



Cromwell Australian Property Fund

ARSN 153 092 516

Final Financial Report

8 April 2020

Responsible Entity:
Cromwell Funds Management Limited
ABN 63 114 782 777 AFSL 333 214
Level 19, 200 Mary Street
Brisbane QLD 4000

Contents

Directors' Report	3
Auditor's Independence Declaration	5

Financial Statements

Statement of Profit or Loss	6	Statements of Changes in Equity	8
Balance Sheet	7	Statement of Cash Flows	9

Notes to the Financial Statements	10
Directors' Declaration	17
Independent Auditor's Report	18

DIRECTORY

Responsible Entity:

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345 Queen Street
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Directors' Report

The Directors of Cromwell Funds Management Limited, the responsible entity of Cromwell Australian Property Fund (the "Fund"), present their report for the period 1 July 2019 to 8 April 2020.

The responsible entity and its Directors

Cromwell Funds Management Limited has been the responsible entity of the Fund since its registration. Cromwell Funds Management Limited is part of Cromwell Property Group, a global real estate investment manager with \$11.9 billion of assets under management as at 31 December 2019. The responsible entity undertakes management and administrative duties for the Fund and monitors the Custodian, which holds the Fund'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

Principal activity and sale of investments

The Fund's principal activity was to invest in a portfolio of listed and unlisted property investments. The Fund invested in units of the Cromwell Phoenix Property Securities Fund and the Cromwell Direct Property Fund. The Fund aimed to provide investors with a monthly distribution plus potential for capital growth with a total return (after management fees) in excess of the weighted average return of a number of benchmark indices over rolling three-year periods. While the Fund has delivered on its risk objective, its return objectives were not met.

As the responsible entity, Cromwell Funds Management Limited decided to terminate and wind up the Fund pursuant to the Fund's constitution. The Fund was terminated on 25 February 2020 and was wound up on 31 March 2020 with the final distribution payment to unitholders completed on 8 April 2020. Following the sale of all investments, the Fund's liabilities were extinguished and the remaining funds were returned to investors.

Review of operations and results

Financial performance

The Fund recorded a statutory profit of \$190,149 (2019: \$308,054) for the period ended 8 April 2020 and paid distributions of \$5,301,654 (2019: \$189,535).

A final distribution was paid as at 31 March 2020 of \$1.3497 per unit for a total of \$5,172,348 returning all remaining funds to the unitholders. The process to make the final distribution payment to unitholders completed on 8 April 2020.

Significant changes in the state of affairs

Immediately following the completion of the final distribution payment process on 8 April 2020 the Fund was wound up as at the date of this report on 8 April 2020.

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 the Fund.

Distributions

Distributions paid to unitholders for the period ended 8 April 2020 were \$5,301,654 (2019: \$189,535). There are no distributions payable at the end of the period.

Options

No options over unissued units in the Fund have been issued since inception date and none are on issue at the date of this report.

Fees to responsible entity

Total fees paid to the responsible entity or their associates during the period were \$6,318 (2019: \$7,219).

Units held by the responsible entity

No units in the Fund have been issued to the responsible entity or its Directors during the period and none are held by the responsible entity or its Directors at the date of this report.

Directors' Report

Indemnifying officers or auditors

No indemnities have been given during or since the end of the period, for any person who is or has been an officer or auditor of the Fund. No insurance premiums have been paid for out of the assets of the Fund in regards to insurance provided to the responsible entity or the auditors of the Fund.

Issued units

A total of 737,564 (2019: 712,557) units were issued by the Fund during the period and 66,340 (2019: 166,760) units in the Fund were redeemed by investors during the period. All units were cancelled on winding up of the Fund on 8 April 2020.

Value of scheme assets

The Fund held investments valued at \$nil (2019: \$3,876,203) and net assets attributable to unitholders of \$nil (2019: \$4,213,613) at period end. This represents net tangible assets of \$nil (2019: \$1.33) per unit, before any allowance for selling costs.

Rounding of amounts to the nearest thousand dollars

The Fund 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 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.

