



Cromwell

PROPERTY GROUP

Annual Report 2014

well versed well timed well considered

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Cromwell Property Group

Cromwell Property Group (ASX: CMW) is an internally managed Australian Real Estate Investment Trust (A-REIT), and one of Australia's leading property investment and funds management groups. We are part of the S&P/ASX 200, with over \$3.7 billion in assets under management (including unlisted funds) and manage 33 properties.

During the 2014 financial year, the Group delivered operating earnings of over \$146.7 million, from our property portfolio and funds management business.

Our core focus is on Australian commercial property, and delivering strong, consistent returns to investors. We primarily lease our buildings to Government and blue-chip tenants to reduce vacancy risk.

We believe that one of our key competitive advantages is the internalised property management model that we employ to manage all our property assets in-house. Our property team oversees the strategic management of Cromwell assets to ensure that tenants are happy, space is leased, and buildings operate efficiently. By keeping these functions in-house we ensure that our assets are managed in line with the interests and expectations of our investors.

We are committed to improving tenant satisfaction, increasing income from our portfolio and growing the value of our portfolio.

THIS DOCUMENT IS ISSUED BY

Cromwell Property Group consisting of
Cromwell Corporation Limited ABN 44 001 056 980 and
Cromwell Property Securities Limited AFS 238052 ABN 11 079 147 809
as responsible entity for
Cromwell Diversified Property Trust ARSN 102 982 598 ABN 30 074 537 051

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SECURITYHOLDER ENQUIRIES

All enquiries and correspondence regarding securityholdings should be directed to Cromwell's Investor Services on 1300 276 693.



financial highlights

Consistent Strategy, Strong Business

- Remained focused on delivering predictable, growing distributions
 - Active management strategy ensured portfolio was optimised for market
- Non-core assets sold to reduce gearing and increase cash
- Funds management business continued to grow strongly

Another Record Result

- Record operating profit of \$146.7 million up 43%, or 8.5 cents per security (cps) up 12%
- Distributions up 5% to 7.6cps
- Statutory profit of \$182.5 million, up 295%
- Like-for-like property income up 1.4%
- Funds management operating profit up 30% \$8.3 million

FINANCIAL RESULTS SUMMARY	FY14	FY13	Change
Statutory profit (\$'000)	182,471	46,156	295%
Statutory profit (cents per security)	10.6	3.4	208%
Property Investment (\$'000)	138,616	96,510	44%
Funds Management External (\$'000)	5,491	3,330	65%
Funds Management Internal (\$'000)	2,839	3,086	(8%)
Development (\$'000)	(225)	(515)	56%
Operating profit (\$'000)	146,721	102,411	43%
Operating profit (cents per security)	8.5	7.6	12%
Distributions (\$'000)¹	131,394	97,448	35%
Distributions (cents per security)	7.6	7.3	5%
Payout Ratio (%)	90%	95%	(5%)

1) FY13 excludes \$4.2m of distributions above pro rata entitlement attributable to equity raisings.

RECORD OPERATING PROFIT
\$146.7 MILLION **UP 43%**



QANTAS Global Headquarters: Sydney, NSW

Financial Position Improved

- Net tangible assets (NTA) increased from \$0.70 to \$0.73 cps
- Gearing reduced from 46% at June 2013 to 42% at June 2014 and 37% post balance date
- Pro forma cash of \$190 million provides flexibility to pursue new property acquisitions or funds management initiatives
- Average weighted debt maturity of 3.9 years.

FY15 Guidance

- FY15 operating earnings guidance of at least 8.3cps
- FY15 distributions per security targeting 7.85 cps
- Continued focus on preserving or enhancing distributions and creating value

FINANCIAL POSITION	Jun-14 (Pro-Formal) ¹ (\$'000)	Jun-14 (Actual) (\$'000)	Jun-13 (Actual) (\$'000)
Total Assets	2,336,540	2,469,940	2,546,110
Total Liabilities	(1,072,542)	(1,205,942)	(1,345,258)
Net assets	1,263,998	1,263,998	1,200,852
Securities on issue ('000)	1,727,281	1,727,281	1,713,721
NTA per security (excluding interest rate swaps)	\$0.74	\$0.75	\$0.72
NTA per security (including interest rate swaps)	\$0.73	\$0.73	\$0.70
Gearing²	37%	42%	46%
Gearing (look-through)²	39%	43%	46%

1) Pro-forma balance sheet includes impact of 321 Exhibition Street sale and purchase of interest rate cap.

2) Calculated as (total borrowings less cash)/(total tangible assets less cash). Look through gearing adjusts for the 50% interest in Northpoint Tower.

chairman's report



Geoffrey H Levy, AO



100 Waymouth Street: Adelaide, SA



QANTAS Global Headquarters: Sydney, NSW

24% **INCREASE**
IN PROPERTY EARNINGS

Cromwell's activities in 2013 and 2014 highlighted its ability to adapt to changing market conditions. In 2013, we took advantage of relatively weak investment demand to buy assets with long term, quality cash flows at attractive prices. In contrast, the 2014 year saw us take advantage of improved sentiment in the investment market to generate strong returns from the sale of non-core assets.

Importantly, we were able to apply the proceeds of those asset sales to reduce

debt in accordance with our stated gearing strategy and to strengthen our balance sheet ahead of what we expect to be more volatile trading conditions in 2015 and beyond. We were also able to recycle capital into a new value add opportunity in North Sydney in partnership with Redefine Properties Limited, our largest securityholder. This acquisition gave us the opportunity to participate in expected capital and earnings upside from an asset that might otherwise have been too large for our balance sheet, whilst providing

us with enhanced returns from the asset and the funds management fees we will be receiving from our partner.

Our activities over the last few years also highlight the ways in which Cromwell seeks to actively manage its property portfolio through the property cycle and the ways in which we adjust our investment activities ahead of changing market conditions. I am proud that we have maintained strong discipline in our acquisition and divestment processes, and I believe this discipline is a major reason that we were able to demonstrate improvement in all of our key measures of financial performance in 2014.

Cromwell exists for the benefit of its investors, and our key objective is to provide a secure and growing distribution to security holders from our investment and funds management activities. An important part of our strategy to achieve this growth is to increase the size and profitability of our funds management business. The funds management business grew strongly in 2014, and continues to build its scale and its contribution to Group earnings.

Our partnership with Phoenix Portfolios and the continued strong performance of the award-winning Cromwell Phoenix Property Securities Fund is based on a model in which Cromwell combines its established expertise, systems and capital with the investment strategies of high quality boutique fund managers to build funds under management and to provide attractive investment products for our investors.

We have extended this model with the acquisition of a 50% share of New Zealand's Oyster Group. While Cromwell's initial investment is relatively small we believe it has the potential to grow into the future. The recent strength of the New Zealand economy has reinforced our view that the Oyster acquisition was very well timed.

The further extension of this model to other managers, the expansion of partnership and co-investment opportunities with our South African investors and organic growth from our syndicates and direct property platform all offer promising signs for increasing contributions from our funds management business to future earnings.

The year under review also saw a major restructuring of our debt facilities, extending our weighted average debt maturity to approximately four years, and providing us with greater flexibility and a lower cost of debt.

Since balance date we have also entered into hedging arrangements capping our exposure to future interest payments on \$1 billion of debt for 5 years.

Our achievements reinforce to me, and I hope you our securityholders, Cromwell's key points of difference to our peers, namely:

- We are not passive accumulators of assets; we actively manage our portfolio and our assets through the property cycle;
- We use gearing intelligently through the property cycle;
- We are able to leverage additional earnings from our internal management model to produce value from our funds management business.

I would like to take this opportunity to thank Paul Weightman, Daryl Wilson and all of the Group's executives and staff for their efforts this year. We are proud of the fact that we don't follow the herd and that we continue to outperform our peers.

I would also like to thank my fellow Board members for their support during the year. In particular, I would like to thank David Usasz and Mike Watters, both of whom reach the end of their respective terms at the end of the 2014 Annual General Meeting.

David has been an enthusiastic, independent director since he joined the Board in 2007, providing strong financial and risk management stewardship as Chairman of the Audit & Risk Committee and a member of the Nomination and Remuneration Committee and adding immeasurably to the collegiate atmosphere on the Board to the benefit of all stakeholders. We wish David all the very best for the future.

Mike, CEO of Redefine International PLC, joined the Board in 2011 and his financial and property expertise have proven to be of great advantage to the Group.

At the 2014 Annual General Meeting, securityholders will be asked to elect Jane Tongs as a new independent director, replacing David and to elect Andrew Konig, CEO of Redefine Properties Limited, to replace Mike. Further details will be included in the notice of meeting for the 2014 Annual General Meeting.

Thank you also to our Securityholders for your ongoing support. I look forward to working with the whole Cromwell team over the next year.



Geoffrey H Levy, AO
Chairman

“

Cromwell improved the quality of our property portfolio, selling over \$459 million worth of non-core assets and purchasing the \$278.7 million Northpoint Tower.”

”



CEO'S report



Paul Weightman



QANTAS Global Headquarters: Sydney, NSW

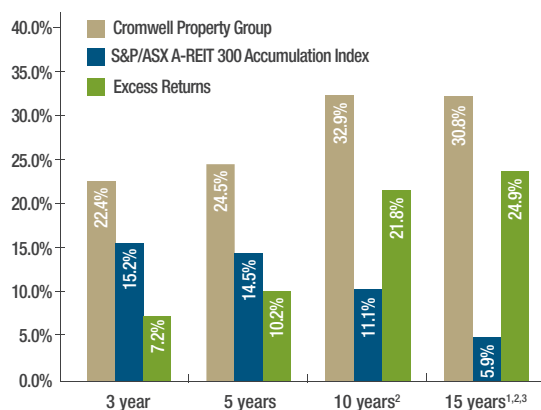
The 2014 financial year was another year of solid performance by Cromwell, with a 43% increase in Operating Profit to a record \$146.7 million.

The Group's Management team took a strong sense of satisfaction from Cromwell's performance in the 2014 financial year, with the strong increase in Operating Earnings showing the benefit of FY13 acquisitions, an increase in like-for-like income from our existing portfolio, reduced interest cost and an increase in funds management earnings.

During the year, we continued to improve the quality of our property portfolio, completing the sale of seven properties for \$458 million and acquiring a 50% interest in Northpoint Tower in North Sydney for \$278.7 million, in partnership with our shareholder Redefine Properties Limited. We also continued to grow our funds management business.

Cromwell Performance June 2014

TOTAL SECURITYHOLDER RETURNS TO JUNE 2014 (Annualised)¹



Source: IRESS

1) Includes distributions

2) 10 year Cromwell return includes period prior to stapling in December 2006

3) 15 year S&P/ ASX A-REIT 300 Accumulation Index return is since inception, which is 31 March 2000

Property portfolio

We aim to maintain a property portfolio that provides a solid base of dependable and defensive earnings, balanced by "opportunistic" assets that provide outperformance either because of the prices at which they are acquired or because they can be improved or repositioned with active asset management.

Net earnings from the Group's portfolio increased 24% to \$214.4 million as a result of additional income from assets acquired in late FY13 combined with increased rental income from the Qantas Global Headquarters in Sydney.

The increase included growth in like-for-like income of 1.4%, supported by bi-annual CPI rental reviews. This was an above average result in a national office rental market that remains soft.

Growth was supported by a number of properties acquired on a favourable basis in the past 18 months, including the seven assets in the NSW portfolio acquired in June 2013 for \$405 million and the Health and Forestry Building in Brisbane acquired in May 2013 for \$65 million.

There was a modest increase in portfolio property valuations, with an increase in investment property value of \$46.2 million, net of capital expenditure and incentives. The increase highlights the growing market appetite for low risk assets such as Cromwell's office properties.

Nationwide, there has been an increase in valuations for assets with long leases and a decrease in valuation for some assets with vacancy or short term lease profiles.

We believe there is potential for further increases in value. Rents are also showing signs of bottoming although we expect the recovery to be slow.

Cromwell's portfolio has a very strong tenant profile, with Government tenants contributing 50.8% of rental income and listed companies or their subsidiaries a further 29.8% of rental income. The portfolio has a Weighted Average Lease Expiry (WALE) of 5.9 years and vacancy of just 3.2%, which compares favourably with the national CBD office average of 12.2%.

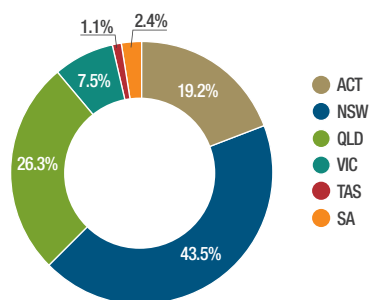
Cromwell has consistently maintained occupancy above national benchmark occupancy rates, which we believe is a result of our internal management model that continues to create additional value over time.

We continuously seek to adjust our portfolio ahead of changing market conditions and during FY14 we sold six assets for a total of \$253 million. Post balance date we also completed the sale of 321 Exhibition St in Melbourne for \$205 million, resulting in total sales of \$458 million.

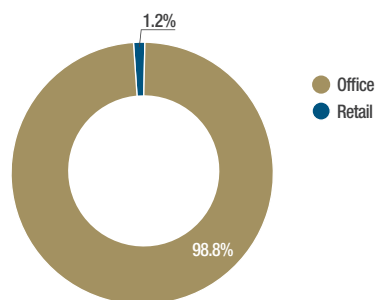
The assets we sold had delivered good historical returns. However, our assessment was that their risk/return profiles were unlikely to meet our future expectations and that the capital invested in those assets should be redeployed elsewhere.

51 GOVERNMENT TENANTS
29.8% LISTED COMPANIES OR THEIR SUBSIDIARIES

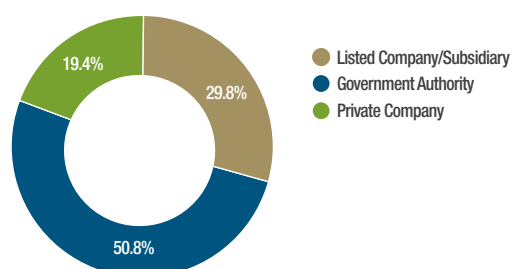
GEOGRAPHIC DIVERSIFICATION BY GROSS INCOME



SECTOR DIVERSIFICATION BY GROSS INCOME



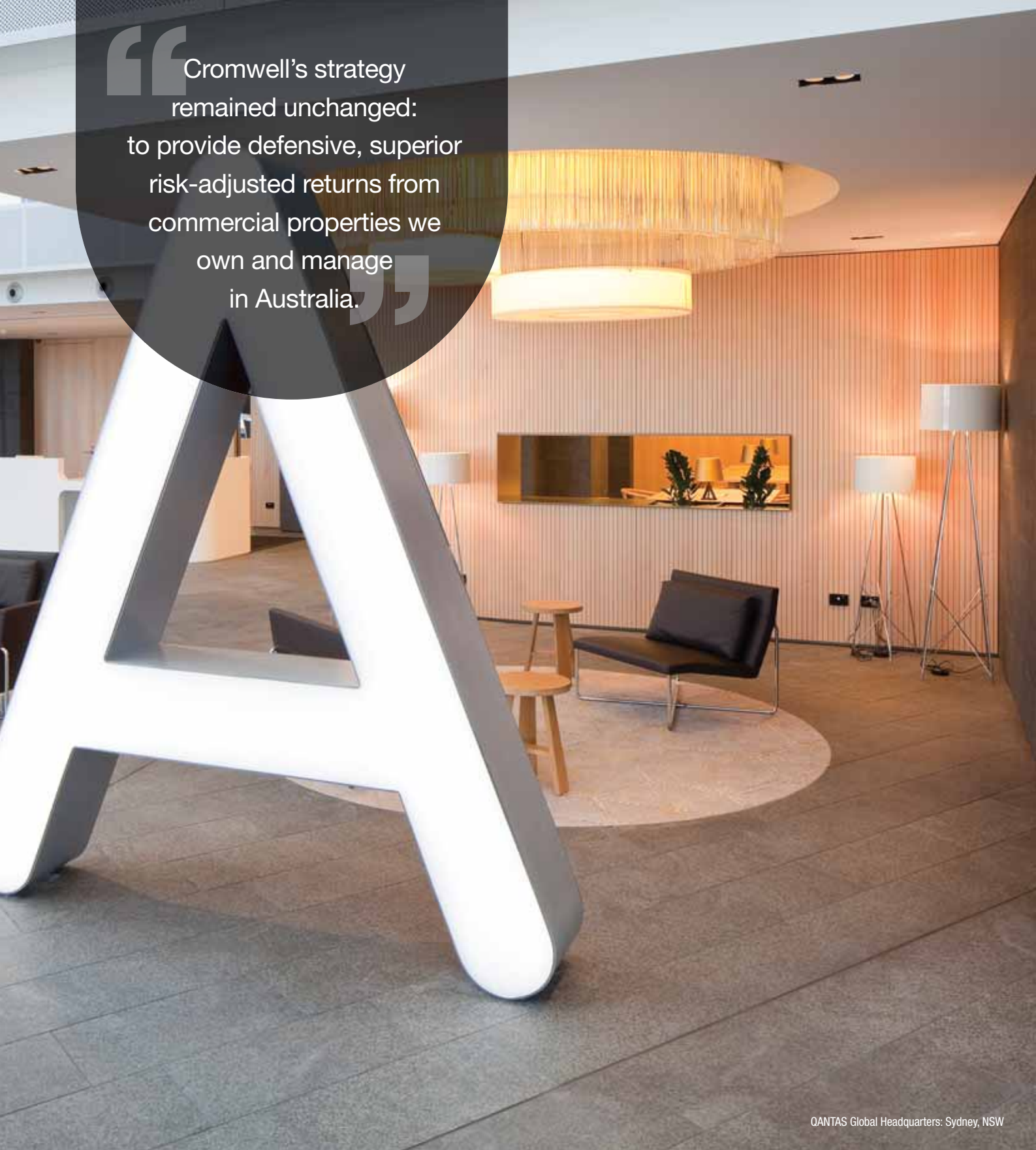
TENANT CLASSIFICATION BY GROSS INCOME





“

Cromwell's strategy remained unchanged: to provide defensive, superior risk-adjusted returns from commercial properties we own and manage in Australia.”



QANTAS Global Headquarters: Sydney, NSW

portfolio assets sold



321 EXHIBITION STREET
MELBOURNE, VIC



NXQ DISTRIBUTION CENTRE
PINKENBA, QLD

A further enhancement to our Sydney portfolio occurred in January 2014, when the \$131 million Qantas Global Headquarters refurbishment was completed on time and on budget.

Four of the assets sold were industrial properties, which achieved a total price of \$100.85 million representing a 4% premium to their book value as at June 2013. The assets were the NQX Distribution Centre at Pinkenba in Queensland, the Brooklyn Woolstore at Brooklyn in Victoria, the Gillman Woolstore at Gillman in South Australia, and 28-54 Percival Road at Smithfield in New South Wales.

In November 2013, Cromwell sold an office property at 380-390 La Trobe Street Melbourne and the HomeBase bulky goods centre at Prospect in NSW to separate purchasers for a total of \$154 million.

The La Trobe Street property was a major disposal, selling for \$113.6 million, which approximated book value, while the HomeBase centre was sold for \$40.45 million, which represented a premium of approximately 9.6% to book value.

The disposal of 321 Exhibition Street was the largest by Cromwell in a number of years and followed an extensive refurbishment undertaken between July 2010 and August 2011. Whilst we took what some would describe as a substantial risk in acquiring and retrofitting that asset in 2010, we were confident in our assessment of the market and in our ability to reposition the building. The resulting capital gain on sale demonstrated our ability to add value in difficult markets and to effectively manage the risks associated with complex redevelopment of major office buildings.

Some of the capital from these sales was recycled into an investment in Northpoint Tower in North Sydney, some of the capital was applied to the reduction of debt and the balance was retained for future opportunities.

Northpoint Tower, which was acquired for \$278.7 million, is the foundation asset for a new unlisted wholesale investment trust, the Cromwell Partners Trust. The Trust is managed by Cromwell and is owned 50/50 by Cromwell and South African property investment group Redefine Properties Limited, which is also a major Cromwell securityholder. We believe there is a great opportunity to improve the property by repositioning its retail offering, adding additional accommodation, and in improving car parking and commercial office rentals.

Northpoint is North Sydney's tallest and most recognisable office tower with a total land area of more than 5,000sqm and a net lettable area of 35,145sqm spread across 42 levels. As a result of the acquisition of the NSW Portfolio in June 2013 and Northpoint Tower in December 2013, Cromwell now has a much larger exposure to Sydney office property.

Our Sydney portfolio was further enhanced in January 2014, with the completion of the \$131 million expansion and refurbishment of the Qantas Global Headquarters at Mascot. The project was completed on time and on budget and allowed Qantas to consolidate seven sites into one, resulting in \$8.5 million in annual savings for the airline. As part of the transaction, Qantas extended its lease of the site to 2032 in a true win/win for Cromwell and Qantas.

Our increased portfolio allocation to the Sydney market was no accident, and was based on our view that Sydney would benefit most strongly from the transition in the Australian economy after the fall in the Resource development sector. Our view has been vindicated by the recent decline in vacancy rates in the Sydney market and the rising expectation of effective rental growth in that market.

LATROBE STREET & HOMEBASE CENTRE
\$154 MILLION
 SOLD



BROOKLYN WOOLSTORE
 BROOKLYN, VIC



GILLMAN WOOLSTORE
 GILLMAN, SA



PERCIVAL ROAD
 SMITHFIELD, NSW



380 LATROBE STREET
 MELBOURNE, VIC



HOMEBASE CENTRE
 PROSPECT, NSW

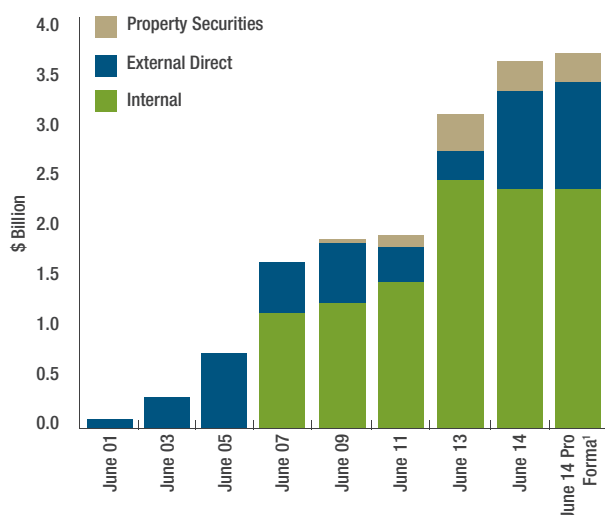
We continue to remain vigilant for opportunities to profit from our “opportunistic assets”. Bligh House in Sydney, acquired as part of the NSW Portfolio, has the potential for conversion to hotel or residential use when the lease expires in 2018, or for refurbishment to A-Grade office accommodation. We have received offers from a number of developers to acquire the asset at a premium to our acquisition cost and to current book value.

Another significant repositioning opportunity exists at Health and Forestry House in Brisbane, which has the potential for conversion to hotel or residential use or for refurbishment to office accommodation at lease expiry.

Cromwell’s funds management business is an important asset to the Group, with the potential to significantly enhance revenue.



ASSETS UNDER MANAGEMENT



1.) Assumes completion of property currently under construction.

Funds management

Within FY14 the Group had a 65% increase in earnings from external funds management activities to \$5.5 million. Cromwell now has external assets under management of \$1.3 billion and total assets under management of more than \$3.7 billion.

Cromwell continued to expand and diversify its range of managed investments during the period, launching three new unlisted property trusts; the Cromwell Property Trust 12 (which has closed) and two funds that remain open for investment – the Cromwell Direct Property Fund and the Cromwell Australian Property Fund. All of the new funds have demonstrated strong short term performance.

Cromwell also took its first step to expand overseas, with the acquisition of a 50% stake in New Zealand property and fund manager Oyster Group for NZ\$7.5 million in June 2014.

As part of the transaction, Cromwell’s New Zealand based Director Michelle McKellar has been appointed Chair of the Oyster Group. The structure of the investment has been based on the successful Phoenix Portfolios model, which incentivises management to build the business with the assistance of Cromwell’s expertise, systems and capital.

Oyster has more than NZ\$650 million in property assets under management through a combination of private property syndicates and institutional property mandates. This is comprised of 24 separate unlisted funds with a combined value of NZ\$343 million and NZ\$315 million of assets managed for institutional investors.

The Oyster business has many similarities to Cromwell and provides a solid platform for our expansion into New Zealand. The Oyster management team is very capable and experienced and is culturally and philosophically aligned to Cromwell and has a strong track record of performance.

Closer to home, the award-winning Cromwell Phoenix Property Securities Fund continued to experience large monthly inflows, with funds under management growing to \$559 million at 30 June, 2014.

Our reputation and track record continues to grow with each successful investment and we are experiencing growing demand from large dealer groups for our retail products due to our strong historical performance and premium ratings. We maintain our long-term goal for Funds Management to contribute 20% of Cromwell Group earnings.

A modern, multi-story office building with a glass and metal facade, featuring yellow accents. The building is situated on a city street with a clear sky and some trees visible. The building has a prominent entrance with a covered walkway and a set of stairs leading up to the entrance.

Investor base growing fast

- Over 6,000 fund investors
- Over 14,000 Cromwell securityholders
- Over 27,000 potential investors

Capital management

NTA per security increased during the year from \$0.70 to \$0.73, primarily as a result of property revaluations. We reduced gearing from 46% at the end of FY13 to 42% at the end of FY14. Following the post balance date sale of Exhibition Street, gearing has been further reduced to 37%, which is at the lower end of the Group's preferred range of 35-55%. Our gearing strategy recognises that gearing is relative to the strength of underlying cash flows and allows for higher gearing when asset prices are low, and lower gearing when asset values rise. This consistent strategy has allowed us to profit from changing market conditions throughout the cycle.

The most important capital management initiative during the year was the restructuring of our debt platform.

Cromwell finalised a new \$1.02 billion debt platform to replace seven existing facilities. The platform consolidated all but two of Cromwell's existing debt facilities. The new facility under the platform extended Cromwell's weighted average debt maturity from 1.4 years to 3.9 years and reduced the weighted average margin across all facilities by approximately 0.16%.

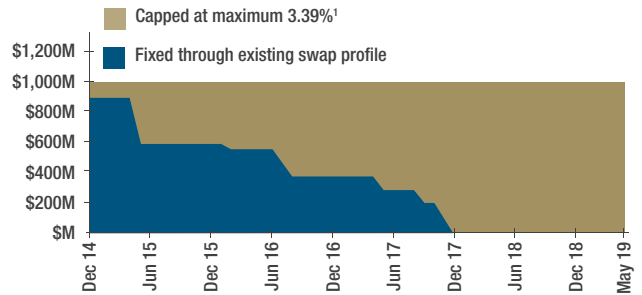
Under the new facility, borrowings are secured, on a limited recourse basis, by a pool of assets comprising the majority of Cromwell's portfolio. The facility is structured as separate tranches provided by each lender. The platform provides Cromwell with greater flexibility for its future funding needs, as it allows for the issue of additional tranches to acquire new assets or refinance existing facilities.

The new facility is both flexible and cost effective, and provides an innovative platform from which we can continue to improve and grow our property portfolio and recycle capital.

In August 2014, Cromwell took advantage of the historically low interest rate/low volatility environment, to extend our hedging profile and substantially protect our securityholders against any future substantial increases in interest rates for the next 5 years.

The Group entered into a series of interest rate caps which, when combined with existing swaps, hedges \$1 billion of Cromwell's debt until May 2019. The new arrangements

CMW HEDGING PROFILE



1. Excludes facility margins, which average 1.6%





207 Kent Street: Sydney, NSW

We continue to maintain our preference for commercial office property, which now comprises 98.8% of our portfolio.

Outlook

In the year ahead, we expect to see continued demand for property with long leases, while demand for CBD assets will expand to include near city and suburban locations. Australian office yields are still high by international standards, suggesting demand from overseas investors will continue to drive yields down, and prices up.

Notwithstanding, and perhaps contrary to the strength in investment markets, we expect rents to remain under pressure in the short term across all sectors. We will be partially insulated from these conditions because our assets have low vacancy levels and minimal lease expiries in FY15. Over the medium term, we have a number of larger lease expiries in FY16 and FY17. We are working hard to ensure the best outcome in each case for our securityholders.

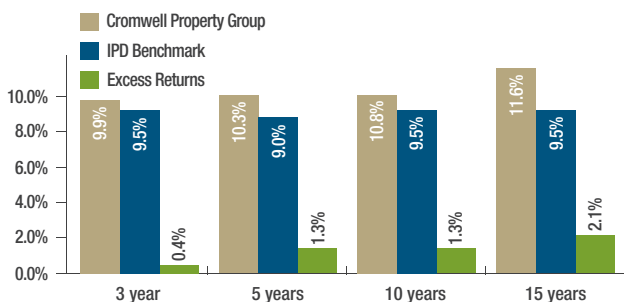
Active management and access to capital will be the keys to future performance. We will continue to adjust our portfolio ahead of changing market conditions. We will also maintain a strong balance sheet with low debt and good cash reserves that leaves us well positioned to take advantage of any opportunities that arise if there is any market correction or downturn.

We have delivered consistent and growing distributions throughout the economic cycle. This continues to be our priority for the future.

We have forecast FY15 EPS of at least 8.3 cps and DPS of 7.85 cps, representing 3% growth over FY14.

I would like to thank all our staff for their efforts during the year and the Board for their advice and guidance over the last 12 months. Our success is very much the result of a team effort.

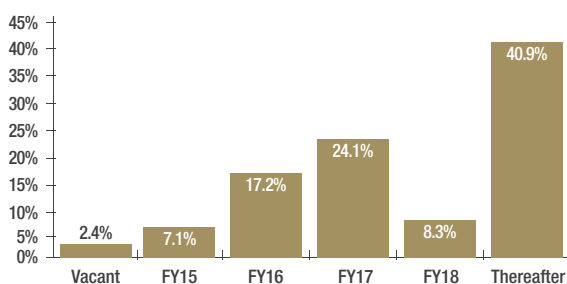
DIRECT PROPERTY RETURNS



Source: IPD

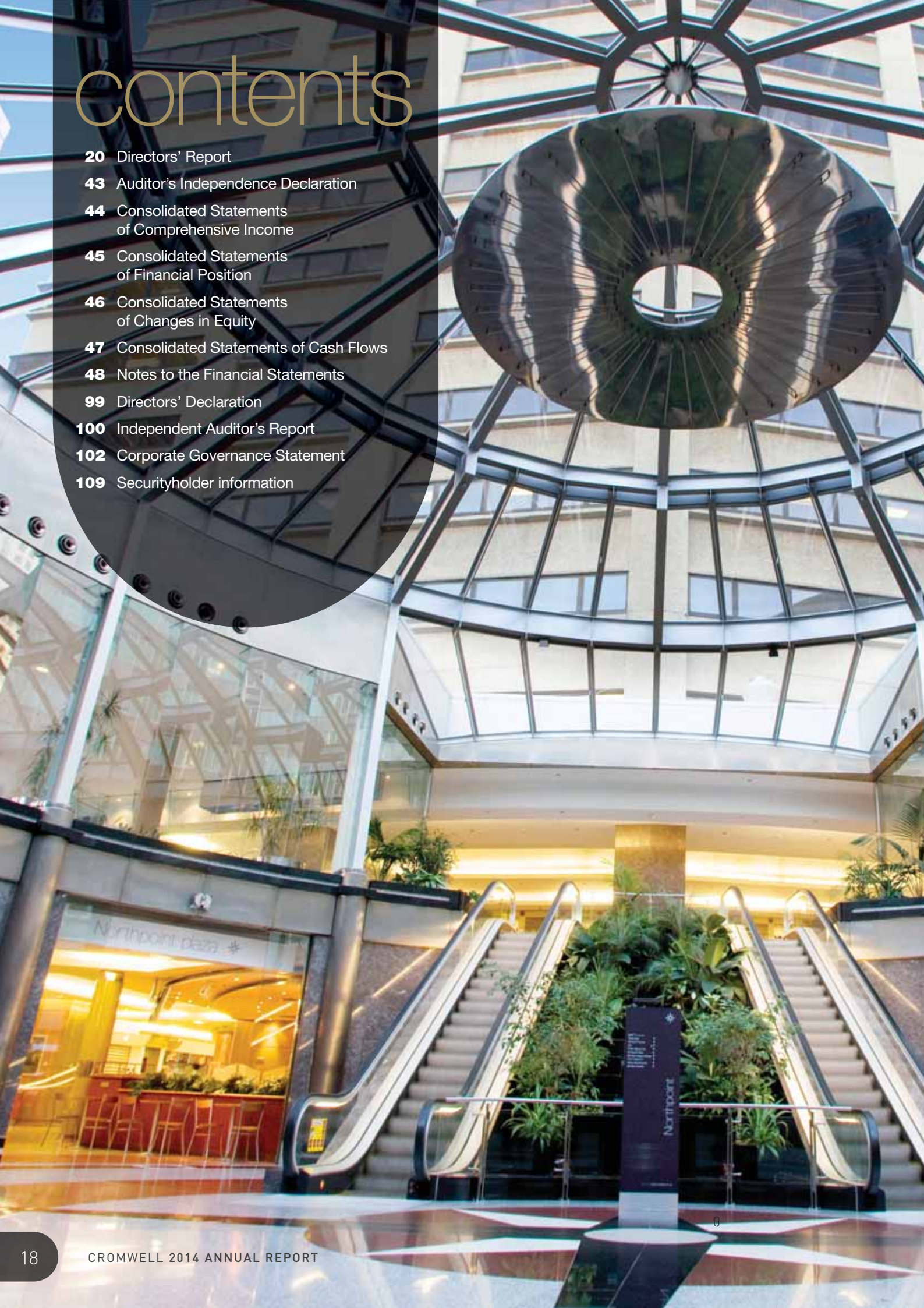
LEASE EXPIRY PROFILE

% GROSS INCOME BY FINANCIAL YEAR



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financials

Cromwell Property Group
Annual Financial Report
30 June 2014

Cromwell Corporation Limited
ABN 44 001 056 980
Level 19, 200 Mary Street
Brisbane QLD 4000

Cromwell Diversified Property Trust
ARSN 102 982 598

Responsible Entity:
Cromwell Property Securities Limited
ABN 11 079 147 809 AFSL: 238052
Level 19, 200 Mary Street
Brisbane QLD 4000



directors' report

The directors of Cromwell Corporation Limited and Cromwell Property Securities Limited as Responsible Entity for the Cromwell Diversified Property Trust (collectively referred to as "the Directors") present their report together with the consolidated financial statements for the year ended 30 June 2014 for both:

- the Cromwell Property Group ("Cromwell") consisting of Cromwell Corporation Limited ("the Company") and its controlled entities and Cromwell Diversified Property Trust ("the CDPT") and its controlled entities; and
- the CDPT and its controlled entities ("the Trust").

