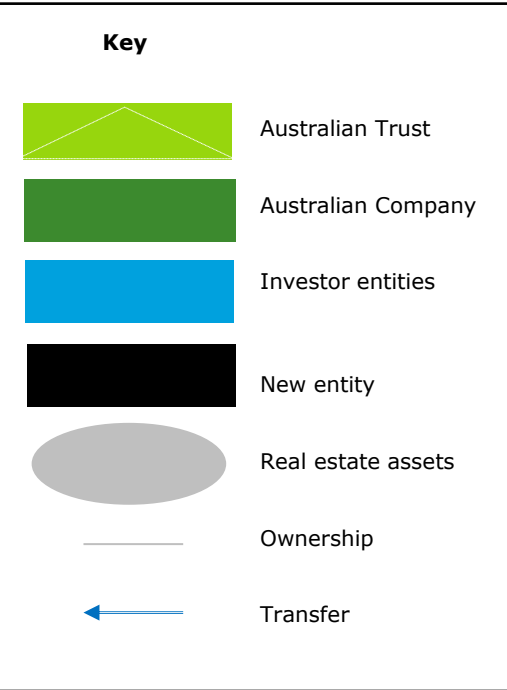
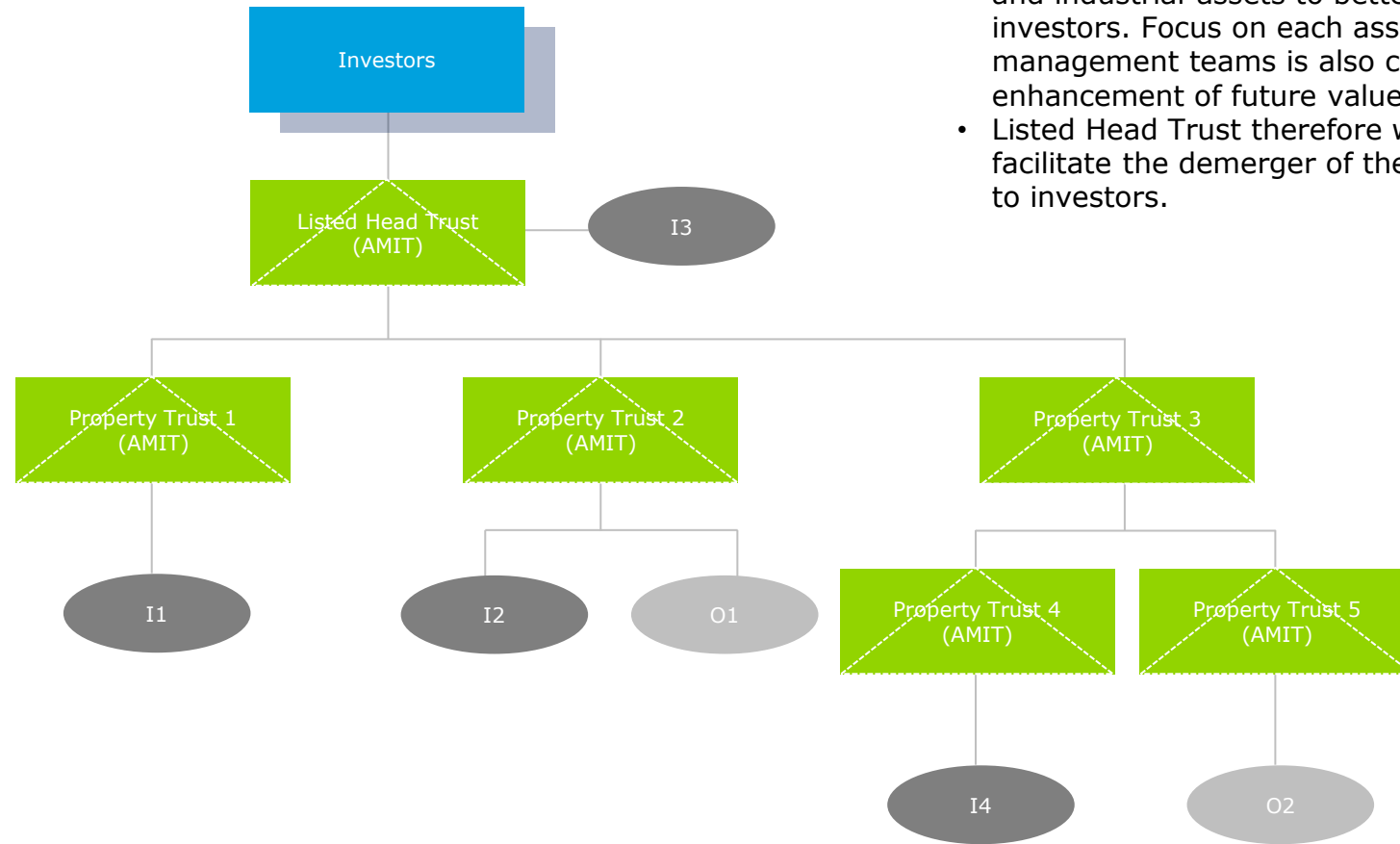


