sparkinfrastructure

TAX GUIDE
2019

Essential information to help you complete your 2019 Australian income tax return

IMPORTANT INFORMATION

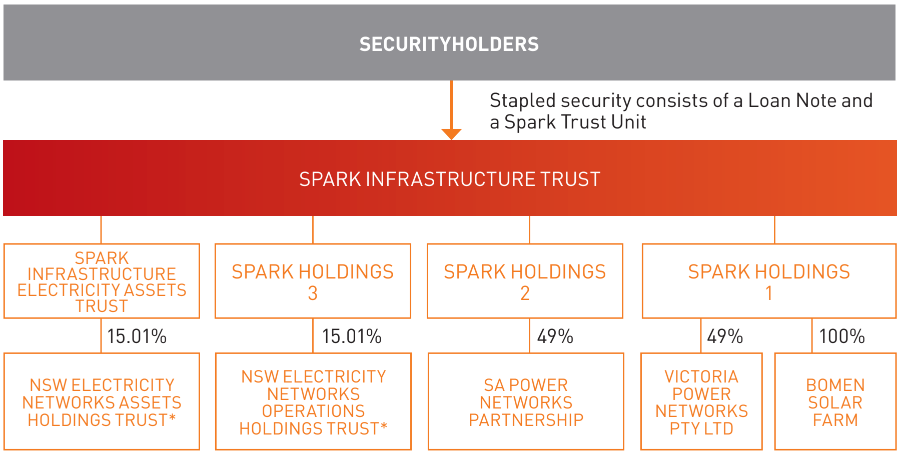
AFSL 290436

Rick Francis
Managing Director and
Chief Executive Officer

DEAR SECURITYHOLDER,

This Tax Guide should be read in conjunction with your Spark Infrastructure Distribution Statements. As Spark Infrastructure did not distribute taxable income during 2019, no annual tax statement is prepared. As such you should use the information contained in the Distribution Statements. The Distribution Statements along with this Tax Guide will help you complete your 2019 Australian income tax return.

Spark Infrastructure is a single listed entity through Spark Infrastructure Trust (Spark Trust). Securities in Spark Infrastructure comprise a Loan Note and a unit issued by Spark Trust (Spark Infrastructure securities). The Loan Note and units in Spark Trust are stapled, meaning they cannot be traded separately. The current structure is shown in the diagram below.



*Together referred to as TransGrid

This Tax Guide has been prepared specifically for individuals who were tax residents of Australia throughout the year ended 30 June 2019 and who held their Spark Infrastructure securities on capital account[1].

Part A will assist you in reporting your Spark Infrastructure distributions in your 2019 Australian income tax return.

If you disposed of any or all of your Spark Infrastructure securities during the year ended 30 June 2019 (or entered into a contract on or before 30 June 2019 to do so), you will need to consider the income tax (including capital gains tax (CGT)) consequences of that disposal. Part C of this Tax Guide contains information that may assist you in this regard.

Please note that if you held any Spark Infrastructure securities on or before 20 December 2010 (the 2010 Restructure[2]), you will need to consider the impact of the 2010 Restructure on the tax cost base and acquisition date of those units held in the Spark Trust at that time. This will be relevant for the calculation of your gain or loss on disposal of those Spark Infrastructure securities during the year ended 30 June 2019. Part B of this Tax Guide contains information that may assist you in this regard.

If you are NOT an individual but you were a resident of Australia for income tax purposes at all times during the year ended 30 June 2019, you will need to reflect distributions from Spark Trust appropriately in your 2019 Australian income tax return and reflect any gain or loss on disposal of any or all of your Spark Infrastructure securities during the year ended 30 June 2019 in your 2019 Australian income tax return. The information contained in this Tax Guide, together with your Spark Infrastructure Distribution Statements, may assist you in this regard.

If you were NOT a resident of Australia for all or part of the year ended 30 June 2019, you will need to decide whether to lodge a 2019 Australian income tax return. If you do lodge a return, the information contained in the Spark Infrastructure Distribution Statements you received in respect of each distribution and this Tax Guide may assist you.

The attribution managed investment trust regime (known as the AMIT regime) came into effect from 1 July 2016. As at 30 June 2019, Spark Trust has not yet elected into the AMIT regime.

