Cromwell Riverpark Trust Election to be an Attribution Managed Investment Trust

5 July 2017

Cromwell Funds Management Limited (CFM) is the responsible entity of the Cromwell Riverpark Trust (Trust).

On 27 March 2017, CFM announced that it had amended the Trust's constitution to allow CFM to elect the Trust into the Attribution Managed Investment Trust (AMIT) regime. You can view this announcement and the notice published on 16 March 2017 outlining the benefits of operating under the AMIT regime on the Trust's webpage at www.cromwell.com.au/crt under the section 'Continuous Disclosure & Updates'.

From 1 July 2017, CFM will manage the Trust as an AMIT on the basis that CFM has resolved to make an election in the Trust's tax return for the year ending 30 June 2018 to enter into the AMIT regime. CFM's election into the AMIT regime will be irrevocable and is subject to the Trust satisfying the conditions of the AMIT regime. As a consequence, the Trust's taxation information has been updated to reflect the application of the new regime. The election to be an AMIT is not expected to impact the allocation of taxable income to the Trust's unitholders. The updated information does not include any materially adverse information.

The taxation information in this notice is of a general nature only, does not take into account the financial objectives, situation or needs of any particular investor and is based on taxation legislation as at 1 July 2017.

The affected sections of the Trust's product disclosure dated 25 February 2009 (PDS) and supplemental product disclosure statement dated 30 June 2009 (SPDS) should be read as follows:

1. The seventh paragraph of Section 1.5 (Distributions) in the PDS is deleted and replaced with the following:

> See section 7 for further information on the taxation of the Trust generally. Capital gains or losses may also occur on the sale of the Property.

2. Section 6.5.7 (Income Tax) in the PDS, excluding the section title, is deleted and replaced with the following:

> Under current income tax legislation the Trust will be treated as a flow through entity and attribute taxable income to investors. The Trust will not be liable to pay tax. See Section 7 for further information.

3. Section 7 (Taxation Information) in the PDS, excluding the section title, is deleted and replaced with the following:

> The taxation information in this SPDS is of a general nature only and does not take into account the financial objectives, situation or needs of any particular investor.
>
> This information is for resident investors who hold their units as long term investments on capital account. We have also provided general observations in relation to the tax implications for non-resident investors.
>
> The following comments should not be regarded as tax advice.

Tax law may change over time and tax treatment may vary according to individual circumstances and investors are advised to seek their own tax advice in respect of their investment in the Trust. Tax liabilities are the responsibility of each individual investor and CFM is not responsible for taxation or penalties incurred by investors.

7.1 Australian Resident Investors

The Trust is an Australian resident trust for tax purposes. CFM intends to limit the Trust's investment activities to ensure that the Trust is treated as a 'flow through' entity for the purposes of Australian tax.

The Trust qualifies as a MIT and satisfied the requirements to make an election into the new regime to be an Attribution Managed Investment Trust (AMIT) for taxation purposes. The Trust has resolved to make an irrevocable election to be an AMIT for taxation purposes. The AMIT regime provides greater certainty on the application of the tax provisions for both the investors and the Trust. The election to be an AMIT should not materially impact the allocation of taxable income to the investors.

In the unlikely event that the Trust ceases to qualify as an AMIT, the Constitution provides that the pre-AMIT provisions will apply. In these circumstances, unitholders will be presently entitled to the Distributable Income and will be allocated a share of the taxable income based on their entitlement to the distributable income. Refer to the PDS dated 25 February 2009, or the SPDS dated 30 June 2009, which contains the details on this treatment.

The following applies to the Trust where it is an AMIT.

7.1.1 AMIT regime

Following the election to be an AMIT, the Trust will continue to be a flow through entity and investors will be attributed the taxable income of the Trust regardless of whether the Trust makes a distribution of income or capital.

The Trust will attribute taxable income and tax offsets to investors on a fair and reasonable basis. The attribution will be based on the investors rights to the income and capital in the Trust as provided for in the Constitution.

Investors will be attributed tax components that may include capital gains and income from the Trust's investment in real property and cash. CFM will provide investors with an AMIT member annual statement outlining the tax components. The components of income and capital retain their character in the investors hands.

