



Further information for Fund Payment for six-month period to 31 December 2017

This information is only applicable to foreign securityholders and other entities that are obliged to withhold on payments made to foreign residents. Australian based investors should rely on tax statements which are due to be mailed on 31 August 2018.

Growthpoint Properties Australia (GOZ) is a stapled security, with a company and a trust stapled together. The distribution of 11.00 cents per security (cps) was all paid via the trust with no dividend paid by the company. The trust is an Attribution Managed Investment Trust (AMIT) and the applicable withholding tax on distributions from an AMIT are governed by section 12-415 of Schedule 1 of the *Taxation Administration Act 1953* (Cth).

The following information applies if you are a non-resident investor in GOZ (i.e. not an Australian resident investor) and come from a country with an exchange of information agreement in place with Australia, meaning your withholding tax rate is set at 15% for the following Fund Payment Components; Capital Gains Discount, Net Capital Gain and Rental Income components. Withholding tax is charged at 10% on the interest component and no withholding tax is charged on the Tax Deferred component.

Why is the Fund Payment larger than the Distribution for this period?

As a result of the significant capital gains realised on the sale of two properties, the Fund Payment amount for the half year ended 31 December 2017 is greater than the cash distribution to securityholders.

As an example, let's assume GOZ has made taxable income of \$100 for the period, which is all Rental Income, and had 100 securities on issue. GOZ declares a distribution of \$1 per security thus paying a distribution of \$100. In this instance the Fund Payment is also \$100 and tax would be withheld at 15% on the Fund Payment and thus would total \$15.

Now let's assume that GOZ also sold a property during the period and made a capital gain on that property of \$20. This is also taxable income and as an AMIT GOZ securityholders are required to include this in their taxable income / fund payment amount (as applicable). GOZ declares the same distribution of \$1 per security for a total distribution of \$100. However, the fund payment is now \$120 (including the capital gain).

Withholding tax is applied to the Fund Payment amount, not the actual cash Distribution amount. Withholding tax is charged at 15% on the \$120 and thus the withholding tax would total \$18. This results in an effective tax rate on the \$100 distribution of 18%. Note that the \$120 is not an actual cash payment.

Cost base impact

As GOZ securityholders are receiving distributions that are less than their share of taxable income (or Fund Payment) then the cost base of their security should be **increased** by the difference between the two. This reflects the cash on the capital gain that is being retained within the trust.