AUSTRALIAN TAX TRANSPARENCY REPORT 2020

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CFO STATEMENT

We are proud to present Cromwell Property Group's (Group or Cromwell) first Australian Tax Transparency Report (Report). This Report demonstrates our commitment to transparently present the Group's tax affairs and Australian tax contributions for the financial year ended 30 June 2020.

The Group has always been headquartered in Brisbane, Queensland, Australia and has operations on three continents, in 14 countries and an employee base in excess of 440 staff. We are a global taxpayer that has continually remained focussed on meeting its tax affairs and paying the correct amount of tax.

In 2020, the Group contributed towards both Australian and State governments through the payment of tax in excess of $60 million.[1] This amount represents a variety of direct and indirect tax commitments which apply to Cromwell's transactional and business operations.

Importantly, in addition to the $60 million of tax paid, Cromwell's unitholders pay tax on income from the Group's $3 billion Australian property portfolio. These properties are held by the Cromwell Diversified Property Trust (DPT), with unitholders liable for tax on the net (tax) income of DPT. DPT paid unitholders total cash distributions of $195.5 million during the year ended 30 June 2020 and deducted withholding tax of $8.2 million. However, the significant tax contribution of unitholders on this income cannot be precisely quantified, as investors are subject to tax on distributions received from DPT at their relevant marginal tax rates in Australia and overseas.

This Report has been prepared based on the principles in the Australian Government's Board of Taxation's voluntary tax transparency code. The Report is intended to provide transparency over the way the Group, as a business, manages its tax affairs. The disclosures within this Report have been independently reviewed and should be read in conjunction with Cromwell's 2020 Annual Report which can be found in the Securityholder Centre on our website: *www.cromwellpropertygroup.com/securityholder-centre.*

Brett Hinton
Acting Chief Financial Officer
Cromwell Property Group

[1]In this Report, a reference to a monetary amount is a reference to be in Australian currency unless specified otherwise.

OVERVIEW OF CROMWELL PROPERTY GROUP

ABOUT CROMWELL

Cromwell (ASX:CMW) is a real estate investor and fund manager with operations on three continents and a global investor base. The Group is included in the S&P/ASX 200. As at 31 December 2020, Cromwell had a market capitalisation of $2.3 billion, a direct property investment portfolio in Australia valued at $3.0 billion and total assets under management of $11.6 billion across Australia, New Zealand and Europe.

As at 31 December 2020, the Group's property management platform comprises over 440 staff in 28 offices in 14 countries across Australia, New Zealand, Singapore and Europe. Total assets under management was AUD $11.6 billion, diversely spread across a range of sectors including office (66.2%), retail (14.3%), industrial/logistics (13.4%), property securities (3.3%) and other investments (2.8%). The portfolio comprises over 220 assets leased to more than 2,850 tenants.

AU$ 11.6 BILLION
ASSETS UNDER MANAGEMENT

220
PROPERTIES

2,850
TENANTS

3.4M
SQM

440+
PEOPLE

28
OFFICES

14
COUNTRIES

As at 31 December 2020

CROMWELL'S TAX PROFILE

Cromwell Property Group Stapled Structure

An investment in Cromwell consists of a Cromwell Property Group stapled security (ASX:CMW). Each stapled security is comprised of a share in Cromwell Corporation Limited (CCL) and a unit in the Cromwell Diversified Property Trust (DPT). Shares in CCL and units in DPT can only be transferred or traded together as Cromwell Property Group stapled securities on the Australian Securities Exchange. However, CCL and DPT remain separate entities for taxation purposes.

Cromwell Diversified Property Trust Structure

DPT was an Attribution Managed Investment Trust (AMIT)[2] during the year ended 30 June 2020. DPT predominantly holds investments in land in Australia and Europe. DPT and its controlled subsidiaries only carry on activities that are within the ambit of an "eligible investment business" for the purposes of the Australian trading trust rules. This mainly includes investing in land primarily for the purpose of deriving rent. DPT and its Australian subsidiary trusts are not subject to corporate income tax on their taxable income (including assessable realised capital gains) provided that the unitholders are attributed all of the net (tax) income of DPT each year. The assessable and non-assessable components attributed to unitholders in DPT are disclosed in the Attribution Managed Investment Trust Member Annual Statement (AMMA Statement) provided to unitholders.

