IOF

Investa Office Fund
(formerly ING Office Fund)

Tax Guide 2011

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Contents

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1. About this Guide

This Guide has been prepared to assist you to complete your “Individual tax return” for the year ended 30 June 2011 using the accompanying Annual Taxation Statement.

This Guide is relevant to you for the income year ended 30 June 2011 if:

> you are an **Australian resident individual investor** that invested in Investa Office Fund (‘the Fund’), formerly ING Office Fund; and

> you held your investment in the Fund as a capital investment and not for the purposes of resale at a profit so that the capital gains tax (“CGT”) provisions are relevant to you.

This Guide has been prepared for general information only and to provide further explanation of information disclosed in your Annual Taxation Statement for the Fund. It is not, nor should it be relied upon as, tax advice or financial product advice. Each investor’s circumstances will invariably differ and each investor should consider seeking independent tax advice relevant to their own particular circumstances.

All amounts disclosed on the Annual Taxation Statement are in Australian dollars unless otherwise indicated.

2. Completing 2011 income tax returns

The Annual Taxation Statement for the Fund sets out the disclosures likely to be relevant for the completion of each resident individual investor’s 2011 income tax return.

Any income or capital gains that investors have derived from other sources should be added to the relevant amounts received from the Fund and the total amount for each category should be included in the investor’s 2011 income tax return.

3. Details of annual distributions and their taxation treatment

Distributions from the Fund generally include a number of components that will be treated differently for income tax purposes. These components will be disclosed separately on the Annual Taxation Statement for the Fund, where these components are relevant.

A brief outline of the meaning and likely tax treatment of each component that may appear on the Annual Taxation Statement for the Fund is set out below and on the following pages.

It should be noted that trust distributions are assessable on a present entitlement basis. Accordingly, the amounts shown on the Annual Taxation Statement represent trust distributions paid in respect of the year ended 30 June 2011, which include the distribution in respect of the June 2011 quarter paid to you on 31 August 2011.

3.1 Australian taxable income

This component broadly represents the investor's share of the Fund's total taxable interest and rental income components that have been derived from Australian sources. This component is required to be included as assessable income in the 2011 income tax return at **Label U at Item 13 of the Australian Taxation Office's ("ATO's") TaxPack 2011 Supplementary Section**, as indicated on the disclosures in the Annual Taxation Statement.

Amounts shown as Australian taxable income on the Annual Taxation Statement are already grossed up for any applicable tax credits. However, this item will exclude any taxable capital gains, which are disclosed separately on the Annual Taxation Statement and subject to different taxation treatment.

3.2 Foreign taxable income

This component represents the investor's share of the taxable income of the Fund that has been derived from foreign sources, but excludes any attributed foreign income (which is disclosed separately on the Annual Taxation Statement). This component is required to be included as assessable income in the 2011 income tax return at **Labels E and M at Item 20 of the ATO's TaxPack 2011 Supplementary Section**, as indicated on the disclosures in the Annual Taxation Statement.

Amounts shown as foreign taxable income on the Annual Taxation Statement are **already grossed up for any applicable foreign tax paid**.

If an amount is disclosed in the box at Note 2 of the Annual Taxation Statement, investors may broadly be entitled to a foreign income tax offset (previously called a foreign tax credit) of an amount up to the amount so disclosed. Investors should refer to the most recent version of the "Guide to foreign income tax offset rules" published by the ATO.

Australian resident unitholders may be able to claim a foreign income tax offset for the lesser of:

> the amount of foreign tax paid (as disclosed in the Annual Taxation Statement in the box at Note 2); and

> the Australian tax payable on the net foreign source income.

If a foreign income tax offset is claimable, this should be included at **Label O at Item 20 of the ATO's TaxPack 2011 Supplementary Section**.

3.3 Attributed foreign income

This component represents the investor's share of taxable income attributed to the Fund under the Controlled Foreign Company (CFC) rules. If an amount of attributable foreign income is disclosed in the Annual Taxation Statement, this amount is assessable and is required to be included at **Label K at Item 19 of the ATO's TaxPack 2011 Supplementary Section**, with "Yes" being the answer to the question at **Label I**.

3.4 Discounted capital gains

Amounts shown as discounted capital gains are the investor's share of taxable capital gains on disposal of assets held for at least 12 months to which the discount rate of 50% has been applied, using the "CGT discount method" of calculating capital gains. Investors are required to gross up the discounted capital gain by doubling the discounted capital gain shown in the Annual Taxation Statement, but may be entitled to claim the CGT discount in their own right, depending on their own circumstances. Individuals should generally be eligible to claim a 50% CGT discount.

If an amount is shown on the Annual Taxation Statement as discounted capital gains, investors should answer "Yes" at **Label G at Item 18 of the ATO's TaxPack 2011 Supplementary Section** and include the amounts shown at **Labels A** and **H** at that item, as indicated on the Annual Taxation Statement.