If you require further factual information, please contact Investor Relations on +61 2 9086 3600.

You should consult your tax adviser if you require tax advice on any of the issues in this Tax Guide, or in relation to the completion of your 2019 Australian income tax return.

Yours sincerely

Rick Francis
Managing Director and
Chief Executive Officer

1 Please note that any gain or loss made on the Loan Notes will always be on revenue account (refer page 6).

2 The 2010 Restructure relates to the Spark Trust becoming the parent entity of the Spark Infrastructure group, with Spark Infrastructure Holdings No. 1 Pty Limited (Spark Holdings 1), Spark Infrastructure Holdings No. 2 Pty Limited (Spark Holdings 2) and Spark Infrastructure Holdings No. 3 Pty Limited (Spark Holdings 3) as its subsidiaries at that point in time.

Part A: Spark Infrastructure distributions

In respect of the year ended 30 June 2019, Spark Trust paid the following distributions:

- **14 September 2018:** 8.00 cents per Spark Infrastructure security consisting of 3.50 cents of interest on the Loan Notes and 4.50 cents of tax deferred distributions; and
- **15 March 2019:** 8.00 cents per Spark Infrastructure security consisting of 3.55 cents of interest on the Loan Notes and 4.45 cents of tax deferred distributions.

Interest Income on the Loan Note

You should include the total interest you received at item 10L of your 2019 Australian income tax return.

If there is an amount on your Spark Infrastructure Distribution Statements for "Tax File Number (TFN) withholding", it represents TFN withholding tax deducted from your Spark Infrastructure distributions because you did not supply your TFN or (where relevant) an Australian Business Number (ABN) and you did not claim an exemption for your Spark Infrastructure investment. If the amount of tax withheld has not previously been refunded to you, you may claim a credit for it by including the amount of TFN withholding tax deducted at item 10M of your 2019 Australian income tax return.

The pictorial overview below shows the relevant part of the 2019 Australian income tax return to include the total interest received and (where relevant) the amounts of TFN withholding not previously refunded to you.

Tax deferred distributions from Spark Trust

Assuming you held your Spark Infrastructure investment on capital account for income tax purposes (i.e. not as trading stock or otherwise on revenue account), the tax deferred components of your Spark Infrastructure distributions on your Spark Infrastructure Distribution Statements should not form part of your assessable income for tax purposes and do not have to be reported in your 2019 Australian income tax return, except possibly as described below.

The tax deferred components of your Spark Infrastructure distributions received during the year ended 30 June 2019 will reduce the cost base (or reduced cost base) of your units in Spark Trust for CGT purposes. To the extent that a tax deferred amount exceeds your cost base in the units of Spark Trust, then you will make an immediate capital gain equal to the excess, which should be included in your 2019 income tax return (refer page 6).

While many Securityholders hold their investment in Spark Trust on capital account, in certain circumstances, the investment may have been held on revenue account. Where your investment is held on revenue account, the tax deferred components of your Spark Infrastructure distributions may be treated as assessable income for tax purposes. If you believe that you held your Spark Infrastructure investment on revenue account, or if you are in any doubt, you should seek advice and consult your tax adviser.

10 Gross interest

If you are a foreign-resident make sure you have printed your country of residence on page 1.

Income – do not show cents

Gross interest **L** $ [ ][ ],[ ][ ][ ],[ ][ ][ ].~~[ ]~~

Tax file number amounts withheld from gross interest **M** $ [ ][ ][ ],[ ][ ][ ].[ ][ ]

Part B: Addressing the 2010 Restructure

If you participated in the 2010 Restructure, you will need to consider the consequences. This Part will assist you.

If you acquired all of your Spark Infrastructure securities on or after 21 December 2010, then you did not participate in the 2010 Restructure and therefore you do not need to read this Part.[3]

On 31 December 2010, Spark Infrastructure implemented a Restructure, whereby:

- **Loan Note Repayment:** Spark Trust repaid $0.60 of the principal amount outstanding on each Loan Note (and Securityholders applied the amount repaid to the issue of additional Spark Trust units), such that each Loan Note now has a face value of $0.65; and
- **Simplification:** Spark Trust acquired 100% of the shares in Spark Holdings 1, Spark Holdings 2 and Spark Holdings 3, with the result that the Spark Infrastructure securities were simplified from a five stapled security (with four issuers) to a dual stapled security (with Spark Trust as the sole listed entity).