DPT holds an interest in a small number of corporate entities resident in Australia that are subject to Australian corporate income tax on their taxable income at a rate of 30%. DPT's foreign domiciled investments are subject to foreign income tax and withholding taxes in their respective jurisdictions.

Cromwell Corporation Limited Structure

CCL and its subsidiaries (the CCL Group) carry out businesses including the Group's funds management and property management activities in 14 countries. CCL's income is generally subject to corporate income tax in the jurisdiction in which it is earned. In Australia, CCL has formed a tax consolidated group with its eligible Australian resident subsidiaries and is taxed as a single entity. CCL's Australian corporate income tax rate is 30%, while the tax rates in the other operating jurisdictions are generally lower than in Australia (i.e. Poland (19%), UK (19%), and Singapore (17%)).

A full list of the Group's wholly owned subsidiaries is included in Note 16 of Cromwell's 2020 Annual Report.

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[2]For the purposes of *Income Tax Assessment Act 1997* (Cth).

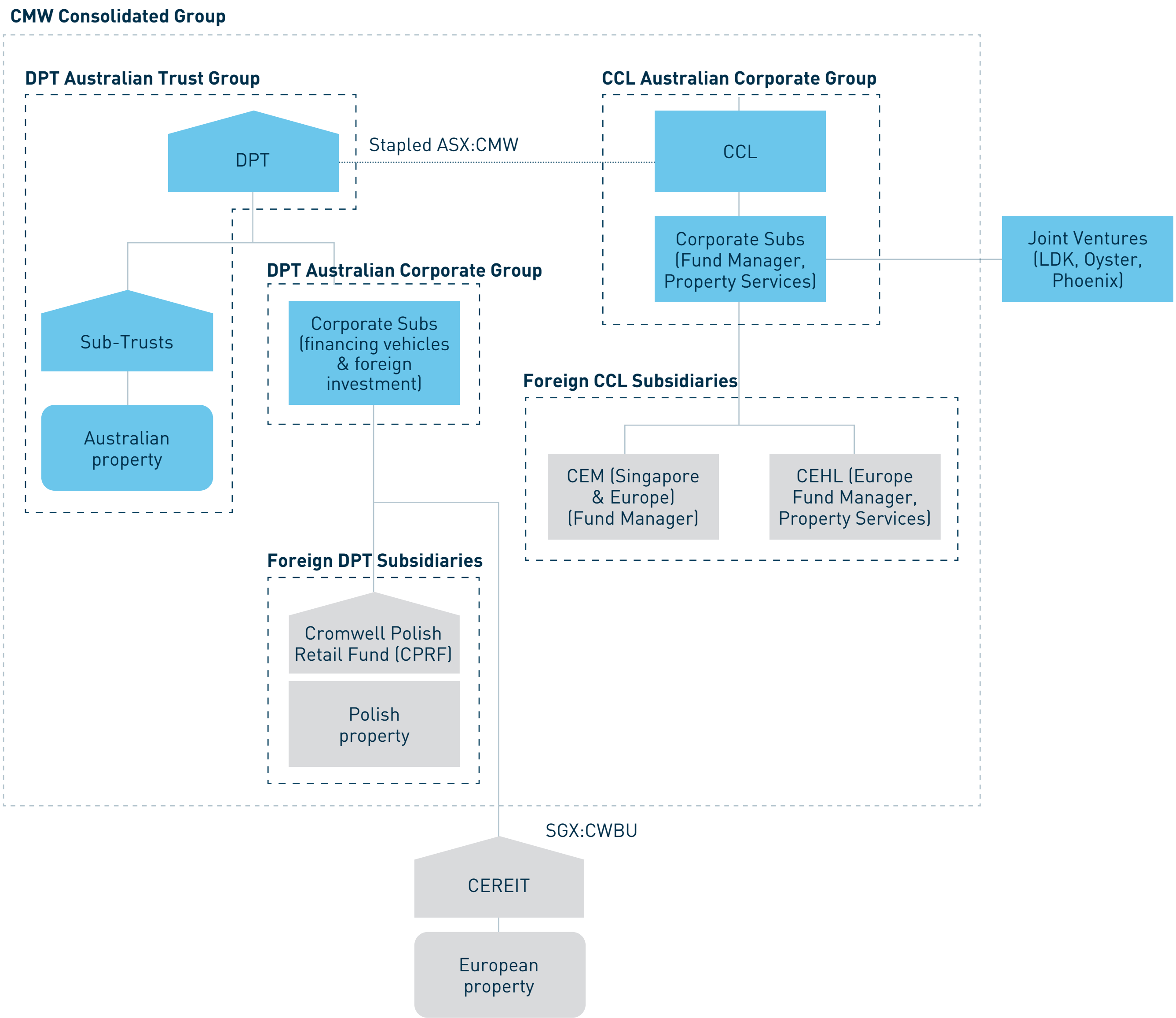
Tax Reporting Groups

Disclosures in this report have been prepared referencing the following reporting groups:

- CMW Consolidated Group
- CCL Australian Corporate Group
- Foreign CCL Subsidiaries
- DPT Australian Trust Group
- DPT Australian Corporate Group
- Foreign DPT Subsidiaries

Please refer to Figure 1 for a depiction of these groups.

Figure 1 - Tax Reporting Groups



TAX RISK MANAGEMENT

Cromwell's Tax Risk Management and Governance

The Cromwell Board is committed to the Group meeting securityholders' and stakeholders' expectations of good corporate governance[3] and has a long-established approach of reviewing at least annually its tax risk management appetite and setting Cromwell's formal Tax Risk Management Policy (Policy).

The Cromwell Board's Audit and Risk Committee and senior management are responsible for maintaining, monitoring and implementing the Policy.

The Board believes managing tax risk is core to good corporate governance and the Policy ensures appropriate oversight, sound systems, clear accountabilities, strong controls, ethical behaviours and that highly skilled people are supported by robust processes and procedures.

Cromwell's Attitude to Tax Risk

