A GUIDE TO YOUR ANNUAL TAX STATEMENT

THIS SECTION APPLIES TO YOU IF:

√ You are an individual resident investor in Thakral Holdings Group (Thakral); and

√ You are not a company, trust or superannuation fund investor in Thakral; and

√ You are using the “2009 Tax Return for Individuals” (“2009 Tax Pack”) and the “2009 Tax Return for Individuals (Supplementary section)" (“2009 Tax Pack Supplement”) to complete your income tax return; and

√ You hold your stapled securities for the purpose of investment, rather than for resale at a profit, and the capital gains tax provisions apply to you.

THAKRAL HOLDINGS TRUST DISTRIBUTION

The 2009 interim payment received from your investment in Thakral was paid entirely from Thakral Holdings Trust. Set out below is a brief outline of the components.

Non primary production income

The income component of your distribution comprises “non-primary production - other income” which should be included as assessable income. Refer to the 2009 TaxPack labels on your Thakral Annual Tax Statement and include trust distributions from Thakral Holdings Trust in your income tax return. Note that, generally, for an individual investor, trust distributions are recognised on a present entitlement basis. Therefore, the Thakral Holdings Trust distribution paid in March 2009 should be included in your 2009 income tax return.

Capital gains component

This component comprises your share of Australian source capital gains derived by Thakral Holdings Trust and distributed to you. The components distributed to you will be noted on your Thakral Annual Tax Statement. A brief description is also provided below:

1. Net capital gain – discounted method

   This represents Australian source capital gains derived by Thakral Holdings Trust calculated under the capital gains tax 50% discount method.

2. Concession capital gain amount

   This represents the non-assessable component of the Australian source capital gains derived by Thakral Holdings Trust which has been calculated under the capital gains tax 50% discount method.

Assessable foreign source income

This component represents your share of the foreign sourced rental income. Your share of the foreign tax paid on your share of the foreign source income is also noted on your Thakral Annual Tax Statement. If you are an Australian resident taxpayer, refer to the 2009 TaxPack labels on your Thakral Annual Tax Statement and include the foreign source income and foreign tax paid in your income tax return.

Tax deferred component

This component generally arises when depreciation and capital allowances have been allowed as tax deductions to Thakral Holdings Trust. The tax deferred component is not assessable for income tax purposes but will reduce the cost base of your units in Thakral Holdings Trust for capital gains tax purposes. Once the tax deferred distributions reduce the cost base of your units to $nil, any additional tax deferred distributions will give rise to an immediate capital gain. However, this gain may be reduced firstly by any un-deducted losses and if there is still a capital gain, then by the capital gains tax 50% discount.

TFN amounts withheld

Where you have not provided your Tax File Number or claimed a relevant exemption, income tax has been withheld at 46.5% as required by the Tax Act. The tax withheld should be claimed as a credit in your income tax return. Refer to the 2009 TaxPack labels on your Thakral Annual Tax Statement.

2. COMPLETING YOUR TAX RETURN USING YOUR THAKRAL ANNUAL TAX STATEMENT

2009 TAXPACK SUPPLEMENTARY SECTION

QUESTION 13: PARTNERSHIPS AND TRUSTS

Non-primary production income

1. Add the amount of non-primary production income, 13U on your Thakral Annual Tax Statement to any other non-primary production income you received from other trust investments.

2. Write the total income at 13U of your 2009 TaxPack Supplement.

3. Add together any deductions you can claim in respect of non-primary production income that you recorded at 13U.

4. Write the total deductions at 13Y of your 2009 TaxPack Supplement.

   Note that the types of deductions you can claim are explained in the 2009 TaxPack and include interest on loans used to finance your investment and bank charges.

5. Add the amounts at 13U (or subtract loss amounts) and subtract the amounts at 13Y.

6. Write this amount in the **'Net non-primary production distribution'** box beneath 13Y. If this amount is a loss. write **'L'** in the small box to the right of this figure.

7. Add the amount of TFN amounts withheld on your Thakral Annual Tax statement to all other TFN amounts withheld from other trust investments.

8. Write the total of TFN amounts withheld at 13R on your 2009 TaxPack Supplement.

QUESTION 18: CAPITAL GAINS

1. Thakral Holdings Trust derived Australian source capital gains during the year, and 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 the 2009 TaxPack Supplement.

2. As you are entitled to a share of the Australian capital gain derived by Thakral Holdings Trust, print X in the 'YES' box at 18G of your 2009 TaxPack Supplement.

3. If you only have an Australian capital gain from Thakral Holdings Trust, and no other Australian capital gains, then include the total Australian capital gain from your Thakral Annual Tax Statement at 18H and include the net Australian capital gain from your Thakral Annual Tax Statement at 18A.

4. If you have capital gains and losses from other Australian shares, units in a unit trust or managed investment fund or other assets, you will need to calculate your total current year Australian capital gains (after taking into account capital losses) to complete 18H & 18A.

5. If total current year Australian capital gains are more than the total current year and net prior year capital losses, use the ATO guide to help you calculate your net capital gain to include at 18A of your 2009 TaxPack Supplement.

6. If total current year Australian 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 2009 TaxPack Supplement.

QUESTION 20: FOREIGN SOURCE INCOME AND FOREIGN ASSETS OR PROPERTY

1. Add the amount of foreign source income, 20E on your Thakral Annual Tax Statement, to any other foreign source income you received from other trust investments.

2. Write the total foreign income at 20E of your 2009 TaxPack Supplement and also at 20M.

3. Add the amount of foreign tax credits, 20O on your Thakral Annual Tax Statement to any other foreign tax credits you received from other trust investments.

