

# A GUIDE TO YOUR CROMWELL GROUP 30 JUNE 2009 ANNUAL TAX STATEMENT

The information in this Guide has been prepared to assist Australian resident individual holders of Cromwell Group Stapled Securities to prepare their 2009 tax return. It should be read in conjunction with your 2009 Annual Tax Statement.

While every effort is made to provide accurate and complete information, Cromwell Group does not warrant or represent that the information in this Guide is free of errors or omissions or is suitable for your intended use and personal circumstances. Subject to any terms implied by law which cannot be excluded, Cromwell Group accepts no responsibility for any loss, damage, cost or expense (whether direct or indirect) incurred by you as a result of any error, omission or misrepresentation in information. An investment in stapled securities can give rise to complex tax issues and we recommend you consult a professional tax advisor in relation to the tax implications for you of investing in stapled securities. This Guide has been prepared on the basis of the prevailing taxation laws at 30 June 2009.

**This Guide has been prepared to assist you or your tax advisor to complete your 2009 income tax return using your Cromwell Annual Tax Statement.**

When you invest in Cromwell Group you acquire Stapled Securities. Each Stapled Security consists of a share in Cromwell Corporation Limited ("CCL") and a unit in Cromwell Diversified Property Trust ("CDPT").

In December 2006 CCL and CDPT were stapled (referred to as the Stapling Transaction). This means that shares in CCL and units in CDPT can only be transferred or traded together as Cromwell Group Stapled Securities. However, for tax purposes, CCL shares and CDPT units remain separate assets.

The dividends and franking credits from your shares in Cromwell Corporation Limited and distributions in relation to your units in Cromwell Diversified Property Trust need to be separately disclosed in your income tax return. The Annual Tax Statement provides details of the dividends and distributions to which you are entitled and those amounts should be used in the preparation of your income tax return.

This Guide has been prepared for general information only and should be read in conjunction with the Australian Taxation Office's ("ATO") instructions and publications which are listed at the end of this Guide. This Guide does not constitute the giving of tax or financial product advice. Each investor's particular circumstances will be different and accordingly you may wish to seek independent taxation advice.

Further information regarding Cromwell Group distributions and dividends is available on our website at [www.cromwell.com.au](http://www.cromwell.com.au).

Thank you for investing with Cromwell Group. For further information about your investment, please contact your advisor or call Computershare on 1300 550 841 within Australia, or +61 3 9415 4000 outside Australia, between 8.00am and 6.30pm, EST, Monday to Friday.

## THIS GUIDE APPLIES TO YOU IF:

- You are an individual Australian resident investor in Cromwell Group; and
- You are using the TaxPack 2009 and the 2009 Supplement to complete your income tax return; and
- You hold your Stapled Securities for the purposes of investment (on capital account), rather than for resale at a profit (on revenue account), and the capital gains tax (CGT) provisions apply to you.

If you are a superannuation fund, company, partnership or trust investor in Cromwell Group, please refer to page 4 of this Guide for further information about the capital gain components of your distribution.

If you hold your Stapled Securities on revenue account, or are a non resident, a superannuation fund, company, partnership or trust investor you should consult your tax advisor for more information.

## CROMWELL ANNUAL TAX STATEMENT

### CROMWELL CORPORATION LIMITED (“CCL”) DIVIDENDS

For an individual Australian resident taxpayer, dividends from CCL are recognised on a receipt basis. Therefore, the 2009 tax statement includes the 1.0c dividend paid on 29 August 2008 in respect of the June 2008 quarter. CCL did not declare a dividend in respect of the year ended 30 June 2009.

#### Unfranked Dividends

Unfranked dividends received from CCL should be included in your assessable income. CCL pays unfranked dividends predominantly due to the availability to CCL of tax losses carried forward from prior years, which means that CCL only pays income tax on part of its profits.

#### Franked Dividend Income

Fully franked dividends received from CCL should be included in your assessable income.

