
IOF

Investa Office Fund
Tax Guide 2013

IOF

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Further information
investa.com.au/IOF

Tax Guide

1. About this Guide

Tax Guide 2013 (**Guide**) has been prepared to assist you with the completion of your “Individual tax return” for the year ended 30 June 2013 using the accompanying Annual Taxation Statement.

Investments in the Investa Office Fund (**Fund**) constitute an investment in two unit trusts, Armstrong Jones Office Fund (**AJO**) and Prime Credit Property Trust (**PCP**), which are stapled together. The Annual Taxation Statement provides a detailed analysis of the trust distributions to which you are entitled for the year and these amounts should be used in the preparation of your income tax return for the year ended 30 June 2013.

This Guide has been prepared for general information only and to provide further explanation of information disclosed on your Annual Taxation Statement for the Fund. It should be read in conjunction with instructions and publications from the Australian Taxation Office (**ATO**). It is not, nor should it be relied upon as, tax advice or financial product advice. Each investor’s circumstances will differ and each investor should consider seeking independent tax advice relevant to their own particular circumstances.

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

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2. This Guide is relevant to you for the income year ended 30 June 2013 if:

- > you are an Australian resident individual investor who invested in the Fund; and
- > you are not a company, trust or superannuation fund; and
- > you are using 2013 Individual tax return which includes the Supplementary section to complete your tax return; 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.

3. Details of annual distributions and their taxation treatment

Distributions from the Fund include a number of components that will be treated differently for income tax purposes. Where required, components will be disclosed separately on the Annual Taxation Statement for the Fund.

A brief outline of the meaning and likely tax treatment of certain components appearing on the Annual Taxation Statement for the Fund is set out below.

3.1 Australian income – Trust distributions – Non-primary production income

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 2013, including the half yearly distribution paid to you on 30 August 2013. Please refer to the instructions to Question 13 of the Supplementary section of the 2013 Individual tax return for more details. Please note that the amount listed at item 13U does not include capital gains or foreign income.

3.2 TFN amounts withheld

If you have not provided a tax file number or details of an exemption, tax at the highest individual marginal tax rate plus Medicare levy may have been deducted from distributions and remitted to the ATO. These deductions will be indicated on the Annual Taxation Statement. A tax credit should generally be claimable for such amounts withheld and the amount shown in the disclosures to your Annual Taxation Statement should be inserted at label 13R of your Individual tax return (Supplementary section).

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3.3 Discounted capital gains

This amount is a capital gain derived by the relevant trust that has been reduced by the CGT discount. The total current year capital gain to be included at item 18H of your 2013 Individual tax return is double this amount. Please refer to the instructions to Question 18 of the Supplementary section of the 2013 Individual tax return for further details.

3.4 CGT Concession Amount

This amount represents the CGT discount applied by the relevant trust when using the CGT discount method to calculate capital gains that have been distributed to you. This is a non-assessable component of your distribution and does not reduce the cost base of your units.

3.5 Tax deferred income

The tax deferred income component of a distribution is generally calculated as the difference between the cash distribution amount and the aggregate of:

- (a) taxable components (refer 3.1 and 3.3 above and 3.6 and 3.7 below); and
- (b) the CGT Concession Amount (refer 3.4 above).

Tax deferred income is generally non 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. Once the tax deferred income distributions reduce your CGT cost base to nil, any additional tax deferred income distributions will give rise to an immediate capital gain. However, this gain may be reduced by the 50% CGT discount if you have held your units in the Fund for 12 months or more.

As investments in the Fund constitute an investment in two unit trusts, AJO and PCP, separate records should be kept of the tax deferred components relevant to each trust for CGT cost base purposes.

3.6 CFC Income

This component represents your share of taxable income attributed to the relevant trust under the Controlled Foreign Company (**CFC**) rules.

3.7 Foreign income

This component represents your share of the taxable income of the relevant trust that has been derived from foreign sources, but excludes any CFC income (which is disclosed separately on the Annual Taxation Statement).

Amounts shown as “Assessable foreign source income” and “Other net foreign source income” on the Annual Taxation Statement are already grossed up for any applicable foreign taxes paid. The cash distribution paid by the Fund has also been grossed up to include a cash amount equal to the foreign taxes paid on the foreign taxable income.

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3.8 Foreign taxes paid

As foreign tax has been paid in respect of the Fund's foreign source taxable income, you may be entitled to a Foreign Income Tax Offset (**FITO**) of an amount up to the total amount of foreign taxes paid as disclosed on your Annual Taxation Statement.

If your total FITO from all sources for the year is \$1,000 or less then you can claim this amount in full.

If your total FITO from all sources for the year is more than \$1,000, you should carefully read the instructions to Question 20 of the Supplementary section of the 2013 Individual tax return to work out your FITO claim or seek professional tax advice. Further information can also be found in the "Guide to foreign income tax offset rules" published by the ATO.

Once you have worked out your FITO claim, the amount should be included at Question 20 label 200 of the Supplementary section of your 2013 Individual tax return.

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4. Disposal of securities

For tax purposes, the sale of an IOF stapled security is treated as a disposal of a unit in AJO and a unit in PCP. Upon disposal of an IOF stapled security, you will realise a capital gain if the portion of the consideration reasonably attributable to each of the units exceeds the CGT cost base of the relevant units.

a. Cost base of units

Generally, the cost base of your units is the amount you paid for them including the incidental costs of acquisition and disposal.

To assist you in calculating the cost base of the units comprising your IOF stapled securities, you can use the information which is available on the Net Asset Split page on IOF's website at www.investa.com.au/iof.

The cost base of your units comprising the IOF stapled securities will be reduced by any tax deferred income distributions received by you.

b. Consideration from sale

You will have to apportion the sale proceeds received from the sale of your IOF stapled securities across the units sold that make up each IOF stapled security. To assist you in doing this, you can use the information which is available on the Net Asset Split page on IOF's website at www.investa.com.au/iof.

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c. Calculation of capital gain/loss

Your capital gains or capital losses from the disposal of your IOF stapled securities may be ascertained as follows:

Discounted capital gains (12 months or more)

Where the IOF stapled securities have been held by you for 12 months or more, your taxable capital gain is reduced by the CGT discount of 50% for individuals.

Other capital gains (less than 12 months)

Where the IOF stapled securities have been held by you for less than 12 months, no discount is available and accordingly such gains are assessable in full.

Capital losses

A capital loss occurs when the sale proceeds are less than the reduced cost base of your units. You can offset capital losses against gross capital gains.

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 publications “Guide to Capital Gains Tax 2013” or “Personal Investors Guide to Capital Gains Tax 2013” (NAT 4152-06.2013) which are available from the ATO.

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5. Completing your 2013 income tax return

The Annual Taxation Statement for the Fund sets out the disclosures likely to be relevant for the completion of your 2013 Individual tax return.

Any income or capital gains that you 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 your 2013 income tax return.

6. Other information

If you have further questions in relation to your unitholding in the Fund, we recommend that you consult your tax advisor or professional advisor.

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If you have any questions about this Tax Guide, your unitholding, distribution statements or any change of details, you may call the Unitholder information line on 1300 851 394 (within Australia) or +61 2 8280 7912 (outside Australia).

Should you have any questions regarding the Fund, please call Investor Relations on 1300 130 231 or email: investorrelations@investa.com.au

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



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