

## EVEREST BABCOCK & BROWN

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### **EVEREST BABCOCK & BROWN LIMITED (EBB) EVEREST BABCOCK & BROWN ALTERNATIVE INVESTMENT TRUST (EBI)**

#### **CALCULATING THE COST BASE OF SECURITIES FOR CAPITAL GAINS TAX**

Please find below information on the calculation of the cost base of Everest Babcock & Brown Alternative Investments Group securities for capital gains tax (CGT) purposes following the unstapling of the shares in Everest Babcock & Brown Limited (ASX code EBB) from the units in Everest Babcock & Brown Alternative Investment Trust (ASX code EBI).

Prior to the unstapling date of Everest Babcock & Brown Alternative Investments Group on 1 August 2006, an EBB stapled security (**stapled security**) comprised two separate assets for CGT purposes, that is, a unit in EBI and a share in EBB.

In order to calculate the cost base of an EBI unit and EBB share acquired prior to the unstapling date, securityholders should apportion the cost of each stapled security over the two separate assets that comprised the stapled security. This apportionment should be calculated on a reasonable basis.

General information on the tax treatment of stapled securities can be found on the Australian Taxation Office website:

<http://www.ato.gov.au/individuals/content.asp?doc=/content/48455.htm>

#### **Stapled securities acquired under the initial public offering**

For each EBI unit and EBB share acquired on 24 March 2005 under the initial public offering (IPO) of the Everest Babcock & Brown Alternative Investments Group, the issue price for each stapled security was allocated as follows:

<b>Entity</b>	<b>Issue Price</b>
EBI (Trust)	\$4.35
EBB (Company)	\$0.65
Total issue price for stapled security	\$5.00

#### **Stapled Securities acquired after the initial public offering (not as part of the dividend and distribution reinvestment plan)**

Whilst the method of apportioning a cost base to an EBI unit and EBB share at the time of purchase is the responsibility of the securityholder, a reasonable method of apportionment would use the relative value of an EBI unit and EBB share based on the net tangible asset backing (NTA).

## EVEREST BABCOCK & BROWN

The proportionate NTA split (illustrated as a percentage of total value) for each quarter since the IPO up to and including the unstapling date is outlined below.

Entity	30 June 2005	30 Sep 2005	31 Dec 2005	31 Mar 2006	30 June 2006	31 July 2006
EBI (Trust)	87.1%	87.4%	87.5%	87.5%	86.2%	85.7%
EBB (Company)	12.9%	12.6%	12.5%	12.5%	13.8%	14.3%

### Example

Where a securityholder purchased stapled securities during the quarter ended 31 December 2005, the cost base can be apportioned using the method below.

Entity	Apportionment of NTA	Cost Base of stapled security
EBI (Trust)	87.5%	\$4.11
EBB (Company)	12.5%	\$0.59
TOTAL	100.00	\$4.70 <sup>1</sup>

### Stapled securities acquired under the DRP

The Everest Babcock & Brown Alternative Investments Group had a dividend and distribution reinvestment plan (DRP) in place during the period that stapled securities were on issue. The issue price of the EBI units and EBB shares issued under this plan were as follows:

Entity	Allotment date of DRP securities	
	22 March 2006	15 September 2006 <sup>2</sup>
EBI (Trust)	\$4.06	\$4.17
EBB (Company)	\$0.58	\$0.89
TOTAL	\$4.64	\$5.06

### Important dates

Event	Date
Issue date of stapled securities	24 March 2005
Listing on ASX	8 April 2005
Unstapling date and implementation of restructure	1 August 2006
First day that EBI units and EBB shares trade separately on ASX	2 August 2006

***Everest Babcock & Brown is not able to give tax advice and accordingly securityholders should obtain independent advice from an accountant and/or lawyer regarding the tax treatment of investments in EBB and/or EBI.***

For further information, please contact +61 2 8001 9100 or email [info@everest.com.au](mailto:info@everest.com.au)

<sup>1</sup> Not actual prices

<sup>2</sup> It is anticipated that the EBI and EBB securities issued under the 30 June 2006 DRP will be allotted on or around 15 September 2006