



Wednesday, 22 September 2010

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

Dear Sir / Madam

INVESTOR INFORMATION BOOKLET

Please find attached an Investor Information Booklet which contains details of a 2 for 7 Accelerated Non-Renounceable Entitlement Offer to raise \$295 million, and the Restructure of Spark Infrastructure.

Yours faithfully,

A handwritten signature in blue ink, appearing to read "A. Finley", is written over a faint circular stamp.

**Alexandra Finley
Company Secretary**



SparkInfrastructure



2 FOR 7 ACCELERATED NON-RENOUNCEABLE ENTITLEMENT OFFER TO RAISE APPROXIMATELY \$295 MILLION

INVESTOR INFORMATION BOOKLET



NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR TO U.S. PERSONS

IMPORTANT INFORMATION

INVESTOR INFORMATION BOOKLET

This Investor Information Booklet is issued by Spark Infrastructure Group. Spark Infrastructure Group comprises Spark Infrastructure Trust (ARSN 116 870 725) (Spark Trust), Spark Infrastructure Holdings No. 1 Limited (ABN 14 116 940 786) (Spark Holdings 1), Spark Infrastructure Holdings No. 2 Limited (ABN 16 116 940 795) (Spark Holdings 2) and Spark Infrastructure Holdings International Limited (ARBN 117 034 492) (Spark International) (collectively Spark Infrastructure and each a Stapled Entity). Spark Infrastructure RE Limited (ABN 36 114 940 984) (Spark RE) is the responsible entity of Spark Trust. Spark Infrastructure Management Limited (ABN 84 114 940 304) (the Manager) is the manager of each of Spark Trust, Spark Holdings 1, Spark Holdings 2 and Spark International.

This Investor Information Booklet and the accompanying Entitlement and Acceptance Form are important and require your immediate attention. You should read these documents carefully and in their entirety before deciding whether or not to participate in the Entitlement Offer.

In particular, you should consider the risk factors outlined in Sections 1.4 and 12 of this Investor Information Booklet for further detail. You should also consider the tax implications outlined in Section 10 of this Investor Information Booklet. The potential tax effects of the Entitlement Offer will vary between investors. All investors should satisfy themselves of any possible tax consequences by consulting their own professional tax adviser before deciding whether or not to participate in the Entitlement Offer.

THIS IS NOT A PROSPECTUS OR PRODUCT DISCLOSURE STATEMENT

The Entitlement Offer complies with the requirements of sections 708AA and 1012DAA of the Corporations Act as notionally modified by ASIC Class Order 08/35 and ASIC relief sought. Neither this Investor Information Booklet nor the accompanying Entitlement and Acceptance Form are required to be lodged or registered with ASIC and they are not a prospectus or product disclosure statement or other offering document that has been prepared to be lodged with a regulatory body under Australian law or under any other law. Accordingly, these documents do not contain all of the information which a prospective investor may require to make an investment decision. They do not, and are not required to, contain all of the information which would otherwise be required to be disclosed in a prospectus, product disclosure statement or other offering document.

NO COOLING-OFF RIGHTS

Cooling-off rights do not apply to a subscription for New Securities under the Entitlement Offer. This means that you cannot withdraw your Application once it has been accepted.

RESPONSIBILITY FOR INFORMATION

This Investor Information Booklet has been prepared by Spark RE (as responsible entity of Spark Trust), Spark Holdings 1, Spark Holdings 2 and Spark International based on information available to them. The information in this Investor Information Booklet remains subject to change without notice. Spark Infrastructure reserves the right to withdraw or vary the timetable without notice. To the maximum extent permitted by law, Spark Infrastructure, the Joint Lead Managers and their respective affiliates, officers, employees, agents, advisers and intermediaries disclaim all liability that may otherwise arise due to any information contained in this Investor Information Booklet being inaccurate or due to information being omitted from this Investor Information Booklet, whether by way of negligence or otherwise and no representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of any information, opinions and conclusions contained in this Investor Information Booklet.

The historical information in this Investor Information Booklet is, or is based upon, information that has been released to the market. It should be read in conjunction with Spark Infrastructure's other periodic and continuous disclosure announcements including the Spark Infrastructure results for the half year ended 30 June 2010 lodged with the ASX Limited (ASX) on 23 August 2010 and announcements to the ASX.

A copy of this Investor Information Booklet will be lodged with the ASX. Neither the ASX nor any of its officers takes any responsibility for the contents of this Investor Information Booklet.

An investment in Spark Infrastructure is subject to investment risk including possible loss of income and principal invested. Please see the risk factors in Sections 1.4 and 12 of this Investor Information Booklet for further details.

The pro-forma historical financial information provided in this Investor Information Booklet is for illustrative purposes only and is not represented as being indicative of Spark Infrastructure's views on its future financial position and/or performance. Similarly, investors should note that past performance provides no guidance as to future performance of Spark Infrastructure Securities.

None of the Joint Lead Managers, nor any of their respective affiliates, officers, employees, agents, advisers and intermediaries, nor Spark Infrastructure's advisers nor any other person named in this Investor Information Booklet other than Spark Infrastructure, have authorised or caused the issue, submission, despatch or provision of this Investor Information Booklet and, except as outlined below, none of them makes or purports to make any statement in this Investor Information Booklet and there is no statement in this Investor Information Booklet which is based on any statement by any of them.

Loneragan Edwards & Associates Limited (the Independent Expert) has provided and is responsible for the information contained in the Independent Expert's Report. Neither Spark Infrastructure nor any of its officers, employees, agents, advisers or intermediaries assumes any responsibility for the accuracy or completeness of the information contained in the Independent Expert's Report which accompanies this Investor Information Booklet.

Neither Spark Infrastructure nor any of its controlled entities nor any other person warrants or guarantees the future performance of Spark Infrastructure or any return on any investment made under this Investor Information Booklet.

CURRENCY AND DATE OF INFORMATION

Unless otherwise stated, all numbers in this Investor Information Booklet and the accompanying Entitlement and Acceptance Form are in Australian dollars and financial data is presented as at 30 June 2010 unless otherwise stated. Spark Infrastructure does not give any undertaking or representation that information in this Investor Information Booklet will be updated, except to the minimum extent required by law.

DISCLOSURES REGARDING FORWARD-LOOKING STATEMENTS

This Investor Information Booklet contains forward-looking statements. Forward-looking statements include those containing such words as 'anticipate', 'estimates', 'should', 'could', 'may', 'will', 'expects', 'plans', or similar expressions. Indications of and guidance or outlook on future revenues, distributions or financial position and performance or return or growth in underlying investments are also forward-looking statements. These forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond Spark Infrastructure's control, and may involve elements of subjective judgment and assumptions as to future events which may or may not be correct and which may cause actual results to differ materially from those expressed in the statements contained in this Investor Information Booklet. You should not place undue reliance on these forward-looking statements having regard to the fact that the outcome may not be achieved. These forward-looking statements are based on information available to Spark Infrastructure as of the date of this Investor Information Booklet.

OTHER GENERAL MATTERS

Please see the Additional Information (included in Section 13 of this Investor Information Booklet) for other important notices, disclaimers and acknowledgements.

Where a contract or other document is referred to in this Investor Information Booklet it is not incorporated by reference unless expressly referred to otherwise in this Investor Information Booklet.

Please see the inside back cover of this Investor Information Booklet for important Eligible Retail Securityholder declarations in relation to the Entitlement Offer.

FOREIGN INVESTORS

No action has been taken to register the Entitlement Offer or otherwise permit a public offering of securities outside Australia and New Zealand. This Investor Information Booklet and the Entitlement and Acceptance Form do not constitute an offer of securities for sale, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any "U.S. person" (as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the Securities Act)) (each a US Person). Neither this Investor Information Booklet nor the Entitlement and Acceptance Form may be distributed to, or relied upon by, persons in the United States or who are, or are acting for the account or benefit of, US Persons.

Neither the Entitlements nor New Securities offered in the Entitlement Offer have been, or will be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States. In addition, none of the Stapled Entities have been, or will be, registered under the U.S. Investment Company Act of 1940, as amended (the Investment Company Act). Accordingly, neither the Entitlements nor the New Securities may be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons, except in each case to persons that are reasonably believed to be qualified institutional buyers (QIB) (as defined in Rule 144A of the Securities Act) and also qualified purchasers (QP) (as defined in Section 2(a)(51) of the Investment Company Act), in transactions exempt from, or not subject to, the registration requirements of the Securities Act and exempt from the registration requirements of the Investment Company Act pursuant to Section 3(c)(7) thereof. Outside the United States, the Entitlements and the New Securities may only be offered and sold to persons that are not U.S. Persons and are not acting for the account or benefit of U.S. Persons in "offshore transactions" (as defined in Regulation S) in compliance with Regulation S and the laws of the jurisdiction in which such securities are offered and sold.

The New Securities will constitute "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act and, for so long as the New Securities remain restricted securities, the New Securities may not be deposited in any unrestricted American Depository Receipt Facility that Spark Infrastructure may establish.

For foreign selling restrictions, please refer to Annexure C.

ASX WAIVERS

Spark Infrastructure has obtained in principle waivers from the Listing Rules. The in principle waivers, amongst other matters, allow Spark Infrastructure to ignore, for the purposes of determining those entitled to receive Entitlements, transactions occurring after the announcement of the trading halt on 22 September 2010 in Spark Infrastructure's stapled securities (other than registrations of transactions which were effected through ITS (Integrated Trading System) before the announcement of the trading halt) (post ex-date transactions).

Transactions ignored under this provision are to be ignored in determining holders and registered holders, and holdings and registered holdings, of Spark Infrastructure stapled securities as at the Record Date, and references to such holders, registered holders, holdings and registered holdings are to be read accordingly. Therefore, if you have acquired Spark Infrastructure stapled securities in a post ex-date transaction you will not be entitled to receive an Entitlement in respect of those securities.

DATE

This Investor Information Booklet is dated 22 September 2010

CHAIRMAN'S LETTER

SPARK INFRASTRUCTURE

Dear Securityholder,

On behalf of the boards of directors of Spark Infrastructure, I am pleased to invite Eligible Securityholders to participate in a 2 for 7 entitlement offer of new stapled securities in Spark Infrastructure, intended to raise approximately \$295 million of new capital, at an offer price of \$1.00 per New Security (the Entitlement Offer).

The Asset Companies in which Spark Infrastructure holds a 49% interest, CitiPower and Powercor and ETSA Utilities, are entering an exciting period of growth. The Australian Energy Regulator (AER) has approved capital expenditure over the next five years that will drive increased growth in the Regulatory Asset Bases of the Asset Companies. Correspondingly increased revenues of the Asset Companies have also been approved by the regulator.

Spark Infrastructure will use the funds raised from this offer, in part, to help fund these capital expenditure requirements. Funding of this capital expenditure in line with AER's assumptions¹ will lead to long term growth in Spark Infrastructure's equity investment in the Asset Companies' Regulatory Asset Bases, in which Securityholders are expected to indirectly benefit via their investment in Spark Infrastructure.

Spark Infrastructure's Strategic Review, announced on 26 February 2010, was designed to prepare and position Spark Infrastructure to take advantage of these growth opportunities. The Independent Directors evaluated a number of options in relation to its capital structure, ownership structure and future funding needs aimed at maximising Securityholder value.

As a result of the Strategic Review, I am pleased to announce a repositioning of Spark Infrastructure. This will be made up of the Entitlement Offer and subsequently (subject to Securityholder, regulatory and Court approvals), a restructure of Spark Infrastructure (the Restructure, and combined with the Entitlement Offer the Repositioning).

The three objectives of the Repositioning are:

- To strengthen Spark Infrastructure's balance sheet and increase Spark Infrastructure's financial flexibility to fund growth capital expenditure requirements. Initially this will be achieved through repayment of \$200 million of Spark Infrastructure corporate debt which follows on from the successful refinancing of Spark Infrastructure's \$250 million facility announced on 13 September 2010²;
- To realign Spark Infrastructure's Loan Note interest obligations with cashflows expected to be available from our Asset Companies; and
- To simplify Spark Infrastructure's ownership and stapled security structure.

1 AER assumes 60% debt funding of regulated capital expenditure.

2 The \$250 million facility has been drawn to repay a \$225 million debt maturity which was to fall due in December 2010 and provides for an undrawn committed facility amount of \$25 million.

A SHIFT TO DISTRIBUTION YIELD AND LONG TERM CAPITAL GROWTH

Spark Infrastructure is shifting from a yield focused security to an investment offering distribution yield and capital growth in Spark Infrastructure's equity investment in the Asset Companies' Regulatory Asset Bases. The Asset Companies generate higher operating cash flows from the investment in growth capital expenditure over the longer term because it is added to the Regulatory Asset Bases of the Asset Companies.

Proceeds from the Entitlement Offer will be used, in part, to help fund near term capital expenditure requirements in the Asset Companies which, in accordance with the regulatory regime, receives the full regulatory return from the time it is invested and is added to the Regulatory Asset Bases of the Asset Companies, in turn growing future revenues.

DIRECTORS ANNOUNCE DISTRIBUTION GUIDANCE¹

The Directors have announced distribution guidance for the second half of 2010 of around 5.6 cents per Security. The distribution will be payable in March 2011.

The Directors have also provided distribution guidance for the 2011 year of 9.11 cents per Security comprising 7.0 cents Loan Note interest and 2.11 cents return of capital:

- An interim distribution of 4.50 cents per Security for the first half, reflecting an annualised rate of 9.0 cents per Security; and
- A final distribution of 4.61 cents per Security for the second half, reflecting annualised growth of 2.5% from the first half distribution.

If the Restructure proceeds, distributions in accordance with the guidance will satisfy the post Restructure interest obligations on the Loan Notes. If the Restructure does not proceed, the distribution is likely to comprise Loan Note interest only and there may be a Deferral of the balance of the interest for the relevant period (refer to Sections 1.2, 1.4 and 12.2 for further details on consequences and risks and disadvantages of a potential Deferral).

Additionally, the Regulatory Asset Base of the Asset Companies is expected to grow by 6.9%-9.2%² per annum over their next five year regulatory periods, based on:

- The AER's final determination for ETSA Utilities;
- The AER's draft determinations for CitiPower and Powercor (and submissions in response); and
- Inclusion of approved capital expenditure for Advanced Metering Infrastructure assets.

After the Entitlement Offer, Spark Infrastructure does not expect to raise further Securityholder funds to fund expected growth capital expenditure in the Asset Companies for at least three years, except for the expected reactivation of its distribution reinvestment plan (DRP).

As noted above, Spark Infrastructure announced on 13 September 2010 that it had successfully syndicated its new \$250 million debt facility package. This new facility will be used to repay Spark Infrastructure's existing \$225 million debt maturity due in December 2010, and comprises a 3-year

¹ This information is guidance and not a forecast. Actual distributions may vary. This distribution guidance has been prepared by Spark Infrastructure. It is not certain that this level of distributions will be achieved. Investors should carefully read Section 11 which sets out the key assumptions on which the distribution guidance is based, Section 1.3 concerning Repositioning outcomes, and Section 1.4 and Section 12 which detail risk factors. The current Loan Note interest obligation is 13.56 cents per Security per annum.

² 6.9% is based on the draft determinations for CitiPower and Powercor. 9.2% is based on submissions in response to the draft determinations for CitiPower and Powercor. Each figure is based on the final ETSA determination. Regulatory determinations and submissions are available at aer.

revolving facility of \$165 million and a 4-year term loan of \$85 million. Following repayment of Spark Infrastructure's remaining debt maturity due in June 2011 from the proceeds of the Entitlement Offer, Spark Infrastructure will have no debt maturities until September 2013. This builds on the actions taken previously to reduce Spark Infrastructure's corporate gearing and increases its financial flexibility for the future.

WHAT THE ENTITLEMENT OFFER COMPRISES

The Entitlement Offer comprises a non-renounceable offer to both Eligible Institutional Securityholders and Eligible Retail Securityholders. Both components of the offer have been fully underwritten by Deutsche Bank AG, Sydney Branch and UBS AG, Australia Branch.

The Offer Price of \$1.00 per New Security is the same for both components of the offer, and represents a discount of 12.7% to the closing price of Spark Infrastructure's securities on 21 September 2010 and a discount of 10.1% to the theoretical ex-rights price.

The proceeds from the Entitlement Offer will be used to:

- Partially fund near term equity investment in growth capital expenditure requirements of the Asset Companies;
- Reduce debt at the Spark Infrastructure corporate level; and
- Pay transaction costs.

SECURITYHOLDERS WILL VOTE ON THE RESTRUCTURE

Securityholders will be asked to vote on the proposed Restructure at meetings intended to be held in late November or early December 2010. Completion of the Entitlement Offer is not conditional on the Restructure being approved.

The proposed Restructure involves:

- A partial reduction of the principal amount outstanding on the Loan Notes by approximately \$0.60 face value per Security, with the amount repaid to be applied to the issue of additional Units to Securityholders. Effectively, that portion of the Loan Note principal will be converted from debt to equity in Spark Trust. Securityholders will not receive cash. Following the Restructure, the Loan Notes will have a face value of \$0.65 per Security and will carry a correspondingly reduced interest entitlement; and
- The simplification of the existing Spark Infrastructure ASX listed security from a five stapled security with four issuers to an ASX listed dual stapled security with Spark Trust as the sole listed entity.

Following the Restructure, Securityholders who are eligible to participate will continue to hold the same proportionate interest in Spark Infrastructure as immediately prior to the Restructure. Separately, the interest rate for the Loan Notes which is due to reset on 30 November 2010 will be left unchanged at 10.85% for the next five years.

KEY ALTERNATIVES CONSIDERED

As announced previously to the market, an important objective of the Strategic Review was to assess whether Spark Infrastructure is appropriately valued in the listed market and whether greater value could be secured elsewhere. As part of the Strategic Review the Independent Directors conducted a thorough market testing process of a range of options, including consideration of full and partial sales of Spark Infrastructure and its 49% interests in the Asset Companies.

CHAIRMAN'S LETTER continued

Spark Infrastructure received a number of proposals including an indicative proposal for the Spark Infrastructure stapled group at a significant premium to current market price. The proposal was highly conditional, was subject to the outcome of the AER's final determination for CitiPower and Powercor due on 30 October 2010, and involved a lengthy due diligence process. In the Independent Directors' opinion these matters created significant execution and timing risks which were considered unacceptable.

In addition, had the Independent Directors pursued this indicative offer, it would have reduced Spark Infrastructure's options in relation to the restructure of the Loan Notes and simplification of the stapled group.

Accordingly, after careful consideration, it is the Board's view that the best available option for Securityholders is to proceed with the Repositioning of Spark Infrastructure which is now proposed.

The Boards note that while they are recommending the Entitlement Offer and Restructure to Securityholders as the best alternative; in the normal course of deliberations they will consider any change of control proposal which is superior to the Restructure which may emerge either before or after the Restructure intended to be implemented in December 2010.

SPARK INFRASTRUCTURE WILL REMAIN EXTERNALLY MANAGED

As part of the Strategic Review, the Independent Board Committee (IBC) considered Internalisation of the management function. The conclusions they reached were that at present:

- Internalisation does not represent significant financial value for Securityholders; and
- The likely costs associated with Internalisation outweigh the disadvantages of the externally managed structure.

As a result, after the Repositioning, Spark Infrastructure will remain externally managed with Spark Infrastructure Management Limited continuing to provide management services. The Independent Directors will continue to give consideration to Internalisation of the management function in the future subject to suitable commercial conditions. If an Internalisation proposal emerges that the Independent Directors consider suitable, they will seek Securityholder approval at the appropriate time.

INDEPENDENT EXPERT'S REPORT AND DIRECTORS' RECOMMENDATION

The Independent Expert, Lonergan Edwards & Associates Limited, has concluded that the proposed Restructure is in the best interests of Securityholders. The Directors of Spark Infrastructure have indicated that they intend to unanimously recommend that Securityholders vote in favour of the Restructure at the Securityholder meetings, subject to there being no change of control proposal emerging which is superior to the Restructure and the Independent Expert not changing or withdrawing its conclusion.

CONDITIONS TO THE RESTRUCTURE

In addition to the Securityholder approvals, the Restructure is subject to a number of conditions precedent, including completion of the Entitlement Offer, Court approval and various ASIC and ASX waivers and confirmations.

Accordingly, there are a number of potential outcomes for Securityholders depending on which initiatives proceed. See Sections 1.3 and 7.8 for further details. The Entitlement Offer is not conditional upon the Restructure being implemented or approved by Securityholders.

FURTHER DETAILS

This Investor Information Booklet contains important information on the Entitlement Offer and the proposed Restructure to assist you in deciding whether to participate in the Entitlement Offer.

You should read this information carefully and in its entirety before deciding whether to accept the Entitlement Offer, including in particular Sections 1, 2, 3 and 12, which contain an overview of the Repositioning, Strategic Review, answers to key questions and risk factors which could affect the performance of and distributions from Spark Infrastructure or the value of an investment in Spark Infrastructure, and the Independent Expert's Report which is included in Annexure A.

You should consult your stockbroker, accountant, tax adviser or other independent professional adviser to evaluate whether or not to participate in the Entitlement Offer.

If you have any questions about the Entitlement Offer please call the Spark Infrastructure Securityholder Information Line on 1300 608 629 (within Australia) and +61 3 9415 4068 (outside Australia) before the Final Retail Acceptance Date.

An investor presentation and media release is available on Spark Infrastructure's website

Notices of Meeting and an Explanatory Memorandum in relation to the Restructure are intended to be sent to Securityholders in late October or early November 2010 following receipt of Court approval to convene the required meetings.

On behalf of the Directors, I thank you for your continued support of Spark Infrastructure and recommend you consider this investment opportunity.

Yours sincerely



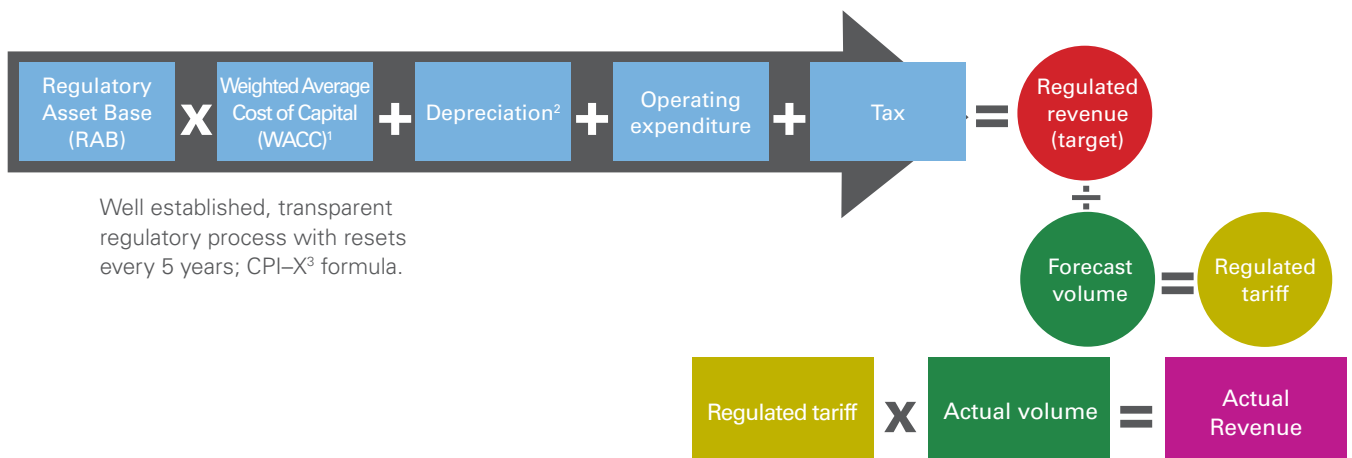
Stephen Johns
Chairman

The Asset Companies in which Spark Infrastructure indirectly holds a 49% interest are entering a period of growth arising from a significant increase in regulated capital expenditure. The Australian Energy Regulator (AER) has approved capital expenditure over the next five years that will drive growth in the Regulatory Asset Base (RAB) of the Asset Companies, along with correspondingly increasing revenues of the Asset Companies. An investment in Spark Infrastructure is supported by:

HIGH QUALITY REGULATED MONOPOLY ASSETS WITH STABLE CASH FLOWS

STABLE AND PREDICTABLE OPERATING ENVIRONMENT


REGULATORY REGIME PROVIDES BUILT IN PROTECTIONS



SECURE CUSTOMER BASE



The Asset Companies operate in a transparent, stable and well-established regulatory regime with recent decisions providing medium term revenue predictability.



Five year regulatory review timeline provides predictable, inflation-linked stable cash flows with the potential to capture outperformance over regulatory determinations (five years to 30 June 2015 for ETSA Utilities and five years to 31 December 2015 for CitiPower and Powercor). Over 70% of revenues were generated by regulated activities in 2009.

The diagram to the left illustrates the “Building block system” provided by the Australian Energy Regulator. The Asset Companies operate in a transparent regulatory regime wherein both the Regulatory Asset Base and revenues are inflation protected.



The Asset Companies deliver an essential service to approximately 1.8 million customers in Victoria and South Australia with a large proportion of revenue generated from the diverse residential sector.

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- 1 Based on 10 yr Commonwealth Treasury Note. Includes both an equity premium and a debt premium (BBB+/Baa1).
 - 2 Depreciation based on regulated economic life of assets.
 - 3 X factor is currently +1.1 in Victoria (2005-10), and -5.75 in South Australia (2010-15) - a negative X factor results in an increase in prices above CPI.

ASSETS WELL POSITIONED FOR GROWTH

CAPITAL EXPENDITURE PROVIDES GROWTH IN ASSET COMPANY REGULATORY ASSET BASE (RAB) AND REVENUES

REGULATED REVENUES ARE FURTHER SUPPLEMENTED BY UNREGULATED BUSINESS ACTIVITY

¹ 6.9% is based on the draft determinations for CitiPower and Powercor. 9.2% is based on submissions in response to the draft determinations for CitiPower and Powercor. Each figure is based on the final ETSA determination. Regulatory determinations and submissions are available at aer.



Increased capital expenditure in the regulatory periods to 2015 will increase the RAB and hence increase the regulated revenues generated by the Asset Companies.

- **The recent ETSA Utilities regulatory decision has increased capital expenditure by 85% over the prior regulatory period.**
- **AER's draft decision for CitiPower and Powercor proposes an increase in capital expenditure of 12% over the prior regulatory period whilst CitiPower and Powercor's responses to this propose an increase of 114%.**

Advanced Metering Infrastructure (AMI) assets, on which CitiPower and Powercor earn a regulated return, are expected to grow to over \$400 million by the end of the 2015 regulatory period.

The Regulatory Asset Base of the Asset Companies is expected to grow by 6.9%-9.2%¹ per annum over the next five year regulatory periods, based on:

- **The AER's final determination for ETSA Utilities;**
- **The AER's draft determination for CitiPower and Powercor (and submissions in response); and**
- **Inclusion of approved capital expenditure for AMI assets.**

In addition to increasing regulated revenues, Spark Infrastructure's Asset Companies have unregulated business activities, which are partially underpinned by long term contracts for the supply of services to other regulated electricity companies.

ATTRACTIVE INVESTMENT METRICS¹



ATTRACTIVE VALUATION



GROWING REVENUES



ASX LISTED VEHICLE WITH GOOD SECTOR WEIGHTING

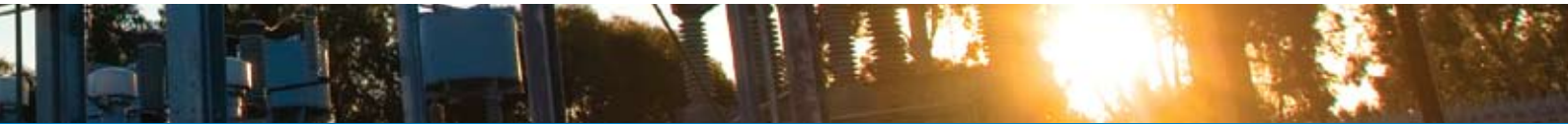


INCREASING EQUITY OWNERSHIP

¹ For a summary of the key risks and disadvantages of an investment in Spark Infrastructure and the Entitlement Offer and the Restructure see Sections 1.4 and 12.



Investors will be investing at an implied look-through EV / RAB of 0.91x and look-through EV / EBITDA of 6.2x¹.



Spark Infrastructure expects the Asset Companies will have attractive near-term growth in revenues because of the expected growth in RAB.



Spark Infrastructure is one of the largest infrastructure entities listed on the Australian Securities Exchange and is currently included in both the S&P/ASX 100 and S&P/ASX 200 indices.



As the Asset Companies have indicated a desire to retain cash from operations to contribute to the funding of growth capital expenditure in the coming regulatory period, Spark Infrastructure should benefit from an increased equity investment in the Asset Companies' RAB.

As an example of this, if the Asset Companies' net growth in RAB is assumed to be funded with 60% debt (as per AER's assumptions) Spark Infrastructure's look-through net debt/RAB would reduce by over 5% and Spark Infrastructure's equity investment in the Asset Companies' RAB would grow by 14-18% per annum over their next five year regulatory periods.

¹ EV: Enterprise Value is calculated as market value of Spark Infrastructure plus net debt, as defined in the Glossary, EBITDA: Earnings before interest, taxation, depreciation and amortisation, RAB: Regulatory Asset Base. EV/RAB uses Enterprise Value adjusted by the proportion of regulated revenues as to total revenues.

STRONG MANAGEMENT



SPARK INFRASTRUCTURE



ASSET COMPANIES



Spark Infrastructure's management team has extensive experience in the infrastructure industry including management of assets in the existing portfolio and identification of external investment opportunities.

MS LAURA REED, CHIEF EXECUTIVE OFFICER (CEO)

Laura was appointed Chief Executive Officer of Spark Infrastructure in September 2008 following her role as Chief Financial Officer since February 2007

Laura has over 20 years experience working in various financial and commercial roles in the gas industry. Prior to joining Spark Infrastructure, Laura spent nine years at ASX listed gas distribution business Envestra Limited in a number of senior financial roles, most recently as CFO

MR RICK FRANCIS, CHIEF FINANCIAL OFFICER (CFO)

Rick has 25 years experience in accounting and finance in Australia and the UK and was appointed Chief Financial Officer of Spark Infrastructure in February 2009

Immediately prior to this role, Rick was Chief Financial Officer of APA Group, an ASX listed gas and electricity transmission and distribution business for three and a half years. Rick has also held senior management positions at Origin Energy, an ASX listed energy company for over 8 years



ETSA Utilities, CitiPower and Powercor management teams each have extensive experience and a demonstrated track record in delivering strong financial and operational performance. Their strategy focuses on asset management, safety, productivity, customer service, asset management and a high performing workforce, which will provide a framework for continuing improved performance.

MR ROBERT STOBBE, CHIEF EXECUTIVE OFFICER (CEO)

Robert was announced as the new CEO of ETSA Utilities on 27 August 2009 and commenced on 1 March 2010. He was previously the CEO of TransAdelaide after having served as the inaugural CEO of Spark Infrastructure. Robert was also previously Chief Financial Officer of ETSA Utilities, CitiPower and Powercor

The CFO and General Managers of Demand & Network Management, Regulation & Company Secretary, and Corporate Services have each been with ETSA Utilities for over 20 years.

MR SHANE BREHENY, CHIEF EXECUTIVE OFFICER (CEO)

Shane has been with Powercor and CitiPower for more than 13 years and prior to his appointment as CEO in 2003 he was the CFO. He was the inaugural Managing Director of CitiPower. He has over 30 years of experience in the electricity and telecommunications sectors and is a qualified accountant.

The CFO and General Managers of Electricity Networks, Customer Services, Network Services, Advanced Metering and Company Secretary and Legal Services have each been in the electricity industry for over 15 years.

ENTITLEMENT OFFER

TIMETABLE ^{1 2}

Institutional Entitlement Offer	22 to 23 September 2010
Record Date for the Entitlement Offer	7:00pm (Sydney time) 27 September 2010
Retail Entitlement Offer opens	30 September 2010
Last date for Eligible Retail Securityholders to lodge an Application to be allotted New Securities at the same time as Eligible Institutional Securityholders under the Institutional Entitlement Offer (Initial Retail Acceptance Date)	5:00pm (Sydney time), 6 October 2010
Settlement of applications under the Institutional Entitlement Offer and under the Retail Entitlement Offer for which valid Applications have been received by Initial Retail Acceptance Date	8 October 2010
Allotment of New Securities issued under the Institutional Entitlement Offer and under the Retail Entitlement Offer for which valid Applications have been received by Initial Retail Acceptance Date (Initial Allotment Date)	11 October 2010
Expected date for trading of New Securities allotted under the Initial Allotment	11 October 2010
Despatch of holding statements in relation to Initial Allotment	11 October 2010
Retail Entitlement Offer closes (Final Retail Acceptance Date)	5:00pm (Sydney time) 21 October 2010
Final settlement of New Securities under the Retail Entitlement Offer not already allotted under the Initial Allotment	28 October 2010
Final allotment of New Securities under the Retail Entitlement Offer not already allotted under Initial Allotment (Final Allotment Date)	29 October 2010
Expected date for trading of New Securities allotted under the Final Allotment	1 November 2010
Despatch of holding statements in relation to Final Allotment	1 November 2010

1 This timetable is indicative only and subject to change without notice. All times are Sydney time. The commencement of quotation of New Securities is subject to confirmation from ASX. Spark Infrastructure, in conjunction with the Underwriters and subject to the Corporations Act, Listing Rules and other applicable laws, reserves the right to amend this timetable, at any time and without notice including extending the Entitlement Offer or accepting late applications, either generally or in particular cases, or to withdraw the Entitlement Offer without prior notice. No cooling off rights apply to applications submitted under the Entitlement Offer.

2 An Underwriter has some discretion to defer its settlement obligations for the shortfall New Securities by up to two weeks in relation to the Institutional Entitlement Offer and up to four weeks in relation to the Retail Entitlement Offer. An Underwriter may choose to further defer the take up of New Securities by up to six months after the deferred settlement date, but not the payment in respect of these New Securities. Please refer to Section 13.2 for further details.

WHAT SHOULD YOU DO?

1. READ THIS INVESTOR INFORMATION BOOKLET AND SEEK ADVICE AS APPROPRIATE

This Investor Information Booklet contains important information about the Entitlement Offer and the subsequent Restructure. You should read it carefully and in its entirety before deciding whether or not to participate in the Entitlement Offer.

If you are in doubt as to the course you should follow, you should seek appropriate professional advice before making an investment decision.

2. DECIDE WHAT YOU WANT TO DO

If you are an Eligible Institutional Securityholder you should contact the Joint Lead Managers for instructions as to how to participate in the Institutional Entitlement Offer.

If you are an Eligible Retail Securityholder you may subscribe for all, some or none of your Entitlement and you may apply for additional New Securities in excess of your Entitlement (see Sections 4 and 5 for further details).

Eligible Retail Securityholders who do not participate in the Retail Entitlement Offer and Ineligible Securityholders will have their percentage holding in Spark Infrastructure reduced. Any portion of your Entitlement which you do not subscribe for will lapse. Eligible Retail Securityholders who apply for their full Entitlement will see their percentage holding in Spark Infrastructure remain the same.

Entitlements cannot be traded or otherwise transferred on the ASX or any other exchange or privately.

New Securities representing Entitlements not taken up will be offered to Eligible Securityholders who apply for New Securities in excess of their Entitlement, or will be subscribed for by the Joint Lead Managers (or certain Institutional Investors) under the terms of the Underwriting Agreement. See Section 13 for further details in relation to the Underwriting Agreement including termination events.

3. APPLY FOR NEW SECURITIES

To participate in the Retail Entitlement Offer, you must have applied for New Securities before 5:00pm on 21 October 2010, otherwise your rights under the Entitlement Offer will lapse.

Eligible Retail Securityholders who choose to apply, with full payment of all Application Monies before the Initial Retail Acceptance Date will be issued New Securities at the same time as Eligible Institutional Securityholders participating in the Institutional Entitlement Offer (see Sections 4, 5 and the accompanying Entitlement and Acceptance Form for further details).

4. QUESTIONS

If you have any questions relating to the Entitlement Offer, please contact the Spark Infrastructure Securityholder Information Line on 1300 608 629 (within Australia) and +61 3 9415 4068 (outside Australia) before the Final Retail Acceptance Date.

ADDITIONAL DISCLOSURES RELATING TO INFRASTRUCTURE ENTITIES - ASIC CP 134

In April 2010, ASIC released its consultation paper (CP 134) which outlines a number of suggested disclosures that should be made in relation to infrastructure entities in a disclosure document with the aim of improving disclosure for retail investors. Although CP 134 is only draft ASIC policy and this Investor Information Booklet is not a disclosure document as it is neither a prospectus nor a product disclosure statement under the Corporations Act, Spark Infrastructure has had regard to the disclosures outlined in CP 134.

Where suggested disclosure areas are considered relevant to the Repositioning initiatives and appropriate for inclusion (for example, where the existing arrangements previously disclosed are changing or are referred to in this document), Spark Infrastructure has provided disclosure on those topics in this Investor Information Booklet.

Where the suggested disclosure areas relate to other matters of a more general application, Spark Infrastructure has referred to where the information is available. In this regard, it is noted that the Stapled Entities are “disclosing entities” under the Corporations Act (see Section 13.5 for further details). As such, Spark Infrastructure has already provided disclosure of some of the key disclosure areas suggested in CP 134 through its prospectus and product disclosure statement dated 18 November 2005 (the IPO Document) and other periodic and continuous disclosure announcements lodged with the ASX and made available at asx (together, the Prior Disclosure).

The table below outlines disclosure areas suggested in CP 134 and the most relevant part of this Investor Information Booklet or the Prior Disclosure in which they can be found.

Disclosure area	Summary of disclosure area	Section	Prior Disclosure section
Corporate structure and management	Spark Infrastructure’s ownership structure, management team, governance arrangements, independence of directors policy and related party policies	Investment Highlights (page 13), Sections 2.6, 2.7, 7.2 and 7.4	Annual Report 2009 Sections 8.6.2 and 14.6.1 of IPO Document
Funding	Spark Infrastructure’s policy in relation to borrowing and hedging	Section 8	Spark Infrastructure HY 2010 interim financials
Assumptions	Spark Infrastructure’s guidance and any assumptions	Sections 6 and 11	Spark Infrastructure HY 2010 interim financials
Valuation policy	Spark Infrastructure’s policy in relation to valuation of assets and approvals of valuations	Not included	Spark Infrastructure HY 2010 interim financials
Distributions	Spark Infrastructure’s position in relation to funding of and payment of distributions	Sections 6 and 11	ASX announcements
Withdrawal policy	Spark Infrastructure’s policy in relation to withdrawal of units from Spark Trust	Not applicable	Not applicable
Portfolio diversification	Spark Infrastructure’s portfolio diversification policy	Section 6	Section 9 of IPO Document

In addition, the IPO Document contains (in section 14 of that document) summaries of the material contracts entered into by Spark Infrastructure including the Constituent Documents for the entities (in particular, the Loan Note Trust Deed and the Constitution for the Spark Trust), the Management Agreement and the Asset Company Agreements.

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SECTION 1

OVERVIEW

1.1 OVERVIEW OF PROPOSED REPOSITIONING

Following a detailed Strategic Review, the Boards of Spark Infrastructure are proposing a series of initiatives to reposition Spark Infrastructure for the future. The Repositioning has been designed to:

- **Strengthen** Spark Infrastructure's balance sheet and increase Spark Infrastructure's financial flexibility to fund growth capital expenditure requirements;
- **Realign** Spark Infrastructure's Loan Note interest obligations with cashflows expected to be available from the Asset Companies; and
- **Simplify** Spark Infrastructure's ownership and stapled security structure.

The two elements of the Repositioning are:

ENTITLEMENT OFFER

Spark Infrastructure is seeking to raise approximately \$295 million through a 2 for 7 non-renounceable entitlement offer to Eligible Securityholders, with the proceeds to be used as follows:

SOURCES	\$MILLION	USES	\$MILLION
Entitlement Offer	294.8	Repayment of debt	200.0
		Cash retained to fund future growth capital expenditure	84.8
		Transaction costs	10.0
Total sources of funds	294.8	Total uses of funds	294.8

This Investor Information Booklet sets out the terms of the Entitlement Offer and how you can participate in the Entitlement Offer.

RESTRUCTURE

The key elements of the Restructure are:

- Reduction in the principal amount outstanding on the Loan Notes held by Securityholders and consequently a reduction in the Loan Note interest obligation in respect of each Security. The reduction will be effected by Spark Trust partially repaying the principal amount outstanding on the Loan Notes, with the amount repaid applied by Securityholders to subscribe for additional Units; and
- Simplification of the five stapled security structure.

The Restructure will be considered at meetings of Securityholders which are currently intended to be held in late November / early December 2010 (subject to Court approval to convene the meetings to consider the necessary schemes of arrangement).

Securityholders should note that the Entitlement Offer is not conditional on the Restructure. Information about the Restructure is being provided now to assist Securityholders in making an informed decision about participating in the Entitlement Offer.

SUMMARY OF KEY EFFECTS OF REPOSITIONING

The following table summarises some of the key effects on Spark Infrastructure if the Entitlement Offer and Restructure both proceed.

	PRIOR TO REPOSITIONING	POST REPOSITIONING
Spark Infrastructure corporate debt (gross)	\$425 million	\$225 million
Look-through Gearing (net)	60.4%	54.4%
Standalone Gearing (gross)	18.1%	9.2%
Loan Note face value (per Security)	\$1.25	\$0.65
Interest rate on Loan Notes	10.85%	10.85%
Loan Note interest obligation per annum (per Security)	13.56c	7.0c ¹
Distribution guidance (full year 2011 per Security)	N/A	9.11c ²
Number of stapled securities	5 stapled	2 stapled
Financial statements produced by Spark Infrastructure	4	1

Refer to Sections 1.2, 1.4 and 3 for other important information.

INDEPENDENT EXPERT REPORT AND BOARD RECOMMENDATION

The Boards of Spark Infrastructure have undertaken a wide ranging Strategic Review, details of which are set out in Section 2, and have concluded that the Repositioning is the best option resulting from the Strategic Review. The IBC have also commissioned a report on the Restructure from Lonergan Edwards & Associates Limited (the Independent Expert), and on the basis of the matters discussed in the Independent Expert's Report, the Independent Expert has concluded that the Restructure is in the best interests of Securityholders. This report is set out in full in Annexure A.

Accordingly, each Director on the Boards intends to:

- Unanimously recommend that Securityholders vote in favour of the Restructure, subject to there being no change of control proposal emerging which is superior to the Restructure and the Independent Expert not changing or withdrawing its conclusion that the Restructure is in the best interests of Securityholders; and
- Vote any Securities they hold in favour of the Restructure Resolutions.

