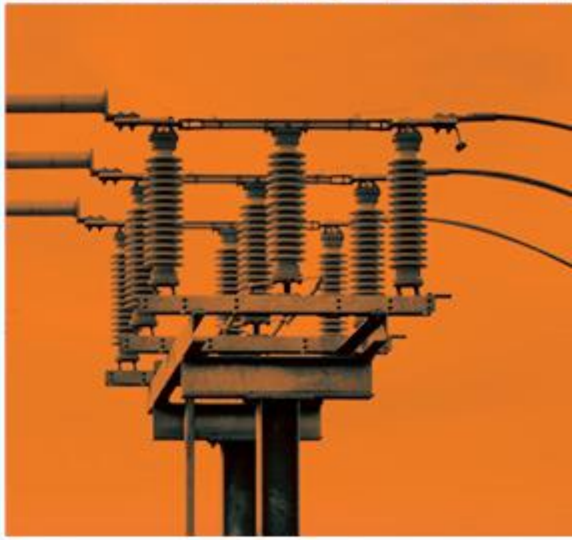
31 DECEMBER 2016 FULL YEAR RESULTS

MONDAY, 27 FEBRUARY 2017

THE AUSTRALIAN INFRASTRUCTURE NETWORK SPECIALISTS

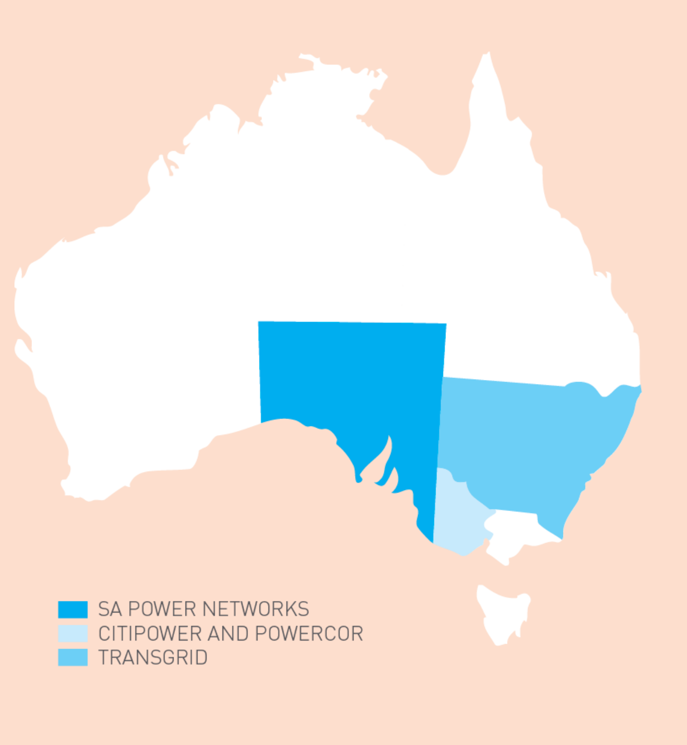




CURRENT INVESTMENT PORTFOLIO

AUSTRALIAN BASED SPECIALIST INFRASTRUCTURE INVESTOR WITH A PORTFOLIO OF HIGH QUALITY REGULATED BUSINESSES

CitiPower	49% Interest	CitiPower operates the distribution network that supplies electricity to around 328,000 customers in Melbourne's CBD and inner suburbs.
Powercor Australia	49% Interest	Powercor is the largest distributor of electricity in Victoria, operating a network that serves around 780,000 customers in central and western Victoria and the western suburbs of Melbourne.
SA Power Networks	49% Interest	SAPN is the sole operator of South Australia's electricity distribution network, supplying around 856,000 residential and commercial customers in all regions and the major population centres.
TransGrid	15% Interest	TransGrid is the largest high-voltage electricity transmission network in the National Electricity Market (NEM) by electricity transmitted. It connects generators, distributors and major end users in NSW and the ACT and forms the backbone of the NEM connecting QLD, NSW, VIC and the ACT.



2016 HIGHLIGHTS

HIGHLIGHTS - 2016

sparkinfrastructure

- Standalone operating cash flow of $305.6m, 47.4% growth on 2015
- 2016 distribution of 14.5 cps confirmed, 20.8% growth on 2015
- 2016 standalone payout ratio of 79.8%
- Divestment of economic interest in DUET Group during H1 2016

CitiPower / Powercor Australia

- Significant productivity and efficiency gains realised through World CLASS program. Total identified savings of ~$167m p.a. (vs 2013 base line) with $139m delivered as at 31 December 2016, split approximately evenly across both capex and opex
- Final Determination for 2016-20 confirmed in May 2016. Additional $180m revenue relative to Preliminary Determination (across 5 years) to be recovered from 1 January 2017

SA Power Networks

- CaMS successful renewal of ElectraNet maintenance contract in September 2016, initially for 5 years
- Continued efficient delivery of NBN roll-out in South Australia (recently reaching revenue of $200m since inception)
- Successful and timely restoration of services to customers amidst multiple severe storm events
- Additional revenues from Final Determination relative to Preliminary Determination being recovered from 1 July 2016

TransGrid

- Larger infrastructure connections opportunity, progressing almost twice as quickly as originally expected, while maintaining appropriate returns
- New executive team members in place and business transformation progressing
- Regulatory proposal for 2018-23 submitted 31 January 2017
- Initial Baa2 rating on USPP issuance. Largest inaugural USPP issuance by an Australian corporate

HIGHLIGHTS - STRATEGIC

- VPN and SAPN continue to maintain their focus on efficiency and cost management. The AER's 2016 Benchmarking report ranks CitiPower, SAPN and Powercor the top three networks respectively for 5-year average total productivity, from a peer set of 13

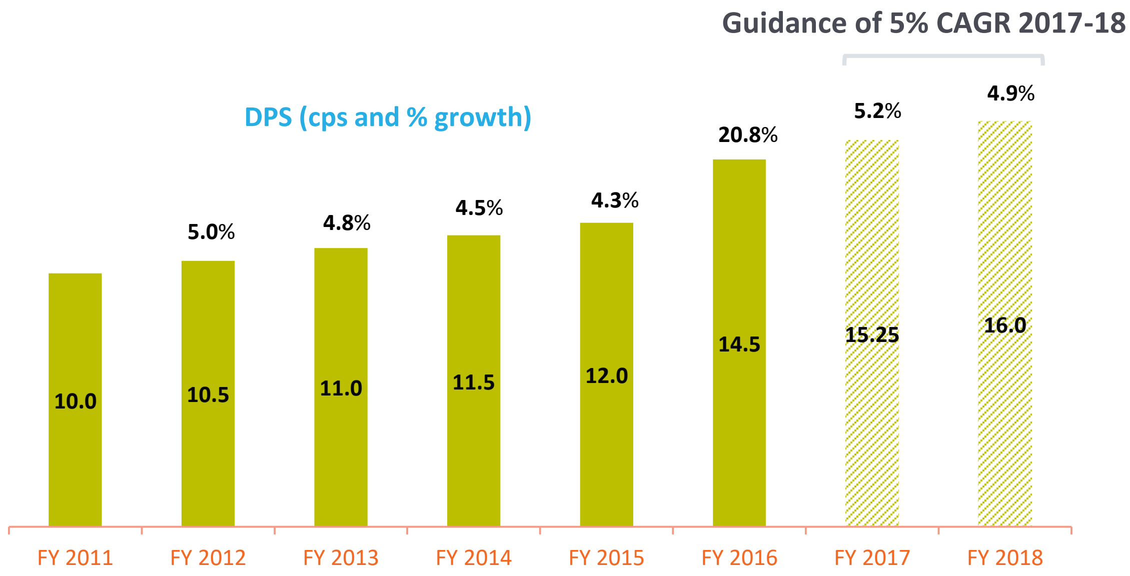
- TransGrid's transformation continues – TransGrid is performing well against the acquisition business plan with efficiency program underway and strong potential in infrastructure connections now being realised in 2H 2016 onwards

- Promoting grid interconnectivity – projects such as a new NSW/SA interconnector can be delivered as a regulated project subject to a RIT-T process. Greater interconnectivity of the NEM has the ability to improve reliability and security of supply and facilitate the growth of renewable generation in a cost effective manner

- Innovation top of mind – supporting proactive evolution of network businesses with expansion into niche areas associated with 'behind the meter' customer solutions, battery storage and consulting services to the energy industry. To the extent these services are competitive they will be provided by ring-fenced affiliates. TransGrid is supporting the growth of renewable generation for the benefit of all customers

- Influencing policy and regulation – proactive participation in the development of public policy along with industry stakeholders to advocate for regulation that facilitates reliable and cost effective network solutions to support the transition to a low carbon emissions economy

2017 – 2018 DISTRIBUTION GUIDANCE REAFFIRMED



- Final distribution of 7.25 cps to be paid on 15 March 2017, total distributions for 2016 of 14.5 cps
- The Directors have reaffirmed distribution guidance of:
  - 2017: 15.25cps (~5% higher than 2016)
  - 2018: 16.0cps (~5% higher than 2017)
  - Guidance based on expected distributions from asset portfolio and subject to business conditions

