The GPT Group

GPT RE Limited
ABN 27 107 426 504
as GPT RE of
General Property Trust
AFSL 286511

Level 51
MLC Centre
19 Martin Place
Sydney NSW 2000
Australia

T: +61 2 8239 3555
F: +61 2 9225 9318
E: gpt@gpt.com.au
www.gpt.com.au

General Summary of Australian Income Tax Implications for Securityholders

The GPT Group consists of shares in GPT Management Holdings Limited ("**the Company**") and units in General Property Trust ("**the Trust**"), which are referred to as Stapled Securities.

This guide provides a general summary of the Australian income tax implications of holding securities in the Trust. It does not constitute tax advice and Securityholders should obtain professional taxation advice in relation to any specific tax matters.

1. Taxation consequences of holding Securities in the General Property Trust ("the Trust") for Australian residents

1.1 Taxation of the Trust

It is intended that the Trust will be taxed on a "flow through" basis such that, provided in each income year Securityholders are presently entitled to all the income of the Trust, GPT RE Limited as Responsible Entity ("**GPT RE**") will not be liable to Australian tax on the taxable income of the Trust.

A responsible entity may be liable for income tax at the corporate tax rate in any year where the relevant trust is classed as a "public trading trust" for that year. GPT RE intends to limit the Trust's activities to "eligible investment business" so that it will not be a public trading trust. These tests are applied each income year so that the tax position of the Trust in any year would depend on its activities in that year.

1.2 Taxable Income of the Trust

Securityholders will generally be assessed on their proportionate share of the taxable income of the Trust. The taxable income of the Trust may include non-cash income or capital gains in certain circumstances.

1.3 Tax Deferred Distributions

If Securityholders receive a distribution in excess of the Securityholder's share of the taxable income of the Trust, the excess will represent a "tax deferred" distribution. The receipt of a tax deferred distribution will generally not be included in a Securityholder's assessable income.

However, the tax deferred component will reduce the cost base of Securities the Securityholder holds in the Trust. Where the cost base of a Security is reduced to zero, any further receipt of tax deferred distributions in respect of that Security will be assessable to the Securityholder in that year as a capital gain.

Securityholders that are individuals, trusts or complying superannuation entities and have held the relevant Security in the Trust for 12 months or more at the time of the receipt of the distribution should be entitled to apply the applicable CGT discount factor to reduce the capital gain (after offsetting capital losses). The CGT discount factor is 50% for individuals and trusts and 33⅓% for complying superannuation entities.

1.4 Capital Gains

If a net capital gain is included in the taxable income of the Trust (for example, because the Trust sells one of its assets), Securityholders will be regarded as having derived a capital gain equal to their proportionate share of that net capital gain. However, where discount capital gains treatment has been applied in calculating the net capital gain at the Trust level, Securityholders will be required to gross-up the amount of the capital gain included in their assessable income. Securityholders can then apply any available capital losses from other sources to offset the capital gain and apply their CGT discount factor, if applicable.

Although Securityholders will acquire a tax cost base in the Securities in the Trust equal to the amount that they pay for those Securities at the time of issue, that cost base will not be the same as the existing tax cost bases of underlying assets held within the Trust. GPT RE will determine the taxable capital gain on the disposal of an underlying asset by reference to the existing tax cost bases of those assets relevant to the Trust for CGT purposes. When the Trust disposes of an underlying asset each Investor will be subject to tax on their share of any capital gain arising as determined by GPT RE notwithstanding that in an economic sense no capital gain may have arisen to the Investor. This is a common taxation outcome where a Securityholder acquires Securities in a managed fund.

2. Taxation consequences of holding Securities in the Trust for foreign residents

2.1 Taxation of distributions from the Trust

2.1.1 Managed Investment Trust Withholding Tax

Distributions from the Trust to foreign residents should be subject to managed investment trust withholding tax. GPT RE will withhold tax from distributions to the extent they represent taxable income of the Trust that does not consist of dividends, interest, royalties, non-Australian sourced income or capital gains on assets that are not “taxable Australian property” (taxable Australian property mainly includes direct and indirect interests in land situated in Australia). We note that to the extent that the distribution from the Trust includes a discount capital gain, managed investment trust withholding tax will be withheld on the “grossed-up” capital gain and not the discount capital gain

The withholding tax rate will depend on the country in which the relevant Securityholder is resident. For Securityholders who are resident of countries with which Australia has an “effective exchange of information agreement on tax matters”, the withholding tax rate applied to distributions will be 15%. For residents of other countries the withholding rate will generally be 30%.

The withholding tax is a ‘final’ withholding tax that is not creditable when an assessment is made of the Australian income tax payable (if any) by the non-resident Securityholder for the income year.

2.1.2 Dividends, Interest and Royalties

Unfranked dividends, interest and royalties derived by the Trust will be subject to withholding tax which is generally imposed at a rate of 30% for unfranked dividends and royalties and 10% for interest.

Securityholders that are residents of a country that has entered into a double taxation agreement (DTA) with Australia may be entitled to a lower rate of withholding tax.

2.1.3 Other Distributions

Other than as described above Securityholders should not be subject to tax on any other distributions from the Trust.