

A GUIDE TO YOUR CROMWELL GROUP 30 JUNE 2007 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 2007 tax return. It should be read in conjunction with your 2007 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 of investing in stapled securities.

This Guide has been prepared to assist you or your tax advisor to complete your 2007 income tax return using your Cromwell Annual Tax Statement.

Your investment in Cromwell Group is referred to as Stapled Securities and consists of shares in Cromwell Corporation Limited and units in Cromwell Diversified Property Trust. 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 these amounts should be used in the preparation of your income tax return.

If you were a unitholder in the Cromwell Diversified Property Trust or any of the merged Syndicates prior to the Merger and Stapling transactions in December 2006, you will receive additional tax statements from Cromwell, detailing income tax entitlements relating to the period prior to the Merger and Stapling Transactions.

This Guide has been prepared for general information only and should be read in conjunction with the Australian Taxation Office's 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.

Thank you for investing with Cromwell Group. For further information about your investment, please contact your advisor or call Computershare on 1300 850 505 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 2007* and the *2007 Supplement* to complete your income tax return; and
- You hold your stapled securities for the purposes of investment, rather than for resale at a profit, and the capital gains tax (CGT) provisions apply to you.

If you are a superannuation fund, company or trust investor in Cromwell Group, please refer to pages 4-5 of this Guide for further information about the capital gain components of your distribution.

MERGER AND STAPLING TRANSACTION

In December 2006, under proposals approved by shareholders in Cromwell Corporation Limited ("CCL") and unitholders in Cromwell Diversified Property Trust ("CDPT"), two significant transactions occurred. Initially, CDPT merged with 5 coupled syndicates being Terrace Office Park Planned Investment/ Property Trust, Mary Street Planned Investment/ Property Trust, Cromwell Planned Investment/ Property Trust No. 3, Cromwell Northbourne Planned Investment/ Property Trust and Cromwell Goulburn Street Planned Investment/ Property Trust ("Merger"). If you were a unitholder in CDPT or any of the Syndicates prior to the Merger, you will receive a separate tax statement from Cromwell for each investment in respect of the period prior to the Merger.

CCL shares were then reconstructed on a 0.8879:1 basis and stapled to units in the consolidated CDPT ("Stapling") to form the Cromwell Group.

Different circumstances may apply to you, or additional information may be required, where you were a shareholder in CCL or a unitholder in CDPT or any of the Syndicates, prior to the Merger and Stapling.

If you were a unitholder of any of the Syndicates prior to the Merger, you may be able to choose for CGT rollover relief to apply to the acquisition of units in CDPT in exchange for your Syndicate interests. Further information on obtaining CGT rollover relief will be provided to you with your Syndicate Annual Tax Statement.

CROMWELL ANNUAL TAX STATEMENT

CROMWELL CORPORATION LIMITED ("CCL") DIVIDENDS

If you were a shareholder in CCL prior to the Merger and Stapling transactions, your Annual Tax Statement includes details of the CCL final 2006 dividend of 4.5c per share paid to you in October 2006 and the stapling dividend of 0.1c per reconstructed share paid in December 2006. As part of the Stapling transaction, the stapling dividend of 0.1c per reconstructed share was compulsorily applied to acquire units in CDPT on your behalf, to create Stapled Securities. The amount of this stapling dividend will also therefore become the cost base for the acquisition of these units in CDPT.

For an individual Australian resident taxpayer, dividends from CCL are recognised on a receipt basis. Therefore, the 2007 tax statement does not include the dividend paid in August 2007 in respect of the June 2007 quarter.

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 a 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*.

CROMWELL DIVERSIFIED PROPERTY TRUST ("CDPT") DISTRIBUTIONS

If you were a unitholder in CDPT or one of the Syndicates prior to the Merger and Stapling (and did not elect to participate in the share sale facility), your Annual Tax Statement includes the CDPT stapling distribution of 0.025c per unit paid in December 2006. As part of the Stapling transaction, the stapling distribution of 0.025c per unit was compulsorily applied to acquire shares in CCL on your behalf, to create Stapled Securities.

The amount of this stapling distribution will also therefore become the cost base for the acquisition of these shares in CCL.

Your Annual Tax Statement also includes distributions paid by CDPT of 1.5c on 20 March 2007, 1.5c on 21 May 2007 and 1.45c to be paid on approximately 31 August 2007, if you held Stapled Securities on the respective record dates of 12 February 2007, 3 April 2007 and 29 June 2007.

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 1.45c per Stapled Security paid in August 2007 in relation to the June 2007 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, other income, and assessable capital gains, if any.

Capital Gains

CDPT has realised capital gains as a result of disposing of property or other investments.

For the 2007 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 gain 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 the '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.