The shares of the Company and units of the CDPT are combined and issued as stapled securities in Cromwell. The shares of the Company and units of the Trust cannot be traded separately and can only be traded as stapled securities.

1. DIRECTORS & OFFICERS

(a) Directors

The persons who were Directors at any time during the financial year and up to the date of this report (unless otherwise stated) were:

Mr Geoffrey Levy (AO) – Chairman

Mr Levy has extensive public company executive and directorship experience and is the former Chief Executive Officer of Investec Bank (Australia) Ltd. He is currently Chairman of ASX listed Specialty Fashion Group Limited and Monash Private Capital. He was appointed an Officer in the Order of Australia in the Queen's Birthday Honours List in June 2005. Mr Levy has extensive experience in the corporate advisory and banking environment where he is regarded as an expert in mergers and acquisitions, venture capital, capital management and general corporate commercial law. He has been a Director of a number of ASX-listed companies and has degrees in commerce and law. He is a member of Cromwell's Nomination and Remuneration and Investments Committees.

Mr Robert Pullar – Non-Executive Director

Mr Pullar is a Director of the Brisbane based property development company operating in Australia, Citimark Properties. He was previously a partner with a mid-tier chartered accounting firm, specialising in property investment, taxation and corporate reorganisation. Mr Pullar is a member of the Institute of Chartered Accountants and a Fellow of the Australian Institute

of Company Directors. He is Chairman of Cromwell's Nomination & Remuneration Committee, Chairman of Cromwell's Investment Committee and a member of Cromwell's Audit & Risk Committee.

Ms Michelle McKellar – Non-Executive Director

Ms McKellar has a wealth of commercial property and portfolio management experience having spent over 30 years in senior roles throughout the Asia-Pacific. Ms McKellar was responsible for establishing the CBRE business in New Zealand and subsequently served as the Hong Kong based Managing Director and overseeing the company's Greater China operations. She then served as the CEO of Jen Group of companies building a billion dollar portfolio of commercial and retail properties across Australia and New Zealand. Ms McKellar is also a founding Director of China-based Dash Brands. She is a senior member of the Property and Land Economy Institute, and a Fellow of the Australian Institute of Company Directors. Ms McKellar is a member of Cromwell's Nomination & Remuneration, Audit and Risk and Investment Committees and is Chair of Oyster Group, Cromwell's joint venture Funds Management company in New Zealand.

Mr David Usasz – Non-Executive Director

Mr Usasz has 31 years experience (partner 20 years) with PricewaterhouseCoopers in Australia and Hong Kong and has been involved in tax, merger and acquisition advice, corporate advisory consultancy, specialising in corporate reorganisations. He is a Non-Executive Director of Queensland Investment Corporation Ltd and a member of the QIC Audit & Risk Committee and a member of QIC's Nomination & Remuneration Committee. He holds a Bachelor of Commerce UQ, a Fellow of the Institute of Chartered Accountants and a Fellow of the Australian Institute of Company Directors. Mr Usasz is Chairman of Cromwell's Audit & Risk Committee and a member of Cromwell's Nomination & Remuneration Committee.

Mr Richard Foster – Non-Executive Director

Mr Foster is a licensed real estate agent with substantial experience in the real property industry specialising in large-scale property acquisition for most of his professional life. He has also been closely involved with the acquisition and marketing of direct property investments valued in excess of \$1.2 billion. He has had substantial input to the growth and development of the business and Cromwell's investment products. Mr Foster is a member of Cromwell's Nomination & Remuneration and Investment Committees.



Geoffrey H Levy, AO
NON-EXECUTIVE
CHAIRMAN
7/30*



Paul Weightman
MANAGING DIRECTOR /
CEO
16/30*



Daryl Wilson
DIRECTOR – FINANCE &
FUNDS MANAGEMENT
15/23*



Robert Pullar
NON-EXECUTIVE
DIRECTOR
12/28*



Michelle McKellar
NON-EXECUTIVE
DIRECTOR
8/30*



Michael Watters
NON-EXECUTIVE
DIRECTOR
5/28*



Richard Foster
NON-EXECUTIVE
DIRECTOR
16/45*



Marc Wainer
NON-EXECUTIVE
DIRECTOR
5/38*



David Usasz
NON-EXECUTIVE
DIRECTOR
8/36*



Nicole Riethmuller
COMPANY SECRETARY
6/17*

*Years with Cromwell/years experience

Mr Marc Wainer – Non-Executive Director

Mr Wainer has more than 35 years experience in the property industry in South Africa, including founding Investec Property Group, Investec Bank’s property division. Marc is Chief Executive Officer and an Executive Director of listed South African property group Redefine Properties Limited which he founded, and a director of Redefine International P.L.C., a listed property investment company which is a substantial securityholder of Cromwell Property Group.

Mr Michael J Watters – Non-Executive Director

Mr Watters who was appointed in April 2011, is a qualified engineer with a BSc Eng. (Civil) Degree and an MBA, and has over 27 years experience in the investment banking and real estate industries. He has held directorships of some of South Africa’s top rated listed property funds including Sycom Property Fund and Hyprop Investments Limited. He is the CEO of Redefine International P.L.C.

Mr Paul Weightman – Managing Director/ Chief Executive Officer

Mr Weightman practised as a solicitor for more than 20 years and holds degrees in commerce and law. He has extensive experience in property development and investment, financial structuring, public listings, mergers and acquisitions, revenue matters and joint ventures. Mr Weightman was Cromwell’s Executive Chairman from 1998 until the appointment of Mr Levy in April 2008, and has acted as Chief Executive Officer since that date. He has been a director of companies in the property, energy and retail sectors. Mr Weightman is a member of Cromwell’s Investment Committee.

Mr Daryl Wilson – Director – Finance & Funds Management

Mr Wilson joined Cromwell in August 1999 and has primary responsibility for the finance and funds management functions. Mr Wilson has led the

development of Cromwell’s funds management capabilities and has many years experience as a chartered accountant. He holds a Bachelor of Commerce and a Diploma of Financial Planning. Mr Wilson is a member of Cromwell’s Investment Committee.

Mr Geoffrey Cannings – Alternate Director

Mr Cannings is an alternate director to Mr Michael J Watters and was appointed on 1 August 2011. Mr Cannings is also an alternate director to Mr Marc Wainer and was appointed on 19 February 2014.

All Directors of the Company are also Directors of Cromwell Property Securities Limited, the Responsible Entity of the CDPT.

(b) Directorships of other listed entities in last 3 years

Mr Levy has been a Director of Specialty Fashion Group since 8 April 2005.

Mr Usasz was a director of Queensland Mining Corporation Limited from 15 June 2007 until his resignation on 28 February 2013.

Mr Wainer is a Director of Redefine International P.L.C., a property investment company which is listed on the London Stock Exchange and a Director of Redefine Properties Limited, a property group which is listed on the Johannesburg Stock Exchange.

Mr Watters is a Director of Redefine International P.L.C., a property investment company which is listed on the London Stock Exchange.

No other Director has been a director of any other listed company during the 3 years preceding the end of the financial year and up to the date of this report.

(c) Company secretary

Ms Nicole Riethmuller

Ms Riethmuller has over 15 years experience as a corporate lawyer having worked primarily in the financial services industry. Prior to joining Cromwell, Nicole was General Counsel at the Queensland Investment Corporation where she headed the in-house legal team. Before that she was a Senior Associate in the Funds Management team at Minter Ellison lawyers in Sydney. Nicole has also been a lawyer and Assistant Company Secretary at Queensland Sugar Corporation. She has a Bachelor of Laws and a Bachelor of Commerce from the University of Queensland.

(d) Directors' Meetings

The number of Directors' meetings (including meetings of committees of the Board) and number of meetings attended by each of the Directors of the Company during the financial year were:

Director	Board		Nomination & Remuneration Committee		Audit & Risk Committee		Investment Committee	
	A	B	A	B	A	B	A	B
Geoffrey Levy	10	12	1	1	-	-	1	2
Robert Pullar	10	12	3	3	7	9	5	6
Michelle McKellar	11	12	2	3	9	9	6	6
David Usasz	10	12	2	3	8	9	-	-
Richard Foster	12	12	2	3	-	-	6	6
Marc Wainer ⁽¹⁾	10	12	-	-	-	-	-	-
Michael Watters ⁽²⁾	12	12	-	-	-	-	-	-
Paul Weightman	12	12	-	-	-	-	5	6
Daryl Wilson	12	12	-	-	-	-	5	6

A – Number of meetings attended B – Number of meetings eligible to attend

(1) From February 2014, includes attendance by alternate director Geoffrey Cannings.

(2) Includes attendance by alternate director Geoffrey Cannings.

2. PRINCIPAL ACTIVITIES

The principal activities of Cromwell and the Trust during the financial year consisted of property investment. The principal activities of Cromwell also include funds management, property management and property development.

There were no significant changes in the nature of Cromwell's or the Trust's principal activities during the financial year.

3. DIVIDENDS/DISTRIBUTIONS

Cromwell	Dividend per Security	Distribution per Security	Total per Security	Total \$'000	Franked amt per Security	Record Date	Payment Date
2014							
Interim distribution	-	1.8750¢	1.8750¢	32,234	-	30/09/13	13/11/13
Interim distribution	-	1.8750¢	1.8750¢	32,278	-	31/12/13	12/02/14
Interim distribution	-	1.9375¢	1.9375¢	33,416	-	31/03/14	14/05/14
Final distribution	-	1.9375¢	1.9375¢	33,466	-	30/06/14	14/08/14
	-	7.6250¢	7.6250¢	131,394	-		
2013							
Interim distribution	-	1.8125¢	1.8125¢	21,243	-	05/10/12	14/11/12
Interim distribution	-	1.8125¢	1.8125¢	22,874	-	31/12/12	13/02/13
Interim distribution	-	1.8125¢	1.8125¢	26,481 ⁽¹⁾	-	28/03/13	15/05/13
Final distribution	-	1.8125¢	1.8125¢	31,061 ⁽²⁾	-	28/06/13	15/08/13
	-	7.2500¢	7.2500¢	101,659	-		

Trust	Dividend per Security	Distribution per Security	Total per Security	Total \$'000	Franked amt per Security	Record Date	Payment Date
2014							
Interim distribution	-	1.8750¢	1.8750¢	32,239	-	30/09/13	13/11/13
Interim distribution	-	1.8750¢	1.8750¢	32,282	-	31/12/13	12/02/14
Interim distribution	-	1.9375¢	1.9375¢	33,416	-	31/03/14	14/05/14
Final distribution	-	1.9375¢	1.9375¢	33,466	-	30/06/14	14/08/14
	-	7.6250¢	7.6250¢	131,403	-		
2013							
Interim distribution	-	1.8125¢	1.8125¢	21,248	-	05/10/12	14/11/12
Interim distribution	-	1.8125¢	1.8125¢	22,879	-	31/12/12	13/02/13
Interim distribution	-	1.8125¢	1.8125¢	26,486 ⁽¹⁾	-	28/03/13	15/05/13
Final distribution	-	1.8125¢	1.8125¢	31,066 ⁽²⁾	-	28/06/13	15/08/13
	-	7.2500¢	7.2500¢	101,679	-		

(1) Includes an amount of \$453,000 for both Cromwell and the Trust in excess of the pro-rata entitlement for the quarterly distribution paid to those securityholders who acquired securities in February 2013 as part of the Security Purchase Plan.

(2) Includes an amount of \$3,758,000 for both Cromwell and the Trust in excess of the pro-rata entitlement for the quarterly distribution paid to those securityholders who acquired securities in June 2013 as part of the placement and entitlement offer.

4. REVIEW OF OPERATIONS AND RESULTS

(a) Financial performance

Cromwell recorded a profit of \$182,471,000 for the year ended 30 June 2014 compared with a profit of \$46,156,000 for the previous year. The Trust recorded a profit of \$177,950,000 for the year ended 30 June 2014 compared with a profit of \$43,291,000 for the previous year.

Net earnings from the property portfolio, after property outgoings costs but before interest expense was \$214,387,000, an increase of 24% on the previous year. The increase was primarily as a result of additional rental income generated due to the acquisition of the Brisbane CBD properties (acquired May 2013) and the NSW Portfolio (acquired June 2013) and the increased rental income from Qantas Headquarters (due to expansion of the property).

Cromwell also measures the change in like for like net property earnings, taking into account only properties held in both the current and previous financial years. On this basis, net property earnings increased by 1.4% in 2014 despite a very difficult leasing environment. This demonstrates the value of the strong leasing profile of the portfolio combined with the in house management which enables it to get the best out of each property.

Interest expense for the year increased to \$70,025,000 (2013: \$67,715,000). This increase occurred as a result of the additional borrowings for properties acquired during the prior year and because interest incurred in relation to the Qantas Headquarters is no longer being capitalised into the cost of the project. The average interest cost fell during the year from 6.43% to 5.99%. This fall in average rate reflected a reduction in loan facility margins and lower variable interest rates as the Reserve Bank reduced the cash rate early in the year.

External funds management earnings increased from \$3,330,000 in 2013 to \$5,491,000 in 2014, reflecting the continuing success of Cromwell in delivering new products to the market and an increase in recurring revenue from assets under management. This highlights the attractiveness of having the funds management business, which can provide Cromwell with additional growth to complement the property income stream.

Development activity for this year continued to be limited, with a small amount of industrial land held for development or re-sale when the opportunity arises. Cromwell does not seek to undertake any material amount of speculative development.

The profit for the year includes a number of items which are non-cash in nature or occur infrequently and/or relate to realised or unrealised changes in the values of assets and liabilities and in the opinion of the Directors, need to be adjusted for in order to allow securityholders to gain a better understanding of Cromwell and the Trust's underlying profit from operations.

The most significant of these items impacting the profit of Cromwell for 2014 and not considered part of the underlying profit from operations were:

- An increase in the fair value of investment properties of \$46,226,000 (2013: decrease \$55,747,000); and
- An increase in the fair value of interest rate derivatives of \$5,222,000 (2013: increase of \$7,326,000).

The increase in fair value of investment properties had two significant components. The underlying valuations for investment properties increased by \$40,240,000 during the year, net of property improvements, leasing incentives and lease costs. This is equivalent to an increase in value of approximately 2.3 cents per stapled security from June 2013 valuations. These increases were generally concentrated in properties with longer leases such as the Qantas Headquarters in Sydney, Exhibition Street in Melbourne and Kent Street in Sydney, where properties have increased in value as demand for assets with secure cash flows increases. In contrast, properties with short to medium-term lease expiries or current vacancies such as Mary Street in Brisbane, Tuggeranong Office Park and Keltie Street in Canberra have seen decreases in fair value. This is reflective of the current soft economic conditions and a more difficult leasing market.

	Cromwell	
	2014	2013
	\$'000	\$'000
Change in valuations, net of property improvements, lease costs and incentives	40,240	(32,830)
Non-cash adjustments for straight-lining of rentals and lease amortisation	5,986	3,455
Acquisition transaction costs (properties acquired during the year)	-	(26,372)
Increase/(decrease) in fair value of investment properties	46,226	(55,747)

The increase in fair value of interest rate derivatives arose as a result of Cromwell's policy to hedge a portion of future interest expense. Cromwell has hedged future interest rates through contracts over 87% of its debt at 30 June 2014 to minimise the risk of changes in interest rates in the future. These contracts expire between October 2014 and December 2017 and can be valued. Although the valuation process is relatively complex, the value is essentially determined by the difference between the actual interest rates which have been agreed under the contracts and what the market forward interest rates are at the date of the valuation until maturity of the hedge contract. The financial result included an increase in fair value of these interest rate derivatives (contracts) held by the Trust of \$5,222,000 or 0.3 cents per stapled security. Market rates, and hence valuations, change daily, but the value at the end of an interest rate contract will always be nil and therefore the amounts recognised in profit or loss are expected to reverse over time as the interest rate contracts expire.

(b) Profit from operations

Profit from operations for the year was \$146,721,000 (2013: \$102,411,000).

Profit from operations is considered by the Directors to reflect the underlying earnings of Cromwell and the Trust. It is a key metric taken into account in determining distributions for the Group and Trust, but is a measure which is not calculated in accordance with International Financial Reporting Standards ("IFRS") and has not been audited or reviewed by Cromwell's auditor.

In the current year the calculation of profit from operations has been amended slightly to include the cost of securities issued under the performance rights plan. The impact of this change has been to reduce profit from operations in the current year by \$731,000. Except for this charge, profit from operations has been calculated consistently since the stapling of Cromwell in December 2006.

A reconciliation of profit from operations of Cromwell, as assessed by the Directors, to the reported profit for the year is as follows:

	Cromwell	
	2014	2013
	\$'000	\$'000
Profit from operations ⁽¹⁾	146,721	102,411
<i>Reconciliation to profit for the year</i>		
Gain/(loss) on sale of investment properties	3,152	132
Loss on sale of other assets	(559)	(146)
Merger transaction costs	-	(631)
Fair value net gains/(write-downs):		
Investment properties	46,226	(55,747)
Interest rate derivatives	5,222	7,326
Investments at fair value through profit or loss	85	47
Non-cash property investment income/(expense):		
Straight-line lease income	5,648	6,071
Lease incentive amortisation	(10,180)	(8,042)
Lease cost amortisation	(1,454)	(1,484)
Other non-cash expenses:		
Amortisation of finance costs	(4,025)	(2,581)
Employee options expense	-	(669)
Amortisation and depreciation	(758)	(643)
Relating to equity accounted investments ⁽²⁾	(7,973)	481
Net tax losses incurred/(utilised) ⁽³⁾	366	(369)
Net profit for the year	182,471	46,156

(1) Segment profit for 2013 (refer note 36) differs from the above calculation of profit from operations by \$669,000 which is the impact of recording the cost of securities issued under employee securities plans as a segment expense. This change in calculation has been adjusted for in the comparatives for the segment reporting.

(2) Comprises fair value adjustments included in share of profit of equity accounted entities.

(3) Comprises tax expense attributable to changes in deferred tax assets recognised as a result of carried forward tax losses.

The contribution to profit from operation of each of the 4 segments of Cromwell was:

	2014	2014	2013	2013
	%	\$'000	%	\$'000
Property Investment	94.5%	138,616	94.2%	96,510
Property/ Internal Funds Management	2.0%	2,839	3.0%	3,086
External Funds Management	3.7%	5,491	3.3%	3,330
Property Development	(0.2%)	(225)	(0.5%)	(515)
Profit from operations		146,721		102,411

Property Investment contributed \$138,616,000 or 94.5% of profit from operations for the year (2013: \$96,510,000 or 94.2%).

(c) Earnings and Distributions per stapled security

	2014	2013
	Cents	Cents
Profit per security (per statutory accounts)	10.60	3.44
Profit from operations per security (see section 4(b))	8.52	7.63
Distributions per security	7.63	7.25

Profit from operations on a per security basis is considered by the Directors to be the most important measure of underlying financial performance as it excludes certain volatile and non-cash items but includes the impact of changes in the number of securities on issue.

Profit from operations per security was 8.52 cents (2013: 7.63 cents). This represents an increase of approximately 11.7% which is considered exceptional given the current market conditions.

Distributions paid for the year were 7.63 cents (2013: 7.25 cents), including a June 2014 quarter distribution of 1.9375 cents per stapled security paid on 14 August 2014. This represents a growth in distributions per security of 5.2% in 2014. Growing distributions per security in a sustainable way remains a key priority in the future.

(d) Financial Position

	Cromwell		Trust	
	2014	2013	2014	2013
Total assets (\$'000)	2,469,940	2,546,110	2,403,658	2,487,254
Net assets (\$'000)	1,263,998	1,200,852	1,203,631	1,145,462
Net tangible assets (\$'000) ⁽¹⁾	1,261,606	1,199,018	1,203,631	1,145,462
Net debt (\$'000) ⁽²⁾	983,894	1,106,787	1,034,263	1,157,594
Gearing [%] ⁽³⁾	42%	46%	44%	48%
Securities issued ('000)	1,727,281	1,713,721	1,727,281	1,713,996
NTA per security ⁽¹⁾	\$0.73	\$0.70	\$0.70	\$0.67
NTA per security (excluding interest rate swaps)	\$0.75	\$0.72	\$0.71	\$0.69

(1) Net assets less deferred tax asset and intangible assets.

(2) Borrowings less cash and cash equivalents and restricted cash.

(3) Net debt divided by total assets less cash and cash equivalents.

A total of 15 property assets were externally revalued at June 2014, representing approximately 49% of the property portfolio by value. The balance of the portfolio is subject to internal valuations having regard to previous external valuations and comparable sales evidence. The weighted average capitalisation rate (WACR) was 8.08% across the portfolio, compared with 8.51% at June 2013.

Net debt has decreased by \$122,893,000 due to the proceeds of the disposal of several buildings being used to repay borrowings. Gearing also decreased from 46% to 42% during the year as a result of buildings acquired in the prior year having a lower loan to value ratio than those disposed of during the current year.

During the year the majority of debt facilities were refinanced and extended. This resulted in the weighted average debt term increasing to 4.2 years at 30 June 2014.

An additional 13,559,000 stapled securities were issued during the year, at an average issue price of \$0.88, comprising the continuing operation of the distribution reinvestment plan which resulted in the issue of 11,188,000 securities during the year, whilst a further 2,372,000 were issued due to the exercise of performance rights.

NTA per security has increased during the year from \$0.70 to \$0.73, primarily as a result of the increase in value of investment properties. NTA per security excluding the value of interest rate contracts increased to \$0.75 per security.

5. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Changes in the state of affairs of Cromwell during the financial year are set out within the financial report.

There were no significant changes in the state of affairs of Cromwell during the financial year other than as disclosed in this report and the accompanying financial report.

6. SUBSEQUENT EVENTS

Other than as set out in note 41, no matter or circumstance has arisen since 30 June 2014 that has significantly affected or may significantly affect:

- Cromwell's operations in future financial years; or
- the results of those operations in future financial years; or
- Cromwell's state of affairs in future financial years.

7. LIKELY DEVELOPMENTS

The outlook remains positive for Cromwell despite the continuing sluggish pace of economic growth in Australia.

The property portfolio was 98% leased at year-end, with a 6.1 year weighted average lease term. Importantly, tenant quality is strong, with 45.8% of rental income at balance date underpinned by Government or Government owned/funded entities and a further 37.1% by listed companies or their subsidiaries.

Cromwell's property portfolio is expected to continue to deliver consistent operating earnings in coming years, although this will to some degree be dependent upon the impact of future economic conditions on portfolio occupancy.

Cromwell will also continue to focus on increasing operating earnings from funds management activities over the medium term.

Cromwell has reduced gearing over the past 2 years and expects to reduce gearing further over time.

Cromwell also aims to grow net tangible assets per security and to continue to outperform the S&P/ASX 300 A-REIT accumulation index over rolling 3 and 5 year periods.

8. ENVIRONMENTAL REGULATION

The Directors are not aware of any particular and significant environmental regulation under a law of the Commonwealth, State or Territory relevant to Cromwell.

9. DIRECTORS' INTERESTS

The interests of current Directors in stapled securities of Cromwell at the date of this report are as follows:

	Stapled Securities	Performance Rights	Options over Securities
Geoffrey Levy	2,777,630	-	-
Robert Pullar	6,500,000	-	-
Michelle McKellar	792,211	-	-
David Usasz	2,405,000	-	-
Richard Foster	3,311,765	-	-
Marc Wainer	-	-	-
Michael J Watters	-	-	-
Geoffrey Cannings	80,000	-	-
Paul L Weightman	16,921,500	4,198,321	-
Daryl J Wilson	1,350,775	1,670,551	-
	33,884,916	5,868,872	-

10. OPTIONS AND PERFORMANCE RIGHTS

(a) Securities under option through the Performance Rights Plan

Cromwell issues options over stapled securities through the issue of performance rights under the Performance Rights Plan ("PRP"). At the date of this report, performance rights on issue are as follows:

Date granted	Exercise date	Exercise price	Expiry date	Number
26/05/11	01/07/14 – 01/10/14	\$0.50	01/10/14	1,913,333
26/05/11	01/07/15 – 01/10/15	\$0.50	01/10/15	1,913,334
05/09/11	06/09/14 – 05/10/14	\$0.20	05/10/14	393,679
05/09/11	06/09/14 – 05/10/14	\$0.00	05/10/14	590,622
05/09/11	06/09/14 – 05/10/14	\$0.10	05/10/14	52,851
24/08/12	24/08/15 – 24/09/15	\$0.00	24/09/15	81,581
24/08/12	24/08/15 – 24/09/15	\$0.20	24/09/15	82,142
12/10/12	12/10/15 – 12/11/15	\$0.00	12/11/15	150,018
12/10/12	12/10/15 – 12/11/15	\$0.20	12/11/15	229,110
19/10/12	01/07/14 – 01/08/14	\$0.00	01/08/14	55,563
19/10/12	01/07/15 – 01/08/15	\$0.00	01/08/15	55,563
19/10/12	01/07/14 – 01/08/14	\$0.20	01/08/14	60,292
19/10/12	01/07/15 – 01/08/15	\$0.20	01/08/15	60,292
18/12/13	01/09/16 – 01/10/16	\$0.00	01/10/16	789,955
18/12/13	01/09/16 – 01/10/16	\$0.10	01/10/16	46,303
18/12/13	01/09/16 – 01/10/16	\$0.50	01/10/16	893,465
18/12/13	01/12/16 – 01/01/17	\$0.50	01/01/17	2,042,205
Performance rights on issue				9,410,308

Performance rights on issue at 30 June 2014 represent 0.54% of total issued securities. No holder has any right under the performance rights to participate in any other security or interest of the Company or any other entity, except that performance rights holders effectively have a matching in-substance option for units in Cromwell Diversified Property Trust as a result of Cromwell's stapling arrangement.

No other form of option is on issue at the date of this report.

(b) Securities issued on the exercise of performance rights through the Performance Rights Plan

The following stapled securities were issued during the year ended 30 June 2014 on the exercise of performance rights granted under the PRP. No further securities have been issued as a result of the exercise of performance rights since that date. No amounts are unpaid on any of the securities.

Date performance rights granted	Issue Price of Securities	No. of Securities Issued
23 August 2010	\$0.00	101,378
23 August 2010	\$0.10	47,433
23 August 2010	\$0.20	95,894
7 March 2011	\$0.00	97,633
26 May 2011	\$0.50	1,913,333
19 October 2012	\$0.00	55,561
19 October 2012	\$0.20	60,292
		2,371,524

11. REMUNERATION REPORT

The remuneration report is presented for the financial year ending 30 June 2014. The report forms part of the Directors Report and has been prepared and audited in accordance with the requirements of the *Corporations Act 2001*.

This report outlines the remuneration for Non-Executive Directors, Executive Directors and other Key Management Personnel. The report is set out under the following headings:

- (a) Remuneration principles
- (b) Performance assessment

- (c) Details of remuneration
- (d) Equity based compensation
- (e) Employment contracts and termination provisions
- (f) Details of equity instrument holdings, loans, etc.

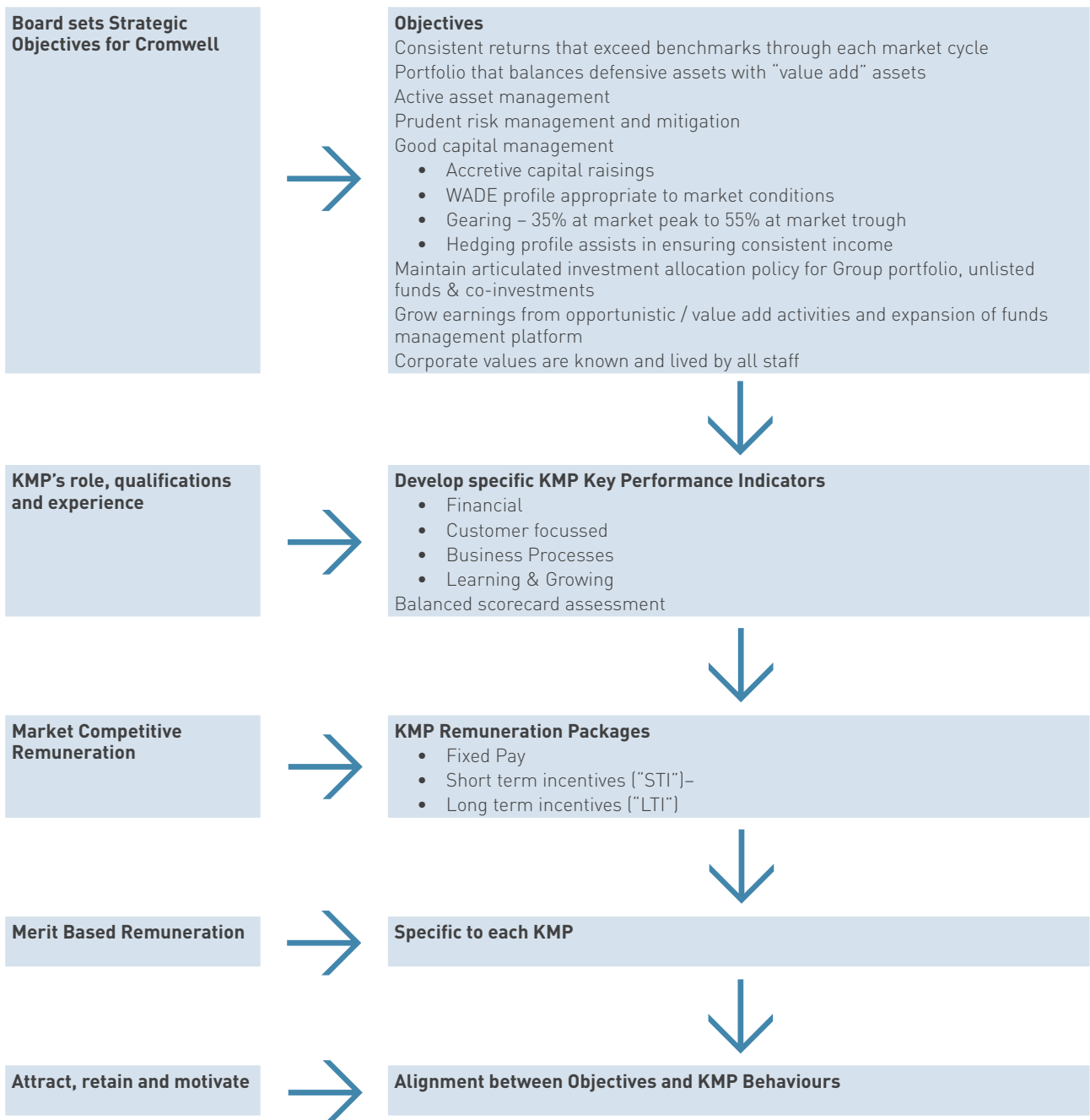
(a) Remuneration principles

(i) Governance

Cromwell has appointed a nomination and remuneration committee (“Committee”). The Committee has overall responsibility for the remuneration strategy of the Group. The Committee also advises the Board on remuneration policy and practices. The Committee is chaired by Mr RJ Pullar, a Non-Executive Director. External consultants are appointed to advise the Committee as required.