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



PL Weightman
Director

12 May 2020

Brisbane

The Directors
Cromwell Funds Management Limited
As Responsible Entity for Cromwell Australia Property Fund
Level 19, 200 Mary Street
BRISBANE QLD 4000

Auditor's Independence Declaration

As lead auditor for the audit of Cromwell Australian Property Fund for the year ended 8 April 2020, 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*; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

PITCHER PARTNERS



W.R. FACE
Partner

Brisbane, Queensland
12 May 2020

Brisbane Sydney Newcastle Melbourne Adelaide Perth

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Statement of Profit or Loss

For the period ended 8 April 2020

	For the period ended 8 April 2020	12 months to 30 June 2019
	\$	\$
Investment and other income		
Distribution and dividend income	138,236	238,924
Interest	4,064	4,368
Net fair value gain from investments	54,174	71,983
Total investment and other income	196,474	315,275
Expenses		
Fund administration costs	6,325	7,221
Total expenses	6,325	7,221
Profit for the period	190,149	308,054
Other comprehensive income for the period	-	-
Total comprehensive income for the period	190,149	308,054

The above statement of profit or loss should be read in conjunction with the accompanying notes.

Balance Sheet

As at 8 April 2020

	Notes	As at 8 April 2020 \$	As at 30 June 2019 \$
Current assets			
Cash and cash equivalents		-	312,034
Trade and other receivables	2	-	66,212
Investments at fair value through profit or loss	3	-	3,876,203
Total assets		-	4,254,449
Current liabilities			
Trade and other payables		-	10,684
Distribution payable		-	30,152
Total liabilities		-	40,836
Net assets		-	4,213,613
Equity			
Contributed equity	4	-	3,637,511
Retained earnings		-	576,102
Total equity		-	4,213,613

The above balance sheet should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the period ended 8 April 2020

8 April 2020	Notes	Contributed equity \$	Retained earnings \$	Total \$
Balance at 1 July 2019		3,637,511	576,102	4,213,613
Total comprehensive income for the period		-	190,149	190,149
<i>Transactions with unitholders in their capacity as unitholders:</i>				
Units issued				
For cash	4	949,990	-	949,990
Reinvestment of distributions	4	38,245	-	38,245
Redemptions	4	(90,343)	-	(90,343)
Distributions paid	1	-	(5,301,654)	(5,301,654)
Return of capital and cancellation of units	4	(4,535,403)	4,535,403	-
Balance at 8 April 2020		-	-	-

30 June 2019	Notes	Contributed equity \$	Retained earnings \$	Total \$
Balance at 1 July 2018		2,930,596	457,583	3,388,179
Total comprehensive income for the year		-	308,054	308,054
<i>Transactions with unitholders in their capacity as unitholders:</i>				
Units issued				
For cash	4	881,627	-	881,627
Reinvestment of distributions	4	37,489	-	37,489
Redemptions	4	(212,201)	-	(212,201)
Distributions paid / payable	1	-	(189,535)	(189,535)
Balance at 30 June 2019		3,637,511	576,102	4,213,613

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

Statement of Cash Flows

For the period ended 8 April 2020

	Note	For the period ended 8 April 2020 \$	For the year ended 30 June 2019 \$
Cash flow from operating activities			
Distributions and dividends received		203,870	239,734
Interest received		4,124	4,635
Other expenses paid		(6,491)	(7,004)
Net cash provided by operating activities	6	201,503	237,365
Cash flows from investing activities			
Proceeds from sale of investments at fair value through profit or loss		4,895,042	133,179
Payments for investments at fair value through profit or loss		(964,666)	(922,149)
Net cash provided by / (used in) investing activities		3,930,376	(788,970)
Cash flows from financing activities			
Proceeds from issue of units		939,990	891,626
Payment of redemptions		(90,343)	(212,201)
Payment of distributions		(5,293,560)	(134,054)
Net cash (used in) / provided by financing activities		(4,443,913)	545,371
Net decrease in cash and cash equivalents		(312,034)	(6,234)
Cash and cash equivalents at 1 July		312,034	318,268
Cash and cash equivalents at period end		-	312,034

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

Notes to the Financial Statements

For the period ended 8 April 2020

About this report

Cromwell Australian Property Fund (the "Fund") was terminated on 25 February 2020 and wound up on 8 April 2020. All assets of the Fund have been sold. This financial report is a general purpose financial report that has been prepared to comply with the Fund's annual reporting requirements contained in the *Corporations Act 2001* (Cth) and to provide investors in the Fund with information about the financial position of the Fund at the end of the period and the Fund's financial performance for the reporting period.

