

2011 Tax Return Guide

This guide has been prepared to assist you in completing your income tax return for the year ended 30 June 2011 using your Ethane Pipeline Income Fund Annual Taxation Statement.

This guide is not intended to be, and should not be relied upon as, personal taxation or financial advice. Since every person's circumstances are different we have made a number of general assumptions which may not be applicable to you. Where you require help relating to your particular tax position you should refer to the Australian Taxation Office's TaxPack 2011 or seek independent taxation advice.

The general assumptions made in preparing this Guide include that you are:

- an individual securityholder;
- a resident of Australia for income tax purposes;
- holding your Ethane Pipeline Income Fund stapled securities for investment purposes rather than for resale at a profit and the Capital Gains Tax ("CGT") provisions apply to you;
- using the "Tax return for individuals (supplementary section) 2011" to complete your income tax return.

Ethane Pipeline Income Fund is a "stapled security" listed on the ASX consisting of units in Ethane Pipeline Income Trust ("EPIT"), and units in Ethane Pipeline Income Financing Trust ("EPIFT"). These units can only be traded together. For tax purposes EPIT is a Division 6C "public trading" trust, which is taxed as if it were a company while EPIFT is a Division 6 "pass through" trust.

Ethane Pipeline Income Fund Annual Tax Statement

Annual Tax Statement 2010/11 components

Cents per Security (cps)

Date Paid	Tax Deferred Income (cps)	Interest Income / Trust Distribution (cps)	Total payment during FY2011 (cps)
15/07/2010 #	2.66	#	2.66
15/10/2010	3.21	0.69	3.90
14/01/2011	3.15	0.68	3.83
15/04/2011	3.28	0.69	3.97
15/07/2011 ^	^	0.63	0.63

Interest Income paid 15/07/2010 appeared on your 2010 Annual Tax Statement

^ Tax Deferred Income paid 15/07/2011 will appear on your 2012 Annual Tax Statement

EPIFT Tax Deferred Income

The "tax deferred" amount is not immediately taxable but will reduce the cost base when calculating the capital gains tax liability when units are sold.

The tax deferred amount of your distribution is not assessable but is recognised for tax purposes in the year it is received (at payment date). This amount has arisen because the gross cash distribution from EPIFT exceeds the taxable income of EPIFT.

Once the tax deferred distributions reduce your CGT cost base to nil, any additional tax deferred distributions will give rise to an immediate capital gain. However this gain may be reduced on account of the CGT 50% discount where units have been held for more than 12 months.

EPIFT Interest Income / Trust Distribution

Under the tax legislation, as a unitholder of EPIFT, you are subject to tax on your proportionate share of the “net income” of EPIFT which includes interest and other income.

Amounts shown as Interest Income / Trust Distribution from EPIFT on the Annual Tax Statement should be included at Item 13U on the Tax return for individuals (supplementary section) 2011 and represents your share of the “net income” of EPIFT for 2011 on a present entitlement basis (at record date).

Where you have not provided your Tax File Number, income tax has been withheld from all Trust Distributions paid to you by EPIFT at 46.5%. This should be claimed as a credit in your income tax return by including the amount disclosed on the Annual Tax Statement at Item 13R on the Tax return for individuals (supplementary section) 2011.

EPIT

No distribution has been made by EPIT during the period.

Disposal of Your Stapled Securities

The following summary will help you to determine whether you have any liability for Capital Gains Tax (CGT) if you have sold your stapled securities. You should however obtain your own independent tax advice where you have sold stapled securities.

For tax purposes the sale of an Ethane Pipeline Income Fund stapled security is treated as a disposal of a unit in EPIT and a unit in EPIFT. Upon disposal of an Ethane Pipeline Income Fund stapled security, you will realise a capital gain or loss if the consideration you receive exceeds or is less than the CGT cost base of the EPIT and EPIFT units.

Cost Base of Units

Generally the cost base of your units is the amount you paid for them including the incidental costs of acquisition and disposal. The cost base will be reduced by any tax deferred distributions or capital returns previously made in respect of the units. Details of tax deferred distributions and previous capital returns are available from the “Investor Centre – Tax Information” section of the Ethane Pipeline Income Fund website at www.ethanepipeline.com.au.

For capital gains tax purposes, the cost of each Ethane Pipeline Income Fund stapled security and the consideration received on disposal of each Ethane Pipeline Income Fund stapled security will need to be apportioned between the unit in EPIT and the unit in EPIFT on a reasonable basis. One possible method of apportionment is on the basis of an estimate of the relative net assets of EPIT and EPIFT at the time you acquired and dispose of your units.

Details of relative net assets for EPIT and EPIFT are available from the “Investor Centre – Tax Information” section of the Ethane Pipeline Income Fund website at www.ethanepipeline.com.au.

Calculation of Capital Gain / Loss

Your capital gain or capital loss from the disposal of your Ethane Pipeline Income Fund stapled securities may be ascertained as follows:

- **Capital Gains** – A taxable capital gain is calculated as the excess of the sale proceeds received over the cost base of the Ethane Pipeline Income Fund stapled securities.
- **Discount Capital Gains** – Where the Ethane Pipeline Income Fund stapled securities have been held for more than 12 months, you may choose to reduce your taxable capital gain by the CGT discount of 50% for individuals.
- **Capital Loss** – A capital loss will comprise the excess of the reduced cost base of the Ethane Pipeline Income Fund stapled securities over the sale proceeds received.