The ATO has issued a Class Ruling, CR 2011/27, which addresses the tax consequences of the Restructure for Securityholders. The Class Ruling confirms that for Australian resident individuals who hold their Spark Infrastructure securities on capital account, the Australian tax consequences of the 2010 Restructure were as follows:

- **In respect of the Loan Note Repayment:** the Loan Note Repayment reduced the acquisition cost of each Loan Note by $0.60, and increased the CGT cost base of each Spark Trust unit by $0.60. Also, the acquisition date of the parcel of your Spark Trust units held at the time of the 2010 Restructure will be adjusted (refer below).
- **In respect of the Simplification:** the Simplification qualified for CGT roll-over relief. The cost base of your Spark Trust units may be adjusted, but no capital gains or losses will have arisen as a result of the Simplification (i.e. the previous cost base of your shares in Spark Holdings 1, Spark Holdings 2 and Spark Holdings 3 may be added to the cost base of your Spark Trust units).

Appendix 1 will assist you in working out the acquisition cost of your Loan Notes, and the cost base of your Spark Trust units, taking into account the consequences of the 2010 Restructure. This will be relevant for determining any gain or losses during the year ended 30 June 2019 in respect of any disposal of your Spark Infrastructure securities that you held at the time of the 2010 Restructure.

The acquisition date of the parcel of your Spark Trust units that you held at the time of the 2010 Restructure will have changed as a result of the 2010 Restructure. The table under the heading "CGT discount" in Part C of this Guide will assist you in working out your acquisition date.

For further information, Securityholders are encouraged to refer to the ATO Class Ruling, a copy of which is available on the Spark Infrastructure website.

Part C: Tax implications arising on disposals of Spark Infrastructure securities

If you disposed of any or all of your Spark Infrastructure securities (or you entered into a contract to do so) at any time during the income year ended 30 June 2019, you need to address the tax consequences of that disposal. This Part will assist you.

Recognition of gain or loss

You will need to reflect in your 2019 Australian income tax return the gain or loss you make on any disposal of part or all of your Spark Infrastructure investment in the year ended 30 June 2019.

A Spark Infrastructure security constitutes a number of separate assets

Up to and including 20 December 2010, a Spark Infrastructure stapled security consisted of five stapled securities: one Loan Note issued by Spark Trust, one unit in Spark Trust, one share in Spark Holdings 1, one share in Spark Holdings 2 and one CHESS Depositary Interest (CDI) in Spark Holdings 3.

After 20 December 2010, a Spark Infrastructure security consists of one Loan Note issued by Spark Trust stapled to one unit in Spark Trust.

For Australian tax purposes, each component of a Spark Infrastructure security is a separate asset. This means that you will need to perform separate calculations to determine the gain or loss you made in respect of each component of your stapled security.

Revenue v capital account for units in Spark Trust

As previously stated in this Tax Guide, Part C has been prepared to assist individuals who were Securityholders in Spark Trust, held their investment on capital account and were residents of Australia throughout the year ended 30 June 2019.

While many Securityholders hold their investment in Spark Trust on capital account, in certain circumstances the investment may have been held on revenue account.

If you have held your investment in Spark Trust on revenue account, you may have an assessable revenue gain or a deductible loss in respect of your units in Spark Trust which you will need to calculate in respect of your disposal. This is in addition to the revenue gain or loss that arose on disposal of your Loan Notes.

If you believe that you held your Spark Infrastructure investment on revenue account, or if you are in any doubt, you should consult your tax adviser.

3 The relevance of 21 December 2010 is that this was the date on which the Restructured dual stapled Spark Infrastructure securities were first traded on the ASX (on a deferred settlement basis). Therefore, if you disposed of your Spark Infrastructure securities by the end of 20 December 2010, or acquired your Spark Infrastructure securities after that date, you would not have participated in the 2010 Restructure.