INDICATIVE TIMETABLE FOR THE REPOSITIONING

MONTH	ACTIVITY
September 2010	<ul style="list-style-type: none"> • ASX Announcement • Launch Entitlement Offer • Spark Infrastructure to start doing all things reasonably necessary to satisfy conditions to the Restructure as soon as possible
October 2010	<ul style="list-style-type: none"> • Settlement of Institutional Entitlement Offer and early retail acceptances • Settlement of Retail Entitlement Offer
November 2010	<ul style="list-style-type: none"> • Court hearing to consider approving Spark Infrastructure convening Securityholder meetings • Despatch of Notices of Meeting and Explanatory Memorandum for later Restructure
Late November or early December	<ul style="list-style-type: none"> • Securityholder meetings to consider the Restructure • Court hearings to consider sanctioning the Schemes • Proposed completion of the Restructure (subject to receipt of Court approvals to the Schemes and other conditions) • Repayment of \$200 million of Spark Infrastructure bank debt

The timetable is indicative only and subject to change in Spark Infrastructure's absolute discretion. The dates indicated with respect to Court hearings are subject to availability. As the Restructure is subject to a number of conditions beyond Spark Infrastructure's ability to control, there can be no assurance that it will proceed as proposed. See Section 7.8 for a summary of the conditions

1 This represents the amount per Security payable under the terms of the Loan Notes using the post Restructure face value of \$0.65 per Loan Note. As distributions are not guaranteed, there can be no assurance or guarantee that this amount will be paid. See Sections 1.4, 6.8, 11 and 12 for a summary of the risk factors and key assumptions underlying distributions guidance.

2 This information is guidance and not a forecast. Actual distributions may vary. This distribution guidance has been prepared by Spark Infrastructure. It is not certain that this level of distributions will be achieved. Investors should carefully read Section 11 which sets out the key assumptions on which the distribution guidance is based, Section 1.3 concerning Repositioning outcomes, and Section 1.4 and Section 12 which detail risk factors. The current Loan Note interest obligation is 13.56 cents per Security per annum.

1.2 FEATURES OF THE LOAN NOTES MOST RELEVANT TO THE REPOSITIONING

FEATURES OF THE LOAN NOTES MOST RELEVANT TO THE REPOSITIONING

Loan Note features	<p>The Loan Notes forming part of the Securities are unsecured notes and are subordinated to all secured and unsecured creditors of Spark Trust for all amounts</p> <p>The Loan Notes carry a right to repayment of principal on maturity and half yearly interest distributions payable in March and September in respect of the preceding interest period, based on their face value per Security (currently \$1.25)</p> <p>For a summary of the key terms of the Loan Notes, please refer to the IPO Document section 14.3</p>
Deferral right	<p>As part of the subordination feature, the terms of the Loan Notes permit the Spark RE to defer part or all of the interest accrued on the Loan Notes in certain circumstances by notice to Securityholders</p>
Mismatch between interest obligations and available cashflows	<p>Spark Infrastructure anticipates a mismatch between its Loan Note interest obligations to Securityholders and the cashflows expected to be available from the Asset Companies in future periods. This arises given the capital expenditure requirements of the Asset Companies for the next regulatory period and their desire to retain a greater proportion of cash from operations to contribute to funding of this capital expenditure</p> <p>Absent the Repositioning, there is therefore a risk that part or all of the Loan Note interest in future periods may need to be Deferred</p>
Consequences of Deferral	<p>In addition to the incremental interest cost that Deferral would entail (as interest is payable on Deferred interest), Deferral (particularly on an ongoing basis) may have a range of adverse consequences for Spark Infrastructure and Securityholders, including impacts on:</p> <ul style="list-style-type: none"> • The market price and liquidity of trading of Securities (which may restrict or impede further capital raising including under the distribution reinvestment plan (DRP)); • Spark Infrastructure's balance sheet (via an increasing liability), its credit rating and its Senior Debt, including the cost of debt and future refinancing capability; and • Spark Infrastructure's reputation. <p>If Deferral occurs there is a consequent risk that certain Securityholders might be liable to tax on Loan Note interest they have not received, for further information refer to Sections 1.4 and 12.2</p>
Realignment of Loan Note interest obligations with cashflows	<p>The Directors are proposing the Restructure as a means of realigning the Loan Note interest obligations to reflect the cashflows expected to be available from the Asset Companies in the future</p>
Issue of further Securities	<p>In order to trade on the ASX with Existing Securities, Loan Notes must be issued at their then current face value. Absent the Restructure, interest and repayment obligations under any Loan Notes will be based on a face value of \$1.25, which may be higher than the offer price or prevailing market price of Securities. This is inefficient from a financing perspective for Spark Infrastructure. As the Offer Price is \$1.00 per Security, this feature will apply to the Entitlement Offer</p>

1.3 POSSIBLE OUTCOMES AND MAIN CONSEQUENCES OF THE REPOSITIONING

The Entitlement Offer is subject only to a limited number of conditions typical for a transaction of this nature (see Sections 4.7 and 13.2 for further details). The Entitlement Offer will be carried out ahead of the Restructure, which is subject to conditions including completion of the Entitlement Offer and receipt of Securityholder, regulatory and Court approvals (see Section 7.8 for further details). Some of the conditions are outside the ability of Spark Infrastructure to control.

As a result, there are three possible outcomes that could occur in respect of the proposed Repositioning:

- Neither the Entitlement Offer nor the Restructure are completed;
- The Entitlement Offer is completed, but the Restructure is not completed; or
- Both the Entitlement Offer and the Restructure are completed.

The main consequences of each possible outcome for Securityholders can be broadly described as follows:

OUTCOME AND MAIN CONSEQUENCES ¹	SECTION
<p>Neither the Entitlement Offer nor the Restructure are completed</p> <ul style="list-style-type: none"> • Spark Infrastructure's net debt would remain unchanged • Spark Infrastructure would not have additional funds available to partially fund near term equity investment in growth capital expenditure requirements of the Asset Companies • Spark Infrastructure would remain a five stapled security structure • There would be no reduction in the face value of the Loan Notes • Spark Infrastructure's distribution profile will continue to reflect cashflows expected to be available from the Asset Companies, however, Loan Note interest obligations will not be re-aligned to reflect those cashflows • There is therefore a risk that Spark Infrastructure may need to Defer payment of some or all of the interest accruing under the Loan Notes. Deferral may have a range of adverse consequences for Securityholders 	Section 1.1, 1.2, 1.4
<p>The Entitlement Offer is completed, but the Restructure is not completed</p> <ul style="list-style-type: none"> • Spark Infrastructure's net debt will be reduced following the Entitlement Offer • Spark Infrastructure would have additional funds available to partially fund near term equity investment in growth capital expenditure requirements of the Asset Companies • Spark Infrastructure would remain a five stapled security structure • The principal of the Loan Note liability would increase to \$1,658 million and would not subsequently be reduced (a Loan Note liability of \$1.25 per Security) • Spark Infrastructure's distribution profile will continue to reflect cashflows expected to be available from the Asset Companies, however, Loan Note interest obligations will not be realigned to reflect those cashflows • There is a heightened risk that Spark Infrastructure may need to Defer payment of some or all of the interest accruing under the Loan Notes (due to the increased principal). Deferral may have a range of adverse consequences for Securityholders 	Section 1.1, 1.2, 1.4, 12.2
<p>Both the Entitlement Offer and the Restructure are completed</p> <ul style="list-style-type: none"> • Spark Infrastructure's net debt will be reduced • Spark Infrastructure would have additional funds available to partially fund near term equity investment in growth capital expenditure requirements of the Asset Companies • Spark Trust will become the sole listed entity with two stapled securities (a Unit and Loan Note) thereby providing a much simpler structure for investors • Face value of the Loan Notes will be reduced from \$1.25 to \$0.65 in exchange for further Units • Spark Infrastructure's Loan Note interest obligations will be realigned to reflect cashflows expected to be available from the Asset Companies 	Section 1.1, 1.4, 12.2

The Boards of Spark Infrastructure have undertaken a wide ranging Strategic Review, details of which are set out in Section 2, and have concluded that the Repositioning is at the present time the best option resulting from the Strategic Review.

If the Restructure does not proceed as proposed, the Boards would assess available options at the relevant time. This may involve consideration of a number of options including but not limited to those outlined in Section 2.4. The Boards consider that these options at the present time are less effective than the Repositioning. Depending on the available options, it may be necessary for the Boards to seek Securityholder approval at the appropriate time. Securityholders should note that in these circumstances Spark Infrastructure may need to consider a Deferral of all or part of the interest payable on the Loan Notes, the consequences, risks and disadvantages of which are described in Sections 1.2, 1.4 and 12.2.

¹ Under each outcome Spark Infrastructure will remain externally managed. See Section 2.

1.4 SUMMARY OF THE KEY BENEFITS, RISKS AND DISADVANTAGES OF THE REPOSITIONING

This section provides a high level summary only. Securityholders considering whether or not to participate in the Entitlement Offer should consider all of the information contained in this Investor Information booklet to assess the potential impact of the initiatives on them. See Sections 1.3, 3 and 12 for further details.

The table below provides a brief summary of the key benefits, risks and disadvantages of the Repositioning initiatives.

SUMMARY OF KEY BENEFITS

ENTITLEMENT OFFER	RESTRUCTURE
<p>Reduction in Debt</p> <ul style="list-style-type: none"> – Standalone Gearing (gross) reduced to 9.2% from 18.1% – Look-through Gearing (net) reduced to 54.4% from 60.4% <p>No debt maturities at Spark Infrastructure level until September 2013</p>	<p>Reduced Loan Note interest obligations per Security</p> <ul style="list-style-type: none"> – Reduced face value of Loan Note reducing the interest payable on each Loan Note – The actual distribution profile from the Units and Loan Notes will continue to reflect cashflows expected to be available from the Asset Companies
<p>Improved financial flexibility to meet capital expenditure requirements. Part of the proceeds from the Entitlement Offer will be retained to fund near term equity investment in growth capital expenditure requirements of the Asset Companies</p> <p>No expected requirement to raise further Securityholder funds to fund expected growth capital expenditure of the Asset Companies for at least three years, except for the expected reactivation of the distribution reinvestment plan</p>	<p>Lower risk of interest deferral</p> <ul style="list-style-type: none"> – Reducing the risk that distributions able to be supported in the future are less than the interest accruing to Securityholders on the Loan Notes – Reducing the risk of Spark Infrastructure needing to Defer payment of interest on the Loan Notes in the future and the adverse consequences that may entail (see Sections 1.2 and 12.2)
	Broader investor appeal through simplified stapled security structure
	Simpler structure leading to increased administrative efficiency
	Facilitates capital raising by Spark Infrastructure in future periods by reducing the weighting of the Loan Note component of the Securities (noting the Directors' expectations as to further capital raising from Securityholders as set out above)

SUMMARY OF KEY RISKS AND DISADVANTAGES

ENTITLEMENT OFFER	RESTRUCTURE
<p>Conditionality of Restructure</p> <ul style="list-style-type: none"> – The Restructure is subject to a number of conditions all of which may not be satisfied resulting in the Restructure not proceeding 	<p>Conditionality of Restructure</p> <ul style="list-style-type: none"> – The Restructure is subject to a number of conditions all of which may not be satisfied resulting in the Restructure not proceeding. See Section 1.2 for the main consequences and the implications of not proceeding

ENTITLEMENT OFFER	RESTRUCTURE
<p>Heightened Deferral risk</p> <ul style="list-style-type: none"> – If the Restructure does not proceed, there is a risk that distributions able to be supported in the future would be less than the interest accruing on the Loan Notes – If this occurred, there is a risk that part or all of the accrued interest may need to be Deferred. This would result in incremental interest costs for Spark Infrastructure and may have a range of adverse consequences for Securityholders (see Sections 1.2 and 12) 	<p>No guarantee of distributions or Security price growth</p> <ul style="list-style-type: none"> – While the Restructure is designed to realign Spark Infrastructure's Loan Note interest obligations with cashflows expected to be available from the Asset Companies, as distributions are not assured, there can be no guarantee that this outcome will be achieved – Similarly, there can be no guarantee or assurance that any capital growth in the Asset Companies will translate into a higher price at which the Securities trade or growth in distributions
<p>Consequences of current structure for capital raising</p> <ul style="list-style-type: none"> – Raising capital heightens Deferral risk if the Restructure does not proceed, because the Entitlement Offer increases the aggregate principal of the Loan Notes – If the Restructure does not proceed, the principal to be repaid on maturity and the interest accruing under the New Securities will be based on \$1.25 per Security (which will be more than the amount received under the Entitlement Offer) 	<p>Tax consequences</p> <ul style="list-style-type: none"> – The Restructure may have a number of tax consequences for Spark Infrastructure, including accelerating the point in time at which entities in the Spark Infrastructure group become subject to paying tax – If the Restructure proceeds, there is a risk that Spark Trust may be taxed as a company in the future if it were to acquire new businesses. If Spark Infrastructure makes acquisitions, they would assess the implications for Securityholders at that time, including the impact on the distribution profile of Spark Trust (refer to Section 12.2 for further detail)
<p>General risks including</p> <ul style="list-style-type: none"> – There are a number of risks and uncertainties, some specific to Spark Infrastructure and others of a more general nature that may affect financial performance, financial position, distributions and the trading price of Securities on the ASX. Refer to Section 12 for further detail – There can be no assurance that Securities will trade at or above the Offer Price or as to liquidity of trading or that any distribution will be paid, or if paid, will be consistent with past distributions or with any distribution guidance 	
<p>Other disadvantages including:</p> <ul style="list-style-type: none"> – Voting and distribution rights of Securityholders who do not take up their full entitlement will be diluted – Transaction costs incurred as part of the Entitlement Offer – Potential for base management fees to the Manager to increase to the extent Spark Infrastructure's Enterprise Value increases as a result of the Repositioning. Spark Infrastructure intends to use most of the Entitlement Offer proceeds to reduce Spark Infrastructure debt and therefore this is not expected to have a material impact 	<p>Other disadvantages including:</p> <ul style="list-style-type: none"> – Ineligible Overseas Securityholders will have their complete holding of Securities sold through a nominee sale process (see Section 7.9) – Transaction costs incurred as part of the Restructure

SECTION 2

STRATEGIC REVIEW

2.1 CIRCUMSTANCES LEADING TO STRATEGIC REVIEW

On 26 February 2010, Spark Infrastructure commenced a Strategic Review to consider its capital structure, ownership structure and future funding needs. The Strategic Review followed measures undertaken by the Boards in 2009, including a reduction in distributions and activation of a distribution reinvestment plan to ensure Spark Infrastructure could meet its funding requirements for 2010.

At the same time, the Boards said they would continue to review the appropriateness of Spark Infrastructure's capital structure in light of changing market conditions and, in particular, its future funding needs as and when there was further clarity on the decisions around the regulatory resets for the Asset Companies for the next five year regulatory period. The AER issued its final determination for ETSA Utilities on 6 May 2010 and its draft determination for Powercor and CitiPower on 4 June 2010.

Spark Infrastructure and its 51% partners at the Asset Company level (CKI and HKE) are undertaking a review of the business plans for the Asset Companies. In doing so, Spark Infrastructure recognises that the environment for infrastructure investment (particularly in the listed market) has changed significantly in the past 18-24 months as has the approach to the funding of investment and capital expenditure post the global financial crisis. In addition, the total amount of required capital expenditure of the Asset Companies is expected to roughly double in the next regulatory period.

The Asset Companies have indicated their desire to retain a greater proportion of cash from operations to contribute to the funding of this capital expenditure. This would limit their cash distributions to their shareholders during the next regulatory period. In turn, this would affect the level of distributions Spark Infrastructure is able to pay to its Securityholders from the cash it receives from the Asset Companies.

Notwithstanding the impact that this retention would have on the cash resources of Spark Infrastructure, it is important to note that the increased capital expenditure should enhance the long term value of the Asset Companies through a higher Regulatory Asset Base and corresponding regulatory revenues.

2.2 SCOPE OF STRATEGIC REVIEW

The Strategic Review involved an extensive assessment of a wide range of options and included discussions with a number of parties and consultation with key Spark Infrastructure stakeholders. All the Strategic Review outcomes were evaluated and assessed with a focus on maximising Securityholder value. The Strategic Review included a detailed consideration of the following:

ISSUE	SCOPE
Future funding needs	Assessment of funding needs in view of the increase in capital expenditure (expected to roughly double in the next regulatory period) and given the desire of the Asset Companies to retain a greater proportion of cash from operations to contribute to the funding of expected capital expenditure. Greater clarity was provided to Spark Infrastructure on the release of a final determination for ETSA Utilities on 6 May 2010 and the draft regulatory determinations released on 4 June 2010 for CitiPower and Powercor
Capital structure	Assessment of Spark Infrastructure's capital structure in light of changing market conditions and environment for infrastructure companies over the past 18 to 24 months as well as considering the future funding needs of the Asset Companies. This also included an assessment of Spark Infrastructure's distributions and expected distribution profile given the potential for lower distributions of operating cashflow from the Asset Companies
Ownership and stapled security structure	Assessment of Spark Infrastructure's existing ownership and stapled security structure, given future funding requirements and regulatory determinations for the Asset Companies. In addition, the Strategic Review considered potential change of control transactions for Spark Infrastructure, or full and partial sales of Spark Infrastructure's ownership interests in the Asset Companies
Internalisation of management	Assessment of the current external management arrangements including an assessment of the likely cost of Internalisation and relative merits of both internalising or maintaining the current structure

2.3 INDEPENDENT BOARD COMMITTEE

The Boards comprise nine directors: five independent directors including the Chairman, two appointed by CKI and two appointed by RREEF. For the Strategic Review, the Boards formed an Independent Board Committee (IBC) of the five independent directors to undertake a detailed review of the potential Strategic Review options in more detail.

The composition of the IBC is as follows:

- Stephen Johns (Chairman);
- Cheryl Bart AO;
- Anne McDonald;
- Don Morley; and
- Dr Keith Turner.

Governance protocols were put in place by the IBC to manage any potential conflicts that could arise during the Strategic Review process and the flow of information amongst the Boards, the IBC, the Asset Companies, the Manager, CKI and HKE.

Deutsche Bank acted as financial adviser to Spark Infrastructure in relation to the Strategic Review and Investec Bank (Australia) Limited was appointed to advise the IBC and work closely with Deutsche Bank on all aspects of the Strategic Review. Deutsche Bank and UBS AG, Australia Branch acted as Joint Lead Managers to Spark Infrastructure for the Repositioning and Entitlement Offer. Ernst & Young advised on tax matters, Deloitte Touche Tohmatsu advised on financial accounting and certain tax matters relevant to the Asset Companies, and Mallesons Stephen Jaques advised on all legal aspects of the Strategic Review.

2.4 OPTIONS CONSIDERED BY THE IBC

As part of the Strategic Review, the IBC considered various options which are summarised below:

STRATEGIC REVIEW CONSIDERATIONS	STRATEGIC REVIEW OUTCOMES
Continue with current arrangements	
Whether the current ownership and stapled security structure could meet Spark Infrastructure's future funding needs and, in particular, the changing investment and capital expenditure needs of the Asset Companies	Maintaining the status quo does not adequately address changing market conditions or the future funding needs of the Asset Companies, which are expected to roughly double in the next regulatory period. Nor does the status quo address the risk that future distributions to Spark Infrastructure may not be sufficient to meet its interest obligations under the Loan Notes There is a risk that Spark Infrastructure may need to Defer interest on the Loan Notes in the future, which could have a range of adverse consequences detailed in Sections 1.2, 1.4 and 12.2
Change in ownership and stapled security structure	
A number of alternatives were considered to simplify Spark Infrastructure's existing stapled security structure	Implementation of the Restructure which would result in a simplification of Spark Infrastructure's ownership and stapled security structure and a reduction in the principal amount outstanding of Loan Notes held by Security-holders. This is designed to realign interest obligations under the Loan Notes with cashflows expected to be available from the Asset Companies and will provide greater financial flexibility

2.4 OPTIONS CONSIDERED BY THE IBC continued

STRATEGIC REVIEW CONSIDERATIONS	STRATEGIC REVIEW OUTCOMES
Internalisation of external management arrangements	
<p>The Strategic Review considered an Internalisation of the Manager</p>	<p>Internalisation has not been pursued as the IBC believe, Internalisation does not represent significant financial value for Securityholders and believe that the likely costs associated with Internalisation outweigh the disadvantages of the externally managed structure</p> <p>The Independent Directors will continue to give consideration to Internalisation of the management function in the future subject to suitable commercial conditions</p> <p>If an Internalisation proposal emerges that the Independent Directors consider suitable, they will seek Securityholder approval at the appropriate time</p>
Changes in capital structure and capital raisings	
<p>Extensive assessment of capital structure to improve Spark Infrastructure's financial flexibility to meet future capital expenditure requirements and invest in future growth</p> <p>Assessment undertaken in light of final regulatory decision for ETSA Utilities and draft regulatory determinations for CitiPower and Powercor</p>	<p>Implementation of the Entitlement Offer, proceeds of which will be partially used to reduce Spark Infrastructure level debt and partially used to fund near term equity investment in growth capital expenditure of the Asset Companies</p> <p>This also provides improved financial flexibility for Spark Infrastructure</p>
Full or partial sale of assets or change of control transaction for Spark Infrastructure	
<p>Spark Infrastructure undertook a process to explore and evaluate a wide range of alternatives, including a change of control of Spark Infrastructure and full or partial asset sales</p> <p>Spark Infrastructure held discussions with a number of parties and the available options were considered and evaluated as part of this process</p>	<p>As announced previously to the market, an important objective of the Strategic Review was to assess whether Spark Infrastructure is appropriately valued in the listed market and whether greater value could be secured elsewhere. As part of the Strategic Review the Independent Directors conducted a thorough market testing process of a range of options, including consideration of full and partial sales of Spark Infrastructure and its 49% interests in the Asset Companies.</p> <p>Spark Infrastructure received a number of proposals including an indicative proposal for the Spark Infrastructure stapled group at a significant premium to current market price. The proposal was highly conditional, was subject to the outcome of the AER's final determination for CitiPower and Powercor due on 30 October 2010, and involved a lengthy due diligence process. In the Independent Directors' opinion these matters created significant execution and timing risks which were considered unacceptable.</p> <p>In addition, had the Independent Directors pursued this indicative offer, it would have reduced Spark Infrastructure's options in relation to the restructure of the Loan Notes and simplification of the stapled group.</p> <p>Accordingly, after careful consideration, it is the Boards' view that the best available option for Securityholders is to proceed with the Repositioning of Spark Infrastructure which is now proposed.</p> <p>The Boards note that while they are recommending the Entitlement Offer and Restructure to Securityholders as the best alternative; in the normal course of deliberations they will consider any change of control proposal which is superior to the Restructure which may emerge either before or after the Restructure intended to be implemented in December 2010.</p>

2.5 CKI'S AND DEUTSCHE BANK'S INVOLVEMENT IN THE STRATEGIC REVIEW

CKI and Deutsche Bank each have various roles and interests in respect of the initiatives relating to the Repositioning. The broad nature of these interests is described below:

- The Global Banking division of Deutsche Bank AG Australia has been appointed as one of the financial advisers to Spark Infrastructure in relation to the Strategic Review. The Manager is indirectly 50% owned by RREEF Infrastructure. RREEF Infrastructure is the infrastructure investment arm of Deutsche Asset Management, the asset management business of the Deutsche Bank Group. John Dorrian, Managing Director and Head

of RREEF Infrastructure Asia Pacific is currently a director of the Manager, the entities comprising Spark Infrastructure, ETSA Utilities and CHEDHA;

- Deutsche Bank and CKI are holders of 2.4% and 8.5% of the Securities, respectively, and 10.9% collectively. Based on current substantial shareholder notices available to Spark Infrastructure, each are deemed to have a relevant interest in 12.41% of the Securities together;
- CKI holds various interests in respect of Spark Infrastructure and the Asset Companies. The Manager is indirectly 50% owned by CKI. CKI / HKE hold an indirect 51% interest in CHEDHA and ETSA Utilities. Andrew Hunter, Chief Operating Officer and Executive Director of CKI, and Dominic Chan, Chief Financial Officer of CKI, are currently directors of the Manager, the entities comprising Spark Infrastructure, ETSA Utilities and CHEDHA;
- Should CKI and Deutsche Bank subscribe for all of their Entitlements under the Entitlement Offer, CKI's and Deutsche Bank's Security holdings will remain at 8.5% and 2.4% respectively, following completion of the Entitlement Offer;
- Deutsche Bank AG, Sydney Branch is one of the two Underwriters for the Entitlement Offer and will receive fees for so acting (see Section 3). It may be required to subscribe for shortfall New Securities; and
- Under the terms of the Underwriting Agreement, no Underwriter is able to subscribe for New Securities to the extent it would result in them contravening section 606 of the Corporations Act at any time. See Section 13.2 for further details.

2.6 EXTERNAL MANAGEMENT ARRANGEMENTS

The Directors are not proposing an Internalisation of Spark Infrastructure's management. Accordingly, Spark Infrastructure will remain an externally managed fund which is managed by the Manager, which is wholly owned by CKI RREEF JV Holdings Pty Limited, owned by CKI (50%) and RREEF Infrastructure (50%). Spark Infrastructure will continue to operate under the existing management arrangements with the Manager, which can be summarised as follows:

- The Manager will continue to provide management services to the Spark RE as responsible entity for Spark Trust and also to Spark Holdings 1, Spark Holdings 2, and Spark International (which under the Restructure will become subsidiaries of Spark Trust);
- CKI / HKE and RREEF will continue to provide services to the Manager for the benefit of Securityholders;
- Spark RE will continue to be the responsible entity of the Spark Trust (and issuer of the Loan Notes and the Units). Spark RE is wholly owned by CKI RREEF JV Holdings Pty Limited; and
- The existing Spark Infrastructure management team will also remain in place.

Some key features of the existing Management Agreement are:

- The Manager has been appointed for a term of 25 years from December 2005, subject to limited termination events;
- Under the Management Agreement (see Section 14.6 of the IPO Document), the Manager is entitled to be paid base fees calculated as 0.5% per annum of Enterprise Value up to \$2.443 billion and 1.0% per annum of any amount by which the Enterprise Value exceeds \$2.443 billion; and
- The Manager may also be entitled to a performance fee which is payable when the actual return exceeds the benchmark return.

Further information in relation to fees is available on Spark Infrastructure's website and disclosed in the IPO Document Section 14.6.

2.7 GOVERNANCE ARRANGEMENTS

Following the Restructure, Spark Trust will become the sole listed parent entity with Spark RE as the responsible entity.

Under the Corporations Act, the governance of Spark RE is a matter for its ultimate shareholders, CKI and RREEF. However, to preserve and replicate Spark Infrastructure's current corporate governance arrangements after the Restructure is implemented those parties have subject to documentation agreed in principle to maintain the existing arrangements including that:

- The Manager's special shares in Spark Holdings 1, Spark Holdings 2 and Spark International will be transferred to the Spark RE as responsible entity of the Spark Trust;
- The Board of Spark RE will continue to have a majority of independent directors as it currently does (the current director rotation arrangements will continue);
- Securityholders' ability to vote on the appointment of the independent directors will remain unchanged; and
- Spark RE will hold an annual general meeting of Securityholders each year consistent with an AGM of a public listed company.

It is intended that the parties will document these arrangements in a governance deed poll in favour of the Spark RE and Securityholders.

SECTION 3

Q & A

REPOSITIONING

QUESTION	ANSWER	REFER TO SECTION
Why is Spark Infrastructure adopting these initiatives?	<p>The Boards of Spark Infrastructure have proposed these initiatives to:</p> <ul style="list-style-type: none"> • Increase Spark Infrastructure's financial flexibility to fund growth capital expenditure requirements at the Asset Companies; • Realign Spark Infrastructure's Loan Note interest obligations with cashflows expected to be available from the Asset Companies; and • Simplify Spark Infrastructure's ownership and stapled security structure. 	Sections 1.1, 1.2, 1.4, 2
What alternatives were considered by the IBC?	Details of the options considered as part of the Strategic Review are set out in Section 2.4.	Section 2
How does the proposed Restructure relate to the Entitlement Offer?	<p>The Entitlement Offer is proceeding first, and is not conditional on the Restructure.</p> <p>The Restructure is subject to various conditions, including Securityholder and Court approvals. It may or may not proceed.</p> <p>Securityholders are being provided with information on the Restructure now to enable Securityholders to make an informed decision on whether to participate in the Entitlement Offer in light of the subsequent Restructure.</p>	Sections 1.3, 7
What will Spark Infrastructure's approach to distributions be going forward?	Spark Infrastructure will continue to pay distributions which are fully supported by operating cashflows.	Section 6.6
What happens if the levels of distributions paid by the Asset Companies are higher or lower than expected?	<p>In order for Spark Infrastructure to pay distributions to its Securityholders, Spark Infrastructure relies on distributions from the Asset Companies. Should the Asset Companies' capital expenditure, cashflows or capital structure vary from Spark Infrastructure's expectations, Spark Infrastructure may need to adjust its distributions to Securityholders and there is a risk that Spark Infrastructure may need to Defer interest on the Loan Notes in the future, which may have a range of adverse impacts.</p> <p>If the levels of distributions paid by the Asset Companies are lower than expected, this may result in less being distributed by Spark Infrastructure to Securityholders. If distributions paid by the Asset Companies exceeds Spark Infrastructure's expectations, Spark Infrastructure will consider the appropriate level of distributions to Securityholders.</p>	Sections 1.2, 6, 12
What forward planning is Spark Infrastructure doing around distributions?	Spark Infrastructure is currently in discussions with the Asset Companies and the other shareholders with a view to finalising business plans for the next regulatory period. This includes forward planning for capital expenditure and expected distributions to Spark Infrastructure from the Asset Companies.	Section 6

QUESTION	ANSWER	REFER TO SECTION
Are distributions guaranteed?	No. It is not certain that distributions will be paid or that any guidance will be met as the ability to pay future distributions depends on a range of factors. Investors should carefully read Sections 6.8 and 11 which set out key assumptions on which the distribution guidance is based and Sections 1.4 and 12 which detail risk factors.	Sections 1.4, 6.8, 11 and 12
Will the Securities trade at or above the Offer Price?	There can be no assurance that Securities will trade at or above the Offer Price or as to liquidity of trading. Investors should carefully read Sections 1.4 and 12 which detail risk factors.	Sections 1.4 and 12
Will Spark Infrastructure's investment strategy change post Repositioning?	No. Spark Infrastructure will continue to focus on its core business as an investor in regulated infrastructure. Spark Infrastructure is undertaking the Repositioning to put in place a more appropriate capital structure to support expected significant organic growth in the regulated businesses over the coming regulatory period.	Section 6
Why isn't Spark Infrastructure also pursuing an Internalisation of the Manager?	<p>Internalisation was considered by the IBC as part of the Strategic Review, however, it has not been pursued as the IBC reached the conclusion that Internalisation does not represent significant financial value for Securityholders and believe that, at present, the likely costs associated with Internalisation outweigh the disadvantages of the externally managed structure.</p> <p>The Independent Directors will continue to review this matter and are prepared to give further consideration to Internalisation of the management function in the future subject to suitable commercial conditions.</p> <p>If an Internalisation proposal emerges that the Independent Directors consider suitable, they will seek Securityholder approval at the appropriate time.</p>	Section 2.2, 2.4 and 2.6
Where do I find information about CKI and Deutsche Bank's involvement in the Repositioning initiatives?	Information about CKI and Deutsche Bank's involvement in the initiatives and ongoing roles with respect to Spark Infrastructure is set out in Section 2.5.	Section 2.5
Will the interest rate of the Loan Notes be reset?	The Boards do not intend to reset the interest rate applicable on the Loan Notes on 30 November 2010. Accordingly, interest will continue to accrue at a rate of 10.85% per annum. The next reset date will be 30 November 2015.	Section 7.10
What are the overall costs of Repositioning expected to be?	Overall costs of the Repositioning are expected to be \$10 million.	

ENTITLEMENT OFFER

QUESTION	ANSWER	REFER TO SECTION
What is the Entitlement Offer?	<p>The Entitlement Offer is an accelerated non-renounceable entitlement offer by Spark Infrastructure to Eligible Securityholders.</p> <p>The Entitlement Offer comprises an Institutional Entitlement Offer and a Retail Entitlement Offer.</p>	Section 4
How much will be raised through the Entitlement Offer?	Spark Infrastructure will raise approximately \$295 million through the Entitlement Offer.	Sections 1.1, 4
What is the purpose of the Entitlement Offer?	Spark Infrastructure intends to use the proceeds from the Entitlement Offer to partially fund near term growth capital expenditure requirements of the Asset Companies, to reduce debt at the Spark Infrastructure level and to pay transaction costs.	Section 1.1
How is each Securityholder's Entitlement determined?	Each Securityholder will be entitled to 2 New Securities for every 7 Existing Securities held on the Record Date for the Entitlement Offer.	Section 4
Can I trade my Entitlement?	No, Entitlements can not be traded or transferred on ASX, any other exchange or privately.	Section 4
Does the Entitlement Offer change a Securityholder's position?	Yes, a Securityholder's position may change depending on their participation in the Entitlement Offer.	Sections 4, 5.3, 5.7
What is the Record Date for participation in the Entitlement Offer?	The Record Date for Securityholders in relation to the Entitlement Offer is 27 September 2010. There will be a separate record date in relation to the Restructure.	Entitlement Offer timetable
Can Eligible Securityholders apply for additional New Securities in excess of their Entitlement?	Yes, Eligible Securityholders (other than related parties of Spark Infrastructure) can apply for New Securities in excess of their Entitlement. However, Spark Infrastructure reserves the right to scale any allocation of New Securities under such applications at its absolute discretion.	Section 5.3
What is the Offer Price under the Entitlement Offer?	The Offer Price will be \$1.00 per New Security.	Section 5
What is the ranking of New Securities?	New Securities will, from issue, rank equally in all respects with Existing Securities, including as to any final distribution for the period ending 31 December 2010.	Section 4.11
What are the key risks associated with an investment in Spark Infrastructure under the Entitlement Offer?	<p>There are a number of risks associated with an investment in Spark Infrastructure as well as a number of risks and disadvantages associated with the Repositioning initiatives.</p> <p>The key risks and disadvantages associated with an investment in Spark Infrastructure and with respect to the Entitlement Offer are summarised in Section 1.4 and set out in detail in Section 12.</p> <p>Before making an investment decision Securityholders should read the entire Investor Information Booklet and carefully consider these risk factors.</p>	Sections 1.4, 12

QUESTION	ANSWER	REFER TO SECTION
Is the Entitlement Offer underwritten?	Yes, the offer is fully underwritten by Deutsche Bank AG, Sydney Branch and UBS AG, Australia Branch. For termination events see Section 13.2.	Section 13.2
What are the underwriting fees of the Entitlement Offer?	Underwriting fees of approximately \$7.5 million including offer management fees will be paid out of the proceeds from the Entitlement Offer (2.5% of the Entitlement Offer proceeds).	
Is the Entitlement Offer conditional on the Restructure?	No. The Entitlement Offer is not conditional on the Restructure. However, the Restructure is conditional on the Entitlement Offer completing.	Sections 1.1, 1.2, 1.3, 1.4, 12.2
Why is the Entitlement Offer occurring before the proposed Restructure is put to members?	<p>Spark Infrastructure is currently refinancing all its financing facilities and hence it is important for the Entitlement Offer to proceed immediately as an integral part of that refinancing activity.</p> <p>In addition, Spark Infrastructure is proceeding with the Entitlement Offer now in order to:</p> <ul style="list-style-type: none"> • Fund near term equity investment in growth capital expenditure requirements of the Asset Companies; and • To reduce the potential fees and costs of the Entitlement Offer and to facilitate its underwriting. 	Sections 6, 8
What is the financial effect of the Entitlement Offer on Spark Infrastructure?	The financial effect of the Entitlement Offer on Spark Infrastructure is set out in Section 9. The effect on Spark Infrastructure's debt capital position is set out in Section 8.	Sections 8, 9
What are the Loan Notes?	The Loan Notes forming part of the New Securities are unsecured notes for the purposes of s283BH of the Corporations Act and are issued by the Spark RE as trustee of Spark Trust. They are subordinated to all secured and unsecured creditors of Spark Trust for all amounts. The Loan Notes will continue to be stapled to Units following the Restructure.	Sections 1.2, 7
What happens if the Entitlement Offer proceeds without the later Restructure?	<p>The principal outstanding of the Loan Notes will increase with the Entitlement Offer to approximately \$1,658 million in aggregate and will not later be reduced.</p> <p>Consequences for Securityholders are described in Section 1.2. In particular, there is a heightened risk that all or part of interest accruing under the Loan Notes in future periods may need to be Deferred.</p>	Sections 1.2, 1.3, 7.14, 12.2
What are the tax implications of the Entitlement Offer?	<p>A summary of the general tax implications for Australian resident Eligible Retail Securityholders is set out in Section 10.</p> <p>The discussion is in general terms, is not intended to provide specific advice in relation to circumstances of any particular Securityholder and does not deal with the tax implications of the Entitlement Offer for Securityholders who are not resident in Australia.</p> <p>All Securityholders should seek their own tax advice before deciding what to do.</p>	Section 10
Will the distribution reinvestment plan be reactivated?	Spark Infrastructure expects to reactivate its DRP in 2011 to finance capital expenditure in existing businesses.	Section 6

RESTRUCTURE

QUESTION	ANSWER	REFER TO SECTION
<p>What is the Restructure?</p>	<p>The Restructure comprises a partial repayment of the Loan Notes which results in a reduction in the principal amount outstanding on the Loan Notes, and the simplification of Spark Infrastructure's ownership and stapled security structure.</p> <p>The Restructure will reduce the aggregate principal amount (face value) of the Loan Notes by \$795 million (\$0.60 per Loan Note), with the amount repaid to be applied to the issue of additional Units to Securityholders. Securityholders will not receive cash. Effectively, that portion of the Loan Note principal will be converted to equity in Spark Trust. Following the Restructure, the face value owing of the Loan Notes will be reduced from \$1.25 to \$0.65 per Security (representing an aggregate principal of approximately \$863 million), and they will carry a correspondingly reduced interest entitlement.</p> <p>Interest will continue to be calculated at the same rate of 10.85% per annum, and accordingly the Loan Note interest obligation per Security will be approximately 7.0 cents per annum for interest periods following the Restructure (compared to 13.56 cents per annum before it).</p> <p>The Restructure will also convert Spark Infrastructure securities from a four issuer five stapled structure to a single listed entity (Spark Trust) with two securities (being a Loan Note and the Unit) stapled to each other.</p>	<p>Section 7</p>
<p>What are the main consequences for eligible Securityholders?</p>	<p>The main consequences for Securityholders eligible to participate will be:</p> <ul style="list-style-type: none"> • A reduction in the principal outstanding (face value) of their Loan Notes by \$0.60 face value per Security • A corresponding reduction in interest entitlements (from 13.56 cents per Security per annum to 7.0 cents per Security per annum) • Part of their investment is effectively converted from subordinated debt to equity in Spark Trust with Spark RE having substantial discretion over distributions of income and capital • A reduced risk of Spark Infrastructure needing to Defer interest on the Loan Notes in subsequent interest periods (and the adverse consequences for Securityholders that would entail) • Spark Infrastructure having a simpler ownership and stapled security structure • Spark Trust becoming the parent entity with Spark Holdings 1, Spark Holdings 2 and Spark International becoming subsidiaries; • Securityholders eligible to participate will continue to hold the same proportionate interest in Spark Infrastructure as immediately before the Restructure; and • Spark Infrastructure incurring one-off transaction costs. 	<p>Sections 1.4, 7, 12.2</p>

QUESTION	ANSWER	REFER TO SECTION
Who is eligible to participate in the Restructure?	It is currently expected that Securityholders whose addresses are shown in the register on the record date for the Restructure as being in the jurisdictions listed in Section 7.9(a) will be entitled to have new Units issued to them under the Restructure, subject to the qualifications for particular jurisdictions in Section 7.9(a). Ineligible Overseas Securityholders will not be able to participate.	Section 7.9(a)
When will the record date be for the Restructure?	This date is yet to be determined. It is intended to be shortly prior to implementation of the Restructure and after the second Court hearing to sanction the Schemes. Further details will be provided in the Notices of Meeting and Explanatory Memorandum to be despatched in relation to the Restructure.	N/A
What will Securityholders receive under the Restructure?	Securityholders (other than Ineligible Overseas Securityholders) will receive three tranches of further Units (one tranche as part of the Note Scheme, one tranche as part of the Spark Holdings 1 Scheme and one tranche as part of the Spark Holdings 2 Scheme). After these steps their aggregate Unit holdings will be consolidated such that they hold the same number of Securities as they held immediately before that time. While the number of Units will be reduced in the consolidation, the capital contributed per Unit will be increased following the Schemes.	Sections 7.6, 9.4
What happens to Ineligible Overseas Securityholders?	Certain Securityholders in foreign jurisdictions may be Ineligible Overseas Securityholders (see Section 7.9(b)). Units will not be issued to these persons under the Restructure. Instead, Ineligible Overseas Securityholders will have their full holding of Securities sold through a nominee sale process.	Section 7.9(b)
What are the objectives of the Restructure?	The objectives are to: <ul style="list-style-type: none"> • Realign Spark Infrastructure's Loan Note interest obligations with cashflows expected to be available from the Asset Companies; and • Adopt a simpler ownership and stapled security structure, recognising investors' preference for simpler structures. 	Section 1.1, 1.3, 1.4
What is the financial effect of the Restructure on Spark Infrastructure?	The financial effect of the Restructure on Spark Infrastructure is set out in Section 9.	Section 9

RESTRUCTURE continued

QUESTION	ANSWER	REFER TO SECTION
What are the conditions precedent to the Restructure?	<p>The Restructure has a number of conditions precedent including:</p> <ul style="list-style-type: none"> • Completion of the Entitlement Offer; • Securityholder approvals to the Restructure; • Independent Expert not changing or withdrawing its conclusion that the Restructure is in the best interests of Securityholders; • Court approval to the Schemes; • ASIC and ASX waivers and/or confirmations; • Approval of the lenders under Spark Infrastructure's senior debt; and • CKI, RREEF and the Manager execute the governance deed poll described at Section 2.7 <p>Other than the restructure of Spark International, each of the three Schemes and other related Securityholder approvals are interconditional on each other. For administrative reasons, they are not conditional upon the restructure of Spark International (see further questions/answers below).</p> <p>Spark Infrastructure will announce to the ASX any material developments in the status of these conditions.</p>	Section 7.8
What Securityholder approvals are required for the Restructure?	A number of Securityholder approvals are required for the Restructure. Some of these are special resolutions (requiring at least 75% approval of the votes cast) and three are scheme resolutions (requiring at least 75% approval of the votes cast and more than 50% by number).	Section 7.11
Can the Restructure be terminated?	Yes. If the conditions precedent are not satisfied by 31 December 2010 and cannot be waived. Further, Spark Infrastructure has an ability to terminate the Restructure prior to the Court approval of the Schemes. This includes a right to terminate if a change of control proposal emerges which is superior to the Restructure or a materially adverse development arises prior to that time.	Section 7.8.
What if a Securityholder does not vote or votes against the Restructure?	If a Securityholder who is eligible to participate in the Restructure elects to either not vote or to vote against the Restructure Resolutions and all conditions to the Restructure are satisfied or waived, they will participate in the Restructure and receive additional Units in exchange for their shares in Spark Holdings 1, Spark Holdings 2 and under the Loan Note reduction. This is so even if they did not vote or voted against any or all of the Restructure Resolutions.	
What are the benefits of the Restructure?	The Boards consider the Restructure offers a number of benefits to Securityholders, which are summarised in Section 1.4.	Section 1.4
What are the risks and disadvantages of the Restructure?	While the Boards intend to recommend that Securityholders vote in favour of the Restructure, there are various risks and disadvantages which Securityholders should consider.	Sections 1.4, 12.2
What is the Independent Expert's view of the Restructure?	On the basis of the matters discussed in their Report, the Independent Expert has concluded that the Restructure is in the best interests of Securityholders. The Report is set out in full in Annexure A.	Section 1.1 and Annexure A

QUESTION	ANSWER	REFER TO SECTION
What happens if the Restructure does not proceed?	<p>If the Restructure does not proceed, the structure will remain the same. The consequences for the Securityholders are described in Section 1.3.</p> <p>There are a number of risks and disadvantages of this outcome which are described in Section 1.4 and 12.</p>	Sections 1.3, 1.4, 12
How will the interest distribution on the Loan Notes for the second half of 2010 be calculated if the Restructure proceeds and will all Securities be entitled to the final amount?	<p>The interest on the Loan Notes for the second half of 2010 will be calculated in accordance with the Loan Note Trust Deed as follows:</p> <ul style="list-style-type: none"> • For the period up to but not including the implementation date of the Restructure – at a rate of 10.85% per annum on the current face value of the Loan Notes (\$1.25); and • For the period from (and including) that date – at a rate of 10.85% per annum on the post Restructure reduced face value (\$0.65). 	Section 7.10
What are the tax implications for Securityholders of the Restructure?	A summary of the general tax implications for Australian resident retail Securityholders is set out in Section 10.	Section 10
Are CKI and Deutsche Bank able to vote on the Restructure Resolutions?	Yes, CKI and Deutsche Bank only have the same interest in the Restructure Resolutions as other Securityholders.	Section 2.5
What is happening to Spark International under the Restructure?	<p>Spark International is proposed to be retained in the structure in order to preserve the ability for Spark Infrastructure to pursue international acquisition opportunities in the future, should these arise.</p> <p>While the restructure of Spark International (being a redemption of ordinary shares (and cancellation of related CDIs)) is conditional on the Schemes and other Restructure Resolutions being approved, the Schemes and other Restructure Resolutions are not conditional on the redemption of Spark International's ordinary shares proceeding. If Spark International is unable to proceed with the redemption, the directors of Spark International will unstaple the ordinary shares/CDIs before the other implementation steps and proceed to have Spark International wound up instead.</p> <p>The alternative treatment of Spark International is for administrative reasons given it is a less significant part of the structure and the Bahamas does not have the equivalent of the scheme of arrangement provisions under the Corporations Act.</p>	Sections 7.6 and 7.11

SECTION 4

ENTITLEMENT OFFER

This Section 4 contains some more detailed information of the Entitlement Offer. For a description of the benefits of the offer, its key risks and disadvantages, its relationship to the Restructure (which is subject to conditions and therefore may not proceed), the use of proceeds and other commercial aspects, see Sections 1.1, 1.3 and 1.4.