The Cromwell Board has always adopted a conservative approach in relation to the acceptance and management of tax risk and aims to adopt positions that result in low residual tax risk. Cromwell always seeks to comply with tax laws and does not engage in tax evasion or aggressive tax planning. Optimal commercial and tax outcomes are pursued through tax positions that are supportable in law with low residual tax risk.

The Policy outlines the Group's approach to minimising tax risk, including appointing reputable independent tax advisors and applying for tax rulings when significant tax positions are uncertain. The Policy summarises Cromwell's tax governance processes, including that all significant income tax compliance work is reviewed by a reputable independent tax advisor before lodgement. Cromwell undertakes tax due diligence of all significant new transactions to assess the tax risks before committing to a transaction.

Cromwell is committed to engaging with tax authorities in a constructive and open manner in all countries and states in which it operates.

INTERNATIONAL RELATED PARTY DEALINGS

The Australian business provided services in the year ended 30 June 2020 to international related parties as follows:

- management services provided to subsidiaries in the UK and Singapore; and
- intergroup funding provided to related parties located in the UK, Singapore, Poland and New Zealand.

Fees were charged for management services consistent with arm's length benchmark studies prepared by our tax advisors.

All financing arrangements are consistent with ATO guidance and rulings, OECD's transfer pricing guidelines and advice received from our tax advisors.

RECONCILIATION TO ATO CORPORATE TAX TRANSPARENCY DISCLOSURES

The ATO did not publish the Group's taxable income information in its 2020 Report of Entity Tax Information as the Group did not have any companies with total income in excess of $100 million.

[3] You can read more about Cromwell's corporate governance in our 2020 Corporate Governance Statement, which is available on the Corporate Governance page on our website: *www.cromwellpropertygroup.com/securityholder-centre/corporate-governance*

RECONCILIATION OF ACCOUNTING PROFIT TO TAX EXPENSE AND TAX PAID

The below table shows a reconciliation of accounting profit to the tax expense as disclosed in Cromwell's 2020 Annual Report. This section elaborates on those disclosures as they relate to the Group's Australian corporate taxpayers. As outlined previously, the income tax payable on DPT's trust income is not disclosed below as it is attributed to unitholders.

