



**CROMWELL**  
PROPERTY GROUP

# Cromwell Riverpark Trust

ARSN 135 002 336

## Half-Year Financial Report

31 December 2018

Responsible Entity:  
Cromwell Funds Management Limited  
ABN 63 114 782 777 AFSL 333214  
Level 19, 200 Mary Street  
Brisbane QLD 4000

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## Financial Statements

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## DIRECTORY

### *Responsible Entity:*

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### *Custodian:*

The Trust Company Limited  
Angel Place, Level 18  
123 Pitt Street  
Sydney NSW 2000  
Tel: 02 9229 9000  
Web: [www.perpetual.com.au](http://www.perpetual.com.au)

### *Auditor:*

Pitcher Partners  
Level 38, Central Plaza One  
345 Queen Street  
Brisbane QLD 4000  
Tel: +61 7 3222 8444  
Fax: +61 7 3221 7779  
Web: [www.pitcher.com.au](http://www.pitcher.com.au)

# Directors' Report

The Directors of Cromwell Funds Management Limited, the responsible entity of Cromwell Riverpark Trust (the "Trust"), present their report at the end of the half-year ended 31 December 2018.

## The responsible entity and its Directors

Cromwell Funds Management Limited was appointed responsible entity of the Trust on 26 June 2012 and has acted in that capacity from that date. Cromwell Funds Management Limited is part of Cromwell Property Group, a global real estate investment manager with \$11.5 billion of assets under management. The responsible entity undertakes management and administrative duties for the Trust and monitors the Custodian, The Trust Company Limited, which holds the Trust's assets on behalf of the unitholders.

The responsible entity's Directors are as follows:

|                 |                        |
|-----------------|------------------------|
| Ms MA McKellar  | Non-executive Director |
| Ms JA Tongs     | Non-executive Director |
| Mr WRL Foster   | Non-executive Director |
| Mr PL Weightman | Executive Director     |

## Review of operations and results

### Financial performance

The Trust recorded a statutory profit of \$6,364,000 for the half-year ended 31 December 2018 (2017: statutory profit of \$5,744,000).

The statutory profit 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 of the responsible entity, need to be adjusted for in order to allow unitholders to gain a better understanding of the Trust's underlying operating profit. Operating profit is considered by the Directors to reflect the underlying earnings of the Trust. It is a key metric taken into account in determining distributions for the Trust.

The Trust recorded an operating profit for the half-year of \$6,445,000 (2017: \$6,076,000). Operating profit is not calculated in accordance with International Financial Reporting Standards ("IFRS") and has not been audited or reviewed by the Trust's auditor. A reconciliation of operating profit for the Trust, as assessed by the Directors, to the reported profit for the half-year is as follows:

|  | Half-year ended               |                               |
|--|-------------------------------|-------------------------------|
|  | 31 December<br>2018<br>\$'000 | 31 December<br>2017<br>\$'000 |
| <b>Operating profit</b>                          | <b>6,445</b>                  | 6,076                         |
| <i>Reconciliation to profit for the year</i>     |                               |                               |
| Fair value net gains / (losses):                 |                               |                               |
| Investment property                              | <b>1,081</b>                  | (194)                         |
| Derivative financial instrument                  | <b>(835)</b>                  | (264)                         |
| Non-cash property investment (expense) / income: |                               |                               |
| Straight-line lease (expense) / income           | <b>(126)</b>                  | 217                           |
| Lease incentive and lease cost amortisation      | <b>(88)</b>                   | (94)                          |
| Amortisation of loan transaction costs           | <b>(54)</b>                   | (55)                          |
| Performance fee                                  | <b>(59)</b>                   | 58                            |
| <b>Profit for the half-year</b>                  | <b>6,364</b>                  | 5,744                         |

Rental income, excluding straight-line lease income and lease incentive amortisation, which are non-cash items, was \$10,566,000 (2017: \$10,222,000).

|  | Half-year ended               |                               |
|--|-------------------------------|-------------------------------|
|  | 31 December<br>2018<br>\$'000 | 31 December<br>2017<br>\$'000 |
| Base rent and recoverable outgoings            | <b>10,566</b>                 | 10,222                        |
| Straight-line lease (expense) / income         | <b>(126)</b>                  | 217                           |
| Lease incentive amortisation                   | <b>(79)</b>                   | (85)                          |
| <b>Rental income and recoverable outgoings</b> | <b>10,361</b>                 | 10,354                        |

The increase in base rent and recoverable outgoings is largely due to annual increases in rent received from the tenants of the property.