(ii) Remuneration policy

Cromwell Property Group is committed to setting and achieving objectives that best serve the interests of Cromwell’s securityholders. Cromwell’s remuneration strategy is designed to align behaviours with the Group’s objectives.



Objectives

Fundamentally, the Cromwell Property Group aims to support or enhance its operating earnings per security in any given financial year in a way that does not unduly increase the risk profile of Cromwell. Cromwell also seeks to operate within a framework that facilitates both sustainable growth and Cromwell outperforming its peers in the medium - long term.

Cromwell believes its past performance supports its view that the best way to achieve its objectives, and thus serve the interests of securityholders, is to provide a remuneration package to its employees, and particularly KMPs, that is designed to incentivise them to outperform by specifically linking their remuneration to their particular role and responsibilities.

Cromwell's key financial measures for the last five years are set out below:

	2014	2013	2012	2011	2010
Operating earnings per security (as assessed by the Directors)	8.5 cents	7.6 cents	7.5 cents	7.1 cents	8.5 cents
Change over previous year	12%	1%	6%	(16%)	(12%)
Distributions per security	7.6 cents	7.3 cents	7.0 cents	7.0 cents	8.0 cents
Change over previous year	4%	4%	0%	(13%)	(11%)
NTA per security (excl. interest rate swaps)	\$0.75	\$0.72	\$0.71	\$0.73	\$0.71
Change over previous year	4%	1%	(3%)	3%	(8%)
Gearing	42%	46%	51%	49%	48%
Change over previous year	(4%)	(5%)	2%	1%	(5%)

Cromwell's Total Securityholder Return ("TSR") over the last 1, 3 and 5 years relative to benchmark indices is shown below. Given Cromwell's focus on medium – longer term returns relative to its peers, emphasis is given to performance over 3 and 5 year periods against the S&P/ASX 300 A-REIT Accumulation Index:

Total Securityholder Returns (annualised)	1 Year	3 Year	5 Year
TSR – Cromwell	7.9%	22.4%	24.5%
TSR - S&P/ASX 300 A-REIT accumulation index	11.1%	15.2%	14.3%
Group performance against S&P/ASX 300 A-REIT accumulation index	(3.2%)	7.2%	10.2%
TSR – All Ord's accumulation index	17.6%	9.7%	11.0%
Group performance against All Ord's accumulation index	(9.7%)	12.7%	13.5%

Performance Assessment

The key performance indicators (KPIs) for each KMP take into account their role within Cromwell generally as well as their expected contribution to the achievement of Cromwell's objectives. The KPIs are designed to best incentivise each KMP to meet Cromwell's objectives and therefore best serve the interests of securityholders.

Although the specific KPIs are different for each of the KMP, the overriding principles in accordance with which they are determined are the same. The principles involve the assessment of each KMP's performance according to a traditional balanced scorecard methodology. The balanced scorecard methodology assigns performance and responsibility criteria across four broad categories. These categories are:

Financial Measures: Includes both the performance of Cromwell and the employees' business unit. Cromwell focuses on maintaining individual securityholder alignment by using operating earnings per security as the major short term financial metric. Other short term financial metrics include distributions per security, changes in NTA per security (excluding interest rate swaps) and gearing. The key long term financial metric is TSR over rolling 3 and 5 year periods relative to the S&P/ASX 300-A-REIT Accumulation Index.

Internal Business Measures: Concentrate on improvement of people, systems and processes to create efficiency and accuracy to support long term business growth. The processes emphasise adherence to governance requirements.

Customer Focussed Measures: Cromwell surveys securityholders, tenants, fund investors and other stakeholders to ascertain customer relationship trends and set KPIs for employees to meet the needs identified by those trends, and to coincide with longer term corporate objectives.

Innovation & Learning Measures: Focuses on the growth of individuals, departments and corporate culture to innovate and extend current capabilities throughout Cromwell.

The weightings of these categories for any individual are set and assessed in consideration of their role, qualifications and experience. However, generally the weightings will be within the bands set out below:

Financial Measures:	40 – 70%	Customer Measures:	10 – 30%
Internal Business Measures:	10 – 30%	Innovation & Learning Measures:	10 – 30%

For all KMP except the Chief Executive Officer and Non-Executive Directors, the Chief Executive Officer is responsible for setting KPI targets and assessing annually whether those targets have been met. The KPI targets for the Chief Executive Officer are set, revised and reviewed annually by the Committee or the Board.

Remuneration Packages

Fixed Pay

All employees, including all KMP (other than Non-Executive Directors) receive a remuneration package that includes a fixed pay component.

KMP are remunerated at the market median level of their fixed pay, adjusted for factors such as the external market environment and the employee's position, qualifications, period of service and responsibility within Cromwell. In assessing the level of fixed pay relative to the market, weighting is given to the employee's period of service and their performance over the total employment period.

Short term incentives

Short term incentives are generally included as part of the remuneration package for those employees that can have a material impact on the key marginal drivers of operating earnings in any given financial year. These include such factors as leasing outcomes and changes in property earnings, interest expense, funds management earnings and changes in the investment property portfolio. In the 2014 financial year, 21 employees received short term incentives (2013: 21), 5 of whom were KMP (including the Chief Executive Officer and Finance Director).

Cromwell does not generally take into account non-financial performance indicators in assessing whether or not relevant employees are entitled to short term incentives. In the 2014 financial year no non-financial performance indicators were used when assessing whether short term incentives were payable. All short term incentive payments related to financial performance indicators occurring within the financial year. Short term incentives are generally paid as cash bonuses.

Long term incentives

The granting of long term incentives is considered to be both a retention tool for employees who are considered key to the longer term success of Cromwell and a reward for achieving performance targets in a financial year. No employee has an automatic entitlement to a particular percentage or value of long term incentives in any year.

The executive directors and all employees are eligible to participate in Cromwell's long term incentive arrangements. Participating employees are offered a choice of long term incentives in the form of either performance rights, issued under Cromwell's performance rights plan (PRP), or access to a limited recourse interest free loan facility, under Cromwell's security loan plan (SLP), to fund the acquisition of stapled securities in Cromwell.

If performance rights issued under the PRP vest, employees will be issued one stapled security per performance right exercised. Performance rights do not give a participating employee the right to vote at securityholder meetings nor the right to receive a distribution from Cromwell. Any stapled securities acquired by virtue of a loan under the SLP will give the participating employee the right to vote at security holder meetings, and the right to receive distributions from Cromwell, on the same terms as other stapled securities on issue. However, the relevant stapled securities will be security for the participating employee's obligations under the SLP and any distributions received must be used to repay or reduce the loan amount.

Every three years, the maximum value of the executive directors' participation in Cromwell's long term incentive arrangements is discussed and agreed by the Board (using the allocation method discussed below) and put to securityholders for approval. At the 2013 AGM securityholders approved a maximum value of \$450,000 per annum for the Chief Executive Officer, and \$150,000 per annum for the Finance Director.

Each year the Board (on recommendation from the Committee) considers whether to grant long term incentives to the executive directors and, if so, to what value. In December 2013, 2,042,205 performance rights were granted to the executive directors, vesting in December 2016.

Each year the Committee delegates authority to the Chief Executive Officer to determine which employees other than executive directors will receive long term incentives and, if so, to what value. The Committee considers and, if appropriate, ratifies the Chief Executive Officer's determination.

Allocations for participating employees, other than the executive directors, are determined annually after the end of each financial year.

In determining the total value of long term incentives to be granted in any one year the performance of Cromwell as a whole is considered. This involves an assessment of whether Cromwell has met its objectives, including a review of Cromwell's key financial measures. For more information see section (a)(iii) above.

The actual value awarded to a participating employee is determined by taking into account the following:

- the employee's performance during the previous financial year as assessed against their KPI's. An employee must have achieved at least 70% of their KPIs in the previous financial year; and
- the employee's level of fixed pay. The maximum value of performance rights to be allocated to any employee other than an executive director is generally limited to 25% of their fixed pay.

The Board takes the same factors into account when determining the value of long term incentives that may be granted to the executive directors each year. By determining allocations in this way, Cromwell seeks to ensure that the performance of both the employee and Cromwell is taken into account before long term incentives are issued.

Aggregate, and employee, allocation limits are also in place to ensure a balance between the cost of long term incentives and the benefit of retaining valuable employees. The employee limits also serve to mitigate the risk to Cromwell of non-payment by an employee under the SLP.

Once a value has been allocated, the participating employee is given the option of participation in either the PRP, the SLP or a combination of the two. If participation in the PRP is selected, the actual number of performance rights that are then granted to the participating employee is determined by dividing the total value awarded to that employee by the fair value of each performance right at grant date. The fair value at grant date for performance rights is determined using a Black-Scholes option pricing model that takes into account the exercise price (including the discount to market value at grant date), the term of the performance right, the security price at grant date, expected price volatility of the underlying securities, the expected dividend/distribution yield and the risk free interest rate for the term of the performance right. The valuation of performance rights is discussed in more detail in section (d) below.

Under the PRP, if performance rights vest they allow eligible employees to obtain stapled securities at a discount to market value. The use of the discount is intended to reduce or avoid the need for employees to obtain significant funding or to sell a substantial number of securities to fund the exercise of performance rights on vesting. The discount is taken into account when determining the value to be issued to a participating employee. Since grants under the PRP are made in value terms, the lower the exercise price the lower the number of performance rights granted and, therefore, the lower the number of securities that may be issued.

Once performance rights are granted, the participating employees will need to meet performance hurdles before they vest. Although the Committee (or the Chief Executive Officer under delegated authority) may impose other conditions, generally performance rights will vest if an employee achieves 70% or greater of their KPIs in two out of the three years comprising the vesting period and are still employed by Cromwell at the end of that three year vesting period. Performance hurdles are assessed at the end of the vesting period. If the performance hurdles are not met, the performance rights will be forfeited. Forfeited performance rights are not re-tested. Performance rights will also lapse if not exercised within the exercise period.

To determine the maximum loan amount, where participation in the SLP is selected, the value of the long term incentive is treated as an interest rate reduction benefit during the loan period (usually expected to be three years). The loan is then used to acquire stapled securities at their "current market value", being the average of the daily volume weighted average price for all sales of CMW stapled securities on ASX, including special crossings, during the previous 10 trading days.

During the loan period the participating employee cannot deal with the stapled securities acquired under the SLP. At the end of the loan period, provided performance hurdles are met and the outstanding loan balance is less than the market value of stapled securities, the loan balance is immediately repayable. Upon repayment the participating employee will be able to deal with the stapled securities. If the participating employee does not repay the outstanding loan balance, or if the outstanding loan balance is greater than the market value of the stapled securities, the stapled securities will be forfeited.

The performance hurdles under the PRP and the SLP are the same, being, generally, that the participating employee achieved 70% or greater of their KPI's in two out of the three years comprising the vesting/loan period and remained employed by Cromwell. Performance hurdles are assessed at the end of the vesting/loan period.

In addition to the above, performance rights and stapled securities issued under the SLP will also be forfeited if an employee resigns, has their employment terminated or commits an act which brings Cromwell into disrepute.

Cromwell believes its approach allows employees to align themselves with securityholders by having a financial interest in the long term value of Cromwell's security price, which acts to maximise TSR.

Below is a table showing the extent to which performance rights have been issued to KMPs (including the executive directors) and to participating employees (including KMPs) over the last three years. To date, no employee has participated in the SLP, which was introduced in 2013.

	FY14	FY13
Total Cromwell employees eligible to participate	77	70
Participating employees	22	18
Participating employees (by number & by percentage of total employees)	29%	25%
Participating KMPs by number	8	7
Participating KMPs as percentage of total employees	10%	10%
Total employment expenses (\$'000)	17,569	14,859
Value of performance rights granted (\$'000)	1,494	473
Value of performance rights granted as a percentage of total employment costs	9%	3%
Value of performance rights granted to KMPs (\$'000)	939	293
Value of performance rights granted to KMPs as a percentage of total employment costs	5%	2%
Total stapled securities on issue ('000)	1,727,281	1,713,721
Performance rights on issue ('000)	9,410	8,009
Performance rights on issue as a percentage of issued securities	0.5%	0.5%
Performance rights on issue to KMPs ('000)	7,668	7,058
Performance rights on issue to KMPs as a percentage of issued securities	0.4%	0.4%

Remuneration package – CEO & Finance Director

The remuneration packages of the Chief Executive Officer and the Finance Director for the last three years comprised the following components:

	Financial Year	Fixed Pay \$	Short term incentives paid \$	Long Term Incentives \$
Paul Weightman	2014	1,050,000	250,000	171,953
		(71%)	(17%)	(12%)
	2013	950,000	250,000	179,699
		(69%)	(18%)	(13%)
Daryl Wilson	2014	500,000	150,000	66,604
		(70%)	(21%)	(9%)
	2013	450,000	150,000	78,169
		(66%)	(22%)	(12%)
	2012	450,000	120,000	78,391
		(69.5%)	(18.5%)	(12%)

(iii) External environment

The unemployment rate during the year remained low by historical standards, but has been steadily increasing, in line with the softer economy generally. Whilst this has resulted in an easing labour market, demand for quality employees, particularly in the property and financial services sectors, remains high.

(iv) Non-executive directors remuneration

Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. The Board determines remuneration of Non-Executive Directors within the maximum amount approved by security holders from time to time. This maximum currently stands at \$1,000,000 per annum in total for fees to be divided among the Non-Executive Directors in such a proportion and manner as they agree.

Non-Executive Directors are paid a fixed remuneration, comprising base fees or salary and superannuation (if applicable). Non-Executive Directors do not receive bonus payments or participate in security-based compensation plans, and are not provided with retirement benefits other than statutory superannuation.

	2014 \$	2013 \$
Chairman	185,000	185,000
Non-Executive Director	85,000	85,000
Audit & Risk Committee – Chairman	18,000	18,000
Audit & Risk Committee – Member	12,000	12,000
Nomination & Remuneration Committee – Chairman	7,500	7,500
Nomination & Remuneration Committee – Member	5,000	5,000
Investment Committee	–	–

The Non-Executive Directors' fees were unchanged in the 2014 financial year and were last increased in November 2011. The current and previous year rates are shown above.

(v) Voting and comments made at the company's 2013 Annual General Meeting

The Group and Trust's remuneration report for the 2013 financial year was passed on a 'show of hands'. Proxies received before the meeting were approximately 95% in favour of the remuneration report.

(b) Details of remuneration

Remuneration paid, payable, or otherwise made available, directly or indirectly, to key management personnel is set out below.

Key Management Personnel during the year were:

Non-Executive Directors:

Mr GH Levy (AO)	Chairman
Mr RJ Pullar	Director
Ms MA McKellar	Director
Mr DE Usasz	Director
Mr WR Foster	Director
Mr M Wainer	Director
Mr MJ Watters	Director
Mr G Cannings	Director (Alternate to Mr Watters; Alternate to Mr Wainer)

Executive Directors:

Mr PL Weightman	Managing Director/Chief Executive Officer
Mr DJ Wilson	Director – Finance & Funds Management

Other Senior Executives:

Mr B Binning	National Leasing Manager
Mr MJ Blake	National Head of Sales, Director of controlled entity
Ms JA Clark	Chief Operations Officer, Property Licensee, Director of controlled entity
Mr PJ Cowling	Associate Director Transactions, Director of controlled entity
Mr DA Gippel	Group Treasurer, Director of controlled entity
Ms NE Riethmuller	General Counsel/Company Secretary

	Short-term benefits	Short-term benefits	Short-term benefits	Short-term benefits	Post- employment	Long-term benefits	Share- based payments	Total Remunera- tion	% of Remun. that is performance based
	Cash salary and fees	Accrued leave ⁽¹⁾	Cash bonus	Non-cash benefits	Super- annuation	Long service leave ⁽¹⁾	Options	\$	
	\$	\$	\$	\$	\$	\$	\$	\$	
2014									
Non-Executive Directors									
GH Levy	169,336	-	-	-	15,664	-	-	185,000	-
RJ Pullar	95,652	-	-	-	8,848	-	-	104,500	-
MA McKellar	102,000	-	-	-	-	-	-	102,000	-
DE Usasz	98,856	-	-	-	9,144	-	-	108,000	-
WR Foster	82,380	-	-	-	7,620	-	-	90,000	-
M Wainer	85,000	-	-	-	-	-	-	85,000	-
MJ Watters	65,000	-	-	-	-	-	-	65,000	-
G Cannings	18,307	-	-	-	1,693	-	-	20,000	-
Executive Directors									
PL Weightman	874,326	(81,118)	250,000	157,900	17,775	37,999	171,953	1,428,835	30%
DJ Wilson	482,224	34,269	150,000	-	17,775	17,618	66,604	768,490	28%
Other key management personnel									
B Binning	312,000	3,309	80,000	-	17,775	10,945	61,788	485,817	29%
M Blake	281,726	(5,529)	129,613	-	17,775	8,152	46,705	478,442	37%
JA Clark	238,364	1,872	-	-	17,775	26,603	9,868	294,482	3%
P Cowling	320,648	(9,769)	-	-	17,775	14,044	60,894	403,592	15%
D Gippel	294,580	830	200,000	26,669	17,775	8,308	48,475	596,637	42%
N Riethmuller	297,440	(10,628)	-	11,234	17,775	6,971	31,555	354,347	9%
	3,817,839	(66,764)	809,613	195,803	185,169	130,640	497,842	5,570,142	

(1) Annual and long service leave are accounted for on an accruals basis. The amounts represent the change in accrued leave during the year.

	Short-term benefits	Short-term benefits	Short-term benefits	Short-term benefits	Post-employment	Long-term benefits	Share-based payments	Total Remuneration	% of Remun. that is performance based
	Cash salary and fees	Accrued leave ⁽¹⁾	Cash bonus	Non-cash benefits	Super-annuation	Long service leave ⁽¹⁾	Options		
	\$	\$	\$	\$	\$	\$	\$	\$	
2013									
Non-Executive Directors									
GH Levy	169,725	-	-	-	15,275	-	-	185,000	-
RJ Pullar	95,872	-	-	-	8,628	-	-	104,500	-
MA McKellar	102,000	-	-	-	-	-	-	102,000	-
DE Usasz	99,083	-	-	-	8,917	-	-	108,000	-
WR Foster	82,569	-	-	-	7,431	-	-	90,000	-
MJ Wainer	85,000	-	-	-	-	-	-	85,000	-
M Watters	65,000	-	-	-	-	-	-	65,000	-
G Cannings	18,349	-	-	-	1,789	-	-	20,138	-
Executive Directors									
PL Weightman	775,630	10,456	250,000	157,900	16,470	23,511	179,699	1,413,666	30%
DJ Wilson	433,530	(17,779)	150,000	-	16,470	8,264	78,169	668,654	34%
Other key management personnel									
B Binning	300,000	1,893	100,000	-	16,470	8,154	72,742	499,259	35%
MJ Blake	270,890	1,935	166,546	-	16,470	9,823	38,473	504,137	41%
JA Clark	192,324	892	25,500	6,665	16,470	5,461	-	247,312	10%
P Cowling	308,700	4,052	50,000	-	16,470	9,483	69,761	458,466	26%
DA Gippel	283,250	(4,108)	100,000	25,551	16,470	4,809	56,411	482,383	32%
N Riethmuller	283,250	(9,066)	50,000	8,232	16,470	4,386	18,849	372,121	19%
	3,565,172	(11,725)	892,046	198,348	173,800	73,891	514,104	5,405,636	

(1) Annual and long service leave are accounted for on an accruals basis. The amounts represent the change in accrued leave during the year.

(c) Details of remuneration: cash bonuses and performance rights

For each cash bonus and grant of performance rights included in the tables in section (b) above, the percentage of the available bonus or grant that was paid, or that vested, in the year, and the percentage that was forfeited because the person did not meet the service and performance criteria is set out below.

No part of the bonus is payable in future years. In addition to existing short-term incentive arrangements, a discretionary bonus of \$100,000 in total was also paid to a KMP for the successful refinancing of 92% of Cromwell's borrowings out to May 2018 and May 2019.

The performance rights are subject to vesting conditions as outlined above. No performance rights will vest if the conditions are not satisfied, hence the minimum value of performance rights yet to vest is \$nil. The maximum value of the performance rights yet to vest has been determined as the amount of the grant date fair value of the performance rights that is yet to be expensed at balance date. References to options in the table below relate to performance rights.

Name	Cash Bonus Paid %	Cash Bonus Forfeited %	Financial Year Options Granted	Options Vested in 2014 %	Options Forfeited in 2014 %	Financial Years Options may vest	Maximum value of grant to vest \$
PL Weightman	100%	–	2011/14	100% ⁽¹⁾	–	2015/16/17	403,435
DJ Wilson	100%	–	2011/14	100% ⁽¹⁾	–	2015/16/17	138,299
B Binning	80%	20%	2012/13/14	100% ⁽²⁾	–	2015/16/17	74,958
MJ Blake	100%	–	2011/12/13/14	100% ⁽¹⁾	–	2015/16/17	79,733
JA Clark	–	–	2014	–	–	2017	40,182
P Cowling	–	–	2012/13/14	100% ⁽²⁾	–	2015/16/17	74,324
DA Gippel	200%	–	2012/13	100% ⁽²⁾	–	2015/16	10,583
NE Riethmuller	–	–	2012/13/14	–	–	2015/16/17	72,549

(1) Relates to performance rights issued in 2011.

(2) Relates to performance rights issued in 2013.

(d) Equity based compensation

Details of the PRP are set out in part (a)[ii] of the remuneration report.

All Executive Directors and employees of Cromwell are considered for participation in the PRP subject to a minimum period of service and level of remuneration, which may be waived by the Committee. Grants to Executive Directors are subject to securityholder approval.

Consideration for granting performance rights, grant periods, vesting and exercise dates, exercise periods and exercise prices are determined by the Board or Committee in each case. Performance rights carry no voting rights. When exercised, each performance right is convertible into one stapled security.

The terms and conditions of each grant of performance rights under the PRP affecting remuneration for Key Management Personnel in the current or future reporting periods are included in the table below:

Grant Date	Expiry Date	Exercise Price	No of Performance Rights Granted	Assessed Value per Right at Grant Date
23/08/2010	21/09/2013	\$0.20	95,894	37.0¢
26/05/2011	01/10/2013	\$0.50	1,913,333	13.9¢
26/05/2011	01/10/2014	\$0.50	1,913,333	12.6¢
26/05/2011	01/10/2015	\$0.50	1,913,334	11.5¢
05/09/2011	05/10/2014	\$0.20	308,097	32.3¢
05/09/2011	05/10/2014	\$0.10	52,851	41.1¢
05/09/2011	05/10/2014	–	343,634	50.0¢
12/10/2012	12/11/2015	–	50,006	60.0¢
12/10/2012	12/11/2015	\$0.20	120,584	41.5¢
19/10/2012	01/08/2013	–	55,561	77.6¢
19/10/2012	01/08/2014	–	55,563	71.1¢
19/10/2012	01/08/2015	–	55,563	65.1¢
19/10/2012	01/08/2013	\$0.20	60,292	57.9¢
19/10/2012	01/08/2014	\$0.20	60,292	51.9¢
19/10/2012	01/08/2015	\$0.20	60,292	46.4¢
18/12/2013	01/10/2016	–	296,804	75.7¢
18/12/2013	01/10/2016	\$0.50	395,677	30.2¢
18/12/2013	01/01/2017	\$0.50	2,042,205	29.1¢

Details of changes during the 2014 year in performance rights on issue to Key Management Personnel under the PRP are set out below.

Name	Opening balance	Granted during year	Exercised during the year	Forfeited during the year	Lapsed during year	Closing balance
2014						
PL Weightman	4,000,000	1,531,654	(1,333,333)	–	–	4,198,321
DJ Wilson	1,740,000	510,551	(580,000)	–	–	1,670,551
DA Gippel	277,920	–	(13,890)	–	–	264,030
B Binning	288,262	100,725	(60,292)	–	–	328,695
MJ Blake	353,410	229,748	(95,894)	–	–	487,264
JA Clark	–	165,929	–	–	–	165,929
P Cowling	296,180	100,054	(41,671)	–	–	354,563
N Reithmuller	102,857	96,025	–	–	–	198,882
	7,058,629	2,734,686	(2,125,080)	–	–	7,668,235

The assessed fair value at grant date of performance rights granted is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables in part (b) of the remuneration report. Fair value at grant date for performance rights with no market based vesting conditions are determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the performance right, the security price at grant date, expected price volatility of the underlying securities, the expected dividend/distribution yield and the risk-free interest rate for the term of the performance right.

A total of 3,771,928 performance rights were granted during 2014 (2013: 890,414) of which 2,734,686 (2013: 518,153) were issued to Key Management Personnel. The model inputs for performance rights granted during the 2014 year are disclosed in note 32.

Plan rules contain a restriction on removing the “at risk” aspect of the instruments granted to executives. Plan participants may not enter into any transaction designed to remove the “at risk” aspect of an instrument before it vests without explicit approval from the Board.

At 30 June 2014 no performance rights on issue had vested.

Further details relating to performance rights are set out below.

Name	Remuneration consisting of performance rights ⁽¹⁾	Value at grant date ⁽²⁾ \$	Value at exercise date ⁽³⁾ \$	Value at forfeit date ⁽⁴⁾ \$
PL Weightman	12%	446,468	185,200	–
DJ Wilson	7%	148,823	80,562	–
B Binning	13%	76,284	34,933	–
MJ Blake	10%	69,301	35,442	–
JA Clark	3%	50,051	–	–
P Cowling	15%	75,776	32,331	–
DA Gippel	8%	–	10,777	–
NE Riethmuller	9%	72,724	–	–

(1) The percentage of total remuneration consisting of performance rights, based on the value of performance rights expensed during the year.

(2) The value of performance rights granted during the year as part of remuneration calculated at grant date in accordance with AASB 2 *Share-based Payment*.

(3) The value at exercise date of performance rights that were granted as part of remuneration and were exercised during the year, being the intrinsic value of the performance rights at that date.

(4) The value at lapse date of performance rights that were granted as part of remuneration and were forfeited during the year because a vesting condition was not satisfied.

(e) Employment contracts and termination provisions

(i) Employment contracts

PL Weightman

Remuneration and other terms of employment for the Chief Executive Officer are formalised in an employment agreement. The Company may terminate the agreement without notice for gross misconduct; otherwise, the Company may terminate the agreement on six months notice, or payment of entitlements for this period in lieu of notice. Mr Weightman may terminate the agreement at any time with six months notice. Other major provisions of the agreement are as follows:

- Term of agreement – Commencing 1 July 2006, no fixed termination date.
- Base salary, inclusive of superannuation, for the 2014 year of \$1,050,000, to be reviewed annually by the remuneration committee.
- Performance cash bonus of up to \$250,000 with targets to be reviewed annually by the remuneration committee.

The performance bonus payable to Mr Weightman for the 2014 year depended on performance criteria being met. The criteria were assessed as being met in full during the financial year, with 100% of the performance bonus amount being paid.

DJ Wilson

Remuneration and other terms of employment for the Director – Finance & Funds Management are formalised in an employment agreement. The Company may terminate the agreement without notice for gross misconduct; otherwise, the Company may terminate the agreement on six months notice, or payment of entitlements for this period in lieu of notice. Mr Wilson may terminate the agreement at any time with six months notice. Other major provisions of the agreement are as follows:

- Term of agreement – commencing 1 July 2006, no fixed termination date.
- Base salary, inclusive of superannuation, for the 2014 year of \$500,000, to be reviewed annually by the remuneration committee.
- Performance cash bonus of up to \$150,000 with targets to be reviewed annually by the remuneration committee.

The performance bonus payable to Mr Wilson for the 2014 year depended on certain criteria being met. The criteria were assessed as being met in full during the financial year, with 100% of the performance bonus amount being paid.

All other executives

Remuneration and other terms of employment for other executives are contained under standard employment contracts. There are no termination payments due under the contracts other than statutory entitlements for accrued leave. Remuneration is reviewed annually.

(ii) Termination provisions

There are no fixed term conditions in executive employment contracts. Minimum termination periods for executives are outlined below and adhered to in all cases except in the case of serious breaches of the employment contract.

	Notice Period Employee	Notice Period Group
Managing Director/CEO, Director – Finance & Funds Management	6 months	6 months
Group Treasurer	3 months	6 months
All other key management personnel	1-2 months	1-2 months

On termination, a portion of short term incentives may also be paid at the discretion of the CEO, or the Board in the case of termination of the CEO. In addition, other statutory entitlements such as accrued leave may be taken as termination benefits.

(f) Details of equity instrument holdings, loans, etc

(i) Share holdings/unit holdings

The numbers of shares in the Company and units in the CDPT held during the financial year by Key Management Personnel of Cromwell Corporation Limited, including their personally related parties, are set out below.

Name	Balance at 1 July	On exercise of options	Net purchases (sales)	Balance at 30 June
Non-Executive Directors:				
GH Levy	2,777,630	-	-	2,777,630
RJ Pullar	6,500,000	-	-	6,500,000
MA McKellar	768,611	-	23,600	792,211
DE Usasz	2,405,000	-	-	2,405,000
WR Foster	3,811,765	-	(500,000)	3,311,765
M Wainer ⁽¹⁾	-	-	-	-
MJ Watters ⁽²⁾	-	-	-	-
G Cannings	80,000	-	-	80,000
Executive Directors:				
PL Weightman	15,921,167	1,333,333	(333,000)	16,921,500
DJ Wilson	1,622,200	580,000	(851,425)	1,350,775
Other key management personnel of Cromwell:				
B Binning	154,672	60,292	2,664	217,628
MJ Blake	1,704,098	95,894	(100,000)	1,699,992
JA Clark	71,032	-	-	71,032
PJ Cowling	1,675,801	41,671	-	1,717,472
DA Gippel	1,206,864	13,890	(573,490)	647,264
NE Riethmuller	123,459	-	554	124,013
	38,568,334	2,125,080	(2,331,097)	38,616,282

(1) M Wainer is a director of Redefine International P.L.C. which indirectly owns Redefine Australia Investments Limited, which at 30 June 2014 owned 227,076,125 (2013: 235,536,192) stapled securities in Cromwell. M Wainer is also CEO and a director of Redefine Properties Limited which at 30 June 2014 owned 218,547,808 (2013: 212,336,234) stapled securities in Cromwell.

(2) M Watters is a director of Redefine International P.L.C. which indirectly owns Redefine Australia Investments Limited, which owns 227,076,125 (2013: 235,535,192) stapled securities in Cromwell.

No shares or units were received by the above persons as compensation during the 2014 year.

(ii) Loans to key management personnel

No loans were made during the 2014 or 2013 years to key management personnel and no loans were outstanding at the reporting date.

(iii) Other transactions with key management personnel

Cromwell rents an apartment, located at 185 Macquarie Street, Sydney, which is owned by Mr. Paul Weightman, a director of the Company. Total rent paid during 2014 was \$88,400 (2013: \$88,400). The payment of rent is on normal commercial terms and conditions and at market rates.

12. TRUST DISCLOSURES

Fees to Responsible Entity

Total amounts paid/payable to the Responsible Entity or its associates during the year were \$21,436,421 (2013: \$18,594,286).

