2012 Tax Guide

A Guide to your Cromwell Property Group (ASX:CMW) 30 June 2012 Annual Tax Statement

The information in this Guide has been prepared to assist Australian resident individual holders of Cromwell Property Group stapled securities understand their Annual Taxation Statement and to prepare their 2012 income tax return. This Guide does not apply to company, trust, or superannuation fund security holders. It should be read in conjunction with your 2012 Annual Tax Statement.

This Guide has been prepared for general information only and should not be relied upon as tax advice. This Guide should be read in conjunction with the Australian Taxation Office's ("ATO") instructions and publications, some of which are listed at the end of this Guide. An investment in stapled securities can give rise to complex tax issues and each investor's particular circumstances will be different. As such we recommend, before taking any action based on this document, that you consult your professional tax adviser for specific advice in relation to the tax implications.

This document does not constitute financial product or investment advice, and in particular, it is not intended to influence you in making decisions in relation to financial products including Cromwell Property Group stapled securities.

While every effort is made to provide accurate and complete information, Cromwell Property 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 Property 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 the information contained in this Guide.

This Guide has been prepared on the basis of the prevailing taxation laws at 30 June 2012.

Cromwell Property Group comprises:
Cromwell Corporation Limited (ABN 44 001 056 980) and
Cromwell Diversified Property Trust (ARSN 102 982 598)
the responsible entity of which is
Cromwell Property Securities Limited (ABN 11 079 147 809, AFSL 238052)

This Guide has been prepared to assist you or your tax adviser to complete your 2012 income tax return using your Cromwell Annual Tax Statement.

When you invest in Cromwell Property 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 Property Group stapled securities (ASX code: CMW). However, for tax purposes, CCL shares and CDPT units remain as separate assets for taxation purposes.

Dividends and franking credits from your shares in CCL and distributions in relation to your units in CDPT need to be separately disclosed in your income tax return.

The Annual Tax Statement provides details of any dividends and distributions to which you are entitled and those amounts should be used in the preparation of your income tax return.

It is important that you apply the correct tax treatment to the tax deferred component of your distribution. While tax deferred distributions are generally not immediately assessable for income tax purposes they will however reduce the capital gains tax ("CGT") cost base of your CDPT units. You should refer to the below section titled "Tax Deferred Amounts" for further information.

Further information regarding Cromwell Property Group distributions and dividends is available on our website at www.cromwell.com.au.

Thank you for investing with Cromwell Property Group. For further information about your investment, please contact your adviser or call Link Market Services Limited on 1300 550 841 within Australia, or +61 2 8280 7124 outside Australia, between 8.00am and 7.30pm, EST, Monday to Friday.

This Guide applies to you if:

- You are an individual Australian resident investor in Cromwell Property Group Stapled Securities 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 CGT provisions apply to you; and
- You are using the Tax Return for Individuals 2012 and Individual Tax Return Supplement 2012 publication to complete your income tax return.

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 professional tax adviser for more information.

CROMWELL ANNUAL TAX STATEMENT

Cromwell Corporation Limited ("CCL") dividends

CCL did not pay any dividends during the year ended 30 June 2012. As such, there is no CCL dividend amount to be included in your 2012 income tax return.

Cromwell Diversifed Property Trust ("CDPT") distributions

Your Annual Tax Statement includes distributions paid to you by CDPT for the period 1 July 2011 to 30 June 2012. CDPT distributions include:

- 1.75 cents on 16 November 2011;
- 1.75 cents on 15 February 2012;
- 1.75 cents on 16 May 2012; and
- 1.75 cents to be paid on or about 16 August 2012

Security holders were entitled to these distributions if they held stapled securities at 5.00pm on the respective record dates of 4 October 2011, 30 December 2011, 30 March 2012 and 29 June 2012.

