

23 August 2021**SPARK INFRASTRUCTURE ENTERS INTO SCHEME IMPLEMENTATION DEED WITH CONSORTIUM OF KKR, ONTARIO TEACHERS' AND PSP INVESTMENTS****Highlights**

- Spark Infrastructure has agreed terms of a binding offer (“the Offer”) from KKR, Ontario Teachers’ and PSP Investments (together “the Consortium”), in which the Consortium will acquire all of the units in the Spark Infrastructure Trust by means of a Trust Scheme and all of the loan notes issued by Spark RE by means of a Creditors’ Scheme.
- The Offer (based on \$2.95 per stapled security, i.e. before payment of the interim distribution of 6.25 cents per stapled security (“cps”)) values Spark Infrastructure at an equity value of \$5.2 billion and an enterprise value of \$10.1 billion.
- Spark Infrastructure securityholders¹ will receive total value of \$2.95 cash per stapled security before franking credits, plus additional consideration if the Schemes have not been implemented by 15 February 2022.
- The total value of \$2.95 cash per stapled security comprises:
 - i. cash consideration from the Consortium of approximately \$2.7675 per stapled security, plus
 - ii. Spark Infrastructure’s interim distribution for 2021 of 6.25 cps², plus
 - iii. a franked special distribution expected to be approximately 12.00 cps³.
- The special distribution will be franked to the fullest extent possible, which will provide certain Spark Infrastructure securityholders⁴ who can utilise the full benefit of franking credits with an additional benefit of approximately 5.00 cps. Spark Infrastructure’s interim distribution for 2021 is also expected to carry franking credits of approximately 1.5 cps.
- The Board of Directors of Spark Infrastructure unanimously recommends that Securityholders vote in favour of the Schemes at the scheme meetings, in the absence of a Superior Proposal and subject to an independent expert concluding in the independent expert’s report (and continuing to conclude) that the Schemes are in the best interests of Spark Infrastructure securityholders.
- The Schemes are subject to approval by Spark Infrastructure securityholders at Scheme meetings which are expected to be held by the end of 2021.
- If the Schemes have not been implemented by 15 February 2022, Spark Infrastructure securityholders will be entitled to additional cash consideration of 1.00 cps on 15 February 2022 and approximately 1.00 cps⁵ per month thereafter, calculated daily, from that date until implementation.

¹ Subject to being on the Spark Infrastructure register on the relevant record date.

² In order to receive the interim distribution for 2021, Securityholders must have been on the register on the distribution record date of 8 July 2021. The interim distribution is payable on 15 September 2021.

³ If the Schemes are implemented after 31 December 2021, the amount of the special distribution will be adjusted for the Final Distribution for 2021.

⁴ The ability of Spark Infrastructure securityholders to benefit from franking credits depends on their individual tax circumstances, including their tax residency and marginal tax rate.

⁵ The additional cash consideration daily rate is \$0.0003333 per day for the period after 15 February 2022.

Transaction Update

Spark Infrastructure RE Limited (ACN 114 940 984) (in its capacity as responsible entity of Spark Infrastructure Trust (ARSN 116 870 725)) (“Spark Infrastructure”) announces that it has entered into a Scheme Implementation Deed (“SID”) with an entity owned by Kohlberg Kravis Roberts & Co. L.P. (“KKR”), on behalf of certain of its affiliate infrastructure investment funds, vehicles and entities managed and/or advised by it or its affiliates, Ontario Teachers’ Pension Plan Board (“Ontario Teachers”) and Public Sector Pension Investment Board (“PSP Investments”), together the Consortium.

Background

On 15 July 2021, Spark Infrastructure announced that it had received two conditional and non-binding proposals from the Consortium⁶ to acquire all of the ordinary stapled securities in Spark Infrastructure by way of a scheme. The proposals included an initial proposal (“Initial Proposal”) for all cash consideration of \$2.70 per stapled security, to be reduced to the extent that Spark Infrastructure pays or declares a distribution to its Securityholders prior to the implementation of the proposed transaction, and a subsequent revised proposal (“Revised Proposal”) for all cash consideration of \$2.80 per stapled security on the same basis as the Initial Proposal. Spark Infrastructure had already announced on 1 July 2021 an interim distribution for 2021 of 6.25 cps payable on 15 September 2021, hence the implied consideration under each of the Initial Proposal and the Revised Proposal was \$2.6375 per stapled security and \$2.7375 per stapled security respectively.

On 28 July 2021 Spark Infrastructure announced that it had received a further revised proposal (“Further Revised Proposal”) from the Consortium for all cash consideration of \$2.95 per stapled security, to be reduced to the extent that Spark Infrastructure pays or declares a distribution to its Securityholders prior to the implementation of the proposed transaction. The implied consideration under the Further Revised Proposal was \$2.8875 per stapled security.