Units held by Responsible Entity

Cromwell Corporation Limited, the parent company of the Responsible Entity, held no units (2013: 275,106) in the Trust at the end of the financial year, having had these bought back by the Trust. Pursuant to Australian Securities & Investments Commission relief, the units were not stapled to shares in Cromwell Corporation Limited.

The Responsible Entity held no units (2013: 1,517,000) in the Cromwell Mary Street Planned Investment, a subsidiary of the Trust, at the end of the financial year, having transferred them to the Company. When held the holding represented approximately 8% (2013: 8%) of the issued units in the Cromwell Mary Street Planned Investment.

Issued Units

Units issued in the Trust during the year are set out in note 24 in the accompanying financial report. There were 1,727,280,850 (2013: 1,713,996,562) issued units in the Trust at balance date.

Value of Scheme Assets

The total carrying value of the Trust's assets as at balance date was approximately \$2,403,658,000 (2013: \$2,487,254,000). Net assets attributable to unitholders of the Trust were \$1,197,318,000 (2013: \$1,140,730,000) equating to \$0.70 per unit (2013: \$0.67 per unit).

The Trust's assets are valued in accordance with policies stated in notes 1 and 3 of the financial statements.

13. INDEMNIFYING OFFICERS OR AUDITOR

Subject to the following, no indemnity or insurance premium was paid during the financial year for a person who is or has been an officer of the Group.

The constitution of the Company provides that to the extent permitted by law, a person who is or has been an officer of the Company is indemnified against certain liabilities and costs incurred by them in their capacity as an officer of the Company.

Further, the Company has entered into a Deed of access, insurance and indemnity with each of the Directors and the company secretary. Under the deed, the Company agrees to, amongst other things:

- indemnify the officer to the extent permitted by law against certain liabilities and legal costs incurred by the officer as an officer of the Company and its subsidiaries;
- maintain and pay the premium on an insurance policy in respect of the officer; and
- provide the officer with access to board papers and other documents provided or available to the officer as an officer of the Company and its subsidiaries.

The Group has paid premiums for Directors and officers' liability insurance with respect to the Directors, company secretary and senior management as permitted under the *Corporations Act 2001*. The terms of the policy prohibit disclosure of the nature of the liabilities covered and the premiums payable under the policy.

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an auditor of the Company or any of its controlled entities.

14. ROUNDING OF AMOUNTS TO NEAREST THOUSAND DOLLARS

The Company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the Directors' report and financial report. Amounts in the Directors' report and financial report have been rounded off to the nearest thousand dollars, or in certain cases to the nearest dollar, in accordance with that Class Order.

15. AUDITOR

Pitcher Partners continues in office in accordance with section 327 of the *Corporations Act 2001*.

The Company may decide to employ Pitcher Partners on assignments additional to their statutory duties where the auditor's expertise and experience with the Company and/or the Group are important.

The Directors have considered the position and, in accordance with advice received from the Audit & Risk Committee, are satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* as none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants* and all non-audit services have been reviewed by the Audit & Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor.

Details of the amounts paid or payable to the auditor and its related parties for non-audit services provided to the Group are set out below:

	2014 \$	2013 \$
Non-audit Services		
Other – review of pro forma balance sheets and forecasts	–	131,200
Total remuneration for non-audit services	–	131,200

The auditor receives remuneration for audit and other services relating to other entities for which Cromwell Property Securities Limited and Cromwell Funds Management Limited, both controlled entities, act as responsible entity. The remuneration is disclosed in the relevant entity's financial reports and totalled \$105,000 (2013: \$68,500).

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is attached to this report.

This report is made in accordance with a resolution of the Directors.



P.L. Weightman
Director

Dated this 27th day of August 2014

The Directors
Cromwell Corporation Limited and
Cromwell Property Securities Limited as Responsible Entity for Cromwell Diversified Property Trust
Level 19
200 Mary Street
BRISBANE QLD 4000

Dear Sirs,

Auditor's Independence Declaration

As lead auditor for the audit of the financial reports of Cromwell Corporation Limited and Cromwell Diversified Property Trust for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of both Cromwell Corporation Limited and the entities it controlled during the year and Cromwell Diversified Property Trust and the entities it controlled during the year.

Pitcher Partners

PITCHER PARTNERS



N Batters

Partner
Brisbane, Queensland
27 August 2014

Consolidated Statements of Comprehensive Income

for the year ended 30 June 2014

	Notes	Cromwell		Trust	
		2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Revenue and other income					
Rental income and recoverable outgoings		259,419	206,665	258,683	206,478
Funds management fees		11,892	9,797	-	-
Interest		4,613	5,262	3,056	4,604
Distributions		903	222	903	222
Gain on sale of investment property	6	3,152	132	3,152	132
Other revenue		1,543	418	1,317	192
Share of profits of equity accounted entities	14(b)	-	646	-	593
Increase in recoverable amount:					
Property development inventories/provision		-	-	-	225
Fair value net gain from:					
Interest rate derivatives		5,222	7,326	5,222	7,326
Investments properties	12	46,226	-	46,226	-
Investments at fair value through profit or loss		85	47	85	47
Total revenue and other income		333,055	230,515	318,644	219,819
Expenses					
Property expenses and outgoings		45,032	34,005	50,304	38,753
Funds management costs		1,209	592	-	-
Property development costs		167	359	-	-
Finance costs	6	74,050	70,296	74,050	70,355
Employee benefits expense	6	17,569	14,859	-	-
Administration and overhead costs		7,326	6,398	1,139	1,102
Responsible entity fees		-	-	12,121	9,959
Amortisation and depreciation	6	758	643	-	-
Net share of losses of equity accounted entities	14 (b)	2,942	-	3,248	-
Loss on disposal of other assets	6	559	146	-	-
Fair value net loss from:					
Investment properties	12	-	55,747	-	55,747
Merger transaction costs	38(iii)	-	631	-	631
Total expenses		149,612	183,676	140,862	176,547
Profit before income tax		183,443	46,839	177,782	43,272
Income tax expense	7	972	683	-	-
Profit		182,471	46,156	177,782	43,272
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		182,471	46,156	177,782	43,272
Profit and Total comprehensive income/(loss) is attributable to					
Company shareholders		4,521	2,865	-	-
Trust unitholders		177,950	43,291	177,950	43,291
Non-controlling interests		-	-	(168)	(19)
Profit and Total comprehensive income		182,471	46,156	177,782	43,272
Basic earnings per company share/trust unit (cents)	29	0.26¢	0.21¢	10.34¢	3.23¢
Diluted earnings per company share/trust unit (cents)	29	0.26¢	0.21¢	10.31¢	3.23¢
Basic earnings per stapled security (cents)	29	10.60¢	3.44¢		
Diluted earnings per stapled security (cents)	29	10.57¢	3.44¢		

The above consolidated statements of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statements of Financial Position

as at 30 June 2014

	Notes	Cromwell		Trust	
		2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Current Assets					
Cash and cash equivalents	8	117,820	125,933	67,451	75,126
Trade and other receivables	9	4,702	7,940	1,981	6,816
Other current assets	10	2,714	2,527	1,686	1,844
Total current assets		125,236	136,400	71,118	83,786
Non-Current Assets					
Inventories	11	3,000	3,000	-	-
Investment properties	12	2,249,470	2,396,000	2,249,470	2,396,000
Investments at fair value through profit or loss	13	10,546	7,468	10,546	7,468
Equity accounted investments	14	77,526	100	72,524	-
Property, plant and equipment	15	1,770	1,308	-	-
Deferred tax assets	16	1,272	804	-	-
Intangible assets	17	1,120	1,030	-	-
Total non-current assets		2,344,704	2,409,710	2,332,540	2,403,468
Total assets		2,469,940	2,546,110	2,403,658	2,487,254
Current Liabilities					
Trade and other payables	18	25,714	28,014	23,322	27,030
Dividends/distributions payable	19	33,466	31,061	33,466	31,066
Borrowings	20	90,500	-	90,500	-
Derivative financial instruments	21	15,332	17,638	15,332	17,638
Provisions	22	1,211	1,215	-	-
Current tax liability		1,127	329	-	-
Other current liabilities	23	11,240	15,468	11,240	15,468
Total current liabilities		178,590	93,725	173,860	91,202
Non-Current Liabilities					
Borrowings	20	1,011,214	1,232,720	1,011,214	1,232,720
Derivative financial instruments	21	14,953	17,870	14,953	17,870
Provisions	22	1,185	943	-	-
Total non-current liabilities		1,027,352	1,251,533	1,026,167	1,250,590
Total liabilities		1,205,942	1,345,258	1,200,027	1,341,792
Net assets		1,263,998	1,200,852	1,203,631	1,145,462
Equity					
Contributed equity	24	104,370	103,323	1,267,748	1,257,707
Reserves	25	5,929	5,198	-	-
Retained earnings/(accumulated losses)	26	(44,176)	(48,697)	(70,430)	(116,977)
Equity attributable to shareholders/unitholders		66,123	59,824	1,197,318	1,140,730
Non-controlling interests					
Trust unitholders	27	1,197,875	1,141,028	-	-
Non-controlling interests	27	-	-	6,313	4,732
Total equity		1,263,998	1,200,852	1,203,631	1,145,462

The above consolidated statements of financial position should be read in conjunction with the accompanying notes.

Consolidated Statements of Changes in Equity

for the year ended 30 June 2014

Cromwell	Notes	Attributable to Equity Holders of the Company					Total	Non-controlling Interest (Trust)	Total Equity
		Contributed Equity	Accumulated Losses	Available-for-Sale Reserve	Share Based Payments Reserve				
		\$'000	\$'000	\$'000	\$'000	\$'000			
Balance at 1 July 2013		103,323	(48,697)	2,340	2,858	59,824	1,141,028	1,200,852	
Total comprehensive income		-	4,521	-	-	4,521	177,950	182,471	
Transactions with equity holders in their capacity as equity holders:									
Contributions of equity, net of transaction costs	24	1,047	-	-	-	1,047	10,291	11,338	
Distributions paid/payable	28	-	-	-	-	-	(131,394)	(131,394)	
Employee share options	25	-	-	-	731	731	-	731	
Total transactions with equity holders		1,047	-	-	731	1,778	(121,103)	(119,325)	
Balance at 30 June 2014		104,370	(44,176)	2,340	3,589	66,123	1,197,875	1,263,998	
Balance at 1 July 2012		66,344	(51,562)	2,340	2,189	19,311	769,678	788,989	
Total comprehensive income		-	2,865	-	-	2,865	43,291	46,156	
Transactions with equity holders in their capacity as equity holders:									
Contributions of equity, net of transaction costs	24	36,979	-	-	-	36,979	429,718	466,697	
Distributions paid/payable	28	-	-	-	-	-	(101,659)	(101,659)	
Employee share options	25	-	-	-	669	669	-	669	
Total transactions with equity holders		36,979	-	-	669	37,648	328,059	365,707	
Balance at 30 June 2013		103,323	(48,697)	2,340	2,858	59,824	1,141,028	1,200,852	

Trust	Notes	Attributable to Equity Holders of CDPT				Total (CDPT)	Non-controlling Interest	Total Equity
		Contributed Equity	Accumulated Losses					
		\$'000	\$'000	\$'000	\$'000			
Balance at 1 July 2013		1,257,707	(116,977)	1,140,730	4,732	1,145,462		
Total comprehensive income/(loss)		-	177,950	177,950	(168)	177,782		
Transactions with equity holders in their capacity as equity holders:								
Contributions of equity, net of transaction costs	24	10,291	-	10,291	2,113	12,404		
Redemptions	24	(250)	-	(250)	-	(250)		
Distributions paid/payable	28	-	(131,403)	(131,403)	(364)	(131,767)		
Total transactions with equity holders		10,041	(131,403)	(121,362)	1,749	(119,613)		
Balance at 30 June 2014		1,267,748	(70,430)	1,197,318	6,313	1,203,631		
Balance at 1 July 2012		827,989	(58,589)	769,400	5,320	774,720		
Total comprehensive income/(loss)		-	43,291	43,291	(19)	43,272		
Transactions with equity holders in their capacity as equity holders:								
Contributions of equity, net of transaction costs	24	429,718	-	429,718	-	429,718		
Distributions paid/payable	28	-	(101,679)	(101,679)	(569)	(102,248)		
Total transactions with equity holders		429,718	(101,679)	328,039	(569)	327,470		
Balance at 30 June 2013		1,257,707	(116,977)	1,140,730	4,732	1,145,462		

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statements of Cash Flows

for the year ended 30 June 2014

	Notes	Cromwell		Trust	
		2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Cash Flows From Operating Activities					
Receipts in the course of operations		305,414	245,581	290,742	231,798
Payments in the course of operations		(92,377)	(78,461)	(83,299)	(71,371)
Distributions received		2,763	204	2,763	204
Interest received		4,496	7,110	2,986	6,448
Finance costs paid		(72,032)	(68,715)	(72,032)	(68,773)
Income tax paid		(640)	(184)	-	-
Net cash provided by operating activities	30	147,624	105,535	141,160	98,306
Cash Flows From Investing Activities					
Payments for investment properties		(69,126)	(591,962)	(69,126)	(591,962)
Proceeds from sale of investment properties		253,161	42,571	253,161	42,571
Payments for property, plant and equipment		(1,368)	(304)	-	-
Net inflow of cash on acquisition of controlled entity	38	-	2,560	-	2,560
Payments for investments at fair value through profit or loss		(7,310)	(7,720)	(7,310)	(7,720)
Proceeds from sale of investments at fair value through profit or loss		4,318	565	4,318	565
Payments for equity accounted investments		(82,228)	-	(77,632)	-
Payments for software and other intangible assets		(502)	(863)	-	-
Loans to related entities		(39,189)	(19,606)	(39,189)	(23,668)
Repayment of loans by related entities		39,189	32,391	39,189	35,580
Payment of merger transaction costs		-	(631)	-	(631)
Net cash provided by/(used in) investing activities		96,945	(542,999)	103,411	(542,705)
Cash Flows From Financing Activities					
Proceeds from borrowings		1,044,965	240,921	1,044,965	240,921
Repayment of borrowings		(1,173,043)	(84,144)	(1,173,043)	(84,144)
Payment of loan transaction costs		(6,953)	(2,661)	(6,953)	(2,661)
Proceeds from issue of stapled securities/units		993	443,731	900	408,723
Proceeds from issue of units by subsidiary		-	-	2,113	-
Equity issue transaction costs		(550)	(11,590)	(518)	(10,939)
Redemption of units		-	-	(250)	-
Payment of dividends/distributions		(118,094)	(80,780)	(119,460)	(82,163)
Payment for derivative financial instruments		-	(1,233)	-	(1,233)
Net cash (used in)/provided by financing activities		(252,682)	504,244	(252,246)	468,504
Net (decrease)/increase in cash and cash equivalents		(8,113)	66,780	(7,675)	24,105
Cash and cash equivalents at 1 July		125,933	59,153	75,126	51,021
Cash and cash equivalents at 30 June	8	117,820	125,933	67,451	75,126

The above consolidated statements of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

for the year ended 30 June 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cromwell Property Group ("Cromwell") was formed by the stapling of Cromwell Corporation Limited ("the Company") and its controlled entities, and Cromwell Diversified Property Trust ("CDPT") and its controlled entities ("the Trust"). The Financial Reports of Cromwell and the Trust have been presented jointly in accordance with ASIC Class Order 13/1050 relating to combining accounts under stapling and for the purpose of fulfilling the requirements of the Australian Securities Exchange.

Cromwell was established for the purpose of facilitating a joint quotation of the Company and the Trust on the Australian Securities Exchange. The constitutions of the Trust and the Company ensure that, for so long as the two entities remain jointly quoted, the number of units in the Trust and the number of shares in the Company shall be equal and the unitholders and shareholders are identical. Both the Responsible Entity of the Trust and the Company must at all times act in the best interests of Cromwell.

To account for the stapling, Australian Accounting Standards require an acquirer (Cromwell Corporation Limited) to be identified and an acquisition to be recognised. The net assets and net profit of the acquiree (the Trust and its controlled entities) are recognised as non-controlling interest as they are not owned by the acquirer in the stapling arrangement.

The stapling arrangement will cease upon the earliest of either the winding up of the Company or the Trust.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. Cromwell and the Trust are for-profit entities for the purpose of preparing the financial statements.

Compliance with IFRS

The financial report complies with the International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board.

Historical cost convention

The financial report is prepared on the historical cost basis except for the following:

- investment properties are measured at fair value;
- derivative financial instruments are measured at fair value; and
- investments at fair value through profit or loss are measured at fair value.

The methods used to measure fair values are discussed further below.

Functional and presentation currency

The financial report is presented in Australian dollars, which is the functional currency of Cromwell and the Trust.

Application of new accounting standards

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period with the exception of new and amended standards and interpretations mandatory for annual reporting periods beginning on or after 1 January 2013, which include:

- AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements*, AASB 12 *Disclosure of Interests in Other Entities*, AASB 128 *Investments in Associates and Joint Ventures*, AASB 127 *Separate Financial Statements* and AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards*;
- AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*; and,
- AASB 119 *Employee Benefits (September 2011)* and AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)*.

Other revised standards that are applicable for the first time for reporting periods beginning on or before 1 January 2013 include:

- AASB 2012-2 *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities*; and,
- AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle*.

The adoption of AASB 10, AASB 11, AASB 13 and AASB 119 and related amendments resulted in changes to accounting policies but no adjustments to the amounts recognised in the financial statements. The changes to relevant accounting policies are explained and summarised below. The other standards only affected the disclosures in the notes to the financial statements.

Change in accounting policy: consolidated financial statements and joint arrangements

AASB 10 *Consolidated Financial Statements* replaces the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements* and in *Interpretation 112 Consolidation – Special Purpose Entities*.

Cromwell has reviewed the nature of its investments in other entities to assess whether the conclusion to consolidate is affected by the application of AASB 10 as compared with AASB 127. No differences were found and therefore no adjustments to any of the carrying amounts in the financial statements are required as a result of the adoption of AASB 10.

Under AASB 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement. Cromwell and the Trust have assessed the nature of their joint arrangements and determined to have interests in three joint ventures, Phoenix Portfolios Pty Ltd (“Phoenix”), Cromwell Partners Trust (“CPA”) and Oyster Property Funds Limited (“Oyster”), but no interests in joint operations.

Phoenix was previously classified as an investment in an associate and accounted for using the equity method. It has been determined it falls within the meaning of a joint venture under AASB 11. CPA and Oyster are new investments during the year and they have also been determined to be joint ventures under the new standard.

As required under AASB 11, the change in policy has been applied retrospectively as of 1 July 2012. From this date interests in joint ventures have been accounted for using the equity method. Hence, Cromwell’s accounting for its interests in joint ventures was not affected by the adoption of the new standard since Cromwell had previously applied the equity method in accounting for the interest in Phoenix.

Change in disclosures: disclosure of interests in entities to which AASB 10 and 11 pertain

AASB 12 *Disclosure of Interests in Other Entities* (and AASB 2011-7 *Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards*) is the new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities, setting out the required disclosures for entities reporting under AASB 10 and AASB 11. It replaces the disclosure requirements previously found in AASB 127, AASB 128 and AASB 131. In general, the application of AASB 12 has resulted in more extensive disclosures in the consolidated financial statements (please see note 14 for details).

Change in accounting policy: employee benefits

The relevant section of the revised standard has changed the accounting for Cromwell’s annual leave obligations. As Cromwell does not expect all annual leave to be taken within 12 months of the respective service being provided, annual leave obligations are now classified as long-term employee benefits in their entirety. This has resulted in a change to the measurement of the provision for annual leave obligations. The provision is now measured on a discounted cash flow basis. The impact of this change was immaterial.

Change in accounting policy: fair value measurement

AASB 13 *Fair Value Measurement* aims to improve consistency and reduce complexity by providing a definition of fair value and a single source of fair value measurement and disclosure requirements for use across Australian Accounting Standards. The standard does not extend the use of fair value accounting but provides guidance on how it should be applied where its use is already required or permitted by other Australian Accounting Standards.

There has been no material change to the valuation of financial assets, financial liabilities or investment properties as a result of the transition to AASB 13.

(b) Principles of consolidation

Stapling

The stapling of the Company and CDPT was approved at separate meetings of the respective shareholders and unitholders on 6 December 2006. Following approval of the stapling, shares in the Company and units in the Trust were stapled to one another and are quoted as a single security on the Australian Securities Exchange.

Australian Accounting Standards require an acquirer to be identified and an in-substance acquisition to be recognised. In relation to the stapling of the Company and CDPT, the Company is identified as having acquired control over the assets of CDPT. To recognise the in-substance acquisition, the following accounting principles have been applied:

- (1) no goodwill is recognised on acquisition of the Trust because no direct ownership interest was acquired by the Company in the Trust;
- (2) the equity issued by the Company to unitholders to give effect to the transaction is recognised at the dollar value of the consideration payable by the unitholders. This is because the issue of shares by the Company was administrative in nature rather than for the purposes of the Company acquiring an ownership interest in the Trust; and
- (3) the issued units of the Trust are not owned by the Company and are presented as non-controlling interests in Cromwell notwithstanding that the unitholders are also the shareholders by virtue of the stapling arrangement. Accordingly, the equity in the net assets of the Trust and the profit/(loss) arising from these net assets have been separately identified in the statement of comprehensive income and statement of financial position.

The Trust's contributed equity and retained earnings/accumulated losses are shown as a non-controlling interest in this Financial Report in accordance with AASB Interpretation 1002 *Post-Date-of-Transition Stapling Arrangements* and AASB 3 *Business Combinations*. Even though the interests of the equity holders of the identified acquiree (the Trust) are treated as non-controlling interests the equity holders of the acquiree are also equity holders in the acquirer (the Company) by virtue of the stapling arrangement.

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries as at 30 June 2014 and the results of all subsidiaries for the year then ended.

Subsidiaries are entities controlled by Cromwell. Control exists when Cromwell is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The acquisition method of accounting is used to account for the business combinations by Cromwell (refer to note 1(m)).

Inter-entity transactions, balances and unrealised gains on transactions between Cromwell entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by Cromwell.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the statement of comprehensive income and statement of financial position respectively.

Investments in subsidiaries are accounted for at cost in the individual financial statements of the Company. A list of subsidiaries appears in note 35 to the consolidated financial statements.

Associates

Associates are all entities over which Cromwell has significant influence but not control, generally accompanying a holding of between 20% and 50% of the voting rights. Investments in associates are accounted for in Cromwell's financial statements using the equity method of accounting, after initially being recognised at cost. Cromwell's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

Cromwell's share of its associates' post-acquisition profits or losses is recognised in profit or loss and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends or distributions receivable from associates are recognised in Cromwell's financial statements as a reduction of the carrying amount of the investment.

When Cromwell's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, Cromwell does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealised gains on transactions between Cromwell and its associates are eliminated to the extent of Cromwell's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by Cromwell.

Joint arrangements

Investments in joint arrangements investments are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Interests in joint venture entities are accounted for in Cromwell's financial statements using the equity method. Under the equity method, the share of the profits or losses of the joint venture entity is recognised in profit or loss, and the share of movements in reserves is recognised in reserves.

Profits or losses on transactions establishing the joint venture entity and transactions with the joint venture are eliminated to the extent of Cromwell's ownership interest until such time as they are realised by the joint venture entity on consumption or sale, unless they relate to an unrealised loss that provides evidence of the impairment of an asset transferred.

Where relevant, Cromwell recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses, and these are incorporated in the financial statements under the appropriate headings.

(c) Revenue recognition

Rental revenue

Rental revenue from investment property is recognised on a straight-line basis over the lease term. Rental revenue not received at reporting date is reflected in the statement of financial position as a receivable or if paid in advance, as rent in advance (unearned income). Lease incentives granted are considered an integral part of the total rental revenue and are recognised as a reduction in rental income over the term of the lease, on a straight-line basis. Contingent rents based on the future amount of a factor that changes other than with the passage of time, including turnover rents and CPI linked rental increases, are only recognised when contractually due.

Funds management revenue

Funds management revenue includes equity raising fees, loan establishment fees, project management fees and acquisition fees, each of which are recognised proportionally to the rendering of the respective service provided.

Interest

Interest revenue is recognised as it accrues using the effective interest method.

(d) Income tax

Under current income tax legislation the Trust is not liable to pay tax provided its taxable income and taxable realised capital gains are distributed to unitholders. The liability for capital gains tax that may arise if the properties were sold is not accounted for in this report.

Cromwell's income tax expense for the period is the tax payable on the current period's taxable income adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised in other comprehensive income or directly in equity are also recognised in other comprehensive income or directly in equity.

Tax consolidation

The Company and its wholly-owned entities (this excludes the Trust and its controlled entities) have formed a tax-consolidated group with effect from 1 July 2003 and are, therefore, taxed as a single entity from that date. The head entity within the tax-consolidated group is Cromwell Corporation Limited.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group, using the 'separate taxpayer within group' approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities or assets and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax-consolidated group and are recognised as amounts payable (receivable) to (from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts referred to in the following section. Any difference between these amounts is recognised by the Company as an equity contribution or distribution.

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised. Any subsequent period adjustment to deferred tax assets arising from unused tax losses, as a result of revised assessments of the probability of recoverability, is recognised by the head entity only.

Nature of tax funding arrangements and tax sharing arrangements

The head entity, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement, which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to/from the head entity equal to the current tax liability (asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-entity receivable (payable) equal in amount to the tax liability (asset) assumed. The inter-entity receivable (payable) are at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

The head entity, in conjunction with other members of the tax-consolidated group, has also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement, as payment of any amounts under the tax sharing agreement is considered remote.

(e) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(f) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment of receivables. Receivables relating to operating leases of investment properties are due on the first day of each month, payable in advance. Other receivables are usually due for settlement no more than 90 days from the date of recognition.

Collectibility of trade and other receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of receivables is established when there is objective evidence that Cromwell will not be able to collect all amounts due according to the original terms of trade and other receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term trade and other receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in profit or loss.

(g) Inventories

Land held for development and resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition and development and borrowing costs during development. When development is completed borrowing costs and other holding charges are expensed as incurred.

(h) Investment properties

Investment property is property which is held either to earn rental income or for capital appreciation or both and includes property that is being constructed or developed for future use as investment property. Initially, investment property is measured at cost including transaction costs.

Investment property is subsequently measured at fair value, with any change therein recognised in the statement of comprehensive income.

Fair value is based upon active market prices, given the assets highest and best use, adjusted if necessary, for any difference in the nature, location or condition of the relevant asset. If this information is not available, Cromwell uses alternative valuation methods such as discounted cash flow projections or the capitalised earnings approach. The highest and best use of an investment property refers to the use of the investment property by market participants that would maximise the value of that investment property.

The carrying value of the investment property includes components relating to lease incentives and other items relating to the maintenance of, or increases in, lease rentals in future periods.

For further information in relation to fair value measurement as it pertains to the investment property refer to note 3(d).

(i) Investments and other financial assets

Cromwell classifies its investments as either financial assets at fair value through profit or loss or available for sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading which are acquired principally for the purpose of selling in the short term with the intention of making a profit. Derivatives are also categorised as held for trading unless they are designated as hedges. Financial assets at fair value through profit or loss also includes financial assets which upon initial recognition are designated as such.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance date.

Regular purchases and sales of investments are recognised on trade date – the date on which Cromwell commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Cromwell has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category, including interest and dividend income, are presented in profit or loss in the period in which they arise. Changes in the fair value of securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains or losses from investment securities.

Cromwell assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss – is reclassified from equity and recognised in profit or loss as a reclassification adjustment. Impairment losses recognised in profit or loss on equity instruments classified as available for sale are not reversed through profit or loss.

(j) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Cromwell and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight line method to allocate cost of assets, net of their residual values, over their estimated useful lives, as follows:

Class	Rate
Plant and equipment	10-67%
Furniture and fittings	18%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(l)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(k) Intangible assets

Software assets have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of software over its estimated useful life of 3 years on average .

(l) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

At each reporting date, and whenever events or changes in circumstances occur, Cromwell assesses whether there is any indication that any other asset may be impaired. Where an indicator of impairment exists, Cromwell makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Assets other than goodwill that suffer an impairment are reviewed for possible reversal of the impairment at each reporting date.

(m) Business combinations

The acquisition method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by Cromwell. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, Cromwell recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of Cromwell's share of the net identifiable assets acquired are recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(n) Lease incentives

Lessees may be offered incentives as an inducement to enter into non-cancellable operating leases. These incentives may take various forms including up front cash payments, rent free periods, or a contribution to certain lessee costs such as fit out costs or relocation costs. They are recognised as an asset in the statement of financial position as a component of the carrying amount of investment property and amortised over the lease period as a reduction of rental income.

(o) Initial direct leasing costs

Initial direct leasing costs incurred by Cromwell in negotiating and arranging operating leases are recognised as an asset in the statement of financial position as a component of the carrying amount of investment property and are amortised as an expense on a straight line basis over the lease term.

(p) Repairs and maintenance

Repairs and maintenance costs and minor renewals are charged as expenses when incurred.

(q) Derivative financial instruments

Cromwell is exposed to changes in interest rates and uses interest rate derivatives to hedge these risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value at balance date. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Cromwell enters into interest rate swap agreements that are used to convert certain variable interest rate borrowings to fixed interest rates. The derivatives are entered into with the objective of hedging the risk of adverse interest rate fluctuations. While Cromwell has determined that these arrangements are economically effective, they have not satisfied the documentation, designation and effectiveness tests required by accounting standards. As a result, they do not qualify for hedge accounting and gains or losses arising from changes in fair value are recognised immediately in profit or loss.

For further information in relation to fair value measurement as it pertains to derivative financial instruments refer to note 3(c).

(r) Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost. These amounts represent liabilities for goods and services provided to Cromwell prior to the end of the year and which are unpaid. The amounts are usually unsecured and paid within 30-60 days of recognition.

(s) Borrowings and borrowing costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest rate method. Under this method fees, costs, discounts and premiums directly related to the financial liability are spread over its expected life. Borrowings are classified as current liabilities unless Cromwell has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

Borrowing costs incurred for the construction of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed. Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset the amount of borrowing costs capitalised is the actual borrowing costs incurred on that borrowing net of any interest earned on those borrowings. Where funds are borrowed generally the capitalisation rate used to determine the amount of borrowing costs to capitalise is the weighted average interest rate applicable to Cromwell's outstanding borrowings during the year.

(t) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less any cumulative amortisation.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations. Where guarantees in relation to loans or other payables of subsidiaries or associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

(u) Provisions

Provisions are recognised when Cromwell has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Provisions are not recognised for future operating losses.

(v) Employee benefits

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employee's services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. All other short-term employee benefit obligations are presented as payables.

Long service leave

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using relevant discount rates at the end of the reporting period that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

Superannuation

Contributions are made by Cromwell to defined contribution superannuation funds. Contributions are charged as expenses as they become payable.

Security-based payments

The fair value of options and performance rights granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options or performance rights.

The fair value at grant date is determined using a pricing model that takes into account the exercise price, the term, the security price at grant date and expected price volatility of the underlying security, the expected distribution yield and the risk free interest rate for the term.

The fair value of the options or performance rights granted is adjusted to reflect the probability of market vesting conditions being met, but excludes the impact of any non market vesting conditions (for example, profitability and sales growth targets). Non market vesting conditions are included in assumptions about the number of options or performance rights that are expected to become exercisable. At each balance date, the entity revises its estimate of the number of options or performance rights that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in profit or loss with a corresponding adjustment to equity.

Bonus plans

Cromwell recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

(w) Leases (as lessee)

Leases of assets where Cromwell has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in liabilities. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The depreciable assets acquired under finance leases are depreciated over the estimated useful life of the asset. Where there is no reasonable certainty that the lessee will obtain ownership, the asset is depreciated over the shorter of the lease term and the asset's useful life.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(x) Contributed equity

Ordinary shares and units are classified as equity. Incremental costs directly attributable to the issue of new shares, units or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the securityholders as treasury shares until the securities are cancelled or reissued. Where such ordinary securities are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to securityholders.

(y) Dividends/distributions

Provision is made for the amount of any dividend/distribution declared, being appropriately authorised and no longer at the discretion of Cromwell, on or before the end of the financial year but not distributed at balance date.