1. Assembly of assets and demerger

Background

- Listed Head Trust directly and indirectly holds both industrial properties (I1 – I4) and office properties (O1 – O2). Listed Head Trust has determined that greater value can be created for investors by separating office and industrial assets to better appeal to specific sector investors. Focus on each asset class by separate management teams is also considered to provide for enhancement of future value.
- Listed Head Trust therefore wishes to restructure to facilitate the demerger of the industrial asset portfolio to investors.

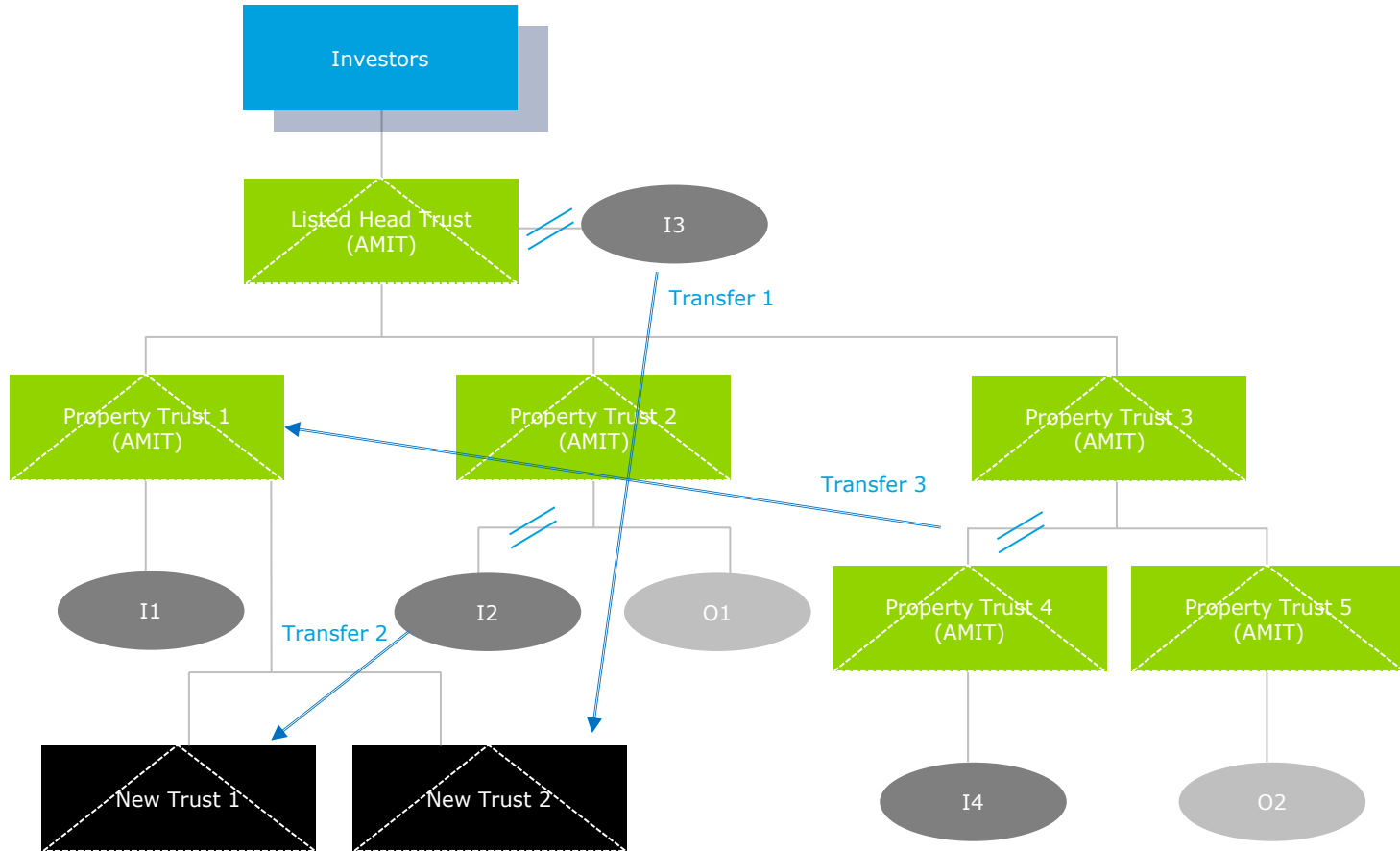
Existing structure



Note: Trustee entities are not shown for simplicity.

1. Assembly of assets and demerger (continued)

Assembly stage



Note: Trustee entities are not shown for simplicity.

