

REITs – Tax consequences for shareholders

Important Note

This summary of tax consequences for shareholders is intended to provide only a general outline of the subjects covered. It should neither be regarded as comprehensive nor sufficient for making decisions, nor is it a substitute for professional tax advice. Hansteen Holdings PLC accepts no responsibility for any loss arising from any action taken or not taken by any person using this material. If you are in any doubt as to your tax position or if you may be subject to tax in a jurisdiction other than the UK, you should consult your own professional advisor.

1. Background

Following conversion to REIT status on 6 October 2009 Hansteen Holdings PLC expects that future dividend payments may comprise either a mixture of both Property Income Distribution (PID) and non-PID dividends or solely a PID, depending on the circumstances at the time. The amount of the PID and any non-PID elements of the dividend will be shown on the associated tax vouchers.

2. Non-PID dividend payments

The non-PID element of dividends will be treated in exactly the same way as Hansteen Holdings PLC dividends prior to becoming a REIT and in the same way as dividends received from non-REIT companies. Accordingly a tax credit of 10% will attach to the non-PID dividend payment.

3. PID dividend payments

- a. PIDs are taxable as property letting income in the hands of shareholders who pay tax, but will be treated separately from any other property letting business which shareholders may carry on.
- b. Her Majesty's Revenue & Customs (HMRC) tax returns contain a separate box and explanatory notes to enable individual tax payers to declare amounts received in the form of PID dividend payments.
- c. PID dividend payments will generally be paid out after deducting withholding tax at the basic rate. At present this is 20% for 2009/10 but the basic rate tax may vary after 2009/10. However, certain classes of shareholder may be able to claim exemption from deduction of withholding tax. Examples of such classes of shareholder are:-

UK Resident Companies
UK Charities
UK Public Bodies
UK Pension Funds
Managers of PEPs, ISAs and Child Trust Funds

Note: it is expected that overseas non-UK resident shareholders and individual private shareholders will not be eligible to claim exemption from deduction of withholding tax.

- d. Shareholders who wish to claim exemption from withholding tax on PID dividend payments should complete one of the forms included in this REIT section of Hansteen's website (there are separate forms for use by shareholders and intermediaries acting on behalf of shareholders). The completed forms should be submitted to the Company's Registrars, Capita Registrars, The Registry, 34 Beckenham Road, Kent, BR3 4TU. Exemption claim forms should generally be sent so as to arrive at the Registrars no later than the record date for the dividend payable on the relevant payment date. Dividend payment dates are set out in the Financial Calendar in the annual report and accounts. Please note that, once submitted, exemption claim forms will apply for all future PID dividend payments until revoked by the shareholder.
- e. Withholding tax is credited against a shareholder's own tax liability on the PID. Shareholders whose rate of tax is less than the basic rate or who do not pay tax at all, perhaps because of personal allowances or other reliefs, may, in certain circumstances, reclaim the difference from HMRC.
- f. Non-resident shareholders in countries with double tax treaties with the UK, which provide for withholding tax on dividends at lower rates than the basic rate, may be able to make claims for repayment of the difference from HMRC.

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