

Level 3, 1C Homebush Bay Drive
RHODES NSW 2138

Locked Bag 2106
NORTH RYDE NSW 1670
DX 8419 Ryde

T 02 9767 2000
F 02 9767 2900

www.australand.com.au



A GUIDE TO YOUR AUSTRALAND 2008 ANNUAL TAX STATEMENT

Dear Securityholder

14 August 2008

This Guide has been prepared to assist you and your tax adviser to complete your income tax return for the year ended 30 June 2008 from your ***Australand 2008 Annual Tax Statement***.

Your investment in Australand consists of shares in Australand Holdings Limited and units in Australand Property Trust, Australand Property Trust No. 4 and Australand Property Trust No. 5 (collectively the **Trusts**) (referred to as **stapled securities**). Please note that for tax purposes, the dividends and franking credits from your shares in Australand Holdings Limited and trust distributions in relation to your units in the Trusts need to be separately disclosed in your income tax return. The *Australand 2008 Annual Tax Statement* provides a detailed analysis of the dividends and trust distributions to which you are entitled for the year and these amounts should be used in the preparation of your income tax return for the year ended 30 June 2008.

This Guide has been prepared for general information only and should be read in conjunction with the Australian Taxation Office's (ATO) instructions and publications. For your convenience, a list of the relevant ATO publications is set out on page 3 of the Guide. This Guide does not constitute the giving of tax or financial product advice. Each investor's particular circumstances will be different and accordingly, you may wish to seek independent taxation advice.

For any further information in respect of your investment in Australand, please contact your adviser or call Computershare on 1300 855 080 (within Australia), between 8.00am and 6.30pm, Sydney time, Monday to Friday or call the Company Secretary on 02 9767 2182.

Yours sincerely

Bev Booker
Company Secretary

Australand Holdings Limited
ABN 12 008 443 696

Registered Office:
Level 3, 1 C Homebush Bay Drive
Rhodes NSW 2138

Australand Property Limited
ABN 90 105 462 137; AFSL No. 231130

as the Responsible Entity of:
Australand Property Trust (ARSN 106 680 424)
Australand ASSETS Trust (ARSN 115 338 513)

Australand Investments Limited
ABN 12 086 673 092; AFSL No. 228837

as the Responsible Entity of:
Australand Property Trust No. 4 (ARSN 108 254 413)
Australand Property Trust No. 5 (ARSN 108 254 771)

A GUIDE TO YOUR AUSTRALAND 2008 ANNUAL TAX STATEMENT

1. THIS GUIDE APPLIES TO YOU IF:

- You are a resident individual investor in Australand for the whole income year.
- You are using *2008 Tax Return for Individuals (2008 TaxPack)* and *2008 Tax Return for Individuals (Supplementary section) (2008 TaxPack Supplement)* in your TaxPack to complete your income tax return.
- You are not a company, trust or superannuation fund.
- You hold your stapled securities for the purpose of investment, rather than for resale at a profit, and the capital gains tax (CGT) provisions apply to you.
- In calculating your capital gains or losses, you have used the FIFO (First In First Out) method. That is, the first parcel of shares and units disposed of is the first parcel you acquired.

2. AUSTRALAND 2008 ANNUAL TAX STATEMENT (Annual Tax Statement)

Set out below is a brief outline of the components of the payments received by you from your investment in Australand.

DIVIDENDS

Franked amount - is your franked dividend income from Australand Holdings Limited (the **Company**) and this is included in your assessable income.

It should be noted that, generally, for an individual investor, dividends are treated as assessable income upon receipt. The amount shown on the Annual Tax Statement comprises dividends paid by the Company during the year ended 30 June 2008 but does not include the dividends in respect of the June 2008 quarter received by you in August 2008.

Franking credit - these are tax credits which are attached to franked dividend payments from the Company. These credits are included in your assessable income, and may be available as a tax offset to you. Broadly, to be eligible for the franking credit and tax offset, you must have held the shares at risk for at least 45 days. This rule will not apply to you if you are an individual whose total tax offset entitlement does not exceed \$5,000 for the income year. The rate of tax imputed to investors in respect of these franked dividends is 30%, which is equivalent to the current company tax rate.

TFN amounts withheld - where you have not provided your Tax File Number (TFN) or claimed a relevant exemption, income tax has been withheld from all unfranked dividends (if any) paid to you by the Company at 46.5%. The tax withheld should be claimed as a credit in your return. No tax will be withheld where you have provided your TFN or claimed the relevant exemption.

