TAX GUIDE 2022

For the following Attribution Managed Investment Trusts (AMIT):

APN AREIT Fund
APN Asian REIT Fund
APN Global REIT Income Fund
APN Property for Income Fund
APN Property for Income Fund No. 2
Dexus Regional Property Fund
Dexus Nowra Property Fund

dexus
Dexus Asset Management Limited
ACN 080 674 479 AFSL No 237500

About this guide

This Guide is relevant to you for the income year ended 30 June 2022 if:

- you are an Australian resident individual investor in the Fund; and
- you hold your investment in the Fund 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**). 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 2022 income tax returns

The AMMA for the Fund 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 2022 and the ATO's Tax Return for Individuals 2022 Supplementary Section.

Any income or capital gains that investors have derived from other sources should be added to the relevant amounts received from the Fund and the total amount for each category should then be included in the investor's 2022 income tax return.

Details of annual distributions and their taxation treatment

Distributions paid to investors by the Fund in respect of the period 1 July 2021 to 30 June 2022 are disclosed in the 2022 AMMA and comprise a number of components that will be treated differently for income tax purposes.

For most taxpayers, the 2022 income year will end on 30 June 2022. A brief outline of the meaning and likely tax treatment of each type of component that may appear on the 2022 AMMA for the Fund is set out below.

Trust distributions:
Non-Primary Production Income

This component represents the investor's share of the Australian sourced taxable income distributed by the Trusts within the stapled structure. Trust distributions are taxed on an attribution basis.

Trust distributions are required to be included as assessable income in the 2022 income tax return at Label U at Item 13 of the ATO's Tax Return for Individuals 2022 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 2022 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 2022" and "Personal Investors Guide to Capital Gains Tax 2022".

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. This disclosure is therefore provided for the benefit of resident holders of units that hold units on behalf of non-residents.

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.

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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 2022 Supplementary Section.

The amounts shown on the Annual Taxation Statement 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 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 is 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 fund on capital account. The cost base for the units at the start of the year (1 July 2021) was $1,000.

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

a) John receives a 2022 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 2022 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.

Non-Resident Withholding Tax

Non-resident investors have tax withheld (at the relevant rates) from parts of the distribution that relate to Australian source income.

In respect of Australian source income amounts other than interest, tax has been withheld in accordance with the managed investment trust withholding regime. Generally, tax is withheld at the rate of 15% for investors located in an exchange of information jurisdiction and 30% for other investors. To the extent that Australian source income relates to a clean building managed investment trust, tax is withheld at the rate of 10% for investors located in an exchange of information jurisdiction and 30% for other investors.

Other information

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

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