The financial report has been prepared in accordance with Australian Accounting Standards (AASB) and accounting policies have been consistently applied since inception of the Fund. Further details about the Funds accounting policies are contained in the respective notes and in note 10.

Rounding of amounts

The Fund was 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 dollar.

New and amended standards adopted by the Fund

Refer note 10(e) regarding the new accounting standards and interpretations which were adopted by the Fund during reporting period.

Continuous disclosure

Continuous updates on the Fund's performance and events significant to the Fund are provided on Cromwell's webpage at www.cromwell.com.au/apf.

1 Distributions

(a) Overview

The Fund earned income, such as distributions, dividends, interest and realised capital gains, from its investments. All income, after fees, except for capital gains, was distributed monthly. Net capital gains were distributed at least once a year. Upon winding up the Fund distributed all remaining funds to the unitholders in a final distribution on 31 March 2020 which completed on 8 April 2020.

(b) Distributions paid

The distribution history of the Fund may be viewed on Cromwell's webpage. Total distributions paid during the period were as follows:

	8 April 2020 \$	30 June 2019 \$
Distributions paid	5,301,654	189,535

2 Trade and other receivables

Receivables of the Fund generally consisted of distributions receivable from the Fund's investments. During the reporting period, all receivables were collected and distributed to investors.

	8 April 2020 \$	30 June 2019 \$
Distributions receivable	-	65,634
Other receivables	-	578
Total receivables	-	66,212

Accounting policy

Receivables were recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. Other receivables were usually due for settlement no more than 90 days from the date of recognition.

Collectability of trade and other receivables was reviewed on an ongoing basis. Debts which were known to be uncollectible were written off. A provision for impairment of receivables was established when there was objective evidence that the Fund may not have been able to collect all amounts due according to the original terms of the receivables. The amount of the provision was the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short term receivables were not discounted if the effect of discounting was immaterial. The amount of the provision was recognised in the income statement.

At period end no receivables were past due date but not impaired (2019: \$nil). No receivables were determined to be impaired (2019: \$nil).

Notes to the Financial Statements

For the period ended 8 April 2020

3 Investments at fair value through profit or loss

(a) Overview

During the reporting period, the Fund's investments in two Cromwell managed funds, the Cromwell Phoenix Property Securities Fund ("PSF") and the Cromwell Direct Property Fund ("DPF"), were sold and the proceeds from sale distributed to investors.

(b) Investments

	8 April 2020	30 June 2019
	\$	\$
Investment in PSF	-	1,925,229
Investment in DPF	-	1,950,974
Total investments at fair value through profit or loss	-	3,876,203

Accounting policy

Investments at fair value through profit or loss included financial assets that are not held for trading purposes but are designated upon initial recognition at fair value through profit or loss. These were investments in unlisted unit Funds.

Investments were recognised and derecognised on trade date where purchase or sale of an investment was under a contract whose terms required delivery of the investment within the timeframe established by the market concerned. Investments held at fair value through profit or loss were initially measured at fair value. Subsequent to initial recognition investments held at fair value through profit or loss were measured at fair value with changes in their fair value recognised in the statement of comprehensive income.

For details about the fair value measurement of the Fund's financial instruments refer to note 5.

4 Contributed equity

(a) Overview

Units were issued and redeemed by the Fund at a unit price determined daily in accordance with the responsible entity's Unit Pricing Policy. Per the Australian Securities and Investments Commission (ASIC) and the Australian Prudential Regulation Authority's (APRA's) Unit Pricing: Guide to Good Practice, investors will receive compensation for any material unit pricing errors. In accordance with these guidelines the Fund did not pay exited members compensation for material unit pricing errors where the amount of any compensation payable was less than \$20. On winding up of the Fund all units were cancelled.