SPARK INFRASTRUCTURE

FINANCIAL RESULTS

2016 OPERATING CASH FLOW

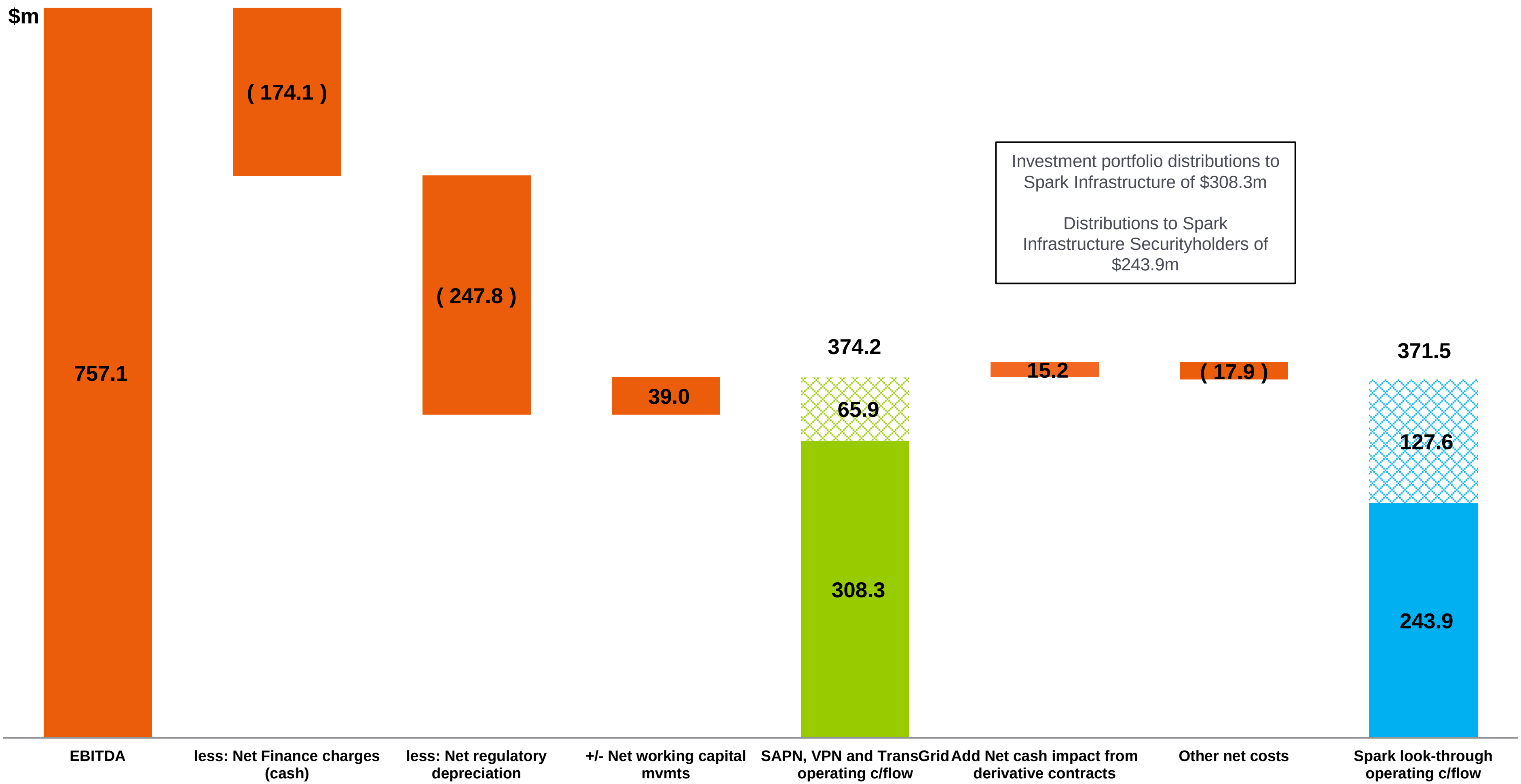
	2016	2015	% Change
	$m	$m	%
SAPN – PPC distributions	69.8	69.6	0.3
SAPN – other distributions	49.5	44.6	11.0
VPN – sub debt interest	79.6	82.2	(3.3)
VPN – other distributions[1]	65.0	-	n/m
TransGrid – loan note interest	14.1	-	n/m
TransGrid – other distributions	30.4	-	n/m
Investment Portfolio distributions	**308.3**	**196.5**	**57.0**
Distributions from derivative contracts	23.0	32.5	(29.6)
Total distributions	**331.3**	**229.0**	**44.7**
Interest received	1.1	3.8	(72.0)
Interest paid	(4.4)	(2.7)	63.2
Finance costs paid on derivative contracts	(7.7)	(10.1)	(23.0)
Corporate expenses – including project related costs	(14.6)	(12.7)	15.1
Standalone OCF	**305.6**	**207.4**	**47.4**
Average Securities	1,682.0	1,478.7	13.7
Standalone OCF per security	**18.2cps**	**14.0cps**	**29.6**
Distributions declared	14.5cps	12.0cps	20.8
Standalone payout ratio	**79.8%**	**85.6%**	**-5.8%**

[1]VPN distributions for 2016 include both interest on and repayment of shareholder loans.
Repayments of loan principal are classified as investing activities for statutory reporting purposes

LOOK-THROUGH OPERATING CASH FLOW

PROPORTIONATE OWNERSHIP BASIS

Continued Strong Coverage of Distributions



EBITDA excludes customer contributions and gifted assets and includes 'true-up' of DUOS/TUOS to revenue cap

INVESTMENT PORTFOLIO

FINANCIAL RESULTS

VPN (100% RESULTS)

Financial	2016	2015	Change
	$m	$m	%
Regulated revenue - DUOS	900.1	944.7	(4.7)
Prescribed metering (AMI)	108.2	109.3	(1.0)
Semi-regulated other	44.4	44.5	(0.2)
Unregulated revenue	127.5	92.4	38.0
Total revenue[1]	**1,180.2**	**1,190.8**	**(0.9)**
Operating costs	(396.1)	(368.2)	(7.6)
EBITDA	**784.1**	**822.6**	**(4.7)**
EBITDA margin	**66.4%**	**69.1%**	**(2.6%)**
Net capex (Inc. AMI)	406.6	466.3	(12.8)

Operational	2016	2015	Change %
Customer numbers	1,108,083	1,093,745	1.3
FTE numbers	1,881	1,939	(3.0)

- **2016 DUOS Revenue:**
  - Revenue recognised in line with revenue cap (i.e. excludes $9.7m collected above revenue cap[1])
  - $9m Powerline replacement program provision benefit
  - STPIS penalty $11.0m and F Factor benefit $1.8m
- **Preliminary STPIS result for 2016 of $17.9m to be recovered from January 2018**
- **Unregulated/Other revenue**
  - Increased 3rd party revenue includes Ararat Wind Farm Project and Yarra Trams
  - One-off recovery of costs incurred in tax matters ~$20m
- **Headline Opex up 7.6%,** including expensing corporate overheads from 2016 (2015 included $53.9m equivalent capitalised)
- **Adjusted Opex down 6.2%**
- **Net capex down 12.8%, including World CLASS efficiency savings**

1.Revenue adjusted to fair value customer contributions and gifted assets revenue to nil. Regulated revenue aligned to revenue cap

VPN WORLD CLASS UPDATE

SAVINGS OF $139M P.A. ALREADY DELIVERED, FURTHER $28M P.A. TO BE DELIVERED IN 2017

INITIATIVE	Ongoing Annual Benefits $m
Commercial Sourcing	14
Lean Corporate Functions - Central Functions	9
Lean Corporate Functions - IT	21
Lean Customer and Market Operations	18
Automated and Integrated Works Management	19
Simple Maintenance and Design Processes	20
Structured Field Delivery incl. Resource Partners	39
Simplified Organisation	12
Customer Initiated Augmentation Work	4
Faults and Field incl. Warehouse and Inventory Management	6
Other Workstreams	5
Total	**167**

- World CLASS Operations Program has identified annual savings of $167m which represents ~20% of the 2013 totex base. $139m already delivered by 2016
- Invested ~$95m of one-time implementation costs in efficiency improvements
    - $63m capital funding in automated solution delivery such as Autodesk Utility Designer tool, eConnect, Automated and Integrated Works Management, CIAW customer portal
    - $32m operating expenditure for consulting and organisational restructuring costs
- Majority of the benefits were realised through external contract rate negotiations and reduced reliance on external contractors
- A “smarter” approach to maintenance e.g. cross arms and pole caps. Reduced works by 15%
- Halved the design spend on external contractors with development of automated design solution Autodesk Utility Designer
- Leaner corporate functions ($9m less opex in 2016 compared to 2013)
- Focus on leaner management (increased spans of control, removal of management layers) and lower management to staff ratios e.g. Group Resources, Market Management, Connections etc.
- Consolidation of key functions e.g. design, procurement has delivered gains including better use of capabilities and tools, resource smoothing and knowledge sharing. Business unit structures now enable greater levels of role clarity and increased cross-team collaboration
- Organisational restructures have provided progression opportunities for staff
- Employee engagement and job satisfaction scores continue to grow and outperform the global benchmarks
- Significant improvements in customer service functions. The contact centre is now a profit centre, not a cost burden

SAPN (100% RESULTS)

Financial	2016	2015	Change
	$m	$m	%
Regulated revenue – DUOS	739.7	831.5	(11.0)
Semi-regulated	92.5	54.5	69.7
Unregulated revenue	154.6	174.1	(11.2)
Total revenue[1]	**986.8**	**1,060.1**	**(6.9)**
Operating costs	(426.5)	(383.9)	(11.1)
EBITDA	**560.3**	**676.2**	**(17.1)**
EBITDA margin	**56.8%**	**63.8%**	**-7.0%**
Net Capex	285.7	315.5	(9.4)

Operational	2016	2015	Change %
Customer numbers	856,095	852,439	0.4
FTE numbers	2,073	2,096	(1.1)

- **2016 DUOS Revenue:**
  - Revenue recognised in line with revenue cap (billings under recovery of $3.2m[1])
  - STPIS recovery of $7.9m
- **Preliminary STPIS result for 2015/16 of $26m to be recovered from 1 July 2017**
- **Semi regulated revenue largely reflects increased asset relocation works activity on major roads upgrade projects**
- **Unregulated revenues lower reflecting abnormally high 2015 NBN revenue**
- **Opex up 11% largely due to storms:**
  - Includes GSL expenditure for 2016 up $42m due to major storm event impacts
  - Emergency response costs up $7m year on year
  - Higher semi-regulated costs (asset relocation)
  - Efficiency savings offset
- **Net Capex down 9.4% including efficiencies**

1. Revenue adjusted to fair value customer contributions and gifted assets revenue to nil. Regulated revenue aligned to revenue cap
2. 2016 includes six months of new regulatory period under the Preliminary Determination (Year 1) and six months under the Final Determination (which includes revenue true-up) (Year 2). 2015 includes six months of previous regulatory period and six months of the new regulatory period under the Preliminary Determination.

TRANSGRID (100% RESULTS)

TransGrid

Financial[1]	2016
	$m
Regulated revenue - TUOS	784.6
Unregulated revenue	51.2
Other revenue	2.7
Total revenue	**838.5**
Operating costs	(182.9)
EBITDA	**655.6**
EBITDA margin	**78.2%**
Capex[2]	206.4

Operational	2016
FTE numbers[3]	1,012

- **2016 TUOS Revenue:**
  - Revenue recognised in line with revenue cap (i.e. excludes $11.8m collected above revenue cap[4])
  - $12.5m STPIS benefit
- **Preliminary STPIS result for 2016 (calendar yr) of $15.5m to be recovered from 1 July 2017**
- **Unregulated revenue includes:**
  - Infrastructure connections $32.1m
  - Other infrastructure $8.0m
  - Property $4.7m
  - Telco services $6.4m
- **Opex includes both regulated and unregulated costs**
- **Capex predominantly Repex**
  - Regulated capex $175.9m (repex $139m, augex $7m, NCIPAP[5] $10m, non network $20m)
  - Unregulated capex $30.5m (infra $27m, telco $4m)

1. Results are based on TransGrid's financial statements covering the period from acquisition (16 December 2015) to 31 December 2016. These results have been adjusted by Spark Infrastructure to reflect the 12 month period to 31 December 2016
2. Capex covers the period from acquisition of TransGrid (16 December 2015) to 31 December 2016
3. In accordance with IPART reporting
4. Amounts in excess of the regulated revenue cap have been recorded by TransGrid as revenue in 2016. Spark Infrastructure makes an adjustment to its results to reflect that these amounts will be returned to electricity consumers in future periods. The table above reflects these adjustments.
5. Network Capability Incentive Parameter Action Plan (component of Transmission related STPIS for current 4 year regulatory period)

INVESTMENT PORTFOLIO FUNDING

Spark Infrastructure targets investment grade credit ratings of at least BBB/Baa2

ISSUER	VPN	SAPN	TransGrid
Weighted average maturity (yrs)[1]	4.6 yrs	5.9 yrs	5.2yrs
Next maturity[2]	Jul-17	Sep-17	Jun-19
Average contract hedged rate[3] (as at 31 December 2016)	2.4%	2.8%	2.6%
Hedge % of gross debt[4]	96%	100%	75%
Net debt at 31 December 2016	\$4.15bn	\$2.82bn	\$5.55bn
Net debt/RAB	72%	71%	88%
Net debt/EBITDA[5]	5.3x	5.0x	8.5x
Credit rating (S&P / Moody's)	A- / -	A-/A3	-/Baa2 (on USPP notes)
Senior interest cover ratio[6]	4.8x	4.3x	3.4x

