

Annual Tax Return Guide

For Individuals 2015

Federation Limited

ABN 90 114 757 783

Federation Centres Trust No. 1

ABN 72 680 499 767

ARSN 104 931 928

This guide has been prepared to help Australian resident investors in **Federation Centres** (ASX code: FDC) understand their Annual Taxation Statement and complete their 2015 Australian Income Tax Return.

What You Will Need

You will need the following documents to assist you to complete your 2015 income tax return:

- **A copy of the 'Individual tax return instructions 2015';**
- **A copy of the 'Individual tax return 2015' (including the supplementary section);**
- **A copy of the 'Personal investors guide to capital gains tax 2015'; and**
- **Your Federation Centres Trust No.1 Annual Taxation Statement for the year ended 30 June 2015.**

The first three publications listed above can be found on the Australian Taxation Office (ATO) website at www.ato.gov.au or by calling the ATO automated publication distribution service on **1300 720 092**.

Important Information

- This guide applies to you if you are an Australian resident individual taxpayer with stapled securities in Federation Centres comprising units in Federation Centres Trust No. 1 and shares in Federation Limited. This guide assumes you have no other investment income. This guide should not be used for other income, nor should it be used for other types of taxpayers such as a company, trust, partnership or superannuation fund;
- This guide assumes that you do not have any current year or carried forward revenue losses or capital losses and that you hold your stapled securities as an investment on capital account, rather than as part of a business that trades in these types of investments. It also assumes that the rules relating to the Taxation of Financial Arrangements (TOFA) do not apply to you;
- As this guide applies to all Australian resident individual taxpayers with stapled securities in Federation Centres comprising units in Federation Centres Trust No. 1 and shares in Federation Limited as at 30 June 2015, it contains information relevant to distributions that were received prior to the merger with Novion Property Group (Novion) on 11 June 2015 (Merger). Distribution details below are therefore designated as pre-Merger and post-Merger as they are relevant to investors depending on when they acquired their stapled securities;
- Your Annual Taxation Statement for the year ended 30 June 2015 summarises the following distributions you received:
 - Pre-Merger Distributions**
 - A special distribution of 0.4 cents per security that was paid by Federation Centres Trust No.1 on 19 September 2014;
 - A distribution of 8.4 cents per security for the six-month period ended 31 December 2014 from Federation Centres Trust No.1; and
 - Post-Merger Distribution**
 - A distribution of 8.5 cents per security for the six-month ended 30 June 2015 from Federation Centres Trust No.1;
- Pre-Merger investors in Novion should note that the distribution for the six month period ended 31 December 2014 from Novion Trust has been included in the 2015 Annual Tax Statement issued to you by Novion. Please refer to Novion's website (www.novion.com.au) for more information;
- You should note that the trust distributions are generally assessable in the year they are earned, regardless of when they are paid. Your Annual Taxation Statement summarises this information for you; and
- No dividend has been declared or paid by Federation Limited for the year ended 30 June 2015.
- Please refer to the back page of this tax guide if you sold your investment during the year ended 30 June 2015.

A. Australian Taxable Income Components (Items 1 and 7)

Step 1

Refer to the Tax return for individuals (supplementary section) 2015. In **Question 13 'Partnerships and trusts'**, under the heading of **'Non-primary production'**, enter the total Australian Taxable Income (item 1) as shown on your Annual Taxation Statement for the year ended 30 June 2015 at **Box U**.

Step 2

If you have incurred any deductible expenses in deriving this income, you should include the total of the expenses at **Box Y** in **Question 13**.

Leave the **TYPE** box blank as the amount at **Box Y** does not include any deferred non-commercial business losses from a prior year.

Step 3

Subtract the total deductions at **Box Y** from the amount you entered at **Box U** in **Question 13**.

Step 4

Enter the amount worked out in Step 3 at the **'Net non-primary production amount'** box in **Question 13**. If this is a negative amount, (i.e. a loss) enter **'L'** in the box to the right of this figure.

Step 5

Enter the total amount of Tax Deducted (item 7) as shown on your Annual Taxation Statement for the year ended 30 June 2015 (if any), at **Box R** in **Question 13**.

B. Dividends – Franked Amount & Franking Credits (Items 3 and 8)

Step 1

Determine your ability to claim franking credits.

Please note that the ability to claim the franking credits is subject to certain rules, including the holding period rule. In general, if you have held all your units in Federation Centres Trust No.1 at risk for at least 45 consecutive days, you may be able to utilise the Franking Credits (item 8) 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 taxation advice on your entitlement to claim franking credits in your tax return.

Step 2

If you are entitled to the full amount of franking credits distributed to you, you will need to add your Franking Credits (item 8) to the Dividends - Franked Amount (item 3), and insert the total at **Box C** of **Question 13 'Partnerships and trusts'** under the heading of **'Non-primary production'**.

Step 3

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



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Statement Date: 27 August 2015
SRN: #####

**Federation Centres Trust No.1
Federation Limited
Annual Taxation Statement
For the Year Ended 30 June 2015**

Dear Investor

This statement has been prepared to assist with the completion of your 2015 income tax return. The following is a summary of the components relating to your total distribution for the year ended 30 June 2015. Generally, this income will be assessable in your 2015 income tax return, however, investors should seek their own tax advice. You should refer to the Federation Centres (FC) Annual Tax Return Guide for Individuals 2015 prior to completing your 2015 income tax return. The Annual Tax Return Guide for Individuals 2015 can be obtained from www.federationcentres.com.au/investor-services/tax-guidance or by contacting us on 1300 887 890 for a hard copy.