Spark Infrastructure proposes to raise approximately \$295 million under the Entitlement Offer.

Under the Entitlement Offer, Spark Infrastructure is offering Eligible Securityholders the opportunity to subscribe for 2 New Securities for every 7 Existing Securities¹ held on the Record Date. The Offer Price per New Security is \$1.00. This Offer Price is the same for both the Institutional Entitlement Offer and the Retail Entitlement Offer and represents:

- A discount of 12.7% to the closing price of Securities on 21 September 2010; and
- A discount of 10.1% to the theoretical ex-rights price.

The Entitlement Offer comprises two components:

- An Institutional Entitlement Offer, under which Eligible Institutional Securityholders are being invited to take up all or part of their Entitlement, and can apply for New Securities in excess of their Entitlement. The Institutional Entitlement Offer will be conducted between 22 and 23 September 2010; and
- A Retail Entitlement Offer, under which Eligible Retail Securityholders are being invited to take up all or part of their Entitlement, and can apply for New Securities in excess of their Entitlement. The Retail Entitlement Offer opens on 30 September 2010 and closes at 5:00pm (Sydney time) on 21 October 2010.

As the Entitlement Offer is non-renounceable, Entitlements cannot be traded or otherwise transferred on the ASX or any other exchange or privately. New Securities representing Entitlements not taken up by Eligible Securityholders, together with New Securities that would have been offered to Ineligible Securityholders if they had been eligible to participate, will be sold to Eligible Securityholders who apply for New Securities in excess of their Entitlement, or subscribed for by the Joint Lead Managers (or certain Institutional Investors) under the terms of the Underwriting Agreement.

4.1 NEW SECURITIES

Each New Security comprises:

- One unit in Spark Trust;
- One share in Spark Holdings 1;
- One share in Spark Holdings 2;
- One CDI representing one share in Spark International; and
- One Loan Note issued by Spark RE as responsible entity of Spark Trust.

The Loan Notes forming part of the New Securities are unsecured notes for the purposes of s283BH of the Corporations Act and are issued by the Spark RE as trustee of Spark Trust. They are subordinated to all secured and unsecured creditors of Spark Trust for all amounts.

The composition of the Securities will change if the Restructure proceeds.

4.2 INSTITUTIONAL ENTITLEMENT OFFER

Under the Institutional Entitlement Offer, Eligible Institutional Securityholders are invited to subscribe for all or part of their Entitlement at the Offer Price.

An Eligible Institutional Securityholder is a registered Securityholder on the Record Date and to whom Spark Infrastructure or the Joint Lead Managers decide to extend an offer to subscribe for New Securities under the Institutional Entitlement Offer on the basis they are Institutional Investors, including where the offer is made to a person for whom the Securityholder holds Securities. Eligible Institutional Securityholders will be given instructions by the Joint Lead Managers as to how to participate in the Institutional Entitlement Offer.

¹ Where fractions arise in the calculation of an Entitlement, the Entitlement will be rounded down to the nearest whole number of New Securities.

4.3 RETAIL ENTITLEMENT OFFER

Under the Retail Entitlement Offer, Eligible Retail Securityholders are invited to subscribe for all or part of their Entitlement at the Offer Price.

Eligible Retail Securityholders include persons who:

- Are registered as Securityholders on the Record Date;
- Have a registered address in Australia or New Zealand;
- Are not in the United States or a person acting for the account or benefit of a person in the United States;
- Are not an Eligible Institutional Securityholder (other than a nominee to the extent that the nominee also holds on behalf of an Eligible Retail Securityholder) or an Ineligible Securityholder; and
- Are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

If you have acquired Securities after the Record Date these securities will be disregarded in determining your Entitlement.

Spark Infrastructure in its absolute discretion reserves the right to determine whether a Securityholder is an Eligible Retail Securityholder and able to participate in the Retail Entitlement Offer, or an Ineligible Securityholder and therefore unable to participate in the Retail Entitlement Offer. Spark Infrastructure disclaims all liability to the maximum extent permitted by law in respect of the determination as to whether a Securityholder is an Eligible Retail Securityholder or an Ineligible Securityholder.

The Retail Entitlement Offer is not being extended to Ineligible Securityholders. It is the responsibility of each applicant to ensure compliance with the laws of any country relevant to their Application.

4.4 OVERSUBSCRIPTIONS

In addition, Eligible Securityholders (other than related parties of Spark Infrastructure) may also apply for additional New Securities in excess of their Entitlement. Spark Infrastructure reserves the right to scale the allocation of any New Securities in respect of such applications at its sole discretion.

For the avoidance of doubt, Entitlements of Ineligible Securityholders who are unable to participate in the Entitlement Offer (see Section 4.9) will not form part of the Entitlements available to Eligible Retail Securityholders for over subscription.

4.5 IMPACT OF ENTITLEMENT OFFER ON CONTROL

The potential effect the Entitlement Offer will have on control of Spark Infrastructure, and the consequences of that effect, will depend on a number of factors including investor demand. However given the structure of the Entitlement Offer as a pro rata issue and the fact (based on substantial holder notices that have been lodged on or prior to the date of this Investor Information Booklet) that no Securityholder has voting power exceeding 12.41% of Spark Infrastructure, the Entitlement Offer is not expected to have any material effect or consequence on the control of Spark Infrastructure.

4.6 UNDERWRITING

The Entitlement Offer is fully underwritten by the Joint Lead Managers. A summary of the Underwriting Agreement is set out in Section 13.2 of this Investor Information Booklet, including the conditions to such underwriting and the circumstances in which the Joint Lead Managers are entitled to terminate their underwriting obligations.

4.7 WITHDRAWAL OF THE ENTITLEMENT OFFER

Spark Infrastructure directors reserve the right to withdraw the Entitlement Offer at any time, in which case Spark Infrastructure will refund any Application Monies already received in accordance with the Corporations Act and will do so without interest. If settlement has already occurred under the Institutional Entitlement Offer, Spark Infrastructure may only be able to withdraw the Entitlement Offer with respect to New Securities yet to be issued.

4.8 RECORD DATE

The Record Date for determining Entitlements is 7:00pm Sydney time 27 September 2010.

4.9 INELIGIBLE SECURITYHOLDERS

Ineligible Securityholders will not be able to participate in the Entitlement Offer. Instead, New Securities which would otherwise have been available for subscription by Ineligible Securityholders will be offered to select Institutional Investors (which may include Eligible Institutional Securityholders, excluding any related parties of Spark Infrastructure) or subscribed for by the Underwriters in accordance with the Underwriting Agreement. Ineligible Securityholders will not receive any proceeds for those securities as they will be subscribed at the Offer Price.

4.10 NOMINEES

Securityholders holding Securities on behalf of persons who are resident outside of Australia or New Zealand are responsible for ensuring that taking up their Entitlement does not breach the laws and regulations in the relevant foreign jurisdictions.

Securityholders who are nominees are therefore advised to seek independent advice as to how they should proceed.

A nominee must not send any materials relating to the Entitlement Offer into the United States or to any person that is a US Person or is acting for the account or benefit of a US Person and must not submit an Entitlement and Acceptance Form or otherwise accept the Retail Entitlement Offer on behalf of a person in the United States or a person that is a US person or is acting for the account or benefit of a US Person.

4.11 RANKING OF NEW SECURITIES

New Securities will be issued on a fully paid basis and will rank equally in all respects (including as to payment of any distribution payable for the period ending 31 December 2010) with the Existing Securities.

If the Restructure proceeds, the interest on the Loan Notes for this period will be calculated using the face value of:

- \$1.25 per Loan Note for the period up to but not including the Restructure implementation date; and
- \$0.65 per Loan Note for the period from that date (including the Restructure implementation date).

4.12 RECONCILIATION

In some instances, Securityholders may believe that they own more Existing Securities on the Record Date than they ultimately do. This may result in a need for reconciliation. If reconciliation is required, it is possible that Spark Infrastructure may need to issue a small quantity of additional New Securities at the same Offer price to ensure all Eligible Securityholders have the opportunity to receive their full Entitlement.

Spark Infrastructure also reserves the right to reduce the number of New Securities allocated to Eligible Securityholders or persons claiming to be Eligible Securityholders, if their Entitlement claims prove to be overstated, or if they or their nominees fail to provide information requested to substantiate their Entitlement claims, or if they are indeed not Eligible Securityholders.

4.13 QUOTATION AND TRADING

Spark Infrastructure will apply to the ASX for the official quotation of the New Securities in accordance with Listing Rule requirements.

Subject to approval being granted, it is expected that:

- Normal trading of New Securities allotted under the Initial Allotment will commence on 11 October 2010; and
- Normal trading of New Securities allotted under the Final Allotment will commence on 1 November 2010.

4.14 HOLDING STATEMENTS

Holding statements are expected to be dispatched to Eligible Securityholders:

- On 11 October 2010 in respect of New Securities allotted under the Initial Allotment; and
- On 1 November 2010 in respect of New Securities allotted under the Final Allotment.

It is the responsibility of each applicant to confirm their holding before trading in New Securities. Any applicant who sells New Securities before receiving confirmation of their holding in the form of their holding statement will do so at their own risk. Spark Infrastructure and the Joint Lead Managers disclaim all liability whether in negligence or otherwise (and to the maximum extent permitted by law) to persons who trade New Securities before receiving their holding statements, whether on the basis of confirmation of the allocation provided by Spark Infrastructure, the Registry or the Joint Lead Managers.

4.15 FOREIGN SELLING RESTRICTIONS

This Investor Information Booklet and any accompanying documents do not constitute an offer or invitation in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of this Investor Information Booklet and any accompanying documents in jurisdictions outside Australia and New Zealand may be restricted by law and anyone who receives this Investor Information Booklet and any accompanying documents should seek advice and observe such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities law. No action has been taken to register or qualify the New Securities or the Entitlement Offer or otherwise permit a public offering of securities in any jurisdiction outside of Australia or New Zealand.

Refer to Annexure C for specific restrictions in respect of various jurisdictions in respect of the Entitlement Offer.

Securityholders outside of Australia and New Zealand considering whether or not to participate in the Entitlement Offer should have regard to Section 7.9(b). Ineligible Overseas Securityholders are not able to participate in the Restructure and their holdings of Securities will be sold as described in Section 7.9(b).

4.16 TAX

The taxation consequences of the Entitlement Offer for Securityholders will depend on the personal taxation and financial circumstances of each Securityholder. A summary of the Australian general taxation implications for Australian resident Eligible Retail Securityholders is discussed in Section 10 and it is important that you read this carefully. Securityholders should consult their own taxation advisers about the taxation consequences before deciding whether or not to participate in the Entitlement Offer.

SECTION 5

HOW TO APPLY – ELIGIBLE RETAIL SECURITYHOLDERS

Eligible Retail Securityholders should read this Section in its entirety for instructions on the choices available to you. Eligible Institutional Securityholders should contact the Joint Lead Managers for information as to how to participate in the Institutional Entitlement Offer.

5.1 WHAT IS MY ENTITLEMENT

Eligible Retail Securityholders will receive a personalised Entitlement and Acceptance Form setting out their Entitlement, which accompanies this Investor Information Booklet. Your Entitlement has been calculated as 2 New Securities for every 7 Existing Securities you held as at the Record Date¹. If you have multiple holdings, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding (refer to Section 5.3).

5.2 CHOICES AVAILABLE TO ELIGIBLE RETAIL SECURITYHOLDERS

If you are an Eligible Retail Securityholder, you may do any one of the following:

1. Take up all or part of your Entitlement (refer to Section 5.3);
2. Take up all of your Entitlement and apply for additional New Securities in excess of your Entitlement (refer to Section 5.3); or
3. Do nothing, in which case all of your Entitlement will lapse (refer to Section 5.7).

5.3 IF YOU WISH TO TAKE UP ALL OF, OR PART OF, OR MORE THAN YOUR ENTITLEMENT

If you wish to take up your Entitlement in full, in part or take up your Entitlement and apply for additional New Securities, there are two ways you can submit your Application and Application Monies.

5.3.1 SUBMIT YOUR COMPLETED ENTITLEMENT AND ACCEPTANCE FORM TOGETHER WITH CHEQUE, BANK DRAFT OR MONEY ORDER FOR ALL APPLICATION MONIES

To apply and pay by cheque, bank draft or money order, you should:

- Read this Investor Information Booklet and the Entitlement and Acceptance Form in their entirety and seek appropriate professional advice if necessary;
- Complete the personalised Entitlement and Acceptance Form accompanying this Investor Information Booklet in accordance with the instructions set out on that form, and indicate the number of New Securities you wish to apply for (all or part of your Entitlement plus any additional New Securities in excess of your Entitlement you wish to apply for); and
- Return the form to the Registry (address details below) together with a cheque, bank draft or money order which must be:
 - in respect of the full Application Monies (being \$1.00 multiplied by the number of New Securities you wish to subscribe for);
 - in Australian currency drawn on an Australian branch of a financial institution; and
 - made payable to 'Spark Infrastructure Application Account' and crossed 'Not Negotiable'.

You should ensure that sufficient funds are held in relevant account(s) to cover the full Application Monies.

Cash payments will **not** be accepted. Receipts for payment will not be issued.

¹ Where fractions arise in the calculation of an Entitlement, the Entitlement will be rounded down to the nearest whole number of New Securities.

You need to ensure that your completed Entitlement and Acceptance Form and cheque, bank draft or money order in respect of the full Application Monies reaches the Registry at the following address:

Postal Address:	Hand delivery address:
GPO Box 505	Level 4,
Melbourne VIC 3001	60 Carrington Street
	Sydney NSW 2000

Entitlement and Acceptance Forms (and payments for any Application Monies) will not be accepted at Spark Infrastructure's registered or corporate offices.

For the convenience of Eligible Retail Securityholders, an Australian reply paid envelope addressed to the Registry has been enclosed with this Investor Information Booklet.

Note that if you have more than one holding of Securities, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding. A separate Entitlement and Acceptance Form and payment of Application Monies must be completed for each separate Entitlement you hold.

5.3.2 PAYMENT VIA BPAY®

To apply and pay via BPay®, you should:

- read this Investor Information Booklet and the Entitlement and Acceptance Form in their entirety and seek appropriate professional advice if necessary;
- make your payment in respect of the full Application Monies via BPay® for the number of New Securities you wish to subscribe for (being the Offer Price of \$1.00 per New Security multiplied by the number of New Securities you are applying for (all or part of your Entitlement plus any additional New Securities in excess of your Entitlement you wish to apply for)) so that it is received by no later than Final Retail Acceptance Date, being 5:00 pm (Sydney time) on 21 October 2010. You can only make a payment via BPay® if you are the holder of an account with an Australian financial institution.

If you choose to pay via BPay® you are not required to submit the Entitlement and Acceptance Form but are taken to make the statements on that form and representations outlined below in Section 5.6, including the Eligible Retail Securityholder declarations set out at the inside back cover of this Investor Information Booklet.

If you have multiple holdings you will have multiple BPay® reference numbers. To ensure you receive your Entitlement in respect of that holding, you must use the reference number shown on each personalised Entitlement and Acceptance Form when paying for any New Securities that you wish to apply for in respect of that holding.

5.4 TIMING OF ACCEPTANCES AND ALLOTMENT OF NEW SECURITIES

If you wish to be allotted New Securities at the same time as Eligible Institutional Securityholders on the Initial Allotment Date being 11 October 2010, your Entitlement and Acceptance Form (if applying by cheque, bank draft or money order) and your Application Monies must be received by the Registry by no later than 5:00 pm (Sydney time) on 6 October 2010 and cleared funds are received by 8 October. If cleared funds are not received by this time, the Registry will retain your Application Monies and process your application as part of the Retail Entitlement Offer as though you submitted your payment after the initial Retail Acceptance Date. Any allocation in respect of an Application for New Securities in excess of an Eligible Retail Securityholder's Entitlement will be allotted with the Final Allotment on 29 October 2010.

If your Application Monies and your Entitlement and Acceptance Form (if applying by cheque, bank draft or money order) are received after the Initial Retail Acceptance Date, but before the Final Retail Acceptance Date, or if cleared funds are received after 8 October 2010, New Securities will be allotted to you on the Final Allotment Date, 29 October 2010.

Entitlement and Acceptance Forms and payments for Application Monies will not be accepted after the Final Retail Acceptance Date, being 5:00 pm (Sydney time) on 21 October 2010, and no New Securities will be issued to you in respect of any applications received after the Final Retail Acceptance Date.

Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment of Application Monies.

5.5 ADJUSTMENTS TO APPLICATIONS

If the amount of Application Monies is insufficient to pay in full for the number of New Securities you have applied for, or is more than the number of New Securities you applied for, you will be taken to have applied for such whole number of New Securities which is covered in full by your Application Monies. Alternatively, your Application will be rejected.

5.5 ADJUSTMENTS TO APPLICATIONS *continued*

To the extent that valid Applications for additional New Securities in excess of Entitlements are received by the Initial Retail Acceptance Date, those portions of the Applications will be held over until the Final Allotment Date. If you apply for additional New Securities in excess of your Entitlement and you are not allocated all or some of the additional New Securities applied for, the relevant Application Monies will be refunded to you after the Final Allotment Date in accordance with the Corporations Act, without interest. The decision of Spark Infrastructure on the number of New Securities to be allocated to you will be final. If you have provided details of an account with an Australian financial institution for payment of distributions, we intend to refund any relevant Application Monies to that account, otherwise you will receive your refund by cheque.

5.6 IMPLICATIONS OF MAKING AN APPLICATION

Returning a completed Entitlement and Acceptance Form or paying any Application Monies for New Securities via BPay® will be taken to constitute a representation by the Eligible Retail Securityholder that they:

1. Have received a copy of this Investor Information Booklet accompanying the Entitlement and Acceptance Form, and read them in their entirety;
2. Make the Eligible Retail Securityholder declarations set out at inside back cover of this Investor Information Booklet; and
3. Acknowledge that once the Entitlement and Acceptance Form is returned, or a BPay® payment instruction is given in relation to any Application Monies, the Application may not be varied or withdrawn except as required by law.

5.7 IF YOU DO NOTHING

If you are an Eligible Retail Securityholder and you do nothing, then New Securities representing your Entitlement will be offered to Eligible Securityholders who apply for New Securities in excess of their Entitlement, or subscribed for by the Joint Lead Managers (or certain select Institutional Investors) under the terms of the Underwriting Agreement.

You should also note that, if you do not take up all your Entitlement, then your percentage holding in Spark Infrastructure will be reduced.

5.8 CUSTODIANS/NOMINEES

The Retail Entitlement Offer is being made to Eligible Retail Securityholders. Spark Infrastructure is not required to determine whether or not any registered holder is acting as nominee or custodian or the identity or residence of any beneficial owners of Spark Infrastructure stapled securities.

Where any Eligible Retail Securityholder is acting as a nominee for a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Retail Entitlement Offer is permitted under applicable foreign securities laws.

5.9 READ THE ENCLOSED INFORMATION AND SEEK ADVICE AS APPROPRIATE

The Entitlement Offer is not being made under a prospectus or product disclosure statement. The Entitlement Offer is being made pursuant to provisions of the Corporations Act which permit entitlement offers to be made by providing certain confirmations to the market. It does not contain all of the information which may be required in order to make an informed decision regarding, or about the rights attaching to, the New Securities.

As a result, it is important for Eligible Retail Securityholders to read and understand the publicly available information on Spark Infrastructure and the Entitlement Offer prior to deciding whether or not to accept the invitation to subscribe for all of, part of or more than their Entitlement. In particular this Investor Information Booklet and the accompanying Entitlement and Acceptance Form contain important information about the Entitlement Offer and the Restructure. You should read them carefully and in their entirety before deciding whether or not to participate in the Entitlement Offer. Further information on Spark Infrastructure is contained in Spark Infrastructure's Annual Reports and other announcements made by Spark Infrastructure.

If you are in doubt as to the course you should follow you should consult your stockbroker, accountant or other professional adviser. If you:

- Have questions in relation to the Existing Securities upon which your Entitlement has been calculated;
- Have questions on how to complete the Entitlement and Acceptance Form or take up your Entitlement; or
- Have lost your Entitlement and Acceptance Form and would like a replacement form,

Please call the Spark Infrastructure Securityholder Information Line on 1300 608 629 (within Australia) and +61 3 9415 4068 (outside Australia) at any time from 8.30am to 5:00pm (Sydney time) during the Entitlement Offer Period.

SECTION 6

OVERVIEW OF SPARK INFRASTRUCTURE AND TRADING UPDATE

6.1 SPARK INFRASTRUCTURE GROUP – OVERVIEW

Spark Infrastructure was listed in December 2005 with seed assets acquired from Cheung Kong Infrastructure Holdings Limited (CKI) and Hong Kong Electric Holdings (HKE). Spark Infrastructure is managed by an external manager, Spark Infrastructure Management Limited (the Manager), which is 50% owned by CKI and 50% owned by RREEF Infrastructure (RREEF). The Manager manages the existing investments of Spark Infrastructure under a management agreement (the Management Agreement). See Section 2.5 for details of CKI and RREEF's interests in Spark Infrastructure Securities and Section 2.6 for details of the Management Agreement.

Spark Infrastructure is currently a stapled security, with each Security comprising a unit in Spark Trust, a loan note issued by Spark Trust and a share in each of Spark Holdings 1, Spark Holdings 2 and a CHESS Depository Interest (CDI) representing a share in Spark International. Further details on the current structure and the proposed Restructure are set out in Section 7 of this Investor Information Booklet.

Spark Infrastructure has a 49% interest in the three Australian electricity distribution businesses (the Asset Companies) it acquired at time of listing:

- ETSA Utilities (ETSA Utilities) based in South Australia;
- CitiPower Pty Limited (CitiPower), servicing Melbourne's inner suburbs and central business district; and
- Powercor Australia Limited (Powercor) based in Victoria, servicing western Victoria (including the western suburbs of Melbourne).

Spark Infrastructure's investments in CitiPower and Powercor are held through a company called CHEDHA, which owns 100% of CitiPower and Powercor and in which Spark Infrastructure holds a 49% interest. The remaining 51% equity interest in CHEDHA and ETSA Utilities is held by CKI and HKE.

Since the initial public offering, Spark Infrastructure has maintained its 49% interest in the three underlying assets and over this time, the proportional EBITDA¹ has increased from \$517 million in 2005 to \$617 million in 2009, representing an average annual growth rate of 4.5%. Similarly, the Regulatory Asset Base (RAB) has increased by average annual growth rates of 5.1%, 7.3% and 2.6% per annum at CitiPower, Powercor and ETSA Utilities respectively over the same period. As at 31 December 2009, Spark Infrastructure's proportional share of the Asset Companies' total RAB was \$2.98 billion (49% of \$6.09 billion).

6.2 ETSA UTILITIES – COMPANY OVERVIEW

ETSA Utilities operates the only significant electricity distribution business in South Australia, servicing Adelaide and all of the major population centres in the State. ETSA Utilities is held 49% by Spark Infrastructure and 51% by CKI and HKE.

(a) Overview of assets

Serving more than 812,000 residential, commercial, and industrial customers, ETSA Utilities connects residential and business customers to a safe and reliable supply of electricity. Retailers, who sell electricity to customers after having purchased energy from generators, pay ETSA Utilities for the use of the distribution system to deliver electricity to the customer.

ETSA Utilities' distribution network comprises a route length of over 86,000 kilometres and has a RAB of approximately \$2.75 billion as at 31 December 2009.

Date acquired	Owned at time of listing (December 2005)
% interest	49%
Location	South Australia
Capital expenditure requirements	The AER's final distribution determination in May 2010 confirmed that capital expenditure for ETSA Utilities will double in the next regulatory period to c.\$1.65 billion
RAB (as at 31 December 2009)	\$2.75 billion
Next regulatory reset	1 July 2015
2009 EBITDA	\$624.4 million

¹ Spark Infrastructure's 49% share of Asset Companies' earnings before interest taxes depreciation and amortisation.

6.2 ETSA UTILITIES – COMPANY OVERVIEW continued

(b) Overview of 2009 and six months ending June 2010 financial performance

In the 2009 financial year, ETSA Utilities' EBITDA increased by 16.0% to \$624.4 million due to higher prescribed revenues of \$538.5 million and non-prescribed revenues of \$313.4 million. Growth in regulated revenue was primarily due to higher tariffs, which moved up in line with the regulatory formula and operating costs were lower largely due to lower unregulated revenue.

ETSA Utilities also experienced continued growth in employee numbers mainly due to the success of its apprentice recruitment program.

ETSA Utilities also undertakes non-regulated operations which include the Construction and Maintenance Services (CaMS) group. The CaMS group provides services including substation design and construction, transmission and distribution line maintenance and construction, telecommunications engineering and design and material sales, for other entities. Major customers include ElectraNet (making up approximately 50% of CaMS revenue), mining and other companies with specific electricity infrastructure needs, and windfarm companies. It also provides services in the State of Victoria to Powercor and Jemena, electricity distributors.

6.3 CHEDHA – COMPANY OVERVIEW

CHEDHA holds a 100% interest in each of the CitiPower and Powercor electricity distribution businesses. CHEDHA is held 49% by Spark Infrastructure and 51% by CKI and HKE.

(a) Overview of assets**CITIPOWER**

CitiPower owns and operates the distribution network that supplies electricity to approximately 305,000 customers in Melbourne's CBD and inner suburbs. These customers include some of Australia's largest companies, public transport systems and cultural and sporting venues.

CitiPower charges retailers for the use of the distribution system to deliver electricity to the retailer's customers. The network itself consists of 6,478 kilometres of distribution line spanning approximately 157 square kilometres and has a RAB of \$1.22 billion as at 31 December 2009.

Date acquired	Owned at time of listing (December 2005)
% interest	49%
Location	Melbourne
Capital expenditure requirements	AMI or "smart meters" <ul style="list-style-type: none"> • Roll-out commenced late 2009 • Project estimated to have total capital expenditure requirements for Powercor and CitiPower of c. \$630 million, with half of the capital expenditure required in 2012 – 2013 Supply security project for the Melbourne CBD <ul style="list-style-type: none"> • Capital expenditure will be required to augment the system as part of this project which is added to the RAB and contributable to future revenue Regulated capital expenditure is expected grow significantly in the next regulatory period
RAB (as at 31 December 2009)	\$1.22 billion
Next regulatory reset	1 January 2011
2009 EBITDA	\$635.5 million (combined with Powercor)

POWERCOR

Powercor operates the primary electricity distribution business in the central and western region of the State of Victoria, serving more than 698,000 residential, commercial, and industrial customers. The primary business is the operation, construction, and maintenance of the electricity distribution network – a strategic community asset that constitutes a core component of the region's infrastructure.

Powercor charges retailers for the use of the distribution system to deliver electricity to the retailer's customers. Powercor's distribution network covers 150,000 square kilometres, has a route length in excess of 80,000 kilometres and has a RAB of \$2.12 billion as at 31 December 2009.

Date acquired	Owned at time of listing (December 2005)
% interest	49%
Location	Victoria
Capital expenditure requirements	AMI or “smart meters” <ul style="list-style-type: none"> • Roll-out commenced late 2009 • Project estimated to have total capital expenditure requirements for Powercor and CitiPower of c.\$630 million, with half of the capital expenditure required in 2012 – 2013 Regulated capital expenditure for next regulatory period expected to grow substantially
RAB (as at 31 December 2009)	\$2.12 billion
Next regulatory reset	1 January 2011
2009 EBITDA	\$635.5 million (combined with CitiPower)

(b) Overview of 2009 and six months ending June 2010 financial performance

In the 2009 financial year, CHEDHA had total revenues of \$910.2 million and total EBITDA of \$635.5 million. The 7.5% increase in EBITDA over the prior year was largely as a result of increases in prescribed revenue including the roll-out of AMI. Regulated revenue increased by 9.4% (including \$32.1 million or 113% increase in metering revenue) despite a 0.1% fall in electricity sales volume while operating expenditure increased by 7.1% largely due to budgeted cost increases related to the regulated business.

CitiPower and Powercor undertake unregulated business activities through CHED Services and Powercor Network Services.

CHED Services provides common back office services to CitiPower and Powercor Network Services. CHED Services also provides some of these services on commercial terms to other entities, predominantly in the Cheung Kong Group. This includes customer services (Full Retail Contestability support and Contact Centre operations) to ETSA Utilities, and IT services to third parties including ETSA Utilities and Northern Gas Networks Limited. CHED Services also provides back office services to Wellington Electricity Lines Limited.

Powercor Network Services provides design, construction and maintenance services to CitiPower and Powercor to augment and maintain the distribution networks. In addition, Powercor Network Services provides similar services to other electrical infrastructure businesses (transmission and distribution networks) located in Victoria, New South Wales, Queensland and Tasmania or customers requiring design, construction or maintenance of electrical infrastructure on a project basis.

6.4 REGULATION

The electricity industry in Australia is regulated through Commonwealth and State regulatory bodies. From January 2008, the wholesale electricity industry became subject to economic regulation by the AER.

The AER’s functions are focussed on regulating the natural monopoly electricity transmission and distribution sectors. AER has the power to regulate electricity distribution pricing. The legal framework and objectives for making price determinations require that AER use price regulation adopting a CPI-X approach and with a regulatory period of not less than five years.

Regulatory resets take effect from 1 July 2010 (ETSA Utilities) and from 1 January 2011 (CitiPower and Powercor) providing relatively certain revenues for the following five years.

SPARK INFRASTRUCTURE REGULATORY RESET MILESTONES

	ETSA Utilities	CitiPower and Powercor
Issue of Draft Decision	27 November 2009	4 June 2010
Business submits revised Regulatory Proposal	14 January 2010	21 July 2010
AER issues Final Decision	6 May 2010	30 October 2010
Regulatory reset (start date)	1 July 2010	1 January 2011
Regulatory period ending date	30 June 2015	31 December 2015

Full details of the regulatory submissions and determinations are available from the AER at aer.

In relation to Victoria (CitiPower and Powercor) there is a separate regulatory regime relating to AMI.

6.5 FINANCIAL OVERVIEW AND TRADING UPDATE FOR SPARK INFRASTRUCTURE

On 23 August 2010, Spark Infrastructure announced a strong underlying half year 2010 performance based on consistent growth in the regulated electricity distribution network activities of the three electricity distribution businesses in which Spark Infrastructure has a 49% interest – ETSA Utilities, CitiPower and Powercor.

HY 2010 Financial Results

- Spark Infrastructure underlying income was up 9.4%
- Prescribed (regulated) revenue of the Asset Companies was up 4.5% due to improved tariff mix and increased metering revenue
- Operating cashflows were down 54.4% due to lower levels of distributions and loan repayments from the Asset Companies which were retained to fund regulated capital expenditure growth. The timing of distributions receivable from the Asset Companies across 2010 is also significantly different to that of the prior year, with a larger portion of planned distributions expected to be received in the second half of the 2010 year. Spark Infrastructure's proportionate share of the Asset Companies' look-through operating cashflow for the period was \$84.1 million.

SPARK INFRASTRUCTURE FINANCIAL PERFORMANCE	HY 2010 (\$ MILLION)	HY 2009 (\$ MILLION)	VARIANCE (%)
Total income (underlying)	150.2	137.3	+9.4%
Profit before loan note interest and tax (underlying)	128.0	117.2	+9.2%
Operating and investing cashflows (stand alone)	44.0	96.4	-54.4%

HY 2010 HIGHLIGHTS

- ETSA Utilities commenced its new five year regulatory period on 1 July 2010
- CitiPower and Powercor have provided revised proposals to the AER following the release of the regulator's draft decision in June 2010
- Distribution to Securityholders of 6.72 cents per Security paid for HY 2010
- At the end of the period, Spark Infrastructure's net gearing including its proportionate share of the Asset Companies' debt, was 60.4%, with effective interest rate hedging of 89.5%.

On 13 September 2010 Spark Infrastructure announced it had successfully syndicated its new \$250 million debt facility package. This new facility will be used to repay Spark Infrastructure's existing \$225 million debt maturity due in December 2010, and comprises a 3-year revolving facility of \$165 million and a 4-year term loan of \$85 million. Following repayment of Spark Infrastructure's remaining debt maturity due in June 2011 from the proceeds of the Entitlement Offer, Spark Infrastructure will have no debt maturities until September 2013.

The Asset Companies continue to experience steady growth in regulated electricity distribution revenues and have maintained a steady flow of non-prescribed revenues in their respective businesses.

Given the commencement of the new regulatory period for ETSA Utilities and the upcoming release of the AER's final decision for CitiPower and Powercor, the portfolio of Asset Companies is approaching the point in the regulatory cycle which offers the greatest degree of certainty. Spark Infrastructure notes that ETSA Utilities has been granted leave to appeal by the Australian Competition Tribunal in relation to the value of imputation credits (gamma) and the level of its opening RAB; while the AER's final decision for CitiPower and Powercor is expected in October 2010 following the consideration of revised submissions made in response to AER's draft determination.

6.6 DISTRIBUTIONS

(a) Approach to distributions

Spark Infrastructure is shifting from a yield focussed security to an investment offering distribution yield and capital growth in Spark Infrastructure's equity investment in the Asset Companies' RAB.

Spark Infrastructure only pays out distributions which are fully supported by operating cashflows. Operating cashflows are reviewed at both the Spark Infrastructure level as well as on a look-through proportionate basis, i.e. including Spark Infrastructure's 49% interest share of the Asset Companies relevant operating cashflows. Operating cashflows are calculated after deducting an allowance for maintaining the Asset Companies' Regulatory Asset Bases. Distribution coverage by operating cashflows is assessed annually, while also taking into account the relevant 5-year regulatory period under which the Asset Companies are operating.

If the Restructure proceeds, distributions paid to Securityholders can comprise interest income on the Loan Notes, return of capital on Units and income distributions from Spark Trust. Consistent with prior years, it is expected that the majority of the distributions to Securityholders in the future will comprise interest income on the Loan Notes. After the Restructure, the Loan Note interest obligation per Security per annum will be approximately 7.0 cents.

Under the Loan Note Trust Deed, interest on the Loan Notes is payable half yearly in arrears but may be Deferred in certain circumstances (see Section 1.2). The Directors note that the Asset Companies have indicated they wish to retain a greater proportion of cash from operations to fund the expected rise in capital expenditure.

Unless otherwise determined by Spark RE, the distributable income of Spark Trust will not be less than the taxable income of Spark Trust. Spark Trust will, unless otherwise determined by Spark RE, distribute all of its taxable income. Refer to Section 10 for a general summary of the tax treatment of distributions post Restructure.

Spark Infrastructure has a distribution reinvestment plan (DRP) which enables Securityholders to reinvest their distributions into Securities. The DRP was operative in respect of the distribution paid in September 2009, and Spark Infrastructure expects to re-activate the DRP in the future as required to help finance capital expenditure in the Asset Companies.

Distributions to Securityholders are expected to be payable half yearly in March and September each year in respect of the preceding six month periods.

(b) Guidance for 2010 and 2011

The Directors have announced distribution guidance for the second half of 2010 of around 5.6 cents per Security. The distribution will be payable in March 2011.

The Directors have also provided distribution guidance for the 2011 year of 9.11 cents per Security comprising 7.0 cents Loan Note interest and 2.11 cents return of capital:

- An interim distribution of 4.50 cents per Security for the first half, reflecting an annualised rate of 9.0 cents per Security; and
- A final distribution of 4.61 cents per Security for the second half, reflecting annualised growth of 2.5% from the first half distribution.

If the Restructure proceeds, distributions in accordance with the guidance will satisfy the post Restructure interest obligations on the Loan Notes. If the Restructure does not proceed, the distribution is likely to comprise Loan Note interest only and there may be a Deferral of the balance of the interest for the relevant period (refer to Sections 1.2, 1.4 and 12.2 for further details on consequences and risks and disadvantages of a potential Deferral).

The distribution guidance has been provided as a guide for investors only. It is not a forecast and actual distributions may vary. The current Loan Note Interest obligation is 13.56 cents per Security per annum. See Section 10 in relation to taxation generally.

This distribution guidance has been prepared by Spark Infrastructure. It is not certain that the distributions described will be achieved. Please refer to Sections 6.8 and 11 for more detail on the key assumptions on which the guidance is based, Section 1.3 concerning Repositioning outcomes, and Sections 1.4 and 12 for risk factors.

The Regulatory Asset Base of the Asset Companies is expected to grow by 6.9%-9.2%¹ per annum over the next five year regulatory periods, based on:

- The AER's final determination for ETSA Utilities;
- The AER's draft determinations for CitiPower and Powercor (and submissions in response); and
- Inclusion of approved capital expenditure for AMI assets.

¹ 6.9% is based on the CitiPower and Powercor draft determinations. 9.2% is based on submissions in response to the CitiPower and Powercor draft determinations. Each figure is based on the final ETSA determination. Regulatory determinations and submissions are available at aer

6.7 DISTRIBUTIONS FROM THE ASSET COMPANIES TO SPARK INFRASTRUCTURE

Investors in Spark Infrastructure participate in the aggregated earnings and cash flows of the Asset Companies through the payment of distributions from the Asset Companies to Spark Infrastructure.

Spark Infrastructure receives a return on its 49% investment in the Asset Companies in the form of payment of interest on subordinated debt, partnership distributions, dividend income and returns on capital. These returns from the investment in the Asset Companies are Spark Infrastructure's main source of funds for distributions to Securityholders.

While net profit or loss will have an impact on the overall ability of the Asset Companies to pay dividends to Spark Infrastructure, it is not believed to be indicative of the capability of the Asset Companies to pay distributions to Spark Infrastructure. Rather, it is the ability of the Asset Companies to generate free cash flow from operations after funds required for capital expenditure and the servicing of Senior Debt that determines the ability of the Asset Companies to pay distributions to Spark Infrastructure.

6.8 KEY ASSUMPTIONS SUPPORTING DISTRIBUTION GUIDANCE

The distribution guidance provided in Section 6.6 has been prepared based on certain assumptions about future events which are set out in Section 11.

These summaries are intended to assist investors in assessing the reasonableness and likelihood of those future events occurring. Investors should be aware that the impact of future events may have a materially different positive or negative effect on the distribution guidance.

These assumptions are by their very nature subject to significant uncertainty and contingencies, many of which are outside the control of Spark Infrastructure and the Asset Companies and are not capable of reliable prediction.

Accordingly neither Spark Infrastructure or its Directors can give any assurance that the guidance will be achieved.

Spark Infrastructure's distribution profile will continue to reflect cashflows expected to be available from the Asset Companies. The underlying cashflows of the Asset Companies may be impacted by deviations from key assumptions used in preparing the distribution guidance. In most scenarios, given an adverse change to an assumption, Spark Infrastructure or the Asset Companies would be expected to undertake proactive steps to mitigate the impact of any potential negative impacts on earnings or cashflows. Nonetheless, mitigation may not be possible and potential investors should carefully review the key assumptions set out in Section 11 and the risk factors in Sections 1.4 and 12 in conjunction with the distribution guidance.

SECTION 7

RESTRUCTURE

This Section 7 contains some more detailed information of the Restructure. For a description of the Restructure objectives, the key benefits, its key risks and disadvantages and other commercial aspects, the Strategic Review options, the Independent Expert's conclusion and the Boards' recommendation see Sections 1 and 2.

7.1 OVERVIEW

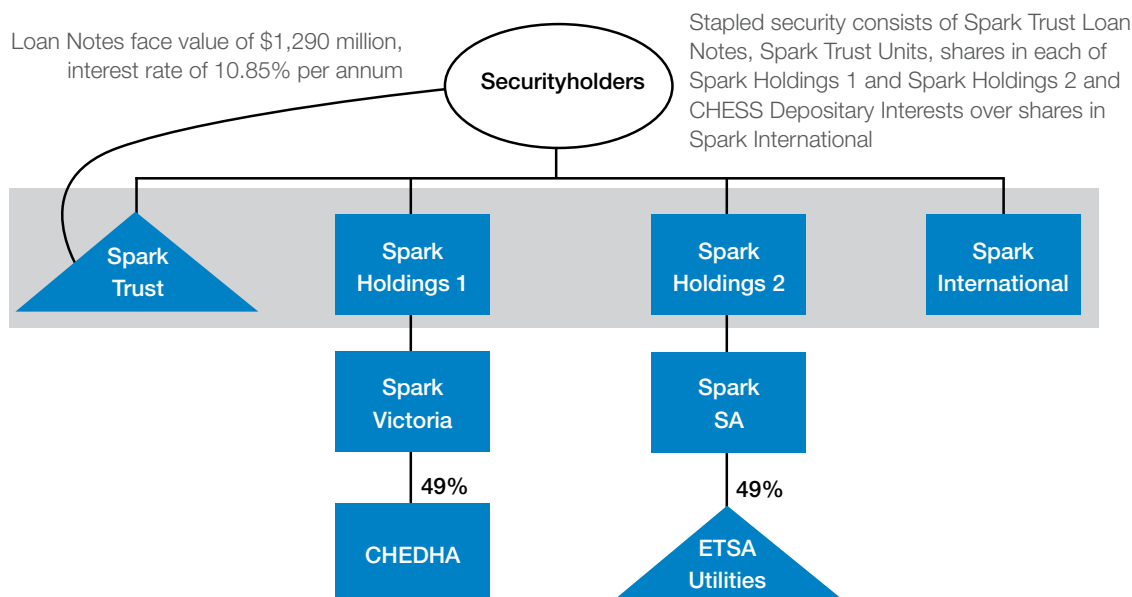
The Restructure involves:

- A partial repayment of the Loan Notes which results in reduction of the principal amount outstanding (face value of \$1.25) of the Loan Notes held by Securityholders with the amount repaid to be applied to the issue of additional Units to Securityholders. This is being undertaken to realign Spark Infrastructure's Loan Note interest obligations with the cashflows expected to be available from the Asset Companies; and
- A simplification to Spark Infrastructure's ownership and stapled security structure so that Spark Infrastructure becomes a single listed entity (Spark Trust) with two stapled securities (comprising a Loan Note and a Unit).