Treatment of Loan Notes

The Loan Note component of your Spark Infrastructure security should be regarded as a "traditional security" for Australian tax purposes (or where relevant for certain investors, a financial arrangement under the Taxation of Financial Arrangement rules). This means that a profit made on the disposal of a Loan Note is generally taxed as ordinary income (not as a capital gain) and a loss is generally deductible.

Calculation of gain or loss on disposal of your Spark Infrastructure securities

The information below will assist you in calculating your gains and/or losses and direct you to the Appendices where additional information can be found. You will require the following information:

- the time at which you acquired your Spark Infrastructure securities; and
- the time at which you disposed of your Spark Infrastructure securities.

If you acquired or disposed of your Spark Infrastructure securities at more than one time, you should determine the acquisition and disposal time of each relevant parcel before referring below.

For Spark Infrastructure securities acquired before 21 December 2010[4]:

- Work out the acquisition cost of each Loan Note and the CGT cost base of each Spark Trust unit, taking into account the consequences of the 2010 Restructure. Appendix 1 may assist you.
- Split the sales proceeds of each Spark Infrastructure security between the Loan Note and the Spark Trust unit. The breakdown in Appendix 1 may assist you.

For Spark Infrastructure securities acquired on or after 21 December 2010[4]:

- Work out the acquisition cost of each Loan Note and the CGT cost base of each Spark Trust unit. Appendix 2 may assist you.
- Split the sales proceeds of each Spark Infrastructure security between the Loan Note and the Spark Trust unit. The breakdown in Appendix 2 may assist you.

Generally, the tax outcomes in respect of any disposal of your Spark Infrastructure securities should be as follows:

- **In respect of the Loan Notes:**
  - If your sales proceeds from the Loan Notes exceeded your acquisition cost[5], your gain on the disposal is the excess amount. This gain should be ordinary income and not a capital gain.
  - If your sales proceeds were less than your acquisition cost[5], your loss on the disposal is the difference between the two amounts. This loss should be deductible.
- **In respect of the units held in Spark Trust**
  - If your sales proceeds from the units exceeded your CGT cost base, your capital gain for CGT purposes is the excess amount.
  - If your sales proceeds from the units were less than your reduced CGT cost base, your capital loss for CGT purposes is the difference between the two amounts.

CGT discount

Generally, if you are an individual and you disposed of your Spark Infrastructure securities 12 months or more after acquiring them, your capital gains (which will not include any gains made on the Loan Notes) should qualify for the 50% CGT discount[6].

This means that, after you apply any available capital losses against your capital gain, the part (if any) of the discount capital gain remaining is then reduced (or "discounted") by half for the purposes of working out the amount to be included in your taxable income.

The information below may assist you in determining the acquisition date of each component of your Spark Infrastructure securities.

For Spark Infrastructure securities acquired before 21 December 2010:

- The acquisition date of 99.5% of your Spark Trust units will be 31 December 2010.
- The acquisition date of your remaining Spark Trust units (0.5%) is the date on which you acquired the relevant Spark Infrastructure security.

For Spark Infrastructure securities acquired on or after 21 December 2010:

- The acquisition date of each Spark Trust unit is the date on which you acquired the relevant Spark Infrastructure security.

4 The relevance of 21 December 2010 is that this was the date on which the Restructured dual stapled Spark Infrastructure securities were first traded on the ASX (on a deferred settlement basis). Therefore, if you disposed of your Spark Infrastructure securities prior to 20 December 2010, or acquired your Spark Infrastructure securities after that date, you would not have participated in the 2010 Restructure.

5 The acquisition cost of your Loan Notes will have been adjusted if you participated in the 2010 Restructure. The information above will direct you to the Appendices where further information can be found.

6 The Australian Taxation Office measures the period of 12 months for this purpose exclusive of both the acquisition date and the disposal date.

Completing your tax return

Loan Notes

If you made any gains on the disposal of the Loan Notes, you should work through Section 24 (Other Income) of the online "Individual tax return instructions supplement 2019"[7] to arrive at the amount(s) you should include at item 24, Label Y "Category 1" of your Tax return for individuals (supplementary section) 2019.

