



APN | Property Group

TAX GUIDE 2021

For APN Property Group (ASX Code: APD) securityholders

Stapled securities in APN Property Group (ASX:APD) comprising:

APN Property Group Limited
ACN 109 846 068

APD Trust
ARSN 629 300 007

Responsible entity:
APN RE Limited
ACN 627 612 202 AFSL No 510685

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APN Property Group

An investment in APN Property Group (“**APN**”) constitutes an investment in two separate entities that are stapled together. The two entities are:

- APN Property Group Limited and its consolidated entities (the “**Company**”); and
- APD Trust (the “**Trust**”).

The Trust has opted-in to apply the Attribution Managed Investment Trust (“**AMIT**”) regime.

About this guide

This Guide is relevant to you for the income year ended 30 June 2021 if:

- you are an Australian resident individual investor in APN; and
- you hold your investment in APN as a capital investment and not for the purposes of resale at a profit so that the capital gains tax (“**CGT**”) provisions are relevant to you.

This Guide has been prepared for general information only and provides further explanation of information disclosed in investors’ Attribution Managed Investment Trust Member Annual Statement (**AMMA**) for APN Property Group. It is not, nor should it be relied upon as, tax advice or financial product advice. Each investor’s circumstances will invariably differ and each investor should consider seeking independent tax advice relevant to their own particular circumstances.

Completing 2021 income tax returns

The AMMA for APN will set out the information and disclosures likely to be relevant for each Australian resident individual investor to complete the Australian Tax Office’s (“**ATO**’s”) Tax Return for Individuals 2021 (Question 8) and the ATO’s Tax Return for Individuals 2021 Supplementary Section (Questions 13 and 18).

Any income or capital gains that investors have derived from other sources should be added to the relevant amounts received from APN and the total amount for each category should then be included in the investor’s 2021 income tax return.

Details of annual distributions and their taxation treatment

Distributions paid to investors by APN Property Group in respect of the period 1 July 2020 to 30 June 2021 are disclosed in the 2021 AMMA and comprise a number of components that will be treated differently for income tax purposes.

For most taxpayers, the 2021 income year will end on 30 June 2021. A brief outline of the meaning and likely tax treatment of each type of component that may appear on the 2021 AMMA for APN is set out below.

Dividends

This component represents the investor’s share of the dividends paid by the Company within the stapled structure. Dividends are assessable on a receipts basis (when actually paid).

To the extent that dividends paid have been “franked” (either fully or partially), the amount received is required to be grossed up for any franking credits attaching to the dividends when determining an investor’s assessable income, with a tax credit/offset generally being claimable for the amount of the franking credit.

If an amount is shown as franked dividends, and has been paid in the 2021 income year, investors should disclose the relevant amounts at Label T at Item 11. If the amount is shown as unfranked dividends, and has been paid in the 2021 income year, investors should disclose the relevant amount at Label S.

Trust distributions:

Non-Primary Production Income

This component represents the investor’s share of the Australian sourced taxable income distributed by the Trust within the stapled structure. Trust distributions are taxed on a present entitlement basis, not on a receipts basis.

Trust distributions are required to be included as assessable income in the 2021 income tax return at Label U at Item 13 of the ATO’s Tax Return for Individuals 2021 Supplementary Section.

Amounts shown as Australian taxable income on the AMMA are already grossed up for any applicable tax credits. However, this item will exclude any taxable capital gains, which are disclosed separately on the AMMA and subject to different taxation treatment.

Discounted Capital Gains

Amounts shown as discounted capital gains are the investor’s share of taxable capital gains generated on disposal of assets held for at least 12 months to which the discount rate of 50% has been applied, using the “CGT discount method” of calculating capital gains. Investors are required to gross up the discounted capital gain by doubling the discounted capital gain shown in the AMMA but may be entitled to claim the CGT discount in their own right, depending on their own circumstances.

If an amount of discounted capital gain is shown in the AMMA, investors should answer “Yes” at Label G at Item 18 of the ATO’s Tax Return for Individuals 2021 Supplementary Section and include the amounts shown on the AMMA at Labels A and H at Item 18.

Further information in relation to the calculation of capital gains, including details of the CGT discount method can be obtained from the ATO publications – “Guide to Capital Gains Tax 2021” and “Personal Investors Guide to Capital Gains Tax 2021”.

Discounted capital gains may arise from the disposal of taxable Australian property (“**TAP**”) or from the disposal of property other than taxable Australian property (“**NTAP**”). This distinction, and its relevance, is briefly outlined below.

TAP and NTAP capital gains

Your AMMA, by way of note, will identify the extent to which any taxable capital gains of either category are attributable to TAP and NTAP, respectively. In broad terms, TAP consists of real property situated in Australia and NTAP comprises other property including real property situated overseas. Resident taxpayers are assessable on TAP and NTAP gains in the same way, so the distinction is of little relevance to resident taxpayers; however, the distinction may be relevant to non-resident taxpayers.