#### Franking Credits

Franking credits comprise tax credits which are attached to franked dividend payments. These franking credits are included in your assessable income and are generally available as a tax offset to you. Broadly, to be eligible for the franking credit and tax offset, you must have held the shares at risk for at least 45 days. This rule will not apply if you are an individual whose total tax offset entitlement does not exceed \$5,000 for the income year. For further information, please refer to the ATO publication, *You and Your Shares 2009* available from [www.ato.gov.au](http://www.ato.gov.au).

### CROMWELL DIVERSIFIED PROPERTY TRUST (“CDPT”) DISTRIBUTIONS

Your Annual Tax Statement includes distributions paid to you by CDPT for the period 1 July 2008 to 30 June 2009. CDPT distributions include 2.5c on 14 November 2008, 2.5c on 16 February 2009, 2.5c on 15 May 2009 and 1.5c to be paid on or about 31 August 2009, if you held Stapled Securities on the respective record dates of 1 October 2008, 31 December 2008, 14 April 2009 and 30 June 2009.

For an individual Australian resident taxpayer, the distributions for CDPT are recognised for tax purposes on a present entitlement basis and not on a receipts basis. This means the distribution of 1.5c per Stapled Security paid in August 2009 in relation to the June 2009 quarter is included in your tax statement.

For tax purposes the distribution from CDPT comprises separate components of taxable income, capital gains and tax deferred amounts.

### Taxable Income

For tax purposes, as a unitholder of CDPT, you are subject to tax on your proportionate share of the taxable net income of CDPT which includes interest, dividends, foreign income, other income, and assessable capital gains.

### Capital Gains

CDPT has realised capital gains as a result of receiving distributions from other trusts.

For the 2009 year, CDPT has applied the CGT 50% discount method in calculating its net capital gains for tax purposes. The Annual Tax Statement reflects your share of the net capital gains derived by CDPT which (where applicable) comprise the following:

#### Discounted Capital Gains

- This represents your share of CDPT’s realised net capital gains as determined under the CGT 50% discount method. Such gains have arisen from the sale of property and other investments that have been held by CDPT for more than 12 months.

#### CGT Concession Component

- This represents ‘non-assessable’ amounts of the realised gains determined under the CGT 50% discount method and does not reduce the CGT cost base of your units.

### CFC Income

Your annual tax statement does not include CFC income.

### Tax Deferred Amounts

Your Annual Tax Statement includes the tax deferred amount of your distributions.

The tax deferred amount has generally arisen because CDPT and its underlying entities have been able to claim tax deductions for items such as depreciation, capital allowances and the costs of raising equity.

The tax deferred amount is generally not immediately assessable, but will reduce the CGT cost base of the units held by you and potentially create a capital gain.

The tax deferred amounts are required to be offset against the cost base of your units. When the cost base is reduced to nil any further tax deferred amounts are treated as a capital gain. Should this have occurred we recommend you obtain professional tax advice to determine the effect on you.

This gain may be reduced on account of the CGT 50% discount. Any capital gain arising from tax deferred amounts

in excess of your unit cost base has not been included in your Annual Tax Statement, and you will need to calculate this amount if applicable.

If you were a CCL shareholder who participated in the Stapling Transaction in December 2006 your cost base for the CDPT units acquired as part of the Stapling Transaction will be minimal (refer below), and will have been exceeded by the amount of tax deferred distributions received since stapling. In this instance, if the tax deferred distributions reduce the CGT cost base of your units to nil, any additional tax deferred distributions received will give rise to an immediate capital gain.

We recommend that you contact your accountant or tax advisor on this matter.

#### TFN Amount Withheld

Where you have not provided your Tax File Number (TFN), Australian Business Number (ABN) or claimed a relevant exemption, amounts have been withheld from all dividends paid to you by CCL and the taxable components of income distributed to you by CDPT at 46.5%. The tax withheld should be claimed as a credit in your return.

