



APA GROUP 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 APA GROUP ANNUAL TAX STATEMENT.

THIS GUIDE IS NOT INTENDED TO BE, AND SHOULD NOT BE RELIED UPON AS, PERSONAL TAXATION OR FINANCIAL ADVICE.

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Since every person's circumstances are different we have made a number of general assumptions which may, or 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 APA Group 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 2011" to complete your income tax return.

APA Group is a "stapled security" listed on the ASX consisting of units in Australian Pipeline Trust (APT) and units in APT Investment Trust (APTIT). These units can only be traded together. For tax purposes APT is a Division 6C "public trading" trust, which is taxed as if it were a company while APTIT is a Division 6 "pass through" trust.

The APA Group Annual Tax Statement provides details of the dividends and trust distributions to which you are entitled and these amounts should be used in preparing your 2011 income tax return. For tax purposes the APT dividends and APTIT trust distributions must be separately disclosed in your income tax return.

Below is a table showing components of the APA Group Annual Tax Statement on a cents per security basis.

Annual Tax Statement

APA Group Annual Tax Statement 2010/11
Distributions Cents per Unit (cpu)

Payment Date	Record Date	APT Dividend Distribution	APT Tax Deferred	APTIT Trust Distribution	APTIT Tax Deferred	Total APA 2010/11 Tax Statement
		(cpu)	(cpu)	(cpu)	(cpu)	(cpu)
15/09/2010	30/06/2010	1.7267	8.5838	*	2.7741	13.0846
17/03/2011	31/12/2010	9.5490	2.4638	3.7037	0.7835	16.5
15/09/2011	30/06/2011	^	^	3.4072	^	3.4072

*- component recognised in the 2009/10 Annual Tax Statement

^ - component recognised in the 2011/12 Annual Tax Statement

APT Unfranked Dividend

For an individual Australian resident taxpayer, dividends from APT are recognised on a receipts basis (at payment date). Your APA Group Annual Tax Statement includes the APT dividends paid to you in September 2010 and March 2011. These dividends were unfranked for tax purposes.

Amounts shown as Unfranked Dividends from APT on the Annual Tax Statement should be included at Item 11S on the Tax return for individuals 2011.

11S

<p>11 Dividends If you are a non-resident make sure you have printed your country of residence on page 1.</p> <p>Tax file number amounts withheld from dividends V \$ <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . <input type="text"/> <input type="text"/></p>	<p>Unfranked amount S \$ <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . <input type="text"/> <input type="text"/></p> <p>Franked amount T \$ <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . <input type="text"/> <input type="text"/></p> <p>Franking credit U \$ <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . <input type="text"/> <input type="text"/></p>
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11V

Where you have not provided your Tax File Number, income tax has been withheld from all unfranked dividends paid to you by APT 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 11V.

APT & APTIT Tax Deferred

Your APA Group Annual Tax Statement includes tax deferred amounts in respect of your gross cash distribution from both APT and APTIT. Tax deferred amounts are recognised on a receipts basis (at payment date). Your APA Group Annual Tax Statement includes tax deferred distributions paid to you in September 2010 and March 2011.

The APT tax deferred amount represents a return of capital by APT. The APTIT tax deferred amount has arisen because the gross cash distribution from APTIT exceeds the taxable income of APTIT.

The tax deferred amount is not immediately taxable but will reduce the CGT cost base of the units held by you. 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.

On 22 June 2011 the Australian Taxation Office issued Class Ruling CR 2011/60 in relation to the interim capital distribution paid by APT on 17 March 2011. The Class Ruling states that the Commissioner will not seek to apply Section 45B of the Income Tax Assessment Act to deem the interim capital return to be a dividend.

While CR 2011/60 is only binding in respect of APT's 2011 interim distribution, the capital return on 15 September 2010 was paid in a manner consistent with the circumstances set out in CR 2011/60.

A Copy of CR 2011/60 is available from the APA Group website www.apa.com.au > *Investor centre* > *Securityholder information* > *Tax information*.

Disposal of Your Stapled Securities

The following summary will help you to determine whether you have any liability for 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 APA Group stapled security is treated as a disposal of a unit in APT and a unit in APTIT. Upon disposal of an APA Group stapled security, you will realise a capital gain if the consideration you receive exceeds the CGT cost base of the APT and APTIT 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 APA Group website www.apa.com.au > *Investor centre* > *Securityholder information* > *Distribution details*.

For capital gains tax purposes, the cost of each APA Group stapled security and the consideration received on disposal of each APA Group stapled security will need to be apportioned between the unit in APT and the unit in APTIT on a reasonable basis. One possible method of apportionment is on the basis of an estimate of the relative net assets of APT and APTIT at the time you acquired your units. Details of relative net assets for APT and APTIT are available from the APA Group website www.apa.com.au > *Investor centre* > *Securityholder information* > *Tax information*.

Calculation of Capital Gain/Loss

Your capital gain or capital loss from the disposal of your APA Group 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 APA Group stapled securities.
- Discount Capital Gains – Where the APA Group 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 APA Group stapled securities over the sale proceeds received.