

Consolidation of GPT Group Securities Taxation summary for Securityholders

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

This summary is of a general nature only and 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 GPT Security is made up of a unit in GPT Trust (the **Trust**) and share in the GPT Management Holdings Limited (the **Company**). Notwithstanding the fact that these two 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 two assets should be the same and therefore we have referred to the GPT Security as a single asset.

1.1 Effect of consolidation on your GPT Securities

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

1.2 Cost base of your Consolidated GPT Securities

You will have a cost base in your Consolidated GPT Securities equal to the sum of the cost bases in your original GPT Securities as merged at a ratio of 5 to 1. For example, if you hold 20,000 GPT Securities at the time of Consolidation which you acquired for \$10,000 (\$0.50 per Security), your GPT Securities will be consolidated into 4,000 GPT Securities with a cost base of \$2.50 per Security.

The Consolidated cost base of each GPT Security should be apportioned across the two assets making up the GPT Security (being the unit in the Trust and share in the Company) in the same proportion as that of your original GPT Security. The original cost base of each asset is determined by allocating the purchase price and associated costs of the GPT Security between the share in the Company and the unit in the Trust on a reasonable basis (e.g. based on the respective net asset values of the separate entities).

Following on from the above example, if at the time you acquired your GPT Securities (at \$0.50 per Security) the value allocated to the unit in the Trust was \$0.475 per unit and the value allocated to the share in the Company was \$0.025 per share, your cost base in the Consolidated GPT Securities of \$2.50 per Security will be allocated as \$2.375 per unit in the Trust (for a total cost base of \$9,500) and \$0.125 per share in the Company (for a total cost base of \$500).

As a result of the In Specie Dividend from the Company in August 2009, the cost base allocated to the share component of GPT Securities held by GPT Securityholders has been reduced to nil. Accordingly, to the extent that you held GPT Securities at that time which are Consolidated, the cost base of the share component of the relevant Consolidated GPT Securities will continue to be nil. The In Specie Dividend did not affect the allocation of cost base to the unit component of GPT Securities.

1.3 Acquisition date of your Consolidated GPT Securities

The acquisition date of the new Consolidated GPT Securities will be the same as the date on which your original GPT Securities were acquired for the purpose of determining your eligibility for the CGT discount concession on a subsequent CGT event happening to your GPT 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 GPT Securities over a number of dates, the Consolidated GPT Securities should be apportioned over the relevant acquisition dates in the same proportion as the original GPT Securities held. To the extent that any of your units in the Trust were acquired prior to 20 September 1985, the pre-CGT status of such interests will be maintained after Consolidation.

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

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