

Consolidation of Australand Property Group (APG) Securities Taxation Summary for Securityholders

In summary, income tax consequences of the Consolidation are:

- The Consolidation should not result in a capital gain or capital loss.
- The total cost base of your securities will NOT change.
- Your total cost base will be reallocated over your consolidated securities to determine your new cost base PER SECURITY.
- Your acquisition date for CGT purposes will be the same as the acquisition date of your original securities.

Please see the detailed discussion below for more information.

This section is a general summary of the Australian income tax implications arising to investors from the consolidation of APG stapled securities (**Consolidation**).

It does not constitute tax advice and should not be relied upon as such. Accordingly, Securityholders should seek their own independent taxation advice, based upon their specific circumstances.

This summary is based on the provisions of the Income Tax Assessment Act 1936 (Cth) and the Income Tax Assessment Act 1997 (Cth) and Australian Taxation Office (**ATO**) practice applicable as at the date of this document. This summary does not address the consequences that arise for Securityholders that hold their Securities on revenue account or as trading stock or who are non-residents of Australia for income tax purposes.

1 Income tax consequences

Each APG Security is made up of a unit each in Australand Property Trust, Australand Property Trust No. 4 and Australand Property Trust No. 5 (collectively the **Trusts**) and a share in Australand Holdings Limited (**Company**). Notwithstanding the fact that these four assets cannot be traded separately, they are treated as separate assets for capital gains tax (**CGT**) purposes. For the purposes of this summary, except where specifically stated, the outcomes in respect of the four assets should be the same and therefore we have referred to the APG Security as a single asset.

1.1 Effect of consolidation on your APG Securities

The Consolidation should not result in a CGT event occurring however, the Consolidation will affect the cost base of your APG Securities.

1.2 Cost base of your Consolidated APG Securities

You will have a cost base in your Consolidated APG Securities equal to the sum of the cost bases in your original APG Securities at the time of Consolidation as merged at a ratio of 5 to 1.

For example, assume that :

- you hold 20,000 APG Securities which you acquired for \$14,000 (\$0.70 per Security);
- you have received tax deferred distributions of \$4,000 since the APG Securities were acquired (\$0.20 per Security);

- your cost base in the APG Securities is therefore \$10,000¹ (\$0.50 per Security).

Your APG Securities will be consolidated into 4,000 APG Securities with a cost base of \$2.50 per Security.

The Consolidated cost base of each APG Security should be apportioned across the four assets making up the APG Security (being the unit in each of the Trusts and the share in the Company) in the same manner in which your costs of acquiring the original APG Security were apportioned.

Following on from the above example, if at the time you acquired your APG Securities (at \$0.70 per Security) the value allocated to the unit in each of the Trusts was \$0.21 per unit and the value allocated to the share in the Company was \$0.07 per share, your cost base in the Consolidated APG Securities of \$2.50 per Security will be allocated as \$0.75 per unit in each of the Trusts (for a total cost base of \$9,000) and \$0.25 per share in the Company (for a total cost base of \$1,000).

1.3 Acquisition date of your Consolidated APG Securities

The acquisition date of the new Consolidated APG Securities will be the same as the date on which your original APG Securities were acquired for the purpose of determining your eligibility for the CGT discount concession on a subsequent CGT event happening to your APG Securities. Broadly, the CGT discount concession is a discount of 50% for individuals and trusts and 33^{1/3}% for complying superannuation entities provided the securities were held for at least 12 months prior to the CGT event.

Where you have acquired APG Securities over a number of dates, the Consolidated APG Securities should be apportioned over the relevant acquisition dates in the same proportion as the original APG Securities held.

In the event that you have fractional interests which are rounded up on Consolidation, the portion that is rounded up should be taken to have been acquired on the earliest acquisition date of your original securities.

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Yours sincerely

Greenwoods & Freehills Pty Limited

¹ Tax deferred distributions reduce the cost base of your APG Securities.