# Directors' Report

Operating profit per unit for the half-year was 7.1 cents (2017: 6.7 cents). Distributions paid / payable per unit for the half-year was 5.8 cents (2017: 5.6 cents).

|  | Half-year ended              |                              |
|--|------------------------------|------------------------------|
|  | 31 December<br>2018<br>Cents | 31 December<br>2017<br>Cents |
| Operating profit per unit <sup>(1)</sup> | 7.1                          | 6.7                          |
| Profit per unit                          | 7.0                          | 6.3                          |
| Distribution per unit                    | 5.8                          | 5.6                          |

(1) Based upon operating profit disclosed on page 3.

## Financial position

|   | As at               |                 |
|---|---------------------|-----------------|
|   | 31 December<br>2018 | 30 June<br>2018 |
| Total assets (\$'000)                             | 282,368             | 280,710         |
| Net assets (\$'000)                               | 179,189             | 178,058         |
| Net debt (\$'000) <sup>(1)</sup>                  | 92,119              | 93,184          |
| Gearing (%) <sup>(2)</sup>                        | 33.4%               | 33.9%           |
| Units issued ('000)                               | 91,000              | 91,000          |
| NTA per unit                                      | \$1.97              | \$1.96          |
| NTA per unit (excluding interest rate derivative) | \$1.96              | \$1.94          |

(1) Borrowings less cash and cash equivalents.

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

NTA per unit is a key measure of the underlying value of the Trust's assets. This was \$1.97 per unit compared to \$1.96 at the end of the last financial year. The increase reflects the increased assets of the Trust, largely cash and a small increase in the value of the investment property.

## Subsequent events

No matter or circumstance has arisen since 31 December 2018 that has significantly affected or may significantly affect:

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

## Rounding of amounts

The Trust is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that instrument 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.

## Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* (Cth) accompanies this report on page 5.

This report is made pursuant to section 306(3) of the *Corporations Act 2001* (Cth).



PL Weightman  
Director  
27 February 2019  
Brisbane

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Brisbane, Queensland 4000

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The Directors  
Cromwell Funds Management Limited  
As Responsible Entity for Cromwell Riverpark Trust  
Level 19  
200 Mary Street  
BRISBANE QLD 4000

Dear Directors

### Auditor's Independence Declaration

As lead auditor for the review of the financial report of Cromwell Riverpark Trust for the half-year ended 31 December 2018, 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 review; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants*.

PITCHER PARTNERS



WARWICK FACE  
Partner

Brisbane, Queensland  
27 February 2019

Ken Ogden  
Nigel Fischer  
Mark Nicholson

Peter Camenzuli  
Jason Evans  
Ian Jones

Kylie Lamprecht  
Norman Thurecht  
Brett Hudson

Warwick Face  
Nigel Batt  
Cole Wilkinson

Simon Chun  
Jeremy Jones  
Tom Splatt

James Field  
Daniel Colwell

# Statement of Comprehensive Income

For the half-year ended 31 December 2018

|   | Notes | Half-year ended               |                               |
|---|-------|-------------------------------|-------------------------------|
|   |       | 31 December<br>2018<br>\$'000 | 31 December<br>2017<br>\$'000 |
| <b>Revenue and other income</b>                     |       |                               |                               |
| Rental income and recoverable outgoings             |       | 10,361                        | 10,354                        |
| Interest  |       | 167                           | 25                            |
| Fair value net gain from investment property        | 3     | 1,081                         | -                             |
| <b>Total revenue and other income</b>               |       | <b>11,609</b>                 | 10,379                        |
| <b>Expenses</b>                                     |       |                               |                               |
| Property expenses and outgoings                     |       | 1,528                         | 1,564                         |
| Management and administration costs                 |       | 1,003                         | 849                           |
| Finance costs                                       | 4(c)  | 1,879                         | 1,764                         |
| Fair value net losses from:                         |       |                               |                               |
| Investment property                                 | 3     | -                             | 194                           |
| Derivative financial instrument                     |       | 835                           | 264                           |
| <b>Total expenses</b>                               |       | <b>5,245</b>                  | 4,635                         |
| <b>Profit for the half-year</b>                     |       | <b>6,364</b>                  | 5,744                         |
| Other comprehensive income for the half-year        |       | -                             | -                             |
| <b>Total comprehensive income for the half-year</b> |       | <b>6,364</b>                  | 5,744                         |