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AMIT CGT gross up amount

This item shows the additional amount treated as capital gains of members under ss 276-85(3) and (4) of the ITAA 1997, and is included in the AMIT cost base increase amount. This amount is non-assessable. Accordingly, this amount is not required to be included in an investor's tax return.

Other taxable capital gains

Other taxable capital gains are taxable capital gains to which the CGT discount has not been applied, for example, capital gains generated on assets held for less than 12 months.

If there is an amount shown on the AMMA as other taxable capital gains, investors should answer "Yes" at Label G at Item 18 of the ATO's Tax Return for Individuals 2021 Supplementary Section. The amounts shown on the AMMA should be included at Labels A and H of Item 18.

Other taxable capital gains may arise from the disposal of TAP or from the disposal of NTAP. This distinction, and its relevance, is briefly outlined above.

Other net foreign source income

This item includes income derived from foreign sources including dividend, interest, royalties, any other foreign source investment income and foreign tax withheld.

The foreign income tax offset amount displays the amount available that may be available to be claimed by you. Further information can also be found in the Guide to foreign income tax offset rules 2021.

Other non-attributable amounts

This amount includes the tax-free amounts and tax-deferred amounts (including returns of capital).

Tax deferred amounts generally represents income derived that is sheltered from tax (due to deductions available for building allowances, depreciation and other tax timing differences).

Non-assessable amounts are not assessable for income tax purposes, but are reflected in the AMIT cost base net amount (reduction in cost base or reduced cost base).

Cost base details:

AMIT cost base net amount – excess* (decrease)

You must adjust downwards the cost base or reduced cost base of your membership interests in the AMIT by the AMIT cost base net amount – excess (decrease).

AMIT cost base net amount – shortfall* (increase)

You must adjust upwards the cost base or reduced cost base of your membership interests in the AMIT by the AMIT cost base net amount – shortfall (increase).

*Example – We have provided an example below that illustrates how the cost base adjustments are made under both scenarios on the following facts:

John holds units in the AMIT group on capital account. The cost base for the units at the start of the year (1 July 2020) was \$1,000.

Scenario 1 – where there is an AMIT cost base net amount – excess

- a) John receives a 2021 AMMA with an AMIT cost base net amount – excess of \$20. John will need to reduce the cost base of his units in the AMIT by \$20. This will result in an ending cost base of \$980.

Scenario 2 – where there is an AMIT cost base net amount – shortfall

- b) John receives a 2021 AMMA with an AMIT cost base net amount - shortfall of \$25. John will need to increase the cost base of his units in the AMIT by \$25. This will result in an ending cost base of \$1,025.

Resident TFN Amount Withheld

This amount represents the tax deducted at the highest individual marginal tax rate, plus Medicare levy, from distributions and paid to the ATO where an investor has not provided a tax file number or details of exemption to the Fund. A credit should generally be claimable for such amounts withheld, as shown in the disclosures in an investor's AMMA Statement.

Other important information for investors in APN Property Group

General capital gains tax (CGT) matters

Although APN Property Group securities can only be traded together as one security, for Australian Income Tax purposes the individual securities comprise investments in the Company and the Trust.

Accordingly, for CGT purposes investors need to maintain records of the cost of each separate asset and apportion the proceeds on sale of a stapled security across these separate assets. This apportionment should be done on a reasonable basis.

One possible method of apportionment is on the basis of the relative Net Tangible Assets ("NTA") of the individual entities comprising APN Property Group. This information is updated each six months following the release of APN Property Group's results and is available at: www.apngroup.com.au/shareholders/

Cost base of APN Property Group stapled securities for investors who acquired securities prior to the stapling transaction

For those investors who acquired some or all of their securities prior to the stapling transaction, information regarding the cost base of the separate entities comprising APN Property Group securities is contained in the APD-Restructure Tax Guide, available at: www.apngroup.com.au/shareholders/

CGT implication of cost base reduction and increase

As discussed above under the "Cost base details" paragraph, if the AMMA discloses an AMIT cost base net amount - excess (or shortfall) for the Trust, investors are required to reduce (or increase) the cost base of the units in the Trust. This reduction (or increase) is relevant to calculating any capital gain or capital loss on disposal of an APN Property Group security for CGT purposes, where a CGT calculation must be performed for the Trust separately from the Company.

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Investors may make a capital gain (even if the stapled security is not sold) if, on a separate asset basis, the cost base is reduced below nil.

The booklets “Guide to Capital Gains Tax 2021” or Personal Investors “Guide to Capital Gains Tax 2021”, which are available from the ATO, provide details of the calculations required.

Investors that have disposed of securities during the 2021 financial year

Investors that have disposed of any investment in APN during the 2021 financial year may have made a capital gain or loss. Investors should obtain a copy of the booklet “Personal Investors Guide to Capital Gains Tax 2021” or alternatively, “Guide to Capital Gains Tax 2021” from the ATO and/or consult their professional tax adviser if they are in any doubt as to how such gains and losses are calculated.

Other information

If you have further tax questions in relation to your investment in APN, we recommend that you consult your own tax adviser or professional adviser.



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