If further information is required as to how to complete this section of the 2011 income tax return, reference should be made to the instructions to **Question 18 of the ATO's TaxPack 2011 Supplementary Section**. If further general information is required on the calculation of capital gains including details of the "CGT discount method", please contact a professional tax adviser or refer to the following ATO publications:

> "Personal Investors Guide to Capital Gains Tax 2010-11;" or

> "Guide to Capital Gains Tax 2010-11."

Discounted capital gains may arise from the disposal of taxable Australian property ("TAP") or from the disposal of property other than taxable Australian property ("NTAP"). This distinction, and its relevance, is briefly outlined on the following page.

3.5 CGT discount amount

The CGT discount amount represents the distribution to investors of some or all of the 50% discount amount resulting from the application of the CGT discount method to arrive at a discounted capital gain. This component is not assessable to investors, nor does it reduce the cost base (or reduced cost base) of an investor's units. Accordingly, this amount is not required to be included in an investor's income tax return.

3.6 Other taxable capital gains

Other taxable capital gains are taxable capital gains to which the CGT discount has not been applied, for example, capital gains generated on assets held for less than 12 months or capital gains realised from assets to which the "CGT discount method" has not been applied. This amount is taxable.

If an amount is shown in the Annual Taxation Statement as other taxable capital gains, investors should answer "Yes" at **Label G at Item 18 of the ATO's TaxPack 2011 Supplementary Section** and include the amounts shown at **Labels A** and **H** at that item, as indicated on the Annual Taxation Statement.

Other taxable capital gains may arise from the disposal of TAP or from the disposal of NTAP. This distinction, and its relevance, is briefly outlined below.

3.7 TAP and NTAP capital gains

Your Annual Taxation Statement, by way of note, will identify the extent to which discounted capital gains and other taxable capital gains are attributable to TAP and NTAP, respectively. In broad terms, TAP consists of real property situated in Australia and NTAP comprises real property situated overseas. Resident taxpayers are assessable on TAP and NTAP gains in the same way, so the distinction is of little relevance to resident taxpayers; however, non-resident taxpayers are only assessable on capital gains attributable to TAP, not NTAP. The reason for the disclosure of the extent to which discounted capital gains and other taxable capital gains are TAP and NTAP is for resident holders of units that hold their units on behalf of non-residents.

3.8 Tax deferred amount

The tax deferred component of distributions is generally calculated as the difference between the gross distribution amount and the aggregate of: (a) taxable components inclusive of any tax credits/offsets and (b) the CGT discount amount. That is, it is effectively the balancing item in the second table in the Annual Taxation Statement.

Tax deferred amounts are not generally assessable for income tax purposes, but will reduce the cost base or reduced cost base (as applicable) of units acquired post 19 September 1985 in the income year in which the distribution is paid. This reduction will apply in calculating any capital gain or capital loss on disposal of the units for CGT purposes.

In addition, in the event that the total tax deferred distributions received by an investor during the period of ownership of units in the Fund exceed the cost base of the units, a capital gain will generally arise to the investor equal to the amount of the excess, less any CGT discount that may be applicable at the investor level. The booklets "Guide to Capital Gains Tax 2010-11" or "Personal Investors Guide to Capital Gains Tax 2010-11", which are available from the ATO, provide details of the calculations required.

Investments in IOF comprise two securities that are stapled together. The securities are units in two separate unit trusts, being the Prime Credit Property Trust and the Armstrong Jones Office Fund. Although income distributions from IOF have been made to investors as one composite amount, it is advisable to keep separate records of the tax deferred amount relevant to each trust. The sale of an investment in IOF technically represents the sale of separate interests in the two stapled trusts and a CGT calculation will be individually required in respect of both interests. Similarly, an investor is required to reduce the cost base of the units in each trust for the tax deferred amount of the distribution relevant to each of the trusts.

3.9 Tax file number withholding tax

If investors have not provided a tax file number or details of exemption, tax may have been deducted at the highest individual marginal tax rate, plus Medicare levy, from distributions and paid to the ATO. Such deductions will be indicated on the Annual Taxation Statement. A credit should generally be claimable for such amounts withheld, as shown in the disclosures to an investor's Annual Taxation Statement. Any amount deducted should be included in the 2011 income tax return at **Label R at Item 13 of the ATO's TaxPack 2011 Supplementary Section**.

4. Disposal of securities

Investors that have disposed of IOF securities during the financial year may have made a capital gain or loss. Investors should obtain independent taxation advice and refer to the booklets "Guide to Capital Gains Tax 2010-11" or "Personal Investors Guide to Capital Gains Tax 2010-11", which are available from the ATO.

5. Other information

If you have further tax questions in relation to your unit holding in the Fund, we recommend that you consult your own tax adviser or professional adviser.

For any questions
Please contact us

Should you have any questions about this Tax Guide or regarding the Fund, please call Investor Relations on 1300 130 231 or +61 8226 9497 (outside Australia) or email: **investorrelations@investa.com.au**

If you have any questions about your unitholding, distribution statement, annual taxation statement or any change of details, you may call the Unitholder information line on 1300 851 394 or +61 2 8280 7912 (outside Australia), or email: **investa@linkmarketservices.com.au**

More information about the Fund can be accessed and downloaded at **investa.com.au/IOF**

> **investa.com.au**

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