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

# Statement of Financial Position

As at 31 December 2018

|                                      | Notes | As at                         |                           |
|--------------------------------------|-------|-------------------------------|---------------------------|
|                                      |       | 31 December<br>2018<br>\$'000 | 30 June<br>2018<br>\$'000 |
| <b>Current assets</b>                |       |                               |                           |
| Cash and cash equivalents            |       | 6,850                         | 5,731                     |
| Receivables                          |       | 649                           | 608                       |
| Derivative financial instrument      | 5     | 211                           | 274                       |
| Other current assets                 |       | 354                           | 21                        |
| <b>Total current assets</b>          |       | <b>8,064</b>                  | 6,634                     |
| <b>Non-current assets</b>            |       |                               |                           |
| Investment property                  | 3     | 274,000                       | 273,000                   |
| Derivative financial instrument      | 5     | 304                           | 1,076                     |
| <b>Total non-current assets</b>      |       | <b>274,304</b>                | 274,076                   |
| <b>Total assets</b>                  |       | <b>282,368</b>                | 280,710                   |
| <b>Current liabilities</b>           |       |                               |                           |
| Trade and other payables             |       | 1,121                         | 731                       |
| Distribution payable                 |       | 880                           | 863                       |
| Unearned income                      |       | 1,773                         | 1,766                     |
| <b>Total current liabilities</b>     |       | <b>3,774</b>                  | 3,360                     |
| <b>Non-current liabilities</b>       |       |                               |                           |
| Borrowings                           | 4     | 98,969                        | 98,915                    |
| Provisions                           | 6     | 436                           | 377                       |
| <b>Total non-current liabilities</b> |       | <b>99,405</b>                 | 99,292                    |
| <b>Total liabilities</b>             |       | <b>103,179</b>                | 102,652                   |
| <b>Net assets</b>                    |       | <b>179,189</b>                | 178,058                   |
| <b>Equity</b>                        |       |                               |                           |
| Contributed equity                   | 7     | 86,687                        | 86,687                    |
| Retained earnings                    |       | 92,502                        | 91,371                    |
| <b>Total equity</b>                  |       | <b>179,189</b>                | 178,058                   |

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

# Statement of Changes in Equity

For the half-year ended 31 December 2018

| <b>31 December 2018</b>  | Note | Contributed<br>equity<br>\$'000 | Retained<br>earnings<br>\$'000 | Total<br>\$'000 |
|--|------|---------------------------------|--------------------------------|-----------------|
| Balance at 1 July 2018   |      | <b>86,687</b>                   | <b>91,371</b>                  | <b>178,058</b>  |
| Total comprehensive income for the half-year                           |      | -                               | <b>6,364</b>                   | <b>6,364</b>    |
| <i>Transactions with unitholders in their capacity as unitholders:</i> |      |                                 |                                |                 |
| Distributions paid / payable   | 2    | -                               | <b>(5,233)</b>                 | <b>(5,233)</b>  |
| <b>Balance at 31 December 2018</b>                                     |      | <b>86,687</b>                   | <b>92,502</b>                  | <b>179,189</b>  |

| 31 December 2017   | Note | Contributed<br>equity<br>\$'000 | Retained<br>earnings<br>\$'000 | Total<br>\$'000 |
|--|------|---------------------------------|--------------------------------|-----------------|
| Balance at 1 July 2017   |      | 86,687                          | 81,715                         | 168,402         |
| Total comprehensive income for the half-year                           |      | -                               | 5,744                          | 5,744           |
| <i>Transactions with unitholders in their capacity as unitholders:</i> |      |                                 |                                |                 |
| Distributions paid / payable   | 2    | -                               | (5,119)                        | (5,119)         |
| Balance at 31 December 2017  |      | 86,687                          | 82,340                         | 169,027         |