Notes:
1. Weighted average maturity calculation is based on drawn debt
2. VPN July 2016 USPP used to pre-fund April 2017 maturities. February 2017 HKD Private Placements used to part pre-fund July 2017 maturities
3. Contracted swap rates only. Excludes other costs including margin
4. Hedging % includes fixed rate debt and interest rate swaps
5. EBITDA excludes customer contributions, gifted assets and revenue in excess/under the regulatory cap
6. Reported 2016 EBITDA / net cash finance charges

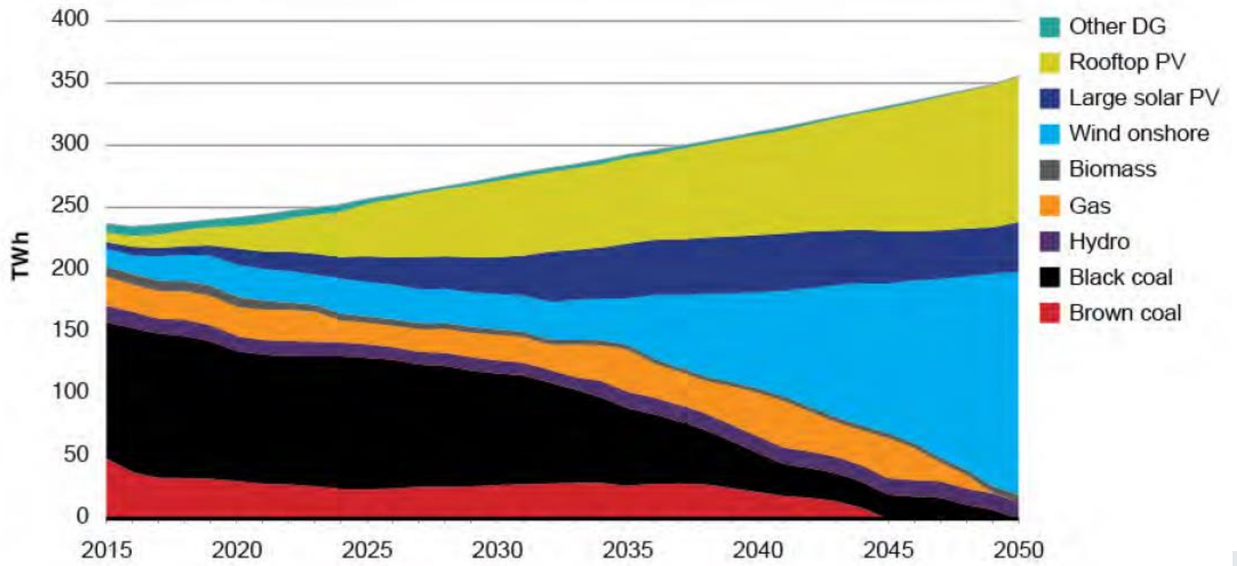
GROWTH AND INNOVATION

STRONG FUTURE FOR THE GRID

ENERGY DEMAND IS GROWING

The grid has a secure place in a changing environment

- Long term energy usage forecasts show substantial increases in overall demand for energy
- Programmed closure of coal and gas power stations will require further growth in renewable energy and greater network interconnection
- The grid enables diversification of intermittent renewable energy across the NEM
- Battery storage costs will remain uneconomic for long term storage but complement the grid for intra day demand management
- Recent experience shows that use of the grid is changing but very few consumers are abandoning the Grid
- As the transport industry de-carbonises, the grid will supply energy to a range of electric and hybrid vehicles



“Electricity Network Transformation Roadmap” Energy Networks Australia – December 2016

TRANSGRID NON-PRESCRIBED INFRASTRUCTURE

TRANSGRID HAS CONCLUDED FOUR CONNECTION AGREEMENTS SINCE THE INVESTOR DAY ON 1 DECEMBER 2016

Maules Creek Coal Mine

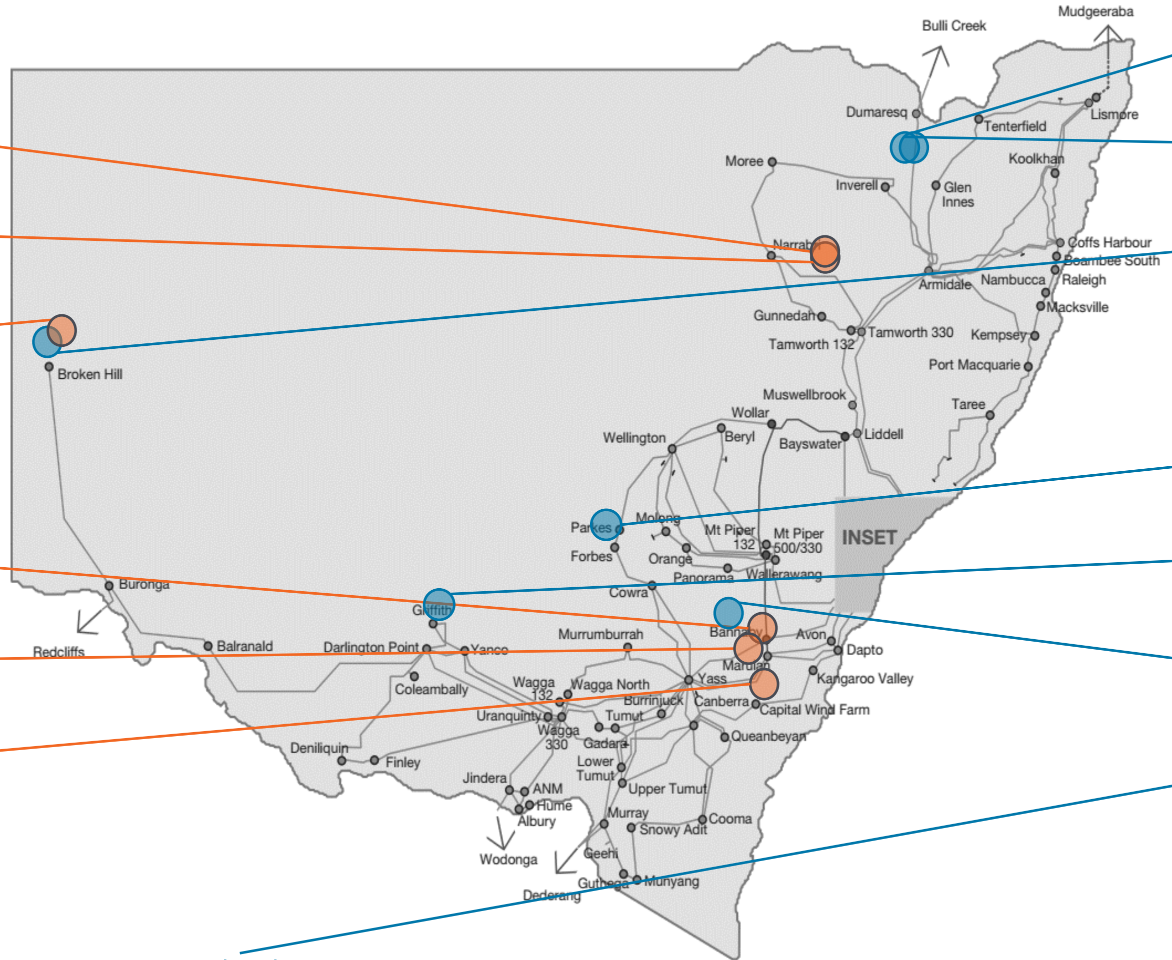
Boggabri Coal Mine

Broken Hill Solar Farm

Taralga Wind Farm

Gullen Range Wind Farm

Capital Wind Farm



Victoria

White Rock Wind Farm

Sapphire Wind Farm

Silverton Wind Farm

Griffith Solar Farm

Parkes Solar Farm

Crookwell 2 Wind Farm

Deer Park Terminal Station

Key

Under Development

Existing connections

TransGrid

TRANSGRID NON-PRESCRIBED INFRASTRUCTURE

TRANSGRID NEGOTIATED SEVEN CONNECTION AGREEMENTS IN THE PAST TWELVE MONTHS, INCLUDING FOUR AGREEMENTS WITH CONTESTABLE ELEMENTS

	Existing Connections	Under Contract
Number of connections	6 466 MW	7 825 MW
Aggregate capex (real 2016)	$81m (actual)	$155m
Capex period		12-24 month Typical S-curve
Revenue	$16m p.a. (actual)	Revenues will commence from Q2 2017 and will reflect the cost of capital at the time of entering the contract
Average contract term (excluding extension options)	~26 years	~26 years

THE PIPELINE OF OPPORTUNITY IS SIGNIFICANT

- NSW additional 1,000 MW of project in early development phase
- VRET targeting 5,000 MW of renewable capacity
- AEMO are forecasting retirement of significant traditional generation in the Australian NEM in the next 5-10 years which will drive further development

TransGrid

VPN GROWTH AND INNOVATION

- **Strong pipeline of opportunities and track record of delivery**
- **Activity across the NEM, well positioned in buoyant market**

Construction and maintenance	**Products and solutions**	**Network optimisation**
Unregulated		**Regulated**

Unregulated — Construction and maintenance

- Connection of large and small scale renewables
- Transportation – new sub-stations for train/tram operators and electrification of vehicles
- Services across the transmission and distribution sector (Tier 1 contractor to deliver capex programs)
- Maintenance – electrical infrastructure maintenance services (HV customers)

Unregulated — Products and solutions

- Commercial solar and storage – 10kW up to 10 MW
- Residential solar & storage – including off-grid solutions for regional customers
- Business to business solutions – power quality and energy efficiency solutions to businesses
- Services to retailers and embedded network operators

Regulated — Network optimisation

- Remote condition monitoring trials – a number of trials targeting a variety of condition monitoring methods across a range of assets
- LiDar (light detection and ranging) data management – visual analytics used to identify asset defects
- LV network mapping – use of analytics to map customer connection points. Assists in supporting outage management, asset management and increases customer insights

SAPN GROWTH AND INNOVATION

- **Developing new products and services through research of customers' needs and expectations**

Construction and maintenance	Products and solutions	Network optimisation
Unregulated		Regulated

Construction and maintenance

- Successful renewal of ElectraNet maintenance contract in September 2016, initially for 5 years
- Continued efficient delivery of NBN roll-out in South Australia (achieved revenue of $200m since inception)
- Mining connections (including associated maintenance contracts)
- Government and wind farm infrastructure projects

Products and solutions

- Commercial solar – up to 1 MW
- Residential solar and storage – including off-grid solutions for regional customers
- Public lighting – provision of LEDs and smart lighting services
- Embedded networks – unregulated electricity networks with a single connection point to the NEM

Network optimisation

- Drone line and tower inspection – assisting with various inspection services such as vegetation clearance reviews and hazardous/ restricted access site inspections
- Virtual reality – using 3D models to conduct virtual planning assessments by superimposing proposed construction on existing sites. Review teams can assess placement, clearances and neighbourhood impact prior to installation
- Residential battery pilot underway - designed to facilitate deferral of network capital expenditure