Tax Deferred Amounts

Your Annual Tax Statement includes the tax deferred amount of your distributions. This amount represents the excess of the gross distributions from CDPT above the taxable income (including the taxable component of the capital gains).

The tax deferred amount has generally arisen because CDPT has been able to claim tax deductions for depreciation, capital allowances and the costs of raising equity.

The tax deferred amount is generally not immediately taxable, but will reduce the CGT cost base of the units held by you. However, this may not be the case if you were a CCL shareholder who participated in the Stapling transaction. In this case, your cost base for the CDPT units acquired as part of the Stapling transaction will be minimal, and is likely to be 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 will give rise to an immediate capital gain. This gain may be reduced on account of the CGT 50% discount if your units have been held for more than 12 months. This will not be the case for CCL shareholders who participated in the Stapling, but may apply in future years as CDPT makes additional tax deferred distributions. 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.

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

TFN AMOUNT WITHHELD

Where you have not provided your Tax File Number or claimed a relevant exemption, TFN 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 will 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.

YOUR INVESTMENT IN CROMWELL GROUP STAPLED SECURITIES

For tax purposes, 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 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 cost base of the share; and/or
- the portion of the consideration reasonably attributable to the unit exceeds the 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 share in CCL and the units in CDPT.

If you were a CDPT or Syndicate unitholder prior to the Stapling transaction (and did not elect to participate in the Share Sale Facility), your cost base per share will generally be the amount of the stapling distribution, being 0.025c per share, plus the incidental costs of acquisition and disposal.

If you were a CCL shareholder prior to the Stapling transaction, your cost base per unit will generally be the amount of the stapling distribution, being 0.1c per unit, plus the 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 assets of CCL and CDPT. Details of the net assets of CCL and CDPT are as follows:

	31 DECEMBER 2006	30 JUNE 2007
CCL	1.64%	1.54%
CDPT	98.36%	98.46%

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. It is usually more efficient to offset capital losses in the following order:
 - » against any other capital gains which are not entitled to the CGT 50% discount; then
 - » against capital gains calculated under the indexation method; then
 - » against CGT discount capital gains.

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 x 2) before applying the discount percentage.

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 capital gain noted on your Annual Tax Statement.

Broadly, the adjusted discount capital gains amount for a complying is ascertained by multiplying the Gross Capital Gain amount on 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 Capital Gain amount noted on your Annual Tax Statement.

Trusts

Trusts, like individuals, are entitled to a discount of 50% of the gross capital gain noted on your Annual Tax Statement.

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

2007 TAX RETURN FOR INDIVIDUALS (INCLUDING SUPPLEMENTARY SECTION)

2007 Tax Return For Individuals

Question 11: 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 11S of your 2007 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 11T of your 2007 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 11U of our 2007 tax return.

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 2006 – 07 (NAT 4105)" 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, unless the total franking credits you are claiming for the year is \$5,000 or less.

2007 Tax Return Supplement

Question 12: 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 investments, and include the total income at 12U of your 2007 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 12U, and include the total deductions at 12Y of your 2007 tax return for individuals (supplementary section).
3. Add the amounts at 12U (or subtract loss amounts), subtract the amounts at 12Y and include this amount in the 'Net non-primary production distribution' boxes beneath 12Y. If this amount is a loss, write 'L' in the small box to the right of this figure.

NOTE:

The types of deductions you can claim are shown on page 56 of the TaxPack 2007 and include interest on loans used to finance your investment and bank charges.

TFN Withholding Credits

STEPS:

1. 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 12R of your 2007 tax return for individuals (supplementary section).

NOTE:

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

Question 17: 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 taxation 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 17 of the 2007 tax return for individuals (supplementary section) and print X in the 'YES' box at 17G.
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 Item 17H and include the net capital gain from your Annual Tax Statement at Item 17A.
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 Items 17H & 17A.
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 help you calculate your net capital gain to include at 17A of your 2007 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 17V of your 2007 tax return for individuals (supplementary section).

ATO LINKS

Relevant ATO Publications:

REFUND OF FRANKING CREDITS

YOU AND YOUR SHARES 2006-07

PERSONAL INVESTOR'S GUIDE TO CAPITAL GAINS TAX 2006-07

GUIDE TO CAPITAL GAINS TAX 2007

"TAXPACK 2007" INCLUDING THE "2007 TAXPACK SUPPLEMENT"

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



CROMWELL GROUP (ASX: CMW)

Cromwell Corporation Limited ABN 44 001 056 980 and Cromwell Property Securities Limited ABN 11 079 147 809, AFSL 238052 as responsible entity for Cromwell Diversified Property Trust ABN 30 074 537 051, ARSN 102 982 598.

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