	8 April 2020		30 June 2019	
	#	\$	#	\$
Issued units	-	-	3,160,940	3,637,511

Accounting policy

A financial instrument that includes a contractual obligation for the Fund to deliver to each instrument holder their pro rata share of the Fund's net assets on liquidation was classified as an equity instrument (contributed equity) when it had all the following features:

- The instrument entitled each instrument holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation. The Fund's net assets were those assets that remain after deducting all other claims on the entity's assets. A pro rata share was determined by dividing the net assets of the Fund at the end of its term into units of equal amount and multiplying that amount by the number of units held by the instrument holder.
- The instrument was subordinate to all other classes of financial instruments of the Fund. For this to be the case, the instrument must have given the instrument holder no priority over other claims to the assets of the Fund on liquidation and must not have needed to be converted into another instrument to be in a class of instruments that were subordinate to all other classes of instruments.
- All instruments in the class of instruments must have had an identical contractual obligation for the entity to deliver a pro rata share of its net assets on liquidation.

In addition to the above features, the Fund must have had no other financial instrument or contract that had total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund and the effect of substantially restricting or fixing the residual return to instrument holders.

Notes to the Financial Statements

For the period ended 8 April 2020

(b) Movements in contributed equity

	8 April 2020		30 June 2019	
	#	\$	#	\$
Balance at the beginning of the period	3,160,940	3,637,511	2,615,143	2,930,596
Units issued:				
For cash	708,898	949,990	683,037	881,627
Reinvestment of distributions	28,666	38,245	29,520	37,489
Redemptions	(66,340)	(90,343)	(166,760)	(212,201)
Cancellation of units	(3,832,164)	(4,535,403)	-	-
Balance at reporting period end	-	-	3,160,940	3,637,511

Units in the Fund entitled the holder to participate in distributions and proceeds on the winding up of the Fund in proportion to the number of and amounts paid on the units held.

5 Financial risk management

(a) Overview

The Fund's activities exposed it to a variety of financial risks which included credit risk, liquidity risk and market risk. This note provides information about the responsible entity's risk management strategy in relation to each of the above financial risks to which the Fund was exposed to.

The responsible entity's management of treasury activities was centralised and governed by policies approved by the Directors who monitored the operating compliance and performance as required. The responsible entity 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.

The Fund held the following financial instruments:

	Type of financial instrument	8 April 2020 \$	30 June 2019 \$
Financial assets:			
Cash and cash equivalents	(1)	-	312,034
Trade and other receivables	(1)	-	66,212
Investments at fair value through profit or loss	(2)	-	3,876,203
Total financial assets		-	4,254,449
Financial liabilities			
Trade and other payables	(1)	-	10,684
Distribution payable	(1)	-	30,152
Total financial liabilities		-	40,836

Type of financial instrument per AASB 9 *Financial Instruments*:

- (1) At amortised cost; and
- (2) At fair value through profit or loss.

(b) 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 the Fund. The Fund had exposure to credit risk on all financial assets included in its balance sheet.

The Fund managed this risk by monitoring the credit quality of all financial assets in order to identify any potential adverse changes in credit quality and regularly monitoring receivables on an ongoing basis.

The maximum exposure to credit risk at the end of a reporting period was the carrying amounts of financial assets recognised in the balance sheet of the Fund. The Fund held no significant collateral as security. There were no significant financial assets that have had renegotiated terms that would otherwise have been past due or impaired.

The Fund did not have any significant credit risk exposure to any single counterparties having similar characteristics.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash reserves and finance facilities to meet the ongoing operational requirements of the business. It was the responsible entity's policy to maintain sufficient funds in cash and cash equivalents to meet expected near term operational requirements. The responsible entity monitored the Fund's cash requirements and raised funds as and when appropriate to meet planned requirements. The responsible entity prepared and monitored rolling forecasts of liquidity requirements on the basis of expected cash flows.