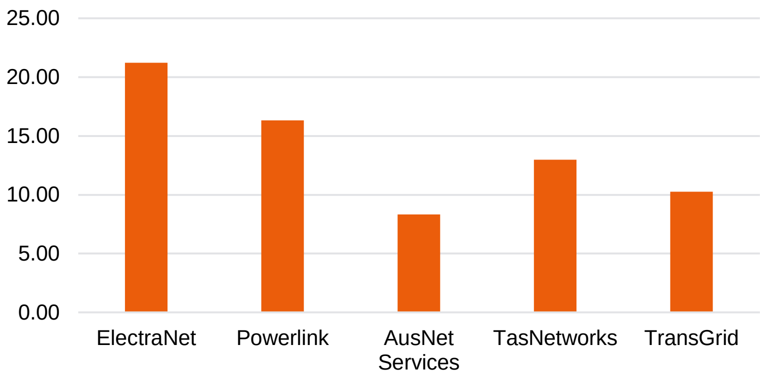
REGULATION AND INDUSTRY MATTERS

INVESTMENT PORTFOLIO ASSETS BENCHMARKING WELL

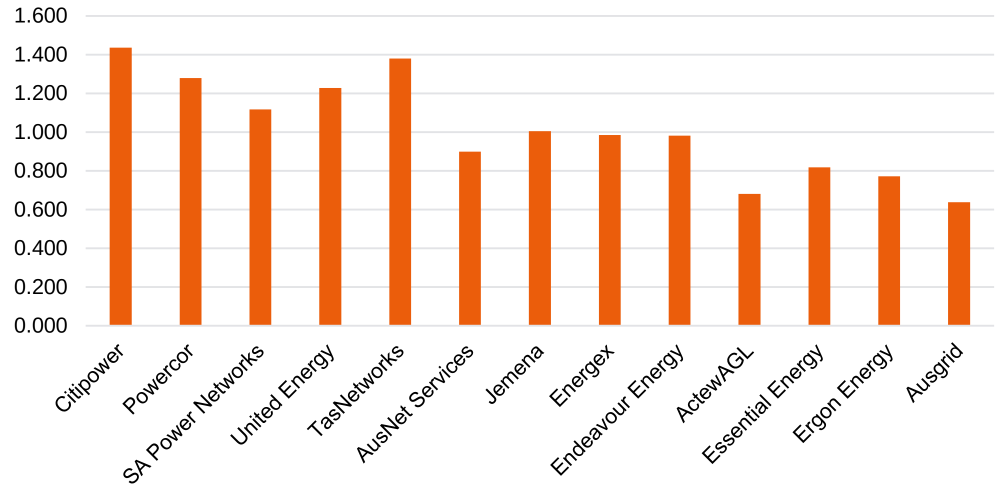
AER'S NOVEMBER 2016 BENCHMARKING REPORT CONFIRMS FAVOURABLE RANKINGS FOR SPARK INFRASTRUCTURE'S INVESTMENT PORTFOLIO

- SAPN, CitiPower and Powercor ranked at the top end among peers
- TransGrid performing well on opex productivity relative to transmission peers. Capex benchmarking reflects the NSW Government requirements for network robustness (benchmarking based on pre-ownership period)
- AER has reaffirmed its long held position that good performers with regulatory credibility are subject to lighter touch regulation based on revealed cost years and historical performance
- CitiPower 5-year average total productivity ranks 1st, with SAPN ranked 2nd and Powercor 4th among the peer set of thirteen

2015 Total user cost per MWh of energy transported ($/MWh)



2015 Opex partial factor productivity



TRANSGRID REGULATORY UPDATE

Framework and approach paper	Initial proposal	Preliminary AER Determination	Revised proposal	Final AER Determination
July 2016	January 2017	September 2017	December 2017	April 2018

- **TransGrid's regulatory proposal** reflects the current state of infrastructure, the more complex operating environment and the challenges of evolving services to increase renewables in the national energy mix and adapt to technological innovation

Regulatory Period 2018-2023	TransGrid proposal	AER Guideline
Beta	0.7	0.7
Risk free rate	2.24%	-
Market risk premium (MRP)	7.5%	6.5%
Return on equity	7.49%	-
Cost of debt	10 year trailing average with transition period	10 year trailing average with transition period
Gamma (Imputation)	0.25	0.4
Capex over 5 years ($2018)	$1,612m	-
Opex over 5 years ($2018)	$908m	-
Revenue ($2018)	$3,973m	-

- **TransGrid has adopted a market risk premium of 7.5%** by applying the AER's Guideline approach to the current market evidence

TRANSGRID REGULATORY UPDATE

- **Opex –** proposed a modest increase in operating expenditure to $908m ($2018) - mainly driven by the need to mitigate bush-fire risk from trees outside TransGrid's easement area under a new compliance framework applied following the change of ownership, and expected changes in labour costs and growth of the network

- **Capex –** total forecast capital expenditure is $1,612m ($2018). The majority of expenditure is focused on asset replacement, which is increasing compared to the current period and remains the largest component of the program.
  - This trend is expected to continue. Given the longer term outlook for asset replacement, a priority for TransGrid is to develop innovative asset management methods to prudently minimise the future costs to consumers

- **Contingent projects –** proposed five contingent projects; reinforcement of southern network, reinforcement of northern network; NSW/SA interconnector; support South Western NSW for renewables; and supply to Broken Hill

- **Forecast inflation –** in the current regulatory period (2014/15 – 2017/18), there is a mis-match between forecast and actual inflation that is resulting in under-recovery of revenues by TransGrid - estimated to be $110m in the first two years of this regulatory period
  - Over the passage of time mis-matches between forecast and actual inflation should equalise
  - TransGrid's forecast inflation is 2.39% for the 2018/19 to 2022/23 regulatory period based on the AER preferred approach
  - The AER has announced that it will consult on the approach to forecasting expected inflation during 2017
  - TransGrid's position is that the current approach to forecasting inflation and its treatment in the PTRM should not be amended without first having an opportunity to recover this lost revenue under the current arrangements

VPN REGULATORY UPDATE

- Final Regulatory Determination published by AER in May 2016 – additional $180m of revenue (across 5 years) relative to Preliminary Determination, commenced recovery from 1 January 2017
- VPN lodged appeals in relation to two matters – gamma and labour cost escalation. If successful this could result in ~$110m of additional revenue (across 5 years)
- Proceeds of any successful appeal may be recovered over 2018-20 as opposed to 2017-20
- The Australian Competition Tribunal (ACT) hearings for these matters concluded in November 2016
- A decision is expected from the ACT in Q1 2017
- Energy Solutions business relaunched as “BEON Energy Solutions” as required under AER ring-fencing guidelines
- Meter contestability discussions continue with the Victorian Government, decision expected March 2017

SAPN REGULATORY UPDATE

- Final Regulatory Determination published by AER in October 2015 – additional $626m of revenue (across 5 years) relative to Preliminary Determination, commenced recovery from 1 July 2016
- SAPN lodged appeals against certain elements of its Final Determination: gamma, return on debt transition, forecast inflation, labour cost escalation opex; and bushfire prevention opex and capex with the ACT
- On 28 October the ACT released its decisions which upheld the AER position on all matters
- On 25 November SAPN lodged an application for judicial review by the Federal Court of the ACT’s decision on gamma, return on debt transition and labour cost escalation
- An outcome from the Federal Court process is expected in mid 2017
- SAPN is undertaking a program to ensure compliance with AER ring-fencing guidelines

SPARK INFRASTRUCTURE'S VIEW ON REGULATORY MATTERS

Limited Merits Review

- Retention of LMR is a sensible decision however some of the changes proposed to the regime may have unintended negative consequences for consumers and investment
- Spark Infrastructure will continue to participate in discussions with decision makers alongside other industry stakeholders

AER Ring-fencing Guideline

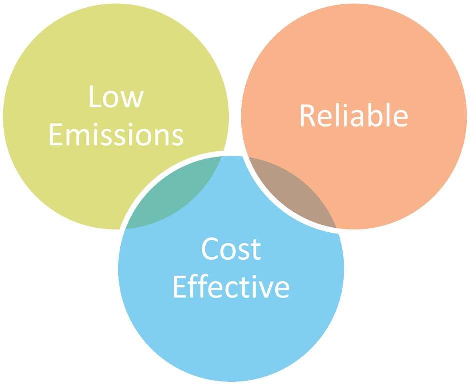
- The final guideline provides some operational and compliance challenges that will result in additional costs or will be addressed through the waiver process. Additional costs should be recoverable as the costs result from a change to obligations

Review of CPI impact

- Network Service Providers (NSPs) currently bear the risk of any difference between forecast and actual inflation under the AER's approach to forecasting expected inflation and calculating the revenue required to provide the regulated rate of return. This is leading to significant under-recovery of revenues by NSPs. This matter needs to be addressed by the AER to ensure that NSPs are able to recover their approved revenue allowances under the National Electricity Rules

FINKEL REVIEW

THE ENERGY 'TRILEMMA'



- No or uncertain investment appetite for new coal or increased gas currently
- Renewable generation is the path to meeting energy demand and a low carbon emission economy
- Increased network interconnection will help facilitate this in a cost effective manner while ensuring reliability and stability
- Submissions due by 3 March 2017

NETWORK INTERCONNECTIVITY IS A KEY PART OF THE SOLUTION

Low emissions

Networks connect wind and solar farms to customers

Interconnection enables diversification of intermittent renewable generation access to the grid

Reliability

World best practice with high renewables is for an extensively interconnected grid

Ancillary services and utility scale energy storage connected across the network

Cost Effectiveness

Downward pressure in wholesale electricity price

Utility scale generation is more cost-effective than distributed generation

Extensively interconnected networks limits the potential for costly excess generation capacity

- A new NSW/SA interconnector can be delivered as a regulated project subject to a RIT-T process
- Completion within 24 months is possible – without the existing unnecessarily long regulatory approval process

OUTLOOK

OUTLOOK AND GUIDANCE

- **DPS guidance for 2017 of 15.25 cps and 2018 of 16.0 cps** reaffirmed based on expected distributions from investment portfolio and subject to business conditions
- **TransGrid business transformation** program will continue to progress through 2017
- **TransGrid Preliminary Determination –** expected from AER in September 2017
- **TransGrid unregulated business –** capturing opportunities may require additional cash to be retained to fund strong growth in unregulated capex (infrastructure connections)
- **VPN World CLASS program -** completion of implementation phase of all initiatives expected during 2017
- **VPN appeal outcomes -** expected imminently from Australian Competition Tribunal
- **Judicial review process -** outcomes are expected in Q1 2017 for NSW distributors and mid-2017 for SAPN
- **Gearing -** continued commitment to net debt to RAB of 75% for SAPN and VPN and Baa2 rating (85% to 90% net debt to RAB) for TransGrid
- **Inflation levels -** watching brief on inflation which currently represents a headwind for all businesses
- **Finkel review** and recent major network events have underlined the strategic importance of transmission interconnections to the energy market transitioning to a renewable future – NSW/SA interconnector project strongly beneficial

FOR FURTHER INFORMATION

Please contact

Mario Falchoni
General Manager, Investor Relations and Corporate Affairs
Spark Infrastructure