### DISPOSAL OF YOUR STAPLED SECURITIES

If you have disposed of Cromwell Group Stapled Securities, the following summary should assist you to determine whether you have any liability to CGT on account of the sale of your securities. However, you should obtain your own independent tax advice in relation to this matter. For further information you can also refer to the ATO information titled Stapled Securities and Capital Gains Tax, available from [www.ato.gov.au](http://www.ato.gov.au).

#### Your Investment in Cromwell Group Stapled Securities

For tax purposes CCL shares and CDPT units are treated as separate assets. The sale of a Stapled Security is treated as a disposal of both a share in CCL and a unit in CDPT, and a separate CGT calculation will be needed for each security.

Upon disposal of a Stapled Security, a securityholder will make a capital gain if:

- the portion of the consideration reasonably attributable to a share exceeds the reduced cost base of the share; and/or
- the portion of the consideration reasonably attributable to the unit exceeds the reduced cost base of the unit.

A securityholder will make a capital loss if:

- the portion of the consideration reasonably attributable to a share is less than the reduced cost base of the share; and/or
- the portion of the consideration reasonably attributable to the unit exceeds the reduced cost base of the unit.

### CONSIDERATION AND COST BASE OF SHARES AND UNITS

Generally, the cost base of your shares and units is the amount you paid for them, including the incidental costs of acquisition and disposal. The amount paid will need to be apportioned between the shares in CCL and the units in CDPT.

However, if you were a CDPT or Syndicate unitholder prior to the Stapling Transaction in December 2006, your cost base per share will generally be the amount of the stapling distribution, being 0.025c per share, plus any incidental costs of acquisition and disposal.

If you were a CCL shareholder prior to the Stapling Transaction in December 2006, your cost base per unit will generally be the amount of the stapling distribution, being 0.1c per unit, plus any incidental costs of acquisition and disposal.

In the case of your units, the cost base will be reduced by any tax deferred distributions.

For CGT purposes, the consideration received on disposal of each Cromwell Group Stapled Security will need to be apportioned between the share in CCL and the unit in CDPT.

One method of apportionment is on the basis on the relative net tangible assets of CCL and CDPT. Details of the net tangible assets of CCL and CDPT are as follows:

Cromwell Group	31 Dec 2006	30 June 2007	31 Dec 2007	30 June 2008	31 Dec 2008	30 June 2009
NTA	\$0.78	\$0.96	\$1.02	\$1.01	\$0.86	\$0.76
Cromwell Corporation Limited	1.64%	1.54%	3.74%	2.33%	3.82%	1.18%
Cromwell Diversified Property Trust	98.36%	98.46%	96.26%	97.67%	96.18%	98.82%

## CALCULATION OF CAPITAL GAIN/LOSS

Your capital gain or capital loss from the disposal of your Stapled Securities may be ascertained as follows:

- **Discount Capital Gains (>12 months)**  
Where shares or units have been held for more than 12 months, you may choose to reduce your taxable capital gain on that component of the Stapled Securities by the CGT discount of 50% for individuals.
- **Other Capital Gains (<12 months)**  
Where the shares or units have been held for 12 months or less, no discount is available and accordingly such gains are assessable in full on that component of the Stapled Securities.
- **Capital Losses**  
You can offset capital losses against capital gains. Current year capital losses are applied before prior year's capital losses.

If you choose to apply the capital losses against any discounted capital gains, you must apply the capital losses against the grossed up capital gain amount (that is, your 50% discount capital gain multiplied by two) before applying the discount percentage.

You should contact a professional tax adviser to determine the correct treatment and order of calculating your net capital gain.

## DISCOUNT CAPITAL GAINS ADJUSTMENTS FOR COMPLYING SUPERANNUATION FUNDS, COMPANIES AND TRUSTS

The Net Capital Gains amount and the Gross Capital Gains amount detailed on your Annual Tax Statement are based on the CGT 50% discount method, which has been applied by CDPT in calculating its net capital gain for tax purposes. **This CGT 50% discount is available only to individuals and certain trusts in respect of the disposal of assets which have been held for more than 12 months.**

The following additional information may be of assistance to securityholders that are complying superannuation funds, companies and trusts.