All financial liabilities were settled during the period. There are no financial liabilities remaining at 8 April 2020.

Notes to the Financial Statements

For the period ended 8 April 2020

(d) Market risk

Market risk is the risk that the fair value of future cash flow of the Fund's financial instruments fluctuate due to market price changes. The fund was exposed to market price risk.

Price risk related to unlisted equities

The Fund was exposed to equity price risk in relation to its investment in the Cromwell Property Group managed unlisted funds. The investments were recognised as investments at fair value through profit or loss in the balance sheet. Unlisted funds invested in investment property with the price of the equity instruments of these unlisted funds largely dependent on the valuation of the underlying investment properties.

While the Fund could not mitigate the risk of general market movements in investment property prices in the underlying unlisted funds, the Fund reduced risk by only investing in unlisted funds that carry high quality investment properties long-term leases of low risk tenants.

Sensitivity

The table below details Fund's sensitivity to movements in the fair value of the Fund's investments at fair value through profit or loss:

Fair value increase / (decrease) of:	Carrying amount \$	+10%		-10%	
		Profit \$	Equity \$	Profit \$	Equity \$
8 April 2020					
Investments at fair value through profit or loss	-	-	-	-	-
30 June 2019					
Investments at fair value through profit or loss	3,876,203	387,620	387,620	(387,620)	(387,620)

(e) Fair value measurement of financial instruments

The Fund measured and recognised the following financial instruments at fair value on a recurring basis:

- Investments at fair value through profit or loss.

Fair value hierarchy

Fair value that is determined by reference to actively trading markets is considered a level 1 fair value measurement as described in AASB 13 *Fair Value Measurement*.

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.

Fair value measurement of investments at fair value through profit or loss

The fair value of the Fund's financial assets at fair value through profit or loss are level 2 fair value measurements. These investments comprised of unlisted equity securities of Cromwell Property Group managed investment Funds which invested in investment property or listed property securities. The Fund used net assets of these Funds to determine the fair value of the equity securities investments as the value of net assets is predominantly dependent on the fair value of the investment properties or listed property securities they hold.

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

(f) Fair values of other financial instruments not measured at fair value

The carrying amounts of receivables, payables and distributions payable were assumed to approximate their fair values due to their short-term nature.

6 Cash flow information

(a) Overview

This note provides further information on the cash flow statement of the Fund. It reconciles profit for the reporting period to cash flows from operating activities and information about non-cash transactions.

Notes to the Financial Statements

For the period ended 8 April 2020

(b) Reconciliation of profit for the period to net cash provided by operating activities

	8 April 2020 \$	30 June 2019 \$
Net profit for the period	190,149	308,054
Fair value net gain from investments	(54,174)	(71,983)
<i>Changes in operating assets and liabilities</i>		
Decrease in receivables	66,212	1,148
(Decrease) / increase in payables	(684)	145
Net cash provided by operating activities	201,503	237,364

Accounting policy

Cash and cash equivalents included 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 were readily convertible to known amounts of cash and which were subject to an insignificant risk of changes in value.

(c) Non-cash items

	8 April 2020 \$	30 June 2019 \$
Units issued on reinvestment of distributions	38,245	37,489

7 Related parties

(a) Overview

Related parties are persons or entities that are related to the Fund as defined by AASB 124 *Related Party Disclosures*. These included Directors and other key management personnel of the responsible entity and their close family members and any entities they controlled. They also included any associated entities of the responsible entity, such as entities that were also controlled by the parent entity of the responsible entity Cromwell Corporation Limited.

This note provides information about transactions with related parties during the reporting period. All of the Fund's transactions with related parties were on normal commercial terms and conditions and at market rates.

(b) Key management personnel disclosures

The following persons were Directors and other key management personnel of the responsible entity during the entire reporting period, unless otherwise stated:

Cromwell Funds Management Limited

Non-executive Directors

MA McKellar	Director
JA Tongs	Director
WRL Foster	Director

Executive Director and other key management personnel

PL Weightman	Managing Director and Chief Executive Officer
MD Wilde	Chief Financial Officer

There were no key management personnel employed by the Fund at any time during the reporting period.

