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## **Return of capital - Australian Taxation Office Ruling**

On 8 April 2013 TOWER Limited announced that it had cancelled 3 in every 13 ordinary TOWER shares registered in the name of each TOWER shareholder pursuant to an arrangement to return capital approved by TOWER's shareholders at its Annual Shareholders' Meeting on 21 March 2013. A class ruling from the Australian Taxation Office regarding the tax treatment of the return of capital for Australian resident shareholders has now been published.

In summary, for Australian resident shareholders who held TOWER shares at the time of the return of capital, the class ruling confirms that no part of the return of capital made to Australian shareholders is a dividend for Australian tax purposes. A Capital Gains Tax (CGT) event occurred when the shares under the arrangement were cancelled.

The entire amount paid on the return of capital (the Australian dollar equivalent of NZ\$1.92) will be regarded as the capital proceeds from the CGT event. An Australian shareholder will have made a capital gain if the capital proceeds were more than the cost base for the shares. A capital loss will have arisen if the capital proceeds were less than the reduced cost base of the shares.

If Australian shareholders have any queries in relation to the class ruling, they are advised to obtain specific taxation advice on the treatment of the capital return, taking into account their particular circumstances.

The class ruling can be viewed on the web site of the Australian Taxation Office, [www.ato.gov.au](http://www.ato.gov.au).

### **Ends**

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