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Dexus Office Trust (ARSN 090 768 531)
Dexus Diversified Trust (ARSN 089 324 541)
Dexus Industrial Trust (ARSN 090 879 137)
Dexus Operations Trust (ARSN 110 521 223)
("Trusts")

Amendment to the Trust Constitutions to allow for adoption of the Attribution Managed Investment Trust ("AMIT") regime for the Trusts
Notice under section 601GCA(3) of the Corporations Act 2001 (Cth)

This notice is published by DEXUS Funds Management Limited (ACN 060 920 783) ("**Responsible Entity**") under section 601GCA(3) of the *Corporations Act 2001* (Cth) as modified by ASIC Instrument 2016/489 to inform members of the Trusts that the Responsible Entity proposes to amend the constitutions for the Trusts ("**Constitutions**"). The amendments are in connection with the new tax regime applying to managed investment trusts which satisfy the requirements to be AMITs, which was introduced by the *Tax Laws Amendment (A New Tax System for Managed Investment Trusts) Act 2016* (Cth) ("**AMIT Regime**").

Details of the AMIT Regime and the proposed amendments to the Constitutions are set out below.

The Responsible Entity has determined that, assuming the amendments described in this notice are able to be made, the AMIT Regime will apply to the following Trusts for the whole of the financial year ending on 30 June 2017:

- Dexus Office Trust;
- Dexus Diversified Trust; and
- Dexus Industrial Trust.

It is not currently intended that Dexus Operations Trust opts into the AMIT Regime.

AMIT Regime

The AMIT Regime is a new set of rules for the taxation of managed investment trusts and their members. One of the aims of the AMIT Regime is to provide greater certainty than the current rules in relation to the taxation position for managed investment trusts and their members.

One key aspect under the AMIT Regime is that the Responsible Entity must allocate or "attribute" the taxable income of the Trust to members on a fair and reasonable basis. Currently, members are subject to tax on their proportionate share of the taxable income of the Trusts based on the share of the income of the Trusts to which they are presently entitled according to trust law principles. The RE will continue to attribute the components of the



Trusts' total income to members in the same manner as under the existing regime (that is in proportion to cash distributions), unless otherwise notified to members.

The AMIT Regime may provide the following potential benefits for members of an AMIT:

- Greater clarity and certainty associated with the tax treatment of distributions and the character of income and capital of the AMIT, in contrast to the current “present entitlement” regime. In particular, a removal of the potential for double taxation that may arise for members where there are mismatches between the amount distributed and the taxable income of the AMIT;
- If a variance is discovered between the amounts actually attributed to members for an income year, and the amounts that should have been attributed, the variance can be attributed in the income year in which it is discovered by the responsible entity, rather than amending previous years' tax returns and notifying members of those amendments.
- An AMIT will be deemed to be a “fixed trust” and members will be treated as having vested and indefeasible interests in the income and capital of the AMIT throughout the income year, which can be relevant for:
 - utilising trust losses; and
 - applying the franking credit provisions.
- Where a member receives a distribution of cash that is less than their allocated share of the taxable trust components, members will be entitled to make upward adjustments to the cost base of their units in the AMIT.

The proposed amendments to the Constitutions

The proposed Constitution amendments will enable the Responsible Entity to operate the Trusts under the AMIT Regime. Details of these proposed amendments are summarised in the table below.

A copy of each Constitution including the proposed changes is available on request from the Responsible Entity and on the Trusts' website at www.dexus.com/AMIT.

Until an election is made to adopt the AMIT Regime the proposed changes to the Constitution will not have any effect on members.

How to contact us if you wish to respond to this notice

Pursuant to the terms of ASIC Instrument 2016/489, the Responsible Entity will proceed to amend the Constitutions as proposed on or after the day which is **7 days from the date of this notice**, unless it receives requests to call and arrange a meeting of members of the Trusts to consider and vote on a special resolution to modify the Constitutions as proposed, from members with at least 5% of the votes that may be cast on the resolution.



You are not required to respond to this notice, but if you wish to request a meeting of members to vote on the amendments, this request must be made in writing, and may be sent to ir@dexus.com by 28 June 2017.

If you would like further information in relation to this notice please contact our Infoline at 61 1800 819 675 or email dexus@linkmarketservices.com.au

Description of the amendments

A clause has been inserted which provides that the Manager may establish principles to determine the manner in which trust components are allocated to members. The trust components are broadly each category of income and tax offsets of the Trust. Under the AMIT regime it will be possible to attribute the taxable income of the Trust to members without the need to make a distribution of income where permitted by the constitution.

A new clause has been inserted which contains the provisions for the operation of the Trust as an AMIT under the AMIT Regime, including to:

- provide for the Responsible Entity to elect into the AMIT regime;
- clarify the Responsible Entity's powers in connection with the AMIT Regime, including to make and change determinations and issue statements;
- facilitate the exercise of Responsible Entity's powers in relation to "unders and overs" of the Trust, in the manner permitted by the AMIT Regime;
- provide for the attribution of taxable income in a manner consistent with the requirements of the *Income Tax Assessment Act 1997* (Cth) (which includes that attribution among members must be worked out on a fair and reasonable basis);
- provide machinery in relation to the exercise of the rights afforded to members under the AMIT regime to object to the attribution. It also requires members to indemnify the Responsible Entity against costs and liabilities incurred in that process and to acknowledge that their rights may be impacted by the exercise of other member's objection rights; and
- provide for each member to indemnify the Responsible Entity in relation to any tax and any other costs, expenses or liabilities incurred as a result of being liable to such tax, that may become payable by the Responsible Entity under the AMIT Regime, which the Responsible Entity reasonably determines relates to the member or units held by the member. The indemnity may be met by deduction from payments to the member.

Additional incidental changes have been made to the Constitution to facilitate the proposed amendments, for example, to include specific definitions referable to the AMIT Regime.