As at the date of this Investor Information Booklet, the Stapled Entities have entered into a Restructure Implementation Deed whereby the parties have agreed to use their respective best endeavours to give effect to the Restructure subject to the terms of the Restructure Implementation Deed, their respective Constitutions, the law, the Listing Rules and the ASX Settlement Operating Rules. A summary of the Restructure Implementation Deed is set out in Section 13 of this Investor Information Booklet.

7.2 CURRENT STRUCTURE AND IMPACT OF REPOSITIONING

The current capital and ownership structure of Spark Infrastructure is detailed in the following diagram:

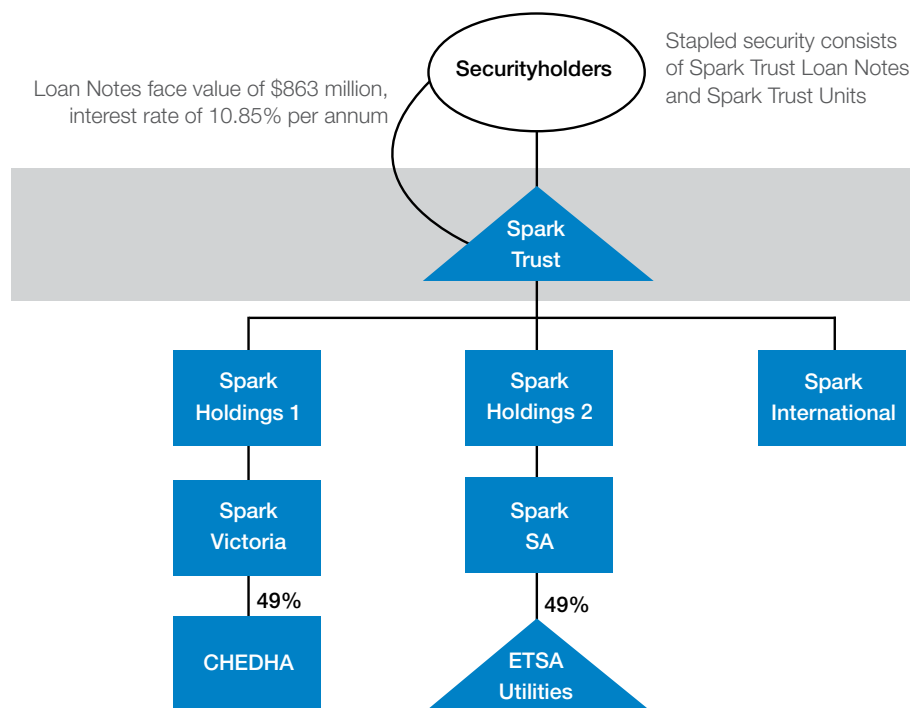


7.3 ENTITLEMENT OFFER

Spark Infrastructure proposes to raise approximately \$295 million under the Entitlement Offer. The Entitlement Offer will have the impact of increasing the total Loan Notes principal from \$1,290 million to approximately \$1,658 million, being \$1.25 for each New Security issued. Further detail of the Entitlement Offer is set out in Section 4.

7.4 RESTRUCTURE

Following the Restructure, Securityholders will hold a stapled security comprising a Unit and a Loan Note issued by Spark Trust. In turn Spark Trust will hold all the ordinary shares in Spark Holdings 1, Spark Holdings 2 and Spark International, so they become subsidiaries, as illustrated below.



7.5 EXTERNAL MANAGEMENT AND GOVERNANCE ARRANGEMENTS

Following the Restructure, Spark Infrastructure will continue to remain externally managed and it is intended that arrangements will be put in place to replicate the current governance arrangements. Refer to Sections 2.6 and 2.7 for details.

7.6 STEPS TO IMPLEMENT THE RESTRUCTURE

There are a number of key steps in implementing the Restructure, being:

- Temporary unstapling of Securities:** The Securities will be temporarily unstapled - this is required so that each component of the stapled security is able to be dealt with separately to implement the further steps in the Restructure;
- Redemption of Spark International shares and cancellation of CDIs:** Spark International ordinary shares will be redeemed (and the related CDIs cancelled) under the constitutional amendments set out in Section 7.11(d). No cash will be paid to Securityholders in connection with the redemption. Spark International is a dormant company and does not have any assets;
- Spark International becomes a subsidiary of Spark Trust:** Simultaneous with the redemption of its existing ordinary shares, Spark International will issue one new ordinary share to Spark Trust, so that it becomes a subsidiary of Spark Trust;
- Partial repayment of principal on Loan Notes in exchange for additional Units:** Spark RE will repay part of the principal amount outstanding on the Loan Notes (\$0.60 face value per Loan Note) on condition that the proceeds are applied to the issue of additional Units pursuant to the Note Scheme. No cash will be payable. Effectively, that portion of the Loan Note principal will be converted from debt to equity in Spark Trust and the face value of the Loan Notes would be reduced to \$0.65 per Loan Note;
- Spark Holdings 1 acquired by Spark Trust for additional Units:** Spark Trust will acquire all of Spark Holdings 1 ordinary shares so that Spark Holdings 1 becomes a subsidiary of Spark Trust. In return, Securityholders will be issued one new Unit for every one Spark Holdings 1 ordinary share held pursuant to the Spark Holdings 1 Member Scheme;
- Spark Holdings 2 acquired by Spark Trust for additional Units:** Spark Trust will acquire all of Spark Holdings 2 ordinary shares so that Spark Holdings 2 becomes a subsidiary of Spark Trust. In return,

Securityholders will be issued one new Unit for every one Spark Holdings 2 ordinary share held pursuant to the Spark Holdings 2 Member Scheme;

- (g) **Unit consolidation:** After the issue of additional Units, Spark RE will undertake a unit consolidation such that the number of Units that a Securityholder holds is the same as the number of Securities that the Securityholder held at that time; and
- (h) **Restapling of Units to Loan Notes:** Spark RE will then restaple the consolidated Units and Loan Notes at a ratio of 1 for 1.

It is intended that the restapled Units and Loan Notes would then resume normal trading on the ASX. Spark Holdings 1, Spark Holdings 2 and Spark International would be removed from the official list of the ASX.

If the Schemes are able to be implemented but the other conditions to the redemption of Spark International ordinary shares (and cancellation of CDIs) (including Securityholder approval) are not satisfied or waived to permit the redemption to occur on or within a reasonable time after the implementation date for the Restructure, the directors of Spark International will proceed to unstaple the Spark International ordinary shares/CDIs from the stapled securities (while the other components remain stapled) and wind it up.

The Manager holds a special share in each of Spark Holdings 1, Spark Holdings 2 and Spark International. The special share entitles the holder to appoint one less than half of the maximum number of directors on the relevant Boards. As part of the Restructure, CKI and RREEF being the ultimate owners of the manager have agreed in principle, subject to legal documentation to transfer the special share held by the Manager in Spark Holdings 1, Spark Holdings 2 and Spark International to Spark Trust.

Following the Restructure, it is contemplated that there will be some consequential changes in Spark Infrastructure's intra-group loans. See Section 8.2 for further details.

7.7 TAX CONSEQUENCES OF THE RESTRUCTURE

The taxation consequences of the Restructure for Securityholders will depend on the personal taxation and financial circumstances of each Securityholder. General taxation implications of the Restructure for Australian resident retail Securityholders eligible to participate are discussed in Section 10 and it is important that you read this carefully. Securityholders should consult their own taxation advisers about the taxation consequences for them if all aspects of the Repositioning are implemented.

7.8 CONDITIONS AND TERMINATION RIGHTS

The Restructure is subject to a number of conditions. Importantly, the Restructure will only proceed if the Entitlement Offer is completed. Set out below are all of the conditions to the implementation of the Restructure which are set out in the Restructure Implementation Deed, together with a brief description of the status of these conditions.

CONDITIONS - GENERALLY	STATUS
Completion of the Entitlement Offer	The Entitlement Offer is fully underwritten. The Underwriting Agreement is subject to a number of customary termination events which are summarised in Section 13.2.
Independent Expert's Report: The Independent Expert not changing or withdrawing its conclusion in its Independent Expert's Report (which is set out in Annexure A) that the Schemes are in the best interests of Securityholders	Spark Infrastructure is not aware of any intention of the Independent Expert to change its conclusion or withdraw the report.
Securityholder approvals - in relation to the Restructure Resolutions, including the Schemes and the other special resolutions but not including the Spark International resolutions (see further below)	The relevant Securityholder meetings to consider the Restructure Resolutions are targeted to be held in late November or early December 2010 on the same day (but as separate meetings) ¹ .
Deed poll by the Spark RE to Securityholders to perform its obligations in relation to the Schemes	This is expected to be executed prior to the second Court hearing date below.

¹ The timing is indicative only, is subject to change and depends on availability of Court dates for the Scheme hearings.

7.8 CONDITIONS AND TERMINATION RIGHTS *continued*

CONDITIONS - GENERALLY	STATUS
Court approval of the Schemes	An application for Court approval to the Schemes will be made if the Restructure Resolutions are passed by the requisite majorities of Securityholders.
Regulatory approvals - receipt of any necessary or desirable ASX and ASIC relief and confirmations	Spark Infrastructure will liaise with ASIC and ASX in relation to the required relief and confirmations.
Approval of lenders under the Spark Infrastructure senior debt facility	Spark Infrastructure will liaise with its senior lenders in relation to the required consent.
CKI, RREEF and the Manager executing the governance deed poll described at Section 2.7	CKI and RREEF being the ultimate owners of the Manager have agreed in principle to executing the governance deed poll, subject to documentation. Spark Infrastructure will liaise with CKI, RREEF and the Manager.
There are no injunctions or restraining orders	Spark Infrastructure is not aware of any restraining orders or injunctions preventing any aspect of the Restructure.

ADDITIONAL CONDITIONS FOR SPARK INTERNATIONAL	STATUS
Securityholder approval (holders of CDIs and the CHESS Nominee) in relation to the Spark International resolutions and the constitutional amendments becoming effective	The relevant Securityholder meetings to consider the Spark International resolutions are expected to be held on the same day as the meetings referred to above.

Spark Infrastructure will announce to the ASX any material developments in the status of these conditions.

TERMINATION OF RESTRUCTURE

In addition, the Restructure Implementation Deed may be terminated by agreement between the Stapled Entities prior to the Court approval of the Schemes or, if before that time there is a publicly announced change of control transaction which the Boards, acting in good faith and after taking advice from their legal, financial and taxation advisers, determine is superior to the Restructure because it:

- Is reasonably capable of being completed taking into account all aspects of the transaction; and
- Is more favourable to Securityholders than the Restructure, taking into account all terms and conditions of the transaction.

The Stapled Entities may also terminate if before that time the Boards, acting in good faith and after taking advice from their legal, financial and taxation advisers, determine they should do so because of a development after the date of the Restructure Implementation Deed which has or is reasonably likely to have a materially adverse effect on Spark Infrastructure or the Securityholders or mean the Restructure is no longer in the best interests of Securityholders.

7.9 FOREIGN SECURITIES LAWS AND INELIGIBLE OVERSEAS SECURITYHOLDERS**(A) ELIGIBLE SECURITYHOLDERS**

It is currently expected Securityholders whose addresses are shown in the register on the record date for the Restructure as being in the following jurisdictions and that are not US persons (other than as described below for investors in the United States of America) will be entitled to have new Units issued to them pursuant to the Restructure subject to the qualifications, if any, set out below in respect of that jurisdiction:

- Australia;
- New Zealand;
- Hong Kong, where the Securityholder is a professional investor under Section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap.571 of the Laws of Hong Kong) and Section 3 of the Securities and Futures (Professional Investors) Rules of the Securities and Futures Ordinance (Cap.571D of the Laws of Hong Kong);
- Singapore, where the Securityholder is an institutional investor under the Securities and Futures Act, Chapter 289;

- France, to (i) qualified investors (investisseurs qualifiés) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2° and D.411-1 to D.411-3, D.734-1, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation and/or (ii) a restricted number of non-qualified investors (cercle restreint d'investisseurs) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2° and D.411-4, D.734-1, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation;
- Germany, to Institutions (*Institute*) within the meaning of sec. 1 (1b) of the German Banking Act (*Kreditwesengesetz*), private and public insurance companies, German Investment Companies (*Kapitalanlagegesellschaften*) and Investment Stock Corporations (*Investmentaktiengesellschaften*), non-German investment companies and asset management companies commissioned by them as well as pension funds and their asset management companies;
- Ireland, where the Securityholder is a qualified investor under the Prospectus (Directive 2003/71/EC) Regulations 2005 (SI No. 324 of 2005);
- Netherlands, (a) to legal entities that are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities; (b) to any legal entity that has two or more of: (i) an average of at least 250 employees during its last fiscal year; (ii) a total balance sheet of more than €43,000,000 and (iii) an annual net turnover of more than €50,000,000; (c) to fewer than 100 natural or legal persons (other than qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive) subject to obtaining the prior consent of Spark Infrastructure and any underwriter for any such offer; or (d) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of new Units shall result in a requirement for the publication by Spark Infrastructure of a prospectus pursuant to Article 3 of the Prospectus Directive;
- Norway, (a) to “professional investors” (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876); (b) any natural person who is registered as a professional investor with the Oslo Stock Exchange (No. Oslo Børs) and who fulfils two or more of the following: (i) any natural person with an average execution of at least ten transactions in securities of significant volume per quarter for the last four quarters; (ii) any natural person with a portfolio of securities with a market value of at least €500,000; and (iii) any natural person who works, or has worked for at least one year, within the financial markets in a position which presuppose knowledge of investing in securities; (c) to fewer than 100 natural or legal persons (other than “professional investors”, as defined in (a) and (b) above); or (d) in any other circumstances provided that no such offer of new Units shall result in a requirement for the registration, or the publication by Spark Infrastructure or an underwriter, of a prospectus pursuant to the Norwegian Securities Trading Act of 29 June 2007;
- Switzerland, where the Securityholder is (i) an institutional investor subject to Swiss or foreign prudential supervision such as a bank, securities dealer, insurance institution or fund management company or (ii) an institutional investor with professional treasury operations;
- United Kingdom, to Securityholders (a) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (FPO); (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO; or (iii) to whom it may otherwise be lawfully communicated (together “relevant persons”);
- United Arab Emirates, to Securityholders who (i) are not in the Dubai International Financial Centre (DIFC) or (ii) if in the DIFC, have on their volition requested this Investor Information Booklet and not as a result of any “financial promotion” and who can receive New Units in the Restructure in an “excluded offer” (as such terms are defined in Rule 4.1.2 of the Collective Investment Rules of the Dubai Financial Services Authority);
- Canada, to Securityholders in the provinces of British Columbia, Ontario and Quebec who are “accredited investors” within the meaning of NI 45-106 – *Prospectus and Registration Exemptions*, of the Canadian Securities Administrators;
- United States of America, to Securityholders that are reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A of the Securities Act) and also “qualified purchasers” (as defined in Section 2(a)(51) of the Investment Company Act) in transactions exempt from, or not subject to, the registration requirements of the Securities Act and exempt from the registration requirements of the Investment Company Act pursuant to Section 3(c)(7) thereof; and
- Any other jurisdictions in which Spark Infrastructure reasonable believes that it is not prohibited and not unduly onerous or impractical to implement the Schemes and issue additional Units to a Securityholder with a registered address in such a jurisdiction.

(B) INELIGIBLE OVERSEAS SECURITYHOLDERS

Securityholders who do not satisfy the criteria referred to in Section 7.9(a) or who Spark Infrastructure subsequently determines are resident in a jurisdiction in respect of which the issue to them of Units under the Schemes are prohibited or unduly onerous or impractical will be Ineligible Overseas Securityholders.

Units will not be issued to Ineligible Overseas Securityholders. Under the Restructure, the entire holding of Securities held by Ineligible Overseas Securityholders will be transferred to the Sale Agent. Under each of the Schemes, the Units to which Ineligible Overseas Securityholders would otherwise have been entitled will be issued to the Sale Agent instead. The Sale Agent will sell the securities it receives and the net proceeds from the sales (if any) will be remitted to Ineligible Overseas Securityholders.

The Spark Trust Constitution is to be amended to facilitate the same transfer, issue and sale mechanism in respect of the existing Units in Spark Trust (see Section 7.11(d)(ii) held by Ineligible Overseas Securityholders.

7.10 RANKING OF NEW UNITS

New Units issued to Securityholders pursuant to the Schemes will rank equally in all respects to existing Units, including as to any unit distribution for the period in which they are issued.

It is anticipated that the Restructure will be implemented prior to the 31 December 2010 distribution. All Securityholders on the relevant record date for the 31 December 2010 distribution will then be entitled to receive interest based on:

- A face value of \$1.25 per Loan Note calculated from 15 September 2010 up to but excluding the implementation date for the Restructure; and
- Assuming the Restructure proceeds, the lower face value of \$0.65 per Loan Note from and including the implementation date up to but excluding 15 March 2011.

Separately, it is noted that the Directors do not intend to reset the interest rate applicable on the Loan Notes which will remain at 10.85% per annum for the five year period through to November 2015. Accordingly, the Loan Note interest obligation per Security will be approximately 7.0 cents per annum following the Restructure.

7.11 EXPLANATION OF REQUIRED RESTRUCTURE RESOLUTIONS

The Restructure includes three separate but inter conditional Schemes and a number of other inter conditional resolutions required to effect the Restructure.

The Schemes are:

- The **Spark Holdings 1 Member Scheme**: a Court approved member scheme of arrangement whereby Spark Holdings 1 ordinary shares are exchanged for Spark Trust Units;
- The **Spark Holdings 2 Member Scheme**: a Court approved member scheme of arrangement whereby Spark Holdings 2 ordinary shares are exchanged for Spark Trust Units; and
- The **Note Scheme**: a Court approved creditor scheme of arrangement whereby part of the principal amount outstanding on the Loan Notes is repaid on condition that the proceeds are applied for the issue of additional Spark Trust Units. No cash will be received.

(A) SPARK HOLDINGS 1 - MEMBER SCHEME RESOLUTION

The Spark Holdings 1 Member Scheme is a Court supervised scheme of arrangement under section 411(1) of the Corporations Act between Spark Holdings 1 and its shareholders, pursuant to which it is proposed that all of the issued and outstanding Spark Holdings 1 ordinary shares will be transferred to Spark Trust for the relevant scheme consideration applicable to the Spark Holdings 1 Member Scheme.

The Spark Holdings 1 Member Scheme Resolution will be considered at the Spark Holdings 1 Scheme Meeting to be convened by order of the Court, and which must be approved by at least 75% of the votes cast by Spark Holdings 1 shareholders on the resolution and by a majority in number of Spark Holdings 1 shareholders present and voting (either in person or by proxy). Spark Infrastructure does not expect that any shareholders of Spark Holdings 1 will be excluded from voting on this resolution.

(B) SPARK HOLDINGS 2 - MEMBER SCHEME RESOLUTION

The Spark Holdings 2 Member Scheme is a Court supervised scheme of arrangement under section 411(1) of the Corporations Act between Spark Holdings 2 and its shareholders, pursuant to which it is proposed that all of the issued and outstanding Spark Holdings 2 ordinary shares will be transferred to Spark Trust for the relevant scheme consideration applicable to the Spark Holdings 2 Member Scheme.

The Spark Holdings 2 Member Scheme Resolution will be considered at the Spark Holdings 2 Scheme Meeting to be convened by order of the Court, and which must be approved by at least 75% of the votes cast by its shareholders on the resolution and by a majority in number of Spark Holdings 2 shareholders present and voting (either

in person or by proxy). Spark Infrastructure does not expect that any shareholders of Spark Holdings 2 will be excluded from voting on this resolution.

(C) NOTE SCHEME RESOLUTION

The Note Scheme is a Court supervised creditors scheme of arrangement under section 411(1) of the Corporations Act between Spark RE and Spark RE's holders of Loan Notes, pursuant to which it is proposed that \$795 million will be applied to reduce the principal amount outstanding on the Loan Notes from \$1,658 million to \$863 million or \$1.25 per Loan Note to \$0.65 per Loan Note on condition that the moneys repaid are applied for that number of additional Units equal to the relevant scheme consideration applicable to the Note Scheme.

The Note Scheme Resolution will be considered at the Note Scheme Meeting to be convened by order of the Court, and which must be approved by a resolution passed by at least 75% of the total amount outstanding on the Loan Notes and by a majority in number of holders of Loan Notes present and voting (either in person or by proxy). Spark Infrastructure does not expect that any holders of Loan Notes will be excluded from voting on this resolution.

(D) CONSTITUTION AMENDMENT RESOLUTIONS

As part of the Restructure, Securityholders of each Stapled Entity and holders of Loan Notes will be asked to approve certain amendments to the Constitutions. Some of these amendments will be specific to a particular entity (Section 7.11(d)(i) to (iii)) and some of a more general application (Section 7.11(d)(iv)) which will apply to all of the Stapled Entities.

These amendments will be considered at separate meetings of Securityholders of each Stapled Entity and the holders of Loan Notes (as applicable) held for this purpose which must be approved by a special resolution of Securityholders of each Stapled Entity and the holders of Loan Notes (as applicable) and must be passed by at least 75% of the votes cast by holders present in person or by proxy and entitled to vote on the resolution. Spark Infrastructure does not expect that any Securityholder will be excluded from voting on these resolutions.

(i) Note Trust Deed - Terms of Issue Amendment

Holders of Loan Notes will be asked to approve amendments to the terms of issue of the Notes (which are attached to the Loan Note Trust Deed) to:

- Confirm the restatement of the face value of \$1.25 per Loan Note with the reduced post Restructure face value of \$0.65 per Loan Note (to reflect the partial repayment of principal under the Note Scheme);
- Facilitate the application of the partial repayment of the principal amount to the issue of additional Units (reinforcing that no actual cash payments are required to be made to or by Securityholders under the Note Scheme); and
- Confirm the calculation of interest for days within the calculation period prior to the Implementation Date using \$1.25 as the face value per Loan Note and for days following the implementation date for the Schemes, using the reduced face value of \$0.65 per Loan Note.

Under the Loan Note Trust Deed, the Note Trustee agrees to act as trustee for the benefit of Loan Note holders. Accordingly, the holders will, by special resolution which must be passed by the equivalent majority referred to in this Section 7.11(d), direct the Note Trustee to effect the amendments described above.

(ii) Spark Trust - Sale Facility Amendment– Ineligible Overseas Securityholders

Holders of Units will be asked to approve specific amendments to the Spark Trust Constitution (which are included in the Stapling Provisions) to facilitate the transfer of Units held by Ineligible Overseas Securityholders to the Sale Agent for sale on their behalf. For further information on foreign securities laws and eligibility and the sale of other components of stapled securities, please refer to Section 7.9(b).

(iii) Spark International - Amendment to facilitate Redemption

Spark International CDI holders will be asked to approve:

- Amendments to the constituent documents of Spark International required to facilitate the redemption of the Spark International ordinary shares on the terms described in Section 7.6(b);
- The variation to the rights attached to the Spark International ordinary shares caused by the insertion of the terms on which those shares may be redeemed; and
- The redemption of the ordinary shares on those terms and the cancellation of the related CDIs.

The requirement for CDI holder approval arises as Spark International is a Bahamas incorporated company and the component part of Spark Infrastructure securities issued by Spark International and held by Securityholders are CDIs over ordinary shares in Spark International. The ordinary shares are held by CHES Depositary Nominees. Accordingly, Spark International shareholders will also be asked to authorise and direct CHES Depositary Nominees, as sole ordinary shareholder, to sign the equivalent resolutions to those above.

7.11 EXPLANATION OF REQUIRED RESTRUCTURE RESOLUTIONS *continued*

(iv) Stapling Provisions Generally

The Stapling Provisions form part of the Constitutions. Certain amendments are proposed to be made to the Stapling Provisions in order to introduce provisions which will have the effect of authorising all actions necessary or desirable to give effect to or incidental to the Restructure, including the key implementation steps referred in Section 7.6.

CONDITIONALITY OF RESTRUCTURE RESOLUTIONS

Each Restructure Resolution described above (except for the resolutions required in connection with Spark International) will be inter conditional with each other Restructure Resolution, and none of them will become effective until each of the Restructure Resolutions have been passed by the requisite majorities of Securityholders.

The redemption of the ordinary shares in Spark International is being done pursuant to amendments to the constituent documents of Spark International and related resolutions. While the redemption is conditional on the Schemes and the other inter-conditional resolutions being approved, the Schemes and those resolutions are not conditional on it. See further Section 3 and Section 7.8.

7.12 IMPLEMENTING THE RESTRUCTURE

(A) SCHEME MEETINGS

An application will be made to the Court for an order to convene the Scheme meetings at which the required resolutions to approve the Schemes will be proposed. These meetings are targeted to be held in December 2010. The timetable is indicative and in particular is subject to availability of Court dates for the relevant Court hearings. These meetings will be held on the same day as the meetings required to give effect to the other Securityholder resolutions, but will be held as separate meetings.

If the Schemes are approved, all Spark Holdings 1 ordinary shares and Spark Holdings 2 ordinary shares will, on the Restructure implementation date, be transferred to Spark RE without the need for further action by Securityholders. In addition, the principal amount outstanding on the Loan Notes will also be reduced at this time from \$1.25 face value per Loan Note to \$0.65 face value per Loan Note.

Notices of Meeting and Explanatory Memorandum are expected to be despatched to Securityholders in late October or early November 2010 following receipt of Court approval to convene the required meetings (timings are indicative only and subject to availability of Court dates).

(B) COURT APPROVAL OF THE SCHEMES

In the event that:

- All the Restructure Resolutions relevant to the Schemes are approved by the requisite majority of Securityholders; and
- All conditions to the Schemes (other than Court approval) have been satisfied or remain capable of being satisfied or, where applicable, waived,

Spark Infrastructure will apply to the Court for an order approving each of the Schemes.

Application is made by filing an originating process with the Court in respect of each of the Schemes together with the Notices of Meeting and Explanatory Memorandum and supporting affidavits (these are also served on ASIC). The first court hearing usually takes place 14 to 28 days after the date these documents are filed (unless ASIC consents to an earlier hearing) and at which the Court will agree to permit Spark Infrastructure to convene the required Scheme Meetings. The second Court hearing will take place after the Restructure Resolutions relevant to the Schemes have been passed by the requisite majorities of Securityholders and at which the Court will be asked to approve the Schemes under section 411(4)(b) of the Corporations Act.

(C) EXTRAORDINARY GENERAL MEETINGS

The Boards will convene Extraordinary General Meetings of each Stapled Entity to be held on the same day as the meetings required to give effect to the Schemes, but which will be held as separate meetings.

The purpose of the Extraordinary General Meetings is to consider and, if thought fit, pass the Constitution Amendment Resolutions described in Section 7.11(d). Spark RE and associates of Spark RE will not vote on the resolutions of unitholders of Spark Trust to the extent they are precluded from doing so by the Corporations Act or their votes would be disregarded under the Listing Rules.

(D) PREPARATORY STEPS FOR IMPLEMENTATION

If the Court makes orders (Court Orders) approving the Schemes and all other conditions to the Restructure have been satisfied or waived, Spark Infrastructure will take or procure the taking of all steps required to implement the Restructure, without the need for any further act by any Securityholder, including lodging with ASIC an office copy of the court orders.

If the Restructure Resolutions are passed at the meetings with the requisite majorities:

- Spark International will lodge a copy of the resolutions amending Spark International's Constitution and any other required documents with the Bahamas Registrar General for registration; and
- Spark RE as responsible entity of Spark Trust will lodge with ASIC the modification to Spark Trust's constitution under section 601GC(2) of the Corporations Act.

Spark Infrastructure will then request the removal of Spark Holdings 1, Spark Holdings 2 and Spark International from the official list of the ASX.

Upon proceeding with the formalities referred to above, the Restructure will be implemented in accordance with the implementation steps outlined in Section 7.6.

If the Schemes are able to be implemented but the other conditions to the redemption of Spark International shares (and cancellation of CDIs) (including Securityholder approval) are not satisfied or waived to permit the redemption on or within a reasonable time after the implementation date for the Restructure, the directors of Spark International will proceed to unstack the Spark International shares/CDIs from the stapled securities (while the other components remain stapled) and wind it up. Please see Section 7.8 for a summary of the relevant conditions precedent.

7.13 RIGHTS AND LIABILITIES ATTACHING TO SPARK INFRASTRUCTURE SECURITIES POST THE RESTRUCTURE

If the Restructure is implemented, Securityholders will hold their investment in Spark Infrastructure through Spark Trust only with Units and Loan Notes stapled together. Other than as contemplated by the Constitution Amendment Resolutions required to facilitate the Restructure (as described in Section 7.11) and the Schemes, implementation of the Restructure will not change the rights and liabilities attaching to a holder's ownership of Units and Loan Notes.

A summary of the Unit and Loan Note terms was disclosed on 16 December 2005 as part of the initial public offering of Spark Infrastructure and copies of the constituent documents are available on ASX's website. The proposed constitutional amendments will be made available as part of the Notices of Meeting and Explanatory Memorandum.

7.14 CONSEQUENCES IF THE RESTRUCTURE DOES NOT PROCEED

If the Restructure does not proceed, Spark Infrastructure will remain in its current form as a five stapled security with four issuers. In addition, each Loan Note will continue to have a face value of \$1.25 per Security. The aggregate principal of the Loan Notes on issue will be approximately \$1,658 million.

For more details on the consequences, risks and disadvantages of this outcome see Sections 1.3, 1.4 and 12.2.

SECTION 8

FINANCING UPDATE

8.1 OVERVIEW OF SPARK INFRASTRUCTURE'S DEBT CAPITAL POSITION

(A) DEBT CAPITAL MANAGEMENT

Since listing Spark Infrastructure had Look-through Gearing (net) of around 60%, in line with the regulatory regime for the Asset Companies and greater than 5.0x stand-alone interest coverage ratio. Both ETSA Utilities and CHED-HA have financial policies in place to maintain their creditworthiness. As at 30 June 2010, Spark Infrastructure had net debt of \$337.3 million reflecting Look-through Gearing (net) of 60.4%.

Spark Infrastructure benefits from stable cash flows at the Asset Company level, with the majority of revenues underpinned through regulatory determinations or long-term contracts. It also maintains financial flexibility through undrawn facilities and cash on hand. As at September 2010 following payment of the distribution of \$69.3 million on 15 September 2010, Spark Infrastructure had cash reserves of \$31 million plus committed undrawn facilities of \$25 million provided as part of Spark Infrastructure's new \$250 million debt facility.

Following the Entitlement Offer and subsequent repayment of the \$200 million corporate debt facility due in June 2011, Spark Infrastructure's Standalone Gearing (gross) will be approximately 9.2%.

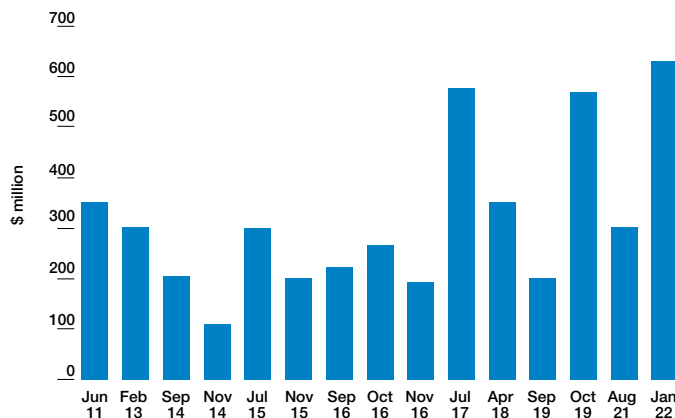
(B) DEBT MATURITY PROFILE AND REFINANCING REQUIREMENTS

Over the last 12 months, the Asset Companies have successfully refinanced the following facilities utilising the bank market and the United States Private Placement bond market:

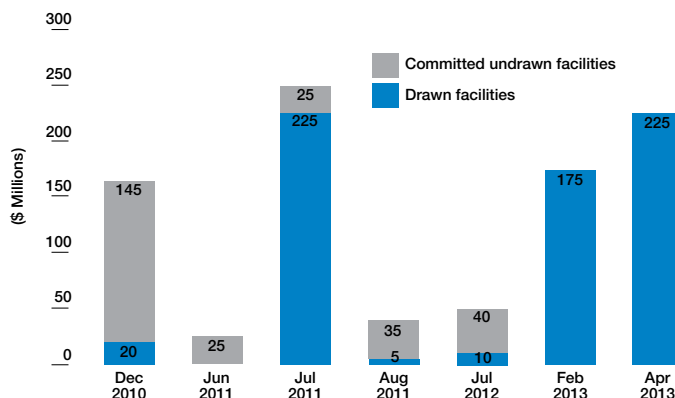
- \$750 million of debt at ETSA Utilities (July and December 2009)
- \$175 million of debt at CitiPower (November 2009)
- US\$275 million of debt at Powercor (October 2009)

The next debt maturity is a \$350 million note due to mature in June 2011. A summary of the debt facilities for Spark Infrastructure and the Asset Companies is shown in the following graphs.

ASSET COMPANIES' DEBT MATURITY PROFILE



ASSET COMPANIES' BANK DEBT AND WORKING CAPITAL DEBT MATURITY PROFILE



(C) REFINANCING OF SPARK INFRASTRUCTURE BANK DEBT FACILITY

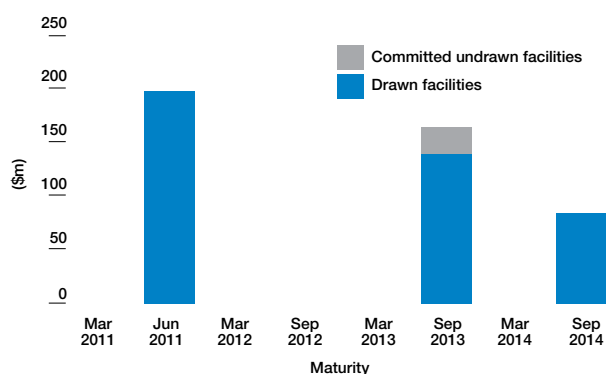
As announced to the market on 29 June 2010, Spark Infrastructure has entered into underwritten commitments with NAB and Westpac for the refinancing of all of the existing bank debt facilities at the Spark Infrastructure level. The underwritten commitment was for a total of \$450 million comprised of:

- \$250 million bank debt facility including a \$165 million 3-year revolving facility and a \$85 million 4-year term loan. This facility was executed on 10 September 2010 following successful completion of syndication. Spark Infrastructure will pay margins of 185 basis points and 205 basis points above the applicable bank bill swap rate on the 3 year and 4 year tranches respectively; and
- \$200 million bank debt facility including \$135 million 3-year revolving facility and a \$65 million 4-year term loan. This facility will be cancelled following completion of the Entitlement Offer.

As the Strategic Review is complete, and following the Board's decision to proceed with the Entitlement Offer, the intention is to only draw down on the \$250 million facility. The current \$225 million bank loan due in December 2010 will be repaid by the recently executed new debt facility, leaving committed undrawn facilities of \$25 million available to Spark Infrastructure. The 3-year component of this facility will mature in September 2013 and the 4-year component of this facility in September 2014.

The \$200 million bank loan due in June 2011 will be repaid in December 2010 at the next interest payment date with the proceeds from the Entitlement Offer and Spark Infrastructure will cancel the facility. The underwritten commitment with NAB and Westpac which was signed on 29 June 2010 was negotiated with no break fee on the \$200 million facility. Spark Infrastructure will let this facility lapse at 30 September 2010 at no cost.

SPARK INFRASTRUCTURE CORPORATE DEBT MATURITY PROFILE



*Note: Debt maturing June 2011 will be repaid and cancelled following the Entitlement Offer.

(D) DEBT CAPITAL POSITION

The Entitlement Offer will have the effect of reducing the gearing of Spark Infrastructure, as measured on a Net Debt / RAB and Look-through Gearing basis.

As at 30 June 2010	Before Entitlement Offer	Following Entitlement Offer and reduction of debt
Opening corporate level gross debt	425.0	425.0
Opening corporate level net debt	337.3	337.3
Entitlement Offer proceeds	-	294.8
Fees and expenses	-	(10.0)
Net proceeds to Spark Infrastructure	-	284.8
Repayment of corporate debt	-	(200.0)
Closing corporate level gross debt	425.0	225.0
Closing corporate level net debt ¹	337.3	52.5
Spark book equity and loan notes	1,890.6	2,175.4
Historical EBITDA (12 months to 30 June 2010)	635.3	635.3
Regulatory Asset Base (RAB)	3,077.2	3,077.2
Look-through Ratios		
Look-through Gearing (net debt / book equity and loan notes)	60.4%	54.4%
Net Debt / Historical EBITDA	4.5x	4.1x
Net Debt / RAB	93.7%	84.5%
Standalone Ratios		
Standalone Gearing (gross debt / book equity and loan notes)	18.1%	9.2%

8.2 OVERVIEW OF SPARK INFRASTRUCTURE INTRA-GROUP FINANCING

If the Restructure proceeds, Spark Infrastructure intends to subsequently reorganise its intra-group financing arrangements to bring those arrangements into line with Spark Infrastructure's new stapled security structure and realigned Loan Note interest obligations.

At the time when Spark Infrastructure was listed, the proceeds of the IPO, together with debt raised by Spark Infrastructure, were used to fund the acquisition of a 49% interest in ETSA Utilities, CitiPower and Powercor. In summary, the acquisition was effected as follows:

- The majority of the IPO proceeds were allocated as Loan Notes issued by Spark Trust;
- Spark Trust on lent the IPO proceeds received as debt to Spark Victoria, a subsidiary of Spark Holdings 1, which used part of the funds to acquire a 49% interest in CHEDHA, which owns the CitiPower and Powercor businesses; and
- Spark Victoria on lent the remainder of the funds to Spark SA, a subsidiary of Spark Holdings 2, which used the funds to acquire a 49% interest in ETSA Utilities.

The purpose of the structure was to facilitate distributions from ETSA Utilities (via preferred payments from Spark SA) and CHEDHA (via interest payments from Spark Victoria) via Spark Trust to Securityholders.

Following the Restructure, Spark Trust will hold 100% of the shares in Spark Holdings 1, Spark Holdings 2 and Spark International (alternatively Spark International may be wound up, see Section 7.6). If the Restructure proceeds, Spark Infrastructure also intends to reorganise its intra-group financing arrangements to reflect its revised external capital structure and asset holding structure. In this regard, the intent of the reorganisation will be to ensure that Spark Victoria and Spark SA will continue to be obliged to pay interest to Spark Trust that is sufficient to meet its interest obligations on the reduced Loan Note principal. Spark Infrastructure will then at its discretion retain any distributions from the Asset Companies in excess of these amounts to meet its other outgoings, repay debt and fund its contributions to the future capital expenditure requirements of the Asset Companies or will distribute further amounts to its Securityholders.

The reorganisation of Spark Infrastructure's intra-group financing arrangement is conditional on the Restructure proceeding but the Restructure is not conditional on it.

¹ Closing corporate level net debt as at 15 September 2010 is \$394 million based on gross debt of \$425 million and cash on hand of \$31 million, following payment of \$69 million distribution on 15 September 2010. Following the Entitlement Offer closing corporate level net debt would be \$109 million.

SECTION 9

FINANCIAL INFORMATION

The financial information set out in Section 9 illustrates the expected impact on Spark Infrastructure's financial performance and position assuming completion of the Repositioning initiatives as if they were effective on 1 January 2009. This information comprises the following:

- Pro-forma Historical Income Statement for Spark Infrastructure for the financial year ended 31 December 2009 and financial half year ended 30 June 2010 (extracted from the Historical Statement of Comprehensive Income for the financial year ended 31 December 2009 and financial half year ended 30 June 2010);
- Pro-forma Historical Cash Flow Statement for Spark Infrastructure for the financial year ended 31 December 2009 and financial half year ended 30 June 2010;
- Pro-forma Historical Balance Sheet for Spark Infrastructure as at 30 June 2010 (together the Pro-forma Historical Financial Information); and
- Assumptions and notes relevant to the above.

9.1 BASIS FOR PREPARATION

The Pro-forma Historical Financial Information set out below is based on information extracted or derived from Spark Infrastructure's audited Financial Report for the year ended 31 December 2009 and Spark Infrastructure's reviewed (but unaudited) Financial Report for the half year ended 30 June 2010. Spark Infrastructure prepares its financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. The accounting policies upon which the Pro-forma Financial Information has been prepared are set out in the financial statements of Spark Infrastructure for the year ended 31 December 2009 and the financial report for the half year ended 30 June 2010. Copies of these financial statements are available on Spark Infrastructure's website.

The Spark Infrastructure financial report for the year ended 31 December 2009 was audited by Deloitte Touche Tohmatsu in accordance with Australian Auditing Standards. The audit report issued to the Securityholders of Spark Infrastructure in relation to the financial report for the year ended 31 December 2009 was unqualified. The Spark Infrastructure financial report for the half year ended 30 June 2010 was reviewed by Deloitte Touche Tohmatsu in accordance with Auditing Standard on Review Engagements ASRE 2410 "Review of an Interim Financial Report Performed by the Independent Auditor of the Entity". The review report issued to the Securityholders of Spark Infrastructure in relation to the half year report was unqualified.

The financial information contained in this Section is presented in abbreviated form and does not contain all the disclosures that are usually provided in an annual report or interim report prepared in accordance with the Corporations Act 2001.

9.2 PRO-FORMA HISTORICAL INCOME STATEMENT INFORMATION

The table below sets out Spark Infrastructure's Pro-forma Historical Income Statement for the financial year ended 31 December 2009 and the financial half year ended 30 June 2010. Adjustments have been made to give effect to the Entitlement Offer and the Restructure as if they had occurred at 1 January 2009.