TRUST DISTRIBUTIONS

Non-primary production trust distributions – these distributions are included in your assessable income and consist of interest and other income from Australand Property Trust, Australand Property Trust No.4 and Australand Property Trust No.5 (the **Trusts**).

It should be noted that for an individual investor, trust distributions are assessable on a present entitlement basis. Accordingly, the amounts shown on the Annual Tax Statement represent trust distributions paid in respect of the year ended 30 June 2008, which include the distributions in respect of the June 2008 quarter received by you in August 2008.

Capital gains – the Trusts realised capital gains from the sale of various investments during the income year. The components of the distributions relating to these capital gains consist of the following:

- *Discounted capital gains* – this represents your share of the realised net capital gains of the relevant Trust as determined under the CGT 50% discount method. Such gains have arisen from investments that have been held by that Trust for more than 12 months.
- *Other capital gains* – the total amount of these gains will be assessable. No CGT 50% discount is available in respect of these capital gains. These gains have arisen from the sale of investments, which have been held by the relevant Trust for 12 months or less.
- *CGT concession amounts* – this represents the non-assessable amounts of the gains realised by the Trusts under the CGT discount method, which have been distributed to you. This amount does not reduce the CGT cost base of your unitholding.

If you have capital losses, you can offset those capital losses against distributed capital gains from the Trusts and/or any capital gains arising from the disposal of your stapled securities (refer to section 3 of this Guide).

Please refer to the ATO Publication *Personal investors guide to capital gains tax 2007 -08* for further details.

Tax deferred income – distributions of tax deferred income by a Trust will not be immediately taxable but will (unless it relates to the distribution of a CGT concession amount) reduce the CGT cost base of the units held in that Trust by you. Tax deferred income generally arises when depreciation and capital allowances have been allowed as tax deductions in the Trust. Once the tax deferred distributions reduce your CGT cost base to nil, any additional tax deferred distributions will give rise to an immediate capital gain. However, this gain may be reduced on account of the CGT 50% discount if you have held your units in the Trust for more than 12 months.

TFN amounts withheld - where you have not provided your TFN or claimed a relevant exemption, income tax

A GUIDE TO YOUR AUSTRALAND 2008 ANNUAL TAX STATEMENT

has been withheld from the income distributed to you by the Trusts at 46.5%. The tax withheld should be claimed as a credit in your return. No tax will be withheld where you have provided your TFN or claimed the relevant exemption.

3. DISPOSAL OF YOUR STAPLED SECURITIES

This summary will assist you to determine whether you have any liability to CGT on account of the sale of your stapled securities. For tax purposes, the sale of a stapled security is treated as a disposal each of a share in Australand Holdings Limited, a unit in Australand Property Trust, a unit in Australand Property Trust No. 4, and a unit in Australand Property Trust No. 5. Upon disposal of a stapled security, you will realise a capital gain if the portion of the consideration reasonably attributable to the share exceeds the CGT cost base of the share, and the portion of the consideration reasonably attributable to each of the units exceeds the CGT cost base of the relevant units.

Cost base of shares and units

Generally, the cost base of your shares and units is the amount you paid for them including the incidental costs of acquisition and disposal. To assist you in calculating the cost base of the share and each unit, you can use the information which is available on the Cost Base Apportionment Percentages page in the Investor Centre on Australand's website at www.australand.com.au.

In the case of your units, the cost base will be reduced by any tax deferred income distributions, details of which are available on the Dividends and Distributions page in the Investor Centre on Australand's website at www.australand.com.au.

Consideration from sale

You will have to apportion the sale proceeds received from the sale of your stapled securities across the shares and units sold that make up each stapled security. To assist you in doing this, you can use the information which is available on the Cost Base Apportionment Percentages page in the Investor Centre on Australand's website at www.australand.com.au.

Calculation of capital gain/loss

Your capital gains or capital losses from the disposal of your stapled securities may be ascertained as follows:

- **Discounted capital gains (more than 12 months)** – where the shares and units making up the stapled securities have been held for more than 12 months, you may choose to reduce your taxable capital gain by the CGT discount of 50% for individuals.
- **Other capital gains (12 months or less)** – where the shares and units making up the stapled securities have been held for 12 months or less, no discount is available and accordingly such gains are assessable in full.