### Complying Superannuation Funds

Complying superannuation funds are entitled to a CGT discount of one third of the gross discount capital gain. The gross discount capital gain is calculated by multiplying the discount capital gains from your Annual Tax Statement by two.

Broadly, the adjusted discount capital gains amount for a complying superannuation fund is ascertained by multiplying the discount capital gains from your Annual Tax Statement by 2/3. The result is the amount of discounted capital gain to be included in the complying superannuation fund's taxable income.

### Companies

Companies are not entitled to any CGT discount. The assessable capital gain component of your distribution is equal to the gross discount capital gain calculated by multiplying the discount capital gains from your Annual Tax Statement by two.

### Trusts

Trusts, like individuals, apply a discount of 50% of the gross discount capital gain.

You will therefore be able to rely on the Cromwell Annual Tax Statement for the Gross Capital Gain and the Net Capital Gain details.

If you require any further information, please consult your tax advisor, or the ATO.

## HOW TO COMPLETE YOUR TAX RETURN USING THE ANNUAL TAX STATEMENT

### 2009 TAX RETURN FOR INDIVIDUALS (INCLUDING SUPPLEMENTARY SECTION)

#### 2009 Tax Return For Individuals

##### Question 12: Dividends

###### STEPS:

1. Add the unfranked dividend on your Annual Tax Statement to any unfranked dividends received from other companies and include the total at 12S of your 2009 tax return.
2. Add the franked dividends on your Annual Tax Statement to any franked dividends received from other companies and include the total income at 12T of your 2009 tax return.
3. Add the franking credits on your Annual Tax Statement to any franking credits received from other companies and include the total at 12U of our 2009 tax return.
4. Add any TFN withholding tax withheld on your Annual Tax Statement to any other TFN withholding amounts deducted from other companies dividends and include at 12V.

###### NOTE:

Franking credits will reduce the tax payable on your income or may be refunded to you.

If you do not need to lodge a tax return you may be able to claim a refund of franking credits. You will need to obtain a copy of the "Refund of franking credits instructions and application for individuals 2009" form from the ATO.

If you disposed of your Cromwell Group Stapled Securities within 45 days of buying them, you may not be able to claim all of your franking credits attributable to your CCL Shares, unless the total franking credits you are claiming for the year is \$5,000 or less. You should obtain advice from your tax advisor or the ATO if you need to clarify your circumstances.

#### 2009 Tax Return Supplement

##### Question 13: Partnerships And Trusts – Non-primary Production Income

###### STEPS:

1. Add the amount of non-primary production income on your Annual Tax Statement to any other non-primary production income you received from other trust or partnership investments, and include the total income at 13U of your 2009 tax return for individuals (supplementary section).
2. Add together any deductions you can claim in respect of non-primary production income that you recorded at 13U, and include the total deductions at 13Y of your 2009 tax return for individuals (supplementary section).
3. Add the amounts at 13U (or subtract loss amounts), subtract the amounts at 13Y and include this amount in the 'Net non-primary production distribution' boxes beneath 13Y. If this amount is a loss, write 'L' in the small box to the right of this figure.
4. Add the amount of any franking credits on your Annual Tax Statement relating to the CDPT distributions to any franking credits received from other trust and partnership investments and include at box 13Q.
5. Add the amount of TFN withholding credits on your Annual Tax Statement relating to the CDPT distributions (if any), to any TFN withholding tax deducted from other trust or partnership investment income and include the total at 13R of your 2009 tax return for individuals (supplementary section).

###### NOTE:

The types of deductions you can claim are outlined in the TaxPack 2009 and may include interest on loans used to finance your investment and bank charges.