	2009 Full Year Actual \$million	Adjustment For Entitlement Offer \$million	Adjustment For Restructure \$million	2009 Full Year Pro Forma \$million	2010 Half Year Actual \$million	Adjustment For Entitlement Offer \$million	Adjustment For Restructure \$million	2010 Half Year Pro Forma \$million
Income from associates								
– Share of equity profits	197.5			197.5	105.6			105.6
– Interest income	83.5			83.5	40.3			40.3
Other income - interest	2.3			2.3	2.5			2.5
Total income	283.3			283.3	148.4			148.4
Management fees	(7.9)			(7.9)	(4.1)			(4.1)
Interest expense - other	(29.2)	12.7		(16.5)	(13.8)	6.4		(7.4)
General and administrative expenses	(4.8)			(4.8)	(4.2)			(4.2)
Profit before Income Tax and Loan notes Interest	241.4			254.1	126.3			132.7

9.2 PRO-FORMA HISTORICAL INCOME STATEMENT INFORMATION continued

	2009 Full Year Actual \$million	Adjustment For Entitlement Offer \$million	Adjustment For Restructure \$million	2009 Full Year Pro Forma \$million	2010 Half Year Actual \$million	Adjustment For Entitlement Offer \$million	Adjustment For Restructure \$million	2010 Half Year Pro Forma \$million
Interest expense – Loan Notes	(138.4)	(40.0)	86.4	(92.0)	(69.4)	(20.0)	43.2	(46.2)
Profit before Income Tax Expense	103.0	(27.3)	86.4	162.1	56.9	(13.6)	43.2	86.5
Income tax benefit/(expense)	19.5	8.2	(25.9)	1.8	(3.2)	4.1	(13.0)	(12.1)
Net profit	122.5	(19.1)	60.5	163.9	53.7	(9.5)	30.2	74.4

PRO-FORMA ADJUSTMENTS

The following pro-forma adjustments have been made in the presentation of the Pro-forma Historical Income Statement:

Entitlement Offer

- Interest on repayment of current interest bearing liabilities
 - \$200.0 million of the proceeds raised from the Entitlement Offer is used to pay down current interest bearing liabilities. A pro-forma adjustment has been made to reduce the interest expense on the current interest bearing liabilities for the year ended 31 December 2009 by \$12.7 million and for the half year ended 30 June 2010 by \$6.4 million based on an interest rate of 6.35%. A pro-forma adjustment has also been made to reflect the associated income tax
 - No adjustment has been made for interest income on the remaining net proceeds of \$84.8 million as it is expected to be invested in the Asset Companies by Spark Infrastructure
- Interest on new Loan Notes issued
 - 294.8 million New Securities are issued to existing Securityholders under the Entitlement Offer at an issue price of \$1.00 per Security. The entire value is attributed to the Loan Notes, no value is attributed to the equity. A pro-forma adjustment has been made to reflect the interest expense on the increased number of Loan Notes for the year ended 31 December 2009 of \$86.4 million and for the half year ended 30 June 2010 of \$20.0 million, based on the Loan Note face value prior to the Restructure of \$1.25. A pro-forma adjustment has also been made to reflect the associated income tax

Restructure

- Interest on partial repayment of Loan Notes
 - Units in Spark Trust are issued as consideration for the partial repayment of Loan Notes, resulting in a reduction in the face value to \$0.65 per Loan Note. A pro-forma adjustment has been made to reduce the interest expense on the Loan Notes for the year ended 31 December 2009 by \$86.4 million and for the half year ended 30 June 2010 by \$43.2 million, arising from the reduction in the face value under the Restructure from \$1.25 to \$0.65 per Loan Note. A pro-forma adjustment has also been made to reflect the associated income tax
- Management fees and other operating costs
 - The management fee calculation includes an adjustment for Spark Infrastructure's debt levels and has been recalculated based on the Restructure. The adjustment arising is not considered to be material
 - A reduction in the number of listed companies results in lower operating costs. The adjustment arising is not considered to be material
 - Adjustments have therefore not been included within the Pro-forma Historical Income Statement Information with respect to either of these costs

9.3 PRO-FORMA HISTORICAL CASH FLOW STATEMENT INFORMATION

The table below sets out Spark Infrastructure's Pro-forma Historical Cash Flow Statement for the financial year ended 31 December 2009 and the financial half year ended 30 June 2010. Adjustments have been made to give effect to the Entitlement Offer and the Restructure as if they had occurred at 1 January 2009.

	2009 Full Year Actual \$million	Adjustment For Entitlement Offer \$million	Adjustment For Restructure \$million	2009 Full Year Pro Forma \$million	2010 Half Year Actual \$million	Adjustment For Entitlement Offer \$million	Adjustment For Restructure \$million	2010 Half Year Pro Forma \$million
Distributions from associates								
– preferred partner capital	69.6			69.6	34.3			34.3
Dividend received - associates	33.2			33.2	1.0			1.0
Interest received - associates	85.4			85.4	27.4			27.4
Interest received - other	2.4			2.4	2.3			2.3
Interest paid - other	(27.3)	12.7		(14.6)	(13.7)	6.4		(7.3)
Management fees	(7.7)			(7.7)	(4.3)			(4.3)
Other income/(expenses)	(5.4)			(5.4)	(3.4)			(3.4)
Net cash Inflow related to operating activities	150.2	12.7		162.9	43.6	6.4		50.0
Repayment of borrowings from associates	46.8			46.8	0.3			0.3
Net cash outflow related to investing activities	46.8			46.8	0.3			0.3
Proceeds from issue of Loan Notes	25.2			25.2	-			-
Distribution to Stapled Security Holders								
– Loan Note interest	(136.9)		46.4	(90.5)	(70.6)		23.2	(47.4)
– Capital distribution	(24.3)		(46.4)	(70.7)	-		(23.2)	(23.2)
Net cash outflow related to financing activities	(136.0)		-	(136.0)	(70.6)		-	(70.6)
Net increase/(decrease) in cash	61.0	12.7		73.7	(26.7)	6.4		(20.3)
Net cash at the beginning of the financial year	53.3			53.3	114.3			114.3
Cash at the end of the financial year	114.3	12.7		127.0	87.6	6.4		94.0

PRO-FORMA ADJUSTMENTS

The following pro-forma adjustments have been made in the presentation of the Pro-forma Historical Cash Flow Statement:

Entitlement Offer

- Interest on repayment of current interest bearing liabilities
 - \$200.0 million of the proceeds raised from the Entitlement Offer is used to pay down current interest bearing liabilities. A pro-forma adjustment has been made to reduce the interest payable on the current interest bearing liabilities for the year ended 31 December 2009 by \$12.7 million and for the half year ended 30 June 2010 by \$6.4 million based on an interest rate of 6.35%
- Interest on new Loan Notes issued
 - 294.8 million New Securities are issued to existing Securityholders under the Entitlement Offer. At 31 December 2009 and 30 June 2010 amounts equal to the additional interest accrued on the Loan Notes of \$40.0 million and \$20.0 million respectively are Deferred under the assumption that total distributions to Securityholders remain unchanged. Adjustments have therefore not been included within the Pro-forma Historical Cash Flow Statement Information

9.3 PRO-FORMA HISTORICAL CASH FLOW STATEMENT INFORMATION *continued***Restructure**

- Interest on partial repayment of Loan Notes
 - Units in Spark Trust are issued as consideration for the partial repayment of Loan Notes, resulting in a reduction in the face value to \$0.65 per Loan Note. A pro-forma adjustment has been made to reduce the interest payable on the Loan Notes for the year ended 31 December 2009 by \$46.4 million and for the half year ended 30 June 2010 by \$23.2 million, with a corresponding increase in capital distributions. The pro-forma adjustment is a net amount reflecting the additional interest payable on New Securities issued under the Entitlement Offer and the lower interest payable on the reduced Loan Note principal of \$0.65 per Loan Note
 - The pro-forma adjustments assume that the total distributions to Securityholders for the year ended 31 December 2009 and half year ended 30 June 2010 remain unchanged

9.4 PRO-FORMA HISTORICAL BALANCE SHEET INFORMATION

The table below sets out Spark Infrastructure's Pro-forma Historical Balance Sheet as at 30 June 2010. Adjustments have been made to give effect to the Entitlement Offer and the Restructure as if they were effective from 30 June 2010.

	2010 Actual \$million	Adjustment For Entitlement Offer \$million	Adjustment For Restructure		2010 Pro Forma \$million
			Adjustment For Simplification of Stapled Structure \$million	Adjustment For Partial Repayment of Loan Notes \$million	
Current assets					
Cash and cash equivalents	87.7	84.8			172.5
Receivables from associates	11.3				11.3
Other current assets	1.1				1.1
Non-current assets					
Investments in associates:					
– Investments accounted for using the equity method	1,545.0				1,545.0
– Loans to associates	758.7				758.7
Total assets	2,403.8	84.8			2,488.6
Current liabilities					
Payables	5.4				5.4
Loan Notes interest payable to Stapled Securityholders	69.3				69.3
Interest bearing liabilities	425.0	(200.0)			225.0
Other financial liabilities	2.0				2.0
Non-current liabilities					
Loan Notes attributable to Securityholders	1,256.8	284.8		(702.1)	839.5
Deferred tax liabilities	11.5				11.5
Total liabilities	1,770.0	84.8		(702.1)	1,152.7
Net assets	633.8			702.1	1,335.9
Equity					
Equity attributable to the Parent Entity					
– Issued capital	183.0		246.8	702.1	1,131.9
– Reserves	(6.6)		14.2		7.6
– Retained earnings	39.4		157.0		196.4
	215.8		418.0	702.1	1,335.9
Equity attributable to minority interests (i.e. other Stapled Entities)					
– Issued capital	246.8		(246.8)		-
– Reserves	14.2		(14.2)		-
– Retained earnings	157.0		(157.0)		-
	418.0		(418.0)		-
Total Equity	633.8	-	-	702.1	1,335.9

PRO-FORMA ADJUSTMENTS

The following pro-forma adjustments have been made in the presentation of the Pro-forma Historical Balance Sheet:

Entitlement Offer

- Entitlement Offer
 - Issue of New Securities to existing Securityholders prior to the Restructure to the value of \$294.8 million. For accounting purposes the New Securities are recorded at the issue value of \$1.00 per Security, not the face value of \$1.25 per Security, and the entire value is attributed to the Loan Notes, no value is attributed to the equity. If the Restructure does not occur, the discount of \$0.25 per Security is brought to account over the period to maturity in 2105, resulting in an immaterial income statement charge and additional Loan Note liability in each of these years
 - Issue costs of \$10.0 million have been recorded as a reduction to the New Securities issued and have therefore been netted against Loan Notes attributable to Securityholders
 - \$200.0 million of the proceeds raised from the Entitlement Offer is used to pay down current interest bearing liabilities, with the balance of \$84.8 million reflected in cash and cash equivalents

Restructure

- Simplification of stapled structure
 - Under the existing stapled structure, Spark Holdings 1 was designated as the parent entity of the stapled group in accordance with AASB Interpretation 1002 “Post-date of Transition Stapling Arrangements”. Consequently, the reserves of Spark Holdings 2, Spark Trust, and Spark International have historically been disclosed as “minority interests” within the financial statements. Under the simplification, Spark Trust is to become the parent entity of the Group with Spark Holdings 1, Spark Holdings 2 and Spark International becoming subsidiaries. Or alternatively, the Directors of Spark International will resolve to wind it up if the conditions precedent to its redemption are not satisfied or waived by the record date for the Restructure. See Section 7.6 for additional detail. A pro-forma adjustment has been made to reclassify the equity components of the Group removing the minority interests
- Partial repayment of Loan Notes
 - Units in Spark Trust are issued as consideration for the partial repayment of Loan Notes down to \$0.65 per Loan Note. A pro-forma adjustment has been made to reduce the Loan Note liability by \$720.5 million, with a corresponding increase in equity. Offsetting this is an adjustment of \$18.4 million for the reallocation of Loan Note issue costs (of both the Entitlement Offer and the original Loan Notes issued at IPO). The net pro-forma adjustment is therefore \$702.1 million
- Refinancing
 - No pro-forma adjustments have been included in respect of Spark Infrastructure's debt refinancing which was finalised during September 2010

9.5 NOT A FORECAST

The Pro-forma Historical Financial Information has been prepared for illustrative purposes only to show the pro-forma impact on the historical balance sheet as at 30 June 2010 and historical income statement and historical cash flow statement for the year ended 31 December 2009 and half year ended 30 June 2010 of the Pro-forma adjustments set out in 9.2, 9.3 and 9.4 above.

The Pro-forma Historical Financial Information is not represented as being indicative of Spark Infrastructure's views on future financial performance or position. The Pro-forma Historical Financial Information is presented to reflect the financial performance and position of Spark Infrastructure, after adjusting for the impact of the adjustments above, as if the Entitlement Offer had taken place on 1 January 2009, and does not take into account the financial performance, cash flows or other movements in the balance sheet or income statement of Spark Infrastructure for the period from 30 June 2010 to the date of this Investor Information Booklet.

SECTION 10

TAXATION

This taxation section is based on the Income Tax Assessment Act 1936 (Cth), the Income Tax Assessment Act 1997 (Cth), The A New Tax System (Goods and Services Tax) Act 1999 (Cth) and the various stamp duty laws applicable to Australian States and Territories as applicable at the date of this Investor Information Booklet.

This Section is intended to provide a general summary of the Australian taxation implications:

- For Eligible Retail Securityholders who acquire Entitlements under the terms of this Investor Information Booklet; and
- Of the Restructure on retail Securityholders who are eligible to participate in the later Restructure.

This Section does not comment on the tax consequences for Eligible Retail Securityholders:

- Who hold their Securities as trading stock or in the ordinary course of carrying on a business;
- Who acquire or hold their Securities for the purposes of resale at a profit; or
- Who are banks, insurance companies or tax exempt entities, and/or are subject to special tax rules.

This taxation summary does not purport to be a complete analysis of all potential Australian tax consequences of the Retail Entitlement Offer or the Restructure and does not comment on the consequences of any possible future changes to the Australian taxation system. This tax summary does not address the laws of any jurisdiction other than Australia.

The tax implications for Eligible Retail Securityholders may differ depending on their individual circumstances. Eligible Retail Securityholders should not rely on this summary only and should seek appropriate independent professional advice that considers the taxation implications applicable to their own specific circumstances.

10.1 POTENTIAL APPLICATION OF THE TAX ACCRUALS RULES

At the time of the IPO, Spark Infrastructure obtained a Product Ruling from the ATO confirming that the tax accruals rules did not apply to Loan Notes. As the terms of the Loan Notes to be issued pursuant to the Entitlement Offer are the same as the Loan Notes currently on issue, Spark infrastructure considers that their taxation treatment should be the same as the Loan Notes currently on issue, subject to the application of any new laws or interpretations introduced since the date of the IPO.

Since the date of the IPO, the Taxation of Financial Arrangements rules (TOFA) contained in Division 230 of the Income Tax Assessment Act 1997 (Cth) have been enacted in 2009 and may apply to determine the tax treatment of certain financial instruments. Broadly, the new TOFA regime applies to financial arrangements that a taxpayer starts to hold on or after 1 July 2010 (or earlier if the taxpayer so elects). Taxpayers holding a financial arrangement to which the TOFA rules apply may be required to include in their assessable income on an accruals basis any discounts and interest arising under the arrangement regardless of when those amounts are actually paid.

As the TOFA rules are relatively new, the application of these rules is uncertain. The tax comments in this Section do not consider the application of the TOFA rules to the Retail Entitlement Offer or an investment in New Securities. It is recommended that Eligible Retail Securityholders obtain specific tax advice pertaining to their particular circumstances regarding the application of the TOFA rules to an investment in New Securities under the Retail Entitlement Offer.

10.2 ISSUE OF ENTITLEMENTS

The issue of an Entitlement to an Eligible Retail Securityholder should not result in any amount being included in the assessable income of the Eligible Retail Securityholder.

10.3 NON-EXERCISE OF ENTITLEMENTS

Where an Eligible Retail Securityholder does not exercise their Entitlement, they will receive no consideration for that Entitlement. On that basis, there should not be any tax implications for Securityholders who do not exercise their Entitlement.

10.4 ACQUISITION OF NEW SECURITIES UNDER THE RETAIL ENTITLEMENT OFFER

Eligible Securityholders should not make any capital gain or loss, or derive any assessable income, from exercising all or part of the Entitlements and subscribing for New Securities.

10.5 NEW SECURITIES

(a) Nature of investment

Eligible Retail Securityholders who exercise part or all of their Entitlements will acquire New Securities. Generally speaking, an investment in the New Securities should be treated for Australian taxation purposes as an investment in each of the Stapled Entities. As such, the holder of a New Security should be regarded as holding a Loan Note, one unit in Spark Trust, one ordinary share in Spark Holdings 1, one ordinary share in Spark Holdings 2 and a CDI over a share issued by Spark International.

For capital gains tax (CGT) purposes, Eligible Retail Securityholders who exercise part or all of their Entitlements and subscribe for New Securities will have a tax cost base in each of the securities that comprise the New Securities equal to a reasonable apportionment of the amount paid to acquire the New Securities plus any non-deductible incidental costs incurred to acquire the New Securities.

One reasonable basis of apportionment is to have regard to the relative value of each of the securities issued by the Stapled Entities at the time the New Securities are issued.

(b) Holding New Securities

AUSTRALIAN RESIDENT HOLDERS

For Australian resident Eligible Retail Securityholders, any distributions made in respect of their New Securities should be subject to the same taxation treatment as distributions made on their Existing Securities.

NON-RESIDENT HOLDERS

For Non-Australian resident Eligible Retail Securityholders, any distributions made in respect of their New Securities should be subject to the same taxation treatment as distributions made on their Existing Securities. In particular, it is noted that interest paid in respect of the new Loan Notes should be exempt from withholding tax.

(c) Disposal of New Securities

AUSTRALIAN RESIDENT HOLDERS

For an Australian resident Eligible Retail Securityholder, any gain or loss arising on the disposal of New Securities should be subject to the same tax treatment as a gain or loss arising on the disposal of Existing Securities held by that Securityholder.

For CGT purposes, New Securities will be treated as having been acquired when the Eligible Retail Securityholder is issued their New Securities under the Retail Entitlement Offer. Eligible Retail Securityholders that are individuals, trusts or superannuation funds may be entitled to a CGT discount for gains on the Spark Trust Units and the Spark Holdings 1 and 2 shares.

NON-RESIDENT HOLDERS

Generally, a non-Australian resident Eligible Retail Securityholder should not be subject to CGT on disposal of Spark Trust Units, shares in Spark Holdings 1 and Spark Holdings 2 and CDIs in Spark International provided that:

- They (together with their associates) have not held an interest of 10% or more in the Stapled Entities at any time throughout a 12 month period that began no earlier than 24 months before the disposal of and ending no later than that time; and
- They do not hold the New Securities at any time in connection with carrying on a business at or through a permanent establishment in Australia.

It is recommended that non-Australian resident Eligible Retail Securityholders seek their own Australian tax advice.

Gains realised by a non-Australian resident Eligible Retail Securityholder on the disposal of the Loan Notes may be subject to Australian tax if the gain is considered Australian sourced (unless the Securityholder is entitled to an exemption, such as under an applicable Australian double tax treaty).

10.6 OTHER

No GST or stamp duty should be payable by Eligible Retail Securityholders in respect of the grant or exercise of Entitlements or the acquisition of New Securities.

10.7 TAXATION IMPLICATIONS OF THE RESTRUCTURE

The following is intended to be a summary of the likely general Australian income tax implications of the Restructure for Securityholders. The taxation consequences of the Restructure for each Securityholder will depend on their personal taxation and financial circumstances. Securityholders should obtain their own independent taxation advice about the taxation consequences of the Restructure before deciding whether or not to participate in the Entitlement Offer.

Spark Infrastructure is seeking a Class Ruling from the ATO to confirm certain taxation matters relating to the Restructure for Securityholders. Spark Infrastructure will update Securityholders as to the status of this Class Ruling in the Notices of Meeting and Explanatory Memorandum to be despatched to Securityholders in respect of the Restructure.

(a) Reduction of principal amount outstanding (face value) of Loan Notes

As part of the Restructure, Spark Trust will partially repay the principal amount outstanding on the Loan Notes. The amount repaid will be applied by Securityholders to subscribe for additional Spark Trust Units.

The partial repayment of principal on the Loan Notes should not be assessable income provided the amount repaid is less than the Securityholder's tax cost base in the Loan Notes.

(b) Simplification of Spark Infrastructure's security structure

It is intended that the simplification of the stapled security structure from a five stapled security to a dual stapled security will qualify for CGT roll-over relief under Subdivision 124-Q of the *Income Tax Assessment Act 1997* (Cth). Assuming the conditions for roll-over relief are satisfied:

- Any capital gain/loss derived by a Securityholder on the disposal of their shares in Spark Holdings 1 and Spark Holdings 2, and the cancellation of their CDIs in Spark International should be disregarded; and
- A Securityholder's cost base in Spark Trust Units that are issued in consideration for the disposal of shares in Spark Holdings 1 and Spark Holdings 2 should be equal to their tax cost bases in those shares.

(c) Consolidation of Spark Trust Units and restapling

At the completion of the Restructure, Spark Trust will consolidate the Units such that the number of Units that a Securityholder holds is the same as the number of Securities that the Securityholder held prior to the Restructure.

The consolidation of the Units should not result in any amount being included in the assessable income of a Securityholder. For CGT purposes, the tax cost base of the consolidated Units should be equal to the sum of the tax cost bases of the Spark Trust Units that were consolidated.

Spark Infrastructure intends seeking confirmation from the ATO as to the appropriate basis to determine the Securityholder's cost base in the additional Units received as part of the Class Ruling on the Restructure.

(d) Distributions from Spark Trust post Restructure

The taxation treatment of distributions from Spark Trust should generally be as set out below. Spark Infrastructure will provide an annual distribution and interest tax guide to assist Securityholders in completing their Australian income tax returns.

AUSTRALIAN RESIDENTS

For an Australian resident Securityholder:

- Interest in respect of the Loan Notes should be assessable to the Securityholder;
- Capital returns from Spark Trust should not be subject to Australian tax provided the returns do not exceed the Securityholder's cost base in the Units; and
- The Securityholder's share of the net income derived by Spark Trust may be taxable. To the extent the net income consists of franked dividends received from Spark Holdings 1 or Spark Holdings 2, the income should carry a franking credit (which may be available to offset the relevant tax liability, or refundable, depending on the particular circumstances of the Securityholder).

NON-RESIDENTS

For a non-Australian resident Securityholder:

- Interest in respect of the Loan Notes should continue to be exempt from withholding tax;
- Capital returns from Spark Trust should not be subject to Australian tax provided the returns do not exceed the Securityholder's cost base in the Units; and
- The Securityholder's share of the net income derived by Spark Trust should be assessable. To the extent the net income consists of unfranked dividends received from Spark Holdings 1 or Spark Holdings 2, the income should be subject to dividend withholding tax at a rate of 30% (which may be reduced under an applicable Australian double tax agreement). To the extent the net income consists of franked dividends received from Spark Holdings 1 or Spark Holdings 2, it should not be subject to dividend withholding tax. Other forms of net income may be subject to withholding tax at reduced rates (e.g. additional interest income would be subject to 10% withholding tax).

(e) Disposal of Securities following the Restructure

AUSTRALIAN RESIDENTS

Australian resident Securityholders should be subject to tax on any gains derived on the disposal of a Security following the Restructure. Whilst a Security following the Restructure is treated as a single security for ASX trading purposes, for tax purposes, the Loan Notes and Units comprising the Securities following the Restructure should be treated separately.

Loan Notes

Gains realised by a Securityholder on the disposal of the Loan Notes should be included in their assessable income. The CGT discount and capital losses will not be available to reduce any gain. Losses realised by a Securityholder on the disposal of the Loan Notes may be an allowable deduction to the Securityholder.

Units

Australian resident Securityholders should be subject to CGT on any gains derived on the disposal of a Spark Trust unit.

The cost base used to calculate the Securityholder's gain or loss on the disposal should be reduced by previous non-assessable capital returns received by the Securityholder in respect of Spark Trust Units.

For CGT discount purposes, Spark Infrastructure considers it likely that a significant proportion of the Spark Trust Units that comprise part of the Securities following the Restructure should be treated as having been acquired on the Implementation Date, with the consequence that the CGT discount 12 month holding period rule for those units will start from that date. Spark Infrastructure will confirm how Securityholders should determine the acquisition date(s) of Spark Trust Units for CGT discount purposes as part of the Class Ruling it is seeking from the ATO.

NON-RESIDENTS

Generally, a non-Australian Securityholder should not be subject to CGT on disposal of Spark Trust Units provided that:

- They (together with their associates) have not held an interest of 10% or more in Spark Trust at any time throughout a 12 month period that began no earlier than 24 months before the disposal of and ending no later than that time; and
- They do not hold the dual stapled Securities following the Restructure at any time in connection with carrying on a business at or through a permanent establishment in Australia.

Gains realised by a non-Australian resident retail Securityholder on the disposal of the Loan Notes may be subject to Australian tax if the gain is considered Australian sourced (unless the Securityholder is entitled to an exemption, such as under an applicable Australian double tax treaty).

It is recommended that non-Australian resident retail Securityholders seek their own Australian tax advice.

OTHER

No GST or stamp duty should be payable by retail Securityholders eligible to participate in the Restructure.

SECTION 11

ASSUMPTIONS UNDERLYING THE DISTRIBUTION GUIDANCE

The distribution guidance provided in Sections 6.6 to 6.8 has been prepared based on certain assumptions about future events, which are set out below. Potential investors should carefully review the key assumptions and the risk factors in Sections 1.4 and 12 in conjunction with the distribution guidance.

These summaries are intended to assist investors in assessing the reasonableness and likelihood of those future events occurring. Investors should be aware that the impact of future events may have a materially different positive or negative effect on the distribution guidance.

These assumptions are by their very nature subject to significant uncertainty and contingencies, many of which are outside the control of Spark Infrastructure and the Asset Companies and are not capable of reliable prediction.

Accordingly neither Spark Infrastructure or its Directors can give any assurance that the guidance will be achieved.

11.1 GENERAL ASSUMPTIONS

CONTINUITY OF OPERATIONS

There will be no significant disruptions to the continuity of operations of any of Spark Infrastructure's entities or the Asset Companies.

INSURANCE

The Asset Companies maintain insurance policies which will assist to mitigate operational risks (e.g. bushfires). It is assumed that insurance premiums will not increase materially during the Guidance Period. It should be noted, as a result of the effects of natural disasters, general insurance premiums may increase and the Asset Companies may be required to pay higher insurance premiums in the period post the Guidance Period.

LEGISLATION

There will be no change in Federal, State or local Government laws, regulations or policies, or in taxation legislation that will have a material effect on the Asset Companies' financial performance and reported cash flows during the Guidance Period.

ECONOMIC AND POLITICAL ENVIRONMENT

There will be no significant change in prevailing economic and political conditions or the rate of economic growth in Victoria or South Australia.

INFLATION

CPI increases for Victoria and South Australia during the Guidance Period are assumed to be consistent with market long-term expectations.

ACQUISITIONS AND INVESTMENTS

There are no acquisitions or investments assumed to be undertaken during the Guidance Period that will have a material impact on the financial performance and reported cash flows on the Asset Companies or Spark Infrastructure.

DIVESTMENTS

There are no divestments of businesses assumed during the Guidance Period.

LITIGATION AND CONTINGENT LIABILITIES

No material litigation, negative findings from the current ATO audit or contingent liabilities are expected to arise during the Guidance Period.

11.2 SPARK INFRASTRUCTURE CORPORATE LEVEL ASSUMPTIONS

ENTITLEMENT OFFER AND RESTRUCTURE ASSUMPTIONS

The assumptions around the Entitlement Offer and uses of proceeds are as set out in this Investor Information Booklet. The distribution guidance assumes the Restructure proceeds; however if it does not proceed there may be a partial Deferral of interest on the Loan Notes (see Sections 1.2, 1.4 and 12.2)

DISTRIBUTIONS FROM ASSET COMPANIES

Spark Infrastructure expects to principally receive interest income from the subordinated debt and preferred capital distributions during the Guidance Period. Refer to Section 6.7.

LOAN NOTES

Interest on Loan Notes is expected to account for the majority of the distributions paid to Securityholders during the Guidance Period.

Assuming the Restructure proceeds Loan Note principal outstanding post the Restructure would be \$863m, based on a face value of \$0.65 per Loan Note. The Loan Notes will accrue interest at a current rate of 10.85% of the face value on a cumulative basis.

On the assumption the Restructure proceeds, the interest on the Loan Note for the second half of 2010 will be calculated using the face value of:

- \$1.25 per Loan Note for the period from 15 September 2010 up to but not including the date of implementation of the Restructure; and
- \$0.65 per Loan Note for the period from the implementation date for the Restructure up to but not including 15 March 2011 (including the date of implementation of the Restructure).

MANAGEMENT FEES

Management fees have been calculated based on the terms set out in the Spark Infrastructure Trust Constitution and the Management Agreement. It has been assumed that no performance fees will be paid.

DEBT AND INTEREST EXPENSE

Spark Infrastructure will repay \$200m of an existing \$425m Senior Debt facility with proceeds from the Entitlement Offer. Subsequent to repayment, bank facilities will comprise a \$165m 3-year revolving facility and a \$85m 4-year term loan. Interest on the debt facility is at a current market rate.

INCOME TAX

Spark Infrastructure is not expected to pay tax during the Guidance Period. Unless otherwise determined by the Responsible Entity, during the Guidance Period, 100% of distributions from the Loan Notes and Spark Infrastructure Trust will be passed to Securityholders on a pre-tax basis.

DISTRIBUTIONS

Potential investors should refer to Section 6.6 for a summary of the distribution guidance of Spark Infrastructure for the second half of 2010 and for 2011.

DISTRIBUTION REINVESTMENT PLAN (DRP)

Spark Infrastructure expects to reactivate the DRP to finance capital expenditure in the existing businesses. The DRP is assumed to operate on a non-underwritten basis. A 20% participation rate has been assumed.

11.3 SPECIFIC ASSUMPTIONS – ASSET COMPANY ASSUMPTIONS

REGULATORY DETERMINATIONS

The price determination delivered by the AER on 4 June 2010 (Victorian Draft Regulatory Determination) is the basis of regulatory revenue assumptions for CitiPower and Powercor over the Guidance Period.

No outcome, positive or negative from the response to Victorian Draft Regulatory Determination as it relates to CitiPower and Powercor is assumed.

The price determination delivered by the AER on 6 May 2010 (ETSA Final Regulatory Determination) is the basis of regulatory revenue assumptions for ETSA over the Guidance Period.

No outcome, positive or negative from an appeal of the South Australian Final Regulatory Determination as it relates to ETSA is assumed.

REGULATED REVENUES AND VOLUMES

The price determinations delivered by the AER on 6 May 2010 (ETSA Final Regulatory Determination) and on 4 June 2010 (Victorian Draft Regulatory Determination) and the historical performance of the businesses are the basis of regulatory revenue assumptions for ETSA and CHEDHA over the Guidance Period.

Actual distribution volumes and load growth may change if other factors that drive distribution volumes differ from the assumptions made in the ETSA Final Regulatory Determination and the Victorian Draft Regulatory Determinations.

REGULATED DISTRIBUTION TARIFFS

There will be no substantial change to the regulatory environment as it relates to distribution tariffs, as described by the Victorian Draft Regulatory Decision and ETSA Final Regulatory Determination during the Guidance Period.

REVENUE RELATED TO AMI – CHEDHA

The price determination delivered by the AER on 30 October 2009 (AMI Final Regulatory Determination) is the basis of regulatory AMI revenue assumptions for CitiPower and Powercor over the Guidance Period.

11.3 SPECIFIC ASSUMPTIONS – ASSET COMPANY ASSUMPTIONS *continued***REVENUE FROM NON-REGULATED ACTIVITIES**

Revenue from non-regulated activities relating to external construction and network maintenance activities and information technology and telecommunication services is expected to eventuate over the Guidance Period in line with the organisation's strategies relating to its non-regulated business.

REVENUE FROM OTHER ACTIVITIES

There will be no material change to the nature of non-distribution revenue which includes items such as the provision of public lighting and metering services.

OPERATING EXPENDITURE

Assumed Operating expenditure associated with the operation, management and maintenance of the network has been based on the ETSA Final Regulatory Determination and the Victorian Draft Regulatory Determinations and the ability to execute the operating plan to meet planned network availability and performance requirements efficiently.

CAPITAL EXPENDITURE

Assumed capital expenditure associated with the expansion, rectification and safeguarding of the network has been based on the ETSA Final Regulatory Determination and the Victorian Draft Regulatory Determinations and the ability to execute the capital expenditure plan to meet planned network availability and performance requirements efficiently. A portion of the capital expenditure is to be funded using draw downs of new borrowings and it is assumed that Senior Debt facilities are available for this purpose.

SENIOR DEBT

Senior Debt over the Guidance Period is based on expected borrowings and financing facilities and the refinancing of those facilities.

Senior Debt held by the Asset Companies will need to be refinanced at varying maturity dates.

Net borrowings are assumed to increase reflecting the requirement that debt will be used to partially fund capital expenditure expected to be incurred over the Guidance Period.

SENIOR DEBT INTEREST EXPENSE

Interest expense over the Guidance Period is based on expected borrowings and financing facilities, current interest rates and timing of interest payments and assuming that the Asset Companies retain their current credit ratings for their senior unsecured obligations from Standard & Poor's.

Senior Debt is predominantly floating rate debt with varying terms to maturity. The floating rate debt has been hedged with interest rate swaps that fix the base interest rate through to the end of the regulatory period (excluding its working capital facilities). It is assumed that over the Guidance Period the majority of Senior Debt expense is hedged.

SUBORDINATED DEBT AND PREFERRED PARTNERSHIP CAPITAL

The Asset Companies have indicated a desire to retain additional cash at the operating companies in order to fund future growth capital expenditure commitments. This is expected to reduce quarterly distributions to Spark Infrastructure. It is assumed that retained amounts will be reinvested as new subordinated debt or preferred partnership capital.

Distributions to the ETSA Utilities partners are expected to be in accordance with their proportionate interest in ETSA Utilities.

INCOME TAX

A financial year ending 31 December is adopted for taxation purposes and a tax rate of 30% is applicable.

Tax payable has been calculated on the assumptions that:

- CHEDHA, which holds 100% of both CitiPower and Powercor, is a tax consolidation group;
- No liability arises from the ATO audit of Powercor which is referred to in Section 11;
- ETSA is a reporting but not a tax paying entity. The partners pay tax on their share of the partnership's income and are entitled to their share of any partnership losses; and
- No liability arises from the ATO Audit of ETSA, which is described in Section 11.

SECTION 12

RISK FACTORS

12.1 INTRODUCTION

There are a number of risks associated with an investment in Spark Infrastructure which are specific to Spark Infrastructure and risks of a more general nature. These include risks relating to the Repositioning proposal (Section 12.2), risks relating to Spark Infrastructure in particular (Section 12.3), risks relating to the Asset Companies (Section 12.4) and other general business and economic risks (Section 12.5).

This Section outlines the risks that Spark Infrastructure considers the most pertinent. Some of these risks can be mitigated by appropriate action, safeguards and procedures. However, many are outside Spark Infrastructure's control, cannot be mitigated and may affect the future performance of Spark Infrastructure. This list of risk factors may not be exhaustive and should be considered in conjunction with other information disclosed in this Investor Information Booklet and disclosed in Spark Infrastructure's announcements to the ASX. Additional risks and uncertainties may also become important factors that adversely affect the future performance and financial position of and distributions from Spark Infrastructure and the value of an investment in Spark Infrastructure.

Investors should consider carefully the risks associated with an investment in Spark Infrastructure and Investors with any doubt, having given due consideration to these risks and other information contained in this Investor Information Booklet, should consult their stockbroker or other professional adviser. There can be no guarantee that the assumptions and forward-looking statements contained in this Investor Information Booklet will be met, or that distributions will be paid or, if paid, be consistent with the distribution guidance provided or as to the price or liquidity of trading in Securities.

12.2 KEY RISKS SPECIFIC TO THE REPOSITIONING

12.2.1 RISKS RELATING TO THE ENTITLEMENT OFFER AND THE RESTRUCTURE

CONDITIONALITY OF RESTRUCTURE

The Restructure may not occur. The Restructure is subject to conditionality including the Entitlement Offer proceeding and various Securityholder, regulatory and court approvals. Failure to complete the Restructure will result in Securityholders holding an investment in an externally managed five stapled group without the contemplated reduction in the face value of Loan Notes.

IF THE RESTRUCTURE DOES NOT PROCEED – HEIGHTENED DEFERRAL RISK AND CONSEQUENT POTENTIAL TAX LIABILITY

Should the Restructure not be completed, there is a risk that distributions able to be supported by Spark Infrastructure in future periods would be less than the interest accruing in favour of Securityholders under the Loan Notes. If the interest accruing on the Loan Notes exceeds the cash available to Spark Infrastructure to fund distributions to Securityholders, some or all of the interest accrued may need to be Deferred.

If interest is Deferred, Spark will remain liable to pay the interest. However, interest will accrue on the deferred and unpaid interest on a daily basis (and compound on a monthly basis) from the date such interest was due to (but excluding) the date of actual payment, in addition to interest accruing under the Loan Notes for subsequent interest periods. A distribution stopper would also apply and no dividends or capital distributions may be made to Securityholders in respect of the issued Units except to the extent required to prevent Spark RE from being taxed on the income of Spark Trust.

Under the Loan Note Trust Deed, any amount Deferred, any interest not paid on the preceding Reset Date and any other interest due and payable would need to be repaid in full on the next Reset Date unless there is more than \$5 million of Senior Debt outstanding at that time. While Deferral of interest and non payment on a Reset Date is not a default under the Loan Note Trust Deed, Deferral may have a number of additional negative consequences for Securityholders, including adverse impacts on the market price at which Securities trade and their liquidity, access to capital raisings (including under the DRP), Spark Infrastructure's balance sheet (via an increasing liability), the credit rating of Spark Infrastructure, its Senior Debt including refinancing and the cost of debt, and on Spark Infrastructure's reputation. Each of these potential negative consequences may adversely affect the financial performance, financial position and distributions from Spark Infrastructure, and potentially exacerbate the issue resulting in the need to further Defer interest in subsequent periods.

Further, depending on their individual circumstances, certain Securityholders may be liable to tax on the full amount of the interest accrued irrespective of the distribution actually received.

12.2 KEY RISKS SPECIFIC TO THE REPOSITIONING *continued***IF THE RESTRUCTURE DOES NOT PROCEED – INCREASED PRINCIPAL AND INTEREST OBLIGATION**

While the risks described above are risks with the present structure, if the Entitlement Offer proceeds but the Restructure does not, these risks are heightened as the Entitlement Offer increases the aggregate face value of the Loan Notes on issue and thereby Spark Infrastructure's interest obligation under them.

In addition, if the Entitlement Offer proceeds but the Restructure does not, the Entitlement Offer will result in a higher aggregate face value of the Loan Notes on issue which will be more than the amount received under the Entitlement Offer. This is because as the Loan Notes issued under the Entitlement Offer are issued at face value of \$1.25 per Loan Note (in order to be fungible with the existing loan note component part of the Securities) and the Offer Price is less than \$1.25. As a consequence, the principal amount which Spark Infrastructure would have to pay on maturity and the future interest accruing under the Loan Notes will be based on this higher amount.

Furthermore, if the Restructure does not proceed, the benefits of the simplified ownership and capital structure as set out in Section 1.4 will not be obtained.

IF THE ENTITLEMENT OFFER AND THE RESTRUCTURE PROCEED - IMPACT ON FUTURE DISTRIBUTIONS

While the Restructure is designed to align Spark Infrastructure's Loan Note interest obligations with the operational cashflows expected to be available from the Asset Companies, there can be no guarantee that this outcome will be achieved.

NO ASSURANCE OF LIQUIDITY OR TRADING PRICE

There can be no assurance that Securities will trade at or above the Offer Price or as to liquidity of trading or that any capital growth in the Asset Companies will translate into a higher price at which Securities trade, or growth in distributions.

It should also be noted that the historical Security price performance of Spark Infrastructure's Securities provides no guidance as to the future Security price performance.

IF THE ENTITLEMENT OFFER AND THE RESTRUCTURE PROCEED - IMPACT OF TAX ON STAPLED ENTITIES

A significant part of Spark Infrastructure's capital structure has been contributed in the form of Loan Notes. Deductions for interest on the Loan Notes have been claimed by Spark Trust. Spark Infrastructure considers that the Restructure should not impact on Spark Trust's tax treatment of the Loan Notes. However, the quantum of interest deductions on the Loan Notes (and on the existing intra-group loans) will reduce significantly as a consequence of the Restructure. Accordingly, it is expected that Spark Infrastructure will begin paying tax on its income earlier than it would if the Restructure did not proceed.

Post Restructure, controlled foreign investments could cause all Spark Infrastructure entities to be subject to the thin capitalisation rules. If the level of debt funding of the Spark Infrastructure entities is in excess of the prescribed limits, this may result in the denial of interest deductions for those entities. This may result in those entities paying tax on their income earlier than they would if the Restructure did not proceed. At this stage, Spark Infrastructure has no controlled foreign investments.

Spark Trust is currently a "flow through" trust for tax purposes. Spark Infrastructure considers that Spark Trust should continue to be a flow through trust immediately following the Restructure as a consequence of a particular roll-over available under the CGT and public trading trust rules (Subdivision 124-Q of the Income Tax Assessment Act 1997 (Cth) and section 102NA of the Income Tax Assessment Act 1936 (Cth)). Spark Infrastructure is seeking a Class Ruling from the ATO to confirm the availability of the roll-over.

The ATO has issued a draft determination on the specific taxation provision dealing with the application of the public trading trust rules to trusts that become the holding entity of a formerly stapled group (section 102NA of the Income Tax Assessment Act 1936 (Cth)). If the ATO does not change its published position on the interpretation of that provision and there is no legislative amendment to clarify its application, there is a risk that future acquisitions by Spark Infrastructure could result in the ATO seeking to tax Spark Trust as a public trading trust. As a public trading trust, the income of Spark Trust would be taxable at the corporate tax rate (currently 30%), and distributions of income from Spark Trust would be in the form of franked or unfranked unit trust dividends. In the event that Spark Trust is at risk of becoming taxable as a public trading trust due to proposed investments, Spark Infrastructure will assess the implications to determine a course of action that is in the best interests of Securityholders.

Spark Holdings 2 had \$496 million of carry forward tax losses as at 31 December 2009. Utilisation of these losses is subject to satisfaction of certain loss utilisation tests. Spark Infrastructure considers that the Restructure and consequent reorganisation of its intra-group financing arrangements as described in Section 8.2 should not have any immediate impact on the ability of Spark Holdings 2 to utilise these losses. If, in the future, the loss utilisation tests are not satisfied, this may result in Spark Holdings 2 becoming tax payable at an earlier point in time than it otherwise would have. The payment of tax by Spark Holdings 2 should generate franking credits which may be passed on to Securityholders (via Spark Trust) in the form of franked dividends.

IMPACT ON MANAGEMENT FEES

As Spark Infrastructure will remain externally managed, fees will remain payable to the Manager in accordance with the existing management agreement.

Accordingly, there is the potential for base management fees payable to the Manager to increase to the extent Spark Infrastructure's Enterprise Value increases as a result of implementing the Repositioning initiatives. The extent to which fees actually increase will depend upon a number of factors including the Market Value of the Securities and the aggregate outstanding amount of any external Spark Infrastructure debt. Spark Infrastructure intends to use a substantial portion of the net proceeds from the Entitlement Offer to reduce debt at the Spark Infrastructure level and therefore, it is not expected that the Entitlement Offer will have a material impact on base management fees.