Issues

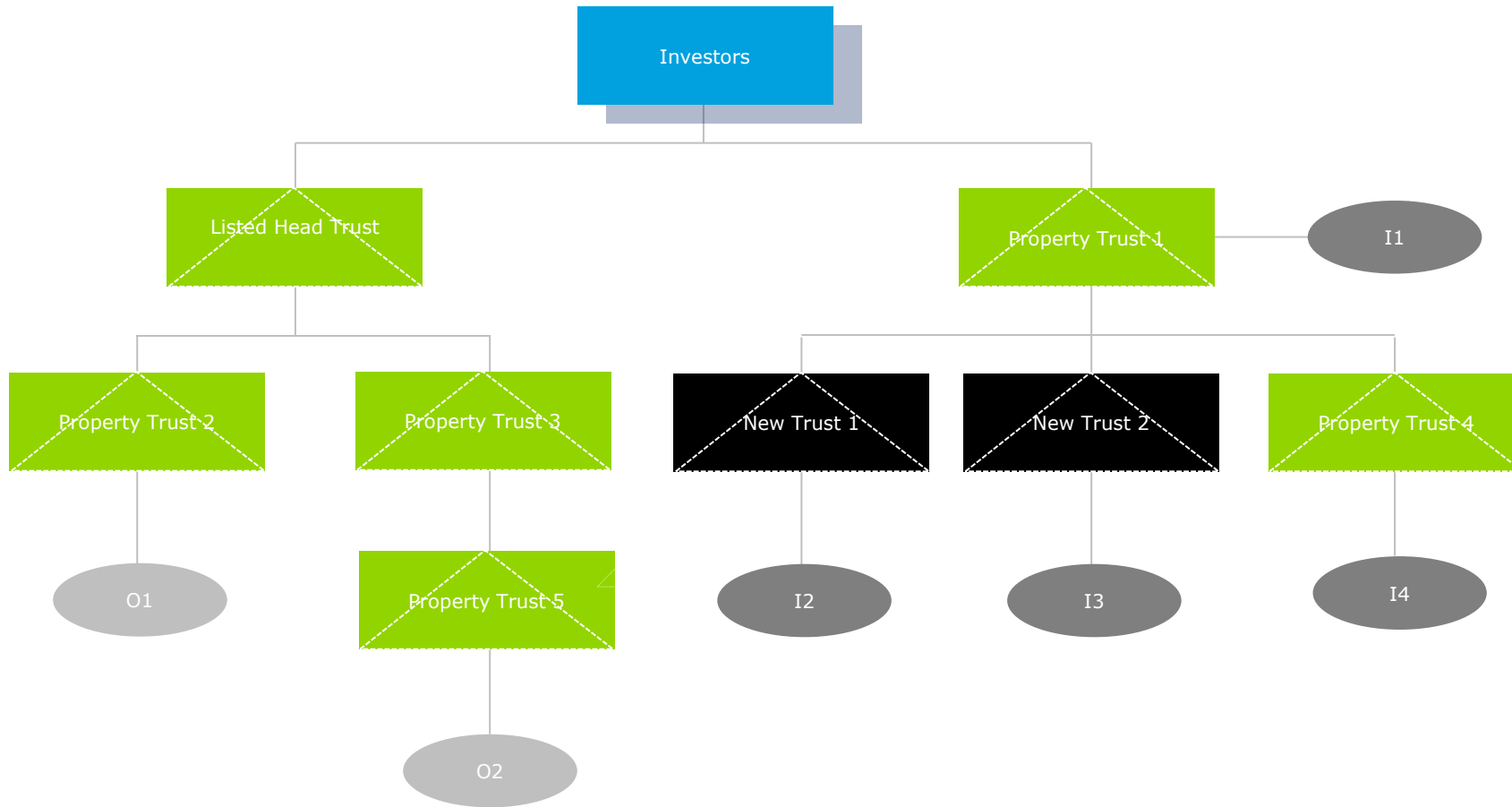
- **Transfer 1:** There is no rollover for the transfer of I3 from Listed Head Trust to a subsidiary trust (New Trust 2). No combination of existing rollovers can achieve this transfer.
- **Transfer 2:** There is no rollover for the transfer of I2 to a sister trust (New Trust 1). The desired structure could potentially be achieved by (1) establishing New Trust 1 as a subsidiary of Head Trust (2) transferring I2 from Property Trust 2 to New Trust 1 pursuant to Subdivision 126-G roll-over (3) the acquisition of units in New Trust 1 by Property Trust 1 pursuant to Subdivision 124-M roll-over. However because Property Trust 2 is an AMIT, Subdivision 126-G is not available.
- **Transfer 3:** There is no rollover for the transfer of units in Property Trust 4 from Property Trust 3 to Property Trust 1. The desired structure could potentially be achieved by (1) establishing New Trust 3 (not shown) as a subsidiary of Listed Head Trust (2) transferring units in Property Trust 4 from Property Trust 3 to New Trust 3 pursuant to Subdivision 126-G rollover (3) the acquisition of units in New Trust 3 by Property Trust 1 pursuant to Subdivision 124-M rollover. However because Property Trust 3 is an AMIT Subdivision 126-G is not available.
- Utilisation of "back to back" roll-overs to achieve a restructure has been flagged by the ATO as raising integrity concerns.

Solution

- Access to the general roll-over for groups of trusts and including an ability to transfer assets between trusts in a wholly owned group would:
 - facilitate transactional activity by allowing the assembly of assets as part of a restructure where this is currently not possible
 - reduce the complexity of undertaking the assembly stage transactions
 - Improve transactional efficiency by removing in most cases any need to obtain an ATO ruling to obtain comfort that general anti-avoidance rules would not be applied.

1. Assembly of assets and demerger (continued)

Demerger



Note: Trustee entities are not shown for simplicity.