If you disposed of your Cromwell Group Stapled Securities within 45 days of buying them, you may not be able to claim all of your franking credits attributable to your CDPT Units, unless the total franking credits you are claiming for the year is \$5,000 or less.

Any foreign income amount on the Annual Tax Statement should be included at Question 20.

TFN withholding tax has been deducted from distributions at the rate of 46.5% where Cromwell did not receive a TFN, ABN or exemption. The tax withheld can be offset against the tax payable on your taxable income or refunded.

### Question 18: Capital Gains

Your Annual Tax Statement includes an amount referred to as Net Capital Gain. This Guide outlines the disclosures required in an individual unit holder's tax return in respect of a capital gain (distributed or otherwise) from CDPT. If you have sold your Stapled Securities you should obtain advice from your accountant or tax advisor and refer to relevant ATO publications.

#### STEPS:

1. As CDPT derived a net capital gain during the year, you are required to separately disclose your share of this capital gain on your income tax return. You will need to complete Question 18 of the 2009 tax return for individuals (supplementary section) and print Y in the 'YES' box at 18G).
2. If you only have a capital gain from CDPT, and no other capital gains, then include the gross capital gain from your Annual Tax Statement at 18H and include the net capital gain from your Annual Tax Statement at 18A.
3. If you have capital gains and losses from other shares, units in a unit trust or managed investment fund or other assets, you will need to calculate your total current year capital gains (after taking into account capital losses) to complete 18H & 18A.
4. If total current year capital gains are more than the total current year and net prior year capital losses, use the ATO Guide to Capital Gains tax 2009 to help you calculate your net capital gain to include at 18A of your 2009 tax return for individuals (supplementary section).
5. If total current year capital gains are less than the total current year and net prior year capital losses, you have made a net capital loss. Write this amount at 18V of your 2009 tax return for individuals (supplementary section).

### Question 20: Foreign Income

Your Annual Tax Statement includes foreign income amounts.

#### STEPS:

1. As CDPT derived foreign income, you are required to separately disclose your share of this income at Question 20 of the 2009 income tax return.
2. You should follow the steps in the instructions to Question 20 of the "Tax Pack 2009" (supplementary section) to enter this amount.
3. If you are entitled to claim any foreign tax credits you should note that the rules to claim foreign tax credits have changed from 1 July 2008 and you should refer to the ATO "Guide to Foreign Income Tax Offset Rules 2009-2009".

## ATO LINKS

Relevant ATO Publications and information:

[REFUND OF FRANKING CREDITS INSTRUCTIONS AND APPLICATION FOR INDIVIDUALS 2009](#)

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[YOU AND YOUR SHARES 2009](#)

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[STAPLED SECURITIES AND CAPITAL GAINS TAX](#)

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[PERSONAL INVESTORS GUIDE TO CAPITAL GAINS TAX 2009](#)

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[GUIDE TO CAPITAL GAINS TAX 2009](#)

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[GUIDE TO FOREIGN INCOME TAX OFFSET RULES 2008-2009.](#)

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["TAXPACK 2009" INCLUDING THE "2009 TAXPACK SUPPLEMENT"](#)

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To obtain copies of these publications from the ATO please phone the ATO publications distribution service on 1300 720 092 or visit the ATO website at [www.ato.gov.au](http://www.ato.gov.au) and select Find a Form or Publication from the left hand menu

## DUPLICATE TAX STATEMENTS

A duplicate copy of your 2009 Annual Tax Statement can be downloaded, free of charge, via the Computershare Investor Services Pty Ltd ("Computershare") online investor centre at [www.investorcentre.com/au](http://www.investorcentre.com/au). Alternatively, for a replacement statement contact Computershare on 1300 550 841 (within Australia) or +61 3 9415 4000 (outside Australia). A replacement statement charge may be payable to Computershare.



**CROMWELL GROUP** (ASX: CMW)

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Cromwell Diversified Property Trust ABN 30 074 537 051, ARSN 102 982 598.

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