK	Falkland Islands (Malvinas)	MAF	St Martin	SLB	Solomon Islands
ASM	American Samoa	FRA	France	MAR	Morocco	SCG	Serbia & Outlying
ATA	Antarctica	FRO	Faroe Islands	MCO	Monaco	SLE	Sierra Leone
ATF	French Southern	FSM	Micronesia	MDA	Republic Of Moldova	SLV	El Salvador
ATG	Antigua & Barbuda	GAB	Gabon	MDG	Madagascar	SMR	San Marino
AUS	Australia	GBR	United Kingdom	MDV	Maldives	SOM	Somalia
AUT	Austria	GEO	Georgia	MEX	Mexico	SPM	St Pierre And Miquelon
AZE	Azerbaijan	GGY	Guernsey	MHL	Marshall Islands	SRB	Serbia
BDI	Burundi	GHA	Ghana	MKD	Macedonia Former Yugoslav Rep	STP	Sao Tome And Principe
BEL	Belgium	GIB	Gibraltar	MLI	Mali	SUR	Suriname
BEN	Benin	GIN	Guinea	MLT	Mauritania	SVK	Slovakia
BFA	Burkina Faso	GLP	Guadeloupe	MMR	Myanmar	SVN	Slovenia
BGD	Bangladesh	GMB	Gambia	MNE	Montenegro	SWE	Sweden
BGR	Bulgaria	GNB	Guinea-Bissau	MNG	Mongolia	SWZ	Swaziland
BHR	Bahrain	GNQ	Equatorial Guinea	MNP	Northern Mariana Islands	SYC	Seychelles
BHS	Bahamas	GRC	Greece	MOZ	Mozambique	SYR	Syrian Arab Republic
BIH	Bosnia & Herzegovina	GRD	Grenada	MRT	Mauritania	TCA	Turks & Caicos Islands
BLM	St Barthelemy	GRL	Greenland	MSR	Montserrat	CD	Chad
BLR	Belarus	GTM	Guatemala	MTQ	Martinique	TGO	Togo
BLZ	Belize	GUF	French Guiana	MUS	Mauritius	THA	Thailand
BMU	Bermuda	GUM	Guam	MWI	Malawi	TJK	Tajikistan
BOL	Bolivia	GUY	Guyana	MYS	Malaysia	TKL	Tokelau
BRA	Brazil	HKG	Hong Kong	MYT	Mayotte	TKM	Turkmenistan
BRB	Barbados	HMD	Heard & Mcdonald Islands	NAM	Namibia	TLS	Timor-Leste
BRN	Brunei Darussalam	HND	Honduras	NCL	New Caledonia	TMP	East Timor
BTN	Bhutan	HRV	Croatia	NER	Niger	TON	Tonga
BUR	Burma	HTI	Haiti	NFK	Norfolk Island	TTO	Trinidad & Tobago
BVT	Bouvet Island	HUN	Hungary	NGA	Nigeria	TUN	Tunisia
BWA	Botswana	IDN	Indonesia	NIC	Nicaragua	TUR	Turkey
CAF	Central African Republic	IMN	Isle Of Man	NIU	Niue	TUV	Tuvalu
CAN	Canada	IND	India	NLD	Netherlands	TWN	Taiwan
CCK	Cocos (Keeling) Islands	iot	British Indian Ocean Territory	NOR	Norway Montenegro	TZA	Tanzania United Republic of
CHE	Switzerland	IRL	Ireland	NPL	Nepal	UGA	Uganda
CHL	Chile	IRN	Iran Islamic Republic of	NRU	Nauru	UKR	Ukraine
CHN	China	IRQ	Iraq	NZL	New Zealand	UMI	United States Minor
CIV	Cote D'ivoire	ISM	Isle of Man	OMN	Oman	URY	Uruguay
CMR	Cameroon	ISL	Iceland	PAK	Pakistan	USA	United States of America
COD	Democratic Republic of Congo	ISR	Israel	PAN	Panama	UZB	Uzbekistan
COK	Cook Islands	ITA	Italy	PCN	Pitcairn Islands	VNM	Vietnam
COL	Colombia	JAM	Jamaica	PER	Peru	VUT	Vanuatu
COM	Comoros	JEY	Jersey	PHL	Philippines	WLF	Wallis & Futuna
CPV	Cape Verde	JOR	Jordan	PLW	Palau	WSM	Samoa
CRI	Costa Rica	JPN	Japan	PNG	Papua New Guinea	YEM	Yemen
CUB	Cuba	KAZ	Kazakhstan	POL	Poland	YMD	Yemen Democratic
CYM	Cayman Islands	KEN	Kenya	PRI	Puerto Rico	YUG	Yugoslavia Socialist Fed Rep
CYP	Cyprus	KGZ	Kyrgyzstan	PRK	Korea Dem Peoples Republic of	ZAF	South Africa
CXR	Christmas Island	KHM	Cambodia	PRT	Portugal	ZAR	Zaire
CZE	Czech Republic	KIR	Kiribati	PRY	Paraguay	ZMB	Zambia
DEU	Germany	KNA	St Kitts And Nevis	PSE	Palestinian Territory Occupied	ZWE	Zimbabwe
DJI	Djibouti	KOR	Korea Republic of	PYF	French Polynesia		
DMA	Dominica	KWT	Kuwait	QAT	Qatar		
DNK	Denmark	LAO	Laos	REU	Reunion		
DOM	Dominican Republic	LBN	Lebanon				