

## 1 2015 ANNUAL TAX GUIDE FOR NOVION SECURITYHOLDERS

**Note 1 Non primary production income**

This amount represents the non-primary production Australian sourced income distributed to you by Novion Trust (excluding capital gains and franked distributions).

The total of these amounts should be disclosed at **Box U of Question 13** on your tax return.

Share of net income from trusts less capital gains, foreign income and franked distributions **U**  -00/

**Note 2 Franking credits**

This amount represents your share of franking credits from franked dividends distributed to you by Novion Trust. These credits may be included in your assessable income, and may be available as a tax offset to you.

The ability to claim the franking credits and tax offsets is subject to certain rules, including the holding period rule. In general, if you have held all your units in Novion Trust at risk for at least 45 consecutive days, you may be able to utilise all the franking credits shown in this Annual Tax Statement. If this rule is not satisfied, you may be denied the ability to utilise these franking credits. As these rules are complex, you should seek professional advice on your entitlement to claim franking credits in your tax return.

If you are entitled to claim the full amount of franking credits, this figure is disclosed at **Box Q of Question 13** on the tax return.

Share of franking credit from franked dividends **Q**

**Note 3 Total franked distributions**

This amount represents the Australian franked dividends distributed to you by Novion Trust.

The ability to claim the franking credits and tax offsets is subject to certain rules, including the holding period rule. In general, if you have held all your units in Novion Trust at risk for at least 45 consecutive days, you may be able to utilise all the franking credits shown in the Annual Tax Statement. If this rule is not satisfied, you may be denied the ability to utilise these franking credits. As these rules are complex, you should seek professional advice on your entitlement to claim franking credits in your tax return.

If you are entitled to the full amount of franking credits distributed to you, you will need to add your franking credits to the franked dividends amount, and insert the total at **Box C of Question 13** on your tax return.

Franked distributions from trusts **C**  -00

If you are not entitled to the full amount of franking credit, the figure to be disclosed at **Box C of Question 13** may need to be adjusted.

**Note 4 CGT concession**

This component of the distribution is attributable to the CGT concession distributed to you. This is not a taxable amount and should not reduce the cost base of your units in Novion Trust.

**Note 5 Net capital gain**

This amount represents your total discounted capital gains from Taxable Australian Real Property (TARP) and Non-Taxable Australian Real Property (Non-TARP) and should be disclosed at **Box A** of **Question 18** on the tax return. An Australian resident investor pays tax on both TARP and Non-TARP capital gains that it receives.

Net capital gain **A**

The Australian Taxation Office (ATO) has two separate 2015 income tax return publications currently available with respect to the supplementary section, NAT1371-06.2015 or NAT2679-06.2015 (Note, the ATO code is located on the bottom left corner of the ATO form).

If you are completing tax return form NAT1371-06.2015, and wish to apply the rollover in respect of the gain you made as a result of the Merger, you should mark "Y" for YES at **Box G** and "Y" for YES and code "F" for scrip-for-scrip rollover at **Box M** of **Question 18** on your tax return.

Did you have a capital gains tax event during the year? **G** ☐ Print Y for yes or N for no. You must print Y at **G** if you had an amount of a capital gain from a trust.

Have you applied an exemption or rollover? **M** ☐ CODE ☐ Print Y for yes or N for no.

If you are completing tax return form NAT2679-06.2015 and wish to apply the rollover in respect of the gain you made as a result of the Merger, you should mark "X" for YES at **Box G** and "X" for YES and code "F" for scrip-for-scrip rollover at **Box M** of **Question 18** on your tax return.

Did you have a capital gains tax event during the year? **G** NO ☐ YES ☐ You must print ☒ in the YES box at **G** if you had an amount of capital gains from a trust.

Have you applied an exemption or rollover? **M** NO ☐ YES ☐ CODE ☐

If you have capital losses from other sources or capital losses carried forward from prior years, you will first need to deduct your capital losses from your current year capital gains in a special way.

If you are completing tax return form NAT1371-06.2015, and **do not** wish to apply the rollover, you should mark "Y" for YES at **Box G** and "N" for NO at **Box M** of **Question 18** on your tax return.

If you are completing tax return form NAT2679-06.2015, you should mark "X" for YES at **Box G** and "X" for NO at **Box M** of **Question 18** on your tax return.

You should refer to the Australian Taxation Office Publications "Guide to capital gains tax 2015" or "Personal investors guide to capital gains tax 2015" to help you calculate your net capital gain. As the capital gains tax rules are complex, you may wish to consult a registered tax agent or accountant for further information.

**Note 6 Total current year capital gains**

This amount represents your grossed up capital gains prior to applying any capital losses, CGT discount or small business concessions.

The "Total current year capital gains" should be disclosed at **Box H** of **Question 18** on your tax return.