P: + 61 2 9086 3607
F: + 61 2 9086 3666
mario.falchoni@sparkinfrastructure.com

APPENDICES - FINANCIAL AND TREASURY

KEY METRICS – 2016

SECURITY METRICS	
Market price at 24 February 2017 ($)	2.35
Market capitalisation ($)	4.0 billion

DISTRIBUTIONS	
2016 actual	14.50cps
Comprising	
- Loan Note interest	7.05cps
- Tax deferred amount	7.45cps
2017 Guidance	15.25cps
2018 Guidance	16.00cps

CREDIT RATINGS	
Investment portfolio credit ratings	SAPN: A-/A3 VPN: A- TransGrid: Baa2
Spark Infrastructure level credit rating	Baa1

SPARK INFRASTRUCTURE	$m
Total RAB (Spark Infrastructure share)	5,690
Gross debt at Spark Infrastructure level	Nil

VPN	$m
RAB[1] (Including AMI)	5,734
Net Debt	4,152
Net Debt/RAB	72.4%

SAPN	$m
RAB[1]	3,953
Net Debt	2,822
Net Debt/RAB	71.4%

TransGrid	$m
RAB[1]	6,284
Net Debt	5,554
Net Debt/RAB	88.4%

1 December 2016 estimate

RECONCILIATION: SHARE OF EQUITY PROFITS TO NPAT

100% Basis $m	VPN	SAPN	TransGrid	Spark Infrastructure Share
Regulated revenue	900.1	739.7	784.6	921.3
Excess over revenue cap[3]	-	-	11.8	1.8
Other revenue	280.1	247.1	53.9	266.4
Customer contributions and gifted assets (CCs and GAs)	116.8	79.6	-	96.2
Total Income	**1,297.0**	**1,066.4**	**850.3**	**1,285.7**
Total Income (excl CCs, GAs and revenue cap)	**1,180.2**	**986.8**	**838.5**	**1,187.7**
Operating Costs	(396.1)	(426.6)	(182.9)	(430.6)
EBITDA (excl CCs, GAs and revenue cap)	**784.1**	**560.2**	**655.6**	**757.1**
Depreciation and amortisation	(317.0)	(221.3)	(320.3)	(311.8)
EBIT	**584.0**	**418.5**	**347.1**	543.3
Net interest expense (excl subordinated debt)	(159.1)	(130.5)	(219.0)	(174.8)
Subordinated debt interest expense	(159.4)	(72.7)	(89.9)	(127.2)
Net profit before tax	**265.5**	**215.3**	**38.2**	**241.3**
Tax expense	(77.4)	-	-	(37.9)
Net profit after tax	**188.0**	**215.3**	**38.2**	**203.4**
Less: additional share of profit from preferred partnership capital (PPC)[1]	-	(69.8)	-	(34.2)
Less: adjustment in respect of CCs and GAs[2]	(81.8)	(79.6)	-	(79.1)
Net Profits for Equity Accounting	**106.3**	**65.9**	**38.2**	**90.1**
Spark Infrastructure Share	**52.1**	**32.3**	**5.7**	**90.1**
Add: additional share of profit from PPC[1]	-	69.8	-	**69.8**
Less: additional adjustments made to share of equity accounted profits[3]	(8.3)	(4.0)	(2.4)	(14.7)
Share of equity accounted profits	**43.8**	**98.2**	**3.3**	**145.3**
Add: interest income from associates	78.1	-	13.5	**91.6**
Total Income from Investments included in Spark Profit & Loss	**121.9**	**98.2**	**16.8**	**236.9**
Gain on derivative contracts				5.8
Interest income				1.2
Interest expense				(4.6)
Interest expense – Loan Notes				(118.6)
General and administrative expenses				(13.5)
Profit for the period before tax				**107.2**
Income tax expense				(26.2)
Net profit for the period attributable to Securityholders				**81.1**

Financial reporting for TransGrid is based on special purpose financial statements for the period 12 November 2015 to 30 June 2016 and unaudited financial information for the period 1 July 2016 to 31 December 2016. Results have been adjusted by Spark Infrastructure to reflect the 12 month period to 31 December 2016.

1. Under the partnership agreement, Spark Infrastructure is entitled to an additional share of profit in SAPN
2. With effect from 1 January 2014 Spark Infrastructure changed its basis of estimating the fair value of customer contributions and gifted assets from 'depreciated replacement cost' to estimating the net present value of future cash flows expected to be derived from the RAB
3. Amounts in excess of/under the regulated revenue cap are not deferred/accrued by TransGrid. Spark Infrastructure makes an adjustment to its share of equity accounted profits in order to reflect that these amounts will be returned to/recovered from electricity consumers in future periods

SEMI REGULATED REVENUES (100%) – VPN AND SAPN

CitiPower / Powercor	2016 ($m)	2015 ($m)	Variance ($m)
Public Lighting	12.3	13.3	(1.0)
New Connections	12.4	9.5	2.9
Special Reader Activities	5.8	4.6	1.2
PV installation	-	2.9	(2.9)
Service Truck Activities	3.8	3.7	0.1
Recoverable works	1.7	2.6	(0.9)
Other	8.3	7.8	0.5
TOTAL	**44.4**	**44.5**	**(0.1)**

SA Power Networks	2016 ($m)	2015 ($m)	Variance ($m)
Public Lighting	16.4	17.2	(0.8)
Asset Relocation	59.3	22.4	36.9
Metering Services	12.7	11.4	1.3
Feeder Standby / Excess kVAR	2.7	2.5	0.2
Pole/Duct Rental	1.6	2.0	(0.4)
Other Excluded Services[1]	(0.2)	(1.0)	0.8
TOTAL[2]	**92.5**	**54.5**	**38.0**

1. Includes profit/loss on asset disposals
2. Does not include Alternative Control Services (ACS) revenue, which is reported as part of DUOS revenue

UNREGULATED REVENUES (100% BASIS)

CitiPower Powercor Australia	2016 ($m)	2015 ($m)	Variance ($m)
Energy Solutions	60.5	35.9	24.6
Energy Solutions Transmission and Distribution - AusNet Services	7.4	10.8	(3.4)
SLA Revenue - SAPN	15.2	14.8	0.4
Material Sales	6.4	7.8	(1.4)
Telecommunications	2.2	2.3	(0.1)
Wellington* Management Fees	2.4	2.6	(0.2)
Joint Use of Poles	3.2	3.2	-
Other[1]	30.2	15.0	15.2
TOTAL	**127.5**	**92.4**	**35.1**

1. Includes approximately $20m received in 2016 in respect of a one-off reimbursement of certain prior year tax-related costs

UNREGULATED REVENUES (100% BASIS)

SA Power Networks	2016 ($m)	2015 ($m)	Variance ($m)
Construction and Maintenance Services (CaMS) T&D - ElectraNet	30.5	23.0	7.5
Other CaMS	45.3	45.4	(0.1)
Material Sales (non NBN)	11.2	16.5	(5.3)
Interstate work	-	2.4	(2.4)
Asset rentals	3.4	3.6	(0.2)
NBN (includes NBN material sales in 2015)	52.3	74.5	(22.2)
Other Telecommunications	1.4	1.2	0.2
Facilities Access / Dark Fibre	2.3	2.3	-
Sale of Salvage	1.1	1.2	(0.1)
Other	7.1	4.0	3.1
TOTAL	**154.6**	**174.1**	**(19.5)**

TransGrid	2016 ($m)
Infrastructure services	40.1
Property Services	4.7
Telecommunication Services	6.4
TOTAL	**51.2**

CAPITAL EXPENDITURE (100%)

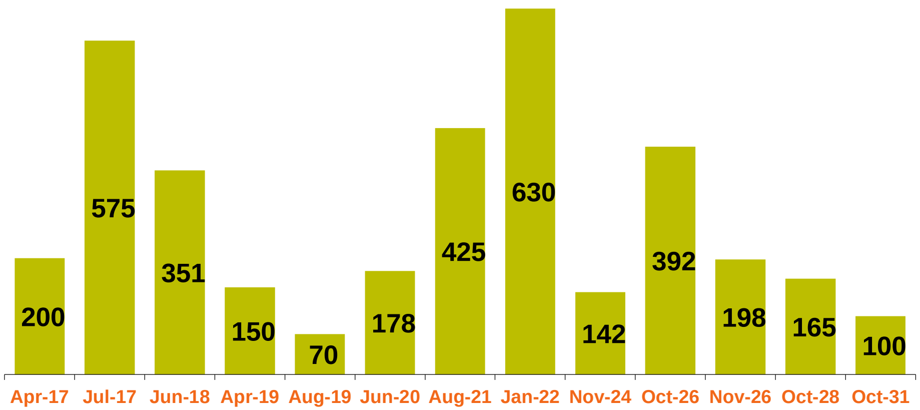
$m	CitiPower Powercor		SA Power Networks		TransGrid		TOTALS	
	2016	2015	2016	2015	2016	2015	2016	2015
Growth capex	306.1	313.8	114.4	150.0	7.2	-	**427.7**	**463.8**
Growth capex - AMI	12.7	18.1	-	-	-	-	**12.7**	**18.1**
Growth capex - non prescribed	-	-	-	-	30.5	-	**30.5**	-
Non-network capex	-	-	-	-	29.7	-	**29.7**	-
Maintenance capex	87.8	102.4	171.3	165.5	139.0	-	**398.1**	**267.9**
Total	**406.6**	**434.3**	**285.7**	**315.5**	**206.4**	**-**	**898.7**	**749.8**
Change vs pcp (%)	-6.4%		-9.4%		n/m		19.9%	

$m	Maintenance capex spend		Regulatory depreciation		Less inflation uplift on RAB		Net regulatory depreciation	
	2016	2015	2016	2015	2016	2015	2016	2015
CitiPower Powercor	87.8	102.4	344.9	328.9	(83.2)	(120.9)	261.7	208.0
SA Power Networks	171.3	165.5	256.5	232.8	(61.4)	(48.7)	195.1	184.1
TransGrid	139.0	-	260.2	-	(100.2)	-	160.0	-
Totals	**398.1**	**267.9**	**861.6**	**561.8**	**(244.8)**	**(169.6)**	**616.8**	**392.1**
Spark share	147.8	131.3	333.7	275.3	(85.9)	(83.1)	247.8	192.1

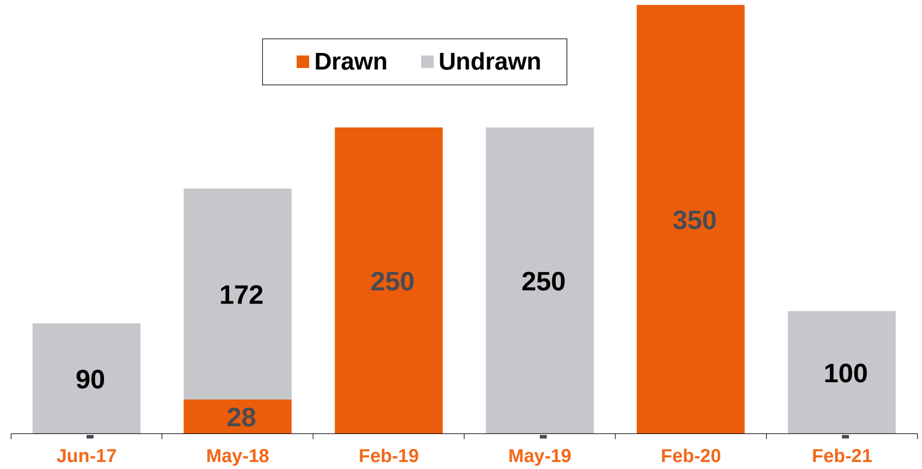
1. Capex covers the period from acquisition of TransGrid (16 December 2015) to 31 December 2016

