

25 August 2021

### **Tax Information – Q2 2021 Distribution**

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

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 – Q2 2021 Distribution**

The Q2 2021 distribution (**Distribution**) of 4.5 cents per Stapled Security has been paid to Securityholders as a partial repayment of the face value of the Loans which are part of DBI's Stapled Securities.

Loan Notes should be considered a "traditional security" for 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 as a revenue gain or loss.

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 allocated to their Loan Notes.

Where an Australian resident Securityholder has determined that the acquisition cost of their Loan Notes acquired on-market is 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.

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 of 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 \$0.80 per Loan Note. The remaining balance of the issue price of \$2.57, (i.e., \$1.77) should be allocated to the 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 split the purchase price of their Stapled Securities, Securityholders who acquired Stapled Securities post IPO (i.e., on-market) may wish to allocate their purchase price as follows:

Loan Note	The face value of the Loan Notes owed to the holder at the time of acquisition
Share	Remainder of the purchase price after allocation to the Loan Note

The table below sets out the face value of the Loan Notes from the time of IPO to the payment date of the Distribution<sup>1</sup>.

Date	Event	Face Value
8 December 2020	Loan Notes issued under IPO	\$0.800
16 June 2021	Payment date of Q1-21 distribution (Record Date of 25 May 2021) – Partial repayment (\$0.045 per Stapled Security)	\$0.755
16 September 2021	Payment date of the Q2-21 distribution (Record Date of 31 August 2021) – Partial repayment (\$0.45 per Stapled Security)	\$0.710

#### **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 August] 2021, a Securityholder acquired DBI Stapled Securities on-market for \$2.20 per Stapled Security. At the time of acquisition, the amount payable to the Securityholder on the maturity date (i.e., the face value) of the Loan Notes which are part of each Stapled Security acquired was \$0.755. The Securityholder determined that the acquisition cost for their Loan Notes and Shares comprising their DBI Stapled Securities was as follows:

	Per Security
Loan Note	\$0.500
Share	\$1.700
<b>Stapled Security</b>	<b>\$2.200</b>

<sup>1</sup> 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.

The Securityholder continues to hold their Stapled Securities on the Record Date of the Distribution ([31 August] 2021) and on [9 September] 2021 is paid the Distribution of 4.5 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. The partial repayment of principal of the Loan Notes attributable to the Distribution was 5.96% of the outstanding principal on the Loan Notes at the Record Date of the Distribution ( $\$0.045 / \$0.755 = 5.96\%$ ).

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 by working out the proportionate cost of each of their Loan Notes attributable to the principal repaid on each Loan Note as part of the Distribution and subtracts this from the Distribution received (on a per Loan Note basis).

The Securityholder works out the cost of the part of the Loan Note being repaid as a proportion of the cost they to allocated to their Loan Note which is equal to the proportion of the face value of the Loan Note being repaid (i.e., 5.96%). The Securityholder calculates the proportion of the face value of the Loan Note being repaid as the amount of principal of the Loan Note being repaid divided by the face value of the Loan Note at the Record Date of the Distribution ( $\$0.045 / \$0.755 = 5.96\%$ ). The Securityholder's cost of the part of the Loan Note which is repaid is therefore \$0.030 (calculated as  $\$0.50 * 5.96\%$ ).

	Per Security
Repayment received	\$0.045
Less the cost of the part of Loan Note repaid	(\$0.030)
<b>Taxable gain</b>	<b>\$0.015</b>

The Securityholder includes the gain of \$0.015 per Stapled Security in their tax return as other taxable income for the income year in which they received the Distribution.

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