Issues

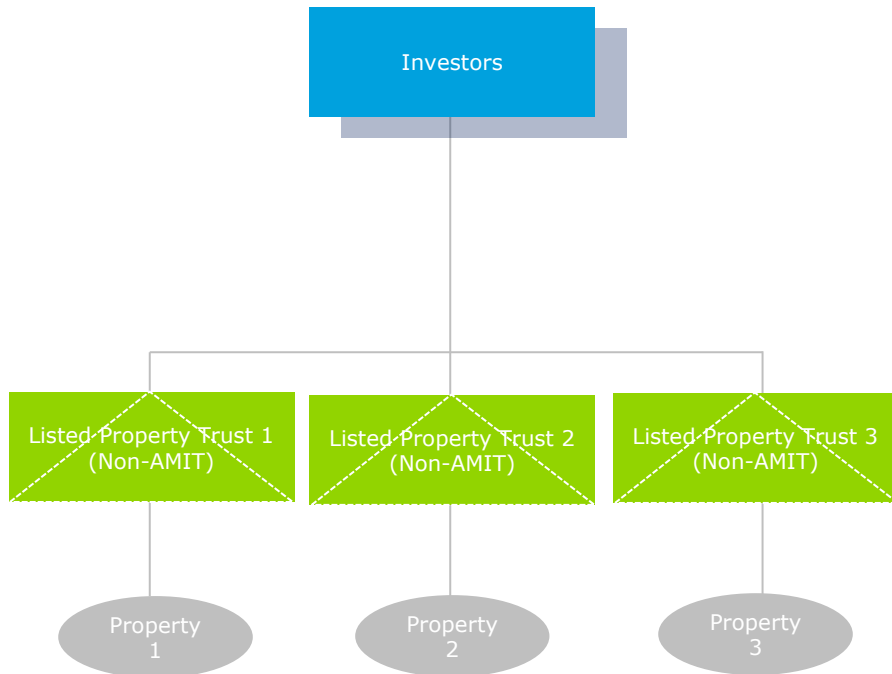
- Where the “restructuring” is taken to encompass a subsequent event such as a capital raising or a merger transaction, demerger relief is not available based on the ATO views in TD 2020/6.

Solution

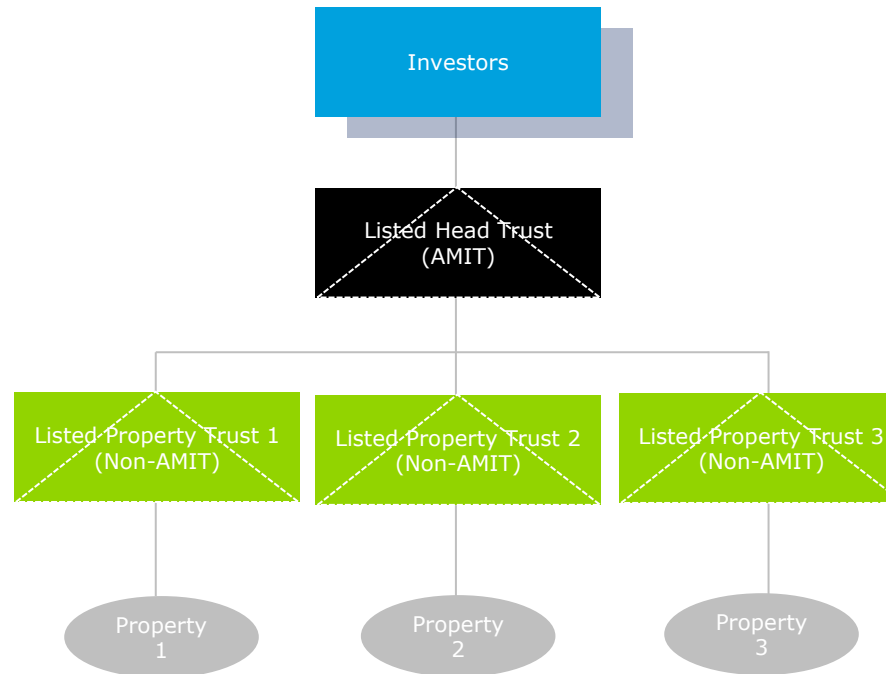
- Clarifying that roll-over for demergers under the general roll-over model would not be denied where a subsequent event such as a capital raising or a merger transaction is undertaken.