24 Other income

Type of income

Type of income			
Category 1		Y	.00
Category 2 (ATO interest)		X	.00
Category 3 (FHSS)		R	.00
Category 4		V	.00

Tax withheld – lump sum payments in arrears	E	.00
Taxable professional income	Z	.00
Tax withheld – assessable FHSS released amount	S	.00

TOTAL SUPPLEMENT INCOME OR LOSS

For the amounts in the right-hand column at items **13** to **24** add up all the income amounts and deduct any loss amounts.

$ .00 LOSS

Transfer this amount to **I** on page 3 of your tax return.

If you made any losses on the disposal of the Loan Notes, you should work through Section D15 (Other Deductions) of the online "Individual tax return instructions supplement 2019"[7] to arrive at the amount(s) you should include at item D15 J of your Tax return for individuals (supplementary section) 2019.

D15 Other deductions – not claimable at items D1 to D14 or elsewhere on your tax return

Description of claim

Election expenses	E	.00
Other deductions	J	.00

TOTAL SUPPLEMENT DEDUCTIONS

Add up all the deduction amounts in the right-hand column.

$ .00

Transfer this amount to **D** on page 4 of your tax return.

Spark Trust Units

After calculating the capital gains and/or losses in respect of disposals of each parcel of units in Spark Trust, you should work through Section 18 (Capital Gains) of the online "Individual tax return instructions supplement 2019"[7] to arrive at the amount(s) you should include at item 18 of your Tax return for individuals (supplementary section) 2019.

18 Capital gains

Did you have a capital gains tax event during the year? **G** No Yes

You must print X in the **Yes** box at **G** if you had an amount of capital gains from a trust.

Have you applied an exemption or rollover? **M** No Yes CODE

Net capital gain **A** .00

Total current year capital gains	H	.00
Net capital losses carried forward to later income years	V	.00
Credit for foreign resident capital gains withholding amounts	X	.

7 https://www.ato.gov.au/Individuals/Tax-return/2019/Supplementary-tax-return/

Working out the acquisition cost and cost base of the components of a Spark Infrastructure security that was acquired before 21 December 2010

Step 1: Work out the acquisition cost of the Loan Notes

a. First, you will need to decide how much of your purchase price for each Spark Infrastructure security related to the Loan Note at the time the security was acquired. Whilst it is for you to decide how to split the purchase price of your Spark Infrastructure security, you may choose to use the allocation set out below as a guide.

b. As you held these Loan Notes on 21 December 2010, you will have participated in the 2010 Restructure. This means that you will need to reduce the acquisition cost of each Loan Note (as determined at step 1a) by $0.60.

Do not forget that incidental costs of acquisition and disposal (such as any broker fees) should be included in the acquisition cost of the Loan Notes. The incidental costs will need to be apportioned between the Loan Notes and the units in Spark Trust.

Step 2: Work out the CGT cost base of the units in Spark Trust

The CGT cost base of each Spark Trust unit will be your purchase price for the Spark Infrastructure security, less:

- the acquisition cost of the Loan Note component (which you calculated at step 1); and
- any tax deferred distributions you received from Spark Trust. Information on tax deferred distributions made by Spark Trust (up to 30 June 2019) is included at Appendix 3.

Do not forget that incidental costs of acquisition and disposal (such as any broker fees) should be included in the CGT cost base or reduced cost base of the units in Spark Trust. The incidental costs will need to be apportioned between the Loan Notes and the units in Spark Trust.

Note: The acquisition date of a parcel of your Spark Trust units will be adjusted as a consequence of your participation in the 2010 Restructure.

Breakdown of the value of a Spark Infrastructure security for Spark Infrastructure securities acquired before 21 December 2010

Spark Infrastructure securities before 21 December 2010 consist of a Loan Note issued by Spark Trust, a unit in Spark Trust, a share in Spark Holdings 1, a share in Spark Holdings 2 and a CDI in Spark Holdings 3.

You may allocate your purchase price as follows:

- Loan Note: $1.25[1]
- Other components of the stapled security: Allocate the remainder of the purchase price/sales proceeds using the following percentage split:
  - Spark Trust unit: 41.8%
  - Spark Holdings 1 share: 33.6%
  - Spark Holdings 2 share: 24.6%
  - Spark Holdings 3 CDI: Nil

This is the allocation percentage that was applied at the time of IPO.