Note that you may have only been entitled to a reduced pro-rata share of the above distributions if your units were issued during the year under the Entitlement Offer. If this applies to you, you should refer to the relevant ASX distribution announcement for the applicable distribution rates at: www.cromwell.com.au/shareholders/asxannouncements/

Australian resident taxpayers include in their assessable income their proportionate share of CDPT's taxable income (including any net capital gains). CDPT's distributions are included in their assessable income for tax purposes on a present entitlement basis and not on a receipts basis. This means:

- the distribution of 1.75 cents per stapled security to be paid in August 2012 in relation to the June 2012 quarter is included in your 2012 tax statement; and
- the distribution of 1.75 cents per stapled security paid in August 2011 in relation to the June 2011 quarter is not included in your 2012 tax statement.

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

Taxable income

For tax purposes, as a unit holder of CDPT, you are subject to tax on your proportionate share of the taxable net income of CDPT which can include interest, dividends, foreign income, other income, and net capital gains. You must report all of the assessable amounts in your income tax return.

Capital gains

There are no capital gains included in CDPT's distributions in respect of the 2012 financial year.

CFC income

There is no CFC income included in the distributions in respect of the 2012 financial year.

Tax deferred amounts

Your Annual Tax Statement includes the tax deferred amount from your CDPT 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 your CDPT units. This reduction in cost base will apply in calculating any capital gain or loss on disposal of your CDPT units.

In addition you make a capital gain (even if you do not sell your units) if the sum of the tax deferred amounts received exceeds the cost base of the units at the end of the income year.

You should take particular care 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 nil (refer below), having been exceeded by the amount of tax deferred distributions received since Stapling. The tax deferred distributions will have reduced your CGT cost base of your units to nil, and accordingly the tax deferred distributions received this year will give rise to an immediate capital gain.

If you have held your CDPT units for more than one year you may be able to reduce your capital gain on account of the CGT 50% discount.

Any capital gain arising from tax deferred amounts in excess of your CDPT unit cost base has not been included in your Annual Tax Statement, and if applicable you will need to calculate this amount and separately include it in your income tax return. We recommend you refer to the ATO's publications "Guide to Capital Gains Tax 2011-12" or "Personal Investors Guide to Capital Gains Tax 2011-12" or contact your professional tax adviser to determine these amounts.

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 the taxable components of income distributed to you by CDPT at 46.5%. The tax withheld should be claimed as a credit in your income tax return.

DISPOSAL OF YOUR STAPLED SECURITIES

If you have disposed of Cromwell Property Group stapled securities during the 2012 financial year, the following summary should assist you to determine whether you need to include a CGT gain or loss in your income tax return. However, you should obtain a copy of to ATO's publications "Stapled Securities and Capital Gains Tax", "Guide to Capital Gains Tax 2011-12" or "Personal Investors Guide to Capital Gains Tax 2011-12" available at: www.ato.gov.au. You should also obtain your own tax advice from your professional tax advisor.

Your investment in Cromwell Property Group Stapled Securities

For tax purposes CCL shares and CDPT units are treated as separate assets. This means the sale of a Cromwell Property Group 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 in CCL exceeds the reduced cost base of the share; and/or
- the portion of the consideration reasonably attributable to a unit in CDPT 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 in CCL is less than the reduced cost base of the share; and/or
- the portion of the consideration reasonably attributable to a unit in CDPT exceeds the reduced cost base of the unit.

Capital proceeds and cost base of Shares and Units

For CGT purposes, the proceeds received on disposal of each Cromwell Property Group stapled security will need to be apportioned on a reasonable basis between the share in CCL and the unit in CDPT.

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 also need to be apportioned between the shares in CCL and the units in CDPT.

If you were a CDPT or Syndicate unit holder prior to the Stapling Transaction in December 2006, your cost base per CCL share will generally be the amount of the stapling distribution, being 0.025 cents 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 CDPT unit will generally be the amount of the stapling distribution, being 0.1 cents per unit, plus any incidental costs of disposal.

