

Year	Investment	Net Receipts	Change in Value	Value	Income	Cash Flow	Tax Value	Tax Deprecn	Tot income
0	1000	-	-	1000	-	-1000	1000	-	1082
1	0	0	90	1090	90	0	1000	0	
2	0	0	98	1188	98	0	1000	0	
3	0	0	107	1294	107	0	1000	0	
4	0	0	116	1411	116	0	1000	0	
5	0	197	-71	1340	127	197	950	-50	
6	0	187	-67	1273	120	187	903	-48	
7	0	178	-64	1210	114	178	857	-45	
8	0	169	-60	1149	109	169	815	-43	
9	0	161	-57	1092	103	161	774	-41	
10	-1037	153	-55	1037	98	1190	735	-39	

Tax value declining at 5% (reducing balance depreciation) from year of first net receipts

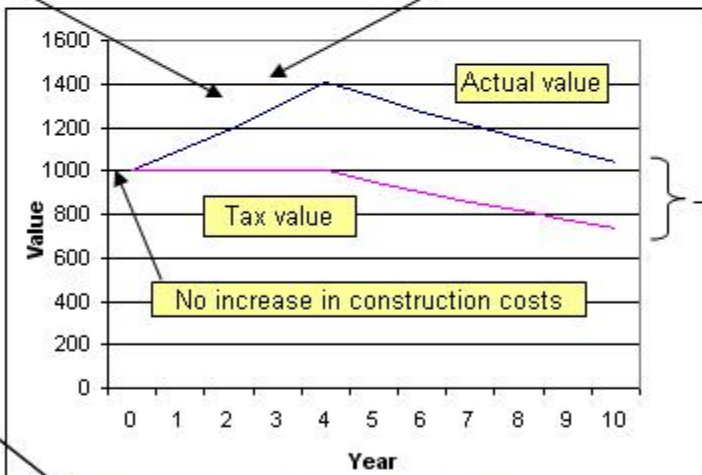
Value increases as the delay before accessing first net receipts in Year 5 decreases

Pre-tax Actual value declining from Year 4 at 5% pa 8.98% Pre-tax return

Benchmark Tax Treatment

Early increase in value not taxed

Year	Tax	Cash Flow	Tax	Cash Flow
0	0	-1000	-	-1000
1	42	-42	0	0
2	46	-46	0	0
3	50	-50	0	0
4	55	-55	0	0
5	60	138	69	128
6	57	131	66	122
7	54	124	62	116
8	51	118	59	110
9	49	112	56	104
10	46	1144	195	994



Depreciation balancing adjustment on sale

Post-tax 509 4.76% 509 5.30%

Benchmark: Tax at 47% on net receipts plus annual change in value reduces 8.9% pre-tax return by 47% to 4.8%

typical tax treatment: Tax at 47% on net receipts plus 5% depreciation (plus balancing adjustment on sale) produces after-tax return of 5.3% (equalising post-tax returns from 10% pre-tax return assets in the financial market).

STYLISED INFRASTRUCTURE PROJECT WITH NET RECEIPTS EFFECTS