

Tax consequences for Novion Securityholders of the merger with Federation Centres – Questions and Answers

This document has been produced to assist Novion Securityholders with questions regarding the Australian income tax consequences of the merger between Novion Property Group (**Novion**) and Federation Centres (**Merger**). The Merger was approved by Novion Securityholders on 27 May 2015 and implemented on 11 June 2015. In relation to their Novion holdings, and excluding Ineligible Foreign Novion Securityholders, Novion Securityholders who did not transact throughout FY15 will have held a number of Novion Securities on 1 July 2014, and held 0.8225 Federation Securities, for each Novion Security previously held, on 30 June 2015.

For the purposes of this document, the Merger involved the following relevant parts:

1. de-stapling of Novion Limited shares and Novion Trust units;
2. the acquisition of Novion Limited shares in return for shares in Federation Limited (**Share Acquisition**); and
3. the acquisition of units in Novion Trust in return for units in Federation Centres Trust 1 (**FCT1**) (**Unit Acquisition**).

Novion Securityholders should note that the answers provided are of a general nature and do not take into account the Novion Securityholders' individual circumstances. Accordingly, all Novion Securityholders should seek independent professional advice on the consequences of their participation in the Merger, based on their particular circumstances. Novion Securityholders who are not resident in Australia should obtain advice on the taxation implications of the Merger arising in their local jurisdiction.

No	Question	Answer
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Novion December 2014 Distribution

1	How do I calculate the tax to be paid in respect of the December 2014 distribution that was paid on 26 February 2015?	Novion Securityholders will be advised of the tax components of their December 2014 distribution after 30 June 2015 in the same manner as previous years.
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Novion June 2015 Distribution

2	Will I receive another distribution in respect of my Novion holding up to the date of Merger?	No pre-Merger distribution was paid by Novion. Any distributions you receive for the six months to 30 June 2015 will be paid by Federation Centres.
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3	As Novion didn't make a pre-Merger distribution, does that mean that Novion Securityholders will receive a smaller distribution in FY15?	No in fact Novion's distribution is marginally improved. Distribution guidance for FY15 was 13.8 cents per Novion Security. Novion Securityholders who held their securities until 30 June 2015 were entitled to June 2015 distribution of 8.5 cents per Federation Centres Security, which equates to 7.0 cents per Novion Security held prior to the Merger (implying 13.9 cents per Novion Security for FY15).
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4	How will the Federation Centres June 2015 distribution be taxed?	Federation Centres June 2015 distribution will be taxed in a similar manner to how Novion's distributions were taxed. Like Novion, Federation Centres will advise their securityholders of the tax components of their distribution after 30 June 2015. For Novion Securityholders who were paid both the December 2014 and June 2015 distributions, they will receive Annual Tax Statements from Novion (for the December 2014 distribution) and Federation Centres (for the June 2015 distribution).
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Australian Tax Residents

5	What happened to my Novion Limited Securities?	As a result of the Merger your Novion Limited shares were exchanged for new shares in Federation Limited. This happened by way of Federation Limited acquiring your shares in Novion Limited and issuing you Federation Limited shares in exchange.
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6	What happened to my Novion Trust Securities?	As a result of the Merger your Novion Trust units were exchanged for new units in FCT1. This happened by way of FCT1 acquiring your units in Novion Trust and issuing you FCT1 units in exchange.
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No	Question	Answer
7	What are the Capital Gains Tax (CGT) implications of the Merger.	Please refer to the Merger CGT Fact Sheet which can be found under 'Tax information' in the 'Securityholder information' section of our website (http://novion.com.au/investor-centre/securityholder-information).

Foreign Tax Residents

8	If I am a foreign resident am I affected differently?	With the exception of Ineligible Foreign Novion Securityholders, the tax implications of the Merger for non-resident Novion Securityholders are essentially the same as for resident Novion Securityholders.
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Ineligible Foreign Novion Securityholders

Ineligible Foreign Novion Securityholders were not entitled to receive Federations Centres securities under the Merger. As a result, Ineligible Foreign Novion Securityholders will not receive any distributions from Federation Centres nor will they be eligible for the scrip-for-scrip rollover.

Other non-resident Novion Securityholders

The Merger should have given rise to a CGT event for you when your Novion Securities were exchanged for Federation Centres Securities. However, unlike resident Novion Securityholders, any gain or loss made by you would be disregarded unless:

- you held a greater than 10% interest in Novion; and
- the Novion Securities were taxable Australian property.

9	To the extent that I made a capital gain, is scrip-for-scrip rollover relief available?	If you made a gain which is not disregarded, you should be entitled to a rollover provided that: <ul style="list-style-type: none"> • you hold a greater than 10% interest in Federation Centres after the Merger; and • the Federation Securities are taxable Australian property.
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10	How do I elect to use the scrip-for-scrip rollover relief	You do not have to do anything to make the scrip-for-scrip rollover relief election.
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