

ASX Announcement – Australian Unity Office Fund

31 May 2017

Proposed changes to the Australian Unity Office Fund Constitution

The accompanying notice to investors relates to proposed changes to the Constitution of Australian Unity Office Fund ARSN 113 369 627 (AOF).

The proposed changes will enable AOF to opt-in and adopt the new Attribution Managed Investment Trust (AMIT) regime which is a new tax regime that is likely to apply to most managed funds.

The proposed changes are proposed by Australian Unity Investment Real Estate Limited ABN 86 606 414 368 as the responsible entity of AOF in accordance with the requirements of the Corporations Act as modified by ASIC Instrument 2016/489.

Please contact Investor Services on 13 29 39 or investments@australianunity.com.au with any queries.



Emma Rodgers
Company Secretary
Australian Unity Investment Real Estate Limited

ASX code:

AOF

Issuer

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AFSL 477434

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Australian Unity Limited

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About AOF

AOF is an ASX-listed REIT that wholly owns a diversified portfolio of eight office properties located across Australian metropolitan and CBD markets in Sydney, Adelaide, Melbourne, Brisbane and Canberra.

This announcement is issued by Australian Unity Investment Real Estate Limited ABN 86 606 414 368 AFSL 477434 ('AUIREL'). AUIREL is a wholly owned subsidiary of Australian Unity Limited ABN 23 087 648 888.

Australian Unity is a national health, wealth and living mutual company providing services to almost one million Australians, including 300,000 members as at 30 June 2016.

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Notice of proposed changes to the Constitution of the Australian Unity Office Fund ARSN 113 369 627 (the Fund)¹

This notice is published by Australian Unity Investment Real Estate Limited as the Responsible Entity (**Responsible Entity**) of the Fund. The purpose of this notice is to provide investors of the Fund (**investors**) with prior notice that the Responsible Entity proposes changes to the Constitution of the Fund (**Constitution**) to enable the Fund to opt-in and adopt the new Attribution Managed Investment Trust (**AMIT**) regime – a new tax regime that applies to most managed funds.

One of the steps required to elect into the AMIT regime is to change the Fund's Constitution. Subject to the satisfaction of certain conditions, the Responsible Entity is permitted to make the necessary amendments to the Constitution without investor approval. This notice is given in satisfaction of those conditions.

Background

The AMIT regime was recently enacted under the *Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016* (Cth) and certain ancillary legislation. Until the Responsible Entity makes an irrevocable election to adopt the AMIT regime, the current taxation rules contained in Division 6 of the *Income Tax Assessment Act 1936* (Cth) will continue to apply to the Fund.

Under the AMIT regime investors are taxed on the taxable income that is attributed to them by the Responsible Entity on a fair and reasonable basis – some of the benefits of the AMIT regime are set out on the next page under 'Reasons for proposed changes to the Constitution'. This is different to the current regime where investors are taxed on their share of income of the Fund to which they are "presently entitled" to according to trust law principles.

The Australian Securities & Investments Commission (**ASIC**) recently issued an Instrument which allows Constitutional amendments to be made for AMIT purposes by the process outlined in this notice.

Reasons for proposed changes to the Constitution

The changes to the Constitution will enable the Fund to elect into the AMIT regime.

If the AMIT regime is adopted by the Fund, the key changes (which are very technical) for investors include:

- the ability for the Fund to attribute taxable income to investors on a fair and reasonable basis and also provides greater certainty of the income retaining its character for tax purposes;
- allowing for an increase to the CGT cost base of units held by investors where the cash distribution is less than the taxable income attributed. This will address a taxation outcome under the current taxation rules which only allows decreasing cost base adjustments;
- deeming the Fund to be a fixed trust which provides certainty in continuing to flow through franking credits to investors and to access simpler tax loss testing rules; and

¹ This Notice of changes to the Constitution is given under section 601GCA(3) of the Corporations Act as modified by ASIC Instrument 2016/489.

- legislated guidance for reconciling under-estimations or over-estimations of attributed income for the Fund through adjustments to investor attributed income in the year of discovery, rather than requiring investors to amend previously lodged tax returns.

The AMIT regime is relatively new and, as a result, there may be some initial uncertainty regarding its operation.

Effect of the Constitutional changes

The proposed amendments to the Constitution include amendments which provide the Responsible Entity with the power to:

- elect for the Fund to operate as an AMIT;
- do all things necessary, desirable or expedient to operate the Fund as an AMIT, including the attribution of taxable income on a fair and reasonable basis;
- recover from the Fund any taxes, costs, expenses and liabilities incurred by it under the AMIT regime or by the AMIT regime not applying to the Fund; and
- recover from an investor all costs, expenses and liabilities incurred by it where that investor takes a position in its tax return that is inconsistent with the attribution from the Responsible Entity.

The proposed amendments also modify the operation of certain existing clauses of the Constitution while the AMIT regime applies to the Fund, but which will again apply should the Fund lose its status as an AMIT.

The Responsible Entity considers that the Constitutional changes are necessary for the Fund to operate effectively under the AMIT regime and, if approved directly or indirectly by investors, the Responsible Entity intends to elect into the AMIT regime for the Fund with effect from 1 July 2017.

A copy of the proposed amendments to the Constitution are available free of charge by contacting Australian Unity by post or by email – see the table on the next page for details.

How to contact us if you wish to request a meeting of investors

If you are an investor and you do not object to the proposed amendments to the Constitution, you do not have to do anything and there is no need to respond to this notice.

If you wish to request the Responsible Entity to call and arrange to hold a meeting of investors of the Fund to vote on the changes to the Constitution proposed in this notice, you must send a request in writing which is received by 5pm AEST on 8 June 2017. Your request must state your name, valid account number and contact details via one of the following ways:

By post	By email
The Responsible Entity Australian Unity Office Fund Australian Unity Wealth 114 Albert Road South Melbourne VIC 3205	investments@australianunity.com.au

If investors with at least 5% of the votes that may be cast on that resolution have requested the Responsible Entity in writing to hold a meeting, then the Responsible Entity must call and arrange a meeting of investors to consider and vote on a special resolution to amend the Constitution as proposed.

If a meeting is not required, the Responsible Entity will amend the Constitution as proposed on or after 9 June 2017, which is at least seven days from the date of this notice. Those amendments will be included in a deed executed by the Responsible Entity, will become effective on the date that a copy of that deed is lodged with ASIC, and will bind all investors and the Responsible Entity.

Further information

If you have any questions about the proposed changes to the Constitution or AMIT, please speak with your financial adviser (if applicable) in the first instance.

Alternatively, you can contact our Investor Services Team on **13 29 39** or visit our website, www.australianunityofficefund.com.au.

You can also email questions to investments@australianunity.com.au.

Thank you for investing with Australian Unity Wealth. We will provide investors with confirmation of the Constitutional changes on the Fund's website (www.australianunityofficefund.com.au/news-and-announcements) once they have been made.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Peter Day', with a long, sweeping horizontal stroke extending to the right.

Peter Day
Chairman