12.2.2 DISTRIBUTIONS AND INTEREST PAYMENTS ON SECURITIES

Spark Infrastructure's future distribution levels will be determined by Spark RE as responsible entity of Spark Trust, having regard to future operating results and financial position of the Asset Companies and of Spark Infrastructure.

Distributions on the Securities, and in particular interest payments relating to the Loan Notes, are not guaranteed. There can be no assurance that any distribution will be paid or, if paid, they will be paid at previous levels or consistent with any distribution guidance. Interest payments on the Loan Notes will be reduced under the Restructure.

Factors such as an increase in interest rates, inflation and inflationary expectations, the issue of further Securities, diminished financial results of the Asset Companies or decisions concerning the payment of distributions by their boards of directors (and other factors described in this Section 12) may have an adverse impact on the financial performance and position of Spark Infrastructure, which may reduce or prevent distributions and interest payments being made and/or give rise to Deferral (see above).

12.2.3 FUTURE ISSUES AND TRADING PRICE

Spark Infrastructure cannot predict what effect, if any, future issues of Securities, or the availability of Securities for future sale, will have on the market price of the Securities. Sales of substantial amounts of Securities in the public market could adversely affect the market price of the Securities and may make it more difficult to sell Securities at a time and price deemed appropriate by the relevant Securityholder. Any future issuance of Securities may also dilute the interests of the Securityholders.

The market price of Securities will depend on a range of factors, some beyond the ability of Spark Infrastructure to control (see Section 12.6). Similarly, such external factors could affect the price at which the Securities trade. There can be no assurance that any increase in Spark Infrastructure's net equity investment in the Asset Companies' RAB will translate into higher trading prices for the Securities.

12.3 KEY RISKS SPECIFIC TO AN INVESTMENT IN SPARK INFRASTRUCTURE

12.3.1 ASSET COMPANIES' REVENUES AND DISTRIBUTIONS

DISTRIBUTIONS

Decisions made by the boards of directors that oversee the Asset Companies concerning distributions and other related matters, such as in relation to future capital expenditure requirements, investment needs and gearing levels, and updating of budgets and business plans, may cause a reduction in cash available for distribution to Spark Infrastructure and ultimately to Securityholders.

These decisions have to be made in accordance with the terms of the Asset Company Agreements where relevant. While the day-to-day management of each of the Asset Companies is vested in its board, as a shareholder in CHEDHA and partner in ETSA Utilities, Spark Infrastructure (through its subsidiaries) has certain limited rights (as disclosed previously, at the time of its IPO). These include that any change in the distribution policy applying to the Asset Companies, and any proposed action or decision to implement any material change to debt/equity ratios or amortisation profile of, or increases in the capital of the Asset Companies (where such action is likely to affect the cash distribution payable or projected to be payable by the Asset Companies, or to affect the maintenance of the credit rating of the relevant Asset Company group), must be determined by a resolution passed by persons holding

12.3 KEY RISKS SPECIFIC TO AN INVESTMENT IN SPARK INFRASTRUCTURE *continued*

at least 75% of shares or partnership interest (as applicable). However, outside of the specific limited rights of the shareholders or partners (as applicable), such decisions are made by the board of the relevant Asset Company, which Spark Infrastructure does not control. In particular, it is a matter for each Asset Company board to apply the distribution policy of the Asset Companies (as amended from time to time) in accordance with the Asset Company Agreements, which necessarily involves a matter of judgment and exercise of discretion for the boards as to the surplus cash which is available for distribution in accordance with the distribution policy. Similarly, it is a matter for the boards of the Asset Companies to approve the budget and business plan, which must be consistent with the distribution policy, for each Asset Company from time to time.

REVENUES

While more than 70% of the current aggregated revenues of the Asset Companies are from regulated activities, revenue forecasts for the Asset Companies provided to Spark Infrastructure are, to a large extent, based on demand forecast assumptions which may not be met.

A reduction in the revenue earned by the Asset Companies may reduce the ability of the Asset Companies to pay dividends or other distributions to Spark Infrastructure, which in turn could limit Spark Infrastructure's ability to make distributions to Securityholders. Key risks to the Asset Companies' revenue are variations in customer load, regulatory pricing and compliance, network disruptions and inflation. Each of these risks is summarised below.

VARIATIONS IN CUSTOMER LOAD

The volume of electricity distributed through the networks of each of the Asset Companies is subject to a range of variables, including economic conditions, population growth, general growth in electrical appliance sales, growth in new housing, Government policy, weather, alternative energy sources (such as gas), and the availability of adequate supplies of electricity. While the regulated distribution areas of each of the Asset Companies have exhibited economic growth and increases in population over recent years, there can be no assurance that further increases in electricity volumes (based on those or other factors) will continue in the future. In addition, unusually mild summers or warmer than normal winters can negatively affect the volume of electricity used.

REGULATORY PRICING AND COMPLIANCE

Regulated revenue represents between 65% and 80% of the revenues for each of the Asset Companies. Accordingly, the financial performance of Spark Infrastructure is significantly dependent on, and sensitive to, pricing reset decisions by the Regulator. Should a decision be made by the AER to decrease tariffs below what can be recovered by improved volume, operating efficiency or operating expenditure over the period for which the price is set, the earnings of Spark Infrastructure will be negatively affected. As it may not be possible to immediately pass on these costs through higher regulated prices, there is a degree of uncertainty associated with the Asset Companies' margins. A price reset may also impact negatively on the carrying value of the distribution network assets of each of the Asset Companies, which would be reassessed at the time of the pricing reset. The next scheduled price reset for ETSA Utilities is from 1 July 2015 and CitiPower and Powercor from 1 January 2011. A Final Regulatory Determination has not been reached by the AER in relation to CitiPower and Powercor. To the extent that the Final Determination is materially different from the Draft Determination, this may have a material effect on the distribution guidance provided for 2011.

Previously, the States were responsible for the regulation of their respective electricity supply industries. However, from January 2009, the electricity distribution tariffs became regulated by the AER leaving the States with the responsibility for licensing electricity industry participants and regulating distribution service standards, and also regulation of electricity safety. The Asset Companies must adhere to electricity distribution licence requirements, codes and guidelines established and updated by the relevant State bodies from time to time. Failure to comply with the licence requirements, codes or guidelines may lead to penalties, or, in extreme circumstances, amendment, suspension or cancellation of relevant licences by the regulator.

Similarly, ETSA Utilities, for historic reasons, holds its distribution network via a 200 year lease from a State entity. Under the lease ETSA Utilities has a number of lessee commitments including obligations to maintain the network and to hold relevant authorisations and restrictions on selling the network. Failure to comply with these requirements may lead to claims or, in extreme circumstances, suspension or cancellation of the lease by the State.

NETWORK DISRUPTIONS INCLUDING THROUGH TERRORISM AND SEVERE EVENTS

The distribution networks of the Asset Companies are exposed to supply interruptions. If a severe storm, fire, sabotage, terrorist attack or other unplanned event interrupts service, the loss of cash flow resulting from the interruption and the cost of recovery from network damage could be considerable and potentially cause poor customer perception and lead to claims and litigation. The Asset Companies might also be liable for property damage caused by failings in the quality of supply (a power surge or “overvoltage”, for example). Given the size of the Asset Companies’ network and the number of businesses who rely on it and are vulnerable to such malfunctions, such claims are potentially very sizeable. Moreover, some losses from such events would not be recoverable under the Asset Companies’ insurance policies.

Importantly, the poles and wires of the distribution networks of each of the Asset Companies are not insured and the current insurance policies of the Asset Companies do not provide coverage for damage to the network assets as a result of a terrorist attack. While the Australian Federal Government has established a fund that may provide some coverage to the Asset Companies’ in the event of terrorist attack, there can be no assurance that such funds would be available to cover any or all of the losses caused by a terrorist attack. Lastly, increases in the number or duration of supply interruptions could result in material increases in the costs associated with the operation of the distribution networks, which could have a material adverse effect on the business, the financial condition and results of operations of the Asset Companies, and in turn on the financial condition and the results of operations of Spark Infrastructure.

INFLATION

Implied inflation as measured by CPI is a factor in the tariff adjustment regime applicable to each of the Asset Companies and is locked into nominal price term contracts. Accordingly, revenues earned by each of the Asset Companies may be adversely affected by increases in the rate of inflation, which could limit the amount of distributions payable to Spark Infrastructure.

UNREGULATED REVENUE

In addition, the Asset Companies compete to win new unregulated business. The ability to continue to earn unregulated revenues is dependent on a number of factors including the ability to win competitive tender processes, the ability to deliver services profitably and operational capacity to undertake unregulated activities. This type of work is highly competitive and there is no guarantee that the Asset Companies will be able to continue to win work of this nature.

12.3.2 FINANCING

INTEREST RATES ON SENIOR DEBT

The Asset Companies and Spark Infrastructure are exposed to movements in interest rates where funds are borrowed at a floating interest rate and where fixed rate debt is being refinanced. The Asset Companies are significant users of debt, which increases the sensitivity of earnings to interest rate movements. While a prudent level of Senior Debt is intended to be hedged against interest rate movements, not all borrowings are hedged and future borrowings may not be hedged. Further, such hedges only provide certainty for a limited period, typically coinciding with regulatory reset periods, and there is no guarantee that future hedging activities will achieve the desired outcome.

HIGH DEBT LEVELS

Each of the Asset Companies has raised substantial levels of debt to fund operations. The terms of the debt for each of the Asset Companies generally require the Asset Companies to comply with certain operating and financial covenants. The ability of each of the Asset Companies to meet their respective debt service obligations and repay their outstanding debt will depend primarily on the cash produced by the network distribution businesses of each of the Asset Companies. Given the relatively high levels of debt, there is a risk that the Asset Companies will not generate sufficient cash to cover the outstanding debt service obligations, which may force the Asset Companies to default on their debt obligations, refinance a portion or all of their debt or obtain additional financing on terms that are not as favourable. Decisions about debt levels made by the boards that oversee the Asset Companies and which are not controlled by Spark Infrastructure, such as to reduce gearing levels from time to time, may impact the need for greater cash to be retained in the Asset Companies, which may reduce distributions to Spark Infrastructure and ultimately to Securityholders.

Decisions regarding the debt levels of the Asset Companies have to be made in accordance with the terms of the Asset Company Agreements, where relevant. Any proposed action or decision to implement any material change to debt/equity ratios or amortisation profile of, or increases in the capital of the Asset Companies (where such action is likely to affect the cash distribution payable or projected to be payable by the Asset Companies, or to affect the maintenance of the credit rating of the relevant Asset Company group), must be determined by a resolution passed by persons holding at least 75% of shares or partnership interest (as applicable). Other decisions regarding debt levels are a matter for the board of the relevant Asset Company, which Spark Infrastructure does not control.

12.3 KEY RISKS SPECIFIC TO AN INVESTMENT IN SPARK INFRASTRUCTURE *continued*

SENIOR DEBT LOCK-UP

The terms of the Senior Debt of the Asset Companies and Spark Infrastructure provide that in certain situations (i.e. where due payments of interest or principal have not been paid, specified interest cover ratios have not been met or where there is otherwise an event of default (or a potential event of default subsisting)), the Asset Companies may not pay subordinated debt interest or dividends to Spark Infrastructure. This will in turn significantly limit Spark Infrastructure's ability to pay distributions to Securityholders, despite funds being otherwise available (Senior Debt Lock-up). If Senior Debt Lock-up occurs, the ability of the Asset Companies to make distributions to Spark Infrastructure, and the ability of Spark Infrastructure to make distributions to Securityholders, may be diminished or even removed until the Senior Debt Lock-up is remedied.

CAPITAL EXPENDITURE DRAW DOWNS

There is a risk that due to unforeseen events, possible debt draw downs planned by the Asset Companies and intended to be used to fund capital expenditure items may not eventuate. If this occurs, future growth initiatives of the Asset Companies could be restricted, which could limit future revenues and cash flows and potentially limit cash flow available for distribution to Spark Infrastructure and the Securityholders.

REFINANCING

Senior Debt held by Spark Infrastructure and the Asset Companies will need to be refinanced at varying maturity dates. For ETSA Utilities and CHEDHA, there is a need to refinance loan facilities and notes of approximately \$580 million in 2010 and 2011, together with approximately \$240 million of undrawn bank facilities.

The terms under which Senior Debt is refinanced or an inability to refinance or extend may affect the financial performance of the Asset Companies and Spark Infrastructure and the ability to pay distributions to Securityholders. If acceptable terms cannot be agreed before or at maturity, dividends, distributions and interest payments by the Asset Companies to Spark Infrastructure may be diminished, delayed or ceased which could reduce the amount of cash available for distribution to Securityholders. Similarly, any refinancing or extension may be on more onerous terms (including higher margins) than current facilities.

CREDIT RATINGS

The credit rating of Spark Infrastructure may be downgraded as a result of a change in operating performance or capital structure, or a downgrade in the credit rating of any of the Asset Companies, which may result from a number of matters. Any deterioration in the credit rating of CKI or HKE, or entities holding interests in CKI or HKE, could also negatively affect the credit rating of the Asset Companies and Spark Infrastructure. A downgrade of the credit rating of Spark Infrastructure would increase the cost of debt, thereby adversely affecting the financial performance and value of Spark Infrastructure.

Certain decisions of the Asset Companies must take maintenance of their credit rating into account. The business plans of the Asset Companies must demonstrate maintenance of their rating, and the Asset Companies' distribution policy requires that consistency with maintaining the credit rating of the Asset Company is one of the factors relevant to determination of distributions to be made to the shareholders or partners (as applicable). Any proposed action or decision to implement any material change to debt/equity ratios or amortisation profile of, or increases in the capital of the Asset Companies (where such action is likely to affect the cash distribution payable or projected to be payable by the Asset Companies, or to affect the maintenance of the credit rating of the relevant Asset Company group), must be determined by a resolution passed by persons holding at least 75% of shares or partnership interest (as applicable).

12.3.3 TAXATION - GENERALLY

GENERAL

The distribution guidance contained within this Investor Information Booklet is in part dependent upon the current applicable Australian tax laws and Spark Infrastructure's interpretation of these laws. If there is a change in tax regime or if the ATO has a different interpretation of the current laws other than that of Spark Infrastructure, the financial performance of Spark Infrastructure and the composition of its distributions may differ from the guidance provided.

12.3.4 ATO AUDIT

The ATO initiated a Large Business Audit of Powercor's financing arrangements in 2003. This matter is still ongoing and the ATO has issued position papers outlining their views to CHEDHA and Powercor. In particular, the ATO considers that all or part of the interest expenses incurred by Powercor on loans obtained from subsidiaries of each 50% shareholder group for the income years ended 31 December 2000 to 31 December 2005 are not properly deductible for income tax purposes, or are subject to disallowance under the general anti-avoidance rules.

CHEDHA and Powercor have obtained advice on these issues from their tax advisers. Discussions are still being

held with the ATO regarding this matter, and no amended assessments have been issued to date by the ATO. No provision has been made in the half year accounts of CHEDHA for the period ended 30 June 2010 in relation to the potential income tax liability.

The ATO is also undertaking a strategic audit of ETSA Utilities. The main issue outstanding with the ATO relates to the income tax treatment of the rent instalments payable under the land lease. The ATO has issued position papers to ETSA Utilities maintaining its views that the rent instalments are not deductible for income tax purposes. ETSA Utilities is still in discussions with the ATO regarding this matter. ETSA Utilities has obtained advice from its tax advisers that supports its current tax treatment.

The ATO has recently initiated an audit of certain other matters relating to ETSA Utilities including ETSA Utilities' financing arrangements and the tax treatment of capitalised labour and overhead costs. This is still in the information gathering stage and ETSA Utilities is in the process of providing the information requested by the ATO. The ATO has not issued any position papers and/ or amended assessments to ETSA Utilities in relation to these matters.

12.3.5 LACK OF CONTROL OF ASSET COMPANIES

Both before and after completion of the Repositioning initiatives, CKI and HKE will continue to collectively hold a 51% interest in each of the Asset Companies and subject to CKI's additional appointment right described below, have the right to appoint five directors to the boards of the directors that oversee the Asset Companies. Spark Infrastructure has the right to appoint four directors to the boards. There have been negotiations between the stakeholders in relation to the CEO's appointment as a director, as a result of which the CEO of the relevant Asset Company is on the board of CHEDHA but not on ETSA Utilities. For so long as CKI and HKE's aggregate interest in an Asset Company is at least 51% (but less than 60%), CKI has an additional right to appoint such directors as is necessary to ensure that the directors appointed by CKI and HKE account for more than one half of the total number of directors on the board. Where CKI and HKE have a majority position on the board of either of the Asset Companies, there can be no assurance that CKI and HKE will use their majority position on the boards for the benefit of Spark Infrastructure or the Securityholders.

The terms of the Asset Company Agreements, which govern the relationship of CKI, HKE and Spark Infrastructure in relation to the ownership and operation of CHEDHA and ETSA Utilities, require that certain decisions relating to significant corporate matters, including changes in the capital structure of ETSA Utilities or CHEDHA or any change in the distribution policy to the shareholders of CHEDHA or the ETSA Utilities partners, are subject to a special majority decision requiring the approval of holders of 75% of the shares of CHEDHA or requiring the approval of holders of 75% of the partnership interest of ETSA Utilities. There can be no assurances that these special majority provisions will afford adequate protection in all respects.

Spark Infrastructure has previously disclosed, at the time of its IPO, the extent of these matters in respect of which Spark Infrastructure, as a shareholder or partner (through its subsidiaries) has certain limited rights in respect of decision-making of the Asset Companies. Day-to-day management of each of the Asset Companies is otherwise vested in the relevant Asset Company's board, which Spark Infrastructure does not control. Matters which are generally decisions for the boards (subject to rights granted to shareholders or partners, as applicable, at law and the limited contractual rights referred to above), include for example the approval of the budget and business plan (including operating expenditure and capital expenditure estimates), the application of the distribution policy (see 12.3.1), gearing determinations (see 12.3.2) and the appointment of the chief executive officer.

The Asset Companies have indicated a desire to retain cash from operations to fund growth capital expenditure in the next regulatory period. The shareholders in the Asset Companies hold different views regarding the interpretation of the distribution policy under the Asset Company Agreements, in particular in relation to the definition of surplus cash and the ability of CHEDHA to defer interest under its subordinated loans.

Spark Infrastructure is of the view, based on its interpretation of the Asset Company Agreements, that the Asset Companies have an obligation to maximise surplus cash and distribute all surplus cash available from within the Asset Companies unless for some reason it would breach the Asset Companies' legal obligations to do so. Further, the ability for CHEDHA to defer interest under its subordinated loans is very limited and can only be exercised if CHEDHA cannot pay, for example, where it has not got the money to pay, or it would be unlawful to make payment.

The shareholders in the Asset Companies are discussing these matters in the lead up to the budgeting and planning approvals process. It is possible that this situation may lead to disputes between the shareholders in the Asset Companies or between Spark Infrastructure and the Asset Companies.

Further, as a result of Spark Infrastructure having only a 49% interest in each of the Asset Companies, its access to Asset Company information and management is governed by the terms of the Asset Company Agreements which provide it with more limited information than would be expected for a subsidiary or wholly owned investment.

12.3 KEY RISKS SPECIFIC TO AN INVESTMENT IN SPARK INFRASTRUCTURE *continued***12.3.6 REQUIRED SALE OF INTEREST – DEFAULT AND CHANGE OF CONTROL (PRE-EMPTIVE RIGHTS)**

In certain circumstances the subsidiary within the Spark Infrastructure group which owns the interest in the relevant Asset Company may be forced to offer that interest for sale (as may any other shareholder or partner, in the same circumstances). These pre-emptive rights arise if a shareholder:

- Suffers an insolvency event;
- Breaches the provision of the Asset Company Agreements relating to share and shareholder loan dealing and new issues or offers of shares and shareholder loans or warranties (including those given at the time of accession to the agreement);
- Undergoes a change of control (excluding certain changes of control, as set out below); or
- Acquired shares as a permitted nominee based on its relationship with another shareholder (or former shareholder), and it ceases to have that relationship,

in which case the other shareholders may trigger a sale process for all of its shares and shareholder loans. The pre-emptive rights sale process must be conducted in accordance with the Asset Company Agreements (as disclosed previously, at the time of Spark Infrastructure's initial public offering).

Broadly, a change of control of a shareholder is defined to occur if the persons who, at a particular time, have control of that shareholder lose that control, or one or more persons acquire control of that shareholder. Change of control of a shareholder also occurs where a shareholder's ultimate shareholder ceases to wholly own the shareholder.

The following sets out the exceptions to the pre-emptive rights. Change of control of a shareholder does not include:

- In relation to a shareholder who is wholly owned (directly or indirectly) by any Stapled Entity, a change in control resulting from:
 - A person acquiring or disposing of a direct or indirect interest in Spark Infrastructure stapled securities; or
 - The termination of Spark Infrastructure's Management Agreement or a change of control of the Manager; and
- In relation to a shareholder who is a 100% related party of CKI or Hongkong Electric Holdings Limited, a change in control:
 - Where the shareholder continues to be such a 100% related party; or
 - Where there is a change of control of CKI or Hongkong Electric Holdings Limited resulting from the trading of publicly listed securities; and
- A change arising from a third party debt financier's exercise of security over the relevant interest in the Asset Company, as a result of an insolvency event.

12.3.7 RISK FACTORS RELATING TO EXTERNAL MANAGEMENT ARRANGEMENTS

The Manager has the ability to terminate the Management Agreement in certain circumstances, and accordingly there can be no assurance that the Manager will remain the manager of Spark Infrastructure. Further, neither Spark Infrastructure nor the Securityholders would be able to remove the Manager in the event the Manager underperforms or fails to perform requisite duties under the Management Agreement unless the Manager is in serious breach of a material provision of the Management Agreement. To the extent the Manager underperforms and is not removed, Spark Infrastructure's financial performance may be negatively affected. In the event the Manager's relationship with Spark Infrastructure is terminated, there can be no assurance that a suitable replacement manager may be found, however Internalisation of the management function would remain an alternative.

As Spark Infrastructure will remain externally managed, fees will remain payable to the Manager in accordance with the existing management agreement (refer to Section 12.2.1 for risks relating to base management fees).

There is potential for performance fees to become payable in the future if the criteria for payment of the performance fees are satisfied. As at 30 June 2010, Spark Infrastructure's cumulative under-performance versus the benchmark index was a deficit of \$138.9 million. This under-performance is carried forward and taken into account in calculating the performance fee payable in future periods.

12.3.8 CONTRACTS

If third parties do not meet their obligations under material contracts, or there is a dispute concerning a material contract, and Spark Infrastructure or the relevant Asset Company is not financially compensated or cannot alleviate the effect by contracting with alternative parties, this may have a material adverse effect on Spark Infrastructure or the relevant Asset Company.

12.3.9 LITIGATION

Spark Infrastructure or an asset it invests in (including the Asset Companies) may be exposed to litigation arising from, for example, contractual or industrial disputes and environmental or occupational health and safety claims. Liability could be imposed as a consequence of any litigation and litigation could affect Spark Infrastructure or an asset adversely.

12.3.10 CONFLICTS OF INTEREST

There are potential conflicts of interest within Spark Infrastructure's management structure which arise as a result of the positions of CKI and HKE as interested in the Asset Companies as joint 51% owner of the Asset Companies on the one hand, and also interested as co-owner of the Manager of Spark Infrastructure (entitled among other things to nominate certain representatives to the Boards of the Stapled Entities) on the other. One way in which this conflict may manifest itself is that CKI and HKE may have differing views to Spark Infrastructure in relation to funding of capital expenditure and payment of distributions to shareholders and partners (as applicable) of the Asset Companies. Similarly, another way in which conflicts of interest may arise from those dual roles is in relation to the directors of Spark Infrastructure acting to exercise Spark's rights as (through its subsidiaries) shareholder or partner in the Asset Companies, in relation to which CKI and HKE are jointly the controlling shareholder and entitled to appoint the majority of the boards to those Asset Companies

12.3.11 JOINT VENTURES

In addition to its interest in the Asset Companies, Spark Infrastructure may enter into other joint venture arrangements with respect to future acquisitions of interests in infrastructure assets. Owning the existing Asset Company interests or a future interest in an asset with joint venture partners imposes restrictions which do not exist where the asset is wholly owned, and therefore, there may be limitations on the ability of Spark Infrastructure to make independent decisions with respect to the relevant asset or the ability of Spark Infrastructure to sell an interest in the joint venture. Disagreements between joint venture partners with respect to the ongoing operations of an asset or the disposition of an asset may have an adverse effect on the financial performance and position results of operation of Spark Infrastructure.

12.4 OPERATIONAL RISKS APPLICABLE TO THE ASSET COMPANIES

GENERAL

Management of the Asset Companies is not contracted to any external parties. Accordingly, the results of operations of the Asset Companies and Spark Infrastructure remain exposed to any unforeseen increases in operating expenses of the Asset Companies.

CAPITAL EXPENDITURE

Due to the nature of the distribution networks and the advancing age of network assets, each of the Asset Companies has significant capital expenditure requirements. While each of the Asset Companies has detailed asset management plans and has historically maintained capital expenditure budgets based upon targets established by the relevant state regulator, there is a risk that due to unforeseen events, capital expenditure required for the replacement of assets or proposed growth initiatives could exceed current or future capital expenditure budgets. Material increases in capital expenditure beyond budgeted amounts could adversely affect available operating cashflows of the Asset Companies, and have a negative impact on the level of distributions to Spark Infrastructure and ultimately to Securityholders. It is noted that capital expenditure requirements for the Asset Companies are anticipated to increase significantly in the next regulatory period, and that the Asset Companies have indicated their wish to retain a greater proportion of cash from operations to fund the expected rise in capital expenditure. See Section 6 for further detail regarding capital expenditure requirements of the Asset Companies.

12.4 OPERATIONAL RISKS APPLICABLE TO THE ASSET COMPANIES *continued*

OPERATING EXPENDITURE

The key factors influencing operating expenses for each of the Asset Companies are maintenance and support costs associated with the network and the costs incurred in providing non-distribution services to third parties. A key component of this expenditure is labour related expenses, including employees and contractors. In addition, operating expenses are also affected by materials and services largely relating to income generating work and the capitalisation of expenses incurred in the expansion and replacement of the distribution network. Unforeseen events may impact annual operating expenses with a resulting impact on operating profit.

BUSHFIRE

Parts of the distribution networks of Powercor and ETSA Utilities are located in high bushfire risk areas. There is a risk that system failures in the networks could ignite catastrophic bushfires particularly in extreme fire danger weather conditions. Although each of the Asset Companies has implemented bushfire mitigation programs designed to minimise the risk of bushfire ignition, which includes pole and power line inspections, tree clearings, audits, preventative capital projects and contingency plans, the Asset Companies cannot eliminate the possibility of causing a bushfire nor can they fully mitigate the consequences of such an event. The consequences include personal injury/death, property damage and business interruption. Insurance for property damage and business interruption to the distribution networks of the Asset Companies is limited with any damage to the poles and wires or assets within the CitiPower and Powercor distribution networks not being covered by insurance.

With respect to liability to third parties, CitiPower, Powercor and ETSA Utilities have group based liability insurance coverage for amounts which they may be held liable for personal injury or property damage arising from fires that are caused or arise from their respective distribution networks. The cost of remediation from network damage or liabilities to third parties caused by bushfires could be significant, which could have a material adverse effect on the Asset Companies' results of operations. There can be no assurance that network damage or liability to third party costs incurred will not exceed the amount of the property and liability insurances limits available under the respective policies.

ELECTRICAL SAFETY STANDARDS

Legislation and associated regulations in place in Victoria and South Australia prescribe standards for the safe operation and maintenance of poles, wires and related distribution assets. Any material increase in the operational or capital expenditure costs of the Asset Companies as a result of changes to the electrical safety standards that are not factored into the regulatory pricing determinations affecting the Asset Companies could significantly impact the financial condition and results of operations of the Asset Companies.

NATIVE TITLE

A declaration of native title with respect to land on which the Asset Companies, or any future investments in which Spark Infrastructure acquires an interest, are located may affect operational and financial performance of such Asset Companies. The Asset Companies (or Spark Infrastructure, as relevant) may have to comply with a series of potentially arduous procedures or even provide compensation to affected persons in some circumstances.

INDUSTRIAL ACTION

Industrial action or claims by employees or their unions may have a negative impact on the operations, customer services, business reputation and financial performance of each of the Asset Companies. The workforce conditions of certain employees of the Asset Companies are governed by a series of enterprise bargaining agreements which are subject to renegotiation from time to time.

Although each of the Asset Companies considers that its relations with its employees are good at this time, disputes may arise in the course of future enterprise bargaining agreement renegotiations which could lead to strikes or other forms of industrial action.

DEFINED BENEFIT SCHEME

ETSA Utilities contributes to a defined benefit superannuation plan with an unfunded deficit of \$131 million at June 2010. ETSA Utilities' defined benefit plan is part of the Electricity Industry Superannuation Scheme. The Electricity Industry Superannuation Scheme is managed by the Electricity Industry Superannuation Board, a separate legal entity independent of the consolidated entity.

The CHEDHA Group operates defined benefit superannuation plans for qualifying employees. Under the plans, the employees are entitled to retirement benefits based on their final salary at the time of retirement or resignation. As at 30 June 2010, management indentified a \$35 million under funded pension liability.

The CHEDHA and ETSA Utilities plan performance and funding levels have been impacted in recent years by volatility in equity markets and the decline in interest rates.

Annual cash contribution rates are based on recommendations made by actuaries based on their forecasts of

various matters, including future scheme assets, performance, interest rates and salary increases. Volatility in any of these items can impact the annual contribution rates of the Asset Companies above budgeted levels which can have a negative impact on the Asset Company cashflows.

CREDIT

Transmission companies charge distributors for use of system and connection charges which the distributor then passes on to retailers. The distributors are liable to pay the transmission companies even if those charges are not collected from retailers. The Asset Companies have a highly concentrated direct customer base, being a small number of electricity retailers, and thus they face substantial credit risk in relation to such electricity retailers.

ETSA Utilities mitigates this risk by requiring retailers to provide credit support under the terms of the regulated use of system agreements.

ENVIRONMENTAL

Changes to national or state Government environmental policies may expose electricity distribution providers to the risk of additional or unplanned capital expenditure. There has been a trend of increasingly stringent environmental regulations and policies which may add to capital cost requirements of industry participants. Such changes would increase the overall cost of operation of the Asset Companies' distribution networks, which in turn could have a material adverse effect on the business, financial condition and results of operations of the Asset Companies.

In addition, the activities of the Asset Companies may, in certain circumstances, pose a risk to the environment or trigger an environmental matter. Non-compliance with environmental laws and regulations may lead to costs and penalties in respect of environmental rehabilitation, damage control, and other losses, despite programs to minimise the probability of such accidents or violations occurring.

OCCUPATIONAL HEALTH AND SAFETY

National reform of occupational health and safety legislation is in progress which aims to develop and implement one set of laws that aims to ensure there is a consistently high level of protection for all Australians. The introduction of new legislation is to come into effect in 2012. Costs of non-compliance in the form of penalties and fines is proposed to be greater.

CARBON

While carbon, and greenhouse gas regulation generally, is not considered to be a key risk for the Asset Companies, there are a few direct liabilities and potential risks posed by the emerging climate change regulatory regime.

In terms of direct liabilities, the Asset Companies are required to report on their carbon emissions under the National Greenhouse and Energy Reporting Scheme (established by the National Greenhouse and Energy Reporting Act 2008 (Cth) and National Greenhouse and Energy Reporting Regulations 2008 (Cth)).

Also, as the Asset Companies are potentially responsible for a considerable amount of greenhouse gas emissions, they are vulnerable to regulatory changes affecting emissions, such as the imposition of a carbon price or possibly increased regulation of distribution losses.

LOSS OF KEY PERSONNEL

Spark Infrastructure is reliant on retaining and attracting quality senior executives and other employees at both the Group level and the Asset Company level. The loss of the services of any of Spark Infrastructure's senior management or key Asset Company personnel, or the inability to attract new qualified personnel, could adversely affect Spark Infrastructure's financial performance and position.

12.5 TAXATION RISKS APPLICABLE TO THE ASSET COMPANIES

CHEDHA SPECIFIC ISSUES

A significant part of CHEDHA's capital structure has been contributed in the form of subordinated shareholder loans. Deductions for interest on the shareholder loans have been claimed by CHEDHA, however the tax treatment of the shareholder loans is currently subject to review by the ATO (refer to Section 12.3.4). If some (or all) of the deductions claimed by CHEDHA are disallowed as a consequence of the review, this may result on CHEDHA becoming tax payable at an earlier point in time which may reduce the cash available to CHEDHA to fund distributions to Spark Infrastructure.

CHEDHA had \$890 million of carry forward tax losses as at 31 December 2009. The availability of these losses is subject to certain loss utilisation tests having been satisfied historically and on a go forwards basis. To the extent that these tests are not satisfied and some or all of these tax losses cease to be available to CHEDHA, this may result in CHEDHA becoming tax payable at an earlier point in time which may reduce the cash available to CHEDHA to fund distributions to Spark Infrastructure.

12.6 GENERAL RISK FACTORS

ECONOMIC AND FINANCIAL MARKET ENVIRONMENTS

The performance of Spark Infrastructure may be influenced by changes in various general economic factors including but not limited to changes in the level of economic activity and the resulting impact on market conditions, interest rates, inflation and inflationary expectations and consumer and business sentiment. Material adverse changes to these general economic factors may have an adverse impact on the financial performance and position of Spark Infrastructure.

Investors should also be aware that there are risks associated with any investment in securities markets. A number of external factors could affect the price at which the Securities trade on the ASX, their liquidity, and distributions which may be paid and more generally the performance of Spark Infrastructure. Amongst other things, these include movements on international and domestic stock markets, changes in the long term bond rate, volatility in the Australian and international financial markets, interest rates, inflation and inflationary expectations, actual and expected economic growth, overall economic and financial market conditions and Government taxation, regulation and other policy changes. It should be noted that there is no guarantee that the Securities will trade at a particular price or that there will at all times be sufficient buyers to allow their disposal at a price which the seller may have expected to achieve.

Market factors of the kind described above may affect the ability of Spark Infrastructure to raise capital funds by way of a further issue of capital, utilisation of the DRP, or to raise new debt and/or refinance existing debt on reasonable terms. There can be no assurance that any increase in Spark Infrastructure's equity investment in the Asset Companies' RAB will translate into higher trading prices for the Securities or growth in distributions.

SECTION 13

ADDITIONAL INFORMATION

13.1 OVERVIEW OF MATERIAL CONTRACTS REQUIRED TO GIVE EFFECT TO REPOSITIONING INITIATIVES

Summarised below are the material contracts which each Stapled Entity and other relevant parties have entered into to give effect to the Repositioning initiatives. Further detail is included in Sections 13.2 and 13.3.

13.1.1 ENTITLEMENT OFFER

Spark Infrastructure and the Underwriters have entered into an Underwriting Agreement under which the Underwriters have agreed to underwrite the Entitlement Offer. Refer to Section 13.2 for further details.

13.1.2 RESTRUCTURE

The Restructure Implementation Deed sets out the process for the Restructure so that:

- There is a partial repayment of the principal amount outstanding (face value) on the Loan Notes; and
- Spark Trust becomes the sole listed parent entity of Spark Infrastructure, and Spark Holdings 1, Spark Holdings 2 and Spark International become directly and wholly owned by Spark Trust.

Refer to Sections 7 and 13.3 for further details.

13.2 ENTITLEMENT OFFER MATERIAL CONTRACTS

The key material contract relating to the Entitlement Offer is the Underwriting Agreement. The Entitlement Offer is underwritten by Deutsche Bank AG, Sydney Branch and UBS AG, Australia Branch. A summary of the key terms is set out below:

Parties	<p>Deutsche Bank AG, Sydney Branch and UBS AG, Australia Branch (the Underwriters)</p> <p>Spark Holdings 1, Spark Holdings 2, Spark International and Spark RE as responsible entity of Spark Trust (Spark Infrastructure)</p>
Conditions precedent	The Underwriting Agreement is subject to a number of customary conditions precedent. If the conditions precedent are not satisfied, or waived, the Underwriting Agreement will terminate
Fees	<p>If the Entitlement Offer completes, without the Underwriting Agreement being terminated, the Underwriters will receive the following fees (shared in equal proportions):</p> <p>Underwriting fee - 2% of the gross proceeds of the Entitlement Offer</p> <p>Management fee - 0.5% of the net proceeds of the Entitlement Offer</p> <p>subject to Spark Infrastructure's absolute discretion, a discretionary fee of 0.5% of the gross proceeds of the Entitlement Offer</p> <p>Spark Infrastructure has agreed to reimburse reasonable expenses of the Underwriters</p>
Indemnity	Spark Infrastructure indemnifies the Underwriters and parties associated with them in respect of certain loss suffered in connection with the Entitlement Offer (subject to certain customary limitations and exclusions)
Termination Events	<p>An Underwriter may terminate any of its obligations under the Underwriting Agreement if any of the termination events in the Underwriting Agreement occur at any time before the Final Allotment Date</p> <p>There are a number of customary termination events in the Underwriting Agreement, including the key termination events set out below</p> <p>Part 2 termination events only permit an Underwriter to terminate if, in its reasonable opinion, the event has or is likely to have a material adverse effect on the Entitlement Offer or the price of securities, or the Underwriter</p>

13.2 ENTITLEMENT OFFER MATERIAL CONTRACTS *continued*

will, or is likely to, contravene applicable laws or to have liability under the Corporations Act or other applicable laws

Part 1 termination events:

(Market fall) the S&P/ASX 200 Index:

is at any time up to, and including, 5.00pm on the date the Institutional Entitlement Offer closes lower than 90% of the level of that index as at the close of normal trading on ASX on the Business Day immediately preceding the date of this agreement (Starting Level); or

is at the close of normal trading on ASX on any day after the date the Institutional Entitlement Offer closes and up to, and including, the date for settlement of the Institutional Entitlement Offer, lower than 90% of the Starting Level; or

after the date for settlement of the Institutional Entitlement Offer, at the close of trading on any two consecutive Business Days or on the Business Day immediately prior to the Final Allotment Date, is lower than 90% of the Starting Level;

(ASX approval) unconditional approval (or conditional approval, provided such condition would not, in the reasonable opinion of an Underwriter, have a material adverse effect on the success or settlement of the Entitlement Offer) by the ASX for official quotation of the New Securities is refused, or is not granted:

in the case of the New Securities to be issued under the Entitlement Offer on the Initial Allotment Date, by that date (or such later date agreed in writing by the Underwriters in their absolute discretion) or is withdrawn on or before the Initial Allotment Date; or

in the case of the New Securities to be issued under the Retail Entitlement Offer on the Final Allotment Date, by that date (or such late date agreed in writing by the Underwriters in their absolute discretion) or is withdrawn on or before the Final Allotment Date,

or ASX makes an official statement to any person or indicates to Spark Infrastructure or the Underwriters that official quotation of the New Securities will not be granted;

(Listing) ASX announces that Spark Infrastructure will be removed from the official list or that its securities will be suspended from trading on, or cease to be quoted on, ASX;

(Spark RE) the Spark RE ceases to hold all necessary authorisations required by it to be the responsible entity of Spark Trust or seeks to retire or ceases to be the responsible entity of Spark Trust, or Spark Trust ceases to be a validly subsisting trust registered as a managed investment scheme in accordance with Chapter 5C of the Corporations Act or is terminated;

(Misleading or deceptive statements)

a statement in this Investor Information Booklet or any other document or material issued by Spark Infrastructure in relation to the Entitlement Offer is or becomes misleading or deceptive or likely to mislead or deceive, or omit any information that is required (having regard to the provisions of section 708AA and section 1012DAA of the Corporations Act); or

any forecasts, expressions of opinion, intention or expectation in this Investor Information Booklet or in any such other document or material are not based on reasonable assumptions;

(Corrective Statement) the notice under sections 708AA and 1012DAA of the Corporations Act (as notionally modified by ASIC Class Order 08/35) issued by Spark Infrastructure in relation to the Entitlement Offer is defective within the meaning of those sections or the Spark Infrastructure is required to give, or gives, a corrective statement;

(Change in board or management) the chairman or chief executive officer of the Spark Infrastructure Group vacates his or her office;

(Withdrawal) Spark Infrastructure withdraws or indicates that it does not want to proceed with the Entitlement Offer;

(Insolvency) except as disclosed in the Investor Information Booklet, or as disclosed to ASX or to the Underwriters prior to the date of the Underwriting Agreement, any of the Stapled Entities, the Manager or a material member of Spark Infrastructure is or becomes insolvent or there is an act or omission or circumstances arise which may result in any of them becoming insolvent;

(Material adverse change) there is a material adverse change, or an event occurs which is likely to give rise to a material adverse change in the business, assets, liabilities, financial position or performance, results, operations or prospects of any Stapled Entity or Spark Infrastructure except where:

- the change or event or consequences of that change or event were fully and fairly disclosed to the Underwriters in the report of the due diligence committee for the Entitlement Offer; or
- the change or event is disclosed in the Investor Information Booklet; or
- the change or event has otherwise been disclosed to the ASX prior to the date of the Underwriting Agreement;

(Finance Documents) except as disclosed in the Investor Information Booklet, or as disclosed to ASX or to the Underwriters prior to the date of the Underwriting Agreement:

any Stapled Entity or any member of Spark Infrastructure breaches, or defaults under, any provision, undertaking, covenant or ratio of any financial accommodation provided to them by any bank or financial institution or any related documentation to which that entity is a party; or

an event of default or event which gives a lender or financier the right to accelerate or require repayment of the debt or financing, or other similar material event occurs under or in respect to any such financial accommodation or related documentation;

(Takeovers Panel application) any application is made to the Takeovers Panel seeking a declaration of unacceptable circumstances in relation to the Entitlement Offer;

(Takeovers Panel declaration) the Takeovers Panel makes a declaration of unacceptable circumstances or order in relation to the Entitlement Offer;

(Change of control) except for the proposed Restructure, a scheme of arrangement or reconstruction is announced by Spark Infrastructure, or another offer to Securityholders is announced by another person, which, if implemented, may result in a person and their associates acquiring a beneficial interest in, or voting power of, 50% or more of the interests in Spark Infrastructure;

(New circumstance) a materially adverse new circumstance arises that would require Spark Infrastructure to give ASX a notice under sections 708AA(12) and 1012DAA(12) of the Corporations Act (as notionally inserted by ASIC Class Order 08/35);

Part 2 termination events:

(Change in law) there is introduced into the Parliament of the Commonwealth of Australia or any State or Territory of Australia a law or any new regulation is made under any law, or a government agency adopts a policy, or there is any official announcement on behalf of the Government of the Commonwealth of Australia or any State or Territory of Australia or a government agency that such a law or regulation will be introduced or policy adopted (as the case may be), in each case other than a new law, regulation or policy which has been announced before the date of this agreement (and which is introduced, made or adopted in the form that it was announced);

(Hostilities) hostilities not existing at the date of this agreement commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States of America, any member state of the European Union, Japan, or a national emergency is

13.2 ENTITLEMENT OFFER MATERIAL CONTRACTS *continued*

declared by any of those countries, or a significant terrorist act is perpetrated anywhere in the world;

(ASX waivers and ASIC relief) ASX withdraws, revokes or amends any waiver of the Listing Rules which is necessary to enable Spark Infrastructure to make the Entitlement Offer and implement the Restructure or ASIC withdraws, revokes or amends any ASIC relief;

(Change in management) a change in the senior management of Spark Infrastructure or the Boards or, except as disclosed in the Investor Information Booklet, an amendment or variation to, or termination of the Management Agreements between the Manager and each Stapled Entity is announced or occurs;

(market or trading disruption) there is:

a suspension or limitation in a material respect in trading in securities generally on ASX, the New York Stock Exchange or the London Stock Exchange; a general moratorium on, or a material disruption in, commercial banking or securities settlement or clearance services in Australia, Japan, Hong Kong, the United Kingdom, Germany or the United States of America; or an adverse change in, or disruption to, the existing financial markets, or political or economic conditions of Australia, Japan, Hong Kong, the United Kingdom, Germany, the United States of America or the international financial markets or any change in national or international political, financial or economic conditions.

