

June 2022

Tax Information – Q1 2022 Distribution

This information has been provided to assist Australian resident Securityholders when preparing their income tax returns.

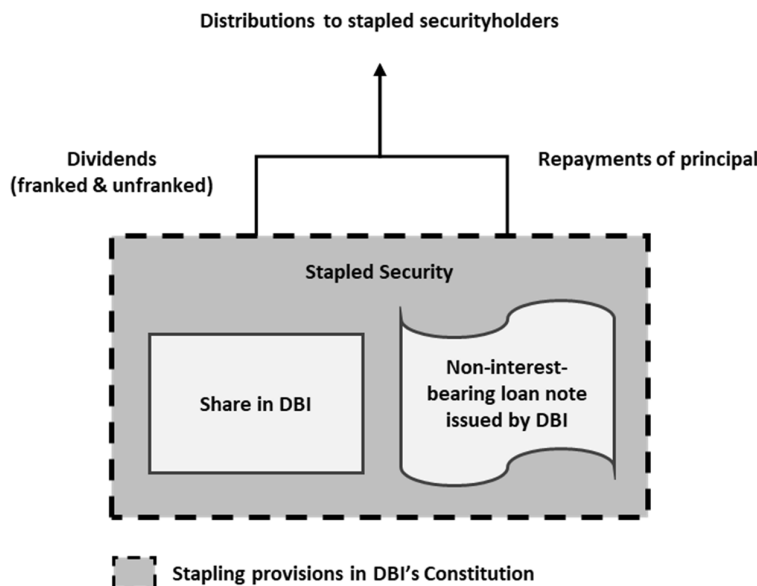
Custodians should refer to our website for information relating to the components of distributions which may assist in determining Australian withholding tax obligations.

This information has been prepared in good faith based on information believed to be accurate at the date of issue, but to the maximum extent permitted by law, no warranty of accuracy or reliability is given and no responsibility arising in any other way including by reason of negligence for errors or omissions in the following information is accepted by Dalrymple Bay Infrastructure Limited ABN 76 643 302 032 (**DBI**) or any other member of the Dalrymple Bay Infrastructure Group (**the Group**).

This information is not financial product advice and does not constitute tax advice. Securityholders should obtain their own professional advice, as necessary, in connection with the completion of their tax returns and to meet their own financial situation and needs.

Australian income tax treatment – Q1 2022 Distribution

An investment in DBI comprises an ordinary share in DBI (**Share**) and a non-interest-bearing loan note (**Loan Note**) issued by DBI and stapled together under DBI’s Constitution on a one-to-one basis (**DBI Stapled Security**).



Notwithstanding that the Shares and Loan Notes are stapled to one another and traded as a single security, for Australian income tax purposes, Securityholders should be viewed as holding a Share and a Loan Note. Each

Share and Loan Note should be treated each as a separate capital gains tax (CGT) asset for Australian income tax purposes.

The Q1 2022 distribution (**Distribution**) of 4.5765 cents per Stapled Security has been paid to Securityholders as:

	Per Security (cents)
Partial repayment on Loan Notes	2.6513
Unfranked dividend	1.9162
Total distribution	4.5675

Tax treatment of partial repayment on Loan Notes

Loan Notes should be considered a “traditional security” for Australian income tax purposes. Accordingly, any taxable gain or loss that may arise on repayment (either partial or in full) should be determined under section 26BB and 70B of the Income Tax Assessment Act 1936 and treated a gain or loss on revenue account.

The extent to which a taxable gain or loss arises on repayment of Loan Note principal should be determined by reference to each Securityholder’s personal circumstances and the acquisition cost they allocated to their Loan Notes.

Where an Australian resident Securityholder has determined that the acquisition cost of their Loan Notes acquired on-market was **equal to the face value of the Loan Notes owed to the Securityholder at the time of acquisition**, no taxable gain or loss should arise in respect of the Distribution which relates to the Loan Notes (i.e., 2.6513 cents per Stapled Security).

Where an Australian resident Securityholder determines that the acquisition cost of their Loan Notes is less than the face value of the Loan Notes owed to the Securityholder at the time of acquisition, repayment of Loan Note principal may give rise to a taxable gain (refer to example below).