2. Group simplification

Existing structure



Target structure



Issues

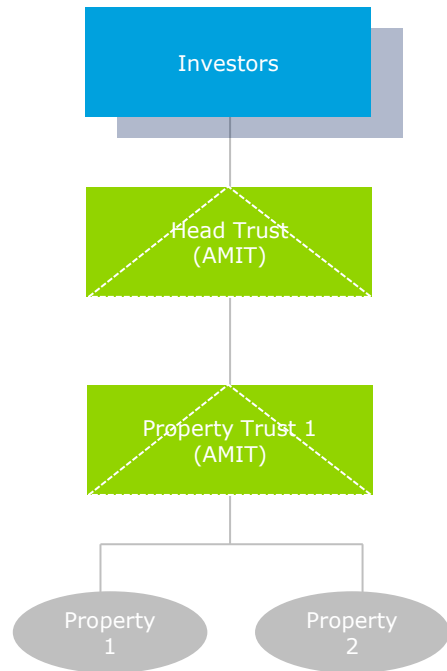
- There is no roll-over for the interposition of Listed Head Trust.
- A similar structure could potentially be achieved by (1) the acquisition of units in Listed Property Trust 2 by Listed Property Trust 1 pursuant to Subdivision 124-M roll-over and (2) the acquisition of units in Property Trust 3 by Listed Property Trust 1 pursuant to Subdivision 124-M roll-over.
- Non-AMIT trusts are not deemed to be fixed trusts and therefore would require an ATO ruling to confirm that the Commissioner would treat the trust as a fixed trust.

Solution

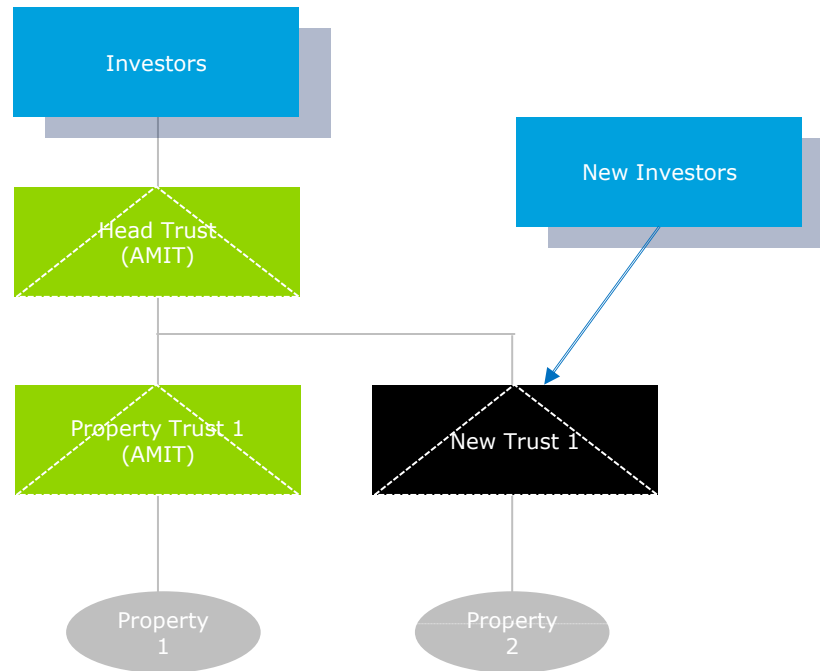
- Access to the general roll-over for the interposition of a trust above another trust or trusts where E4 or E10 is capable of applying.