4. Write the total foreign tax credits at 20O of your 2009 TaxPack Supplement.

3. DISPOSAL OF YOUR STAPLED SECURITIES

What is a stapled security?

For tax purposes, the sale of a stapled security is treated as a disposal of a share in Thakral Holdings Limited and a unit in Thakral Holdings Trust. Upon disposal of a stapled security, you will realise a capital gain if the consideration exceeds the capital gains tax cost base of the share and unit.

Cost base of your stapled security

The cost base of your shares and units is the amount you paid for them including the incidental costs of acquisition and disposal. Furthermore, you will need to apportion this cost base between the cost of your units and the cost of your shares because of the way in which the tax deferred component of your yearly distribution reduce the cost base of your units in Thakral Holdings Trust. For details of the apportionment of the cost base between your units and your shares refer to the Investor Centre/Distribution Information section of the Thakral website.

Your Thakral Annual Tax Statement lists the tax deferred component of your distribution for the 2009 year. For details of prior years' tax deferred components refer to the Investor Centre section of the Thakral website.

Calculation of Capital Gain/Loss

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

- Indexed Capital Gains

  Where your stapled securities were acquired prior to 21 September 1999, the taxable capital gain may be calculated as the difference between the sale proceeds and indexed cost base (using the frozen indexation factor at 30 September 1999). It is noted that the indexed cost base of your units in Thakral Holdings Trust should be reduced by the tax deferred distributions you have received up to the date of disposal of the units.

  Alternatively, you may choose to apply the capital gains tax 50% discount method below. For the avoidance of doubt, you cannot index the cost base used to calculate the capital gains under the discount method.
- Discount Capital Gains (>12 months)

  Where the stapled securities have been held for 12 months or more, you may choose to reduce your taxable capital gain by the capital gains tax discount of 50% for individuals. In calculating the capital gains on the units in Thakral Holdings Trust, the cost base of the units should be reduced by the tax-deferred distributions you have received up to the date of disposal of the units.
- Other Capital Gains (< 12 months)

  Where the stapled securities have been held for less than 12 months, no discount is available and accordingly such gains are assessable in full.
- Capital Losses

  A capital loss comprises the difference between the sale proceeds and the reduced cost base of your stapled securities. You can offset capital losses against capital gains. Current year capital losses are applied before prior year's capital losses. It is generally more efficient to offset capital losses in the following order:

  1. Against any other capital gains which are not entitled to the capital gains tax 50% discount.
  2. Capital gains calculated under the indexation method, and
  3. Then capital gains calculated under the discount method.

If you choose to apply the capital losses against any discount capital gains, you must apply the capital losses against the grossed up capital gain amount (that is, your 50% discount capital gain x 2) before applying the discount percentage.

3. DISPOSAL OF YOUR STAPLED SECURITIES

Relevant ATO publications to assist you in calculating your capital gains include:
Guide to capital gains tax (NAT4151)
Personal Investor's guide to capital gains tax (NAT4152)
You and your shares (NAT2632)

To obtain copies of these publications from the ATO please phone the ATO publications distribution service on 1300 720 092 or obtain the information from the ATO website at www.ato.gov.au.

4. MANAGED INVESTMENT TRUST ANNOUNCEMENT

The new withholding tax regime for non-resident unit holders

From 1 July 2008, a new withholding tax regime, *Subdivision 12-H of the Taxation Administration Act, 1953* was introduced for fund payments made by a managed investment trust to certain **non-resident** unit holders. Generally, under the new regime, a managed investment trust will be required to withhold tax at the rate of 22.5% in the 2009 year (with the rate to be reduced to 7.5% by 2011) on a fund payment made to a non-resident unit holder (within 3 months after the end of the income year) if the non-resident's address/place of payment is in a country specifically listed in the Act's regulations. A flat withholding tax rate of 30% will apply to payments made by a managed investment trust to non-resident unit holders in other countries not listed in the Act's regulations.

In order to qualify for the new withholding tax regime, the trust making the payment needs to satisfy the criteria of a managed investment trust as set out in section 12-400 of the *Taxation Administration Act, 1953*.

Does the new withholding tax regime apply?

Distributions for the Thakral Holding Group are paid by Thakral Holdings Trust which does **not** meet the criteria of a managed investment trust. Therefore, the distributions paid to non-resident unit holders do not qualify for the new withholding tax regime.

The new withholding tax regime does not allow a publicly listed trust that is not a managed investment scheme, such as Thakral Holdings Trust, to elect to apply the new withholding tax rules to distributions paid to non-resident unit holders.

Which foreign resident withholding taxes apply?

The existing withholding tax regime will continue to apply to distributions paid by Thakral Holdings Trust **directly** to non-resident unit holders. That is, a withholding tax rate of 30% will apply on the **taxable** component of distributions paid to non-resident companies, and a sliding scale of income tax rates starting at 29% on the **taxable** component of distributions paid to non-resident individuals.

Interest income, dividends and royalties paid to non-residents are subject to different withholding tax rates to those mentioned above. To date, Thakral Holdings Trust has not paid distributions containing interest income, dividends, or royalties.

The non taxable components of distributions, including foreign source income, the Australian capital gains tax concessional component (applicable for non-resident individuals only) and the tax deferred component are not subject to withholding taxes.

Where to go for information

The Thakral website www.thakral.com.au, under Investor Centre will continue to be updated each year in August with a breakdown of the taxable and non taxable components.

Non-resident unit holders will continue to receive their Thakral Annual Tax Statements and Distribution Statements detailing the above mentioned tax components of the distribution paid and the withholding taxes remitted.