(z) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing profit/(loss) attributable to equity holders of the Company/CDPT, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(aa) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

(ab) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

(ac) Rounding of amounts

The Company/CDPT is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(ad) New accounting standards and interpretations

Relevant accounting standards and interpretations that have been issued or amended but are not yet effective and have not been adopted for the year are as follows:

Standard/Interpretation	Application date of standard	Application date for Cromwell
AASB 9 <i>Financial Instruments – revised</i> and consequential amendments to other accounting standards resulting from its issue	1 Jan 2018	1 Jul 2018
AASB 2012-3 <i>Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities</i>	1 Jan 2014	1 Jul 2014
AASB 2013-3 <i>Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets</i>	1 Jan 2014	1 Jul 2014
AASB 2013-4 <i>Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting</i>	1 Jan 2014	1 Jul 2014
AASB 2013-5 <i>Amendments to Australian Accounting Standards – Investment Entities</i>	1 Jan 2014	1 Jul 2014
AASB 2014-1 Part A <i>Amendments to Australian Accounting Standards – Annual Improvements 2010-2012 and 2011-2013</i>	1 Jul 2014	1 Jul 2014
AASB 1031 <i>Materiality – revised</i> and consequential amendments to other accounting standards resulting from its planned withdrawal	1 Jan 2014	1 Jul 2014
IFRS 15⁽¹⁾ <i>Revenue from Contracts with Customers</i>	1 Jan 2017	1 Jul 2017

(1) This IASB Standard was also issued but not yet effective, although an Australian equivalent standard has not yet been issued.

The Directors anticipate that the adoption of these Standards and Interpretations in future years may have the following impacts:

AASB 9 – This revised standard provides guidance on the classification and measurement of financial assets, which is the first phase of a multi-phase project to replace AASB 139 *Financial Instruments: Recognition and Measurement*. Under the new guidance, a financial asset is to be measured at amortised cost only if it is held within a business model whose objective is to collect contractual cash flows and the contractual terms of the asset give rise on specified dates to cash flows that are payments solely of principal and interest (on the principal amount outstanding). All other financial assets are to be measured at fair value. Changes in the fair value of investments in equity securities that are not part of a trading activity may be reported directly in equity, but upon realisation those accumulated changes in value are not recycled to profit or loss. Changes in the fair value of all other financial assets carried at fair value are reported in profit or loss. The Directors do not expect the new standard to have a significant impact on the financial statements and related disclosures. In the second phase of the replacement project, the revised standard incorporates amended requirements for the classification and measurement of financial liabilities. The new requirements pertain to liabilities at fair value through profit or loss, whereby the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than profit or loss. The Directors believe there will be no material impact on Cromwell's accounting for financial liabilities. Cromwell intends to adopt the new standard from 1 July 2018.

AASB 2012-3 – The amendments to AASB 132 clarify when an entity has a legally enforceable right to set-off financial assets and financial liabilities permitting entities to present balances net on the balance sheet. The amendments to AASB 7 increase the disclosure about offset positions, including the gross position and the nature of the arrangements. The Directors believe the adoption of the standards will not result in any material changes to Cromwell's financial statements.

AASB 2013-3 – These amendments introduce changes to AASB 136 to require the disclosure of additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. This includes further disclosures about the discount rates used in current and previous measurements if the recoverable amount of impaired assets based on fair value less costs of disposal was measured using a present value technique. The Directors believe the adoption of the amendments will not result in any material changes to Cromwell's financial statements.

AASB 2013-4 – These amendments introduce changes to AASB 139 to permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. The Directors believe the adoption of the amendments will not result in any material changes to Cromwell's financial statements as Cromwell and the Trust currently do not engage in hedge accounting.

AASB 2013-5 – These amendments to AASB10 (and others) define an investment entity and require that, with limited exceptions, an investment entity not consolidate its subsidiaries or apply AASB 3 when it obtains control of another entity. Instead, an investment entity is to measure unconsolidated subsidiaries at fair value through profit or loss in accordance with AASB 9. At this time the Directors believe the adoption of the amendments will not result in any impact on Cromwell as it does not meet the definition of an investment entity itself, nor has any subsidiaries that currently do.

AASB 2014-1 Part A – These amendments introduce various changes to currently applicable AASBs. The Directors believe the adoption of the amendments will not result in any material changes to Cromwell and the Trust's financial statements.

AASB 1031 – This standard is being withdrawn and consequential amendments made to other standards and interpretations in light of the guidance on materiality available in existing Australian Accounting Standards; the revised IASB Conceptual Framework for Financial Reporting; and the AASB's policy of not providing unnecessary local guidance on matters covered by IFRSs. The Directors believe the withdrawal of the standard and adoption of the amendments to others will not result in any material changes to Cromwell and the Trust's financial statements.

IFRS 15 – This new standard contains a single model that applies to contracts with customers and two approaches to recognising revenue. The model features a contract-based five step analysis of transactions to determine whether, how much and when revenue is recognised. The Group is yet to assess the impact of the new standard.

2. CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are:

Fair value of investment properties

The investment properties are valued every year by external valuers. Values are based upon active market prices, adjusted if necessary for conditions specific to the investment property. If this information is not available, Cromwell uses alternative valuation methods such as discounted cash flow projections and the capitalisation of income approach.

Refer to note 3(d) for more information in relation to the inputs and techniques used to derive the fair values of investment properties.

Financial instruments

A variety of methods are used to calculate the value of financial instruments and make assumptions that are based upon market conditions existing at balance date. Valuation of derivative financial instruments involves assumptions based upon quoted market rates adjusted for the specific features of the relevant instrument. The valuations of any financial instrument may change in the event of market volatility.

Refer to notes 3 (b) and (c) for more information in relation to the inputs and techniques used to derive the fair value of financial instruments.

3. FAIR VALUE ESTIMATION

Cromwell measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Investment properties;
- Investments at fair value through profit or loss; and
- Derivative financial instruments.

(a) Fair value hierarchy

Recognised fair value measurements

The different levels of fair value hierarchy have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table below presents Cromwell's assets and liabilities measured and carried at fair value at 30 June 2014:

	Notes	2014				2013			
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets									
Investment properties	12	-	-	2,249,470	2,249,470	-	-	2,396,000	2,396,000
Investments at fair value through profit or loss:									
Listed equity securities	13	601	-	-	601	315	-	-	315
Unlisted equity securities	13	-	9,945	-	9,945	-	7,153	-	7,153
Total assets at fair value		601	9,945	2,249,470	2,260,016	315	7,153	2,396,000	2,403,468
Liabilities									
Derivative financial instruments:									
Interest rate swaps	21	-	30,285	-	30,285	-	35,508	-	35,508
Total liabilities at fair value		-	30,285	-	30,285	-	35,508	-	35,508

There were no transfers between the levels of the fair value hierarchy during the financial year. The only level 3 asset is investment property. Refer to note 12 for a roll forward of this asset.

Disclosed fair values

The fair values of investment property (Level 3) and derivative financial instruments (Level 2) are disclosed in the statement of financial position.

The carrying amounts of trade and other receivables, other current assets, trade and other payables and distributions payable are assumed to approximate their fair values due to their short-term nature.

The fair value of non-current borrowings is estimated by discounting the future contractual cash flows at the current market interest rates that are available to Cromwell for similar financial instruments. The fair value of these borrowings is not materially different from the carrying value due to their relatively short-term nature.

(b) Valuation techniques used to derive Level 1 fair values

Fair value of investments at fair value through profit or loss

Level 1 assets held by Cromwell include listed equity securities.

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. Cromwell values its investments in accordance with the accounting policies set out in note 1 to the financial statements. Owing to the current composition of its portfolio, Cromwell relies on publicly available market information for the valuation of its investments.

The quoted market price used for financial assets and liabilities held by Cromwell is the current final closing price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

(c) Valuation techniques used to derive Level 2 fair values

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

At initial recognition, Cromwell measures a financial asset or liability at its fair value. Transaction costs in relation to financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

Fair value of investments at fair value through profit or loss

Level 2 assets held by Cromwell include unlisted equity securities. The fair value of these financial instruments is based upon the net tangible assets as reported by the underlying unlisted entity, adjusted for inherent risk where appropriate.

Fair value of derivative financial instruments

Level 2 assets held by Cromwell include "Vanilla" fixed to floating interest rate swap derivatives (over-the-counter derivatives). The fair value of interest rate derivatives has been determined using a pricing model based on discounted cash flow analysis which incorporates assumptions supported by observable market data at balance date including market expectations of future interest rates and discount rates adjusted for any specific features of the derivatives and counterparty or own credit risk. All counterparties to interest rate derivatives are Australian financial institutions.

(d) Valuation techniques used to derive Level 3 fair values

Fair value of investment property

If one or more of the significant inputs is not based upon observable market data the asset or liability is included in Level 3. Cromwell holds no Level 3 financial instruments. However, Cromwell has investment properties with an aggregate carrying amount of approximately \$2,249,470,000 that are valued using techniques whereby at least one significant input is not observable market data, and hence they are considered to be Level 3 assets for the purposes of fair value measurement.

The highest and best use of each investment property is taken into consideration when determining their fair values. The highest and best use of an investment property refers to the use of the investment property by a market participant that would maximise the value of that property. With respect to Cromwell's investment properties, the current use is considered to be the highest and best use. Within this construct, fair value is determined within a range of reasonable estimates utilising both capitalisation of net market income and discounted future cash flow methodologies and comparing the results to market sales evidence.

The most appropriate evidence of fair value is given by current prices in an active market for similar property in the same location and condition and subject to similar leases. Where sufficient market information is not available, or to supplement this information, management considers other relevant information including:

- Current prices for properties of a different nature, condition or location, adjusted to reflect those differences;
- Recent prices of similar properties in a less active market, with adjustments to reflect changes in economic conditions or other factors;
- Capitalised income calculations based on an assessment of current net market income for that property or other similar properties, a capitalisation rate taking into account market evidence for similar properties and adjustments for any differences between market rents and contracted rents over the term of existing leases and deductions for short term vacancy or lease expiries, incentive costs and capital expenditure requirements; and
- Discounted cash flow forecasts including estimates of future cash flows based on current leases in place for that property, historical operating expenses, reasonable estimates of current and future rents and operating expenses based on external and internal assessments and using discount rates that appropriately reflect the degree of uncertainty and timing inherent in current and future cash flows.

The fair value adopted for each investment property has been supported by an independent external valuation of that property undertaken within the past 12 months. As part of this process, an external, independent valuer, having an appropriate recognised professional qualification and recent experience in the location and category of property, values each investment property at least every year or on a more regular basis if considered appropriate and as determined by management in accordance with the valuation policy of Cromwell.

The significant unobservable inputs associated with the valuation of Cromwell's investment properties are as follows:

Inputs	Range	Weighted Average
Annual Net Property Income (\$'000)	1,203 – 25,438	12,780
Capitalisation rate (%)	6.50% - 12.25%	8.08%
Weighted average lease term (years)	1.0 – 17.1	6.1
Discount rate (%)	8.25% - 11.50%	9.04%
Occupancy (%)	80.3% - 100.0%	98.1%

Sensitivity Information

The relationships between the significant unobservable inputs and the fair value are as follows:

Inputs	Impact on Fair Value from increase in input	Impact on Fair Value from decrease in input
Annual Net Property Income	Increase	Decrease
Capitalisation rate	Decrease	Increase
Weighted average lease term	Increase	Decrease
Discount rate	Decrease	Increase
Occupancy	Increase	Decrease

4. CAPITAL RISK MANAGEMENT

Cromwell's capital management strategy seeks to maximise securityholder value through optimising the level and use of capital resources and the mix of debt and equity funding.

Cromwell's capital management objectives are to:

- ensure that Cromwell entities comply with capital and dividend/distribution requirements of their constitutions and/or trust deeds;
- ensure sufficient capital resources to support Cromwell's operational requirements;
- continue to support Cromwell's creditworthiness;
- comply with capital requirements of relevant regulatory authorities; and
- safeguard Cromwell's ability to continue as a going concern.

Cromwell monitors the adequacy of its capital requirements, cost of capital and gearing (i.e. debt/equity mix) as part of its overall strategic plan. Cromwell's capital structure is continuously reviewed to ensure:

- sufficient funds and financing facilities are available, on a cost effective basis, to implement Cromwell's strategies; and
- dividends/distributions to members are made within the stated policy.

Cromwell is able to alter its capital mix by:

- issuing new stapled securities;
- activating its dividend/distribution reinvestment plan;
- adjusting the amount of dividends/distributions paid to members;
- activating its security buyback program; and
- selling assets to reduce borrowings.

Cromwell also protects its equity in assets by taking out insurance cover with creditworthy insurers.

One of the key ways Cromwell monitors capital adequacy is on the basis of the gearing ratio. The ratio is calculated as net debt divided by adjusted assets. Net debt is calculated as total borrowings less cash and cash equivalents and restricted cash. Adjusted assets are calculated as total assets less cash and cash equivalents, restricted cash and intangible assets. The gearing ratios for both Cromwell and the Trust at each balance date were as follows:

	Cromwell		Trust	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Total borrowings	1,101,714	1,232,720	1,101,714	1,232,720
Less: cash and cash equivalents	117,820	125,933	67,451	75,126
Net debt	983,894	1,106,787	1,034,263	1,157,594
Total assets	2,469,940	2,546,110	2,403,658	2,487,254
Less: intangible assets and deferred tax assets	2,392	1,834	-	-
Less: cash and cash equivalents	117,820	125,933	67,451	75,126
Adjusted assets	2,349,728	2,418,343	2,336,207	2,412,128
Gearing ratio	42%	46%	44%	48%

5. FINANCIAL RISK MANAGEMENT

Cromwell's activities expose it to a variety of financial risks; credit risk, liquidity risk and market risk (interest rate risk and price risk). The overall risk management program focuses on managing these risks and seeks to minimise potential adverse effects on the financial performance of Cromwell. Cromwell uses derivative financial instruments such as interest rate derivatives to hedge certain risk exposures. Cromwell seeks to deal only with creditworthy counterparties. Liquidity risk is monitored through the use of future rolling cash flow forecasts.

Cromwell's management of treasury activities is centralised and governed by policies approved by the Directors who monitor the operating compliance and performance as required. Cromwell has policies for overall risk management as well as policies covering specific areas such as identifying risk exposure, analysing and deciding upon strategies, performance measurement, the segregation of duties and other controls around the treasury and cash management functions.

Cromwell and the Trust hold the following financial instruments:

	Cromwell		Trust	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Financial Assets				
Cash and cash equivalents ⁽¹⁾	117,820	125,933	67,451	75,126
Trade and other receivables ⁽¹⁾	4,702	7,940	1,981	6,816
Investments at fair value through profit and loss ⁽²⁾	10,546	7,468	10,546	7,468
Total financial assets	133,068	141,341	79,978	89,410
Financial Liabilities				
Trade and other payables ⁽⁴⁾	25,714	28,014	23,322	27,030
Derivative financial instruments ⁽³⁾	30,285	35,508	30,285	35,508
Borrowings ⁽⁴⁾	1,101,714	1,232,720	1,101,714	1,232,720
Dividends/distributions payable ⁽⁴⁾	33,466	31,061	33,466	31,066
Total financial liabilities	1,191,179	1,327,303	1,188,787	1,326,324

(1) Loans and receivables

(2) At fair value – designated

(3) At fair value – held for trading

(4) At amortised cost

(a) Credit Risk

Credit risk is the risk that a counterparty will default on its contractual obligations under a financial instrument and result in a financial loss to Cromwell. Cromwell has exposure to credit risk on all financial assets included in the statement of financial position except investments at fair value through profit or loss.

Cromwell manages this risk by:

- establishing credit limits for customers and managing exposure to individual entities;
- monitoring the credit quality of all financial assets in order to identify any potential adverse changes in credit quality;
- derivative counterparties and cash transactions, when utilised, are transacted with high credit quality financial institutions;
- providing loans to associates where Cromwell is comfortable with the underlying exposure;
- regularly monitoring loans and receivables on an ongoing basis; and
- regularly monitoring the performance of associates on an ongoing basis.

The maximum exposure to credit risk at balance date is the carrying amount of financial assets recognised in the statement of financial position of Cromwell. Cromwell holds no significant collateral as security. There are no significant financial assets that have had renegotiated terms that would otherwise have been past due or impaired.

Cash is held with Australian financial institutions. Interest rate derivative counterparties are all Australian financial institutions.

The ageing analysis of receivables past due at balance date but not impaired is as follows:

	Cromwell		Trust	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
1 to 3 months	1,060	3,269	1,060	3,269
3 to 6 months	-	223	-	223
Over 6 months	-	345	-	345
	1,060	3,837	1,060	3,837

(b) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash reserves and finance facilities to meet the ongoing operational requirements of the business. It is Cromwell's policy to maintain sufficient funds in cash and cash equivalents to meet expected near term operational requirements. Cromwell prepares and monitors rolling forecasts of liquidity requirements on the basis of expected cash flow. Cromwell monitors the maturity profile of borrowings and puts in place strategies designed to ensure that all maturing borrowings are refinanced in the required timeframes.

The current weighted average debt maturity of Cromwell and the Trust is 4.3 years (2013: 2.2 years).

Contractual maturity of financial liabilities (borrowings and payables) of Cromwell and the Trust, including interest thereon, are as follows:

	Cromwell		Trust	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Due within one year	122,122	133,850	119,732	132,869
Due between one and five years	1,294,682	1,342,138	1,294,682	1,342,138
	1,416,804	1,475,988	1,414,414	1,475,007

(c) Market Risk

(i) Price risk – Listed equity securities

Cromwell and the Trust are exposed to equity securities price risk. This arises from investments held by Cromwell and the Trust classified on the balance sheet as investments at fair value through profit and loss (refer note 13). Cromwell and the Trust are not exposed to commodity price risk. A small proportion of Cromwell and the Trust's equity investments are publicly traded and are included in the ASX All Ordinaries index.

Cromwell and Trust sensitivity

The table below details Cromwell and the Trust's sensitivity to movements in the ASX All Ordinaries, based on the financial instruments held at balance date with all other variables held constant and assuming all Cromwell and the Trust's equity instruments moved in correlation with the index.

Cromwell and the Trust	Profit/(loss)		Equity	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
ASX All Ordinaries increased by 20%	120	63	120	63
ASX All Ordinaries decreased by 20%	(120)	(63)	(120)	(63)

(ii) Price risk – Unlisted equity securities

Cromwell and the Trust are exposed to price risk in relation to its unlisted equity securities (refer note 13) acquired during the year. Cromwell and the Trust use the fair value of the net assets of the unlisted equity securities to determine the fair value of its investments in the same. The fair value of the net assets of the unlisted equity securities is predominantly dependent on the market value of the investment property they hold. Any movement in the market value of the investment property will impact on the fair value of Cromwell and the Trust's investment.

Cromwell and Trust sensitivity

The table below details Cromwell and the Trust's sensitivity to movements in the market values of investment properties held by unlisted equity investments, based on the unlisted equity investments held at balance date with all other variables held constant and assuming all Cromwell and the Trust's unlisted equity instruments moved in correlation with the market values of the underlying investment properties.

Cromwell and the Trust	Profit/(loss)		Equity	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Investment properties increased by 5%	715	612	715	612
Investment properties decreased by 5%	(715)	(612)	(715)	(612)

(iii) Interest rate risk

Cromwell's interest-rate risk primarily arises from borrowings. Borrowings issued at variable rates expose Cromwell to cash flow interest-rate risk. Borrowings issued at fixed rates expose Cromwell to fair value interest-rate risk. Cromwell's policy is to effectively maintain hedging arrangements on not less than 50% of its borrowings. At balance date 87% (2013: 86%) of Cromwell's borrowings were effectively hedged.

Cromwell manages its cash flow interest-rate risk by using interest rate derivatives. Such interest rate derivatives have the economic effect of converting borrowings from floating rates to fixed or a limited range of rates. Generally, Cromwell raises long term borrowings at floating rates and hedges a portion of them into fixed or capped rates. Under the interest-rate derivatives, Cromwell agrees with other counterparties to exchange, at specified intervals (usually 30 days), the difference between contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

The fixed or limited interest rates range between 2.98% and 5.95% (2013: 2.98% and 5.95%) and the variable rates are generally based on the 30 day bank bill swap bid rate which at balance date was 2.66% (2013: 2.87%). At balance date, the notional principal amounts and periods of expiry of the interest rate swap contracts are detailed as follows:

Cromwell and the Trust	2014 \$'000	2013 \$'000
Less than 1 year	379,100	262,400
1-2 years	31,730	216,700
2-3 years	270,000	31,730
3-4 years	286,450	270,000
4-5 years	–	286,450
	967,280	1,067,280

Because Cromwell's interest rate derivatives do not meet the accounting requirements to qualify for hedge accounting treatment, gains or losses arising from changes in fair value have been reflected in the profit or loss.

Information on borrowings and the maturity profile of borrowings including interest thereon is set out in Note 20. Information on additional interest rate derivative transactions undertaken since balance date is set out in Note 41.

Cromwell sensitivity

The table below details Cromwell's sensitivity to movements in the year end interest rates, based on the borrowings and interest rate derivatives held at balance date with all other variables held constant and assuming all Cromwell's borrowings and interest rate derivatives moved in correlation with the movement in year end interest rates.

Cromwell	Profit/(loss)		Equity	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Interest rates increased by 100 basis points	20,514	33,281	20,514	33,291
Interest rates decreased by 100 basis points	(20,514)	(33,281)	(20,514)	(33,291)

Trust sensitivity

The table below details Cromwell's sensitivity to movements in the year end interest rates, based on the borrowings and interest rate derivatives held at balance date with all other variables held constant and assuming all Cromwell's borrowings and interest rate derivatives moved in correlation with the movement in year end interest rates.

Trust	Profit/(loss)		Equity	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Interest rates increased by 100 basis points	20,116	32,773	20,116	32,773
Interest rates decreased by 100 basis points	(20,116)	(32,773)	(20,116)	(32,773)

6. EXPENSES

	Cromwell		Trust	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Premises rental – minimum lease payments	488	456	-	-
Finance Costs:				
Total interest	70,025	67,715	70,025	67,774
Amortisation of borrowing costs	4,025	2,581	4,025	2,581
Finance costs	74,050	70,296	74,050	70,355
Employee Benefits Expense:				
Wages and salaries including on costs	15,676	13,279	-	-
Contributions to defined contribution superannuation plans	1,031	833	-	-
Equity settled share-based payments	731	669	-	-
Increase in liability for long service and annual leave	238	256	-	-
	17,676	15,037	-	-
Less: employee benefits capitalised	(107)	(178)	-	-
Employee benefits expense	17,569	14,859	-	-
Depreciation/Amortisation:				
Depreciation of plant and equipment	346	320	-	-
Amortisation of intangibles	412	323	-	-
Depreciation/Amortisation	758	643	-	-
Loss on disposal of other assets:				
Net loss on disposal of property, plant and equipment	559	3	-	-
Net loss on disposal of intangible assets	-	143	-	-
Loss on disposal of other assets	559	146	-	-

7. INCOME TAX

	Cromwell		Trust	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
(a) Income tax expense				
Current tax	1,428	1,519	-	-
Deferred tax	(455)	137	-	-
Change in tax losses recognised	-	(933)	-	-
Adjustment in relation to prior periods	(1)	(40)	-	-
Income tax expense	972	683	-	-

(b) Numerical reconciliation of income tax expense to prima facie tax

Profit before income tax	183,443	46,839	-	-
Tax at the Australian tax rate of 30% (2013: 30%)	55,033	14,052	-	-
<i>Tax effect of amounts which are not deductible/ (taxable) in calculating taxable income:</i>				
Trust income	(53,128)	(12,987)	-	-
Non-deductible expenses	(18)	215	-	-
Non-deductible property development costs/impairment	-	278	-	-
Assessable for income tax	-	98	-	-
Change in tax losses recognised	(914)	(933)	-	-
Adjustment in relation to prior periods	(1)	(40)	-	-
Income tax expense	972	683	-	-

(c) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

Tax losses	20,998	17,792	-	-
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The tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of certain tax losses (both revenue and capital) because it is not probable that future taxable profit will be available against which the consolidated entity can utilise the benefits from the deferred tax assets. All unused tax losses were incurred by Australian entities.

(d) Tax consolidation

Refer note 1(d) for details regarding the relevance of the tax consolidation system to the consolidated entity, the tax funding arrangements and other information.

No amounts were recognised during the year (2013: \$nil) as tax consolidation contributions by, or distributions to, equity participants.

8. CASH AND CASH EQUIVALENTS

	Cromwell		Trust	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Cash at bank	117,820	125,933	67,451	75,126
Cash and cash equivalents	117,820	125,933	67,451	75,126

9. TRADE AND OTHER RECEIVABLES

	Cromwell		Trust	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Current Assets				
Trade debtors	5,057	7,940	2,336	6,816
Provision for impairment of trade debtors	(355)	-	(355)	-
Trade and other receivables – current	4,702	7,940	1,981	6,816

Trade debtors mainly comprises of amounts owing by tenants of Cromwell and the Trust's investment properties and recoverable costs owed by external managed investment schemes. These amounts are usually non-interest bearing, unsecured and generally payable on no more than 30 day terms.

(a) Loans – related parties

Cromwell Property Trust 12

The Cromwell Property Trust 12 ("C12"), ARSN 166 216 995, an unlisted multi-property trust was constituted on 20 June 2013 and registered on 22 October 2013. Cromwell Funds Management Limited ("CFM"), a subsidiary of the Company, has acted as responsible entity since C12's inception. C12 was established to acquire and hold three properties and has a fixed term until 2020.

CFM issued a PDS on 29 October 2013 in order to raise up to \$76,000,000 from investors in C12.

Cromwell and the Trust have provided a loan facility of \$50,000,000 to C12, which is unsecured, to enable the acquisition of the buildings and provide funding for initial construction. The facility was drawn to a maximum \$37,189,000 during the financial year, but repaid in full prior to balance date. While the loan was drawn down Cromwell and the Trust earned a return equivalent to the C12 distribution rate of 7.75%.

Cromwell Box Hill Trust

During the year the Cromwell Box Hill Trust ARSN 161 394 243 ("BHT"), an unlisted single property trust, for which Cromwell Funds Management Limited ("CFM"), a subsidiary of the Company, acts as responsible entity, was advanced a short term loan of \$2,000,000.

The loan facility was unsecured and the funds were utilised to settle final construction costs for which BHT was liable. The loan was repaid in full as soon as BHT had external funding arrangements in place. While the loan was drawn down, Cromwell and the Trust earned a return equivalent to the BHT distribution rate of 7.75%.

(b) Past due but not impaired receivables

At balance date, Cromwell and the Trust had \$1,060,000 (2013: \$3,837,000) of trade and other receivables which were past due but not impaired which relate to a number of tenants for whom there is no recent history of default.

(c) Impaired receivables

As at 30 June 2014 \$355,000 trade receivables of Cromwell and the Trust were impaired (2013: \$nil).

The ageing analysis of impaired receivables is as follows:

	2014 \$'000	2013 \$'000
1 to 3 months	355	-
	355	-

Movements in the provision for impairment of receivables are as follows:

Balance at 1 July	-	127
Provision for impairment recognised during the year	355	-
Provision for impairment utilised in respect of non-recovered amount	-	(127)
Balance at 30 June	355	-

The creation of the provision has been included in property expenses and outgoings in the statement of comprehensive income.

10. OTHER CURRENT ASSETS

	Cromwell		Trust	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Prepayments	2,714	2,527	1,686	1,844

11. INVENTORIES

	Cromwell		Trust	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Non-current				
Land held for development and resale (net realisable value)	3,000	3,000	-	-
Inventories	3,000	3,000	-	-

12. INVESTMENT PROPERTIES

	Cromwell		Trust	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Investment properties at fair value	2,249,470	2,396,000	2,249,470	2,396,000

(a) Movement in investment properties

Balance at 1 July	2,396,000	1,724,400	2,396,000	1,724,400
Additions at cost				
Cromwell Property Fund – properties acquired	-	171,372	-	171,372
Purchase price of other investment properties	-	463,602	-	463,602
Acquisition transaction costs	-	26,372	-	26,372
Capital Works				
Property improvements	44,484	76,319	44,484	76,319
Lifecycle	6,828	6,301	6,828	6,301
Disposals	(250,009)	(42,439)	(250,009)	(42,439)
Straight-lining of rental income	5,648	6,071	5,648	6,071
Lease costs and incentives	11,927	29,275	11,927	29,275
Amortisation of lease costs and incentives	(11,634)	(9,526)	(11,634)	(9,526)
Net gain/(loss) from fair value adjustments	46,226	(55,747)	46,226	(55,747)
Balance at 30 June	2,249,470	2,396,000	2,249,470	2,396,000

(b) Amounts recognised in profit and loss for investment properties

Rental and outgoings from investment properties	259,419	206,665	258,683	206,478
Direct operating expense from properties that generated rental income	(45,032)	(34,005)	(50,304)	(38,753)
	214,387	172,660	208,379	167,725

(c) Assets pledged as security

Borrowings (refer Note 20) are secured by fixed and floating charges over each investment property plus charges over any building document, lease document, performance bond and bank guarantee in addition to a real property mortgage over each property.

(d) Leases as a lessor

The investment properties are generally leased to tenants on long term operating leases with rentals payable monthly. Minimum lease payments under the non-cancellable operating leases of the investment properties not recognised in the financial statements are receivable as follows:

	Cromwell		Trust	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Within one year	213,371	217,749	213,371	217,869
Later than one year but not later than five years	556,713	624,900	556,713	624,900
Later than five years	673,260	741,200	673,260	741,200
	1,443,344	1,583,849	1,443,344	1,583,969

(e) Valuation basis

For further information refer to note 3(d).

(f) Details of investment properties

	Title	Independent valuation date	Independent valuation		Carrying amount		Fair value adjustment	
			2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
200 Mary Street, QLD	Freehold	Jun 2014	74,500	81,000	74,500	81,000	(7,918)	(7,139)
Terrace Office Park, QLD	Freehold	Dec 2013	23,500	26,500	23,500	26,500	(3,017)	(314)
Oracle Building, ACT	Leasehold	Jun 2014	29,400	29,100	29,400	29,100	136	(934)
NQX Distribution Centre, QLD	Freehold	SOLD	-	25,375	-	25,375	-	(1,078)
Henry Waymouth Centre, SA	Freehold	Jun 2014	47,500	40,000	47,500	42,300	4,885	(6,735)
Brooklyn Woolstore, VIC	Freehold	SOLD	-	35,450	-	36,100	-	1,718
Village Cinemas, VIC	Freehold	Dec 2013	14,500	12,800	14,500	13,900	590	465
Vodafone Call Centre, TAS	Freehold	Dec 2013	14,000	15,000	14,000	15,000	(893)	(244)
Regent Cinema Centre, NSW	Freehold	Dec 2013	13,600	13,500	13,600	13,500	8	87
Elders Woolstore, SA	Freehold	SOLD	-	16,200	-	16,700	-	656
700 Collins Street, VIC	Freehold	Dec 2013	171,000	172,000	171,000	172,000	(617)	(613)
19 National Circuit, ACT	Leasehold	Jun 2014	31,000	31,000	31,000	31,000	1,405	(918)
380 La Trobe Street, VIC	Freehold	SOLD	-	114,500	-	114,500	-	27
101 Grenfell Street, SA	Freehold	SOLD	-	-	-	-	-	(701)
475 Victoria Avenue, NSW	Freehold	Jun 2014	132,000	135,000	132,000	135,000	(2,297)	1,638
Synergy, QLD	Freehold	Dec 2013	72,000	73,500	72,000	73,500	(95)	1,618
Tuggeranong Office Park, ACT	Leasehold	Jun 2013	140,000	155,000	140,000	155,000	(15,303)	(18,130)
TGA Complex, ACT	Leasehold	Jun 2014	64,000	69,000	64,000	69,000	(4,956)	(1,109)
321 Exhibition Street, VIC	Leasehold	Dec 2013	205,920	175,000	205,920	180,500	25,065	8,836
203 Coward Street, NSW	Leasehold	Dec 2013	335,000	232,000	335,000	275,000	16,140	8,901
HQ North, QLD	Freehold	Jun 2014	197,500	200,000	197,500	200,000	(3,564)	3,673
Bundall Corporate Centre, QLD	Freehold	Dec 2013	70,000	68,000	70,000	68,500	(1,802)	577
HomeBase, NSW ⁽¹⁾	Freehold	SOLD	-	36,800	-	36,800	-	(2,377)
43 Bridge Street, NSW ⁽¹⁾	Freehold	Dec 2013	31,600	31,750	31,600	31,750	(283)	(3,349)
13 Keltie Street, ACT ⁽¹⁾	Leasehold	Jun 2014	43,500	62,500	43,500	62,500	(19,202)	(11,831)
28-54 Percival Road, NSW ⁽¹⁾	Freehold	SOLD	-	19,000	-	19,000	-	(2,538)
Sturton Road, SA ⁽¹⁾	Freehold	Dec 2013	2,100	2,475	2,100	2,475	(375)	(225)
147-163 Charlotte Street, QLD	Freehold	Jun 2014	28,500	29,000	28,500	30,000	(501)	(1,743)
146-160 Mary Street, QLD	Freehold	Jun 2014	36,000	36,000	36,000	35,000	(6)	(2,164)
4-6 Bligh Street, NSW	Freehold	Dec 2013	59,000	53,000	59,000	53,000	5,307	(2,941)
117 Bull Street, NSW	Freehold	Jun 2014	16,700	13,800	16,700	13,800	1,996	(766)
11 Farrer Street, NSW	Freehold	Jun 2014	23,900	22,600	23,900	22,600	1,294	(1,254)
207 Kent Street, NSW	Freehold	Jun 2014	174,000	133,000	174,000	133,000	34,307	(6,707)
84 Crown Street, NSW	Freehold	Jun 2014	26,500	23,900	26,500	23,900	2,586	(1,326)
2-24 Rawson Place, NSW	Freehold	Dec 2013	141,000	130,000	141,000	130,000	10,833	(7,214)
2-6 Station Street, NSW	Freehold	Jun 2014	31,250	28,700	31,250	28,700	2,503	(1,593)
Total investment properties			2,249,470	2,342,450	2,249,470	2,396,000	46,226	(55,747)

(1) Buildings acquired in a business combination transaction, through the acquisition of the Cromwell Property Fund (see notes 14 and 38).

13. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Cromwell		Trust	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Unlisted equity securities at fair value	9,945	7,153	9,945	7,153
Listed equity securities at fair value	601	315	601	315
Investments at fair value through profit or loss	10,546	7,468	10,546	7,468

These investments are designated at fair value through profit or loss. Gains and losses are shown in profit or loss.

14. EQUITY ACCOUNTED INVESTMENTS

At balance date Cromwell had investments in three joint ventures, Phoenix Portfolios Pty Ltd ("Phoenix"), Cromwell Partners Trust ("CPA") and Oyster Property Funds Limited ("Oyster").

Phoenix

This entity was formed in Australia and its principal activity is investment management. The reporting date for Phoenix is the same as for Cromwell. During the prior year additional non-voting equity was issued to a third party which reduced Cromwell's ownership interest from 50% to 45% whilst preserving the Cromwell's 50% ownership of issued capital to which voting rights attach. The remaining 50% of issued capital to which voting rights attach is held by one other investor.

CPA

During the year Cromwell acquired a 50% ownership interest in the CPA. CPA is the parent of Cromwell Northpoint Trust, which itself owns the Northpoint Building in the North Sydney CBD. The reporting date for CPA is the same as for Cromwell. Cromwell acts as the trustee for the Trust. The remaining 50% of the units in the CPA are held by a single investor. A unit holder agreement between Cromwell and the other investor limits the power of the trustee such that Cromwell's investment in CPA has been determined to be a jointly controlled entity.

Oyster

During the year Cromwell acquired a 50% ownership interest in Oyster. This entity was formed in New Zealand and its principal activity is investment and property management. The reporting date for Oyster is the same as for Cromwell. The remaining 50% ownership of Oyster is held by six investors. The board of Oyster comprises three representatives appointed by the six investors and three representatives from Cromwell with no deciding or "chairman's" vote. A shareholder agreement between Cromwell and the six investors outlines how Oyster will be managed. By virtue of the board arrangement and the shareholder agreement, Cromwell's investment in Oyster has been determined to be a jointly controlled entity.

CPF

Cromwell and the Trust previously held an investment in an associate, Cromwell Property Fund ("CPF"). The remaining units of CPF not previously owned by Cromwell and the Trust were acquired during the prior year (refer note 38).

(a) Investments

The investments are accounted for using the equity method of accounting. Information relating to the investments is detailed below:

Cromwell	Ownership Interest		2014 \$'000	2013 \$'000
	2014 %	2013 %		
Investments accounted for using the equity method:				
CPF – associate	–	–	–	–
CPA – joint venture	50	–	72,524	–
Oyster – joint venture	50	–	4,596	–
Phoenix – joint venture	45	45	406	100
			77,526	100
Trust				
Investments accounted for using the equity method:				
CPF – associate	–	–	–	–
CPA – joint venture	–	–	72,524	–

(b) Movement in carrying amount of equity accounted investments

Cromwell	Phoenix \$'000	Oyster \$'000	CPA \$'000	CPF \$'000	Total \$'000
2014					
Balance at 1 July 2013	100	-	-	-	100
Cost of initial investment	-	4,596	77,632	-	82,228
Share of profit/(loss) ^{(1) (2)}	306	-	(3,248)	-	(2,942)
Distributions received	-	-	(1,860)	-	(1,860)
Balance at 30 June 2014	406	4,596	72,524	-	77,526
2013					
Balance at 1 July 2012	47	-	-	4,705	4,752
Share of profit ⁽¹⁾	53	-	-	593	646
Carrying value consolidated ⁽³⁾	-	-	-	(5,298)	(5,298)
Balance at 30 June 2013	100	-	-	-	100
Trust					
			CPA \$'000	CPF \$'000	Total \$'000
2014					
Balance at 1 July 2013			-	-	-
Cost of initial investment			77,632	-	77,632
Share of profit/(loss) ⁽¹⁾			(3,248)	-	(3,248)
Distributions received			(1,860)	-	(1,860)
Balance at 30 June 2014			77,524	-	77,524
2013					
Balance at 1 July 2012			-	4,705	4,705
Share of of profit/(loss) ⁽¹⁾			-	593	593
Carrying value consolidated ⁽³⁾			-	(5,298)	(5,298)
Balance at 30 June 2013			-	-	-

(1) Share of profit/(loss) includes fair value gain/(loss) on investment properties and interest rate derivatives where applicable.

(2) Cromwell received no share of profit from Oyster due to the investment being transacted close to the end of the financial year.

(3) The carrying amount of CPF was derecognised following the acquisition of the remaining units of CPF in October 2012, resulting in CPF being fully consolidated by Cromwell and the Trust.

(c) Share of assets and liabilities of equity accounted investments

	2014				2013		
	Phoenix \$'000	Oyster \$'000	CPA \$'000	Total \$'000	Phoenix \$'000	CPF \$'000	Total \$'000
Current Assets							
Cash	228	358	5,380	5,966	239	-	239
Other current assets	185	393	358	936	-	-	-
Total current assets	413	751	5,738	6,902	239	-	239
Non-current assets							
Investment properties	-	-	139,350	139,350	-	-	-
Other non-current assets	94	5,224	-	5,318	3	-	3
Total non-current assets	94	5,224	139,350	144,668	3	-	3
Total assets	507	5,975	145,088	151,570	242	-	242
Current liabilities							
Financial liabilities	87	1,325	3,002	3,768	-	-	-
Other current liabilities	14	54	298	994	-	-	-
Total current liabilities	101	1,379	3,300	4,780	-	-	-
Non-current liabilities							
Financial liabilities	-	-	69,264	69,264	-	-	-
Other non-current liabilities	-	-	-	-	(142)	-	(142)
Total non-current liabilities	-	-	69,264	69,264	(142)	-	(142)
Total liabilities	101	1,379	72,564	74,044	(142)	-	(142)
Net assets	406	4,596	72,524	77,526	100	-	100

(d) Share of revenues, expenses and results of equity accounted investments

Revenue⁽¹⁾							
Interest income	3	-	69	72	-	-	-
Other revenue	709	-	7,291	8,000	437	1,409	1,846
Total revenue	712	-	7,360	8,072	437	1,409	1,846
Expenses⁽¹⁾							
Interest expense	-	-	(1,535)	(1,535)	-	-	-
Depreciation and amortisation	-	-	(86)	(86)	-	-	-
Other expenses	(406)	-	(8,987)	(9,393)	(384)	(816)	(1,200)
Total expenses	(406)	-	(10,608)	(11,014)	(384)	(816)	(1,200)
Total comprehensive income	306	-	(3,248)	(2,942)	53	593	646
Share of profit/(loss)	306	-	(3,248)	(2,942)	53	593	646

(1) Cromwell received no share of profit from Oyster due to the investment being transacted extremely close to the end of the financial year.

15. PROPERTY, PLANT AND EQUIPMENT

	Cromwell		Trust	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Furniture and fittings at cost	1,351	1,612	-	-
Accumulated depreciation	(141)	(871)	-	-
	1,210	741	-	-
Plant and equipment at cost	2,292	2,033	-	-
Accumulated depreciation	(1,732)	(1,466)	-	-
	560	567	-	-
Property, plant and equipment	1,770	1,308	-	-

(a) Movement in property, plant and equipment

Reconciliations of the carrying amounts of each class of property, plant and equipment are set out below.

Cromwell	Furniture and Fittings \$'000	Plant and Equipment Owned \$'000	Total \$'000
Balance at 1 July 2013	741	567	1,308
Additions	1,068	299	1,367
Disposals	(534)	(25)	(559)
Depreciation	(65)	(281)	(346)
Balance at 30 June 2014	1,210	560	1,770
Balance at 1 July 2012	796	531	1,327
Additions	25	279	304
Disposals	-	(3)	(3)
Depreciation	(80)	(240)	(320)
Balance at 30 June 2013	741	567	1,308

16. DEFERRED TAX ASSETS

	Cromwell		Trust	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Deferred tax assets	1,272	804	-	-
<i>Deferred tax assets and liabilities are attributable to the following:</i>				
Interests in managed investment schemes	(1,900)	(1,918)	-	-
Employee benefits	907	718	-	-
Provisions	30	17	-	-
Transaction costs and sundry items	285	527	-	-
Tax losses recognised	1,952	1,460	-	-
	1,272	804	-	-
<i>Movements</i>				
Balance at 1 July	804	914	-	-
Reduction in current tax liability on use of tax losses previously recognised	-	(1,189)	-	-
(Debit)/credit to profit or loss	(23)	(137)	-	-
Change in tax losses recognised	492	933	-	-
Adjustments in relation to prior periods	(1)	283	-	-
Balance at 30 June	1,272	804	-	-

The benefit of temporary differences and prior year tax losses recognised as a deferred tax asset was based on projected earnings over a limited period that the Directors considered to be probable. Projected earnings are re-assessed at each reporting date. There remains a significant amount of tax losses that have not been recognised as a deferred tax asset (refer note 7).

17. INTANGIBLE ASSETS

	Cromwell		Trust	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Software – at cost	3,239	2,737	–	–
Accumulated amortisation	(2,119)	(1,707)	–	–
Intangible assets	1,120	1,030	–	–

Amortisation of software is included in amortisation expense in profit or loss.

Reconciliations of the carrying amounts of software are set out below:

Balance at 1 July	1,030	633	–	–
Additions	502	863	–	–
Disposals	–	(143)	–	–
Amortisation	(412)	(323)	–	–
Balance at 30 June	1,120	1,030	–	–

18. TRADE AND OTHER PAYABLES

	Cromwell		Trust	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Trade payables and accruals	16,703	11,662	15,285	11,818
Lease incentives payable	6,897	12,782	6,897	12,782
Tenant security deposits	954	1,020	954	1,020
Other payables	1,158	2,550	186	1,410
Trade and other payables	25,712	28,014	23,322	27,030

Trade and other payables are generally unsecured, non-interest bearing and paid in cash within 30-60 days of recognition.

Lease incentives payable are generally unsecured, non-interest bearing and paid in cash or by way of a rental rebate within 6 months of recognition according to the terms of the underlying lease.

19. DISTRIBUTIONS PAYABLE

	Cromwell		Trust	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Distributions payable	33,466	31,061	33,466	31,066

Distributions payable relate to June quarter distributions declared in June and payable in August of each year.

20. BORROWINGS

	Cromwell		Trust	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Current				
<i>Secured</i>				
Loans – financial institutions	90,500	–	90,500	–
Borrowings – current	90,500	–	90,500	–
Non-Current				
<i>Secured</i>				
Loans – financial institutions	1,019,000	1,237,578	1,019,000	1,237,578
Unamortised transaction costs	(7,786)	(4,858)	(7,786)	(4,858)
Borrowings – non-current	1,011,214	1,232,720	1,011,214	1,232,720
Total				
<i>Secured</i>				
Loans – financial institutions	1,109,500	1,237,578	1,109,500	1,237,578
Unamortised transaction costs	(7,786)	(4,858)	(7,786)	(4,858)
Total borrowings	1,101,714	1,232,720	1,101,714	1,232,720

Loans shown above are net of transaction costs which are amortised over the term of the loan.

(a) Borrowing details

Borrowings of Cromwell and the Trust are the same and details at balance date are set out below:

Facility	Note	Secured	Maturity Date	Facility 2014 \$'000	Utilised 2014 \$'000	Facility 2013 \$'000	Utilised 2013 \$'000
Syndicated Facility – new (Tranche 1)	(i)	Yes	May 2018	422,000	422,000	–	–
Syndicated Facility – new (Tranche 2)	(i)	Yes	May 2019	597,000	597,000	–	–
Syndicated Facility – former facility	(ii)	Yes	Jan 2016	–	–	352,467	352,467
Tuggeranong	(iii)	Yes	June 2015	90,500	90,500	100,595	100,595
Multi Property (Tranche 1)	(iv)	Yes	July 2015	–	–	132,719	132,719
Multi Property (Tranche 2)	(iv)	Yes	July 2015	–	–	100,000	98,653
Mascot (Tranche 1)	(v)	Yes	Dec 2014	–	–	62,400	62,400
Mascot (Tranche 2)	(v)	Yes	Dec 2014	–	–	83,750	58,762
Mascot (Tranche 3)	(v)	Yes	Dec 2014	–	–	47,720	–
HQ North (Tranche 1)	(vi)	Yes	Dec 2014	–	–	106,506	106,506
Bundall Corporate Centre	(vii)	Yes	Jan 2015	–	–	34,916	34,916
Cromwell Property Fund	(viii)	Yes	June 2015	–	–	90,560	90,560
NSW Portfolio	(ix)	Yes	June 2016	–	–	200,000	200,000
Total facilities				1,109,500	1,109,500	1,311,633	1,237,578

(i) Syndicated Facility – new - Tranches 1 and 2

During the year a new Syndicated finance facility was established. The Syndicated finance facility is secured by first registered mortgages over a pool of the investment properties held by the Trust and is split into two tranches, one of \$422,000,000 which expires in May 2018 and one of \$597,000,000 which expires in May 2019. Interest is payable monthly in arrears at variable rates based on the 30 day BBSY rate which was 2.66% at balance date plus a loan margin. The facility was fully drawn and the proceeds used to repay all debt facilities other than Tuggeranong (Tranche 1).

(ii) Syndicated Facility – former facility

The Syndicated finance facility was retired and fully repaid during the 2014 financial year. The Syndicated finance facility was secured by first registered mortgages over a pool of the investment properties held by Cromwell and a registered floating charge over the assets of the Trust. Interest was payable monthly in arrears at variable rates based on the 30 day BBSY rate plus a loan margin. Repayments of \$352,467,000 (2013: \$23,705,000) were made during the year from proceeds of the new Syndicated facility.

(iii) Tuggeranong

The loan is secured by a first registered mortgage over Tuggeranong Office Park. The loan matures in June 2015. The loan bears interest at a variable rate based on the 30 day BBSY rate plus a loan margin. Repayments of \$10,095,000 (2013: \$10,643,000) were made during the year.

(iv) Multi Property

The loan was secured by first registered mortgage over the Synergy, Mary Street, TGA and Exhibition Street investment properties. The facility limit was \$232,719,000 in aggregate and had 2 remaining tranches.

Tranche 1 related to the TGA Complex in Canberra and the 200 Mary Street and Synergy properties in Brisbane and was fully drawn. Tranche 2 related to the Exhibition Street property and \$98,653,000 had been drawn of the limit of \$100,000,000. Both tranches bore interest at a variable rate based on the 30 day BBSY rate plus a loan margin.

Both tranches were repaid and replaced by the new Syndicated facility during the year.

(v) Mascot

The loan was secured by a first registered mortgage over the 203 Coward Street, Mascot property. The loan consisted of 2 remaining tranches.

Tranche 1 had been fully drawn to \$62,400,000. Tranche 2 was drawn to \$83,379,000 during the period (June 2013: \$58,762,000).

The loan bore interest at a variable rate based on a margin over the 30 day BBSY rate.

Both tranches were repaid and replaced by the new Syndicated facility during the year.

(vi) HQ North

The loan was secured by a first registered mortgage over the HQ North investment property and bore interest at a variable rate based on the 30 day BBSY rate plus a margin.

The loan was repaid and replaced by the new Syndicated facility during the year.

(vii) Bundall Corporate Centre

The loan was secured by a first registered mortgage over the Bundall Corporate Centre investment property and bore interest at a variable rate based on the 30 day BBSY rate plus a margin.

The loan was repaid and replaced by the new Syndicated facility during the year.

(viii) Cromwell Property Fund

CPF became a consolidated entity of Cromwell during the period (see notes 14 and 38) and as a result Cromwell and the Trust assumed a \$112,250,000 loan. The loan was secured by first registered mortgages over the investment properties of CPF (refer note 14) and a registered floating charge over the assets of CPF. The loan bore interest at a variable rate based on a margin over the 30 day BBSY.

The loan was repaid and replaced by the new Syndicated facility during the year.

(ix) NSW Portfolio

The facility was \$200,000,000 and was fully drawn down during June 2013 in order to partly fund the acquisition of the NSW Property Portfolio. The loan bore interest at a variable rate based on a margin over the 30 day BBSY rate.

The loan was repaid and replaced by the new Syndicated facility during the year.

(b) Maturity Profile

Maturity profile of the principal amounts of current and non-current borrowings together with estimated interest thereon:

	Cromwell		Trust	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Due within one year	139,357	60,209	139,357	60,209
Due between one and five years	1,183,663	1,312,065	1,183,663	1,312,065
	1,323,020	1,372,274	1,323,020	1,372,274

(c) Unused Finance Facilities

At balance date Cromwell had no unused finance facilities (2013: \$74,055,000).

(d) Interest Rate Risk

Interest rate derivatives

Cromwell manages its cash flow interest-rate risk by using floating-to-fixed interest rate derivatives. Such interest rate derivatives have the economic effect of converting borrowings from floating rates to fixed rates. Generally, Cromwell raises long term borrowings at floating rates and a portion of them into fixed or limited range of rates.

Information regarding Cromwell's exposure to interest rates is provided in note 5.

21. DERIVATIVE FINANCIAL INSTRUMENTS

	Cromwell		Trust	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Current liabilities				
Interest rate derivatives – at fair value	15,332	17,638	15,332	17,638
Non-current liabilities				
Interest rate derivatives – at fair value	14,953	17,870	14,953	17,870

Details of principal amounts, expiry dates and interest ranges of interest rate derivative (hedging) contracts are set out in note 5(c)(iii).

Valuation basis

For further information refer to note 3(c).

22. PROVISIONS

	Cromwell		Trust	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Current				
Employee benefits	1,211	1,215	–	–
	1,211	1,215	–	–
Non-Current				
Employee benefits	1,085	843	–	–
Make good	100	100	–	–
Provisions	1,185	943	–	–

Movement in provisions

	Make Good	
	2014 \$'000	2013 \$'000
Balance at 1 July	100	100
Provision increased	–	–
Balance at 30 June	100	100

23. OTHER CURRENT LIABILITIES

	Cromwell		Trust	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Unearned income	11,240	15,468	11,240	15,468

Unearned income primarily comprises rent paid in advance by tenants.

24. CONTRIBUTED EQUITY

(a) Equity attributable to shareholders/unitholders

	Cromwell		Company		CDPT	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Contributed equity	1,372,093	1,360,755	104,370	103,323	1,267,748	1,257,707

Movements in ordinary shares/ordinary units

Date	Details	Cromwell			Company		CDPT	
		Number of Securities	Issue Price	\$'000	Issue Price	\$'000	Issue Price	\$'000
1 Jul 12	Opening balance	1,169,688,943		894,058		66,344		827,989
16 Aug 12	Dividend reinvestment plan	2,880,765	69.9¢	2,013	5.3¢	152	64.6¢	1,861
20 Sep 12	Exercise of performance rights	170,287	-	-	-	-	-	-
20 Sep 12	Exercise of performance rights	123,459	10.0¢	12	0.8¢	1	9.2¢	11
4 Oct 12	CPF acquisition	32,339,260	75.0¢	24,255	5.7¢	1,829	69.3¢	22,426
8 Oct 12	Placement	16,911,765	68.0¢	11,500	5.1¢	867	62.9¢	10,633
14 Nov 12	Dividend reinvestment plan	3,424,554	80.0¢	2,741	6.0¢	207	74.0¢	2,534
14 Dec 12	Placement	182,165,605	78.5¢	143,000	5.9¢	10,782	72.6¢	132,218
13 Feb 13	Dividend reinvestment plan	3,317,803	83.5¢	2,771	6.3¢	209	77.2¢	2,562
14 Feb 13	Security purchase plan	49,959,701	78.5¢	39,218	5.9¢	2,957	72.6¢	36,261
15 May 13	Dividend reinvestment plan	2,739,314	101.4¢	2,777	8.3¢	227	93.1¢	2,550
11 Jun 13	Placement	128,023,212	100.0¢	128,023	8.2¢	10,446	91.8¢	117,577
11 Jun 13	Entitlement offer	64,570,891	100.0¢	64,571	8.2¢	5,269	91.8¢	59,302
11 Jun 13	Entitlement offer	2,424,768	100.0¢	2,425	8.2¢	198	91.8¢	2,227
24 Jun 13	Entitlement offer	54,981,129	100.0¢	54,981	8.2¢	4,486	91.8¢	50,495
	Transaction costs	-	-	(11,590)	-	(651)	-	(10,939)
		1,713,721,456		1,360,755		103,323		1,257,707
1 Aug 13	Exercise of performance rights	153,194	-	-	-	-	-	-
1 Aug 13	Exercise of performance rights	60,292	20.0¢	12	1.6¢	1	18.4	11
15 Aug 13	Dividend reinvestment plan	3,064,282	97.7¢	2,999	8.0¢	245	89.7¢	2,754
4 Sep 13	Exercise of performance rights	580,000	50.0¢	290	4.7¢	27	45.3¢	263
4 Sep 13	Exercise of performance rights	95,894	20.0¢	19	1.9¢	2	18.1¢	17
4 Sep 13	Exercise of performance rights	47,433	10.0¢	5	0.9¢	1	9.1¢	4
4 Sep 13	Exercise of performance rights	101,378	-	-	-	-	-	-
19 Sep 13	Exercise of performance rights	1,333,333	50.0¢	666	4.7¢	62	45.3¢	604
13 Sep 13	Dividend reinvestment plan	2,325,881	96.2¢	2,237	9.0¢	209	87.2¢	2,028
12 Feb 14	Dividend reinvestment plan	3,214,013	98.3¢	3,161	9.1¢	295	89.2¢	2,866
25 Mar 14	Redemption of units	-	-	-	-	-	91.0¢	(250)
14 May 14	Dividend reinvestment plan	2,583,694	96.7¢	2,499	9.0¢	237	87.7¢	2,262
	Transaction costs	-	-	(550)	-	(32)	-	(518)
		1,727,280,850		1,372,093		104,370		1,267,748

The basis of allocation of the issue price of stapled securities issued post stapling is determined by agreement between the Company and the Trust as set out in the Stapling Deed.

The Company/CDPT has established a dividend/distribution reinvestment plan under which holders of stapled securities may elect to have all of their dividend/distribution entitlement satisfied by the issue of new ordinary stapled securities rather than being paid in cash. Securities may be issued under the plan at a discount to the market price as determined by the Directors before each dividend/distribution. During 2014 and 2013 all securities were issued at market price, with no discount.

(b) Stapled Securities

The ordinary shares of the Company are stapled with the units of the Trust. These entitle the holder to participate in dividends and distributions as declared from time to time and the proceeds on winding up. On a show of hands every holder of stapled securities present at a meeting in person, or by proxy, is entitled to one vote, and upon a poll each stapled security is entitled to one vote.

A reconciliation of the stapled number of ordinary shares of the Company and ordinary units of the Trust is as follows:

	2014 Company Number	2014 CDPT Number	2013 Company Number	2013 CDPT Number
Ordinary shares / ordinary units	1,727,280,850	1,727,280,850	1,713,721,456	1,713,996,562
Unstapled units (held by the Company)	-	-	-	(275,106)
	1,727,280,850	1,727,280,850	1,713,721,456	1,713,721,456

25. RESERVES

	Cromwell		Trust	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Share based payments	3,589	2,858	-	-
Available-for-sale financial assets revaluation reserve	2,340	2,340	-	-
Reserves	5,929	5,198	-	-

Movements in reserves

Share based payments

Balance at 1 July	2,858	2,189	-	-
Options expensed	731	669	-	-
Balance at 30 June	3,589	2,858	-	-

The share based payments reserve is used to recognise the fair value of options issued for employee services.

Available-for-sale financial assets revaluation reserve

Balance at 1 July	2,340	2,340	-	-
Balance at 30 June	2,340	2,340	-	-

Changes in the fair value of investments classified as available-for-sale are taken to the available-for-sale financial assets revaluation reserve. Amounts are recognised in profit or loss when the associated assets are disposed/sold or impaired.

For Cromwell the balance at year end comprises a reserve of a subsidiary attributable to its pre-stapling interest in a trust which continues to be held. For Cromwell there was no movement in the available-for-sale financial assets revaluation reserve over the last two financial years.

26. RETAINED EARNINGS/(ACCUMULATED LOSSES)

	Cromwell		Trust	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Retained Earnings/(Accumulated Losses)	(43,244)	(48,697)	(70,430)	(116,977)

Movements in retained earnings/(accumulated losses)

Balance at 1 July	(48,697)	(51,562)	(116,977)	(58,589)
Profit for the year	4,521	2,865	177,950	43,291
Distributions	-	-	(131,403)	(101,679)
Balance at 30 June	(44,176)	(48,697)	(70,430)	(116,977)

27. NON-CONTROLLING INTERESTS

	Cromwell		Trust	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Non-controlling interests	1,197,875	1,141,028	6,313	4,732
Movements in non-controlling interests				
Balance at 1 July	1,141,028	769,678	4,732	5,320
Units issued by CDPT	10,291	429,718	-	-
Units issued by subsidiary	-	-	2,113	-
Profit/(loss) for the year	177,950	43,291	(168)	(19)
Distributions paid/payable	(131,394)	(101,659)	(364)	(569)
Balance at 30 June	1,197,875	1,141,028	6,313	4,732

28. DIVIDENDS/DISTRIBUTIONS

Franking credits

	Cromwell	
	2014 \$'000	2013 \$'000
Franking credits available for subsequent years based on a tax rate of 30% (2013 – 30%)	1,945	1,315

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise/(decrease) from the payment/(receipt) of the amount of the provision/(receivable) for income tax;
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

Dividends paid/payable by the Company

There were no dividends paid or payable by the Company in respect of the 2014 and 2013 financial years.

Distributions paid/payable by Cromwell

2014 Date Paid	2013 Date Paid	2014 Cents ⁽¹⁾	2013 Cents ⁽¹⁾	2014 \$'000	2013 \$'000
13 November 2013	14 November 2012	1.8750¢	1.8125¢	32,234	21,243
12 February 2014	13 February 2013	1.8750¢	1.8125¢	32,278	22,874
14 May 2014	15 May 2013	1.9375¢	1.8125¢	33,416	26,481
14 August 2014	15 August 2013	1.9375¢	1.8125¢	33,466	31,061
		7.6250¢	7.2500¢	131,394	101,659

(1) Cents per stapled security.

Distributions paid/payable by the Trust

2014 Date Paid	2013 Date Paid	2014 Cents ⁽¹⁾	2013 Cents ⁽¹⁾	2014 \$'000	2013 \$'000
13 November 2013	14 November 2012	1.8750¢	1.8125¢	32,239	21,248
12 February 2014	13 February 2013	1.8750¢	1.8125¢	32,282	22,879
14 May 2014	15 May 2013	1.9375¢	1.8125¢	33,416	26,486
14 August 2014	15 August 2013	1.9375¢	1.8125¢	33,466	31,066
		7.6250¢	7.2500¢	131,403	101,679

(1) Cents per unit.

All distributions from Cromwell and the Trust are unfranked. The determination of the Trust's distributable income excludes unrealised gains/(losses) including fair value adjustments to investment properties and interest rate derivatives.

29. EARNINGS PER SHARE

	Cromwell		Trust	
	2014	2013	2014	2013
Basic earnings/(loss) per share/unit	0.26¢	0.21¢	10.34¢	3.23¢
Diluted earnings/(loss) per share/unit	0.26¢	0.21¢	10.31¢	3.23¢
	\$'000	\$'000	\$'000	\$'000
Earnings used to calculate basic and diluted earnings per share/unit:				
Profit for the year	182,471	46,156	177,782	43,272
Profit/loss attributable to non-controlling interests	177,950	43,291	(168)	(19)
Profit attributable to ordinary equity holders of the company/trust used in calculating basic/diluted earnings per share/unit	4,521	2,865	177,950	43,291
	Number of Shares	Number of Shares	Number of Units	Number of Units
Weighted average number of ordinary shares/units used in calculating basic earnings per share/unit	1,721,314,454	1,341,491,052	1,721,516,450	1,341,766,158
Effect of dilutive securities:				
- Director and employee performance rights	4,845,641	4,481,124	4,845,641	4,481,124
Weighted average number of ordinary shares/units and potential ordinary shares/units used in calculating diluted earnings per share/unit	1,726,160,095	1,345,972,176	1,726,362,091	1,346,247,284

Performance rights granted under the Performance Rights Plan are considered to be potential ordinary shares/units and have been included in the determination of diluted earnings per share/unit to the extent to which they are dilutive. The performance rights have not been included in the determination of basic earnings per share/unit. Details relating to the performance rights are set out in note 32.

Earnings per stapled security	Cromwell	
	2014	2013
Basic earnings per stapled security	10.60¢	3.44¢
Diluted earnings per stapled security	10.57¢	3.44¢
	\$'000	\$'000
Earnings used to calculate basic and diluted earnings per stapled security:		
Profit for the year attributable to company shareholders	4,521	2,865
Profit for the year attributable to trust unitholders	177,950	43,291
Profit attributable to stapled security holders of Cromwell used in calculating basic/diluted earnings per stapled security	182,471	46,156
	Number of Securities	Number of Securities
Weighted average number of stapled securities used in calculating basic earnings per stapled security	1,721,314,454	1,341,491,052
Effect of dilutive securities:		
- Director and employee performance rights	4,845,641	4,481,124
Weighted average number of ordinary stapled securities and potential ordinary stapled securities used in calculating diluted earnings per stapled security	1,726,160,095	1,345,972,176

Performance rights granted under the Performance Rights Plan are considered to be potential ordinary stapled securities and have been included in the determination of diluted earnings per stapled security to the extent to which they are dilutive. The performance rights have not been included in the determination of basic earnings per stapled security. Details relating to the performance rights are set out in note 32.

30. CASH FLOW INFORMATION

	Cromwell		Trust	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
(a) Reconciliation of profit/(loss) to net cash provided by operating activities				
Net profit	182,471	46,156	177,782	43,272
Amortisation and depreciation	758	643	-	-
Amortisation of loan transaction costs	4,025	2,581	4,025	2,581
Amortisation of lease costs and incentives	11,634	9,526	11,634	9,526
Share of (profits)/losses of associates (net of distributions)	4,802	(646)	5,108	(593)
Gain on sale of investment properties	(3,152)	(132)	(3,152)	(132)
Share based payments	731	669	-	-
Fair value net (gain)/loss from:				
Investment properties	(46,226)	55,747	(46,226)	55,747
Interest rate derivatives	(5,222)	(7,326)	(5,222)	(7,326)
Investments at fair value through profit or loss	(85)	(47)	(85)	(47)
Straight-line rentals	(5,648)	(6,071)	(5,648)	(6,071)
Loss on disposal of property, plant and equipment and intangibles	559	146	-	-
Business combination transaction costs	-	631	-	631
Changes in operating assets and liabilities:				
(Increase)/decrease:				
Trade and other receivables	3,238	(2,774)	4,835	(3,251)
Prepayments	(187)	(349)	157	(410)
Tax assets	330	499	-	-
Increase/(decrease):				
Trade payables and accruals	3,585	(1,264)	2,179	(2,914)
Provisions (employee benefits/make good)	238	28	-	(225)
Unearned revenue	(4,227)	7,518	(4,227)	7,518
Net cash provided by operating activities	147,624	105,535	141,160	98,306

(b) Finance facilities

Refer to note 20 for details of unused finance facilities.