3. Establishing new fund

Existing structure



Target structure



Issues

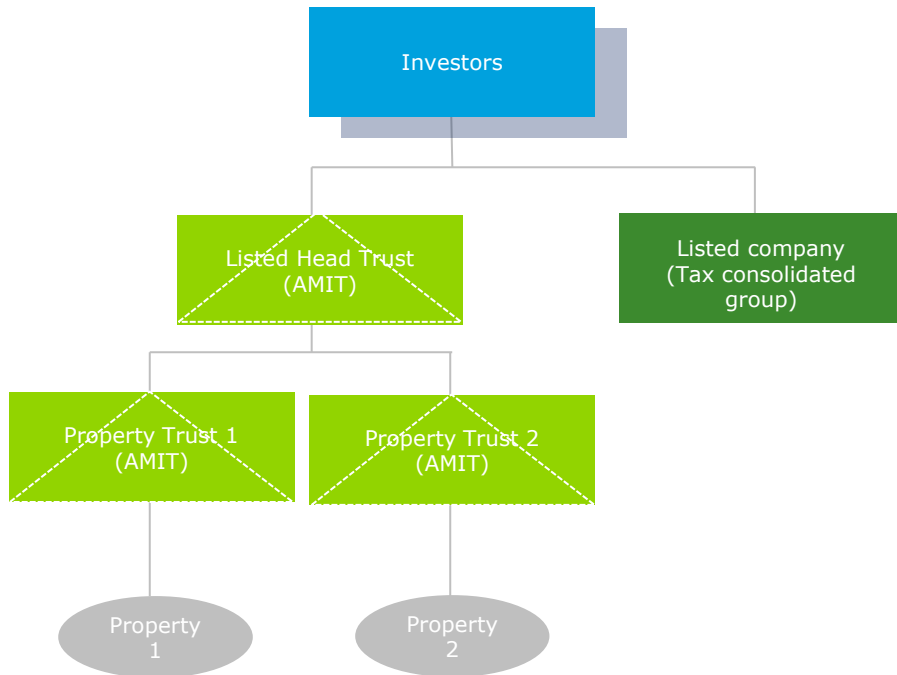
- The desired structure could potentially be achieved by establishing New Trust 1 as a subsidiary of Head Trust and transferring Property 2 from Property Trust 1 to New Trust 1 pursuant to Subdivision 126-G roll-over. However because Property Trust 1 is an AMIT Subdivision 126-G is not available.

Solution

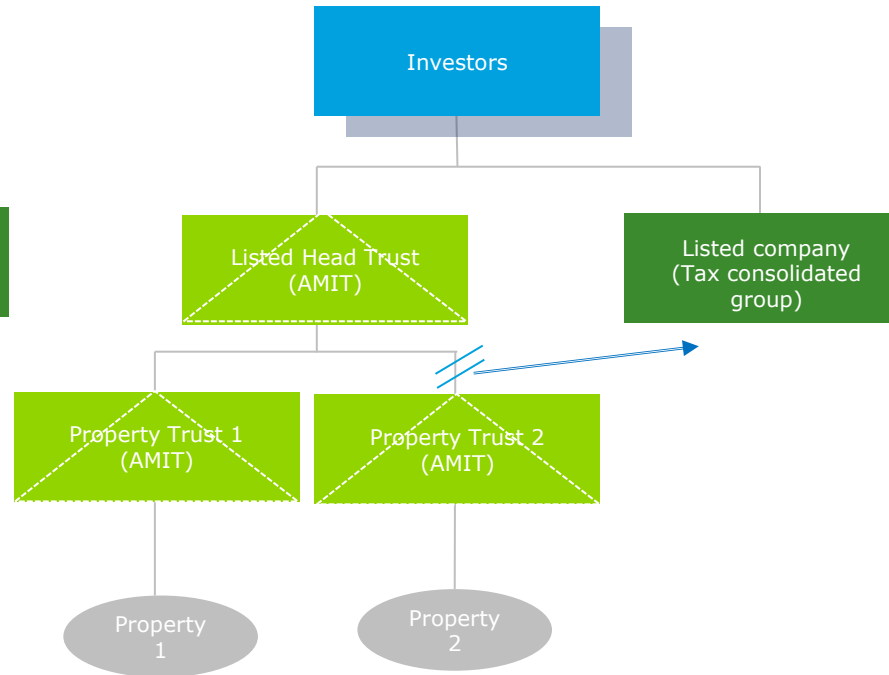
- Access to the general roll-over for groups of trusts and including an ability to transfer assets between trusts in a wholly owned group.

4. Transfer of assets between stapled entities

Existing structure



Target structure



Background

- There is potential for Property 2 to be developed for sale which cannot be undertaken while Property Trust 2 is a subsidiary of Listed Head Trust without causing Property Trust 2 and Listed Head Trust to be public trading trusts and therefore subject to tax in a similar way to companies.

Issue

- There is no roll-over for the transfer of Property Trust 2 to Listed Company.

Solution

- Access to the general roll-over for the transfer of units in a trust to another entity in the stapled group.