In the case of your CDPT units, as noted above, the cost base is also reduced by the tax deferred distributions you have received.

One possible 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 since the stapled group was formed in December 2006 are set out below.

We recommend that you refer to the ATO publications noted above or contact your professional tax adviser to determine the correct treatment and order of calculating your net capital gain.

	NTA per Stapled Security	CCL Apportionment	CDPT Apportionment
30 June 2012	$0.67	2.45%	97.55%
31 December 2011	$0.68	2.21%	97.79%
30 June 2011	$0.73	1.31%	98.69%
31 December 2010	$0.70	1.46%	98.54%
30 June 2010	$0.71	1.31%	98.69%
31 December 2009	$0.73	1.38%	98.62%
30 June 2009	$0.76	1.18%	98.82%
31 December 2008	$0.86	3.82%	96.18%
30 June 2008	$1.01	2.33%	97.67%
31 December 2007	$1.02	3.74%	96.26%
30 June 2007	$0.96	1.54%	98.46%
31 December 2006	$0.78	1.64%	98.36%

HOW TO COMPLETE YOUR TAX RETURN USING THE ANNUAL TAX STATEMENT

If you are lodging an individual income tax return you will need to complete questions 11, 13, 18 and 20 of your income tax return (Supplementary Section).

2012 tax return for individuals (including supplementary section)

→ Individuals

Question 11: Dividends

As CCL did not pay a dividend during the 2012 year there is no CCL dividend amount to be included at question 11 of your 2012 income tax return.

→ Supplement

Question 13: Partnerships and Trusts – Non-primary production income

Using your Annual Tax Statement and the "Individual Tax Return Instructions Supplement 2012" you should include the Australian Interest income amount, any franked distribution amount (including any franking credit amount) and the other Australian taxable income amount.

Any foreign income amount on your Annual Tax Statement should be included separately at Question 20 (see below).

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

Question 18: Capital gains

There are no capital gains included in CDPT's distributions in respect of the 2012 financial year.

However, as discussed above, you should include at this question any capital gains (or losses) resulting from the tax deferred amounts depleting the cost base of your CDPT units to nil or otherwise arising such as on the disposal of your stapled securities .

Question 20: Foreign income

Using your Annual Tax Statement you should separately disclose any foreign income amount at Question 20.

You may be entitled to a foreign income tax offset of the amount of any foreign tax credit disclosed on your Annual Tax Statement. If your total foreign income tax offset is less than $1,000 then you can claim this amount in full. You should follow the steps in the instructions to Question 20 of the Individual tax return instructions supplement 2012 or refer to the ATO's publication "Guide to Foreign Income Tax Offset Rules 2011-12" to determine your entitlement.

ATO LINKS

Relevant ATO Publications and information:

- Refund of Franking Credits Instructions and Application for Individuals 2011-2012
- You and Your Shares 2011-2012
- Stapled securities and Capital Gains Tax
- Personal Investors Guide to Capital Gains Tax 2011-2012
- Guide to Capital Gains Tax 2011-2012
- Guide to Foreign Income Tax Offset Rules 2011-2012
- "Tax Return for Individuals 2012" including the "Individual Tax Return Supplement 2012"

To obtain copies of these publications from the ATO please phone the ATO publications distribution service on 1300 720 092, 13 36 77 (for the hearing impaired) or visit the ATO website at www.ato.gov.au and select Find a Form or Publication from the left hand menu.

DUPLICATE TAX STATEMENTS

A duplicate copy of your 2012 Annual Tax Statement can be downloaded, free of charge by clicking on the link to Link Market Services at: www.cromwell.com.au/registry. Alternatively, for a replacement statement contact Link Market Services Limited on 1300 550 841 (within Australia) or +61 2 8280 7124 (outside Australia) between 8.00am and 7.30pm, EST, Monday to Friday. A replacement statement charge may be payable to Link Market Services.

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