Limit on the Underwriter's ability to take up New Securities

The number of New Securities that an Underwriter can acquire under the Underwriting Agreement is restricted so that an Underwriter may not contravene section 606 of the Corporations Act at any time. While this may limit the number of New Securities for which an Underwriter may subscribe, the Underwriters are obliged to underwrite the full amount of the cash proceeds of the Entitlement Offer.

Deferred settlement obligations

An Underwriter has some discretion to defer its settlement obligations under the Underwriting Agreement until a later date, being no later than 2 weeks after the settlement date for the Institutional Entitlement Offer and up to 4 weeks after the settlement date for the Retail Entitlement Offer (each, an Extended Settlement Date). By the relevant Extended Settlement Date the Underwriter must pay Spark Infrastructure the full amount of its proportion of the proceeds of the Institutional Entitlement Offer or the Retail Entitlement Offer (as applicable) however the Underwriter may choose to further defer the take up of New Securities by up to six months after the relevant extended settlement date. This deferred settlement mechanism is intended to assist the Underwriters to subscribe for shortfall New Securities, while complying with section 606 of the Corporations Act as described above.

13.3 RESTRUCTURE MATERIAL CONTRACTS

Spark Infrastructure proposes to implement the Restructure following completion of the Entitlement Offer.

RESTRUCTURE IMPLEMENTATION DEED

Spark Holdings 1, Spark Holdings 2, Spark International and Spark RE as responsible entity of Spark Trust have entered into a Restructure Implementation Deed to give effect to the Restructure. A summary of the key terms are set out below:

Parties	Spark Holdings 1, Spark Holdings 2, Spark International and Spark RE as responsible entity of Spark Trust
Purpose	<p>The purpose of the Restructure Implementation Deed is to document the agreement between the parties to implement the Restructure so that:</p> <ul style="list-style-type: none"> • Spark RE repays \$795 million of the principal outstanding on the Loan Notes in exchange for the issue of additional Units; and

	<ul style="list-style-type: none"> • Spark Trust becomes the sole listed parent entity of Spark Infrastructure (with Units and Loan Notes stapled together) and Spark Holdings 1, Spark Holdings 2 and Spark International come to be directly wholly owned by Spark Trust.
Conditions precedent	The Schemes and the obligations of the parties to implement the Restructure are conditional on the satisfaction or waiver of a number of conditions precedent. For a summary of the applicable conditions precedent, please refer to Section 7.8.
Obligations to implement the Restructure	<p>Each of Spark Holdings 1, Spark Holdings 2, Spark International and Spark RE as responsible entity of Spark Trust must use their respective best endeavours to give effect to the Restructure and satisfaction of the conditions precedent (subject to compliance with their respective obligations, functions, powers and duties under the Restructure Implementation Deed, their respective constitutions, at law and under the Listing Rules and ASX Settlement Operating Rules). This includes:</p> <ul style="list-style-type: none"> • Applying for Court orders to convene the Scheme Meetings; • Convening meetings for the purposes of obtaining all Restructure Resolutions; • Taking all reasonable steps so that ASIC and ASX do not object to the Notices of Meetings and Explanatory Memorandum and accompanying materials in connection with the Restructure, and that these documents are despatched to Securityholders; • Lodging the constitutional amendments with the relevant regulators in Australia and the Bahamas (if required); • Applying for Court orders to approve the Schemes; • Lodging a copy of the Court orders with ASIC; • Taking all reasonable steps applicable to each party to meet any requirement of the Corporations Act, ASIC, ASX and the Court, relating directly or indirectly to the Restructure; and • Performing each Stapled Entity's obligations as described in Section 7.
Winding up alternative to Bahamas redemption	If before the record date for the Restructure it appears that conditions precedent relating to Spark International will not be satisfied or waived the Spark International constitution amendments will not become effective to permit the implementation of the redemption of the Spark International ordinary shares on or within a reasonable time after the implementation date, the directors of Spark International must unstaple the Spark International ordinary shares (and related CDIs) and will resolve to wind it up.
Termination rights	The parties may terminate the deed by mutual agreement at any time prior to the Court approving the Schemes. This includes if a change of control proposal emerges which is superior to the Restructure or a development arises which has or is reasonably likely to have a materially adverse effect on Spark Infrastructure or the Securityholders or mean that the Restructure is no longer in the best interests of Securityholders (see Section 7.8). In addition, if the Schemes are not implemented by 31 December 2010, any party may terminate this deed by notice to the other parties.

13.4 CHESS - PARTICIPATION OF NEW UNITS AND LOAN NOTES IN CHESS

The new Units and Loan Notes as part of the Securities on issue after the Restructure will participate from the date of commencement of quotation in CHESS operated by ASX Settlement and Transfer Corporation Pty Ltd. They must be held in uncertificated form (i.e. no security certificate will be issued) on the CHESS subregister under sponsorship of a sponsoring participant (usually a broker) or on the issuer-sponsored subregister.

Arrangements can be made at any subsequent time to convert your holding from the issuer-sponsored subregister to the CHESS subregister under sponsorship of a sponsoring participant or vice versa by contacting your sponsoring participant.

13.5 ADDITIONAL INFORMATION IN RELATION TO THE ENTITLEMENT OFFER

AVAILABILITY OF INVESTOR INFORMATION BOOKLET

Securityholders with registered addresses in the Eligible Jurisdictions can obtain a copy of this Investor Information Booklet during the Entitlement Offer Period from Spark Infrastructure's or by calling the Spark Infrastructure Securityholder Information Line on 1300 608 629 (within Australia) and +61 3 9415 4068 (outside Australia) at any time

13.5 ADDITIONAL INFORMATION IN RELATION TO THE ENTITLEMENT OFFER *continued*

from 8.30am to 5:00pm (Sydney time) Monday to Friday during the Entitlement Offer Period.

Eligible Retail Securityholders with registered addresses in the Eligible Jurisdictions will be sent a copy of this Investor Information Booklet and their Entitlement and Acceptance Form. You should ensure that you read this Investor Information Booklet and the Entitlement and Acceptance Form in their entirety, and if accessing them electronically that you download this Investor Information Booklet in its entirety (including any annexures to this Investor Information Booklet).

The electronic version of this Investor Information Booklet on Spark Infrastructure's website will not include a personalised Entitlement and Acceptance Form.

You will only be entitled to accept the Entitlement Offer by completing your personalised Entitlement and Acceptance Form which accompanies this Investor Information Booklet, or by making a payment of Application Monies via BPay® (refer to Section 5 for further information). Please carefully read the instructions on the accompanying Entitlement and Acceptance Form.

Securityholders in other jurisdictions are not entitled to access the electronic version of this Investor Information Booklet on Spark Infrastructure's website.

CONTINUOUS DISCLOSURE

Each Stapled Entity is a "disclosing entity" under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules, including the preparation of annual reports and half yearly reports.

Each Stapled Entity is required to notify the ASX of information about specific events and matters as they arise for the purposes of the ASX making that information available to the stock markets conducted by the ASX. In particular, each Stapled Entity has an obligation under the Listing Rules (subject to certain exceptions) to notify the ASX immediately of any information of which it is or becomes aware of which a reasonable person would expect to have a material effect on the price or value of its securities. That information is available to the public from the ASX.

Some documents are required to be lodged with ASIC in relation to each Stapled Entity. These documents may be obtained from, or inspected at, an ASIC office.

NOT INVESTMENT ADVICE

The information provided in this Investor Information Booklet and the accompanying Entitlement and Acceptance Form, is not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. The information contained in this Investor Information Booklet and the accompanying Entitlement and Acceptance Form should not be considered to be comprehensive or to comprise all the information which a Securityholder may require in order to determine whether or not to subscribe for New Securities. If you have any questions you should consult your professional adviser before deciding whether or not to invest.

NO AUTHORISATION

No person is authorised to give any information or make any representation in connection with the Entitlement Offer, which is not contained in this Investor Information Booklet. Any information or representation not contained in this Investor Information Booklet may not be relied on as having been authorised by Spark Infrastructure in connection with the Entitlement Offer.

13.6 ASX WAIVERS AND CONFIRMATIONS

In order to conduct the Entitlement Offer, Spark Infrastructure has certain in principle waivers and confirmations from the Listing Rules. The ASX has granted Spark Infrastructure in principle certain waivers from Listing Rules 3.20.2, 7.1, 7.40 and 10.11 subject to a number of conditions including that:

- All Securityholders are offered their pro-rata share of the Entitlement Offer unless Listing Rule 7.7.1 would permit the Securityholder to be excluded from the Entitlement Offer;
- New Securities are offered under the Institutional Entitlement Offer and Retail Entitlement Offer at the same Offer Price and same ratio; and
- Related parties do not participate beyond their pro-rata share other than under bona fide underwriting arrangements that are disclosed in this Investor Information Booklet and the terms of the underwriting agreements are included in the offer documents to be sent to all Securityholders.

Any further ASX waivers and confirmations required in relation to the Restructure will be set out in the Notices of Meeting and Explanatory Memorandum expected to be despatched to Securityholders in late October or early November 2010.

For the purposes of determining those entitled to receive Entitlements ASX has confirmed that Spark Infrastructure may ignore transactions occurring after the announcement of the trading halt in Securities (other than registrations of transactions which were effected through ITS (Integrated Trading System) before the announcement of the trading halt) (post ex-date transactions). Transactions ignored under this provision are to be ignored in determining holders and registered holders, and holdings and registered holdings, of Existing Securities as at the Record Date, and references to such holders, registered holders, holdings and registered holdings are to be read accordingly. Therefore, if you have acquired Securities in a post ex-date transaction you will not be entitled to receive an Entitlement in respect of those Securities.

13.7 ASIC RELIEF

In order to allow Spark Infrastructure to conduct the Entitlement Offer, Spark has received in principle reliefs from ASIC in relation to the following sections of the Corporations Act:

- Sections 601FC(1)(d) and 601GAA(3)(g), as notionally inserted by ASIC Class Order 05/26, to allow the Entitlement Offer to fall within the requirements of that Class Order;
- Section 1017E, to permit Spark Infrastructure to use a single bank account for application money received for New Securities; and
- Section 1019A, to exempt the Entitlement Offer from the cooling-off requirements imposed by that subsection.

The required ASIC modifications and exemptions in relation to the Restructure will be set out in the Notices of Meeting and Explanatory Memorandum that is expected to be despatched to Securityholders in late October or early November 2010.

13.8 INTERESTS OF SPARK INFRASTRUCTURE DIRECTORS IN SECURITIES

The directors of Spark Infrastructure intend to vote the Securities they own or control in favour of all of the Restructure Resolutions, except where they are not permitted to cast a vote (under the voting exclusions which will be contained in the Explanatory Memorandum).

Director	Number of Spark Infrastructure Securities held as at 3 September 2010
Mr Stephen Johns (Chairman)	355,000
Ms Cheryl Bart	125,000
Mr Dominic Chan	–
Mr John Dorrian	136,428
Mr Andrew Fay	–
Mr Andrew Hunter	–
Ms Anne McDonald	–
Mr Don Morley	230,000
Dr Keith Turner	–

13.9 PRIVACY

As a Securityholder, Spark Infrastructure and the Registry have already collected certain personal information from you. If you apply for New Securities, Spark Infrastructure and the Registry may update that personal information or collect additional personal information. Such information may be used to assess your acceptance of New Securities, service your needs as a Securityholder, provide facilities and services that you request and carry out appropriate administration.

To do that, Spark Infrastructure and the Registry may disclose your personal information for purposes related to your securityholding to their agents, contractors or third party service providers to whom they outsource services, including to Spark Infrastructure Trust Management and Spark Infrastructure Corporation in order to assess your application for New Securities, the Registry for ongoing administration of the register, printers and mailing houses for the purposes of preparation and distribution of Securityholder information and for handling of mail, or as otherwise authorised under the Privacy Act 1988 (Cth).

13.9 PRIVACY continued

If you do not provide us with your personal information we may not be able to process your application. In most cases you can gain access to your personal information held by (or on behalf of) Spark Infrastructure or the Registry. We aim to ensure that the personal information we retain about you is accurate, complete and up to date. To assist us with this, please contact us if any of the details you have provided change. If you have concerns about the completeness or accuracy of the information we have about you, we will take steps to correct it. You can request access to your personal information by telephoning or writing to Spark Infrastructure through the Registry as follows:

Computershare Investor Services Pty Limited
Level 4,
60 Carrington Street
Sydney NSW 2000

Postal address:
GPO Box 7045
Sydney NSW 2000

Telephone (within Australia): 1300 608 629
(outside Australia): +61 3 9415 4068

13.10 OTHER MATERIAL INFORMATION

Except as disclosed in this Investor Information Booklet, none of the directors of Spark Infrastructure or any related body corporate is aware of any other information that is:

- Material to the making of a decision by an investor whether to apply for Entitlement Offer securities; and
- Known to Spark Infrastructure; and
- Not previously disclosed to Securityholders.

13.11 GOVERNING LAW

This Investor Information Booklet, the Entitlement Offer and the contracts formed on acceptance of the Entitlement and Acceptance Forms are governed by the law applicable in New South Wales, Australia.

Each Securityholder who applies for New Securities submits to the jurisdiction of the courts of New South Wales, Australia.

SECTION 14

GLOSSARY

TERM	DEFINITION
\$ or A\$ or dollars	Australian dollars
ABN	Australian Business Number
AER	Australian Energy Regulator
AMI	Advanced Metering Infrastructure
Application	An application to subscribe for New Securities under the Entitlement Offer
Application Monies	Monies received from applicants in respect of their Applications
ARSN	Australian Registered Scheme Number
Asset Companies	Spark Infrastructure's operating businesses, CHEDHA and ETSA Utilities
Asset Company Agreements	The agreements entitled "CHEDHA Holdings Shareholders Agreement", "ETSA Utilities Partner Share Dealing Agreement", "ETSA Utilities Partnership Amendment Agreement" and "OPCo Shareholders Amendment Agreement" which govern the relationship of Spark Infrastructure, CKI and Hongkong Electric Holdings Limited in relation to the ownership and operation of the Asset Companies
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited (ABN 98 008 624 691) or the financial market operated by that entity known as the Australian Securities Exchange
ATO	Australian Taxation Office
Boards	The boards of directors of each Stapled Entity
CaMS	Construction and Maintenance Services
CDI	CHESSE Depositary Interest
CGT	Capital Gains Tax
CHEDHA	CHEDHA Holdings Pty Limited (ABN 37 116 940 820)
CitiPower	CitiPower Pty Limited servicing Melbourne's inner suburbs and central business district
CKI	Cheung Kong Infrastructure Holdings Limited
Constitution Amendment Resolutions	The resolutions described in Section 7.11(D) to be put to Securityholders at Extraordinary General Meetings of each Stapled Entity.
Corporations Act	<i>Corporations Act 2001</i> (Cth)
CP 134	ASIC consultation paper (CP 134) which outlines suggested disclosures that should be made in relation to infrastructure entities
Deferral and Defer	A deferral of interest payable to Securityholders under the Loan Notes
DRP	Spark Infrastructure's distribution reinvestment plan
EBITDA	Earnings before interest, taxes, depreciation and amortisation
Eligible Institutional Securityholder	Has the meaning given in Section 4.2
Eligible Jurisdictions	Australia and New Zealand
Eligible Retail Securityholder	Has the meaning given in Section 4.3
Eligible Securityholder	A person who is an Eligible Institutional Securityholder or an Eligible Retail Securityholder

TERM	DEFINITION
Independent Expert's Report	The report prepared by the Independent Expert as described in Section 1.1, and annexed at Annexure A
Enterprise Value	Market capitalisation plus net debt of Spark Infrastructure, calculated either standalone (excluding Spark Infrastructure's proportionate share of the Asset Companies' net debt) or look-through (including Spark Infrastructure's proportionate share of the Asset Companies' net debt)
Entitlement	The entitlement to 2 New Securities for every 7 Existing Securities held on the Record Date by Eligible Securityholders
Entitlement and Acceptance Form	The Entitlement and Acceptance Form accompanying this Investor Information Booklet upon which an Application can be made
Entitlement Offer	The Retail Entitlement Offer and Institutional Entitlement Offer
Entitlement Offer Period	The period commencing on the opening date of the Entitlement Offer, as specified in the "Entitlement Offer Timetable" section of this Investor Information Booklet, and ending on the Final Retail Acceptance Date
ETSA Utilities	ETSA Utilities based in South Australia
Existing Security	A Security on issue on or before the Record Date
Explanatory Memorandum	The notices of meeting and explanatory memorandum (including any supplement to it or replacement of it) to be prepared by Spark Infrastructure and despatched to Securityholders which contains: <ul style="list-style-type: none"> • the Restructure Resolutions; and • the information regarding the Restructure required by the Corporations Act, the Listing Rules and the applicable policies of ASIC and ASX.
Extraordinary General Meeting	Means the meetings convened by the Stapled Entities to consider the Constitutional Amendment Resolutions
EV	Enterprise Value
EV / EBITDA	Enterprise Value (look-through) divided by Spark Infrastructure's proportionate share of the Asset Companies' earnings before interest, taxes, depreciation and amortization
EV / RAB	Enterprise Value (look-through) divided by Spark Infrastructure's proportionate share of the Asset Companies' Regulatory Asset Bases. Note Enterprise Value is adjusted by the proportion of regulated revenues as to total revenues
Final Allotment	The allotment of New Securities under the Entitlement Offer not already allotted under Initial Allotment
Final Allotment Date	The date of the Final Allotment, being 29 October 2010
Final Retail Acceptance Date	The last date for Eligible Retail Securityholders to lodge an Application to be allotted New Securities under the Entitlement Offer, being 5pm Sydney time 21 October 2010
Financial Information	Pro forma Historical Financial Information and Earnings and Distribution Guidance
GST	Australian Goods and Services Tax (currently 10%)
Guidance Period	The period for which distribution guidance has been provided in this Investor Information Booklet
HKE	Hongkong Electric Holdings Limited
IBC	The independent board committees of Spark Infrastructure
Independent Directors	The independent directors of Spark Infrastructure, as detailed in Section 2.3

TERM	DEFINITION
Independent Expert	Loneragan Edwards & Associates Limited, the independent expert who advised the IBC in relation to the proposed Repositioning and Strategic Review
Ineligible Overseas Securityholder	Has the meaning set out in Section 7.9(b)
Ineligible Securityholder	Means a Securityholder that: <ul style="list-style-type: none"> • is not an Eligible Retail Securityholder; • is not an Eligible Institutional Securityholder, or the Underwriters and Spark Infrastructure agree will be an Ineligible Securityholder for the purposes of the Entitlement Offer
Initial Allotment	The allotment of New Securities issued under the Institutional Entitlement Offer or under the Entitlement Offer for which valid Applications have been received by the Initial Retail Acceptance Date
Initial Allotment Date	The date of the Initial Allotment, being 30 September 2010
Initial Retail Acceptance Date	The last date for Eligible Retail Securityholders to lodge an Application to be allotted New Securities at the same time as allotment to Eligible Institutional Securityholders under the Institutional Entitlement Offer, being 5pm Sydney time 6 October 2010
Institutional Entitlement Offer	The offer of New Securities to Eligible Institutional Securityholders under the Entitlement Offer
Institutional Investor	A person: <ul style="list-style-type: none"> • In Australia, to whom an offer of shares in a company may be made in Australia without a disclosure document (as defined in the Corporations Act) on the basis that such a person is a sophisticated or professional investor (as defined in the Corporations Act); • In Australia, to whom an offer of interests in a managed investment scheme may be made in Australia without a disclosure document (as defined in the Corporations Act) on the basis that such a person is a wholesale client (as defined in section 761G of the Corporations Act); or • In selected jurisdictions outside Australia, to whom an offer of New Securities may be made without registration, lodgment of a formal disclosure document or other formal filing in accordance with the laws of that foreign jurisdiction (except to the extent to which Spark Infrastructure is willing to comply with such requirements), in each case that is not in the United States and is not, and is not acting for the account or benefit of a US Person, unless such person is both a QIB and a QP that is participating in the US private placement portion of the Institutional Entitlement Offer pursuant to the offering documentation distributed by Spark Infrastructure
Institutional Securityholder	A Securityholder on the Record Date who is an Institutional Investor
Internalisation	Internalisation of the external management function of Spark Infrastructure
Investigating Accountant	Deloitte Touche Tohmatsu
Investment Company Act	The US Investment Company Act of 1940, as amended
Investor Information Booklet	This booklet dated 22 September 2010, including the Investor Presentation and the ASX Announcement
IPO	Initial public offering
IPO Document	The prospectus and PDS dated 18 November 2005 for Spark Infrastructure's IPO
Joint Lead Managers	Deutsche Bank AG, Sydney Branch and UBS AG, Australia Branch

TERM	DEFINITION
Listing Rules	The official listing rules of ASX, as amended or replaced from time to time except to the extent of any waiver granted by ASX
Loan Note	The loan notes forming part of Spark Infrastructure's Securities which are issued by Spark RE in its capacity as responsible entity of Spark Trust,
Loan Note Trust Deed	Deed executed by Spark RE and the Note Trustee setting out the terms of issue of the Loan Notes
Look-through Gearing	(Spark Infrastructure net debt plus Spark Infrastructure's proportionate share of the Asset Companies' net debt) divided by (book value of Spark Infrastructure equity including Loan Notes plus Spark Infrastructure net debt plus Spark Infrastructure's proportionate share of the Asset Companies' net debt)
Manager	Spark Infrastructure Management Limited (ABN 84 114 940 304)
Management Agreement	Agreement between the Manager and the Stapled Entities dated on or about 9 November 2005
New Securities	Securities in Spark Infrastructure to be issued under the Entitlement Offer
Note Scheme	A Corporations Act scheme of arrangement to give effect to the partial repayment of principal on the Loan Notes
Note Scheme Resolution	A meeting of holders of the Loan Notes for the purposes of considering the Note Scheme
Note Scheme Meeting	The resolution to be passed by holders of Loan Notes to approve the Note Scheme
Note Trustee	Australian Executors Trustee Limited (ABN 84 007 869 794)
Offer Price	The offer price under the Entitlement Offer, being \$1.00 per New Security
Powercor	Powercor Australia Limited based in Victoria, servicing western Victoria (including the western suburbs of Melbourne)
Prior Disclosure	The IPO Document and other periodic and continuous disclosure announcements lodged with the ASX by Spark Infrastructure
Pro-forma Historical Balance Sheet	Pro-forma historical balance sheet for Spark Infrastructure as at 30 June 2010 (together the Pro-forma Historical Financial Information) as provided in this Investor Information Booklet
Pro-forma Historical Cash Flow Statements	Pro-forma historical cash flow statements for Spark Infrastructure for the financial year ended 31 December 2009 and financial half year ended 30 June 2010 as provided in this Investor Information Booklet
Pro-forma Historical Financial Information	The Pro-forma Historical Balance Sheet, Pro-forma Cash Flow Statements and Pro-forma Historical Income Statements
Pro-forma Historical Income Statements	Pro-forma historical income statements for Spark Infrastructure for the financial year ended 31 December 2009 and financial half year ended 30 June 2010 (extracted from the Historical Statement of Comprehensive Income for the financial year ended 31 December 2009 and financial half year ended 30 June 2010) as provided in this Investor Information Booklet
QIB	Qualified Institutional Buyers (as defined in Rule 144A under the Securities Act)
QP	Qualified Purchaser as defined in the Section 2 (a) (51) of the Investment Company Act
RAB	Regulatory Asset Base. For ETSA Utilities, CitiPower and Powercor, the RAB is published on the AER website
Record Date	7:00pm (Sydney time) on 27 September 2010
Registry	Computershare Investor Services Pty Limited (ABN 48 078 279 277)
Repositioning	The proposed Entitlement Offer and Restructure

TERM	DEFINITION
Restructure	The proposed restructure and simplification of Spark Infrastructure's ownership and security structure as described in Section 7 of this Investor Information Booklet and summarised in Section 1
Restructure Implementation Deed	The deed between Spark Holdings 1, Spark Holdings 2, Spark International and Spark RE as responsible entity for Spark Trust under which the parties agree to undertake the Restructure
Restructure Resolutions	The Spark Holdings 1 - Member Scheme Resolution, the Spark Holdings 2 - Member Scheme Resolution, the Note Scheme Resolution and the Constitution Amendment Resolutions
Retail Entitlement Offer	The offer of New Securities to Eligible Retail Securityholders under the Entitlement Offer
RREEF	RREEF Infrastructure, the infrastructure investment arm of Deutsche Asset Management, the asset management business of the Deutsche Bank Group
Sale Agent	The sale agent to be appointed by Spark Infrastructure to arrange for the sale of Securities in respect of Ineligible Overseas Securityholders
Schemes	The Spark Holdings 1 Member Scheme, the Spark Holdings 2 Member Scheme and the Note Scheme
Securities Act	The US Securities Act of 1933, as amended
Security	A share in the beneficial ownership in Spark Infrastructure, currently listed on the ASX as a five stapled security with ticker SKI:AX
Securityholder	The beneficial owner of a security in Spark Infrastructure. For the avoidance of doubt, a Securityholder as at the Record Date for the Entitlement Offer may sell his or her interest in Spark Infrastructure following the Entitlement Offer but prior to the record date for the Restructure, and would therefore not be a Securityholder for the purposes of the Restructure and would not be entitled to vote on the Restructure Resolutions nor would he or she be entitled to any Units issued pursuant to the Restructure
Senior Debt	Refer to Section 8.1
Senior Debt Lock-up	In relation to Spark Infrastructure, the occurrence of an event of default or potential event of default
Spark Holdings 1	Spark Infrastructure Holdings No. 1 Limited (ABN 14 116 940 786)
Spark Holdings 1 Member Scheme	A Corporations Act scheme of arrangement in relation to the exchange of shares in Spark Holdings 1 for Units as part of the Restructure
Spark Holdings 1 Member Scheme Meeting	A meeting of shareholders of Spark Holdings 1 for the purposes of considering the Spark Holdings 1 Member Scheme
Spark Holdings 1 Member Scheme Resolution	The resolution to be passed by Spark Holdings 1 shareholders to approve the Spark Holdings 1 Member Scheme
Spark Holdings 2	Spark Infrastructure Holdings No. 2 Limited (ABN 16 116 940 795)
Spark Holdings 2 Member Scheme	A Corporations Act scheme of arrangement in relation to the exchange of shares in Spark Holdings 2 for Units as part of the Restructure
Spark Holdings 2 Member Scheme Meeting	A meeting of shareholders of Spark Holdings 2 for the purposes of considering the Spark Holdings 2 Member Scheme
Spark Holdings 2 Member Scheme Resolution	The resolution to be passed by Spark Holdings 2 shareholders to approve the Spark Holdings 2 Member Scheme
Spark International	Spark Infrastructure Holdings International Limited (ARBN 117 034 492)
Spark Infrastructure	The Stapled Entities and any subsidiary of a Stapled Entity

TERM	DEFINITION
Spark RE	Spark Infrastructure RE Limited (ABN 36 114 940 984) the responsible entity of Spark Trust
Spark Trust	Spark Infrastructure Trust (ARSN 116 870 725)
Standalone Gearing	(Spark Infrastructure gross debt) divided by (book value of Spark Infrastructure equity including Loan Notes plus Spark Infrastructure gross debt)
Stapled Entity	Each of Spark Infrastructure Trust (through Spark RE), Spark Holdings 1, Spark Holdings 2 and Spark International
Strategic Review	The strategic review announced on 26 February 2010 by Spark Infrastructure whereby the Boards considered Spark Infrastructure's capital structure, ownership structure and future funding needs. The Strategic Review followed measures undertaken by the Boards in 2009, including a reduction in distributions and activation of a dividend reinvestment
TERP	Theoretical ex-rights price
TOFA	Taxation of Financial Arrangements
Underwriters	Deutsche Bank AG, Sydney Branch and UBS AG, Australia Branch
Underwriting Agreement	The Underwriting Agreement between Spark Infrastructure and the Underwriters, as described in Section 13.2
Unit	A unit in Spark Trust
US Person	A person so defined in Regulation S under the U.S. Securities Act of 1933, as amended

ANNEXURE A

INDEPENDENT EXPERT'S REPORT



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The Independent Directors
 Spark Infrastructure Holdings No.1 Limited
 Spark Infrastructure Holdings No.2 Limited
 Spark Infrastructure Holdings International Limited
 Spark Infrastructure RE Limited
 as responsible entity of Spark Infrastructure Trust
 Level 6
 255 George Street
 Sydney NSW 2000

22 September 2010

Subject: Proposed restructure of stapled securities

Dear Independent Directors

Introduction

- 1 On 26 February 2010 Spark Infrastructure Group (Spark Infrastructure) announced that it would undertake a Strategic Review to consider its capital structure, ownership structure and future funding needs.
- 2 Specifically, the operating companies Powercor Australia, CitiPower and ETSA Utilities (the Asset Companies) in which Spark Infrastructure has invested, have indicated a desire to retain a greater proportion of cash from operations to fund future growth capital expenditure¹. This may limit the cash available for distribution by the Asset Companies and therefore may affect the level of cash distributions Spark Infrastructure is able to pay to its securityholders.
- 3 Arising from the Strategic Review, on 22 September 2010 Spark Infrastructure announced:
 - (a) a 2 for 7 Entitlement Offer of new stapled securities to raise approximately \$295 million at a price of \$1.00 per security (the Entitlement Offer); and

¹ Following recent regulatory decisions the operating companies have approved and proposed capital expenditure programs over the five year period to FY15 aggregating around \$3.5 billion.



- (b) a proposal to simplify the existing stapled security structure (the Restructure), involving:
- (i) a partial repayment of the principal amount outstanding on the loan notes issued by the Spark Infrastructure Trust (SIT) by \$0.60 per security, with the amount repaid to be applied to the issue of additional units in SIT². As a result the loan notes will have a face value of \$0.65 per loan note and will pay a correspondingly lower interest entitlement per security³; and
 - (ii) the simplification of the existing Spark Infrastructure Australian Securities Exchange (ASX) listed security from 5 stapled securities with 4 issuers to an ASX listed dual stapled security with SIT as the sole listed issuer.
- 4 Resolutions to effect the Restructure are to be put to Spark Infrastructure securityholders in a series of inter-dependent general meetings and scheme meetings for securityholder approval. With the exception of the Spark Infrastructure Holdings International Limited (SIHI) resolution, the resolutions at these meetings are inter-conditional. It should be noted that the Entitlement Offer will be completed prior to these securityholder meetings and is not conditional on the Restructure⁴.

Scope

- 5 There is no requirement under the *Corporations Act (Cth) 2001* (Corporations Act) for an Independent Expert's Report (IER) to be obtained in relation to the Restructure. However, Spark Infrastructure's independent directors have requested Lonergan Edwards & Associates Limited (LEA) to provide an IER setting out whether, in our opinion, the Restructure is in the best interests of Spark Infrastructure securityholders and the reasons for that opinion.
- 6 This report has been prepared by LEA for the benefit of Spark Infrastructure securityholders to assist them in considering the resolutions to approve the Restructure. Our report will accompany the Explanatory Memorandum for the Restructure and Investor Information Booklet for the Entitlement Offer to be sent to Spark Infrastructure securityholders. The sole purpose of our report is to determine whether, in our opinion, the Restructure is in the best interests of Spark Infrastructure securityholders⁵.
- 7 The ultimate decision whether to approve the Restructure should be based on each Spark Infrastructure securityholder's assessment of their own circumstances. If in doubt about the action they should take in relation to the Restructure or matters dealt with in this report, securityholders should seek independent professional advice.

² Effectively, that portion of the loan note principal repaid will be converted from debt to equity in SIT.

³ The interest rate on the loan notes (which was due to reset on 30 November 2010 if Spark Infrastructure elected to do so) will be left unchanged at 10.85% per annum for the next 5 years.

⁴ While the Entitlement Offer is not conditional on the Restructure, the Restructure is conditional on the Entitlement Offer (being one of the condition precedents under the Restructure Implementation Deed).

⁵ It should be noted that the Entitlement Offer does not form part of the Restructure.



Summary of opinion

- 8 For the reasons set out in this report, in our opinion, the Restructure is in the best interests of Spark Infrastructure securityholders (taken as a whole) because the advantages outweigh the disadvantages. We have formed this view principally because if the Restructure is implemented:
- (a) there will be a more appropriate alignment between Spark Infrastructure's distribution profile (and inherent loan note interest obligations) and its share of the underlying cash flows expected to be distributed to Spark Infrastructure by the Asset Companies
 - (b) Spark Infrastructure's ownership and stapled security structure will be simplified, which is likely to facilitate the ability to raise capital (if required) and may improve investment demand for Spark Infrastructure stapled securities as a result of creating a simplified and more transparent ownership structure that may have greater appeal to a broader range of investors
 - (c) the risk that Spark Infrastructure is required to defer interest in respect of the loan notes in future periods (and the consequential risk of adverse commercial, financial and tax impacts for securityholders) is significantly reduced
 - (d) Spark Infrastructure's financial reporting will be easier for investors to understand.

Basis of assessment

- 9 In preparing our report we have given due consideration to the Regulatory Guides issued by Australian Securities & Investments Commission (ASIC) including, in particular, Regulatory Guide 111 – *Content of expert reports* (RG 111) and Regulatory Guide 112 – *Independence of Experts* (RG 112).
- 10 There is no legal definition of the expression “in the best interests”. However, RG 111 indicates that a proposal may be “in the best interests of members” if the advantages of the proposal for securityholders outweigh the disadvantages.
- 11 In LEA's opinion, the most appropriate basis upon which to evaluate the Restructure is therefore to assess its overall impact on the securityholders of Spark Infrastructure and to form a judgement as to whether the expected benefits to Spark Infrastructure securityholders outweigh the disadvantages and risks that might result.
- 12 Consequently we have considered:
- (a) the impact of the Restructure on the funding flexibility of Spark Infrastructure, including its ability to retain cash flow to fund its share of the proposed future growth capital expenditure programs of the Asset Companies (and the implications for Spark Infrastructure in this regard if the Restructure is not approved)
 - (b) the impact the Restructure is likely to have on the level of Spark Infrastructure distributions (per security)
 - (c) the impact the Restructure is likely to have on the composition of those distributions, including differences between the level of cash distributions received by securityholders and the level of taxable income attributable to securityholders



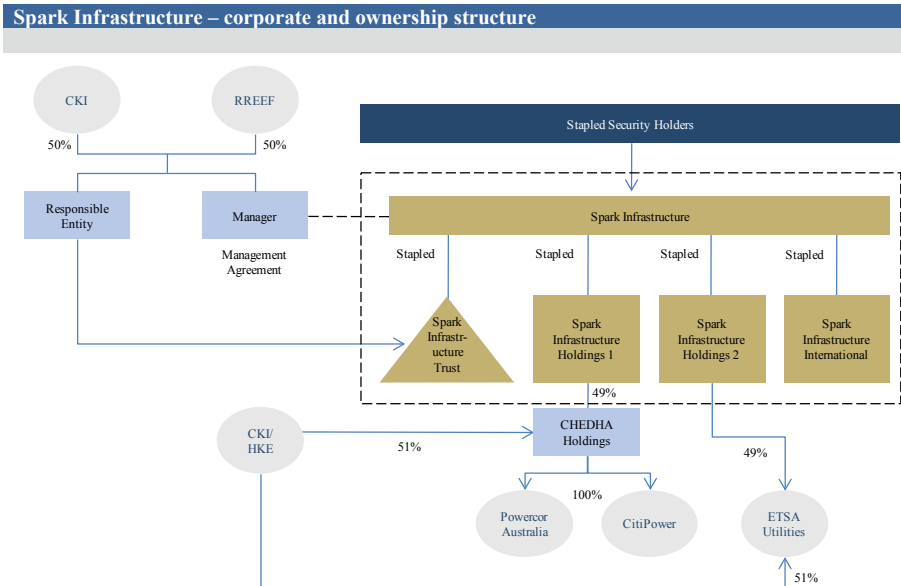
- (d) whether there are any adverse upfront tax consequences for Spark Infrastructure securityholders as a result of the Restructure (depending on whether the investor holds Spark Infrastructure securities on income or capital account or as a non-resident)
- (e) the advantages associated with having a simpler structure, including:
 - (i) more easily understandable financial statements for investors
 - (ii) potential to broaden the investor base due to simplification
- (f) the impact (if any) the Restructure will have on:
 - (i) earnings per security
 - (ii) net assets and net tangible assets per security
 - (iii) management fees payable
- (g) the impact of the Restructure on the ownership interests of Spark Infrastructure
- (h) the level of one-off transaction costs incurred
- (i) other advantages and disadvantages.

The Restructure

Existing structure

- 13 Spark Infrastructure is a stapled security listed on the ASX which comprises the following four entities:
- (a) Spark Infrastructure Trust, a registered management investment scheme (SIT)
 - (b) Spark Infrastructure Holdings No.1 Limited (SIH 1)
 - (c) Spark Infrastructure Holdings No.2 Limited (SIH 2)
 - (d) Spark Infrastructure Holdings International Limited (SIHI).

- 14 A summary of the corporate and investment structure of Spark Infrastructure is set out below:



- 15 SIH 1 and SIH 2 hold (indirectly) 49% interests in CHEDHA Holdings and ETSA Utilities respectively. CHEDHA Holdings holds a 100% interest in CitiPower and Powercor Australia. SIH 2 holds its interest in ETSA Utilities via a partnership. SIHI is a Bahamas incorporated company which is intended to hold non-Australian investments in the future, but is currently dormant and has no assets.
- 16 Each stapled security in Spark Infrastructure comprises one unit in SIT, one loan note issued by the responsible entity as trustee of SIT, an ordinary share in each of SIH 1 and SIH 2 and one CDI over one share in SIH1. These securities are stapled together and are unable to be separately traded, transferred or sold.
- 17 The original monies invested by securityholders on the initial public offering (IPO) of Spark Infrastructure in 2005 comprised mainly subscriptions for loan notes issued by SIT⁶. Interest on the loan notes comprises the main component of annual distributions to Spark Infrastructure securityholders⁷.
- 18 The monies raised on the IPO were on-lent by SIT within the existing Spark Infrastructure structure and provide funding for the operations of the Asset Companies. Additional funding has been obtained from:
- (a) external debt facilities drawn down to \$425 million (provided to a wholly owned subsidiary of SIH 1), which were recently re-financed

⁶ The loan note component comprised \$1.25 of the total of \$1.80 subscribed per stapled security.

⁷ A summary of distributions to date is set out in Appendix C.



- (b) a distribution re-investment plan (DRP), which to date has only been activated for September 2009 at which time capital of \$28.3 million was raised.

Loan notes

- 19 The loan notes forming part of the stapled securities are unsecured notes for the purposes of section 283BH of the Corporations Act. They are subordinated to all secured and unsecured creditors of SIT for all amounts, including the senior debt raised by Spark Infrastructure and the management fees payable. The loan notes are a debt product with a 100 year non-amortising term, which will be required to be redeemed at maturity.
- 20 Interest on the principal outstanding on the loan notes accrues daily and is cumulative. Under the terms of the loan note deed, the interest rate payable is:
- (a) for the period to 30 November 2010 (the first reset date), 10.85% per annum; and
- (b) in the event that Spark Infrastructure decides to reset at 30 November 2010⁸, a market based rate calculated as the lower of:
- (i) the rate based on average swap reference rates at the relevant time as quoted on Reuters; and
- (ii) the rate based on the average bid rate for Australian bank bills of exchange at the relevant time as quoted on Reuters
- plus a credit margin of 4.00% per annum.
- 21 Interest is calculated on the face value of the loan notes. The face value is currently \$1.25 per loan note, and will be reduced if the loan notes are repaid in part in accordance with the note trust deed.
- 22 Based on the existing stapled securities on issue (prior to the Entitlement Offer) the annual interest expense on the loan notes is \$138 million, calculated as follows:

Number of stapled securities on issue	1.03 billion
Face value of loan note debt ⁽¹⁾	\$1.29 billion
Current interest rate (to November 2010)	10.85% p.a.
Annual loan note interest ⁽²⁾	\$138 million

Note:

- 1 Based on face value of \$1.25 per loan note.
2 Equivalent to 13.56 cents per security.

- 23 Interest is generally payable semi-annually in arrears, on 15 March in respect of the 6 month period ending on 31 December in the previous calendar year, and 15 September in respect of the six month period ending on 30 June earlier that calendar year.

⁸ Associated with the announcement of the Entitlement Offer and the Restructure, Spark Infrastructure has determined not to reset the interest rate on the loan notes at 30 November 2010.



- 24 The ability to pay interest on the loan notes depends on a range of factors, including the availability of distributed cash flow from the Asset Companies. The responsible entity may defer payment of interest on the loan notes at any time, subject to certain requirements under the loan note trust deed. In the event that interest on the loan notes is deferred, the liability will be carried forward until such time as Spark Infrastructure decides to pay the deferred interest.
- 25 The loan notes are repayable on redemption or on the winding up of SIT. The responsible entity has the right to repay in part some of the principal amount of all (but not some) of the loan notes. If a loan note is repaid in part, the face value will be reduced by an amount equal to the amount of principal repaid.
- 26 The responsible entity may use the reset process provided for in the note trust deed to change, from the relevant reset date:
- (a) the interest rate, provided it may not be set lower than the applicable base rate (see paragraph 20 (b) above)
 - (b) the method of calculating the interest rate
 - (c) the timing of interest payment dates
 - (d) the timing of the next reset date.

Proposed structure

- 27 As stated earlier, the Restructure involves:
- (a) a partial repayment of the principal amount outstanding on the loan notes issued by the SIT by \$0.60 per security, with the amount repaid to be applied to the issue of additional units in SIT⁹. As a result the loan notes will have a face value of \$0.65 per loan note and will pay a correspondingly lower interest entitlement per security¹⁰; and
 - (b) the simplification of the existing Spark Infrastructure ASX listed security from 5 stapled securities with 4 issuers to an ASX listed dual stapled security with SIT as the sole listed issuer.
- 28 The key steps proposed by Spark Infrastructure to effect the Restructure are as follows:
- (a) the Spark Infrastructure group temporarily destaples its securities
 - (b) the shares in SIHI are redeemed and the related CDI's cancelled¹¹. Simultaneously SIHI issues new shares to SIT
 - (c) the principal of the loan notes is partially repaid with the amount applied to additional units in SIT
 - (d) SIT acquires all the shares in SIH 1 and SIH 2 for additional units in SIT.

