

APN Retail Property Fund investors

Tax Cost Base of Convenience Retail REIT securities for APN Retail Property Fund (RPF) investors (now renamed to Convenience Retail REIT No.2)

If you were a RPF investor the establishment steps to create Convenience Retail REIT will mean that you are required to calculate a new tax cost base across each entity comprising Convenience Retail REIT.

Return of capital and subscription for new Convenience Retail REIT securities

RPF investors received a Capital Return from Convenience Retail REIT No.2 which was then compulsorily applied to subscribe for new units in Convenience Retail REIT No.1 and Convenience Retail REIT No.3.

Subsequently a unit consolidation occurred such that RPF investors received 0.3333 stapled securities (rounded) in Convenience Retail REIT for every RPF unit held. The details of these transactions are set out below:

Entity	Capital Return from RPF (per security)	Compulsory acquisition of Convenience Retail REIT securities (per security)	Unit consolidation factor (per security)	Tax cost base (per security)
		'A'	'B'	'A' / 'B'
Convenience Retail REIT No.1		\$0.3067	0.3333	\$0.9202
Convenience Retail REIT No.2	\$0.5092			Refer below
Convenience Retail REIT No.3		\$0.2025	0.3333	\$0.6076

As an example, if you owned 10,000 RPF units you will have received 3,333 Convenience Retail REIT stapled securities.

Tax cost base of Convenience Retail REIT securities

In respect of your investment in RPF units, your new adjusted tax cost base is generally determined as the acquisition price paid for RPF units (inclusive of certain incidental costs), less any tax deferred distributions or capital returns previously paid, less the Capital Return shown above.

A worked example of this calculation, together with an example of how your tax cost base in Convenience Retail REIT No.1 and Convenience Retail REIT No.3 is calculated, has been provided below (Example 2).

Example 2: An APN Retail Property Fund (RPF) Unitholder (now renamed Convenience Retail REIT No.2 or CRR2) (Investor B)

The following information is designed to assist you in completing your tax return when you dispose of your Convenience Retail REIT stapled securities. For relevant capitalised terms used in the Worked Example below refer to the CRR Product Disclosure Statement. As each securityholder's particular circumstances is different, we recommend you seek professional advice in relation to the taxation implications of your investment. Whilst every care has been taken in the preparation of this information, APN Funds Management reserves the right to make amendments or corrections to the information set out above.

Assumptions

- Investor B had 10,000 CRR2 Units and acquired their units for \$1.00 on 15 December 2016.
- Investor B is an Australian tax resident individual.
- As a consequence of tax deferred Distributions made by CRR2 since December 2016, the cost base of the CRR2 Units was reduced on a per unit basis to \$0.9535 (not including incidental costs).
- To facilitate Stapling to form Convenience Retail REIT, Investor B received a capital Distribution of \$0.5092 per CRR2 Unit (rounded to 4 decimal places), which was compulsorily applied to subscribe for new units in CRR1 and CRR3 (\$0.3067 per CRR2 Unit applied to subscribe for CRR1 Units and \$0.2025 per RPF Unit applied to subscribe for CRR3 Units). The capital Distribution adjusted the cost base per CRR2 Unit to \$0.4443.
- Investor B ultimately received 0.3333 Stapled Securities for each CRR2 Unit (equating to 3,333 Stapled Securities in Convenience Retail REIT).

Investor B	Total
Number of RPF Units	10,000
Adjusted Cost Base of RPF Units	
Assumed cost base <i>(at \$0.9535 per RPF Unit)</i>	\$9,535.00
Distribution to facilitate the Stapling <i>(at \$0.5092 per RPF Unit)</i>	(\$5,092.00)
Closing adjusted cost base	\$4,443.00
Cost base in the Stapled Securities (total cost base for 3,333 Stapled Securities received)	
CRR1 Units	\$3,067.00
RPF Units (now Convenience Retail REIT No.2)	\$4,443.00
CRR3 Units	\$2,025.00
Total cost base	\$9,535.00
Cost base in the Stapled Securities (per unit after Unit Consolidation and rounded to 4 decimal places)	
CRR1 Units (\$0.3067 divided by 0.3333)	\$0.9202
RPF Units (now Convenience Retail REIT No.2 or CRR2) (\$0.4443 divided by 0.3333)	\$1.3330
CRR3 Units (\$0.2025 divided by 0.3333)	\$0.6076
Total cost base (per Stapled Security) (\$9,535.00 divided by 3,333)	\$2.8608

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