Distribution component	\$
1. Australian Taxable Income	
2. Discounted Capital Gain – TAP	
3. Dividends – Franked Amount	
4. CGT Concession Amount	
5. Tax Deferred Income	
6. Tax Free Amount	
7. Tax Deducted	
Total Net Distribution Paid (1 + 2 + 3 + 4 + 5 + 6 - 7)	
8. Franking Credits	

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Federation Limited ABN 60 114 757 785 and
Federation Centres Limited ABN 69 140 761 322 are responsible
entity for Federation Centres Trust No. 1 ABN 104 911 928

C. Capital Gains Components (Items 2 and 4)

Step 1

Refer to the Tax return for individuals (supplementary section) 2015. In **Question 18 'Capital gains'**, you should print an **'X'** in the **Yes Box** at **Box G**.

If you choose to apply the scrip-for-scrip rollover as a result of the Federation Centres Simplification or the Merger between Federation Centres and Novion, you should print an **'X'** in the **Yes Box** at **Box M** and enter **'F'** as the rollover code in the box to the right of **Box M** in **Question 18**. Otherwise you should print an **'X'** in the **No Box** at **Box M**.

Step 2

Multiply the Discounted Capital Gain – TAP (item 2) amount by two. Enter this amount calculated at **Box H** titled **'Total current year capital gains'** in **Question 18**.

Step 3

Multiply the amount calculated in Step 2, by your relevant discount percentage as indicated in Note 2 of your Annual Taxation Statement for the year ended 30 June 2015.

Step 4

Subtract the amount calculated under Step 3 from the amount calculated under Step 2. Enter this net capital gain at **Box A** titled **'Net capital gain'** in **Question 18**.

Note:

- The amounts for **CGT Concession Amount** (item 4) as shown on your Annual Taxation Statement for the year ended 30 June 2015 do not need to be disclosed at any label in your 2015 income tax return; and
- The above recommended steps are not applicable where you have current or prior year carried forward capital losses. If you have any capital losses, we recommend that you seek professional taxation advice on how to complete your tax return for capital gains.

D. Tax Deferred Income (Item 5)

Generally Tax Deferred Income is not taxable when received. Tax Deferred Income received reduces the capital gains tax cost base of your units. Once the total Tax Deferred Income amounts received by you during the total period you hold your units exceeds your cost base in respect of those units, the excess Tax Deferred Income should be a taxable capital gain.

If you sell your securities, your capital gain or loss should be calculated by subtracting from your sale proceeds, the cost base or reduced cost base of your securities reduced by the total Tax Deferred Income amounts received by you.

E. Tax Free Amount (Item 6)

This component of the distribution is not taxable. You do not need to disclose it at any label in your 2015 income tax return.

Annual Tax Return Guide

For Individuals 2015

Additional Information – Simplification and Merger

There were two corporate transactions that took place in the 2015 financial year:

1. Federation Centres Simplification in November 2014; and
2. A Merger with the Novion in June 2015.

1. For information on the tax implications of these two corporate transactions, please refer to Note 5 of the Explanatory Memorandum contained in the Notice of Meeting 2014 dated 26 September 2014, and the ATO Class Ruling 2014/91 for Federation Centres Simplification; and
2. Section 11 of the Scheme Booklet for the Merger which was released to Novion Securityholders on 15 April 2015 and ATO Class Ruling 2015/50. There are no tax implications for investors who were Federation Centres securityholders prior to the Merger. For investors who were Novion securityholders prior to the Merger and received the half-year distribution for the six months to 31 December 2014, please refer to the annual tax statement and tax guide issued by Novion.

The above documents can be found from our websites at www.federationcentres.com.au and www.novion.com.au together with a CGT calculator in relation to the Federation Centres Simplification.

The cost base of pre-Merger investors in Federation Centres was not affected by the Merger. However as you received a tax deferred income amount in your distributions for the year ended 30 June 2015, you are required to make an adjustment to your cost base. Please refer to Note 5 of your Annual Tax Statement for further information on how to adjust your cost base or reduced cost base.

Pre-Merger investors in Novion need to work out the cost base and reduced cost base of their newly acquired Federation Centres units and shares in accordance with Section 11 of the Novion Scheme Booklet for the Merger. Please refer to the Factsheet which is available on both Federation Centres' and Novion's websites.

Have you sold your investment?

If you sold any of your stapled securities in Federation Centres during the year ended 30 June 2015, you may have made a capital gain or loss. You may have also made a capital gain if you chose not to apply the scrip-for-scrip rollover as a result of the Federation Centres Simplification or the Merger between Federation Centres and Novion. You will need to obtain a copy of the booklet 'Personal investors guide to capital gains tax 2015' from the ATO to assist in calculating your gain or loss.

You should be aware that the information contained in your Annual Taxation Statement does not include any capital gains or losses that you may have realised relating to a disposal of your stapled securities in Federation Centres during the year ended 30 June 2015.

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Note:

The taxation treatment of investment income can be complex. We recommend you seek professional taxation advice from your accountant or taxation adviser in relation to your investment in Federation Centres. This guide is not and should not be relied upon as taxation advice.