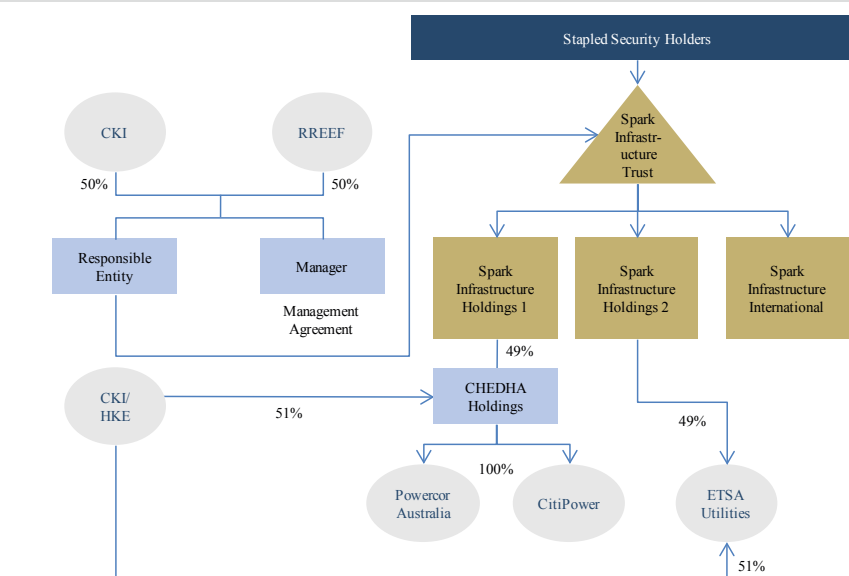
⁹ Effectively, that portion of the loan note principal repaid will be converted from debt to equity in SIT.

¹⁰ The interest rate on the loan notes (which was due to reset on 30 November 2010 if Spark Infrastructure elected to do so) will be left unchanged at 10.85% per annum for the next 5 years.

¹¹ If the redemption of SIHI does not proceed, as an alternative SIHI will be wound up.

- 29 The additional units in SIT issued to securityholders in consideration for both the acquisition of their respective shares in SIH1 and SIH2 and the partial repayment of principal on the loan notes will be subject to a unit consolidation, such that Spark Infrastructure securityholders will hold the same number of units in SIT as the number of stapled securities held prior to that time.
- 30 On conclusion of the above Spark Infrastructure will restaple the SIT loan notes and units. Subsequent to the Restructure, Spark Infrastructure securityholders will therefore hold a stapled security which consists of SIT loan notes and SIT units.
- 31 A summary of the corporate and investment structure of Spark Infrastructure subsequent to the Restructure is set out below:

Spark Infrastructure – proposed corporate and ownership structure



Source: Spark Infrastructure

- 32 In connection with the Restructure it should also be noted that:
- a condition precedent of the Restructure includes completion of the 2 for 7 Entitlement Offer of new stapled securities to raise approximately \$295 million¹²
 - the Restructure does not involve a change in control of Spark Infrastructure
 - Spark Infrastructure will remain externally managed (based on the terms of the existing management agreement)

¹² The Entitlement Offer is expected to be completed prior to the securityholder meetings and is not conditional on the Restructure.



- (d) the Restructure will not have any impact on:
 - (i) the proportional interest of eligible securityholders in the assets of Spark Infrastructure (or the underlying value thereof) post completion of the Entitlement Offer
 - (ii) the number of stapled securities held by eligible securityholders
 - (iii) existing ownership interests¹³ (post completion of the Entitlement Offer)¹⁴.

Taxation

- 33 Spark Infrastructure has obtained independent tax advice in relation to the Restructure and is seeking a Class Ruling from the ATO to confirm certain tax matters relating to the Restructure for Spark Infrastructure securityholders.
- 34 In summary the key tax considerations from the perspective of Spark Infrastructure securityholders are:
 - (a) rollover relief should be available (subject to certain conditions) such that any capital gain/loss in respect of the restructure should be disregarded¹⁵
 - (b) the Restructure should not change the taxation treatment of distributions from SIT to securityholders (as compared to the current structure)
 - (c) the repayment of loan note principal by SIT should not be taxable to securityholders
 - (d) securityholders tax cost base for Spark Infrastructure stapled securities will not be affected by the Restructure
 - (e) cash distributions received by securityholders should match their taxable loan note interest income in any given period (refer below).

Implications of not approving the Restructure

- 35 As stated above, the Asset Companies have indicated a desire to retain a greater proportion of the cash generated from operations to fund future growth capital expenditure. In particular:
 - (a) the final regulatory decision by the Australian Energy Regulator (AER) regarding ETSA's electricity distribution business for the period from 1 July 2010 to 30 June 2015 approved a capital expenditure program on ETSA's network of \$1.768 billion¹⁶ over five years. This is more than double that spent by ETSA over the 2005-2010 regulatory period

¹³ Certain overseas securityholders will have their complete holdings of stapled securities sold (refer paragraph 54).

¹⁴ It should be noted that Spark Infrastructure securityholders who do not take up their full entitlements to new securities in the Entitlement Offer will have their ownership interest in Spark Infrastructure diluted relative to their securityholding prior to the Entitlement Offer.

¹⁵ It is therefore of paramount importance that Australian resident securityholders who hold their Spark interest on capital account elect rollover relief in their tax return.

¹⁶ In nominal dollar terms.



- (b) the draft regulatory decision¹⁷ by AER regarding CitiPower and Powercor's electricity distribution businesses for the period 1 January 2011 to 31 December 2015 approved a capital expenditure program of \$1.765 billion¹⁸ over five years. In contrast, total capital expenditure¹⁹ was approximately \$1.3 billion over the five years to 30 June 2010.
- 36 To assist in meeting these growth capital expenditure funding requirements the Asset Companies wish to retain a greater share of operating cash flow. Accordingly, Spark Infrastructure is likely to have to reduce distributions to security holders. As noted above, interest on the loan notes has comprised the main component of annual distributions. Relevantly, the terms of the loan notes state that in the event that any interest on the loan notes is deferred, Spark Infrastructure remains liable to pay the interest and it is carried forward until such time as it is paid.
- 37 Given the size of the interest obligation on the loan notes (currently around \$138 million per annum²⁰) and the projected free cash flow (after capital expenditure and external debt repayments) expected to be distributed by the Asset Companies, Spark Infrastructure management have indicated that, absent the Restructure, there is a heightened risk that some deferral of loan note interest may need to occur in the regulatory period to FY15.
- 38 Reflecting the accounting treatment adopted, the cumulative impact of a deferral of loan note interest over the regulatory period is likely to give rise to a significant liability on the Spark Infrastructure balance sheet, which the group will not have the underlying cash flow generation ability to discharge. The reporting of such a financial position is likely to be perceived negatively by the market and could negatively impact on the ability of Spark Infrastructure to refinance its debt obligations (including the cost thereof) and to raise new capital.
- 39 In contrast, under the Restructure the annual interest obligation under the loan notes will be reduced and will reflect a more commercial alignment with the underlying cash flows expected to be distributed by the Asset Companies.
- 40 The Restructure as regards the loan note component of the stapled securities effectively reflects a capital structure which is:
- (a) appropriate for the recently approved regulatory period to FY15
 - (b) consistent with a capital structure likely to have been adopted had an IPO of Spark Infrastructure been planned / proposed in 2010.

¹⁷ AER's final regulatory decision is expected by 30 October 2010.

¹⁸ In nominal dollar terms.

¹⁹ Net of asset realisations.

²⁰ Paragraph 22 of our report.



Ability to raise additional capital

- 41 We note that Spark Infrastructure's current stapled security structure (whereby the majority of capital monies raised represents loan notes issued by SIT) gives rise to an increase in the loan note principal (and therefore the loan note interest obligation) whenever Spark Infrastructure raises additional capital from securityholders²¹.
- 42 Given that Spark Infrastructure has identified future growth capital funding requirements of the Asset Companies and anticipates a mismatch between its loan note interest obligations to securityholders and the cash flows expected to be available from the Asset Companies in future periods, this is not a desirable situation.
- 43 However, if the Restructure is approved, Spark Infrastructure securityholders will hold SIT loan notes with a reduced face value and a reduced interest entitlement. Accordingly, the inherent disadvantage associated with an increase in loan note principal (and attaching loan note interest obligation) on the occasion of capital raisings by Spark Infrastructure will diminish.
- 44 In addition, as noted above the current face value of the loan note component of the stapled securities is \$1.25 per security. Prima facie therefore, the ability of Spark Infrastructure to raise new capital in the absence of the Restructure is implicitly constrained where the ASX listed market price of Spark Infrastructure securities is below \$1.25 per security (as is currently the case)²². We note in the last six months the VWAP of Spark Infrastructure securities has been below \$1.25 per security, as follows:

	VWAP \$ per security
3 months to 25 August 2010 ⁽¹⁾	1.18
6 months to 25 August 2010 ⁽¹⁾	1.20

Note:

- 1 Effective 26 August 2010 Spark Infrastructure securities traded ex the entitlement to the interim distribution of 6.72 cents per security for FY10.

- 45 In contrast, a reduction in the face value of the loan notes to \$0.65 per note significantly increases the capital raising flexibility of the group.
- 46 Further, in our opinion, a more simplified structure (such as the one proposed) is likely to make it easier for Spark Infrastructure to raise additional capital. In this regard we note that a number of entities which had stapled security structures have recently restructured, resulting in securityholders now only holding securities in one entity (e.g. Macquarie Media Group, Asciano Group and Viridis Clean Energy).

²¹ For example this inherent disadvantage will arise in relation to the Entitlement Offer.

²² An issue of Spark Infrastructure stapled securities at a price below \$1.25 per security would effectively represent the issue of loan notes at a discount to face value. However, Spark Infrastructure would remain liable for interest on the face value of the loan notes issued.



Taxation implications

- 47 As noted above, in the absence of the Restructure, Spark Infrastructure management have indicated that there is a heightened risk that some deferral of loan note interest may need to occur in the regulatory period to FY15. Those investors in Spark Infrastructure who are required to lodge tax returns on an accrual basis may therefore have to declare taxable income from Spark Infrastructure in excess of the cash distribution received. Such an outcome is clearly undesirable for Spark Infrastructure securityholders.
- 48 In contrast, if the Restructure is implemented the loan note principal (and hence Spark Infrastructure's loan note interest obligation) will reduce and the repaid amount will be converted into a higher equity contribution on units (the distribution on which will be discretionary depending on available free cash flow and other factors, subject to the extent of any mandatory trust income distributions). The size of this loan note principal reduction has been determined by Spark Infrastructure management and their advisers at a level which they expect will enable Spark Infrastructure to pay future interest obligations in cash²³.
- 49 Accordingly, if the Restructure is implemented, the situation where certain investors may have to pay tax on income not received is unlikely to occur.

Other advantages

- 50 The Restructure has a number of other benefits, including:
- (a) the creation of a more flexible group structure for the purpose of achieving stated business objectives, including improving the ability to raise further capital if required
 - (b) the potential for improved investment demand for Spark Infrastructure securities as a result of creating a simplified and more transparent ownership structure that may have greater appeal to a broader range of investors
 - (c) simplified financial reporting, compliance and regulatory obligations for Spark Infrastructure, which should allow for some head office cost savings to be achieved due to reduced administrative complexity.

Disadvantages

- 51 As noted above, a significant part of Spark Infrastructure's capital structure has been contributed in the form of loan notes. Deductions for interest on the loan notes have been claimed by Spark Infrastructure. Management consider that the restructure should not impact on Spark Infrastructure's tax treatment of the loan notes. However, the quantum of interest deductions on the loan notes will reduce significantly as a consequence of the restructure. Accordingly, it is expected that Spark Infrastructure will begin paying tax on its income earlier than it would if the restructure did not proceed. We note however that due to the existence of significant available tax losses Spark Infrastructure does not expect to pay tax in the short to medium term.

²³ Distributions to securityholders above this level can be paid on units as future cash flows allow.



- 52 At present Spark Infrastructure has no foreign controlled investments. However, post the Restructure, an acquisition of a foreign controlled entity could cause all Spark Infrastructure entities to be subject to the thin capitalisation rules. If the level of debt funding of the Spark Infrastructure entities is in excess of the prescribed limits, this may result in the denial of interest deductions for those entities. This may result in those entities paying tax on their income earlier than they would if the Restructure did not proceed.
- 53 The ATO has issued a draft determination on the specific taxation provision dealing with the application of the public trading trust rules to trusts that become the holding entity of a formerly stapled group. If the ATO does not change its published position on the interpretation of that provision and there is no legislative amendment to clarify its application, there is a risk that further acquisitions by Spark Infrastructure could result in the ATO seeking to tax SIT as a public trading trust. We understand that in the event that SIT may become taxable as a public trading trust due to new investments, Spark Infrastructure will assess the implications to determine a course of action that is in the best interests of securityholders.
- 54 Due to overseas securities regulations some overseas Spark Infrastructure securityholders will have their complete holding of securities sold through a nominee sale process. Based on the latest composition of the Spark Infrastructure securityholder register less than 1% of securityholders will be affected.
- 55 We note that whilst future distributions to securityholders are likely to be lower than distributions to date, this situation is likely to arise irrespective of whether the Restructure is implemented. As stated in the Investor Information Booklet, Spark Infrastructure intends to pay distributions fully supported by operating cash flows (at both the Spark Infrastructure level and on a look-through proportionate basis) after allowing for the cost of maintaining the Asset Companies' electricity networks and taking into account future capital expenditure requirements.

Transaction costs

- 56 The Responsible Entity of Spark Infrastructure has estimated that one-off costs of approximately \$10 million will be incurred in connection with the Entitlement Offer and the Restructure. The large majority of these costs are underwriting fees associated with the Entitlement Offer, but also include the cost associated with convening the relevant securityholder meetings, seeking the consent of the Court, adviser fees and financial, legal, accounting and other costs.
- 57 By the date of the securityholder meetings to consider and vote on the Restructure it is estimated that the significant majority of these costs will have been incurred. Accordingly, only a small proportion of total costs will be saved if the Restructure is not approved.



Conclusion

58 Given the above analysis we consider the Restructure is in the best interests of Spark Infrastructure securityholders (taken as a whole) because the advantages outweigh the disadvantages. We have formed this view principally because if the Restructure is implemented:

- (a) there will be a more appropriate alignment between Spark Infrastructure's distribution profile (and inherent loan note interest obligations) and its share of the underlying cash flows expected to be distributed to Spark Infrastructure by the Asset Companies
- (b) Spark Infrastructure's ownership and stapled security structure will be simplified, which is likely to facilitate the ability to raise capital (if required) and may improve investment demand for Spark Infrastructure stapled securities as a result of creating a simplified and more transparent ownership structure that may have greater appeal to a broader range of investors
- (c) the risk that Spark Infrastructure is required to defer interest in respect of the loan notes in future periods (and the consequential risk of adverse commercial, financial and tax impacts for securityholders) is significantly reduced
- (d) Spark Infrastructure's financial reporting will be easier for investors to understand.

Yours faithfully

A handwritten signature in black ink that reads "C Edwards".

Craig Edwards
Authorised Representative

A handwritten signature in black ink that reads "M Holt".

Martin Holt
Authorised Representative



Appendix A

Financial Services Guide

Lonergan Edwards & Associates Limited

- 1 Lonergan Edwards & Associates Limited (ABN 53 095 445 560) (LEA) is a specialist valuation firm which provides valuation advice, valuation reports and independent expert's reports (IER) in relation to takeovers and mergers, commercial litigation, tax and stamp duty matters, assessments of economic loss, commercial and regulatory disputes.
- 2 LEA holds Australian Financial Services Licence No. 246532.

Financial Services Guide

- 3 The Corporations Act 2001 authorises LEA to provide this Financial Services Guide (FSG) in connection with its preparation of an IER to accompany the Explanatory Memorandum to be sent to Spark Infrastructure securityholders in connection with the Restructure.
- 4 This FSG is designed to assist retail clients in their use of any general financial product advice contained in the IER. This FSG contains information about LEA generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the IER, and if complaints against us ever arise how they will be dealt with.

Financial services we are licensed to provide

- 5 Our Australian Financial Services Licence allows us to provide a broad range of services to retail and wholesale clients, including providing financial product advice in relation to various financial products such as securities, derivatives, interests in managed investment schemes, superannuation products, debentures, stocks and bonds.

General financial product advice

- 6 The IER contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.
- 7 You should consider your own objectives, financial situation and needs when assessing the suitability of the IER to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

Fees, commissions and other benefits we may receive

- 8 LEA charges fees to produce reports, including this IER. These fees are negotiated and agreed with the entity who engages LEA to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the entity who engages us. In the preparation of this IER, LEA is entitled to receive a fee estimated at \$60,000 plus GST.
- 9 Neither LEA nor its directors and officers receives any commissions or other benefits, except for the fees for services referred to above.



Appendix A

- 10 All of our employees receive a salary. Our employees are eligible for bonuses based on overall performance and the firm's profitability, and do not receive any commissions or other benefits arising directly from services provided to our clients. The remuneration paid to our directors reflects their individual contribution to the company and covers all aspects of performance. Our directors do not receive any commissions or other benefits arising directly from services provided to our clients.
- 11 We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

Complaints

- 12 If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner.
- 13 If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Financial Ombudsman Services Limited (FOS), an external complaints resolution service. You will not be charged for using the FOS service.

Contact details

- 14 LEA can be contacted by sending a letter to the following address:

Level 27
363 George Street
Sydney NSW 2000
(or GPO Box 1640, Sydney NSW 2001)



Appendix B

Qualifications, declarations and consents

Qualifications

- 1 LEA is a licensed investment adviser under the Corporations Act. LEA's authorised representatives have extensive experience in the field of corporate finance, particularly in relation to the valuation of shares and businesses and have prepared more than 100 independent expert's reports to shareholders.
- 2 This report was prepared by Mr Edwards and Mr Holt, who are each authorised representatives of LEA. Mr Edwards and Mr Holt have over 16 years and 25 years experience respectively in the provision of valuation advice.

Declarations

- 3 This report has been prepared at the request of the independent directors of Spark Infrastructure to accompany the Explanatory Memorandum to be sent to Spark Infrastructure securityholders. It is not intended that this report should serve any purpose other than as an expression of our opinion as to whether or not the Restructure is in the best interests of Spark Infrastructure securityholders .

Interests

- 4 At the date of this report, neither LEA, Mr Edwards nor Mr Holt have any interest in the outcome of the Restructure. With the exception of the fee shown in Appendix A, LEA will not receive any other benefits, either directly or indirectly, for or in connection with the preparation of this report.
- 5 LEA has had no prior business or professional relationship with Spark Infrastructure prior to the preparation of this report.

Indemnification

- 6 As a condition of LEA's agreement to prepare this report, Spark Infrastructure agrees to indemnify LEA in relation to any claim arising from or in connection with its reliance on information or documentation provided by or on behalf of Spark Infrastructure which is false or misleading or omits material particulars or arising from any failure to supply relevant documents or information.

Consents

- 7 LEA consents to the inclusion of this report in the form and context in which it is included in the Spark Infrastructure Explanatory Memorandum and Spark Infrastructure Investor Information Booklet.



Appendix C

Summary of distributions

FY05 to FY10						
Reporting year	Tax year	Interim (I) Final (F)	Date paid	Interest on loan note cents per unit	Tax deferred amount cents per unit	Total distribution cents per unit
FY05	FY06	F	Mar 06	0.38	0.01	0.39
FY06	FY07	I F	Sep 06 Mar 07	6.77 6.85	0.34 1.26	7.11 8.11
FY07	FY08	I F	Sep 07 Mar 08	6.74 6.85	1.79 2.68	8.53 9.53
FY08	FY09	I F	Sep 08 Mar 09	6.77 6.85	2.48 2.41	9.25 9.26
FY09	FY10	I F	Sep 09 Mar 10	6.72 6.84	- -	6.72 6.84
FY10	FY11	I	Sep 10	6.72	-	6.72

Note:

- All distributions paid by Spark Infrastructure Trust.
- Tax deferred capital distributions arise as a result of the repayment of loan principal to Spark Infrastructure Trust. Such distributions reduce the capital base for investors.
- Loan note interest:

Face value	\$1.25
Interest rate	10.85%
Annual interest	\$0.1356



Appendix D

Glossary

Term	Meaning
AER	Australian Energy Regulator
ASIC	Australian Securities & Investments Commission
Asset Companies	Powercor Australia, CitiPower and ETSA Utilities
ASX	Australian Securities Exchange
Corporations Act	<i>Corporations Act (Cth) 2001</i>
DRP	Distribution re-investment plan
Entitlement Offer	Entitlement Offer of new stapled securities to raise approximately \$295 million at a price of \$1.00 per security
FOS	Financial Ombudsman Services Limited
FSG	Financial Services Guide
FY	Financial year
IER	Independent expert's report
IPO	Initial public offering
LEA	LonerGAN Edwards & Associates Limited
Restructure	Proposed restructure and simplification of Spark Infrastructure's ownership and security structure as described in section 7 of Spark Infrastructure's Investor Information Booklet and summarised in section 1 of the Spark Infrastructure Investor Information Booklet
RG 111	Regulatory Guide 111 – <i>Content of expert reports</i>
RG 112	Regulatory Guide 112 – <i>Independence of Experts</i>
SIH 1	Spark Infrastructure Holdings No.1 Limited
SIH 2	Spark Infrastructure Holdings No.2 Limited
SIHI	Spark Infrastructure Holdings International Limited
SIT	Spark Infrastructure Trust
Spark Infrastructure	Spark Infrastructure Group

ANNEXURE B

INVESTIGATING ACCOUNTANT'S REPORT

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

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The Directors
Spark Infrastructure RE Limited
as responsible entity of Spark Infrastructure Trust
Spark Infrastructure Holdings No. 1 Limited
Spark Infrastructure Holdings No. 2 Limited
Spark Infrastructure Holdings International Limited
Level 6, 255 George Street
Sydney NSW 2000

21 September 2010

Dear Directors

Investigating Accountants' Report on Pro-forma Historical Financial Information

Introduction

Spark Infrastructure RE Limited (as responsible entity of Spark Infrastructure Trust), Spark Infrastructure Holdings No.1 Limited, Spark Infrastructure Holdings No.2 Limited and Spark Infrastructure Holdings International Limited (Spark) intend to carry out an Entitlement Offer of new stapled securities to existing Securityholders, and in that regard will issue an investor information booklet (the Investor Information Booklet).

Deloitte Touche Tohmatsu (Deloitte) has been engaged by the Directors of Spark to prepare this Investigating Accountants' Report (Report) for inclusion in the Investor Information Booklet.

Unless otherwise stated, terms used in this Report have the same meaning as defined in the Glossary of the Investor Information Booklet.

Pro-forma Historical Financial Information

Deloitte has been requested to prepare this Report on the following pro-forma historical financial information as set out in Sections 9.2, 9.3 and 9.4 of the Investor Information Booklet:

- the pro-forma historical balance sheet of Spark as at 30 June 2010
- the pro-forma historical income statements of Spark for the year ended 31 December 2009 and the half year ended 30 June 2010 and
- the pro-forma historical cash flow statements of Spark for the year ended 31 December 2009 and the half year ended 30 June 2010

(together the Pro-forma Historical Financial Information).

Member of
Deloitte Touche Tohmatsu

Liability limited by a scheme approved under Professional Standards Legislation.

© Deloitte Touche Tohmatsu, September, 2010

Deloitte

The pro-forma historical income statements and pro-forma historical cash flow statements set out in Sections 9.2 and 9.3 of the Investor Information Booklet have been derived from the audited financial statements for the year ended 31 December 2009 and the reviewed interim financial statements for the half year ended 30 June 2010. The pro-forma historical balance sheet set out in Section 9.4 of the Investor Information Booklet has been derived from the reviewed interim financial statements for the half year ended 30 June 2010.

The financial statements of Spark for the year ended 31 December 2009 were audited by Deloitte. The audit was conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial information was free from material misstatement. The audit opinions issued to the Securityholders of Spark relating to the financial statements for the year ended 31 December 2009 were unqualified.

The interim financial reports of Spark for the half year ended 30 June 2010 were reviewed by Deloitte. The review was conducted in accordance with the Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. The review conclusions issued to the Securityholders of Spark relating to the interim financial reports for the half year ended 30 June 2010 were unqualified.

The Directors of Spark are responsible for the preparation and presentation of the Pro-forma Historical Financial Information, including the determination of the pro-forma adjustments as detailed in Sections 9.2, 9.3 and 9.4 of the Investor Information Booklet.

The Pro-forma Historical Financial Information is presented in an abbreviated form insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual and half year financial reports prepared in accordance with the Corporations Act.

Scope

Review of the Pro-forma Historical Financial Information

We have reviewed the Pro-forma Historical Financial Information in order to report whether anything has come to our attention which causes us to believe that the Pro-forma Historical Financial Information, as set out in Sections 9.2, 9.3 and 9.4 of the Investor Information Booklet, is not presented fairly in accordance with the basis of preparation as disclosed in Section 9.1 of the Investor Information Booklet and on the basis of the pro-forma adjustments as detailed in Sections 9.2, 9.3 and 9.4 of the Investor Information Booklet.

Our review has been conducted in accordance with Australian Standard on Review Engagements ASRE 2405 *Review of Historical Financial Information Other than a Financial Report*. We made such enquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances, including:

- Analytical procedures on the Pro-forma Historical Financial Information;
- A review of workpapers, accounting records and other documents relating to the Pro-forma Historical Financial Information including those dealing with the extraction of the historical income statement and cash flow statement from the audited Spark financial statements for the year ended 31 December 2009 and the extraction of the historical income statement, historical balance sheet and historical cash flow statement from the reviewed Spark interim financial report for the half year ended 30 June 2010;

Deloitte

- Enquiries of the management of Spark.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion on the Pro-forma Historical Financial Information of Spark.

Review Statement

Review Statement on the Pro-forma Financial Historical Information

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that the Pro-forma Historical Financial Information, as set out in Sections 9.2, 9.3 and 9.4 of the Investor Information Booklet, is not presented fairly and in accordance with the basis of preparation as disclosed in Section 9.1 of the Investor Information Booklet and on the basis of the pro-forma adjustments as detailed in Sections 9.2, 9.3 and 9.4 of the Investor Information Booklet.

Subsequent Events

Apart from the matters dealt with in this Report, and having regard for the scope of our Report, nothing has come to our attention that would cause us to believe that matters arising after 30 June 2010, other than matters dealt with in this Report, would require comment on, or adjustments to, the information contained in this Report, or would cause such information to be misleading or deceptive.

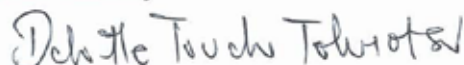
Independence and Disclosure of Interest

Deloitte does not have any interest in the outcome of the issue other than the preparation of this Report, for which normal professional fees will be received. Deloitte is the auditor of Spark.

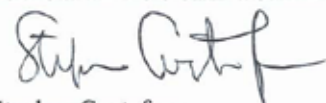
Consent

Deloitte has consented to the inclusion of this Investigating Accountants' Report in the Investor Information Booklet and references to it or information in it in the form and context in which it is so included, but has not authorised the issue of the Investor Information Booklet. Accordingly, Deloitte makes no representation regarding, and takes no responsibility for, any other documents or other material in, or omissions from, the Investor Information Booklet.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Stephen Gustafson
Partner
Chartered Accountants

ANNEXURE C

SELLING RESTRICTIONS

A) NEW ZEALAND

The New Securities are not offered to the public in New Zealand other than to existing holders of Securities in New Zealand and persons in New Zealand in whose favour rights to subscribe for the New Securities have, in accordance with their terms, been renounced, in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002. No offer is made to, or capable of being accepted by, any other person in New Zealand. If you are unsure whether this offer is made to, or is capable of acceptance by, you, you should seek independent legal advice.

No investment statement or prospectus under New Zealand law has been or will be prepared in respect of this offer. This document is not an investment statement or prospectus under New Zealand law, and does not contain the information that an investment statement or prospectus under New Zealand law is required to contain.

(B) HONG KONG

Any New Security acquired under this Investor Information Booklet must not be offered for sale to the public in Hong Kong within six months of allotment.

This document is not a prospectus within the meaning of the Companies Ordinance (Cap 32) ("CO") nor is it an advertisement, invitation or document subject to section 103(1) of the Securities and Futures Ordinance (Cap 571) ("SFO").

None of the New Securities, this Investor Information Booklet or its contents have been authorised by the Hong Kong Securities and Futures Commission and no invitation, advertisement or other document, whether in Hong Kong or elsewhere, has been or will be issued, which is directed at, or the contents of which are likely to be accessed or read by the public in Hong Kong within the meaning of the SFO.

This document will be given to designated recipients only and may not be provided, assigned or transferred, to any other person. The contents of this Investor Information Booklet have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Entitlement Offer. If you are in any doubt about any of the contents of this Investor Information Booklet, you should obtain independent professional advice.

(C) SINGAPORE

This document has not been registered as a prospectus with the Monetary Authority of Singapore. This document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the New Securities may not be circulated or distributed, nor may the New Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except to "institutional investors" (as defined in the Securities and Futures Act, Chapter 289 (the "SFA")), or otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

This document has been given to you on the basis that you are an "institutional investor" (as defined under the SFA). In the event that you are not an institutional investor, please return this Investor Information Booklet immediately. You may not forward or circulate this Investor Information Booklet to any other person in Singapore.

Any offer is not made to you with a view to the New Securities being subsequently offered for sale to any other party. You are advised to acquaint yourself with the SFA provisions relating to on-sale restrictions in Singapore and comply accordingly.

(D) FRANCE

This document is not being distributed in the context of a public offering of financial securities (offre au public de titres financiers) in France within the meaning of Article L.411-1 of the French Monetary and Financial Code (Code monétaire et financier) and Articles 211-1 et seq. of the General Regulation of the French Autorité des marchés financiers ("AMF"). The New Securities have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France.

This document and any other offering material relating to the New Securities have not been, and will not be, submitted to the AMF for approval in France and, accordingly, may not be distributed or caused to be distributed, directly or indirectly, to the public in France.

Such offers, sales and distributions have been and shall only be made in France to (i) qualified investors (investisseurs qualifiés) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2° and D.411-1 to D.411-3, D.734-1, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation and/or (ii) a restricted number of non-qualified investors (cercle restreint d'investisseurs) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2° and D.411-4, D.734-1, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation.

Pursuant to Article 211-3 of the General Regulation of the AMF, investors in France are informed that the New Se

curities cannot be distributed (directly or indirectly) to the public by the investors otherwise than in accordance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French Monetary and Financial Code.

(E) GERMANY

No offer of the New Securities may be made in Germany except to Institutions (Institute) within the meaning of sec. 1 (1b) of the German Banking Act (Kreditwesengesetz), private and public insurance companies, German Investment Companies (Kapitalanlagegesellschaften) and Investment Stock Corporations (Investmentaktiengesellschaften), non-German investment companies and asset management companies commissioned by them as well as pension funds and their asset management companies.

Neither this Investor Information Booklet nor any other document relating to the New Securities has been or will be submitted for approval nor will the New Securities be registered for public distribution with the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht) and, accordingly, no such document may be communicated to the public in Germany. Any offer or solicitation of New Securities in Germany must be in compliance with the German Investment Act (Investmentgesetz) and with other applicable laws.

The New Securities may not be distributed or offered in Germany by way of public distribution or offer within the meaning of applicable German laws. This document and any other document relating to the New Securities may not be distributed to the public in Germany or used in connection with any offer for subscription of the New Securities to the public in Germany or by any other means of public marketing.

(F) IRELAND

New Securities may not be offered or sold in Ireland by any person:

1. In any way which would constitute an offer for sale to the public within the meaning of section 9 of the Unit Trusts Act, 1990, without the prior approval of the Irish Financial Services Regulatory Authority; or
2. In any way which would require the publication of a prospectus under the Investment Funds, Companies and Miscellaneous Provisions Act, 2005, as amended, and any regulations adopted pursuant thereto; or
3. In Ireland except in all circumstances that will result in compliance with all applicable laws and regulations in Ireland.

(G) NETHERLANDS

The information in this Investor Information Booklet has been prepared on the basis that all offers of New Securities will be made pursuant to an exemption under the Directive 2003/71/EC ("Prospectus Directive"), as implemented in the Netherlands from the requirement to produce a prospectus for offers of securities.

An offer to the public of New Securities has not been made, and may not be made, in the Netherlands except pursuant to one of the following exemptions under the Prospectus Directive as implemented in the Netherlands:

1. To legal entities that are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
2. To any legal entity that has two or more of: (i) an average of at least 250 employees during its last fiscal year; (ii) a total balance sheet of more than €3,000,000 and (iii) an annual net turnover of more than €50,000,000;
3. To fewer than 100 natural or legal persons (other than qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive) subject to obtaining the prior consent of Spark Infrastructure and any underwriter for any such offer; or
4. In any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of New Securities shall result in a requirement for the publication by Spark Infrastructure of a prospectus pursuant to Article 3 of the Prospectus Directive.

(H) NORWAY

This document has not been approved by, or registered with, any Norwegian securities regulator pursuant to the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this Investor Information Booklet shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.

The New Securities may not be offered or sold, directly or indirectly, in Norway except:

1. To "professional investors" (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876);
2. Any natural person who is registered as a professional investor with the Oslo Stock Exchange (No. Oslo Børs) and who fulfils two or more of the following: (i) any natural person with an average execution of at least ten transactions in securities of significant volume per quarter for the last four quarters; (ii) any natural person with a portfolio of securities with a market value of at least €500,000; and (iii) any natural person who works, or has worked for at least one year, within the financial markets in a position which presuppose knowledge of investing in securities;

3. To fewer than 100 natural or legal persons (other than “professional investors”, as defined in clauses (1) and (2) above); or
4. In any other circumstances provided that no such offer of New Securities shall result in a requirement for the registration, or the publication by Spark or an underwriter, of a prospectus pursuant to the Norwegian Securities Trading Act of 29 June 2007.

(I) SWITZERLAND

The New Securities may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (“SIX”) or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this Investor Information Booklet nor any other offering material relating to the New Securities may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Investor Information Booklet nor any other offering material relating to the New Securities have been or will be filed with or approved by any Swiss regulatory authority. In particular, this Investor Information Booklet will not be filed with, and the offer of New Securities will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA), and the offer of New Securities has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes (“CISA”). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of New Securities.

This document is personal to the recipient only and not for general circulation in Switzerland.

(J) UNITED KINGDOM

Neither the information in this Investor Information Booklet nor any other document relating to the offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (“FSMA”)) has been published or is intended to be published in respect of the New Securities. This document is issued on a confidential basis to “qualified investors” (within the meaning of section 86(7) of FSMA). This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of s.21) received in connection with the issue or sale of the New Securities has only been communicated, and will only be communicated, in the United Kingdom in circumstances in which s.21(1) FSMA does not apply to Spark Infrastructure.

In the United Kingdom, this Investor Information Booklet is being distributed only to, and is directed at, persons (a) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (“FPO”); (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO; or (iii) to whom it may otherwise be lawfully communicated (together “relevant persons”). The investments to which this Investor Information Booklet relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this Investor Information Booklet or any of its contents.

(K) UNITED ARAB EMIRATES

Neither this Investor Information Booklet nor the New Securities have been approved, disapproved or passed on in any way by the Central Bank of the United Arab Emirates or any other governmental authority in the United Arab Emirates, nor has Spark Infrastructure received authorization or licensing from the Central Bank of the United Arab Emirates or any other governmental authority in the United Arab Emirates to market or sell the New Securities within the United Arab Emirates. This document does not constitute and may not be used for the purpose of an offer or invitation. No services relating to the New Securities, including the receipt of applications and/or the allotment or redemption of such shares, may be rendered within the United Arab Emirates by Spark Infrastructure.

No offer or invitation to subscribe for New Securities is valid or permitted in the Dubai International Financial Centre.

(L) CANADA (BRITISH COLUMBIA, ONTARIO AND QUEBEC PROVINCES ONLY)

This document constitutes an offering of New Securities only in the Provinces of British Columbia, Ontario and Quebec (the “Provinces”) and to those persons to whom they may be lawfully distributed in the Provinces, and only by persons permitted to sell such New Securities. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are “accredited investors” within the meaning of NI 45-106 – Prospectus and

ANNEXURE C SELLING RESTRICTIONS CONTINUED

Registration Exemptions, of the Canadian Securities Administrators.

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this Investor Information Booklet, the merits of the New Securities or the offering of New Securities and any representation to the contrary is an offence. No prospectus has been, or will be, filed in the Provinces with respect to the offering of New Securities or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the New Securities in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements.

Spark Infrastructure, and the directors and officers of Spark Infrastructure, may be located outside Canada, and as a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon Spark Infrastructure or its directors or officers. All or a substantial portion of the assets of Spark Infrastructure and such persons may be located outside Canada, and as a result, it may not be possible to satisfy a judgment against Spark Infrastructure or such persons in Canada or to enforce a judgment obtained in Canadian courts against Spark Infrastructure or such persons outside Canada.

Any financial information contained in this Investor Information Booklet has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this Investor Information Booklet are in Australian dollars.

Statutory rights of action for damages or rescission

Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defenses contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.

The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario. In Ontario, every purchaser of the New Securities purchased pursuant to this Investor Information Booklet (other than (a) a “Canadian financial institution” or a “Schedule III bank” (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against Spark Infrastructure if this Investor Information Booklet or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against Spark Infrastructure. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the Securities Act (Ontario) provides that, if this Investor Information Booklet contains a misrepresentation, a purchaser who purchases the New Securities during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against Spark Infrastructure, provided that (a) Spark Infrastructure will not be liable if it proves that the purchaser purchased the New Securities with knowledge of the misrepresentation; (b) in an action for damages, Spark Infrastructure is not liable for all or any portion of the damages that Spark Infrastructure proves does not represent the depreciation in value of the New Securities as a result of the misrepresentation relied upon; and (c) in no case shall the amount recoverable exceed the price at which the New Securities were offered.

Section 138 of the *Securities Act* (Ontario) provides that no action shall be commenced to enforce these rights more than (a) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action or (b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action. These rights are in addition to and not in derogation from any other right the purchaser may have.

Certain Canadian income tax considerations. Prospective purchasers of the New Securities should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding, or disposition of the New Securities as any discussion of taxation related matters in this Investor Information Booklet is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

Language of documents in Canada. Upon receipt of this Investor Information Booklet, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Securities (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

(M) UNITED STATES OF AMERICA

Neither the Entitlements nor New Securities offered in the Entitlement Offer have been, or will be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States. In addition, none of the Stapled Entities have been, or will be, registered under the Investment Company Act. Accordingly, neither the Entitlements nor the New Securities may be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons, except in each case to persons that are reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A of the Securities Act) and also “qualified purchasers” (as defined in Section 2(a)(51) of the Investment Company Act), in transactions exempt from, or not subject to, the registration requirements of the Securities Act and exempt from the registration requirements of the Investment Company Act pursuant to Section 3(c)(7) thereof. Outside the United States, the Entitlements and the New Securities may only be offered and sold to persons that are not U.S. Persons and are not acting for the account or benefit of U.S. Persons in “offshore transactions” (as defined in Regulation S) in compliance with Regulation S and the laws of the jurisdiction in which such securities are offered and sold.

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DIRECTORY

SPARK INFRASTRUCTURE GROUP

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Email: webqueries@computershare.com.au

ELIGIBLE RETAIL SECURITYHOLDER DECLARATIONS

IMPORTANT:

If you make an Application - you will be taken to make the declarations to Spark Infrastructure that you:

- agree to be bound by the terms of the Entitlement Offer;
- authorise Spark Infrastructure to register you as the holder of the New Securities allotted to you;
- declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- declare you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;
- acknowledge that once Spark Infrastructure receives the Entitlement and Acceptance Form or any payment of Application Monies via BPay®, you may not withdraw it;
- agree to apply for the number of New Securities specified in the Entitlement and Acceptance Form, or for which you have submitted payment of any Application Monies via BPay®, at the Offer Price of \$1.00 per New Security;
- agree to be issued the number of New Securities that you apply for;
- authorise Spark Infrastructure, the Underwriters, the Registry and their respective officers or agents, to do anything on your behalf necessary for New Securities to be issued to you, including to act on instructions of the Registry upon using the contact details set out in the Entitlement and Acceptance Form;
- declare that you are the current registered holder of Spark Infrastructure stapled securities and are an Australian or New Zealand resident that is not a US Person and not acting for the account or benefit of a US Person;
- acknowledge that the information contained in this Investor Information Booklet and the accompanying Entitlement and Acceptance Form is not investment advice nor a recommendation that New Securities are suitable for you given your investment objectives, financial situation or particular needs, and is not a product disclosure statement, does not contain all of the information that you may require in order to assess an investment in Spark Infrastructure and is given in the context of Spark Infrastructure's past and ongoing continuous disclosure announcements to ASX;
- represent and warrant that the law of any other place does not prohibit you from being given this Investor Information Booklet and the accompanying Entitlement and Acceptance Form, nor does it prohibit you from making an application for New Securities;
- acknowledge the statement of risks in Sections 1.4 and 12 and that investments in Spark Infrastructure are subject to investment risk;
- acknowledge that neither Spark Infrastructure, its directors, officers, employees, agents, consultants nor advisers, nor the Underwriters, guarantees the performance of Spark Infrastructure, nor do they guarantee the repayment of capital from Spark Infrastructure;
- represent and warrant (for the benefit of Spark Infrastructure, the Underwriters and their respective affiliates) that you are not in the United States and that you are not, and you are not acting for the account or benefit of, a US Person;
- represent and warrant (for the benefit of Spark Infrastructure, the Underwriters and their respective affiliates) that you did not receive an invitation to participate in the Institutional Entitlement Offer either directly or through a nominee, and are otherwise eligible to participate in the Entitlement Offer;
- understand that the Entitlements and the New Securities have not been, and will not be, registered under the Securities Act and in addition, that none of the Stapled Entities have been, nor will be, registered under the Investment Company Act in reliance on an exception thereunder and accordingly New Securities may not be offered, sold or resold in the United States, or to or for the account or benefit of U.S. Persons, except in a transaction exempt from, or not subject to, registration under the Securities Act, the Investment Company Act and any other applicable securities laws;
- agree that, if in the future you decide to sell or otherwise transfer your New Securities, you will only do so in regular way transactions on the ASX, conducted where neither you nor any person acting on your behalf knows, or has a reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the United States or a U.S. Person or a person acting on behalf of such a person;
- agree that you have not purchased the Entitlements or the New Securities as a result of any "directed selling efforts" (within the meaning of rule 902(c) under the Securities Act);
- agree that you are not engaged in the business of distributing securities or, if you are, you agree that you will not offer or sell in the United States or to, or for the account or benefit of, U.S. Persons (i) any Entitlements at any time, (ii) any New Securities (a) you acquire in the Entitlement Offer at any time or (b) you acquire other than in the Entitlement Offer until 40 days after the Final Allotment Date, except in a transaction exempt from the registration requirements of the Securities Act pursuant to Regulation S thereunder. Notwithstanding the foregoing, you may sell the New Securities in regular way transactions on the ASX where neither you nor any person acting on your behalf knows, or has a reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the United States or a U.S. Person or a person acting on behalf of such a person;
- agree not to send this Investor Information Booklet, the Entitlement and Acceptance Form or any other material relating to the Entitlement Offer to any other person in the United States or that is, or is acting for the account or benefit of, a US Person; and
- agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Entitlement Offer and/or of your holding of Securities on the Record Date.



SparkInfrastructure