	CCL Australian Corporate Group $M	Foreign CCL Subsidiaries $M	DPT Australian Trust Group $M	DPT Australian Corporate Group $M	Foreign DPT Subsidiaries $M	CMW Consolidated Group $M
Part A. Reconciliation of Accounting Profit to Income Tax Payable and Income Tax Paid						
Profit before Income Tax	29.4	6.8	175.1	(28.9)	2.5	184.9
Income Tax calculated at 30%	8.8	2.0	52.5	(8.7)	0.8	55.5
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:						
Trust income	-	-	(52.5)	-	-	(52.5)
Fair values movement non-accessible	(2.2)	1.9		(20.9)	18.3	(2.9)
Non-deductible expenses	0.3	1.3		0.0	(4.0)	(2.4)
Movement in tax losses recognised	(2.0)	(0.3)		18.6	(18.0)	(1.7)
Movement in initial recognition exemption	-	-			6.4	6.4
Tax credits forgone on foreign earnings	-	0.0		-	2.4	2.4
Adjustment in relation to prior periods	0.2	(0.2)		-	(2.7)	(2.7)
Differences in overseas tax rates	-	(0.9)		1.4	1.2	1.7
Income Tax Expense	5.1	3.8		(9.5)	4.4	3.8
Effective Tax Rate*	**17.35%**			**32.87%**		
Timing differences charged to income statement	(1.5)	(1.4)		9.5	(4.2)	2.4
Tax credits						
Tax losses	1.7	-		-	-	1.7
Reverse PY true up	(0.2)	0.2		-	2.7	2.7
Income Tax Payable	5.1	2.6		-	2.9	10.6
Part B. Income Taxes Paid						
Income Taxes Paid - Statement of Cash Flows						
FY19 Income Tax Payable	(0.3)	(0.4)		0.3	-	(0.4)
Payments FY20	(0.8)	(2.2)		(0.2)	(3.9)	(7.1)
Current tax	5.1	2.6		-	2.9	10.6
FY20 Income Tax Payable	4.0	-		0.1	(1.0)	3.1

*Effective Tax Rates as reflected in the Group Effective Tax Rates section of this report.

Notes:
1. The above breakdown is based on information contained in the Group's 2020 Annual Report.
2. Tax payments are on a cash paid and received basis.
3. Tax payments are only included for entities that are controlled by the Group.
4. All foreign tax payments have been converted to Australian dollars at the average rate used in preparation of the Group's 2020 Annual Report.

EFFECTIVE TAX RATES

The below table breaks down the Group's Australian Effective Tax Rates (ETRs).

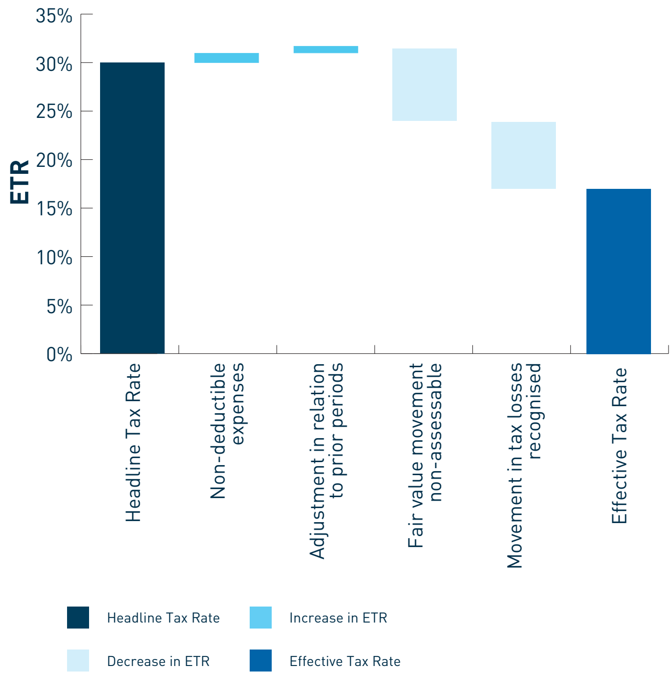
Australia	
CCL Australian Corporate Group	DPT Australian Corporate Susidiaries Group
2020	2020
17.35%	32.87%

