



> **GPT**

**Tax Transparency
Report**

2016



About The GPT Group (“the Group”)

General Property Trust (“GPT”) is Australia’s oldest property trust. Listed on the Australian Securities Exchange (“ASX”) in 1971 the GPT Group is today one of Australia’s largest diversified listed property groups. The Group has a substantial investor base, with more than 36,000 investors, and is one of the top 50 stocks by market capitalization.

The GPT Group is the owner and manager of a high quality portfolio of Australian office, logistics, business parks and prime shopping centre assets and has \$19 billion of assets under management.

The Group’s portfolio includes some of Australia’s most well recognised properties, including the MLC Centre and Australia Square in Sydney’s CBD, Melbourne Central and Highpoint Shopping Centre in Melbourne and Brisbane’s One One One Eagle Street.

Each GPT security listed on the ASX is comprised of a share in GPT Management Holdings Limited (“GPTMH”) that is ‘stapled’ to a unit in General Property Trust (GPT) that trades on the ASX. GPT is a unit trust that is treated separately to GPTMH for Australian tax purposes.

Stapling arrangements are commonly used by real estate investors to capture operating and efficiency benefits related to large scale real estate investments.

The GPT Group’s business is almost entirely conducted in Australia and consists predominantly of property investments in Australia that are held to derive rental income. In addition, GPTMH’s business consists of funds management, property development and property management.

The Group owns its real estate investment assets within a trust (GPT). Under Australian tax law, investors in a trust are taxed on a flow through basis in respect of rental income earned from investing in real estate. All other trading activities are carried on through a company.

The GPT Group does not engage in arrangements that shift profits to low tax overseas jurisdictions. The GPT Group Board and the Group’s Tax Risk Management Framework does not support or sanction arrangements that involve aggressive tax planning.

The GPT Group is also subject to goods and services tax (“GST”), stamp duty, council rates, land tax, payroll tax, fringe benefits tax (“FBT”) and remits ‘pay as you go’ (“PAYG”) withholding taxes on behalf of employees and investors.

The GPT Group was ranked second globally among companies that participated in the Dow Jones Sustainability Index (“DJSI”) Survey in 2015. The DJSI is a global index that tracks the financial performance of leading sustainability driven companies worldwide. The DJSI Survey results provide an integrated assessment of economic, environmental and social criteria that has a strong focus on long-term shareholder value.

Tax Strategy was a component of the Economic Dimension that is measured by the DJSI Survey. The GPT Group received a score of 73 for its Tax Strategy, compared to the DJSI Index Best Score of 75. This resulted in a percentile ranking of 98 per cent, and compares to an industry average score of 45.

The DJSI Tax Strategy component is focused on assessing whether the participating company:

- has clearly defined tax policy that articulates the company’s approach to taxation;
- publicly reports key tax information related to each country and region in which it operates; and
- evaluates the risk of taxation on future company value creation and the financial and non-financial risks associated with taxation.

Australian Tax Transparency

The GPT Group is committed to managing its tax obligations responsibly and in compliance with all laws and regulations.

The Board of Taxation has released a Tax Transparency Code (“TTC”) that recommends a set of principles and minimum standards on the disclosure of tax information for businesses. The GPT Group has voluntarily adopted the TTC recommendations and publishes this document as part of the Group’s commitment to tax transparency.

GPT has a long established Tax Risk Management Framework (“the Framework”) that is endorsed by the GPT Audit and Risk and Management Committee that reflects the Group’s low risk approach to taxation.

The Framework provides a strong governance approach that ensures compliance with tax law through the implementation of tax related policies, processes, procedures and systems across The GPT Group’s business.

The Group applies the Framework across the broader business to correctly integrate the taxation implications of transactions, projects and business initiatives into day to day activities.

By applying the Framework, GPT is able to manage its tax obligations efficiently and ensure that it complies with all tax laws and mitigates transaction related tax risks.

Where necessary, private tax rulings, external advice and counsel opinion is obtained to ensure the correct application of the tax law to GPT’s business occurs.

GPT is committed to maintaining a positive relationship with the Australian Taxation Office at all times that is

based on open dialogue and trust in respect of its tax affairs.

The GPT Group commits executive resources on an ongoing basis to engage in consultation regarding tax policy, tax reform and tax law administration with policymakers, the Australian Taxation Office directly, and through the Property Council of Australia ("PCA") on matters that are relevant to GPT's business and GPT's investors. The GPT Group's engagement with revenue authorities and policymakers provides commercial and business insight regarding the practical difficulties that arise in applying tax laws and helps The GPT Group to ensure it is properly discharging its tax obligations.

ATO public disclosure

Under Australia's taxation laws, unitholders that invest in GPT pay income tax to the Federal Government on distributions through the personal income tax regime or through the withholding tax regime that applies to Managed Investment Trusts ("MIT").

In the case where a GPT unitholder is an Australian resident, the unitholder pays tax as if they held the property directly at their own applicable tax rate. Where the unitholder is a non-resident, MIT withholding tax applies at the rate of 15 per cent where the place of payment is in a country that has an exchange of information agreement with Australia. If such an agreement does not exist, a withholding tax rate of 30 per cent or 47 per cent applies, depending on the circumstances.

All other taxable income that is earned from funds management, property development, property management and responsible entity services is subject to Australian corporate taxation at the rate of 30 per cent. This business is carried on by GPTMH and its subsidiaries.

The Commissioner of Taxation ("the Commissioner") publishes details regarding the effective tax rate of GPTMH and its Australian subsidiaries ("The GPTMH Tax Consolidated Group").

Those details include (in millions):

	2014	2015
Total income	\$142.0	\$163.5
Taxable income	\$0	\$0
Income tax paid	\$0	\$0

Total income

Total income reported in the tax return represents gross income of The GPTMH Tax Consolidated Group for accounting purposes. This represents income before expenses are taken into account.

After deducting expenses that are recognised for accounting purposes, the GPTMH Tax Consolidated Group's accounting profit amounted to \$5.2 million in 2014 and \$36.9 million in 2015 as shown below (in millions):

	2014	2015
Total income	\$142.0	\$163.5
Less: Total expenses	\$136.8	\$126.6
Profit / (loss)	\$5.2	\$36.9

Tax losses deducted

GPTMH incurred significant losses as a consequence of the global financial crisis. Under tax law, companies can carry forward unutilised tax losses to offset against taxable income in future years.

The GPTMH Tax Consolidated Group recouped prior year losses in the 2014 and 2015 income years to offset its taxable income in full. After deducting carry forward tax losses, no income tax was payable for each of the two years.

Once carry forward tax losses have been fully utilised, GPTMH will be liable to pay corporate income tax on its taxable profits.

Because The GPT Group is a stapled group, GPTMH as a company is included in the tax transparency reporting made by the Commissioner. GPT is not a corporate entity and its financial details are not reflected in the data publicly released by the Commissioner. For this reason, it will not be possible to reconcile the Total Income reported by the Commissioner with The GPT Group's financial results.

Further information regarding the Group's tax arrangements can be found in the tax note included in the Group's annual financial report published on the Group's website at: www.gpt.com.au.