(c) Cash held as part of minimum net tangible assets

At balance date cash held by controlled entities of the Company of \$9,525,000 (2013: \$9,548,000) was utilised to meet minimum net tangible asset requirements under their Australian Financial Services Licence (AFSL). As such, the cash is effectively restricted in its use as it cannot readily be used to meet expenses and obligations of other Cromwell entities without consideration of the AFSL requirements.

(d) Non cash items

Shares/units issued on reinvestment of distributions	10,896	10,302	9,910	9,508
Shares/units issued on acquisition of CPF	-	24,255	-	24,255

31. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key management personnel compensation

Cromwell & Trust	2014	2013
	\$	\$
Short-term employee benefits	4,756,491	4,643,841
Post-employment benefits	185,169	173,800
Other long-term benefits	130,640	73,891
Share-based payments	497,842	514,104
	5,570,142	5,405,636

(b) Loans to key management personnel

No loans were made during the 2014 or 2013 years to key management personnel and no loans were outstanding at the reporting date.

(c) Other transactions with key management personnel

Cromwell rents an apartment, located at 185 Macquarie Street, Sydney, which is owned by Mr. Paul Weightman, a director of the Company. Total rent paid during 2014 was \$88,400 (2013: \$88,400). The payment of rent is on normal commercial terms and conditions and at market rates.

32. SHARE BASED PAYMENTS

(a) Performance Rights Plan

A Performance Rights Plan (PRP) was established in September 2007 by the Company. All full-time and part-time employees who meet minimum service, remuneration and performance requirements, including executive Directors of the Company, are eligible to participate in the PRP at the discretion of the Board. Participation in the PRP by executive Directors is subject to securityholder approval. The PRP is designed to provide long-term incentives for employees to continue employment and deliver long-term securityholder returns.

Under the PRP, eligible employees are allocated performance rights. Each performance right enables the participant to acquire a stapled security in Cromwell, at a future date and exercise price, subject to conditions. The number of performance rights allocated to each participant is set by the Board or the Nomination & Remuneration Committee and based on individual circumstances and performance.

The amount of performance rights that will vest under the PRP depends on a combination of factors which may include Cromwell's total securityholder returns (including price growth, dividends and capital returns), internal performance measures and the participant's continued employment. Performance rights allocated under the PRP generally vest in 3 years. Until performance rights have vested, the participant cannot sell or otherwise deal with the performance rights except in certain limited circumstances. It is a condition of the PRP that a participant must remain employed by Cromwell in order for performance rights to vest. Any performance rights which have not yet vested on a participant leaving employment must be forfeited.

Under AASB 2 "Share based Payment", the performance rights are treated as options for accounting purposes.

Set out below are summaries of the number of performance rights granted and exercised.

Grant Date	Expiry Date	Exercise price	Balance at start of the year	Granted during the year	Forfeited during the year	Exercised during the year	Balance at year end
2014							
23/08/2010	21/09/2013	\$0.00	101,378	-	-	(101,378)	-
23/08/2010	21/09/2013	\$0.10	47,433	-	-	(47,433)	-
23/08/2010	21/09/2013	\$0.20	95,894	-	-	(95,894)	-
07/03/2011	01/08/2013	\$0.00	97,633	-	-	(97,633)	-
26/05/2011	01/10/2013	\$0.50	1,913,333	-	-	(1,913,333)	-
26/05/2011	01/10/2014	\$0.50	1,913,333	-	-	-	1,913,333
26/05/2011	01/10/2015	\$0.50	1,913,334	-	-	-	1,913,334
05/09/2011	05/10/2014	\$0.20	393,679	-	-	-	393,679
05/09/2011	05/10/2014	\$0.00	590,622	-	-	-	590,622
05/09/2011	05/10/2014	\$0.10	52,851	-	-	-	52,851
24/08/2012	24/09/2015	\$0.00	81,581	-	-	-	81,581
24/08/2012	24/09/2015	\$0.20	82,142	-	-	-	82,142
12/10/2012	12/11/2015	\$0.00	150,018	-	-	-	150,018
12/10/2012	12/11/2015	\$0.20	229,110	-	-	-	229,110
19/10/2012	01/08/2013	\$0.00	55,561	-	-	(55,561)	-
19/10/2012	01/08/2014	\$0.00	55,563	-	-	-	55,563
19/10/2012	01/08/2015	\$0.00	55,563	-	-	-	55,563
19/10/2012	01/08/2013	\$0.20	60,292	-	-	(60,292)	-
19/10/2012	01/08/2014	\$0.20	60,292	-	-	-	60,292
19/10/2012	01/08/2015	\$0.20	60,292	-	-	-	60,292
18/12/2013	01/10/2016	\$0.00	-	789,955	-	-	789,955
18/12/2013	01/10/2016	\$0.10	-	46,303	-	-	46,303
18/12/2013	01/10/2016	\$0.50	-	893,465	-	-	893,465
18/12/2013	01/01/2017	\$0.50	-	2,042,205	-	-	2,042,205
			8,009,904	3,771,928	-	(2,371,524)	9,410,308
Weighted average exercise price			\$0.38	\$0.39	-	\$0.42	\$0.38
2013							
23/08/2010	21/09/2012	\$0.00	170,287	-	-	(170,287)	-
23/08/2010	21/09/2012	\$0.10	123,459	-	-	(123,459)	-
23/08/2010	21/09/2013	\$0.00	101,378	-	-	-	101,378
23/08/2010	21/09/2013	\$0.10	47,433	-	-	-	47,433
23/08/2010	21/09/2013	\$0.20	95,894	-	-	-	95,894
07/03/2011	01/08/2013	\$0.00	97,633	-	-	-	97,633
26/05/2011	01/10/2013	\$0.50	1,913,333	-	-	-	1,913,333
26/05/2011	01/10/2014	\$0.50	1,913,333	-	-	-	1,913,333
26/05/2011	01/10/2015	\$0.50	1,913,334	-	-	-	1,913,334
05/09/2011	05/10/2014	\$0.20	393,679	-	-	-	393,679
05/09/2011	05/10/2014	\$0.00	590,622	-	-	-	590,622
05/09/2011	05/10/2014	\$0.10	52,851	-	-	-	52,851
24/08/2012	24/09/2015	\$0.00	-	81,581	-	-	81,581
24/08/2012	24/09/2015	\$0.20	-	82,142	-	-	82,142
12/10/2012	12/11/2015	\$0.00	-	150,018	-	-	150,018
12/10/2012	12/11/2015	\$0.20	-	229,110	-	-	229,110
19/10/2012	01/08/2013	\$0.00	-	55,561	-	-	55,561
19/10/2012	01/08/2014	\$0.00	-	55,563	-	-	55,563
19/10/2012	01/08/2015	\$0.00	-	55,563	-	-	55,563
19/10/2012	01/08/2013	\$0.20	-	60,292	-	-	60,292
19/10/2012	01/08/2014	\$0.20	-	60,292	-	-	60,292
19/10/2012	01/08/2015	\$0.20	-	60,292	-	-	60,292
			7,413,236	890,414	-	(293,746)	8,009,904
Weighted average exercise price			\$0.40	\$0.11	-	\$0.04	\$0.38

At balance date nil Performance Rights (2013: nil) were vested and exercisable. The weighted average remaining contractual life of performance rights outstanding at the end of the year was 1.4 years (2013: 1.3 years).

The assessed fair value of performance rights granted is as follows:

Grant Date	Expiry Date	Exercise price	Fair value (cents)	
			Non-market based	Market based
23/08/2010	21/09/2013	\$0.00	54.2¢	-
23/08/2010	21/09/2013	\$0.10	45.5¢	-
23/08/2010	21/09/2013	\$0.20	37.0¢	-
07/03/2011	01/08/2013	\$0.00	61.5¢	-
26/05/2011	01/10/2013	\$0.50	13.9¢	-
26/05/2011	01/10/2014	\$0.50	12.6¢	-
26/05/2011	01/10/2015	\$0.50	11.5¢	-
05/09/2011	05/10/2014	\$0.00	50.0¢	-
05/09/2011	05/10/2014	\$0.10	41.1¢	-
05/09/2011	05/10/2014	\$0.20	32.3¢	-
24/08/2012	24/09/2015	\$0.00	55.3¢	-
24/08/2012	24/09/2015	\$0.20	36.5¢	-
12/10/2012	12/11/2015	\$0.00	60.0¢	-
12/10/2012	12/11/2015	\$0.20	41.5¢	-
19/10/2012	01/08/2013	\$0.00	77.6¢	-
19/10/2012	01/08/2014	\$0.00	71.1¢	-
19/10/2012	01/08/2015	\$0.00	65.1¢	-
19/10/2012	01/08/2013	\$0.20	57.9¢	-
19/10/2012	01/08/2014	\$0.20	51.9¢	-
19/10/2012	01/08/2015	\$0.20	46.4¢	-
18/12/2013	01/10/2016	\$0.00	75.7¢	-
18/12/2013	01/10/2016	\$0.10	66.5¢	-
18/12/2013	01/10/2016	\$0.50	30.2¢	-
18/12/2013	01/01/2017	\$0.50	29.1¢	-

Fair Value of Performance Rights Granted

Performance rights do not have any market-based vesting conditions. The fair values at grant date for performance rights determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the security price at grant date and expected price volatility of the underlying security, the expected dividend/distribution yield and the risk-free interest rate for the term of the option.

The model inputs for performance rights granted during the year ended 30 June 2014 included:

Exercise price	\$0.00	\$0.10	\$0.50	\$0.50
Grant date	18/12/13	18/12/13	18/12/13	18/12/13
Share price at grant date	\$0.945	\$0.945	\$0.945	\$0.945
Expected price volatility	19%	19%	19%	19%
Expected dividend yield	7.94%	7.94%	7.94%	7.94%
Risk free interest rate	2.96%	2.96%	2.96%	2.96%
Expiry date	01/10/16	01/10/16	01/10/16	01/01/17

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

The model inputs for Performance Rights granted during the year ended 30 June 2013 included:

Exercise price	\$0.00	\$0.20	\$0.00	\$0.20	\$0.00	\$0.00	\$0.00	\$0.20	\$0.20	\$0.20
Grant date	24/08/12	24/08/12	12/10/12	12/10/12	19/10/12	19/10/12	19/10/12	19/10/12	19/10/12	19/10/12
Share price at grant date	\$0.74	\$0.74	\$0.79	\$0.79	\$0.79	\$0.79	\$0.79	\$0.79	\$0.79	\$0.79
Expected price volatility	19%	19%	17%	17%	17%	17%	17%	17%	17%	17%
Expected dividend yield	9.8%	9.8%	9.18%	9.18%	9.18%	9.18%	9.18%	9.18%	9.18%	9.18%
Risk free interest rate	2.35%	2.35%	2.55%	2.55%	2.55%	2.55%	2.55%	2.55%	2.55%	2.55%
Expiry date	24/09/15	24/09/15	12/11/15	12/11/15	01/08/13	01/08/14	01/08/15	01/08/13	01/08/14	01/08/15

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

(b) Tax Exempt Plan

The Tax Exempt Plan enables eligible employees to acquire up to \$1,000 of stapled securities on-market in a tax effective manner within a 12 month period. Eligibility for the Tax Exempt Plan is approved by the Board having regard to individual circumstances and performance. No Directors or KMP are eligible for the Tax Exempt Plan.

Expenses relating to the plan are recorded in employee benefits expense and all securities are purchased on-market.

(c) Expenses arising from share based payment transactions

Total expenses arising from share based transactions recognised during the year as part of employee benefits expense were as follows:

	Cromwell		Trust	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Performance rights issued under PRP	731	669	-	-
Expenses arising from share based payments	731	669	-	-

33. OTHER RELATED PARTY TRANSACTIONS

(a) Parent entity and subsidiaries

Cromwell Corporation Limited is the ultimate parent entity in Cromwell. Cromwell Diversified Property Trust is the ultimate parent entity in the Trust. Details of subsidiaries for both parent entities are set out in note 35.

(b) Transactions with jointly controlled entity and associates

Transactions between Cromwell and its associates and jointly controlled entities included:

Cromwell Partners Trust

During the year Cromwell acquired 50% of the issued units of Cromwell Partners Trust for \$77,632,000. Cromwell received distributions of \$1,860,000 during the year. Cromwell also earned property management fees and project management fees of \$483,007 during the year.

Oyster Property Group Limited

During the year Cromwell acquired 50% of the issued capital of Oyster Property Group Limited for \$4,596,000.

Cromwell Property Fund

During the prior year Cromwell received interest from Cromwell Property Fund of \$361,895. During the prior year Cromwell charged the Cromwell Property Fund for registry services, accounting services, property, facility management and project management and leasing services totalling \$339,563. During the prior year, Cromwell and the Trust acquired the remaining units they did not already own of Cromwell Property Fund (refer notes 14 and 38).

(c) Transactions with managed investment schemes (managed by the consolidated entity)

Cromwell Funds Management Limited ("CFM") acts as responsible entity for a number of managed investment schemes. Cromwell derives a range of benefits from schemes managed by CFM including management and acquisition fees. Transactions between Cromwell and the schemes managed by CFM also included:

Cromwell Ipswich City Heart Trust ("ICH")

During the current year Cromwell acquired 80,000 units in ICH at \$1 each and received distributions of \$298,645.

During the prior year Cromwell acquired 3,890,122 units in ICH at \$1 each and sold 325,000 units in ICH at \$1 each and received distributions of \$164,606. During the prior year ICH repaid its loan from Cromwell. Cromwell received interest from ICH of \$178,440.

Cromwell Box Hill Trust ("BHT")

Cromwell has provided a loan facility of \$25,000,000 to BHT, which is unsecured and earns Cromwell a return equivalent to the BHT distribution rate of 7.75% whilst drawn down. During the year this facility was drawn to \$2,000,000 (\$19,606,000), and fully repaid by balance date (2013: loan fully repaid). During the current year Cromwell earned \$3,397 (2013: \$383,115) in interest from BHT under the loan facility.

During the current year Cromwell disposed of its 14,505 units in BHT for \$1 each and received \$975 in distributions. All units were sold to Cromwell Direct Property Fund, a managed scheme for which CFM also acts as responsible entity.

During the prior year Cromwell acquired 14,505 units in BHT at \$1 each and received \$1,780 in distributions.

Cromwell Riverpark Trust ("CRT")

During the current year Cromwell acquired 1,827,948 units at \$1.04 each and disposed of 3,989,437 units at an average of \$1.05 per unit and received distributions of \$238,067. All units were sold to Cromwell Direct Property Fund, a managed scheme for which CFM also acts as responsible entity.

During the prior year Cromwell acquired 3,436,334 units in CRT at \$1.04 each and received distributions of \$25,362.

Cromwell Property Trust 12 ("C12")

On 22 October 2013 the Cromwell Property Trust 12 ARSN 166 216 995 ("C12") an unlisted multi-property trust, for which CFM acts as responsible entity, was registered with the Australian Securities and Investments Commission. CFM issued a PDS on 29 October 2013 to raise \$76,000,000 from investors for C12. Cromwell has provided a loan facility of \$50,000,000 to C12, which is unsecured, to enable the initial operations of the Trust. During the year the facility was drawn to \$37,189,000 and this amount has been fully repaid by balance date. While the loan was drawn down Cromwell earned a return equivalent to the C12 distribution rate of 7.75%. Cromwell earned \$1,393,182 in interest from C12 under the loan facility during the year. Cromwell acquired 5,000,000 units in C12 at \$1 each and received distributions of \$346,875.

d) Transactions between the Trust and Cromwell Corporation Limited and its subsidiaries (including the Responsible Entity)

	Trust 2014 \$	2013 \$
(i) Amounts paid/payable		
Expense		
Funds management fees	12,120,607	9,963,069
Property management fees	6,809,128	5,739,700
Accounting fees	438,600	385,785
Investment properties		
Project management fees	1,656,561	855,872
Leasing commissions	411,525	1,649,860
Distributions	375,245	588,555
Interest	5,853,514	-
(ii) Amounts received/receivable		
Revenue		
Interest income	-	62,804
Rental income and recoverable outgoings	4,654,128	4,545,063
Aggregate amount payable to responsible entity and associates at balance date (included in trade and other payables)	796,452	1,196,529
Aggregate amount receivable from the responsible entity and associates at balance date (included in trade and other receivables)	5,652	1,207

The Responsible Entity no longer holds any units in a subsidiary of CDPT, Cromwell Mary Street Planned Investment (2013: 1,517,000). These were acquired by the Company at the end of the financial year.

(iii) Loan to the Trust

During the year a subsidiary of the Company became the primary external borrower for Cromwell and the Trust. As a result new borrowings of \$1,019,000,000 were received from external lenders by the subsidiary and immediately on-lent to the Trust, with the Trust paying the subsidiary interest at a rate equal to that paid by the subsidiary to the external lenders. Interest rate swaps with a total notional value of \$949,100,000 were also transferred from the Trust to the subsidiary. These swaps are matched against swaps held between the Trust and the subsidiary so that any amount payable or receivable by the subsidiary to external counterparties of the swap is payable or receivable by the Trust to/from the subsidiary.

34. PARENT ENTITY DISCLOSURES

As at and throughout the financial year ending 30 June 2014 the parent entity of Cromwell was Cromwell Corporation Limited and the parent entity of the Trust was Cromwell Diversified Property Trust.

(a) Summary financial information

The individual financial statements for the parent entities show the following aggregations.

	Cromwell Corporation Limited		Cromwell Diversified Property Trust	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Results				
(Loss)/profit for the year	(299)	572	102,869	14,686
Total comprehensive income/(loss)	(299)	572	102,869	14,686
Financial position				
Current assets	30,119	47,857	45,631	65,144
Total assets	54,708	52,458	1,838,772	1,704,894
Current liabilities	1,127	325	140,307	57,349
Total liabilities	1,127	325	811,219	658,848
Net assets	53,581	52,133	1,027,553	1,046,046
Total equity				
Contributed equity	104,370	103,323	1,267,748	1,257,707
Share based payments reserve	3,589	2,858	-	-
Available for sale financial assets revaluation reserve	(31)	-	-	-
Retained earnings/(accumulated losses)	(54,347)	(54,048)	(240,195)	(211,661)
Total equity	53,581	52,133	1,027,553	1,046,046

(b) Commitments for capital expenditure

As at balance date, Cromwell Corporation Limited had commitments of \$2,657,000 (2013: no commitments) in relation to capital expenditure contracted for but not recognised as liabilities.

As at balance date, Cromwell Diversified Property Trust had commitments of \$nil (2013: \$40,437,000) in relation to capital expenditure contracted for but not recognised as liabilities.

(c) Guarantees provided

During the years ended 2014 and 2013 neither parent had provided any guarantees to entities it controlled.

(d) Contingent liabilities

Neither parent entity had contingent liabilities at year end (2013: \$nil).

35. INVESTMENTS IN CONTROLLED ENTITIES

The Company's and CDPT's investment in controlled entities are shown below, all of which are domiciled in Australia.

Company and its controlled entities	Equity Holding	
	2014 %	2013 %
Name		
Cromwell Property Securities Limited	100	100
Cromwell Property Services Pty Ltd	100	100
Marcoola Developments Pty Ltd	100	100
Votraint No. 662 Pty Ltd	100	100
Cromwell Capital Limited	100	100
Cromwell Finance Limited	100	100
Cromwell Operations Pty Ltd	100	100
Cromwell Paclib Nominees Pty Ltd	50	50
Cromwell Funds Management Limited	100	100
Cromwell Seven Hills Pty Ltd	100	100
Cromwell Holding Trust No 1 Pty Ltd	100	100
Cromwell Holding Trust No 2 Pty Ltd	100	100
Cromwell Altona Trust	100	100
Cromwell Real Estate Partners Pty Ltd	100	100
Cromwell Project & Technical Solutions Pty Ltd	100	100
CDPT Finance Pty Ltd	100	-
Cromwell BT Pty Ltd ⁽³⁾	100	-
Trust and its controlled entities ⁽¹⁾		
Name		
Cromwell CMBS Pty Ltd	100	100
Cromwell Loan Note Pty Ltd	100	100
Cromwell Holding Trust No 1	100	100
Cromwell Holding Trust No 2	100	100
Cromwell Holding Trust No 4	100	100
Terrace Office Park Property Trust/Planned Investment	100	100
Cromwell Mary Street Property Trust/Planned Investment ⁽²⁾	92	92
Cromwell Northbourne Planned Investment	100	100
Tuggeranong Head Trust/Tuggeranong Trust	100	100
CDPT Finance Pty Ltd	-	100
CDPT Finance 2 Pty Ltd	100	100
EXM Head Trust/EXM Trust	100	100
Mascot Head Trust/ Mascot Trust	100	100
Cromwell Phoenix Opportunities Fund	75	100
Cromwell Property Fund Trust No 2	100	100
Cromwell Property Fund Trust No 3	100	100
Cromwell Diversified Property Trust No 2	100	100
Cromwell Diversified Property Trust No 3	100	100
Cromwell TGA Planned Investment	100	100
Cromwell HQ North Head Trust/ Cromwell HQ North Trust	100	100
Cromwell Bundall Corporate Centre Head Trust/Cromwell Bundall Corporate Centre Trust	100	100
Cromwell Property Fund	100	100
CPF Loan Note Issuer Pty Ltd	100	100
Cromwell Accumulation Fund	100	100
Cromwell CPF No. 1 Fund	100	100
Cromwell Health and Forestry House Trust	100	100
Cromwell NSW Portfolio Trust	100	100
Cromwell Bligh House Trust	100	100
Cromwell Newcastle Trust	100	100
Cromwell Queanbeyan Trust	100	100
Cromwell Symantec Trust	100	100
Cromwell Wollongong Trust	100	100
Cromwell McKell House Trust	100	100
Cromwell Penrith Trust	100	100

(1) The Trust and its controlled entities listed above are consolidated as part of Cromwell as required under accounting standards (refer note 1(b)).

(2) The remaining 8% interest in Cromwell Mary Street Property Trust/Planned investment is held by Cromwell Corporation Limited.

(3) Incorporated during the year.

36. SEGMENT INFORMATION

(a) Description of segments

Reportable Group segments

Cromwell has identified its operating segments based on its internal reports which are regularly reviewed and used by the Chief Executive Officer in order to make decisions about resource allocation and to assess the performance of Cromwell. The chief operating decision maker has been identified as the Chief Executive Officer. The segments offer different products and services and are managed separately.

Property Investment

The ownership of properties located throughout Australia.

Property/Internal Funds Management

Property management includes property and facility management, leasing and project management for the Trust and all Cromwell managed investment schemes. Internal funds management includes the management of the Trust.

External Funds Management

The establishment and management of external funds.

Property Development

Property development, including development management, development finance and joint venture activities.

Trust

The Trust has one reportable segment, being property investment. Revenue is derived from rentals and associated recoverable outgoings. The Trust's properties are leased on a commercial basis incorporating varying lease terms and conditions. These include the lease period, renewal options, periodic rent and, where applicable, indexation based on CPI, fixed and/or market reviews.

(b) Other segment information

(i) Accounting policies

Segment information is prepared in conformity with the accounting policies of Cromwell as disclosed in note 1 and Accounting Standard AASB 8 Operating Segments.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, inventories, investment properties, plant and equipment and other intangible assets, net of related provisions. While most of these assets can be directly attributable to individual segments, the carrying amounts of certain assets used jointly by segments are allocated based on reasonable estimates of usage. Segment liabilities consist primarily of trade and other payables, employee benefits and provisions.

(ii) Inter-segment transactions

Segment revenues, expenses and results include transfers between segments. Such transfers are priced on an "arms-length" basis and are eliminated on consolidation.

(iii) Equity-accounted investments

Cromwell has two Australian jointly controlled entities (Phoenix Portfolios Pty Ltd and Cromwell Partners Trust) and one New Zealand jointly controlled entity (Oyster Property Funds Limited). All jointly controlled entities are accounted for using the equity method. Phoenix Portfolios Pty Ltd and Oyster Property Funds Limited are included in the external funds management segment. Cromwell Partners Trust is included in the property investment segment.

In 2013, Cromwell also had an investment in an Australian associate, Cromwell Property Fund, until its full acquisition on 4 October 2012 – see notes 14 and 38. Cromwell Property Fund was accounted for up to the date of its acquisition using the equity method and included in the property investment segment.

(iv) Major customers

Revenue from major customers is outlined below and all form part of the property investment segment.

Major Customer	Revenue 2014 \$'000	Revenue 2013 \$'000
Commonwealth of Australia	43,822	41,316
New South Wales State Government	35,722	5,249

(c) Operating segments

2014	Property Investment	Property /Internal Funds Management	External Funds Management	Property Development	Consolidated
Segment results	\$'000	\$'000	\$'000	\$'000	\$'000
Segment revenue and other income					
Sales - external customers	263,951	1,592	8,232	-	273,775
Sales - intersegmental	1,073	21,436	-	-	22,509
Profit of equity accounted entity (before adjustments)	4,725	-	306	-	5,031
Distributions	-	-	903	-	903
Interest	1,659	1,373	1,581	-	4,613
Other income	1,317	226	-	-	1,543
Total segment revenue and other income	272,725	24,627	11,022	-	308,374
Segment expenses					
Property expenses and outgoings	43,578	-	-	-	43,578
Funds management costs	-	-	1,209	-	1,209
Property development costs	-	-	-	166	166
Finance costs	70,025	-	-	-	70,025
Intersegmental costs	19,368	2,977	105	59	22,509
Employee benefits expense	-	12,826	2,675	-	15,501
Administration and overhead costs	1,138	5,545	644	-	7,327
Total segment expenses	134,109	21,348	4,633	225	160,315
Income tax expense/(benefit)	-	440	898	-	1,338
Segment profit/(loss) ⁽¹⁾	138,616	2,839	5,491	(225)	146,721
Reconciliation to reported profit/(loss)					
Gain on sale of investment properties	3,152	-	-	-	3,152
Loss on sale of other assets	-	(501)	(58)	-	(559)
Fair value adjustments/(write downs)					
Investment properties	46,226	-	-	-	46,226
Interest rate derivatives	5,222	-	-	-	5,222
Investments at fair value through profit and loss	-	-	85	-	85
Equity accounted investments	(7,973)	-	-	-	(7,973)
Other property investment income/(expense):					
Straight-line lease income	5,648	-	-	-	5,648
Lease incentive and lease cost amortisation	(11,634)	-	-	-	(11,634)
Other expenses:					
Amortisation of finance costs	(4,025)	-	-	-	(4,025)
Amortisation and depreciation	-	(679)	(79)	-	(758)
Net tax losses utilised	-	121	245	-	366
Total adjustments	36,616	(1,059)	193	-	35,750
Profit/(loss)	175,232	1,780	5,684	(225)	182,471

(1) Segment profit/(loss) is based on income and expenses excluding adjustments for unrealised fair value adjustments and write downs, gains or losses on sale of investments, non-cash income and expenses.

2014	Property Investment	Property /Internal Funds Management	External Funds Management	Property Development	Consolidated
Segment assets and liabilities	\$'000	\$'000	\$'000	\$'000	\$'000
Total assets	2,393,112	52,979	20,849	3,000	2,469,940
Total liabilities	1,200,028	5,257	610	47	1,205,942
Other segment information					
Investments in associates	72,524	-	5,002	-	77,526
Acquisitions of non-current segment assets					
Investment in associates	77,632	-	4,596	-	82,228
Investments at fair value through profit or loss	-	-	7,310	-	7,310
Property, plant and equipment	-	1,225	142	-	1,367
Intangibles	-	450	52	-	502
	77,632	1,675	12,100	-	91,407

2013	Property Investment	Property /Internal Funds Management	External Funds Management	Property Development	Consolidated
Segment results	\$'000	\$'000	\$'000	\$'000	\$'000
Segment revenue and other income					
Sales - external customers	208,635	1,341	5,911	-	215,887
Sales - intersegmental	953	18,634	-	-	19,587
Profit of equity accounted entity (before adjustments)	111	-	54	-	165
Distributions	-	-	222	-	222
Interest	4,043	572	647	-	5,262
Other income	193	225	-	-	418
Total segment revenue and other income	213,935	20,772	6,834	-	241,541
Segment expenses					
Property expenses and outgoings	32,521	-	-	-	32,521
Funds management costs	-	-	592	-	592
Property development costs	-	-	-	359	359
Finance costs	67,715	-	-	-	67,715
Intersegmental costs	16,089	3,255	87	156	19,587
Employee benefits expense	-	10,175	2,138	-	12,313
Administration and overhead costs	1,100	4,716	582	-	6,398
Total segment expenses	117,425	18,146	3,399	515	139,485
Income tax expense/(benefit)	-	136	178	-	314
Segment profit/(loss) ⁽¹⁾	96,510	2,490	3,257	(515)	101,742
Reconciliation to reported profit/(loss)					
Gain on sale of investment properties	132	-	-	-	132
Loss on sale of other assets	-	(130)	(16)	-	(146)
Fair value adjustments/(write downs):					
Investment properties	(55,747)	-	-	-	(55,747)
Interest rate derivatives	7,326	-	-	-	7,326
Investments at fair value through profit and loss	-	-	47	-	47
Equity accounted investments	481	-	-	-	481
Other property investment income/(expense):					
Straight-line lease income	6,071	-	-	-	6,071
Lease incentive and lease cost amortisation	(9,526)	-	-	-	(9,526)
Other expenses:					
Amortisation of finance costs	(2,581)	-	-	-	(2,581)
Amortisation and depreciation	-	(573)	(70)	-	(643)
Net tax losses utilised	-	(160)	(209)	-	(369)
Business combination transaction costs	(631)	-	-	-	(631)
Total adjustments	(54,475)	(863)	(248)	-	(55,586)
Profit/(loss)	42,035	1,627	3,009	(515)	46,156

(1) Segment profit/(loss) is based on income and expenses excluding adjustments for unrealised fair value adjustments and write downs, gains or losses on sale of investments, non-cash income and expenses.

2013	Property Investment	Property /Internal Funds Management	External Funds Management	Property Development	Consolidated
Segment assets and liabilities	\$'000	\$'000	\$'000	\$'000	\$'000
Total assets	2,479,785	45,944	17,372	3,009	2,546,110
Total liabilities	1,341,785	3,050	376	47	1,345,258
Other segment information					
Investments in associates	-	-	100	-	100
Acquisitions of non-current segment assets					
Investment properties	743,966	-	-	-	743,966
Investments at fair value through profit or loss	-	-	7,720	-	7,720
Property, plant and equipment	-	271	33	-	304
Intangibles	-	768	95	-	863
	743,966	1,039	7,848	-	752,853

Segment revenue and other income reconciles to total revenue and other income as follows:

	2014 \$'000	2013 \$'000
Total segment revenue and other income	308,374	241,541
Reconciliation to reported revenue and other income		
Straight-line lease income	5,648	6,071
Lease incentive amortisation	(10,180)	(8,042)
Gain on sale of investment property	3,152	132
Fair value net gain from interest rate derivatives	5,222	7,326
Fair value net gain from investment properties	46,226	-
Fair value net gain from investments at fair value through profit or loss	85	47
Share of operating profit of equity accounted entities	(5,031)	482
Intersegmental sales	(22,509)	(19,587)
Other	2,068	2,545
Total revenue and other income	333,055	230,515

37. COMMITMENTS FOR EXPENDITURE

(a) Operating leases

Commitments for minimum lease payments in relation to non-cancellable operating leases in existence at the reporting date but not recognised as liabilities are payable as follows:

	Cromwell		Trust	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Within one year	713	548	-	-
Later than one year but not later than five years	552	1,032	-	-
	1,265	1,580	-	-

Operating leases primarily comprise the lease of Cromwell's premises. The Company has entered into a number of leases with the Trust and its subsidiaries and as such the commitment is not recognised on consolidation. Operating lease commitments of the Company are paid for and recognised as expenses by a controlled entity.