EFFECTIVE TAX RATE DRIVERS

CCL Australian Corporate Group ETR Drivers

The CCL Australian Corporate Group's ETR is less than the Australian headline tax rate of 30% primarily due to the recognition or non-recognition of deferred tax assets for losses that arose in earlier years (where a deferred tax asset was not previously recognised in accordance with the accounting standards). To this effect, the CCL Australian Corporate Group recognises deferred tax assets for tax and capital losses to the extent there is sufficient probability that these losses will be used in the foreseeable future from expected income or gains of the CCL Australian Corporate Group.

Figure 2 - CCL Australian Corporate Group ETR Drivers



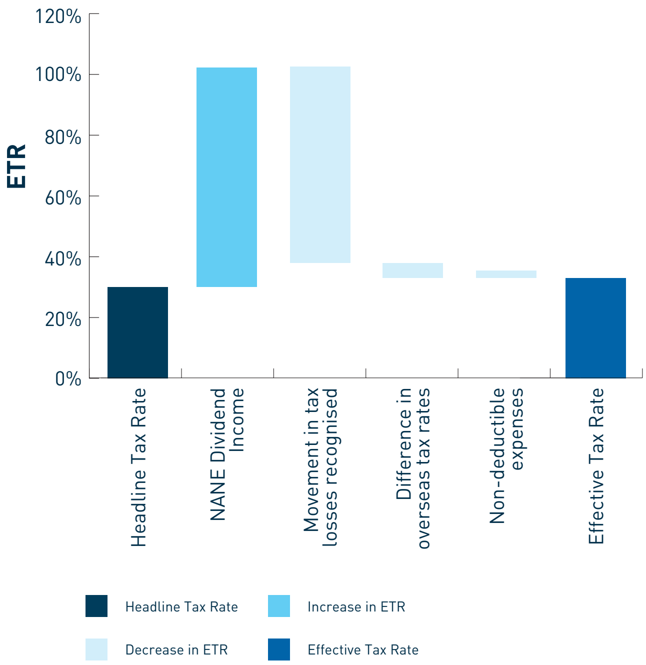
DPT Australian Corporate Group ETR Drivers

DPT's ETR for its corporate subsidiaries was impacted by two main drivers as follows:

a. DPT's investments in the Cromwell European Real Estate Investment Trust (CEREIT) and the Cromwell Poland Retail Fund (being overseas investments of DPT) were in an overall unrealised capital loss position for tax accounting purposes. This decreased the ETR as a deferred tax asset was not recognised for tax accounting purposes for these capital losses; and

b. non-recognition for tax reporting purposes of a portion of a deferred tax liability for DPT's investment in CEREIT, to the extent of expected future distributions from this investment of non-assessable non-exempt (NANE) dividend income.

Figure 3 - DPT Australian Corporate Group ETR Drivers



DPT Australian Trust Group

As outlined previously, DPT was an AMIT for the 2020 financial year. All distribution components attributed to DPT's Australian resident unitholders in their 2020 AMMA Statements were assessable. During the 2020 financial year, the total assessable components attributed to DPT's unitholders exceeded the total cash distribution. Compared to the prior financial year, the attribution of higher assessable components is due primarily to significant capital gains made by DPT during the 2020 financial year from the sale of its buildings and investments. During the 2020 financial year, withholding tax of $8.2 million was withheld on distributions to non-resident unitholders. Cromwell publishes an annual guide to DPT's AMMA Statement advising Australian resident unitholders how distributions should be disclosed in their income tax return.