VPN DEBT MATURITIES AND HEDGING AT 31 DECEMBER 2016

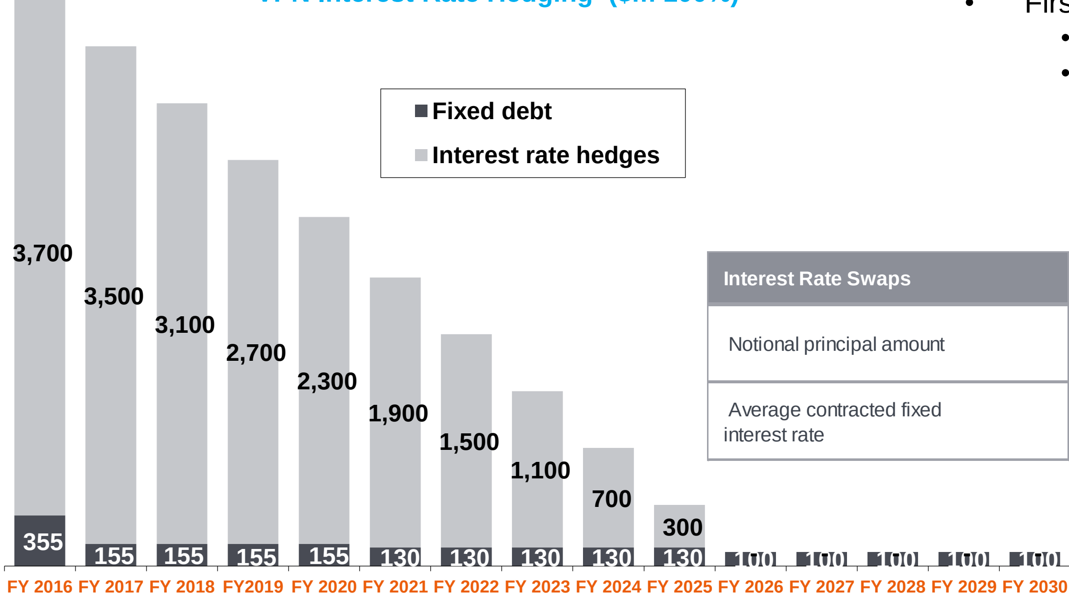
Victoria Power Networks - Capital Markets Debt ($m 100%)



VPN Bank Debt Facilities ($m 100%)



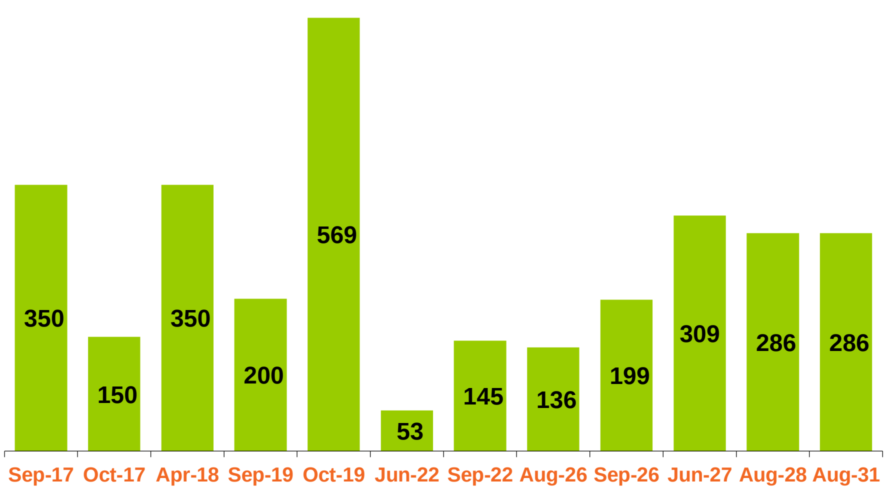
VPN Interest Rate Hedging ($m 100%)

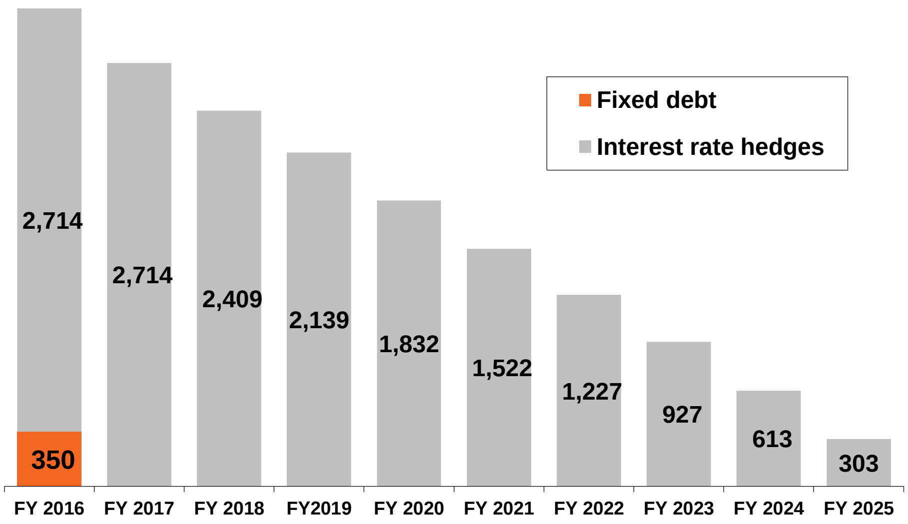


- First issuances through EMTN program in February 2017:
  - $296m 10-year bonds (maturing February 2027)
  - $102m 10-year bonds (maturing February 2027)

Interest Rate Swaps	Less than 1 year	1 to 2 years	2 to 5 years	5 years +	Total
Notional principal amount	$200m	$400m	$1,200m	$1,900m	$3,700m
Average contracted fixed interest rate	2.1%	2.1%	2.2%	2.5%	2.3%

SAPN DEBT MATURITIES AND HEDGING AT 31 DECEMBER 2016

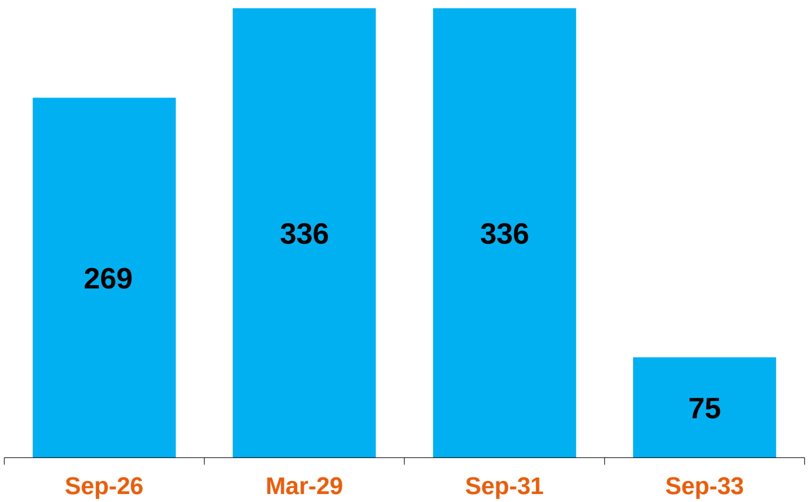




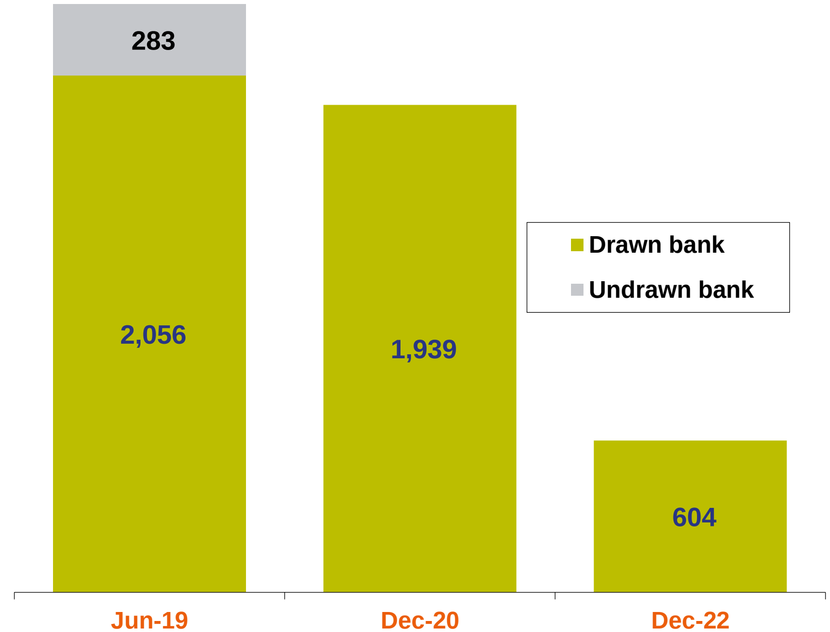
Interest Rate Swaps	1 to 2 years	2 to 5 years	5 years +	Total
Notional principal amount	$305m	$887m	$1,522m	$2,714m
Average contracted fixed interest rate	2.2%	2.6%	3.0%	2.8%

TRANSGRID DEBT MATURITIES AND HEDGING AT 31 DECEMBER 2016

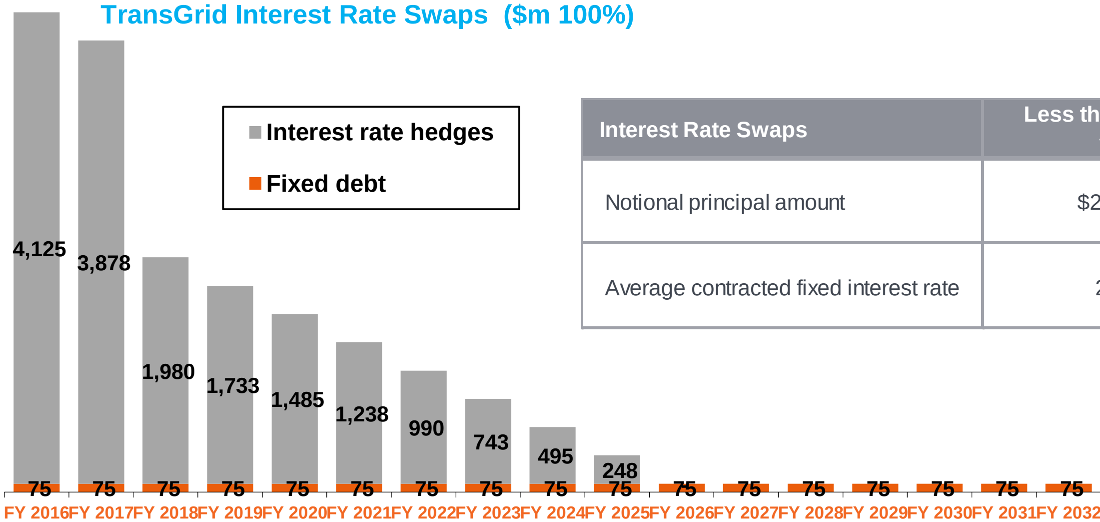
TransGrid- Capital Markets Debt ($m 100%)