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

# Statement of Cash Flows

For the half-year ended 31 December 2018

|  | Half-year ended                        |                               |
|--|--|-------------------------------|
|  | <b>31 December<br/>2018<br/>\$'000</b> | 31 December<br>2017<br>\$'000 |
| <b>Cash flows from operating activities</b>      |  |                               |
| Receipts in the course of operations             | <b>11,395</b>                          | 10,880                        |
| Payments in the course of operations             | <b>(3,281)</b>                         | (3,472)                       |
| Interest received                                | <b>164</b>                             | 25                            |
| Finance costs paid                               | <b>(1,804)</b>                         | (1,718)                       |
| <b>Net cash provided by operating activities</b> | <b>6,474</b>                           | 5,715                         |
| <b>Cash flows from investing activities</b>      |  |                               |
| Payments for investment property                 | <b>(139)</b>                           | (71)                          |
| <b>Net cash used in investing activities</b>     | <b>(139)</b>                           | (71)                          |
| <b>Cash flows from financing activities</b>      |  |                               |
| Payment of distributions                         | <b>(5,216)</b>                         | (5,096)                       |
| <b>Net cash used in financing activities</b>     | <b>(5,216)</b>                         | (5,096)                       |
| <b>Net increase in cash and cash equivalents</b> | <b>1,119</b>                           | 548                           |
| Cash and cash equivalents at 1 July              | <b>5,731</b>                           | 4,086                         |
| <b>Cash and cash equivalents at 31 December</b>  | <b>6,850</b>                           | 4,634                         |

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

# Notes to the Financial Statements

For the half-year ended 31 December 2018

## 1 Basis of preparation

This general purpose financial report of Cromwell Riverpark Trust (the "Trust") for the half-year reporting period ended 31 December 2018 has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* (Cth). The financial report is designed to provide an update on the Trust's financial performance and financial position since the last annual financial report was issued. This financial report therefore does not include all the notes normally included in an annual financial report and needs to be read in conjunction with the annual report for the year ended 30 June 2018. The Trust is a for-profit entity for the purpose of preparing the financial statements.

The accounting policies adopted, other than those outlined below under *New and amended standards adopted by the Trust*, are consistent with those of the previous financial year and corresponding half-year reporting period.

### *Rounding of amounts*

The Trust is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that instrument 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.

### *New and amended standards adopted by the Trust*

During the half-year reporting period ended 31 December 2018, the following new accounting standards and interpretations were adopted by the Trust:

|  | <b>Application date of Standard</b> | <b>Application date for the Trust</b> |
|--|-------------------------------------|---------------------------------------|
| AASB 9 <i>Financial Instruments</i>                  | 1 Jan 2018                          | 1 Jul 2018                            |
| AASB 15 <i>Revenue from Contracts with Customers</i> | 1 Jan 2018                          | 1 Jul 2018                            |

The impact of adoption of the new standards for the half-year reporting period is summarised below.

### *AASB 9 Financial Instruments*

AASB 9 addresses the classification, measurement and derecognition of financial assets that are classified as available-for-sale or are designated at fair value through profit or loss, as well as financial liabilities designated at fair value through profit or loss. The standard also introduces new rules for hedge accounting, to align more closely with an entity's risk management practices.

As noted in the Trust's annual financial report for the year ended 30 June 2018, the Trust does not carry such financial assets or financial liabilities, and currently does not apply hedge accounting. As a result, adoption of the new accounting standard from 1 July 2018 will not have a material impact on the accounting for financial assets or financial liabilities, nor will it have a material impact on the Trust's hedging arrangements in the half-year reporting period ended 31 December 2018. Comparative results have not been restated.