- **Capital losses** – a capital loss occurs when the sale proceeds are less than the reduced cost base of the shares and units making up the stapled securities. You can offset capital losses against capital gains.

Please refer to the ATO Publication *Personal investors guide to capital gains tax 2007-08* for further details.

4. ATO PUBLICATIONS

Various publications are issued by the ATO to assist individual taxpayers prepare their tax returns and these include:

- *2008 TaxPack* and *2008 TaxPack Supplement*;
- *Personal investors guide to capital gains tax 2007-08* or *Guide to capital gains tax 2007-08* (where a capital gain or loss has been derived from shares or managed funds); and
- *You and your shares 2007-08* (where you have received franked dividends but the investment has not been held for at least 45 days).

Where you are not required to lodge a 2008 tax return and have received franked dividends from investments, you may be entitled to claim a refund of franking credits attached to such dividends.

You can obtain any of the publications detailed above by calling the ATO's Publications Distribution Service on 1300 720 092, visiting an ATO office (refer *2008 TaxPack* for details) or downloading them at www.ato.gov.au and then selecting *Booklets & publications* from the left hand menu.

A GUIDE TO YOUR AUSTRALAND 2008 ANNUAL TAX STATEMENT

HOW TO PREPARE YOUR INCOME TAX RETURN USING THE ANNUAL TAX STATEMENT

2008 Tax Return Question 12 – Dividends

Procedure

1. Add the **franked amount** to any franked dividends received from other companies and include the total amount at **12T** of your 2008 tax return.
2. Add the **franking credit** amount to any franking credits received from other companies and include the total amount at **12U** of your 2008 tax return. Franking credits will reduce the tax payable on your income or may be refunded to you.
3. Add the amount of **TFN amounts withheld** to any tax deducted from dividends received from other companies and include at **12V** of your 2008 tax return.

2008 Tax Return (Supplementary Section) – Question 13 – Partnerships and Trusts – Non-Primary Production

Procedure

1. Add the amount of **Total non-primary production trust distributions** shown in the *Tax Return Disclosures* column to any non-primary production distribution received from other trusts and show the total amount at **13U** of your 2008 tax return (supplementary section).
2. Insert any deductions you can claim in respect of your trust distribution income that you recorded at **13U** and include the total deduction at **13Y** of your 2008 tax return (supplementary section).
3. Subtract the amount at **13Y** from the amount at **13U** and include the net amount in the *Net non-primary production distribution* box beneath and to the right of **13Y** of your 2008 tax return (supplementary section). If this amount is a loss, write 'L' in the small box to the right of this figure.
4. Add the amount of **TFN amounts withheld** shown in the *Tax Return Disclosures* column to any TFN amounts deducted from other trust distributions and include at **13R** of your 2008 tax return (supplementary section).

2008 Tax Return (Supplementary Section) – Question 18 – Capital Gains

As the Trusts derived capital gains during the year, you are required to separately disclose your share of these capital gains on your income tax return. You will need to complete Question 18 of your 2008 tax return (supplementary section).

Procedure

1. As you are entitled to a share of the capital gains derived by the Trusts, print X in the 'YES' box at **18G** of your 2008 tax return (supplementary section).
2. If you only have capital gains from the Trusts, and no other capital gains or losses, include the **Total capital gains** shown in the *Tax Return Disclosures* column at **18H** of your 2008 tax return (supplementary section). Then include the **Net capital gains** shown in the *Tax Return Disclosure* column at **18A** of your 2008 tax return (supplementary section).
3. If you have other capital gains and losses, you will need to calculate your total current year capital gains (after taking into account capital losses) to complete **18H & 18A** of your 2008 tax return (supplementary section).
4. If total current year capital gains are more than the total current year and net prior year capital losses, use the ATO Publications listed on page 3 of this Guide to help you calculate your net capital gain to include at **18A** of your 2008 tax return (supplementary section).
5. If total current year capital gains are less than the total current year and net prior year capital losses, you have made a net capital loss. Write this amount at **18V** of your 2008 tax return (supplementary section).

Disclaimer

While every effort is made to provide accurate and complete information, Australand does not warrant or represent that the information in this Guide is free from errors or omissions or is suitable for your intended use. Subject to any terms implied by law and which cannot be excluded, Australand accepts no responsibility for any loss, damage, cost or expense (whether direct or indirect) incurred by you as a result of any error, omission or misrepresentation in information. Please note that all figures are in Australian dollars unless otherwise indicated.