

## Investa Office Fund Attribution Managed Investment Trust (AMIT)

### Frequently Asked Questions

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#### Introduction

Your securities in Investa Office Fund (**IOF**) constitute an investment in two unit trusts, Prime Credit Property Trust (**PCP**) and Armstrong Jones Office Fund (**AJO**), which are stapled together.

Investa Listed Funds Management Limited (the **Responsible Entity**) as the responsible entity of PCP and AJO has made a choice for each of PCP and AJO to become an attribution managed investment trust (**AMIT**) with effect from the year ended 30 June 2017.

In general, the AMIT regime does not affect the operations of PCP and AJO or the manner in which unitholders are subject to tax on the taxable income of PCP and AJO. However, the AMIT regime confers a number of advantages for PCP, AJO and unitholders, including:

- formalising the general practice of recognising adjustments to prior year taxable income in the current year, rather than requiring unitholders to amend prior year tax returns;
- increasing the cost base of units in PCP and AJO held by unitholders in the event that the taxable income of PCP or AJO exceeds the cash distributions; and
- providing greater certainty in relation to the manner in which withholding taxes should be deducted from distributions to non-resident unitholders.

No changes are to be made to the Constitutions of PCP and AJO to give effect to the AMIT regime.

#### What is an attribution managed investment trust (AMIT)?

An AMIT is a managed investment trust that has chosen to apply the new AMIT regime. The choice to apply the new AMIT regime is irrevocable.

Managed investment trusts include most listed trusts.

#### What is the purpose of the AMIT regime?

Prior to the commencement of the AMIT regime, family trusts and large managed investment trusts were subject to the same set of tax laws.

The AMIT regime provides a specific set of rules for large investment trusts that are intended to provide greater flexibility in the operation of their tax affairs and to reduce administration costs.

#### When will the AMIT regime apply to PCP and AJO?

The Responsible Entity has chosen for these trusts to be AMITs for the year ended 30 June 2017.

### **Will the AMIT regime change the way in which the income of PCP or AJO is taxed?**

The AMIT regime will not change the overall manner in which the income of PCP and AJO is taxed. Consistent with the previous trust taxation regime:

- PCP and AJO should not be subject to tax;
- an Australian resident IOF securityholder will include their share of the taxable income of PCP and AJO in their assessable income for the year to which the income relates (not the year in which it is received); and
- withholding tax will be deducted from distributions to non-resident IOF securityholders.

### **Will the AMIT regime change the way in which I fill out my tax return?**

No, you will include the different components of your share of the taxable income of PCP and AJO in the same tax return labels as under the previous trust taxation regime.

### **Will the AMIT regime affect IOF's distribution policy?**

No. There are no plans to change the IOF distribution policy as a consequence of entering into the AMIT regime.

### **What tax changes will occur under the AMIT regime?**

There are two key changes resulting from the commencement of the AMIT regime. These are:

- the way in which an AMIT's taxable income can be allocated to unitholders under the Australian tax legislation; and
- the calculation of adjustments to a unitholder's cost base in their units.

Further details of these key changes are set out below:

#### ***Allocation of taxable income***

Under the previous trust taxation regime, the taxable income of a trust was allocated to unitholders who were "presently entitled" to the income of the trust at or before the end of the year. Unitholders would then be allocated a share of the taxable income of the trust in proportion to their present entitlement to the distributable income.

Under the AMIT regime the Responsible Entity must "attribute" the taxable income of the trust to its unitholders. The attribution must be on a fair and reasonable basis.

In practice, the Responsible Entity will continue to attribute the components of the taxable income of PCP and AJO to unitholders in the same manner as under the previous trust taxation regime – that is, in proportion to the cash distributed to each unitholder in respect of the relevant year.

#### ***Cost base changes***

The previous trust taxation regime provided for a reduction in the cost base of the units held by a unitholder where the unitholder received a "tax deferred" distribution. However, the previous trust taxation regime did not provide for an increase in the cost base of a unitholder's units in any circumstances.

Under the AMIT regime unitholders will decrease the cost base of their units in PCP or AJO where they receive distributions in excess of their share of the taxable income of PCP or AJO, before the application of the CGT discount.

Importantly, unitholders will receive an increase to their cost base where they receive distributions that are less than their share of the taxable income of PCP or AJO, before the application of the CGT discount. This ensures that if income or capital gains are retained within PCP or AJO, there should be a cost base increase to reflect this event.

### **Will I still receive an Annual Tax Statement?**

Under the AMIT regime, the Responsible Entity is required to provide you with an AMIT member annual statement (**AMMA Statement**) rather than an Annual Tax Statement (**ATS**). Notwithstanding, the information contained in the AMMA Statement will be very similar to the information in the ATS, including information that will assist you in completing your income tax return.

The AMMA Statement will also contain information in relation to the adjustments required to the cost base of your units for CGT purposes as a consequence of the distributions made to you by PCP and AJO during the year.

### **Where can I get more information on the new AMIT regime?**

If you have any further questions in relation to the new AMIT regime we recommend that you consult your tax adviser or refer to the information available on the ATO website, here:

<https://www.ato.gov.au/General/Trusts/In-detail/Managed-investment-trusts/Managed-investment-trusts---overview/>

The information in this FAQ is current as at 18 August 2017.

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