### *AASB 15 Revenue from Contracts with Customers*

AASB 15 replaces AASB 118 *Revenue*, which currently covers contracts for goods and services, and AASB 111 *Construction Contracts* which covered construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

As noted in the Trust's annual financial report for the year ended 30 June 2018, the standard does not change the recognition of the Trust's primary revenue item, being rental income and recoverable outgoings. As a result, adoption of the new accounting standard from 1 July 2018 will not have a material impact on the Trust. Comparative results have not been restated.

The Trust has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

### *Continuous disclosure*

Continuous disclosure and updates on the Trust's performance and events significant to the Trust are provided on Cromwell's webpage at [www.cromwell.com.au/investment-options/fully-subscribed-funds/cromwell-riverpark-trust](http://www.cromwell.com.au/investment-options/fully-subscribed-funds/cromwell-riverpark-trust).

## 2 Distributions

### (a) Overview

The Trust's distribution policy is to distribute an amount which is no more than 100% of expected profits available for distribution over the medium term. Profit available for distribution excludes fair value gains or losses.

# Notes to the Financial Statements

For the half-year ended 31 December 2018

## (b) Distributions paid / payable

Distributions rates per unit since inception of the Trust were as follows:

|                              |             |
|------------------------------|-------------|
| From inception:              | 8.25 cents  |
| 1 July 2010 to 30 June 2011: | 8.50 cents  |
| 1 July 2011 to 30 June 2012: | 8.75 cents  |
| 1 July 2012 to 30 June 2013: | 9.00 cents  |
| 1 July 2013 to 30 June 2014: | 9.25 cents  |
| 1 July 2014 to 30 June 2015: | 9.50 cents  |
| 1 July 2015 to 30 June 2016: | 9.75 cents  |
| 1 July 2016 to 30 June 2017: | 11.00 cents |
| 1 July 2017 to 30 June 2018: | 11.25 cents |
| Since 1 July 2018:           | 11.50 cents |

Distributions increased by 39% since the inception of the Trust in July 2009. The distribution rate for the half-year was 11.50 cents per annum and is paid monthly. The annual distribution increases since inception of the Trust were made possible by annual rent increases from the Trust's investment property.

Total distributions paid / payable during the half-year were as follows:

|                                     | Half-year ended               |                               |
|-------------------------------------|-------------------------------|-------------------------------|
|                                     | 31 December<br>2018<br>\$'000 | 31 December<br>2017<br>\$'000 |
| <b>Distributions paid / payable</b> | <b>5,233</b>                  | 5,119                         |

## 3 Investment property

### (a) Overview

The Trust holds one investment property, Energex House Building at 26 Reddacliff St in Queensland. This is an A-Grade office building, acquired by the Trust in 2009. The property is 93% leased to Energex Limited.

|                            | Independent valuation    |                          | Carrying amount          |                          | Fair value adjustment    |                          |       |
|----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|-------|
|                            | As at                    |                          | As at                    |                          | For the half-year ended  |                          |       |
|                            | 31-Dec<br>2018<br>\$'000 | 30-Jun<br>2018<br>\$'000 | 31-Dec<br>2018<br>\$'000 | 30-Jun<br>2018<br>\$'000 | 31-Dec<br>2018<br>\$'000 | 31-Dec<br>2017<br>\$'000 |       |
| 26 Reddacliff St, Newstead | June-18                  | <b>273,000</b>           | 273,000                  | <b>274,000</b>           | 273,000                  | <b>1,081</b>             | (194) |

### (b) Movements in investment property

A reconciliation of the carrying amount of the investment property at the beginning and the end of the financial period is set out below:

|   | Half-year ended               |                               |
|---|-------------------------------|-------------------------------|
|   | 31 December<br>2018<br>\$'000 | 31 December<br>2017<br>\$'000 |
| Balance at 1 July                             | <b>273,000</b>                | 264,000                       |
| <i>Additions at cost:</i>                     |                               |                               |
| Improvements                                  | <b>133</b>                    | 71                            |
| Straight-line lease (expense) / income        | <b>(126)</b>                  | 217                           |
| Lease costs and incentives                    | <b>(62)</b>                   | -                             |
| Lease incentive and lease cost amortisation   | <b>(26)</b>                   | (94)                          |
| Net gain / (loss) from fair value adjustments | <b>1,081</b>                  | (194)                         |
| <b>Total investment property</b>              | <b>274,000</b>                | 264,000                       |

