



Friday, 15 July 2016

The Manager  
Company Announcements  
Australian Stock Exchange Limited  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir / Madam

**Letter from the Chair to Securityholders**

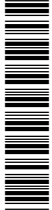
I enclose a letter from the Chair to securityholders of Spark Infrastructure to be sent to securityholders today.

Yours faithfully,

A handwritten signature in blue ink, appearing to read "Alex Finley".

**Alexandra Finley**  
**Company Secretary**

15 July 2016



SKI  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

Dear Securityholders

It is with pleasure that I now write to you to introduce myself as the newly appointed Chair of Spark Infrastructure following my election at our Annual General Meeting (AGM) on 20 May 2016.

I believe it is important, at the outset to make clear my intention as Chair and to set out our investment proposition and strategy. I also want to take this opportunity to draw a line under a number of matters that were raised and events that occurred in the lead up to and at the AGM.

Over recent months we have diligently and methodically executed our strategy, as articulated at the AGM in May. This included the successful finalisation of the regulatory reset processes in SA Power Networks (SAPN) and Victoria Power Networks (VPN), the finalisation of business plans with our partners and most recently, the upgrade of our distribution guidance out to 2018. This marks the culmination of over 2 years of work at both SAPN and VPN. At the same time we have now successfully fully exited our economic interest in DUET Group following the completion of our strategic review of this investment. We instigated this review after what we believed was a change in the risk profile of DUET Group following their acquisition of Energy Developments Limited in October 2015.

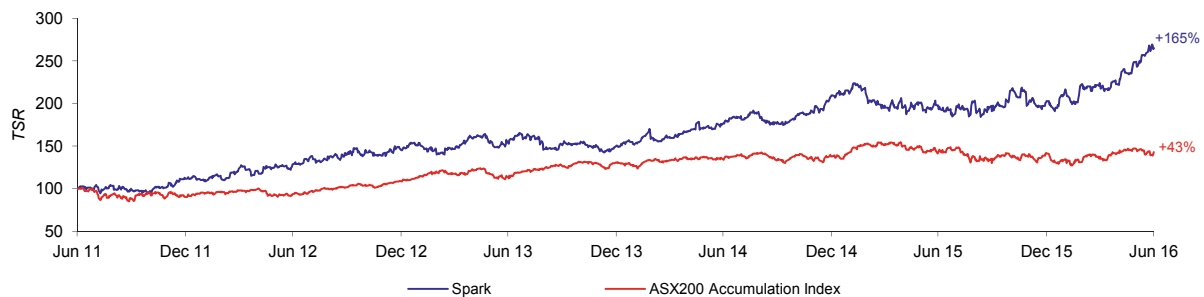
Spark Infrastructure has itself also changed with our recent acquisition of a 15% stake in NSW electricity transmission business, TransGrid. This significant investment has been an important step in the transformation of Spark Infrastructure, and we are now part of a successful and highly credible consortium of likeminded long term investors in this asset. With all our partners across all our investments, Spark Infrastructure holds investments in some of the best infrastructure assets in Australia. Importantly, these are also investments that are well placed to support a low carbon future for our country.

Spark Infrastructure is uniquely placed to drive value from our concentrated portfolio of significant investments. We have the ability to influence outcomes and drive performance in these businesses in conjunction with our investment partners.

As active managers of our investments, we, together with Cheung Kong Infrastructure and Power Assets Holdings (our investment partners in SAPN and VPN), and our four investment partners in TransGrid, ensure a continual focus on improving efficiency and productivity; maintaining high standards of safety and reliability; being agile in our response to changing business conditions and new technology; all executed through working collaboratively with suitably incentivised management teams.

Spark Infrastructure has consistently pursued the goal of delivering sustainable growth in distributions over time. It remains core to our strategy that all distributions are fully covered by both look-through and stand-alone free cash flow. Our strategy also recognises that long term distribution growth not only comes from continued efficiency and productivity but also from sustainable growth in the underlying asset base. Accordingly, our focus is on total shareholder return (TSR), which has seen a TSR return to securityholders on their investment of over 160% over the past five years.

Spark 5 year total shareholder returns



Source: Datastream as at 30 June 2016

It also remains core to our strategy that we will seek to grow the existing investment portfolio organically. We have been highly successful in this regard, with SAPN and VPN delivering a compound annual rate of growth in their Regulated Asset Bases of over 7% in the five years to 2015. Over the same period their distributable cashflows have also allowed us to deliver growth in distributions to our securityholders of 4.7% p.a.

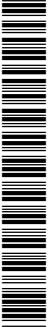
However, we also believe it is in the long term interests of securityholders to balance organic growth with opportunities for external growth that create value and grow cashflows over time. Accordingly, from time to time, we will diligently consider other infrastructure investment opportunities that offer predictable earnings and reliable cashflows; that have similar characteristics to our existing investments; that are accretive and provide long term growth opportunities; and that may provide strategic diversification. The acquisition of the interest in TransGrid in December 2015 was precisely such an opportunity.

As well as opportunities for long term growth in its regulated asset base and for improved efficiency and productivity, TransGrid provides exciting opportunities in its unregulated businesses – through new transmission connections for renewable generation and through its existing network of telecommunications infrastructure.

The acquisition of TransGrid was the result of a long and detailed due diligence process which confirmed the quality and potential of TransGrid in the minds of your Directors. We are excited by its prospects and remain confident that it will create value for securityholders.

However, it is important to recognise that these are long lived assets and it takes time to realise value. Our demonstrated track record along with that of our investment partners in owning comparable assets, gives us full confidence that we will be able to prove this value over time through the delivery of the business plans developed as part of our due diligence process.

My intention as Chair is to lead a cohesive Board focused on delivering long term value in the best interests of all securityholders. We have robust governance processes in place and have undertaken a diligent process of Board succession and renewal to ensure we have the right mix of skills and experience on the Board. We take our responsibilities to securityholders very seriously. As we have always done, where there are issues or questions, we will seek to understand those concerns and address them appropriately.



As a separate matter, you may be aware that recently Spark Infrastructure has been the target of a public campaign by an individual securityholder, who ran for election to the Board at the recent AGM. This campaign has been extremely distracting for the Board and Management, and has been very costly in time, resources and money. The analysis undertaken by the securityholder is quite detailed but contains significant errors, misleading and incorrect assumptions and suppositions, and draws on the benefit of hindsight. However, with the culmination of the various important matters referred to above, which were already in train, and with the clear vote at the AGM to not support the individual's candidacy for the Board, it is now time to draw a line under this matter and move on.

I want to make it very clear that we will continue to engage with securityholders, large and small, and give serious consideration to their views. I acknowledge that investors have raised a variety of concerns, including some unresolved remuneration issues, which were reflected in the voting results at the AGM and these remain at the forefront of our minds. However, we will not be engaging in unconstructive and wasteful debate.

I am delighted to lead your Board. Together, your Directors contribute deep knowledge and leadership to drive the business forward, and we look forward to continuing to deliver strong returns to securityholders in the future.

Yours faithfully,



**Dr Doug McTaggart**  
**Chairman**  
**Spark Infrastructure**