The Further Revised Proposal was received following the provision of limited information regarding Spark Infrastructure’s business and its prospects by Spark Infrastructure to the Consortium after the signing of a Confidentiality Agreement. Following careful consideration, and consultation with its advisers, the Board of Spark Infrastructure considered that it was in the interests of Spark Infrastructure’s securityholders to engage further with the Consortium, and agreed to provide the Consortium with the opportunity to conduct due diligence on a non-exclusive basis.

The Consortium has completed due diligence and Spark Infrastructure has now entered into a Scheme Implementation Deed (“SID”) with the Consortium.

Overview of the Schemes

Under the SID, it is proposed that the Consortium will acquire all of the units in the Spark Infrastructure Trust by means of a Trust Scheme (the “Trust Scheme”) and all of the loan notes issued by Spark RE by means of a Creditors’ Scheme (the “Creditors’ Scheme”), together the Schemes (the “Schemes”).

If the Schemes are implemented, Spark Infrastructure securityholders can receive a total value of \$2.95 cash per stapled security, comprising cash consideration from the Consortium of approximately \$2.7675 per stapled security, Spark Infrastructure’s interim distribution for 2021 of 6.25 cps⁷, plus a franked special distribution expected to be approximately 12.00 cps⁸.

⁶ On 10 August 2021 it was announced that PSP Investments had joined the previous consortium of KKR and OTPP.

⁷ In order to receive the interim distribution for 2021, Securityholders must have been on the register on the distribution record date of 8 July 2021. The interim distribution is payable on 15 September 2021.

⁸ If the Schemes are implemented after 31 December 2021, the amount of the special distribution will be adjusted for the Final Distribution for 2021.

After payment of the interim distribution for 2021 of 6.25 cps in September 2021, the total value to be paid to Spark Infrastructure securityholders under the Schemes will be \$2.8875 per stapled security which represents:

- an increase of \$0.25 per stapled security (approximately 9.5%) to the implied price offered under the Initial Proposal from the Consortium of \$2.6375 per stapled security;
- a 26% premium to the closing price of \$2.30 per stapled security on 13 July 2021, being the date prior to Spark Infrastructure's securities being placed in trading halt on 14 July 2021 pending Spark Infrastructure's announcement on 15 July 2021; and
- a 31% premium to the three month volume weighted average price ("VWAP") up to and including 13 July 2021 of \$2.20 per stapled security.

Under the SID, Spark Infrastructure is permitted to pay a special distribution expected to be approximately 12.00 cps, franked to the fullest extent possible.⁹ This will provide certain Spark Infrastructure securityholders¹⁰ who can utilise the full benefit of franking credits with an additional benefit of approximately 5.00 cps. To the extent that the special distribution is paid, the consideration to be received under the Schemes will be reduced by the cash amount of the special distribution. The quantum of the special distribution will depend upon the availability of franking credits and may be less than the amount currently expected.

Assuming the special distribution is approximately 12.00 cps fully franked, inclusive of 5.00 cps of franking credits, certain eligible Spark Infrastructure securityholders who can utilise the full benefit of available franking credits would potentially receive a total value under the Schemes of approximately \$2.9375 per security (not including the interim distribution for 2021 of 6.25 cps which is expected to also have franking credits of approximately 1.5 cps attached).

Further consideration in the event of delays

The Offer is subject to a number of conditions which may delay the intended Scheme meetings which are expected to be held by the end of 2021.

If the Schemes have not been implemented by 15 February 2022, Spark Infrastructure securityholders will be entitled to additional cash consideration of 1.00 cps on 15 February 2022 and a further \$0.0003333 per stapled security (approximately 1.00 cps per month) for every day thereafter up to the date of implementation.¹¹

Spark Infrastructure Board unanimously recommends the Schemes

The Board of Directors of Spark Infrastructure unanimously recommends that Securityholders vote in favour of the Schemes at the scheme meetings, in the absence of a Superior Proposal and subject to an independent expert concluding in the independent expert's report (and continuing to conclude) that the Schemes are in the best interests of Spark Infrastructure securityholders. Subject to the same qualifications, each Spark Infrastructure Board member intends to vote, or procure the voting of, any Spark Infrastructure stapled securities held or controlled by them in favour of the Schemes.

Spark Infrastructure Chair Doug McTaggart said: "The Spark Infrastructure Board unanimously recommends Securityholders vote in favour of the Schemes in the absence of a superior proposal and subject to the independent expert concluding and continuing to conclude that the Schemes are in the best interests of Spark Infrastructure securityholders. The Board and management have engaged

⁹ If the Schemes are implemented after 31 December 2021, the amount of the special distribution will be adjusted for the Final Distribution for 2021.

¹⁰ The ability of Spark Infrastructure securityholders to benefit from franking credits depends on their individual tax circumstances, including their tax residency and marginal tax rate.

¹¹ But no later than up to the end date for the SID of 24 May 2022 (unless the parties agree an extension).

constructively with the Consortium over several months to secure additional value beyond the initial approach. The Board believes that the agreed Scheme value appropriately reflects the scarcity value of Spark Infrastructure's Tier One assets and their reliable and inflation-linked operating cashflows, our attractive pipeline of growth projects and the important future role our businesses will play in the decarbonising of Australia's electricity grid."