Attribution of Income

Investors will include the tax components attributed to them in their assessable income. The tax implications for investors will depend upon the tax character of the tax components attributed to them.

Capital gains

The Trust has made an election to treat the Property on capital account for taxation purposes. Consequently, gains or losses on the disposal of the Property will be taxable as a capital gain or loss.

Broadly, where the Trust disposes of the Property, which it has held for more than 12 months, it may be eligible for discount capital gains concessions. The taxable capital gain will be attributable to investors. Where an investor is an eligible investor, such as an individual, trustee or complying superannuation fund, the investor may be entitled to the discount CGT concessions.

The capital gain will be identified in the AMIT member annual statement to ensure that investors can calculate their net capital gain position.

Cost Base adjustments

The Trust will distribute income monthly in arrears in proportion to the number of days in each month the Units are held. The amount of the cash distribution may be greater than, or less than, the taxable income attributed to an investor. Broadly, the cost base of the units will be increased by any amounts attributed and the cost base will be reduced by any payments and tax offset amounts attributed to investors. These amounts are netted off resulting in either an increase or decrease in cost base.

CFM will reflect any net increase or decrease in the cost base in the AMIT member annual statement issued to the investor.

Where your cost base is reduced to nil any net decreases to the cost base will result in a capital gain equal to that excess and will be reflected in the AMIT member annual statement issued to the investor.

Disposal of units

Investors may be liable for tax on capital gains realised on transfer, redemption or otherwise disposing of units in the Trust.

In order to determine their capital gains tax position, investors will need to adjust the tax cost base of their units in the Trust for any tax deferred distributions that were received from the Trust prior to the Trust electing to become an AMIT. Investors may also need to adjust the cost base to take into account any adjustments to the cost base under the AMIT rules as noted above.

Investors may also be entitled to the discount capital gain concessions where the units have been held for more than 12 months. The Trust does not issue a separate capital gains statement if the investor disposes of units in the Trust.

Unders and Overs

Where the Trust discovers an over estimate or under estimate of a tax component relating to a previous year, the AMIT rules allows CFM to attribute the tax consequence to either the previous year, or the year of discovery.

Consequently, an investor may be attributed a tax component related to an under estimate or over estimate of the tax component of a previous year. CFM will consider the facts and circumstances in determining whether to correct an under or over estimation in the discovery year or in the year that the under or over estimation relates.

Member Challenge

The Trust will issue an AMIT member annual statement to investors outlining the tax components attributed to that investor each year. The AMIT rules provide that an investor may object to the determined member component by notifying the Commissioner and substituting the amount with their own determination.

If an investor chooses to object against the amount attributed to them by the Trust as noted in the AMIT member annual statement, the investor must provide CFM with notification seven days prior to notifying the Commissioner of their choice to object. The notification to CFM must outline the investors reasons for the objection. The investor will also be required to provide CFM with information so that CFM can assess the investors objection. The investor will be required to meet all costs and liabilities incurred by CFM in assessing the objection.

7.1.2 Quoting a Tax File Number (“TFN”), TFN exemption or Australian Business Number (“ABN”)

Collection of an investor’s TFN is authorised and its use and disclosure strictly regulated by the tax laws and the Privacy Act 1988. Investors may quote a TFN or claim a TFN exemption in relation to their investment in the Trust when completing their application form. Investors may quote an ABN instead of a TFN if they are making this investment in the course of an enterprise carried out by them. If an investor chooses not to quote a TFN, TFN exemption or ABN, CFM may be required to deduct tax at the prescribed rate from that investor's income distributions. As at 1 July 2017 this rate was 47%.

7.1.3 Social Security

Investing in the Trust may affect an investor's entitlement to social security benefits as their investment may be included in the income and assets tests of Centrelink and the Department of Veterans' Affairs. Investors should obtain professional advice concerning the particular social security implications for their circumstances.

