A GUIDE TO YOUR CROMWELL GROUP 30 JUNE 2008 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 2008 tax return. It should be read in conjunction with your 2008 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 2008 income tax return using your Cromwell Annual Tax Statement.

Your investment in Cromwell Group is referred to as 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 joined by way of stapling (referred to as the Stapling Transaction). 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 as 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 these 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.

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 2008* and the *2008 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.

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 2008 tax statement does not include the 1.0c dividend paid in August 2008 in respect of the June 2008 quarter, but does include the 0.8c 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 2007-8, available from **www.ato.gov.au**.

CROMWELL DIVERSIFED PROPERTY TRUST ("CDPT") DISTRIBUTIONS

Your Annual Tax Statement includes distributions paid by CDPT of 2.5c on 15 November 2007, 2.5c on 15 February 2008, 2.5c on 15 May 2008 and 1.5c to be paid on or about 29 August 2008, if you held Stapled Securities on the respective record dates of 2 October 2007, 31 December 2007, 31 March 2008 and 30 June 2008.

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 2008 in relation to the June 2008 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, other income, and assessable capital gains.

Capital Gains

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

For the 2008 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 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 '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.

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 December 2006. In this case, your cost base for the CDPT units acquired as part of the Stapling Transaction will be minimal, 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 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. 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. For further information you can also refer to the ATO information titled Stapled Securities and Capital Gains Tax, available from **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 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.

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 the 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 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:

CROMWELL GROUP	31 DEC 2006	30 JUNE 2007	31 DEC 2007	30 JUNE 2008
NTA	$0.78	$0.96	$1.02	$1.01
CCL	1.64%	1.54%	3.74%	2.33%
CDPT	98.36%	98.46%	96.26%	97.67%

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 discounted 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 discounted capital gain amount (that is, your 50% discounted capital gain multiplied by 2) before applying the discount percentage.

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

The Net Capital Gains amount on your Annual Tax Statement is 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 grossed up discounted capital gain. The grossed up discounted capital gain is calculated by multiplying the discounted capital gains from your Annual Tax Statement by 2.

Broadly, the adjusted discounted capital gains amount for a complying superannuation fund is ascertained by multiplying the 50% discounted capital gain 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 grossed up discounted capital gains.

Trusts

Trusts, like individuals, apply a discount of 50% of the grossed up discounted capital gains.

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

For further information, please consult your tax advisor, or the ATO.

HOW TO COMPLETE YOUR TAX RETURN USING THE ANNUAL TAX STATEMENT

2008 TAX RETURN FOR INDIVIDUALS (INCLUDING SUPPLEMENTARY SECTION)

2008 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 2008 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 2008 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 2008 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 2007 – 08 (NAT 4105-06.2008)" 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.

2008 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 2008 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 2008 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.

NOTE:

The types of deductions your can claim are outlined in the TaxPack 2008 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 13R of your 2008 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 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 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 18 of the 2008 tax return for individuals (supplementary section) and print X 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 Item 18H and include the net capital gain from your Annual Tax Statement at Item 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 Items 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 help you calculate your net capital gain to include at 18A of your 2008 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 2008 tax return for individuals (supplementary section).

ATO LINKS

Relevant ATO Publications and information:

REFUND OF FRANKING CREDITS INSTRUCTIONS AND APPLICATION FOR INDIVIDUAL 2007-08 (NAT 4105)

YOU AND YOUR SHARES 2007-08

STAPLED SECURITIES AND CAPITAL GAINS TAX

PERSONAL INVESTORS GUIDE TO CAPITAL GAINS TAX 2007-08 (NAT 4152)

GUIDE TO CAPITAL GAINS TAX 2008 (NAT 4151)

"TAXPACK 2008" (NAT 0976) INCLUDING THE "2008 TAXPACK SUPPLEMENT" (NAT 2677)

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**

DUPLICATE TAX STATEMENTS

A duplicate copy of your 2008 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**. 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.

CROMWELL GROUP (ASX: CMW)
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