

Notes to your Cromwell Direct Property Fund 30 June 2017 Annual Tax Statement

The following notes have been prepared to assist Australian resident individual investors understand their Annual Tax Statement and to prepare their 2017 income tax return.

These notes apply to you if:

- You are an individual Australian tax resident holding your units 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 as they apply to you; and
- You are using the “Individual Tax Return 2017” and “Tax Return for Individuals (Supplementary Section) 2017” publications or *myTax* to complete your income tax return.

If you hold your units 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.

The following notes have been prepared for general information only and should not be relied upon as tax advice. The information should be read in conjunction with the Australian Taxation Office’s (“ATO’s”) instructions and publications, some of which are listed below. An investment in a Managed Investment Trust 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 Cromwell’s financial products.

While every effort is made to provide accurate and complete information, Cromwell does not warrant or represent that the information in these notes 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 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 information.

These notes have been prepared on the basis of the prevailing taxation laws at 30 June 2017.

Thank you for investing with Cromwell. For further information about your investment:

- Contact your adviser;
- Contact the Cromwell Investor Services Team on 1300 276 693;
- Access our website at <https://www.cromwell.com.au/investment-options/cromwell-direct-property-fund>;
- For registry related questions please call Boardroom on 1300 737 760 within Australia, or +61 2 9290 9600 outside Australia, between 8.00am and 7.30pm, AEST, Monday to Friday; or
- You can access and administer your investment online 24 hours a day, 7 days a week, via Boardroom’s InvestorServe portal at: <https://www.investorserve.com.au>. If you are not already registered for InvestorServe call 1300 737 760.

The below notes have been prepared to assist you or your tax adviser to complete your 2017 income tax return using your Annual Tax Statement

For tax purposes your investment in units in the Cromwell Direct Property Fund is an investment in a Managed Investment Trust.

Your Annual Tax Statement provides details of any distributions paid to you by the Cromwell Direct Property Fund for the period 1 July 2016 to 30 June 2017.

Australian resident taxpayers include in their assessable income their proportionate share of the Cromwell Direct Property Fund’s taxable income (including any net capital gains). The Cromwell Direct

Property Fund distributions are included in investor's assessable income for tax purposes on a present entitlement basis and not on a receipts basis. This means:

- the distribution paid in July 2017 in relation to the June 2017 month is included in your 2017 Annual Tax Statement; and
- the distribution paid in July 2016 in relation to the June 2016 month is not included in your 2017 Annual Tax Statement as it was included in your 2016 Annual Tax Statement.

For tax purposes the distributions from the Cromwell Direct Property Fund may comprise separate components including interest, dividends, other Australian taxable income, foreign income, capital gains and tax deferred amounts.

Managed Investment Trust Regime

Cromwell Direct Property Fund qualified as a Managed Investment Trust ("MIT") for the year ended 30 June 2017 in accordance with Division 275 of the Income Tax Assessment Act 1997 ("ITAA 1997"). Cromwell Direct Property Fund made an irrevocable election in 2015 to treat the disposal of its eligible assets as subject to CGT and not giving rise to revenue gains or losses.

Attribution Management Investment Trust Regime

On 27 March 2017, Cromwell Funds Management Limited ("CFM") announced that it had amended the fund's constitution to allow CFM to choose for the Cromwell Direct Property Fund to apply 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 fund's webpage at <https://www.cromwell.com.au/investment-options/cromwell-direct-property-fund> under the section 'Continuous Disclosure & Updates'.

From 1 July 2017, CFM has made the irrevocable choice for the Cromwell Direct Property Fund to enter into the AMIT regime. The benefits of choosing to apply the AMIT regime are outlined in the above noted announcement. The choice to be an AMIT is not expected to impact the allocation of taxable income to investors.

If you are using myTax:

For resident individual holders using *myTax* to lodge their individual income tax return the following section should be used as a guide to personalise your income tax return to ensure the relevant questions and sections are completed.

If the distribution from your investment in the Cromwell Direct Property Fund has been pre-filled for you, check this information against your Annual Tax Statement. If the information has not been pre-filled yet, transpose the amounts from your Annual Tax Statement in "Part A: Summary of 2017 Tax Return (supplementary section) Items" section to the tax return boxes corresponding to the 2017 Tax Return Labels shown on your Annual Tax Statement.

Taxable Income – Question 13

Using your Annual Tax Statement and the "Tax Return for Individuals (Supplementary Section) 2017" you should include at Question 13 of your income tax return any non-primary production income amount (Label 13U) See Part A of your Annual Tax Statement for these amount.

Capital Gains – Question 18

Your Cromwell Direct Property Fund distribution does not include any capital gains amounts for the 2017 financial year.

However, you should include at Question 18 any capital gains (or losses) otherwise arising in relation to your units and other investments. This may include capital gains arising from a disposal of your Cromwell Direct Property Fund units or from the tax deferred amounts depleting the cost base of your Cromwell Direct Property Fund units to nil (discussed further below).

Tax Deferred Amounts

It is important that you apply the correct tax treatment to the tax deferred component of your Cromwell Direct Property Fund distributions over the life of your investment. While tax deferred amounts are

generally not immediately assessable for income tax purposes they will reduce the CGT cost base of your Cromwell Direct Property Fund 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 an income tax year.

If you hold your Cromwell Direct Property Fund units for more than one year you may be able to reduce any capital gain on account by the CGT discount.

Any capital gain arising from tax deferred amounts in excess of your Cromwell Direct Property Fund unit cost base is not included in your Annual Tax Statement, and if applicable you will need to calculate this amount and separately include it at Question 18 of your income tax return. We recommend you refer to the ATO's publications "Guide to Capital Gains Tax 2017" or "Personal Investors Guide to Capital Gains Tax 2017" or contact your professional tax adviser to determine these amounts.

To obtain copies of these ATO publications 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 "Forms and instructions" or "Print publications" at the bottom of the page.

TFN Amount Withheld

Where you have not provided your Tax File Number ("TFN"), Australian Business Number ("ABN") or claimed a relevant exemption, amounts may have been withheld from the taxable components of income distributed to you by Cromwell Direct Property Fund at the rate of 49%. Any tax withheld should be included in Question 13R and offset against the tax payable on your taxable income or refunded.