Total current year capital gains **H**

**Note 7 Tax deferred amounts**

Tax deferred amounts are non-assessable amounts which typically arise from depreciation and building allowance deductions or distributions of capital. For capital gains tax purposes, you are required to adjust the cost base of your units in Novion Trust for the tax-deferred amounts distributed to you.

Generally, you are not required to include tax-deferred amounts in your tax return. However, you may need to recognise a capital gain in the current year to the extent that the tax-deferred amounts exceed the remaining cost base of your units in Novion Trust.

As the capital gains tax rules are complex, you should seek professional advice in this regard.

**Note 8 TFN amounts withheld**

If you have not supplied a tax file number or claimed a relevant exemption, income tax at a rate of 49% (45% being the highest tax rate plus 2% Medicare levy plus 2% Temporary Budget Repair levy) will have been deducted from all income distributed to you by Novion Trust and the amount withheld would have been shown as "Withholding Tax" in your Distribution Statement for the relevant period(s).

You may be entitled to a credit for the amounts withheld, in which case the amount of the credit should be inserted at **Box R** of **Question 13** on your tax return.

Share of credit for tax file number amounts withheld  
from interest, dividends and unit trust distributions

**R**

**Note 9 Non-resident withholding tax**

Non-resident withholding tax is withholding tax deducted from distributions paid to securityholders that are not residents of Australia. The applicable withholding tax rate is dependant on the country of residence of the securityholder.

You are not required to include non-resident withholding tax amounts in your tax return.

**Note 10 Total net cash distributions from Novion Trust**

The total net cash distributions from Novion Trust are all distributions paid directly to you by Novion Trust for the financial year ended 30 June 2015. The only distribution Novion Trust paid to you directly prior to the merger was the December 2014 distribution. The June 2015 distribution is included within the distribution in respect of the six-month period ended 30 June 2015 paid by Federation Centres on or about 27 August 2015.

Novion Trust is a flow-through trust for Australian tax law purposes and has to distribute 100% of its taxable income for the year ended 30 June 2015, of which franking credits form a part.

While franking credits (and other taxable income components) are not strictly a cash item, they do form part of the assessable income of Novion Trust for tax purposes. Therefore, they have been included in your distribution, as described in Note 2 of the Annual Tax Statement.

The effect of including franking credits in the reconciliation of tax components to the total net cash distribution of Novion Trust is to reduce the tax-deferred component (which is essentially the difference between the total taxable income components and the total cash distribution of Novion Trust) that would otherwise occur.

You are not required to include the total net cash distributions from Novion Trust in your tax return.

**Note 11 Unfranked amount**

This amount represents the unfranked dividends paid to you by Novion Limited and should be disclosed at **Box S** of **Question 11** on your tax return.

Unfranked amount **S**  .00

**Note 12 Franked amount**

This amount represents the franked dividends paid to you by Novion Limited and should be disclosed at **Box T** of **Question 11** on your tax return.

Franked amount **T**  .00

**Note 13 TFN withholding from dividends**

If you have not supplied a tax file number or claimed a relevant exemption, income tax at a rate of 49% (45% being the highest tax rate plus 2% Medicare levy plus 2% Temporary Budget Repair Levy) will have been deducted from unfranked dividends paid to you by Novion Limited.

You may be entitled to a credit for the amounts withheld, in which case the amount of the credit should be inserted at **Box V** of **Question 11** on your tax return.

Tax file number amounts withheld from dividends **V**

**Note 14 Total net cash dividends from Novion Limited**

Total net cash dividends from Novion Limited are all the dividends paid directly to you by Novion Limited for the financial year ended 30 June 2015.

You are not required to include the total net cash dividend from Novion Limited amount in your tax return.

**Note 15 Franking credits**

This amount represents the franking credits distributed to you by Novion Limited and should be disclosed at **Box U** of **Question 11** on your tax return.

Franking credit **U**  .00

These credits may be available as a tax offset to you.

The ability to claim the franking credits and tax offsets is subject to certain rules, including the holding period rule. In general, if you have held all your shares in Novion Limited at risk for at least 45 consecutive days, you may be able to utilise all the franking credits shown in this Annual Tax Statement. If this rule is not satisfied, you may be denied the ability to utilise these franking credits. As these rules are complex, you should seek professional advice on your entitlement to claim franking credits in your tax return.

**Note 16 Total net cash payments from Novion Trust and Novion Limited**

Total net cash payments are all distributions and dividends paid directly to you by Novion Trust and Novion Limited respectively for the financial year ended 30 June 2015.

You are not required to include the total net cash payment amounts in your tax return.