# Notes to the Financial Statements

For the half-year ended 31 December 2018

## 4 Borrowings

### (a) Overview

The Trust borrowed funds from a financial institution to partly fund the acquisition of the Trust's investment property 26 Reddacliff St, Newstead, Queensland. This note provides further details about the Trust's debt facility and relating finance costs incurred during the year.

|  | As at                         |                           |
|--|-------------------------------|---------------------------|
|  | 31 December<br>2018<br>\$'000 | 30 June<br>2018<br>\$'000 |
| <i>Secured – non-current:</i>            |                               |                           |
| Bank loan – investment property          | 99,250                        | 99,250                    |
| Less: Unamortised loan transaction costs | (281)                         | (335)                     |
| <b>Total borrowings – non-current</b>    | <b>98,969</b>                 | <b>98,915</b>             |

### (b) Borrowing details

#### *Bank loan – investment property*

This bank loan facility is secured by a first registered mortgage over the Trust's investment property located at 26 Reddacliff Street, Newstead. In August 2016, the Trust renegotiated the terms of its finance facility extending the term of the facility by five years to 19 August 2021 with the facility limit being \$99,250,000.

At balance date the loan is fully drawn and bears interest at a variable bank bill rate plus a bank margin.

Due to the Trust having swap contracts for an amount equal to the bank loan facility and under such contracts receiving payments equal to the variable rate from the counterparty, the impact is equal to the loan interest being the fixed rate of 1.765% plus the margin. This will revert to the variable plus the margin once the swap contract expires in August 2021.

### (c) Finance costs

|  | Half-year ended               |                               |
|--|-------------------------------|-------------------------------|
|  | 31 December<br>2018<br>\$'000 | 31 December<br>2017<br>\$'000 |
| Interest                               | 1,825                         | 1,709                         |
| Amortisation of loan transaction costs | 54                            | 55                            |
| <b>Total finance costs</b>             | <b>1,879</b>                  | <b>1,764</b>                  |

## 5 Derivative financial instrument

### (a) Overview

The Trust manages its cash flow interest rate risk by using a floating-to-fixed interest rate swap contract. In this contract the Trust agrees with the counterparty to exchange, at specified intervals (usually 90 days), the difference between contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amount.

The Trust entered into a new contract on 2 September 2016 with the notional swap amount being \$99,250,000 at a fixed rate or capped rate of 1.765% (30 June 2018: at fixed or capped rate of 1.765%) with the counterparty paying at the variable 90 day bank bill swap bid rate. The swap maturity date is 19 August 2021.

|                             | As at                         |                           |
|-----------------------------|-------------------------------|---------------------------|
|                             | 31 December<br>2018<br>\$'000 | 30 June<br>2018<br>\$'000 |
| <i>Current asset:</i>       |                               |                           |
| Interest rate swap contract | 211                           | 274                       |
| <i>Non-current asset:</i>   |                               |                           |
| Interest rate swap contract | 304                           | 1,076                     |

# Notes to the Financial Statements

For the half-year ended 31 December 2018

## 6 Provisions

### (a) Overview

Under the constitution of the Trust the responsible entity is entitled to a performance fee payable as soon as possible after the sale of the investment property in addition to its ongoing management fee.

|                               | As at                         |                           |
|-------------------------------|-------------------------------|---------------------------|
|                               | 31 December<br>2018<br>\$'000 | 30 June<br>2018<br>\$'000 |
| <i>Non-current liability:</i> |                               |                           |
| Provision for performance fee | 436                           | 377                       |

### (b) Movement in provision

|  | \$'000     |
|--|------------|
| Balance at 1 July 2017                         | 69         |
| Adjustment of provision through profit or loss | (58)       |
| Balance at 31 December 2017                    | 11         |
| Adjustment of provision through profit or loss | 366        |
| Balance at 30 June 2018                        | 377        |
| Adjustment of provision through profit or loss | 59         |
| <b>Balance at 31 December 2018</b>             | <b>436</b> |

