SP AusNet

DETAILED CAPITAL GAINS TAX EXAMPLE

*Assumptions*

On 9 February 2006, John acquired 4,000 SP AusNet stapled securities for $1.25 per stapled security totalling $5,000. For simplicity, John did not incur any incidental acquisition costs. As SP AusNet is a triple stapled security, John acquired the following securities:

- 4,000 shares in SP Australia Networks (Distribution) Ltd. ("SPAND")
- 4,000 shares in SP Australia Networks (Transmission) Ltd. ("SPANT")
- 4,000 units in SP Australia Networks (Finance) Trust ("SPANFT")

John has received returns of capital from SPANFT, totalling $0.05829 per SPANFT unit, since 9 February 2006.

John disposes of his 4,000 SP AusNet stapled securities on 8 March 2007 for $1.40 per security and receives total capital proceeds of $5,600.

John does not have any available capital losses.

*Step 1: Apportionment of cost base*

Using the apportionment percentages contained in the NTA table above, the cost base of each of John's securities would be:

- $10 = ($1.25 x 0.2% = $0.0025) x 4,000 SPAND shares acquired
- $0 = ($1.25 x 0.0% = $0.0) x 4,000 SPANT shares acquired
- $4,990 = ($1.25 x 99.8% = $1.2475) x 4,000 SPANFT units acquired

*Step 2: Cost base*

Having received returns of capital totalling $0.05829 per SPANFT unit since 9 February 2006, John's cost base in each SPANFT unit would be reduced by that amount. Accordingly, the cost base of John's securities would be:

- $10 (as above) for SPAND shares
- $0 (as above) for SPANT shares
- $4,757 ($1.2475 *less* $0.05829) x 4,000 SPANFT units acquired

*Step 3: Apportionment of Capital Proceeds*

Using the apportionment percentages contained in the NTA table above, the capital proceeds from the sale of John's stapled securities would be allocated as follows:

- $538 = ($1.40 x 9.6% = $0.1344) x 4,000 SPAND shares sold.
- $17 = ($1.40 x 0.3% = $0.0042) x 4,000 SPANT shares sold.
- $5,045 = ($1.40 x 90.1% = $1.2614) x 4,000 SPANFT units sold.

*Step 4 : Calculation of capital gain (before applying the CGT discount)*

The capital gain made on the disposal of each security is the excess of capital proceeds over the cost base for each security (calculated as follows):

- $528 = ($538 less $10) for the 4,000 SPAND shares.
- $17 = ($17 less $0) for the 4,000 SPANT shares.
- $288 = ($5,045 less $4,757) for the 4,000 SPANFT units.

*Step 5 : Application of CGT discount*

Having held his stapled securities for more than 12 months, John would be entitled to reduce the capital gains calculated at Step 4 above by 50%. Accordingly, John's assessable capital gain is calculated as follows:

- $264 = ($528 x 50%) for SPAND shares.
- $8.50 = ($17 x 50%) for SPANT shares.
- $144 = ($288 x 50%) for SPANFT units.