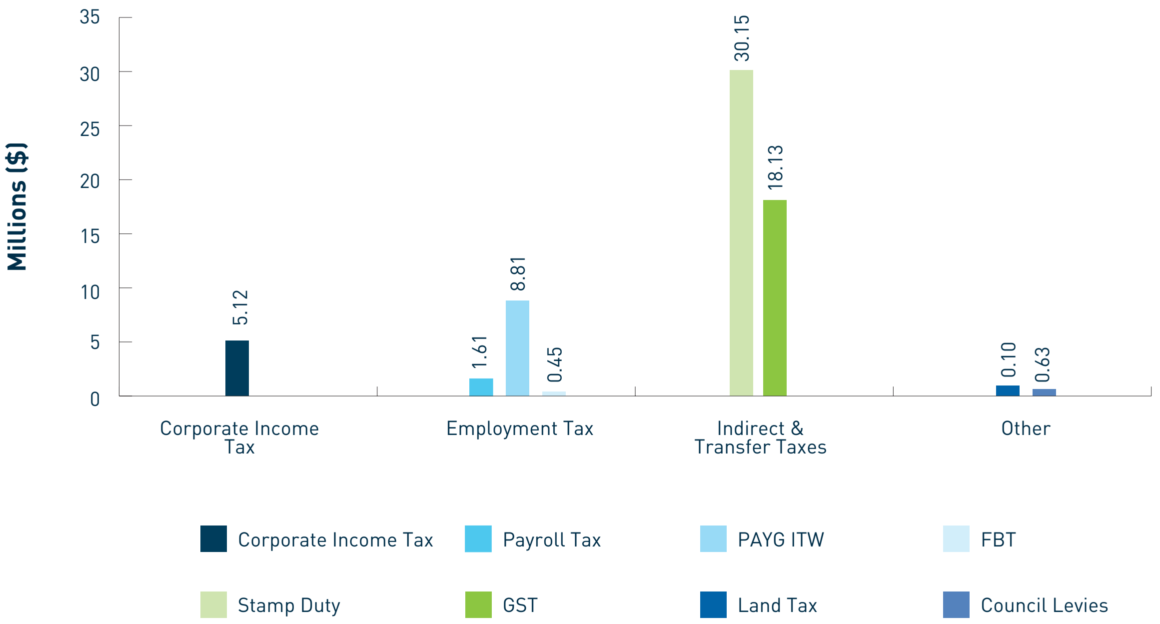
Assessable Tax Component	Percentage of Cash Distribution
Unfranked Dividends	0.003%
Franked Dividends	0.129%
Domestic Interest	0.003%
Capital Gains - Discount (TARP) (Grossed Up)	68.764%
Australian Other Income	36.881%
Excluded from Non-Concessional MIT Income (NCMI) - Non-Primary Production (NPP)	0.499%
Foreign Income	0.003%
Total Assessable Tax Components*	**106.282%**

*The total assessable tax components of 106.28% was greater than 100% given the total assessable components exceeded the cash distribution for the year.

AUSTRALIAN TAX CONTRIBUTION STATEMENT

The Group is a landholder and employer and is, therefore, subject to a number of federal and state taxes. A summary of the Group's tax contributions in Australia for the 2020 financial year is outlined below. The contribution statement covers taxes levied on the Group, as well as taxes remitted and collected by the Group on behalf of the ATO.

Figure 5 - Breakdown of Australian Tax Contributions



Notes:
1. The above tables do not include tax payments to foreign tax authorities.
2. The corporate income tax payable by the Group makes up approximately 8% of the Group's total tax contribution within Australia.
3. Stamp duty (or transfer duty) is a State tax payable on the acquisition of land, or land rich entities.
4. Land tax is a State tax calculated and assessed on landholders with property that is above the land tax threshold in each state. As a landholder, the Group pays land tax in each of the States and Territories in which it holds property – this cost is often passed on to tenants through lease agreements. The amount noted above is the net tax liability.
5. As an employer, the Group is subject to fringe benefits tax (FBT) on all fringe benefits provided to its employees. The amount is calculated based on the Group's FBT return for the year ended 31 March 2020.
6. As an employer with employees based in Queensland, New South Wales, Victoria and the Australian Capital Territory, the Group is subject to payroll tax which is a tax remitted to the State Government in each jurisdiction.
7. As an employer in Australia, the Group is obliged to withhold and remit PAYG withholding to the ATO on behalf of its employees.
8. The Group's entities are registered for GST and collect and remit GST to the ATO.
9. Various other levies are charged by each of the local councils within which the Group operates. This includes car parking levies and emergency services levies.

CROMWELL
PROPERTY GROUP