

31 August 2017

Dear Unitholder,

RE: GARDA Diversified Property Fund (ASX: GDF)

Constitution amendments for Attribution Managed Investment Trust (AMIT) regime

The constitution of GARDA Diversified Property Fund ARSN 104 391 273 (**GDF**) was amended on 28 June 2017 in accordance with the procedure set out under ASIC Instrument 2016/489 for amendments necessary for or incidental to a trust being able to be operated in a manner permitted by the Income Tax Assessment Act 1997 as an AMIT.

The accompanying notice summarises the reasons for, and effect of, the amendments to the constitution of GDF which were made to facilitate the AMIT regime. The amended constitution was uploaded to ASX on 30 June 2017.

Yours faithfully



Lachlan Davidson
Company Secretary
GARDA Capital Limited

Thursday 31 August 2017

CONSTITUTION AMENDMENTS TO FACILITATE ADOPTION OF THE ATTRIBUTION MANAGED INVESTMENT TRUST REGIME

NOTICE PURSUANT TO SECTION 601GCB OF THE CORPORATIONS ACT

GARDA Capital Limited ACN 095 039 366 (**GCL**) is the responsible entity of the GARDA Diversified Property Fund ARSN 104 391 273 (**GDF**).

GCL gives notice¹ that it amended the constitution of GDF (**Constitution**) by supplemental deed poll, as foreshadowed in the previous announcement on 19 June 2017. The amendment provides specific clauses to allow for the application of the income tax regime for managed investment trusts that was recently enacted under the *Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016* (Cth) (**AMIT regime**).

GDF is eligible to be an 'attribution managed investment trust' (**AMIT**), if an irrevocable election is made. GCL has not yet decided whether it will in fact make that election for GDF. GCL will decide whether to elect into the AMIT regime based on the best interests of unitholders as a whole. If an election is made, GCL will inform unitholders.

The amended Constitution was lodged with the Australian Securities and Investments Commission on 28 June 2017, and posted to the ASX on 30 June 2017. A summary of the effect of the amendments to the Constitution is set out in the table on the following page.

Reasons for the amendments made to the Constitution

The amendments allow GCL to choose to adopt the AMIT regime for GDF. GCL believes the possible benefits of operating under the AMIT regime include:

- greater certainty in respect of various tax positions due to the AMIT regime's attribution of taxable income to unitholders, compared to the current 'present entitlement' regime;
- greater fairness associated with the AMIT regime's attribution of taxable income to unitholders, as income can be allocated on a 'fair and reasonable basis', compared to the current 'proportionate share' which is inflexible in various circumstances;
- greater certainty as to the tax status of GDF and its entitlement to certain tax concessions, including deemed 'fixed trust' status for tax purposes;
- reduced potential for adverse taxation for unitholders, by allowing for cost base adjustments where distributions are less than the taxable income attributed to unitholders;
- preservation of the character of the income for income tax purposes in the hands of unitholders; and
- the ability to reconcile 'under and over' estimations of net income of GDF to allow for adjustments in the year of discovery, rather than requiring amendments to previously lodged income tax returns and previous tax distribution statements.

¹ GCL has published this notice under notional subsection 601GCB of the *Corporations Act 2001* (Cth), as modified by ASIC Corporations (*Attribution Managed Investment Trusts*) Instrument 2016/489, to inform unitholders of the amendments which were made to the GDF Constitution.

Effect of the amendments made to the Constitution

The table below gives a brief summary of the effect of the amendments to the Constitution.

Amendment	Summary of nature of amendment
Powers of the Trustee²	The Trustee has been given all the powers necessary to elect into and comply with the AMIT regime, including doing all things necessary to give effect to the matters outlined below.
When GDF elects to be an AMIT	<p>If the Trustee does elect to enable the AMIT provisions, new clause 18 provides that the new AMIT schedule (Schedule 4) will apply.</p> <p>It does not change the existing distribution clauses, but does 'qualify' these clauses to the extent that they are inconsistent with the specific clauses added into new Schedule 4.</p>
New Schedule 4 – The AMIT Provisions	<p>The new Schedule 4 - AMIT Provisions contains the powers for the Trustee to comply with the new AMIT rules.</p> <p>Clause 18 of the Constitution provides the Trustee with the general discretion to make an election to apply the AMIT rules. Clause 2 of Schedule 4 then allows for:</p> <ul style="list-style-type: none"> determining various components for any AMIT income year; making attributions to Members on a 'fair and reasonable' basis; providing for updated reporting statements for Members (an 'AMMA Statement'), including any amendments; and requiring the Trustee to comply with the AMIT legislation from time to time. <p>Clause 2 of Schedule 4 also deals with 'unders and overs', for the purpose of adjustments to income which can be made in the year they are discovered, rather than re-issuing distribution statements that require Members to adjust their returns for a prior year. It also deals with the reporting required to Members when a determination is made.</p> <p>Clause 3 of Schedule 4 allows the Trustee to attribute 'Determined Trust Components' (as defined) to Members, in accordance with the Constitution and the AMIT rules. The clause utilises terminology consistent with both the Tax Act and AMIT Regime (as defined) to attribute amounts of different character, and provides the principles under which the Trustee must apply them.</p> <p>Clause 3 of Schedule 4 requires that the attribution to Members under the AMIT schedule must take into account the existing distribution provisions already in the Constitution.</p>
Trustee protections	Clause 5 of Schedule 4 confirms that the Trustee's existing limitation of liability and indemnity extends to all actions taken by it under the AMIT regime, and all costs expenses and liabilities, including for tax payable.
Definitions	<p>General definitions relevant for the AMIT regime have been inserted into clause 1.1 of the Constitution. These provide for underlying changes to the AMIT legislation going forward.</p> <p>There are also specific definitions incorporated into Schedule 4 itself.</p>

There is no action required to be taken by unitholders in relation to this notice.

Lachlan Davidson
Company Secretary
 GARDA Capital Limited

² GCL (as responsible entity) is the 'Trustee' in the GDF Constitution.