## 7 Contributed equity

### (a) Overview

The Trust is closed and will not issue any more units. Following the approval by unitholders of the rollover of the Trust, the Trust term has been extended for a further five years to 8 July 2021. During the extended term unitholders have no right of withdrawal.

|                     | As at 31 December 2018 |               | As at 30 June 2018 |        |
|---------------------|------------------------|---------------|--------------------|--------|
|                     | # '000                 | \$'000        | # '000             | \$'000 |
| <b>Issued units</b> | <b>91,000</b>          | <b>86,687</b> | 91,000             | 86,687 |

## 8 Fair value disclosures – financial instruments

### (a) Overview

This note provides an update on the fair value measurements of financial instruments since the last annual financial report, including estimates and judgements made to determine the fair value of financial instruments.

### (b) Fair value hierarchy

The Trust measures and recognises the following financial instruments at fair value on a recurring basis:

- Interest rate swap contract – derivative financial instrument.

AASB 13 *Fair Value Measurement* describes a hierarchy of fair value measurements depending on the type of inputs used to determine fair value. The levels of fair value measurement as described in the accounting standard are 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 classification into different levels provides an indication about the reliability of the inputs used in determining fair value with level 1 measurements using the most reliable inputs and level 3 using the least reliable inputs as they are based on judgements and estimates.

The measurement of the fair value of the Trust's interest rate swap is a level 2 measurement. This is a "Vanilla" fixed to floating interest rate swap derivative (over-the-counter derivative). The fair value of the interest rate swap 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 derivative and counterparty or own credit risk. The counterparty to the interest rate derivative is an Australian financial institution.

The Trust held no other financial instruments at fair value in the current or prior year and there were no transfers between levels of the fair value hierarchy during the period.

# Notes to the Financial Statements

For the half-year ended 31 December 2018

## **(c) Fair values of other financial instruments not measured at fair value**

The carrying amounts of 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 the Trust for similar financial instruments. The fair value of these borrowings is not materially different from the carrying value.

## **9 Unrecognised items**

### **(a) Contingent liabilities**

As disclosed in the Trust's 30 June 2018 annual financial report the Directors are not aware of any material contingent liabilities and the Directors are not aware of any material changes in contingent liabilities of the Trust since the last annual financial report.

### **(b) Commitments**

At period end the Trust does not have any material expenditure commitments. There has been no change since the Trust's last annual financial report.

# Directors' Declaration

In the opinion of the Directors of Cromwell Funds Management Limited as responsible entity for Cromwell Riverpark Trust (collectively referred to as "the Directors"):

- (a) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable;
- (b) the attached financial statements and notes are in accordance with the *Corporations Act 2001* (Cth), including:
  - (i) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* (Cth), and
  - (ii) giving a true and fair view of the Trust's financial position as at 31 December 2018 and of its performance for the half-year ended on that date.

This report is made pursuant to section 303(5) of the *Corporations Act 2001* (Cth).



PL Weightman  
Director  
27 February 2019  
Brisbane

## INDEPENDENT AUDITOR'S REVIEW REPORT

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### To the Members of Cromwell Riverpark Trust

#### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Cromwell Riverpark Trust, which comprises the balance sheet as at 31 December 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

#### Directors' Responsibility for the Half-Year Financial Report

The directors of the Cromwell Funds Management Limited (the responsible entity) are responsible for the preparation of the half-year financial report that gives 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the trust's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Cromwell Riverpark Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Independence

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

#### Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Cromwell Riverpark Trust is not in accordance with the *Corporations Act 2001* including:

- giving a true and fair view of the trust's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



PITCHER PARTNERS



WARWICK FACE  
Partner

Brisbane, Queensland  
27 February 2019

Ken Ogden  
Nigel Fischer  
Mark Nicholson

Peter Camenzuli  
Jason Evans  
Ian Jones

Kylie Lamprecht  
Norman Thurecht  
Brett Headrick

Warwick Face  
Nigel Batters  
Cole Wilkinson

Simon Chun  
Jeremy Jones  
Tom Splatt

James Field  
Daniel Colwell