APPENDIX A

## 2 TAX IMPLICATIONS OF NOVION/FEDERATION CENTRES MERGER

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### 2.1 Overview of Merger

As part of the Merger, Federation Limited acquired all the shares in Novion Limited in exchange for issuing shares in Federation Limited; and Federation Centres Trust No.1 (**FCT1**) acquired all the units in Novion Trust in exchange for issuing units in FCT1.

For a more detailed description of the Merger, including copies of the relevant agreements, please refer to Novion's website [www.novion.com.au](http://www.novion.com.au)

### 2.2 Tax implications of Merger

The tax implications of the Merger are outlined below and were confirmed by the Australian Taxation Office in Class Ruling CR 2015/50. A link to the Ruling was also placed on Novion's website, [www.novion.com.au](http://www.novion.com.au), together with additional information and frequently asked questions.

#### (a) Capital Gains Tax Event

A CGT event happened to you as a result of the Merger. The time of the CGT event is the date when the Novion securities were disposed, being the Implementation Date of the Merger (11 June 2015).

#### (b) Capital Gain/Loss

To the extent that the market value of the Federation Centres securities that you received was greater than the cost base of your Novion securities, you would have realised a capital gain as a result of the Merger.

To the extent that the market value of the Federation Centres securities that you received was less than the cost base of your Novion securities, you would have realised a capital loss as a result of the Merger.

#### (c) Scrip-for-scrip Rollover Relief

You are eligible for scrip-for-scrip rollover relief such that any capital gain made by you as a result of the Merger may be disregarded.

In addition, where scrip-for-scrip rollover relief is chosen:

- the cost base of the Federation Centres securities that you received under the Merger will be equal to the cost base of your Novion securities at the time of the Merger, and
- the date of acquisition of the Federation Centres securities that you received is taken to be the date on which your Novion securities were originally acquired. This is particularly relevant for CGT discount purposes.

#### (d) Documentation

If you elect to apply the scrip-for-scrip rollover it is important to retain all the appropriate documentation you have relating to your acquisition of your original Novion securities as this may be needed when you eventually sell your new Federation Centres securities.

#### (e) Tax Return Disclosures

The Australian Taxation Office (**ATO**) has two separate 2015 income tax return publications currently available with respect to the supplementary section, NAT1371-06.2015 or NAT2679-06.2015 (Note, the ATO code is located on the bottom left corner of the ATO form).

All Novion Securityholders who participated in the Merger and who are completing tax return form NAT1371-06.2015, and want the rollover exemption to apply, should mark "Y" for YES at **Box G** and "Y" for YES and code "F" for scrip-for-scrip rollover at **Box M** of **Question 18** on your tax return. For the Securityholders who do not wish to apply the rollover please mark "Y" for YES at **Box G** and "N" for No at **Box M** of **Question 18** on your tax return.

Did you have a capital gains tax event during the year?	<b>G</b> <input type="checkbox"/>	Print <b>Y</b> for yes or <b>N</b> for no.	You must print <b>Y</b> at <b>G</b> if you had an amount of a capital gain from a trust.
Have you applied an exemption or rollover?	<b>M</b> <input type="checkbox"/>	Print <b>Y</b> for yes or <b>N</b> for no.	

All Novion Securityholders who participated in the Merger and who are completing tax return form NAT2679-06.2015, and want the rollover exemption to apply, should mark "X" for YES at **Box G** and "X" for YES and code "F" for scrip-for-scrip rollover at **Box M** of **Question 18** on your tax return.

For those Securityholders who **do not** wish to apply the rollover please mark "X" for YES at **Box G** and "X" for NO at **Box M** of **Question 18** on your tax return.

Did you have a capital gains tax event during the year?	<b>G</b> NO <input type="checkbox"/>	YES <input type="checkbox"/>	You must print <b>X</b> in the <b>YES</b> box at <b>G</b> if you had an amount of capital gains from a trust.
Have you applied an exemption or rollover?	<b>M</b> NO <input type="checkbox"/>	YES <input type="checkbox"/>	

To the extent that you realised a capital gain as a result of the Merger and did not apply the rollover, the undiscounted capital gain, together with any other gains you made during the year, should be disclosed at **Box H** of **Question 18** on your tax return.

Total current year capital gains	<b>H</b> <input type="text"/>	<b>.00</b>
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The discounted capital gain from the Merger, together with any other net capital gains, should be disclosed at **Box A** of **Question 18** on the tax return.

Net capital gain	<b>A</b> <input type="text"/>	<b>.00</b>
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To the extent that you incurred a capital loss as a result of the Merger, you should mark "X" for YES at **Box G** of **Question 18**. At **Box V** of your tax return disclose the net capital loss resulting from the Merger along with any other capital losses you have incurred during the year or have brought forward from prior years.

Net capital losses carried forward to later income years	<b>V</b> <input type="text"/>	<b>.00</b>
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