TransGrid Bank Debt Facilities ($m 100%)

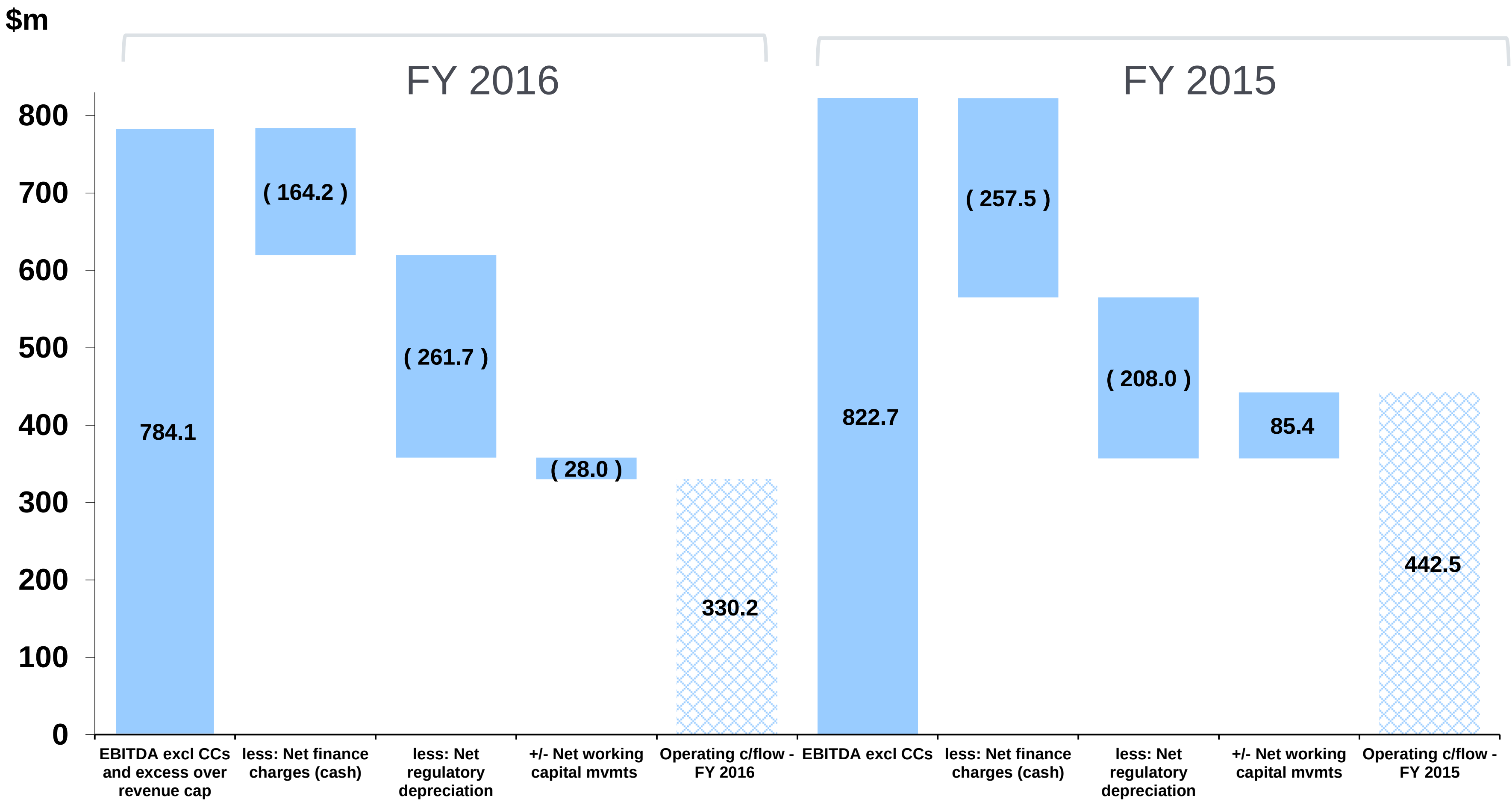


TransGrid Interest Rate Swaps ($m 100%)



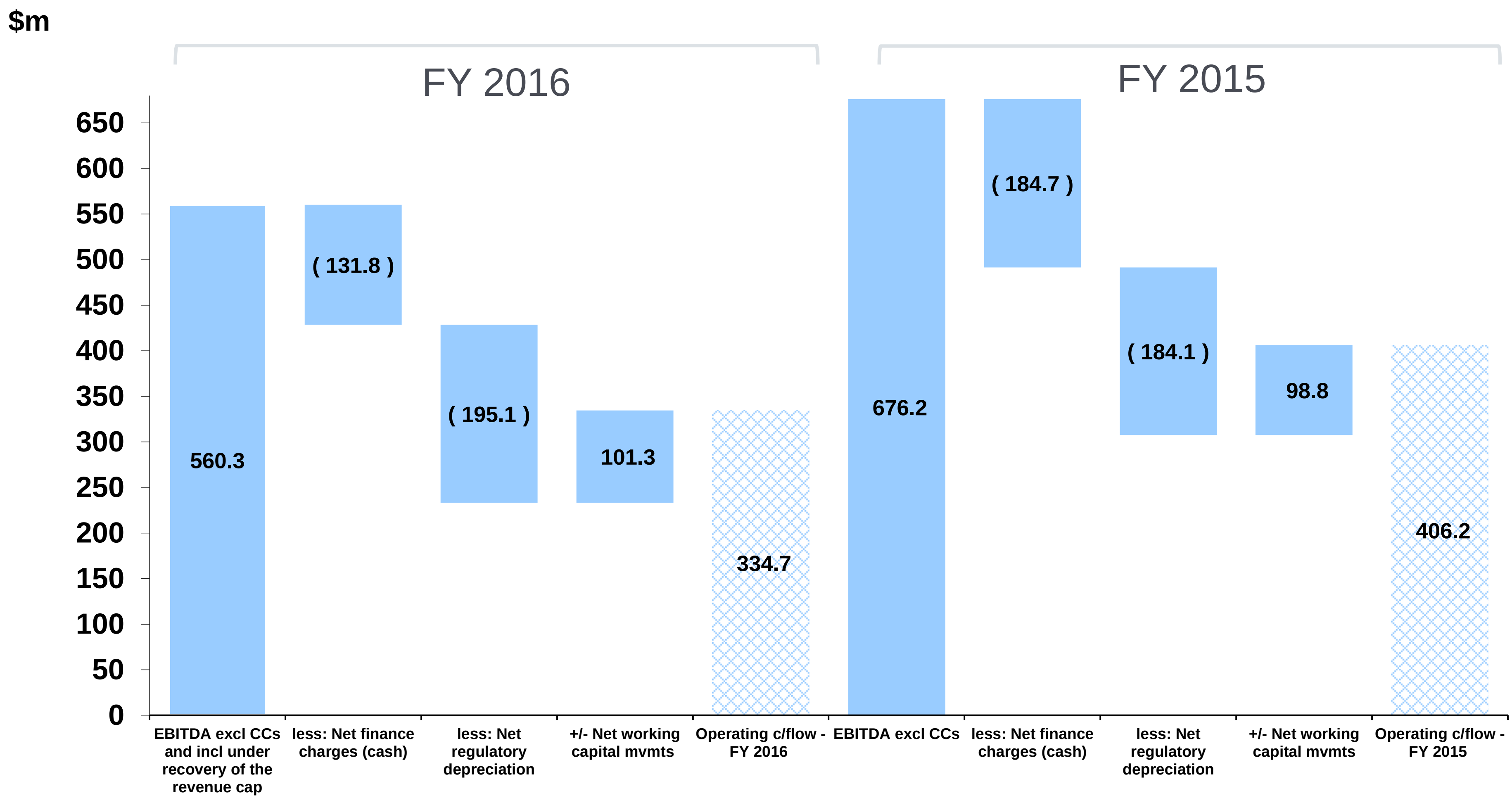
Interest Rate Swaps	Less than 1 year	1 to 2 years	2 to 5 years	5 years +	Total
Notional principal amount	$248m	$1,898m	$743m	$1,238m	$4,125m
Average contracted fixed interest rate	2.3%	2.4%	2.7%	3.0%	2.6%

VPN LOOK THROUGH OCF(100%)



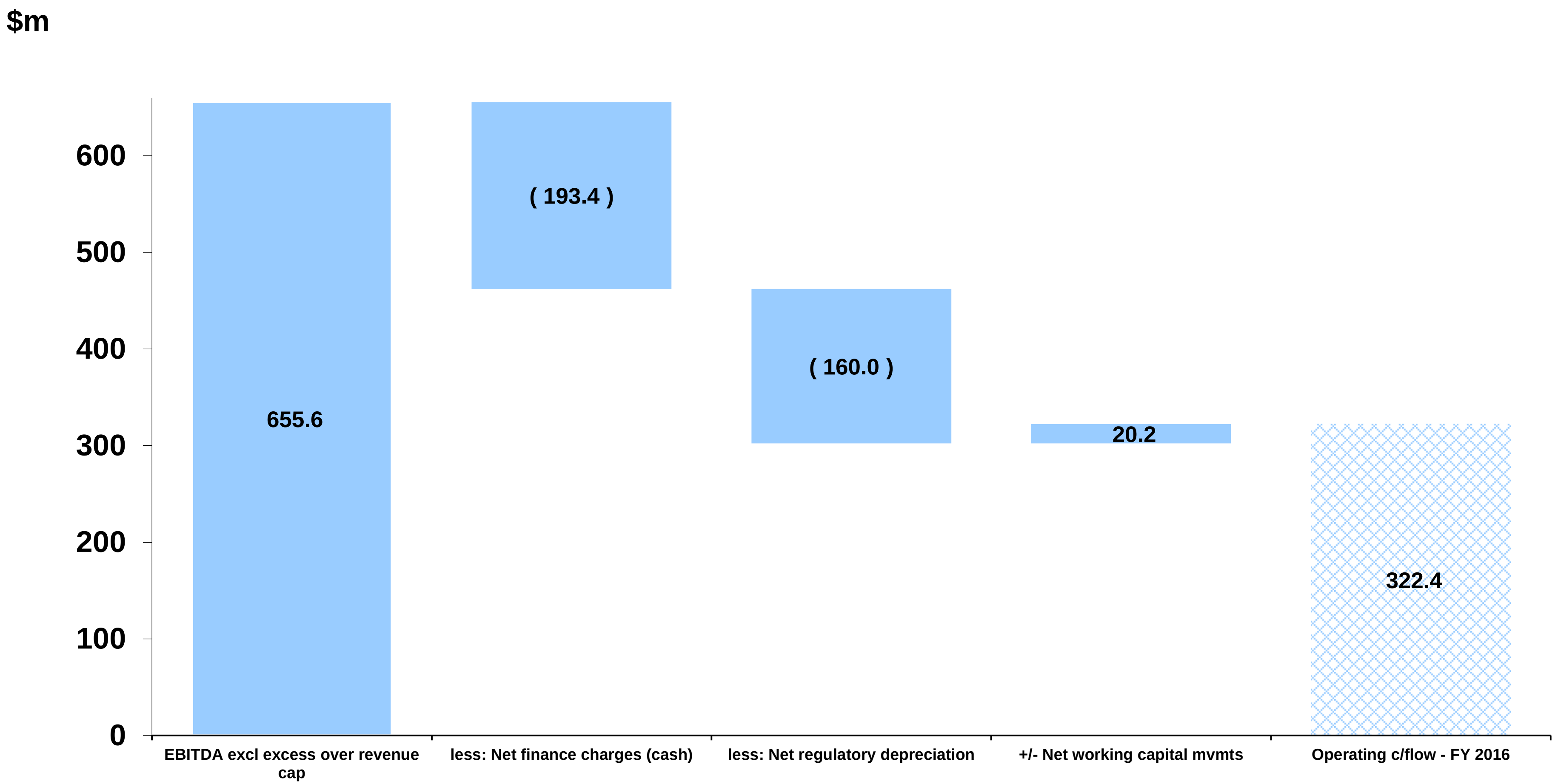
Note re maintenance capex:
Net regulatory depreciation is a proxy for maintenance capex. It is calculated as regulatory depreciation net of actual CPI uplift on RAB.
CPI uplift on RAB for DUOS for the FY 2016 is calculated using a lagged June 2015 CPI base of 1.50%.
CPI is based on 'All groups CPI' for weighted average of 8 capital cities, not seasonally adjusted (Source: ABS). June on June (released July).

