25 November 2021

Tax Information – Q3 2021 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 – Q3 2021 Distribution

An investment in DBI comprises an ordinary share in DBI (**Share**) and a 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, 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 Q3 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 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.

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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 $0.80 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

The table below sets out the face value of the Loan Notes from the time of IPO to the payment date of the Distribution[1].

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
9 September 2021	Payment date of the Q2-21 distribution (Record Date of 31 August 2021) – Partial repayment ($0.45 per Stapled Security)	$0.710
16 December2021	Payment date of the Q3-21 distribution (Record Date of 1 December 2021) – Partial repayment ($0.45 per Stapled Security)	$0.665

[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 1 December 2021, a Securityholder acquired DBI Stapled Securities on-market for $2.35 per Stapled Security. At the time of acquisition, the amount payable to the Securityholder on the maturity date of the Loan Notes which was $0.710 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	0.500
Share	1.850
Total cost of Stapled Security	**2.350**

The Securityholder continues to hold their Stapled Securities on the Record Date of the Distribution and on the Payment Date receives the Distribution of 4.5 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 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 $
	Distribution referable to Loan Note principal	0.045
Less	Cost attributable to Loan Note Principal received	(0.032)
	Taxable gain	**0.013**

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

Proportion of Loan Note principal repaid * Acquisition cost of Loan Notes = Cost attributable to Loan Principal received

6.35% * $0.500 = $0.032

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

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

$$\frac{\$0.450}{\$0.710} = 6.35\%$$

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

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