For ease of reference, the table below sets out the issue prices for each component of a Spark Infrastructure security (up to 21 December 2010) for issues to the public.

	TYPE OF ISSUE	ISSUE PRICE PER SECURITY	LOAN NOTE	UNIT IN SPARK TRUST	SHARE IN SPARK HOLDINGS 1	SHARE IN SPARK HOLDINGS 2	CDI IN SPARK HOLDINGS 3
16 Dec 2005	IPO	$1.80	$1.25	$0.23	$0.1846	$0.1354	Nil
25 Sep 2009	DRP	$1.0862	$1.0862	Nil	Nil	Nil	Nil
8 and 28 Oct 2010	Entitlement Offer	$1.00	$1.00	Nil	Nil	Nil	Nil

1 The relevance of the $1.25 is that this was the face value of the Loan Note before 21 December 2010.

APPENDIX 2

Working out the acquisition cost and cost base of the components of your Spark Infrastructure securities – Spark Infrastructure securities acquired on or after 21 December 2010

Step 1: Work out the acquisition cost of the Loan Notes

You will need to decide how much of your purchase price for each Spark Infrastructure security related to the Loan Note. Whilst it is for you to decide how to split the purchase price of your Spark Infrastructure security, you may choose to use the allocation set out below as a guide.

Step 2: Work out the CGT cost base of the units in Spark Trust

The remaining purchase price (after allocation to the Loan Note) will be the CGT cost base of the Spark Trust unit.

Assuming you held your investment on capital account, tax deferred distributions you received from Spark Trust will reduce the cost base of your Spark Trust units and can in certain circumstances give rise to capital gains on receipt.

Do not forget that incidental costs of acquisition and disposal (such as any broker fees) should be included in the CGT cost base or reduced cost base of the units in Spark Trust. The incidental costs will need to be apportioned between the Loan Notes and the units in Spark Trust.

Breakdown of the value of a Spark Infrastructure security for Spark Infrastructure securities acquired on or after 21 December 2010

Spark Infrastructure securities acquired on or after 21 December 2010 consist of a Loan Note issued by Spark Trust, stapled to a unit in Spark Trust.

You may allocate your purchase price and sales proceeds as follows:

- Loan Note: $0.65[1]
- Spark Trust unit: Remainder of the purchase price/sales proceeds after allocation to the Loan Note.

For ease of reference, the table below sets out the issue prices for each component of a Spark Infrastructure security (from 21 December 2010 to 30 June 2019) for issues to the public.

	TYPE OF ISSUE	ISSUE PRICE PER SECURITY	LOAN NOTES	UNIT IN SPARK TRUST
21 May 2014	Institutional Placement	$1.76	$0.65	$1.11
30 June 2014	SPP	$1.76	$0.65	$1.11
7 and 22 December 2015	Entitlement Offer	$1.88	$0.65	$1.23

APPENDIX 3

Tax deferred distributions made by Spark Trust up to 30 June 2019

DATE	TAX DEFERRED DISTRIBUTION PER SPARK TRUST UNIT
15 March 2006	0.01 cents
15 September 2006	0.34 cents
15 March 2007	1.26 cents
14 September 2007	1.79 cents
14 March 2008	2.68 cents
15 September 2008	2.48 cents
13 March 2009	2.41 cents
15 September 2009	Nil
15 March 2010	Nil
15 September 2010	Nil
15 March 2011	Nil
15 September 2011	1.25 cents
15 March 2012	1.70 cents
14 September 2012	1.73 cents
15 March 2013	1.70 cents
13 September 2013	2.00 cents
14 March 2014	1.95 cents
12 September 2014	2.25 cents
13 March 2015	2.20 cents
15 September 2015	2.50 cents
15 March 2016	2.45 cents
15 September 2016	3.75 cents
15 March 2017	3.70 cents
15 September 2017	4.125 cents
15 March 2018	4.075 cents
14 September 2018	4.50 cents
15 March 2019	4.45 cents

Note: None of the other entities in the Spark Infrastructure group have made any tax deferred distributions.

1 The relevance of the $0.65 is that this is the face value of the Loan Note on or after 21 December 2010.

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