SAPN LOOK THROUGH OCF(100%)



Note re maintenance capex:
Net regulatory depreciation is a proxy for maintenance capex. It is calculated as regulatory depreciation net of actual CPI uplift on RAB.
CPI uplift on RAB is estimated by:
In H1 2016: actual December 2015 CPI of 1.69% on opening RAB, with 50% assumed to apply to H1 2016
In H2 2016: estimated December 2016 CPI of 1.50%, with 50% assumed to apply to H2 2016 (NB actual December 2016 CPI was 1.48%)
CPI is based on 'All groups CPI' for weighted average of 8 capital cities, not seasonally adjusted (Source: ABS). December on December (released January) for the regulatory period commencing 1 July.

TRANSGRID LOOK THROUGH OCF(100%)



Notes:
Working capital – adjusted for one-off movements including those in relation to the TransGrid asset lease transaction

Maintenance capex – Net regulatory depreciation is a proxy for maintenance capex. It is calculated as regulatory depreciation net of actual CPI uplift on RAB.
CPI uplift on RAB is estimated by:
In H1 2016: actual December 2015 CPI of 1.69% on opening RAB (1 July 2015), with 50% assumed to apply to H1 2016
In H2 2016: estimated December 2016 CPI of 1.66% on opening RAB (1 July 2016), with 50% assumed to apply to H2 2016

CPI is based on ‘All groups CPI’ for weighted average of 8 capital cities, not seasonally adjusted (Source: ABS). December on December (released January) for the regulatory period commencing 1 July.

APPENDICES - REGULATION

TransGrid proposal for the 2018 to 2023 regulatory period

Overview of key elements

Element	2018/19	2019/20	2020/21	2021/22	2022/23	Total	Comment
Revenue (smoothed)	**796.5**	**824.3**	**853.0**	**882.7**	**913.4**	**4,269.8**	
X factor	-8.04%	-1.07%	-1.07%	-1.07%	-1.07%		Calculated as per the AER's PTRM
Revenue Building Blocks							
Return on Capital	423.0	430.9	444.1	459.2	476.3	**2,233.5**	WACC of 6.6% • Risk free rate 2.24% based on 10 year CGS yields consistent with ROR Guideline • Gearing 60% consistent with ROR Guideline Return on equity 7.49% • Equity Beta 0.7 consistent with the ROR Guideline • MRP of 7.5% adopting methodology consistent with the ROR Guideline updated for current market data which supports a significant increase in DGM estimates since 6.5% was estimated in the ROR Guideline Return on debt 6.01% (2018/19 – to be updated annually) • Consistent with the ROR Guideline with transition
Operating expenditure	189.6	195.7	203.1	211.1	219.0	**1,018.5**	Includes debt raising costs, inclusion of forecast efficiency savings, efficiencies compared to historical expenditure, no forecast industry productivity change and a step change of $7.5m per year to address bushfire risk from trees outside of TransGrid's easements as a result of new requirements from the regulator.
Return of capital	108.4	125.5	139.2	146.1	158.9	**678.1**	Adopted the AER method of straight line depreciation adjusted by inflation.
Tax	44.5	47.1	49.3	52.2	54.8	**247.9**	Adopted the AER method for calculating tax liability. Varied from the AER guideline for the value of imputation credits = 0.25
Adjustments	31.0	31.7	8.8	14.4	5.5	**91.4**	CESS, EBSS

Note: All values $m nominal

TransGrid proposal for the 2018 to 2023 regulatory period

Capital expenditure and RAB

Element	2018/19	2019/20	2020/21	2021/22	2022/23	Total	Comment
Augmentation(1)	27.6	75.6	73.2	148.2	167.1	491.7	Includes $330.9m to address security of supply issues in the inner Sydney area (Powering Sydney's Future)
Replacement(1)	134.9	181.6	214.3	185.6	191.3	907.8	Based on an investment risk model that quantifies the value of risk events consistent with the AER's expectations
Security/compliance(1)	7.4	7.8	11.0	11.8	16.1	54.0	
Non-network (business support) (1)	25.5	41.8	39.4	24.4	27.7	158.8	
Total Capital expenditure(1)	**195.3**	**306.8**	**337.9**	**370.1**	**402.2**	**1,612.3**	
Contingent projects	Proposed five contingent projects: Reinforcement of southern network, Reinforcement of northern network; SA to NSW interconnector; support South Western NSW for renewables; supply to Broken Hill						
Opening RAB (1 July 2018) (2)	6,405.6	6525.2	6,725.0	6,952.8	7,212.3		Calculated as per the AER's RFM and PTRM
Closing RAB (30 June 2023) (2)	**6,525.2**	**6,725.0**	**6,952.8**	**7,212.3**	**7,512.1**		Calculated as per the AER's PTRM

(1) All values $m 2017-18 real
(2) All values $m nominal

TransGrid proposal for the 2018 to 2023 regulatory period

Revenue adjustments

Element	2018/19	2019/20	2020/21	2021/22	2022/23	Total	Comment
EBSS	26.0	26.6	3.6	9.1	0	**65.3**	Proposed a 5 year carry over period for the EBSS applying to the 2014-18 regulatory period and EBSS version 2 to apply for the 2018-23 regulatory period
CESS	5.0	5.1	5.2	5.3	5.5	**26.1**	The CESS only applied to the period 2015/16 to 2017/18 period. CESS version 1 to apply to the 2018-23 regulatory period.
STPIS	Version 4 applied from 2015/16 to 2017/18. Version 5 to apply for the 2018-23 regulatory period. Sought to limit payments to 0 to 2% rather than + or – 1% on the market impact component.						
Pass through events	Proposed 4 additional pass through events; Insurance cap events, Terrorism events, Insurance credit risk event, Natural disaster event.						
CPI	2.39%	2.39%	2.39%	2.39%	2.39%		Based on the AER approach which calculates the geometric average based on the inflation forecasts for two years sourced from the latest available RBA Statement of monetary policy and the mid-point of the RBA's target inflation band for eight years

Note: All values $m nominal

DISCLAIMER & SECURITIES WARNING

Investment company financial reporting – TransGrid. The financial reporting is based on TransGrid's special purpose financial statements for the period 12 November 2015 to 30 June 2016 and the unaudited financial information for the period 1 July 2016 to 31 December 2016. Results have been adjusted by Spark Infrastructure to reflect the 12 month period to 31 December 2016.

No offer or invitation. This presentation is not an offer or invitation for subscription or purchase of or a recommendation to purchase securities or financial product.

No financial product advice. This presentation contains general information only and does not take into account the investment objectives, financial situation and particular needs of individual investors. It is not financial product advice. Investors should obtain their own independent advice from a qualified financial advisor having regard to their objectives, financial situation and needs.

Summary information. The information in this presentation does not purport to be complete. It should be read in conjunction with Spark Infrastructure's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (ASX), which are available at www.asx.com.au.

U.S. ownership restrictions. This presentation does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or to any "U.S. person". The Stapled Securities have not been registered under the U.S. Securities Act or the securities laws of any state of the United States. In addition, none of the Spark Infrastructure entities have been registered under the U.S. Investment Company Act of 1940, as amended, in reliance on the exemption provided by Section 3(c)(7) thereof. Accordingly, the Stapled Securities cannot be held at any time by, or for the account or benefit of, any U.S. person who is not both a QIB and a QP. Any U.S. person who is not both a QIB and a QP (or any investor who holds Stapled Securities for the account or benefit of any US person who is not both a QIB and a QP) is an "Excluded US Person" (A "U.S. person", a QIB or "Qualified Institutional Buyer" and a QP or "Qualified Purchaser" have the meanings given under US law). Spark Infrastructure may require an investor to complete a statutory declaration as to whether they (or any person on whose account or benefit it holds Stapled Securities) are an Excluded US Person. Spark Infrastructure may treat any investor who does not comply with such a request as an Excluded US Person. Spark Infrastructure has the right to: (i) refuse to register a transfer of Stapled Securities to any Excluded U.S. Person; or (ii) require any Excluded US Person to dispose of their Stapled Securities; or (iii) if the Excluded US Person does not do so within 30 business days, require the Stapled Securities be sold by a nominee appointed by Spark Infrastructure. To monitor compliance with these foreign ownership restrictions, the ASX's settlement facility operator (ASX Settlement Pty Limited) has classified the Stapled Securities as Foreign Ownership Restricted financial products and put in place certain additional monitoring procedures.

Foreign jurisdictions. No action has been taken to register or qualify the Stapled Securities in any jurisdiction outside Australia. It is the responsibility of any investor to ensure compliance with the laws of any country (outside Australia) relevant to their securityholding in Spark Infrastructure.

No liability. No representation or warranty, express or implied, is made in relation to the fairness, accuracy or completeness of the information, opinions and conclusions expressed in the course of this presentation. To the maximum extent permitted by law, each of Spark Infrastructure, all of its related bodies corporate and their representatives, officers, employees, agents and advisors do not accept any responsibility or liability (including without limitation any liability arising from negligence on the part of any person) for any direct, indirect or consequential loss or damage suffered by any person, as a result of or in connection with this presentation or any action taken by you on the basis of the information, opinions or conclusions expressed in the course of this presentation. You must make your own independent assessment of the information and in respect of any action taken on the basis of the information and seek your own independent professional advice where appropriate.

Forward looking statements. No representation or warranty is given as to the accuracy, completeness, likelihood of achievement or reasonableness of any forecasts, projections, prospects, returns, forward-looking statements or statements in relation to future matters contained in the information provided in this presentation. Such forecasts, projections, prospects, returns and statements are by their nature subject to significant unknown risks, uncertainties and contingencies, many of which are outside the control of Spark Infrastructure, that may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements.