IRONGATE

Guide to the 2021 Irongate Group REIT Amit Member Annual (AMMA) Statement

ABOUT THIS GUIDE

This guide has been prepared to assist you in completing your Australian income tax return for the year ended 30 June 2021. It provides general information only and does not constitute, and should not be relied on as, taxation, financial or any other advice. We recommend you seek assistance from a professional tax advisor or the Australian Taxation Office (ATO) when completing your tax return.

This guide should only be used if:

- You are an individual investor (i.e. not a company, trust, superannuation fund or other vehicle) and you were an Australian resident for income tax purposes for the entire year ended 30 June 2021;
- You hold your Irongate Group (**IAP**) securities on capital account and the capital gains tax (CGT) provisions apply to you (i.e. you hold the securities for investment purposes rather than for the purpose of resale for a profit); and
- You are using the tax return for individuals 2021 and tax return for individuals (supplementary section) 2021 to complete your income tax return

If you hold your IAP securities on revenue account, are a non-resident for income tax purposes or you are a superannuation fund, company, partnership or trust investor you should seek further information from a professional tax adviser as to the tax implications of receiving IAP distributions.

Your AMMA statement does not include any capital gains or capital losses that may have resulted from your disposal of IAP securities during the financial year. If you have transferred or disposed of securities during the financial year, you will need to separately calculate the gain or loss on the transaction based on your investment records and include it in your income tax return.

ABOUT YOUR AMMA STATEMENT

Your 2021 IAP AMMA statement includes distributions declared and paid by IAP in relation to IAP's year ended 31 March 2021 and may include interim distributions. All distributions were paid by IAP during the period 1 July 2020 to 30 June 2021.

Your securities in IAP are a stapled security, which means each security consists of one unit in Irongate Property Fund I (IPF I) and one unit in Irongate Property Fund II (IPF II). Therefore, distributions declared and paid may relate to either or both of IPF I or IPF II's profits.

ATTRIBUTION MANAGED INVESTMENT TRUST REGIME

From 1 April 2017, IPF I has chosen to be an Attribution Managed Investment Trust (AMIT). The AMIT regime does not change the share of IAP's taxable income allocated to you, rather, there will be a change in the way in which you adjust the cost base of units you hold in IAP (discussed later in this guide). IPF II does not qualify as an AMIT.

If you hold IAP securities through more than one holding, you may receive a separate annual AMMA statement for each investment. While completing your income tax return include the total of each item from all the AMMA statements that you have received that pertain to the 30 June 2021 financial year.

Distributions made by IAP may include non-primary production income, capital gains, foreign sourced income and tax-deferred distributions. Each component is explained below.

NON-PRIMARY PRODUCTION INCOME

This component of your distribution may contain income such as rental income and interest income derived from Australian sources. The total of this component is included at item 13U 'Share of net income from trusts, less capital gains, foreign source income and franked distributions' of the income tax return.

If your annual distribution statement includes any amounts shown as 'Other deductions relating to amounts shown at O, U and C', include this amount at item 13Y of your income tax return.

CAPITAL GAINS

General CGT matters

Each Irongate Group stapled security comprises two separate assets for Australian CGT purposes, being:

- One IPF I unit; and
- One IPF II unit

Although Irongate Group stapled securities can only be traded together as one security (ASX code: IAP), for Australian tax purposes the securities are treated as separate assets.

For CGT purposes you need to apportion the cost of each component of the stapled security and the proceeds on sale of each component of the stapled security over the separate assets that make up the stapled security. This apportionment should be done on a reasonable basis.

The apportionment of cost between IPF I and IPF II units outlined below is based on the capital distribution from IPF I mandatorily applied to subscribe for units in IPF II on the internalisation of the management function of the Irongate Group in November 2020. There have not been any material changes to the value apportionment since that time.

Date	IPF I	IPF II	Irongate Group
31 March 2021	94.87%	5.13%	100%

Discounted capital gains

This component of your distribution comprises capital gains made by IAP on disposal of assets to which a 50% discount has been applied for taxation purposes. The ‘discount method’ is used to calculate capital gains made from CGT assets that have been held for more than 12 months.

AMIT CGT gross up amount

This item shows the CGT 50% discount applied by IAP when calculating the discount capital gains attributable to you.

Your actual CGT liability can only be determined once you have applied the CGT 50% discount (if available to you) and offset any capital losses carried forward from earlier financial years and capital losses that you may have realised during the period.

Capital gains – other method

This component of your distribution comprises capital gains made by IAP on disposal of assets held for less than 12 months (ie. to which no CGT discount has been applied by IAP).

Taxable Australian Property (TAP) and non-TAP capital gains

The TAP/non-TAP distinction is only relevant for non-resident taxpayers. This is because Australian resident taxpayers are assessable on all capital gains, whether they are from TAP or non-TAP assets. TAP assets comprise real property located in Australia and non-TAP comprises other property and real property located overseas.

The CGT rules can be complex. For further information, please refer to the ATO publication ‘Guide to capital gains tax 2021’ or seek assistance from a professional tax advisor.

NON-ASSESSABLE AMOUNTS

Non-assessable/attributable amounts represent the difference between the cash distribution received and the attribution amounts recorded in the AMMA statement. These amounts are broadly made up of tax deferred amounts as a result of capital allowance deductions claimed, etc. and are non-assessable to you.

RETURN OF CAPITAL

To implement the stapling of IPF I and IPF II in November 2020, IPF I made a return of capital distribution to existing IPF I unitholders on both the ASX and JSE. This capital distribution was mandatorily applied to subscribe for units in IPF II.

There should be no adverse Australian tax implications that arise as a result of the reallocation of capital between IPF I and IPF II.

For CGT purposes, the cost base of the IPF I units and IPF II units is generally the money paid to acquire the IPF I units or IPF II units (as applicable).

Broadly, the cost base of the IPF I units will decrease by the amount of capital distribution made to holders of IPF I Units. When the capital distribution is subsequently applied to the units of IAPF II, the cost base of the IPF II units will equal the amount of the capital distribution.

A return of capital is only taxable to unitholders to the extent that the distribution exceeds the tax cost base of the units in IPF I, which did not occur as part of the capital reallocation process.

AMIT COST BASE ADJUSTMENTS

Under the AMIT regime, IAP is required to provide a reasonable estimate of your 'AMIT cost base net amount'. This AMIT cost base net amount (which can be either a shortfall or an excess) is calculated by netting off 'cost base reduction' amounts against 'cost base increase' amounts.

Cost base reduction amounts reflect actual cash payments received from IAP and any tax offsets that you have as a result of amounts attributed to you by IAP. Cost base increase amounts reflect amounts included in your assessable income, including capital gains.

The AMIT cost base net amount (whether a shortfall or an excess) is then applied to the cost base of your units in IAP.

AMIT cost base net amount – shortfall (increase cost base)

You should increase the cost base and reduced cost base of your units by the amount of any AMIT cost base net amount – shortfall.

AMIT cost base net amount – excess (reduce cost base)

You should decrease the cost base and reduced cost base of your units by the amount of any AMIT cost base net amount – excess.

ASSESSABLE FOREIGN SOURCE INCOME

You should include at item 20E 'Assessable foreign source income' the assessable foreign source income amount of the distribution from IAP.

FOREIGN INCOME TAX OFFSET

Your distribution may include a foreign income tax offset. This foreign income tax offset represents foreign income taxes paid on IAP's assessable foreign source income. If your total foreign income tax offset from all sources for the year is $1,000 or less, then you can claim this amount in full at item 20O ‘Foreign income tax offset’. If not, you will need to refer to the ATO publication ‘Guide to foreign income tax offset rules 2021’ to work out your entitlement to foreign income tax offsets.

TAX FILE NUMBER (TFN) AMOUNTS WITHHELD

If you have not provided your TFN to us, we may be required to withhold tax from your distributions at the highest marginal tax rate plus the Medicare Levy. The tax withheld can be used to offset the tax payable on your income.

Include at item 13R ‘Share of credit for tax file number amounts withheld from interest, dividends and unit trust distributions’ the amount shown as TFN tax withheld.

FURTHER INFORMATION

For further explanation or advice on taxation matters we recommend you contact an independent, qualified taxation adviser for professional advice.