How do I work out the cost allocated to my Loan Notes?

Securityholders who were issued Loan Notes as part of the Initial Public Offering (IPO) of DBI’s Stapled Securities acquired their Loan Notes for their initial face value of 80 cents per Loan Note. The remaining balance of the issue price of \$2.57, (i.e., \$1.77) should be allocated to their Shares.

Securityholders who acquired their Stapled Securities on-market are required to work out the acquisition cost of their Loan Notes and the cost base of their Shares separately for Australian income tax purposes.

Whilst it is for Securityholders to decide how to allocate the purchase price of their Stapled Securities between their Shares and Loan Notes, Securityholders who acquired Stapled Securities post IPO (i.e., on-market) may wish to allocate their purchase price on the following basis:

Loan Note	The face value of the Loan Notes owed to the holder at the time they acquired their Stapled Securities
Share	Remainder of the purchase price after allocation to the Loan Note

A summary of the face value of the Loan Notes since IPO is available on our Distributions page at <https://investors.dbinfrastructure.com.au/investor-centre/?page=distributions> to assist with determining the face value of Loan Notes which are part of Stapled Securities acquired on-market¹.

Tax treatment of dividends

Dividends paid to Australian resident individuals constitute assessable income and should be included assessable income in the year of receipt, along with any franking credit attached. Accordingly, Australian resident Securityholders should include the amount of the Distribution referable to dividends paid on DBI's shares in their assessable income for the 2022 income year (i.e., 1.9162 cents per Stapled Security).

¹ Securityholders who acquire Stapled Securities between the Record Date and payment date of a distribution may wish to allocate cost to their Loan Notes by reference to the face value of the Loan notes after the payment date to account for Loan Note principal paid to the previous holder.

Example – Securityholder determines that the acquisition cost of their Loan Notes is less than their face value

This example sets out the potential income tax implications associated with Australian resident Securityholders allocating an acquisition cost to their Loans Notes which is *less than* the face value of their Loans Notes at the time of acquisition.

Prior to the Record Date of the Distribution of 31 May 2022, a Securityholder acquired DBI Stapled Securities on-market for \$2.21 per Stapled Security. At the time of acquisition, the amount payable to the Securityholder on the maturity date of the Loan Notes was 65.13 cents per Loan Note.

The Securityholder determined that the acquisition cost for each of their Loan Notes and Shares comprising their DBI Stapled Securities was as follows:

	Per Security \$
Loan Note	0.50
Share	1.71
Total cost of Stapled Security	2.21

The Securityholder continues to hold their Stapled Securities on the Record Date of the Distribution and on the Payment Date receives the Distribution of 4.5675 cents per Stapled Security. The Distribution is paid as a partial repayment of principal on the Loan Notes which are part of the Stapled Securities of 2.6513 cents per Stapled Security and an unfranked dividend of 1.9162 cents per Stapled Security.

The Securityholder determines that partial repayment of the Loan Notes are redemptions of traditional securities on the basis that the repayment discharges DBI's liability to pay an amount of the Loan Note face value equal to the repayment.

The Securityholder calculates their taxable gain on receipt of the Distribution on the following basis:

	Per Security (cents)
Distribution referable to Loan Note principal	2.6513
<i>Less</i> Cost attributable to Loan Note Principal received	(2.0345)
Taxable gain	0.6159

The Securityholder works out the cost attributable to Loan Note principal being repaid as follows:

$$\text{Proportion of Loan Note principal repaid} * \text{Acquisition cost of Loan Notes} = \text{Cost attributable to Loan Principal received}$$

$$4.071\% * 50 \text{ cents} = 2.0354 \text{ cents}$$

Where the proportion of Loan Note principal repaid is calculated as:

$$\frac{\text{Repayment of Loan Note principal received}}{\text{Outstanding Loan Note principal just before repayment}} = \text{Proportion of Loan Note principal repaid}$$

$$\frac{2.6513 \text{ cents}}{65.13 \text{ cents}} = 4.071\%$$

The Securityholder includes the gain of 0.6159 cents per Stapled Security in their tax return as Other Income and unfranked dividend income of 1.9162 cents per Stapled Security for the income year in which they received the Distribution.

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