7.1.4 Goods and Services Tax (GST)

The issue of units in the Trust is not subject to GST. However, fees and expenses incurred by the Trust, such as management fees, will attract GST at the rate of 10%. The Trust may only be entitled to claim GST input tax credits at a reduced rate on some expenses. However, for the majority of such expenses, a Reduced Input Tax Credit ("RITC") of 75% or 55% of the GST paid can be claimed. Any unclaimable GST charge on fees and expenses is incorporated in the management costs for the Trust.

7.2 Non-resident Investors

The following comments are general in nature. Non-resident investors may be subject to withholding tax on amounts distributed or attributed to them by the Trust. The withholding tax rate depends on whether the Trust qualifies as a withholding tax MIT, the character of the income distributed or attributed, and the residency of investors.

The Trust currently qualifies as a withholding tax MIT. CFM will monitor the requirements to ensure that the Trust continues to qualify as a withholding tax MIT.

Non-resident investors should seek independent tax advice before investing, taking into account their particular circumstances including whether they may be eligible for any concessions under a relevant Double Taxation Agreement between Australia and their country of residence.

Tax on Income

CFM is required to withhold tax on a non-resident investor's behalf in respect of any Australian taxable income distributed or attributed by the Trust.

For investors that are tax resident in countries approved as 'information exchange countries', a concessional final withholding tax rate of 15% is expected to apply to distributions or attributions of fund payments to investors. A fund payment is a distribution or attribution of an amount other than amount referable to interest, dividends, royalties, non-taxable Australian real property capital gains or amounts that are not from an Australian source.

A final withholding tax rate of 30% will apply to fund payments attributed or distributed to investors that are not residents of information exchange countries. Where the distribution or attribution includes Australian sourced interest, a final withholding tax of 10% will apply to that component.

A 'final' withholding tax means that tax is deducted from the relevant component of the investor's Trust attribution or distribution and the investor is not required to lodge an Australian tax return in respect of this component. Further, expenses incurred in connection with deriving this income cannot be claimed as a deduction against this income in Australia.

Tax on disposal of units

Where a non-resident investor holds less than 10% of the units in the Trust, the investor should not be subject to Australian capital gains tax on disposal of units.

7.3 Indirect Investors

The taxation information in this PDS does not consider the treatment of indirect investors. Indirect investors should consult their tax adviser in relation to investing through an IDPS.

4. The last bullet point of section 9.2 (Communicating with Investors) in the PDS is deleted and replaced with the following:

- an AMIT member annual statement detailing information required for inclusion in the investors income tax return.

If you have any questions, please contact Cromwell Investor Services on 1300 CROMWELL (1300 276 693) or email invest@cromwell.com.au.

Cromwell Funds Management Limited ABN 63 114 782 777 AFSL 333214 ("CFM") has prepared this notice and is the responsible entity of, and the issuer of units in, the Cromwell Riverpark Trust ARSN 135 002 336 ("Trust"). In making an investment decision in relation to the Trust, it is important that you read the product disclosure statement dated 25 February 2009 ("PDS") and the supplementary product disclosure statement dated 30 June 2009 ("SPDS"). The PDS and SPDS are issued by CFM and are available from www.cromwell.com.au/crt or by calling Cromwell Investor Services on 1300 276 693. The Trust is not open for investment. This notice has been prepared without taking into account your objectives, financial situation or needs. Before making an investment decision, you should consider the PDS and SPDS and assess, with or without your financial or tax adviser, whether the Trust fits your objectives, financial situation or needs. CFM and its related bodies corporate, and their associates, do not receive any remuneration or benefits for the general advice given in this notice. If you acquire units in the Trust, CFM and certain related parties may receive fees from the Trust and these fees are disclosed in the PDS and SPDS.

Please note: Any investment, including an investment in the Trust, is subject to risk. If a risk eventuates, it may result in reduced distributions and/or a loss of some or all of the capital value of your investment. See the PDS and SPDS for examples of key risks. Past performance is not a of future performance. Forward-looking statements in this notice are provided as a general guide only. Capital growth, distributions and tax consequences cannot be guaranteed. Forward-looking statements and the performance of the Trust are subject to the risks and assumptions set out in the PDS and SPDS.