(b) Capital expenditure commitments

Commitments in relation to capital expenditure contracted for at reporting date but not recognised as a liability are payable as follows:

Within one year	2,657	40,437	-	40,437
Later than one year but not later than five years	-	-	-	-
	2,657	40,437	-	40,437

(c) Loan commitments

Cromwell and the Trust have provided Cromwell Property Trust 12 with a \$50,000,000 loan facility until September 2015. This facility was undrawn at 30 June 2014.

38. BUSINESS COMBINATION

Acquisition of Cromwell Property Fund

On 4 October 2012 Cromwell and the Trust acquired the remaining units they did not already own of Cromwell Property Fund ("CPF"). As a result, Cromwell and the Trust's equity interest in CPF increased from 18% to 100% (refer note 14). The acquisition complemented Cromwell and the Trust's existing property portfolio and benefits are expected to be generated from operational synergies and economies of scale.

Following the acquisition, Cromwell and the Trust consolidated the assets and liabilities and performance of CPF, including the property portfolio which was valued at \$171,372,000 (refer note 12). Prior to the acquisition, CPF was accounted for as an associate of Cromwell (refer note 14).

Cromwell and the Trust have recognised the fair values of the identifiable assets and liabilities based upon the best available information at the acquisition date. The business combination accounting is as follows:

	Recognised on Acquisition \$'000	Already Held \$'000	Balance on Consolidation \$'000
Investment in associate/controlled entity	24,837	5,298	-
Cash and cash equivalents	-	-	3,142
Trade and other receivables	-	-	508
Other current assets	-	-	387
Investment properties	-	-	171,372
Trade and other payables	-	-	(4,897)
Derivative financial instruments	-	-	(3,440)
Other current liabilities	-	-	(1,230)
Borrowings	-	-	(135,707)
Fair value of net identifiable assets acquired	24,837	5,298	30,135

The carrying value of the assets and liabilities acquired was equivalent to their fair value in accordance with Cromwell policies.

	Balance on Consolidation \$'000
Fair value of investment already held	5,298
Purchase consideration:	
Cash consideration paid	582
Fair value of equity instruments issued	24,255
Total purchase consideration	24,837
Total recognised on consolidation	30,135

The cash flows on acquisition were as follows:

Cash consideration paid	(582)
Cash acquired from business combination	3,142
Net inflow of cash – investing activities	2,560

(i) Equity instruments issued

The fair value of the stapled securities issued was based upon the adjusted share price of Cromwell at 4 October 2012 of \$0.75 per stapled security.

(ii) Acquisition-related costs

Cromwell incurred acquisition-related costs of \$631,000 including legal and other professional fees and other transaction execution costs. These have been included as Merger Transaction costs in Cromwell's consolidated statements of comprehensive income and in investing cash flows in the statement of cash flows.

(iii) Acquired receivables

The fair value of acquired trade receivables is \$508,000. The gross contractual amount for trade receivables due is \$508,000, all of which has been recovered.

(iv) Revenue and profit contribution

The acquired business contributed revenues of \$14,831,000 and net loss of \$14,614,000 to Cromwell for the period from 4 October 2012 to 30 June 2013 and contributed revenues of \$15,056,000 and net loss of \$14,904,000 for the Trust for the same period.

If the acquisition had occurred on 1 July 2012, consolidated revenue and profit for the year ended 30 June 2013 would have been \$247,641,000 and \$33,720,000 respectively for Cromwell and \$238,874,000 and \$30,836,000 respectively for the Trust. These amounts have been calculated using Cromwell's accounting policies.

39. CONTINGENT LIABILITIES

The Directors are not aware of any material contingent liabilities of Cromwell or the Trust (2013: nil).

40. AUDITOR'S REMUNERATION

	Cromwell		Trust	
	2014	2013	2014	2013
	\$	\$	\$	\$
During the year the following fees were paid or payable for services provided by the auditor of Cromwell (Pitcher Partners) and its related entities:				
Audit Services				
<i>Pitcher Partners</i>				
Auditing or reviewing financial reports	282,000	261,000	200,000	180,000
Auditing of controlled entities' AFS licences	5,000	5,000	-	-
Auditing the Trust's compliance plan	28,000	28,000	28,000	28,000
	315,000	294,000	228,000	208,000
Other Services				
<i>Pitcher Partners</i>				
Other – review of pro forma balance sheets and forecasts	-	131,200	-	-
	-	131,200	-	-

The auditor receives remuneration for audit and other services relating to other entities for which Cromwell Property Securities Limited, Cromwell Funds Management Limited and Cromwell Real Estate Partners Pty Ltd, all controlled entities, act as responsible entity. The remuneration is disclosed in the relevant entity's financial reports and totalled \$105,000 (2013: \$68,500).

41. SUBSEQUENT EVENTS

Interest Rate Cap

On 12 August 2014, Cromwell entered into a new interest rate cap at a cost of \$16,900,000. The interest rate cap has been structured as an accreting interest rate cap, starting with a notional principal amount of \$32,700,000 and increasing to \$1,000,000,000 by December 2017 then continuing at this level until May 2019. The notional principal amount increases as each of the existing interest rate swaps expire. The new interest rate cap ensures a maximum base interest rate of 3.39% (excluding loan facility margins) is payable on previously variable rate borrowings.

Sale of 321 Exhibition Street Investment Property

On 22 August 2014, Cromwell and the Trust sold the investment property located at 321 Exhibition Street, VIC for net proceeds of \$205,920,000. \$116,500,000 of the net proceeds was used to repay borrowings.

Directors' Declaration

In the opinion of the Directors of Cromwell Corporation Limited and Cromwell Property Securities Limited as Responsible Entity for the Cromwell Diversified Property Trust (collectively referred to as "the Directors"):

- (a) the attached financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Corporations Regulations 2001*; and
 - (ii) giving a true and fair view of Cromwell's and the Trust's financial position as at 30 June 2014 and of their performance, for the financial year ended on that date; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note (1)(a); and
- (c) there are reasonable grounds to believe that Cromwell and the Trust will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations by the chief executive officer and chief financial officer for the financial year ended 30 June 2014 required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.



P.L. Weightman

Director

Dated this 27th day of August 2014

Independent Auditor's Report To the Security holders of Cromwell Property Group To the Unit holders of Cromwell Diversified Property Trust

Report on the Financial Report

Cromwell Property Group ("Cromwell") comprises Cromwell Corporation Limited and the entities it controlled at the end of the year or from time to time during the year and Cromwell Diversified Property Trust and the entities it controlled ("the Trust") at the end of the year or from time to time during the year.

We have audited the accompanying financial reports of Cromwell and the Trust, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for both Cromwell Corporation Limited and Cromwell Property Securities Limited as responsible entity for the Cromwell Diversified Property Trust.

Directors' Responsibility for the Financial Report

The directors of Cromwell Corporation Limited and Cromwell Property Securities Limited as responsible entity for the Cromwell Diversified Property Trust (collectively referred to as "the directors") are responsible for the preparation of the financial reports that give a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial reports that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Opinion

In our opinion:

- (a) the financial reports of Cromwell and the Trust are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of Cromwell's and the Trust's financial position as at 30 June 2014 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the consolidated financial reports also comply with *International Financial Reporting Standards* as disclosed in Note 1(a).

Report on the Remuneration Report

We have audited the Remuneration Report included in part 11 of the Directors' Report for the year ended 30 June 2014. The directors of Cromwell Corporation Limited are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Cromwell Corporation Limited for the year ended 30 June 2014 complies with Section 300A of the *Corporations Act 2001*.

Pitcher Partners

PITCHER PARTNERS



N Batters

Partner

Brisbane, Queensland

27 August 2014

Corporate Governance Statement

Cromwell Property Group through its Board, Board Committees and management is committed to meeting stakeholders' expectations of sound corporate governance, while seeking to achieve superior financial performance and long term prosperity.

The ASX Corporate Governance Council has Corporate Governance Principles and Recommendations which are designed to optimise corporate performance and accountability in the interests of shareholders and the broader economy. The recommendations are not prescriptive. However listed entities are required to disclose the extent of their compliance and, if any ASX recommendations have not been followed, must give reasons for not following them.

This statement relates to edition 2 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, and sets out the extent to which the Group has followed those ASX recommendations during this financial year, identifies any of the ASX recommendations which were not followed and provides reasons.

PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

The Boards of Cromwell Corporation Limited and Cromwell Property Securities Limited each have common membership. Responsibility for corporate governance and the internal working of each Group entity rests with the relevant Board. The Board has adopted a formal charter which details the composition, values and functions of the Board.

The Board generally holds a scheduled meeting each month and additional meetings are convened as required. Board papers are designed to focus Board attention on key issues and standing items include major strategic initiatives, corporate governance, compliance, reports from each functional division and financial performance.

Day-to-day management of the Group's affairs and implementation of corporate strategy and policy initiatives are delegated by the Board to management under the direction of the CEO. This has been formalised in the Board Charter and a Delegations of Authority policy. The effectiveness of both these documents is reviewed by the Board annually.

Each director has received a letter of appointment which details the key terms of their appointment. The CEO and Director – Finance and Funds Management (both of whom are executive directors) have formal job descriptions and letters of appointment outlining the terms of their employment.

A formal induction program allows new senior executives to participate fully and actively in decision-making as soon as possible. The Group has an established process for the performance review of all staff. The performance of senior executives is evaluated at least annually, in addition to regular feedback during the performance period. At the time of the reviews, the professional development of the executive is also discussed, along with any training which could enhance their performance. Both qualitative and quantitative measures are used in the evaluation. A performance evaluation for each senior executive has taken place during the reporting period and was subject to the review process explained in this report.

Cromwell Property Securities Limited acts as responsible entity for the Cromwell Diversified Property Trust. Cromwell Funds Management Limited acts as responsible entity for the Group's unlisted managed investment schemes. Both companies are wholly owned subsidiaries of Cromwell Corporation Limited. The roles and responsibilities of a responsible entity are set out in the relevant scheme's constitution and, if registered, its compliance plan. Day-to-day management of the schemes has been delegated to management, under the direction of the CEO. This has been formalised in the Delegations of Authority policy mentioned above.

A compliance committee comprised of a majority of external independent members monitors the extent to which the responsible entity complies with each registered managed investment scheme's compliance plan and reports findings to the responsible entity. The roles and responsibilities of the compliance committee are outlined in a formal charter which is reviewed annually by the committee and the Board.

What you can find on our website:

- Corporate Governance Statement
- Board Charter
- Compliance Committee Charter

PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

The Board is comprised of an independent Chairman (Geoff Levy), four other independent directors (David Usasz, Michelle McKellar, Richard Foster and Robert Pullar) and four non-independent directors (Paul Weightman, Daryl Wilson, Marc Wainer and Mike Watters). Profiles of each director, including details of their skills, expertise and experience can be found in the directors' report.

The Group recognises that independent directors are important in reassuring securityholders that the Board properly fulfils its role. The Board comprises a majority of independent directors. The independent directors (including the Chairman) are considered to meet the test of independence under the ASX Guidelines. Each year, their independence is assessed and the independent directors also confirm to the Board, in writing, their continuing status as an independent director. They have each undertaken to inform the Board as soon as practical if they think that their status as an independent director has or may have changed.

In assessing a director's independent status, the Board has adopted a materiality threshold of 5% of the Group's net operating income or 5% of the Group's net tangible assets (as appropriate).

Each director's qualifications, experience, special responsibilities and attendances at Board meetings are detailed in the directors' report. The Board considers that its members comprise directors with an appropriate mix of skills, personal attributes and experience that allow the directors individually, and the Board collectively, to discharge their duties effectively and efficiently. The Board comprises individuals who understand the business of the Group and the environment in which it operates and who can effectively assess management's performance in meeting agreed objectives and goals.

On an ongoing basis directors are provided with updates on legal and corporate developments relevant to the Group.

Independent professional advice

If warranted, the Board may resolve to obtain professional advice about the execution of the Board's responsibilities at the Group's expense. Directors also have the right to seek independent professional advice. Subject to the Chairman's approval, which will not be unreasonably withheld, it will be at the Group's expense. Where appropriate, such advice is shared with the other directors.

Board Committees

Three Board Committees have been established to assist in the execution of the Boards' responsibilities. The membership of each Committee and attendance at Board and Committee meetings during the financial year is set out in the directors' report.

It is the policy of the Board that the Investment Committee, Nomination and Remuneration Committee and the Audit and Risk Committee consist of a majority of independent directors (other than the Chairman). Each committee has a charter which includes a description of its duties and responsibilities.

The Board Charter has a description of the Board's policies and procedures for the selection, appointment and re-election of directors.

Performance of the Board

The Board has undertaken its annual formal performance assessment, which includes an assessment of the Board, Board Committees and individual directors. Directors completed a questionnaire and were able to make comments or raise any issues they had regarding the Board or a Board Committee's operations. The results were compiled by the Company Secretary and discussed at a subsequent Board meeting. The CEO and Director – Finance and Funds Management also participated in an annual performance review with the Chairman (who had consulted with the other directors). The review process was the same as for senior executives.

As necessary, directors are provided with training sessions on key issues relevant to the Group's operations. Directors also have access to the internal training sessions provided by the Group's General Counsel and/or Compliance Manager.

If the appointment of another independent director was being considered, or should a director vacancy occur, the Board, through the Nomination and Remuneration Committee, would firstly identify any gaps or weaknesses in the skills and experience of the existing directors and then identify the particular skills, experience and expertise that would best complement Board effectiveness. Candidates would be identified using both established professional networks and professional intermediaries. The extent to which each candidate would address any identified gaps or weaknesses and provide an appropriate cultural and values fit for the Group would be the main factors taken into account in the selection process. Any relevant gender diversity objectives set by the Board would also be taken into account when identifying appropriate candidates. However, selection and appointment would occur on the basis of merit.

Appointment of directors is documented by way of a formal agreement between the Group and each director, dealing with such issues as performance expectations, conflicts of interest, disclosure obligations, remuneration and Group policies. The Board's policy and procedure for the selection, appointment and re-election of Directors are set out in the Board Charter.

What you can find on our website:

- Remuneration and Nomination Committee Charter
- Board Charter

PRINCIPLE 3 – PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

The Group's directors and staff are required to maintain high ethical standards of conduct. The various practices and policies of the Group reinforce this. All directors and staff are expected to act with integrity, striving at all times to enhance the reputation and performance of the Group.

To reinforce this culture the Group has established a Code of Conduct to provide guidance about the attitudes and behaviour necessary to maintain stakeholder confidence in the integrity of the Group and comply with the Group's legal obligations.

The Code of Conduct is made available to all staff and they are reminded of the importance of the Code of Conduct on a regular basis. Appropriate standards are also communicated and reinforced to all staff at induction programs and staff meetings.

The Board has approved a Breach Reporting Policy and a Whistleblowing Policy. The policies are on the Group's intranet site and all staff received training with regard to the policies. These policies actively encourage and support reporting to appropriate management of any actual or potential breaches of the Group's legal obligations and / or of the Code of Conduct.

The Board has also approved a Securities Trading Policy under which directors and staff are restricted in their ability to deal in the Group's securities. Appropriate black out periods are in place during which directors and staff are not permitted to trade. All staff are aware of the policy and receive training annually. The policy is reviewed annually.

Compliance with Board policies is monitored via monthly checklists completed by key management and by investigation following any report of a breach by an employee. Compliance monitoring is undertaken by the Legal & Compliance team under the direction of the Company Secretary / General Counsel who reports directly to the Board.

The Board has approved a Diversity Policy which sets out the framework the Group has in place to achieve appropriate diversity in its Board, senior executive and broader workforce.

The gender diversity objectives set for the 2014 financial year were:

1. At least one female director and at least one female senior executive team member.
2. If existing staff are promoted, at least 50% of those promoted will be female.
3. At least one female will be interviewed for all advertised management positions.
4. All employees regardless of gender, age and race are consulted annually via an engagement survey and are given the opportunity to provide feedback on issues and potential barriers to diversity.
5. Remuneration continues to be benchmarked against market data taking into consideration experience, qualification and performance and without regard to age, gender and race.
6. Succession plans and leadership programs are designed to assist in the development of a diverse pool of future senior executives and managers and are regularly reviewed.
7. At least one corporate event is held to which staff can bring partners and children.
8. Parents (or carers) are offered flexible work arrangements.
9. All staff undergo annual "equal employment opportunity" training.
10. At least 80% of females taking parental leave return to work.
11. At least 50% of staff undertaking Cromwell supported tertiary education and other professional development programs are female.

The Group met all of the above objectives except for the third; although three management positions were advertised, females were only interviewed for two. No suitably qualified females applied for the position.

For the 2015 financial year, the Group has the following diversity objectives:

1. The Group has at least 2 female directors and at least 2 female senior executives.
2. If existing staff are promoted, at least 50% of those promoted will be females.
3. At least one female will be interviewed for all advertised management positions.
4. All employees regardless of gender, age and race are consulted annually via an engagement survey and are given the opportunity to provide feedback on issues and potential barriers to diversity.
5. Remuneration continues to be benchmarked against market data taking into consideration experience, qualification

and performance and without regard to age, gender and race.

6. Succession plans and leadership programs are designed to assist in the development of a diverse pool of future senior executives and managers and are regularly reviewed.
7. At least one corporate event is held to which staff can bring partners and children.
8. Parents (or carers) are offered flexible work arrangements.
9. All staff undergo "equal employment opportunity" training at least once a year.
10. At least 80% of females taking parental leave return to work.
11. Training hours undertaken by females are at least equivalent to those undertaken by male counterparts.

The Board currently has 1 female director (out of 9 directors). As at 30 June 2014, executive management comprised 11 people, including 2 females, and the Group employed a total of 121 people, of which 57 were female.

What you can find on our website:

- Code of Conduct
- Securities Trading Policy
- Breach Reporting Policy
- Whistleblowing Policy
- Diversity Policy
- FY2015 Gender Diversity Objectives

PRINCIPLE 4 – SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

The Board has responsibility for the integrity of the Group's financial reporting. To assist the Board in discharging this function the following process has been adopted.

Audit and Risk Committee

An Audit and Risk Committee has been appointed by the Board and has responsibility for overseeing the quality and integrity of the accounting, auditing, financial reporting and compliance and risk management practices of the Group. The Audit and Risk Committee is comprised of three independent directors. The names, qualifications and attendance at meetings of the members of the Audit and Risk Committee is detailed in the directors' report.

The responsibilities, roles, composition and structure of the Audit and Risk Committee are set out in its charter. The charter includes information on the procedures for selection and appointment of the external auditor and for the rotation of external audit engagement partners.

Minutes are kept of all Committee meetings, including meetings of the Audit and Risk Committee, and presented at the next Board meeting. The Committee reports to the Board on all matters relevant to its role and responsibilities.

The external auditor has declared its independence to the Board and the Committee. The Board is satisfied that the standards for auditor independence and associated issues have been complied with. The auditor attends the Group's Annual General Meeting and is available to answer securityholder questions on the conduct of the audit and the content and preparation of the auditor's report.

The CEO and the Director – Finance and Funds Management state in writing to the Board that the Group's financial reports present a true and fair view, in all material respects, of the Group's financial position and operational results and are in accordance with relevant accounting standards.

Details of the risk monitoring duties of the Audit and Risk Committee are set out in principle 7 below.

- What you can find on our website:
- Audit and Risk Committee Charter

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

The Group believes that all stakeholders should be informed of all the major business events and risks that influence the Group in a timely and widely available manner. In particular, the Group strives to ensure that any price-sensitive material for public announcement is lodged with the ASX before external disclosure elsewhere and posted on the Group's website as soon as practical after lodgement with the ASX.

The Group has a market disclosure protocol which includes policies and procedures designed to ensure compliance with the disclosure requirements in the ASX Listing Rules.

The ASX liaison person is the Group's Company Secretary.

What you can find on our website:

- Market Disclosure Protocol

PRINCIPLE 6 – RESPECT THE RIGHTS OF SHAREHOLDERS

The Group has an investor relations strategy, approved by the Board, which has been designed to generate and foster a long term close association with securityholders and investors in the Group's financial products.

The Group aims to keep securityholders informed of the Group's performance and all major developments in an ongoing manner. In this regard, securityholders receive regular reports, and all documents that are released publicly are made available on the Group's website. The Group uses its website as a means of providing information to securityholders and the broader investment community.

Securityholders are also encouraged to participate in the Annual General Meeting to ensure a high level of accountability and identification with the Group's strategies and goals. Notices of meeting are accompanied by explanatory notes on the items of business and together seek to accurately and clearly explain the nature of the business of the meeting.

A copy of the Annual General Meeting's notice of meeting is sent to the Company's external auditor as required by law. The current audit partner attends the Annual General Meeting and is available to answer questions from securityholders about the audit. The Chairman reminds securityholders of this opportunity at each Annual General Meeting.

PRINCIPLE 7 – RECOGNISE AND MANAGE RISKS

The Group is exposed to various risks across its business operations and recognises the importance of effectively identifying and managing those risks. To this end, the Group has adopted an Enterprise Risk Management Policy, which is a general statement of the Group's philosophy with respect to risk management practices. There are also a wide range of underlying policies and procedures which are designed to mitigate the Group's material business risks.

Risks are identified and assessed so that informed decisions on risk issues can be made. The objective of the Group's approach to risk management is to manage the level of risk within acceptable parameters rather than seeking to eliminate risk.

Under the direction of the CEO, management is responsible for identifying relevant business risks, designing controls to manage those risks and ensuring those controls are appropriately implemented. The risk management system operates in accordance with Australian / New Zealand Standard for Risk Management (AS/NZS 4360 Risk Management).

Although management is expected to identify new or emerging risks and put appropriate controls in place on an ongoing basis, at least annually the Legal & Compliance team will co-ordinate a formal review by all business divisions of their business risks and mitigating controls.

The Legal & Compliance team monitors the adequacy of the risk management system and fulfils the internal audit function within Cromwell Property Group. The Company Secretary reports on the risk management system (including internal audit) to the Audit and Risk Committee throughout the year. The internal audit function involves both active testing of the adequacy of controls for those risks which are inherently extreme or high as well as having management (monthly, quarterly or annually as appropriate) confirm that the assessment of identified risks and their controls remain appropriate and identify any new controls or risks.

Under the direction of the Company Secretary, the Legal & Compliance team also implement and monitor compliance arrangements which have been designed to ensure that the Group meets its legal obligations. Those compliance arrangements include key management staff completing a compliance checklist each month and independent compliance testing. The Audit and Risk Committee is responsible for oversight of the risk management and internal control systems. Responsibilities include:

- (a) overseeing the establishment and implementation of risk management and internal compliance and control systems and ensuring there is a mechanism for assessing the efficiency and effectiveness of those systems;
- (b) regularly reviewing and updating the risk profile; and
- (c) monitoring the effectiveness of the internal risk control system.

Although the Board has delegated operational oversight of the compliance framework to the Committee, the Board will satisfy itself annually, or more frequently if required, that the risk management system is sound.

A compliance committee assists the Board of Cromwell Property Securities Limited, and Cromwell Funds Management Limited, in overseeing the risk management framework of the registered managed investment schemes for which they act as the responsible entity. The compliance committee monitors compliance with the compliance plans and the underlying compliance framework. The Board receives regular reports from the compliance committee.

Chief Executive Officer and Chief Financial Officer Declaration

The CEO and the Director – Finance and Funds Management (Cromwell's Chief Financial Officer) have provided the Board with written confirmation that:

- (a) in their view, the Group is effectively managing its material business risks;
- (b) their statement given to the Board on the integrity of the Group's statements (pursuant to section 295A of the Corporations Act) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- (c) the Group's risk management and internal compliance and control system is operating effectively in all material respects in relation to the Group's material business risks.

It should be noted that the declarations from the CEO and Director – Finance and Funds Management are reasonable rather than absolute assurances that the risk management and internal compliance and control system is operating effectively because it is impossible for all weaknesses to be detected. Their conclusions are based on their own observations and judgement and the outcome of the compliance and controls testing and reviews undertaken by the Legal & Compliance team.

What you can find on our website:

- Audit and Risk Committee Charter
- Enterprise Risk Management Policy

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

The Group's remuneration policy is determined by the Nomination and Remuneration Committee which makes recommendations to the Board:

- (a) in the case of non-executive directors, for consideration of any increase by securityholders at the Annual General Meeting; and
- (b) in the case of executives, for decision.

External professional advice is sought from experienced consultants, where appropriate, to assist in the Committee's and the Board's deliberations.

The Group's remuneration policy links the nature and amount of executive directors' and officers' remuneration to the Group's financial and operational performance.

The Group provides for long term incentives by way of a Performance Rights Plan and a Security Loan Plan and has issued performance rights (effectively options over Group securities) to a number of executive and other senior employees. The Group does not currently pay any other form of security-based remuneration.

Nomination and Remuneration Committee

The Board has established a Nomination and Remuneration Committee operating under an approved written charter that incorporates various responsibilities, including reviewing and recommending compensation arrangements for the directors, the CEO and key executives and setting remuneration policy.

Meetings of the Committee are attended, by invitation, by appropriate professional advisers from time to time.

Minutes of all Committee meetings are available to the Board and the Chairman of the Committee reports to the Board after each Committee meeting. The Committee has 4 members, all of which are independent directors.

Details of the number of Committee meetings and attendances by directors are included in the directors' report.

Non-executive director remuneration

The structure of non-executive directors' remuneration, and that of executive directors, is set out in the relevant section of the directors' report.

Details of the nature and amount of each element of the remuneration of each director of the Group and other key management personnel of the Group are disclosed in the relevant section of the directors' report.

There is no retirement benefit scheme for non-executive directors other than payment of statutory superannuation. The Boards undertake an annual review of their performance together with an assessment of the Group's executive management.

Executive directors and senior executive remuneration

The Group's remuneration policies and practices in relation to executive directors and senior executives are disclosed in the directors' report. Further, details of the nature and amount of remuneration paid to those executives is set out in the directors' report.

For executive directors and key staff, formal performance objectives are set annually with discussion on their performance taking place at assessment time.

The CEO and the Director – Finance and Funds Management participate in the long term incentive plans discussed above.

Participation is approved by securityholders at an Annual General Meeting, in accordance with the ASX Listing Rules.

Managed funds

Cromwell Property Securities Limited and Cromwell Funds Management Limited are entitled to various fees for acting as responsible entity of Cromwell managed funds. Further, various other Group entities are entitled to fees for providing services to managed funds such as property and asset management, accounting, registry and transactional management.

All related party transactions are tested by reference to whether they meet market standards.

Fees are calculated in accordance with a defined formula under the Constitution for the relevant schemes or agreements which have been assessed as being on arm's length or better terms. Fees are fully disclosed to investors at inception and continue to be disclosed to investors in regular reporting.

Cromwell Property Securities Limited and Cromwell Funds Management Limited are also entitled to be reimbursed from the relevant schemes for expenses incurred in the proper performance of their duties.

What you can find on our website:

- Nomination and Remuneration Committee Charter

Securityholder Information

The securityholder information set out below was applicable as at 30 September 2014, unless stated otherwise.

SPREAD OF STAPLED SECURITYHOLDERS

Category (size of holding)	Number of Securities	Number of Holders
100,001 and Over	1,417,937,889	1,184
50,001 to 100,000	295,368,364	8,785
1,001 to 10,000	19,588,072	3,590
1 to 1,000	237,838	784
Total	1,733,132,163	14,343

UNMARKETABLE PARCELS

The number of stapled securityholdings held in a less than marketable parcel was 557.

SUBSTANTIAL SECURITYHOLDERS

Holder	Stapled Securities	Date of Notice
Macquarie Group Limited	234,045,626	24 December 2013
Redefine Properties Limited	447,872,426	9 October 2013

VOTING RIGHTS

On a show of hands every securityholder present at a meeting in person or by proxy shall have one vote and, upon a poll, every securityholder shall have effectively one vote for every security held.

20 LARGEST SECURITYHOLDERS

Rank	Investor	Number of Stapled Securities Held	% Held of Issued Stapled Securities
1	J P Morgan Nominees Australia Limited	208,948,611	12.06%
2	Redefine Australian Investments Limited	172,833,576	9.97%
3	HSBC Custody Nominees (Australia) Limited	168,884,566	9.74%
4	Buttonwood Nominees Pty Ltd	162,715,616	9.39%
5	National Nominees Limited	91,914,991	5.30%
6	Citicorp Nominees Pty Limited	57,457,352	3.32%
7	Buttonwood Nominees Pty Ltd	55,000,000	3.17%
8	Redefine Global (Pty) Limited	54,242,549	3.13%
9	RBC Investor Service Australia Nominees Pty Limited <APN A/C>	35,492,345	2.05%
10	BNP Paribas Noms Pty Ltd <DRP>	23,171,744	1.34%
11	Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	12,157,245	0.70%
12	Stara Investments Pty Ltd	16,221,167	0.94%
13	UBS Wealth Management Australia Nominees Pty Ltd	8,111,394	0.47%
14	Humgoda Investments Pty Ltd	7,282,126	0.42%
15	RJP Family Pty Ltd	6,500,000	0.38%
16	Kovron Pty Ltd <J M Creagh Super Fund A/C>	5,972,000	0.34%
17	Panmax Pty Ltd <Panmax Pty Ltd S/Fund A/C>	5,718,993	0.33%
18	Mr Philip John Wallace & Mrs Bernadette Mary Wallace <Wallace Super Fund A/C>	4,898,736	0.28%
19	RBC Investor Services Australia Nominees Pty Limited <PISELECT>	4,229,436	0.24%
20	Ecapital Nominees Pty Limited <Settlement A/C>	4,149,820	0.24%
		1,105,902,267	63.81%

PROVISION OF INFORMATION FOR SECURITYHOLDERS

Cromwell is committed to ensuring its securityholders are fully informed on the financial and operational status of the Group as well as its future prospects, in accordance with the rules and guidelines of the Australian Securities Exchange (ASX) and other regulatory bodies. The following information can also be found on the Cromwell website at www.cromwell.com.au.

ASX Listing

Cromwell Property Group is listed as a Stapled Security on the ASX (Code: CMW).

Securityholding Details

Securityholders can access information on their holdings and update their details through Cromwell's share registry provider:

Link Market Services Limited

Level 15, 324 Queen Street
Brisbane Qld 4000
Telephone: 1300 550 841
Outside Australia: +61 2 8280 7124
Fax: (02) 9287 0309
Web: www.linkmarketservices.com.au
Email: info@linkmarketservices.com.au

Securityholders can change or update details relating to their address, bank account and Tax File Number (TFN), Australian Business Number (ABN) or exemption in a number of ways:

- Send written authorisation to the registry quoting your SRN / HIN and signing the request;
- Log on to www.linkmarketservices.com.au; or
- Call the registry

You will have to verify your identity by providing your personal details. Bank detail changes must be requested in writing or electronically and cannot be made over the phone.

Securityholders are not obliged to quote their TFN, ABN or exemption. However, if these details are not lodged with the registry, Cromwell is obliged to deduct tax from unfranked portions of dividend payments and distribution payments and up to the highest marginal tax rate, depending on residency.

Distributions/Dividends

Cromwell Property Group Dividends/Distributions

During the year the following distributions/dividends have been paid:

Quarter Ending	Amount per Security	Ex Date	Record Date	Payment Date
30 June 2014	1.9375 cents	24 June 2014	30 June 2014	14 August 2014
31 March 2014	1.9375 cents	25 March 2014	31 March 2014	14 May 2014
31 December 2013	1.8750 cents	23 December 2013	31 December 2013	12 February 2014
30 September 2013	1.8750 cents	24 September 2013	30 September 2013	13 November 2013

FURTHER INFORMATION

The Cromwell website provides a comprehensive range of information on the Group, past performance and products.

The website address is www.cromwell.com.au. Requests for further information about the Group, its dealings and key securityholder communications should be directed to:

Investor Relations Manager

Cromwell Property Group

GPO Box 1093
Brisbane QLD 4001 Australia

Tel: (07) 3225 7777

Fax: (07) 3225 7788

Email: invest@cromwell.com.au

Listing:

The Cromwell Property Group is listed on the Australian Securities Exchange (ASX code: CMW).

Share Registry:

Link Market Services Limited
Level 15, 324 Queen Street
Brisbane QLD 4000

Tel: 1300 550 841 (+61 2 8280 7124)

Fax: +61 2 9287 0309

Web: www.linkmarketservices.com.au

Auditor:

Pitcher Partners
Level 30, Central Plaza One
345 Queen Street
Brisbane QLD 4000

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Web: www.pitcher.com.au