Spark Infrastructure Managing Director Rick Francis said: "Spark Infrastructure's businesses will continue to play a critical role in the transformation of Australia's energy sector. The investments we have made in distribution, transmission and renewables put Spark Infrastructure front and centre of Australia's low-emissions energy future. We are pleased this has been recognised in the Scheme consideration agreed with the Consortium."

The Consortium said: "We are excited to invest in Spark Infrastructure's leading portfolio of electricity networks and help to advance its mission to provide essential energy infrastructure to the millions of customers across Australia that rely on Spark Infrastructure's assets. The Consortium takes its role as a steward of critical infrastructure seriously and we look forward to working with our partners and stakeholders to support Australia's energy transition and decarbonisation efforts."

Details of the SID

The Schemes are subject to various conditions. A copy of the SID, which sets out the terms and conditions of the Schemes and associated matters, is attached to this announcement. Capitalised terms used in this section below have the meaning given to those terms in the SID.

In summary, conditions for implementation of the Schemes, include:

- approval of Australia's Foreign Investment Review Board ("FIRB");
- the Consortium obtaining foreign merger clearances;
- approval of Spark Infrastructure securityholders;
- the Independent Expert issues an Independent Expert's Report which concludes that the Schemes are in the best interests of the Spark Infrastructure securityholders;
- approval of the Creditor's Scheme by the Court;
- no Spark Infrastructure Prescribed Occurrence or Material Adverse Change occurring; and
- other customary conditions.

Under the SID, Spark Infrastructure is subject to customary exclusivity obligations, including "no shop", "no talk" (subject to customary fiduciary exceptions) and notification obligations. The SID also contains a matching right regime in respect of any Superior Proposal received by Spark Infrastructure. The SID also details circumstances under which a Reimbursement Fee of \$52 million may be payable by Spark Infrastructure to the Consortium, or a Reverse Reimbursement Fee of \$52 million may be payable by the Consortium to Spark Infrastructure, in certain circumstances.

Indicative timetable and next steps

A Scheme booklet, which will contain important information relating to the Schemes and the Scheme meetings, the reasons for the Spark Infrastructure Board recommendation, and the Independent Expert's Report, is currently expected to be sent to securityholders in Quarter 4, 2021.

The Schemes are subject to approval by Spark Infrastructure securityholders at the Scheme meetings which are currently expected to be held by the end of 2021.

Spark Infrastructure is being advised by Goldman Sachs and Herbert Smith Freehills.

Spark Infrastructure makes this statement, and will continue to keep the market informed, in accordance with its continuous disclosure obligations. In the interim, Securityholders do not need to take any action at the present time.

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

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About KKR

KKR is a leading global investment firm that offers alternative asset management and capital markets and insurance solutions. KKR aims to generate attractive investment returns by following a patient and disciplined investment approach, employing world-class people, and supporting growth in its portfolio companies and communities. KKR sponsors investment funds that invest in private equity, credit and real assets and has strategic partners that manage hedge funds. KKR's insurance subsidiaries offer retirement, life and reinsurance products under the management of The Global Atlantic Financial Group. References to KKR's investments may include the activities of its sponsored funds and insurance subsidiaries. For additional information about KKR & Co. Inc. (NYSE: KKR), please visit KKR's website at www.kkr.com and on Twitter @KKR_Co.

About Ontario Teachers' Pension Plan Board

Ontario Teachers' Pension Plan Board (Ontario Teachers') is the administrator of Canada's largest single-profession pension plan, with C\$221.2 billion in net assets (all figures at December 31, 2020). It holds a diverse global portfolio of assets, approximately 80% of which is managed in-house, and has earned an annual total-fund net return of 9.6% since the plan's founding in 1990. Ontario Teachers' is an independent organization headquartered in Toronto. Its Asia-Pacific region offices are located in Hong Kong and Singapore, and its Europe, Middle East & Africa region office is in London. The defined-benefit plan, which is fully funded, invests and administers the pensions of the province of Ontario's 331,000 active and retired teachers. For more information, visit otpp.com and follow us on Twitter @OtpplInfo.

About PSP Investments

The Public Sector Pension Investment Board (PSP Investments) is one of Canada's largest pension investment managers with \$204.5 billion of net assets under management as of March 31, 2021. It manages a diversified global portfolio composed of investments in public financial markets, private equity, real estate, infrastructure, natural resources and credit investments. Established in 1999, PSP Investments manages and invests amounts transferred to it by the Government of Canada for the pension plans of the federal Public Service, the Canadian Forces, the Royal Canadian Mounted Police and the Reserve Force. Headquartered in Ottawa, PSP Investments has its principal business office in Montréal and offices in New York, London and Hong Kong. For more information, visit investpsp.com or follow us on Twitter and LinkedIn.

Appendix A – Scheme Implementation Deed