(c) Remuneration

The Directors and other key management personnel were paid by Cromwell Operations Pty Ltd. Cromwell Operations Pty Ltd is a wholly owned subsidiary of Cromwell Corporation Limited, which is the parent entity of the responsible entity of the Fund. Payments made from the Fund to either Cromwell Operations Pty Ltd or Cromwell Funds Management Limited did not include any amounts directly attributable to the compensation of key management personnel.

(d) Unitholdings / loans

The Directors and other key management personnel of the responsible entity, including its personally related parties, held no units in the Fund and had no loans payable to/receivable from the Fund during the reporting period.

Notes to the Financial Statements

For the period ended 8 April 2020

(e) Transactions with the responsible entity and its associates

	8 April 2020 \$	30 June 2019 \$
<i>Amounts paid / payable</i>		
Administration fees	6,318	7,219
Aggregate amount payable to the responsible entity and its associate at period-end	-	684

8 Remuneration of auditor

During the reporting period the following fees were paid or payable for services provided by the auditor of the Fund:

	8 April 2020 \$	30 June 2019 \$
Audit services		
<i>Pitcher Partners Brisbane</i>		
• Audit of financial report	6,000	5,000
• Audit of compliance plan	3,000	3,000
Total remuneration for audit and other assurance services	9,000	8,000

Remuneration was paid by Cromwell Operations Pty Ltd, a wholly owned subsidiary of Cromwell Corporation Limited, which is the parent entity of the responsible entity of the Fund.

There were no fees paid for other services.

9 Unrecognised items

(a) Contingent liabilities

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 Fund since the last annual report.

(b) Commitments

There are no commitments in relation to capital expenditure.

10 Accounting policies

(a) Overview

The principal accounting policies adopted in the preparation of the financial report of Cromwell Australian Property Fund are set out below. These policies have been consistently applied to all years presented, unless otherwise stated. The final financial report includes financial statements for the Fund as an individual entity.

(b) Basis of preparation

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

Termination and wind-up of the Fund

The financial report is not prepared on a going concern basis as the Fund is being wound-up following the sale of the Fund's investments. This wind up will be completed upon signing of this financial report.

Instead, the financial report has been prepared on the basis set out in the significant accounting policies outlined below and in the Notes to the financial statements. The directors confirm that all liabilities of the Fund have been settled as at the date of this financial report and they do not expect further liabilities to be incurred beyond 8 April 2020.

Compliance with IFRS

The financial report complies with 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 that investment property and derivative financial instruments are measured at fair value. The methods used to measure fair value are disclosed in note 5.

Functional and presentation currency

The financial report is presented in Australian dollars, which is the Fund's functional currency.

Notes to the Financial Statements

For the period ended 8 April 2020

(c) Income tax

Under current income tax legislation the Fund 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 when the investments were sold is not accounted for in this report.

(d) Investment income

Distributions and dividends

Distribution income was recognised on a receivable basis as of the date the security value is quoted ex-distribution or was recognised on an entitlement basis.

Interest

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

(e) New accounting standards and interpretations

New accounting standards adopted by the Fund

The Fund has adopted all applicable new Australian accounting standards and interpretations. Hence, the accounting standards detailed below are now applicable for the first time for the period ended 8 April 2020:

	Application date of Standard	Application date to the Fund
AASB 16 <i>Leases</i>	1 Jan 2019	1 Jul 2019

The impact of adoption of the new standard for the reporting period is summarised below.

AASB 16 Leases

The Fund has not entered into any lease arrangements, therefore there is no impact on the Fund's accounting policies.

New accounting standards and interpretations not yet adopted

As a result of the winding up of the Fund, the adoption of relevant accounting standards and interpretations that have been issued or amended but are not yet effective will have no impact on the Fund.

(f) 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 were reviewed on an ongoing basis and are based on historical or professional experience and other factors such as expectations about future events. Revisions to accounting estimates were recognised in the period in which the estimate is revised and in any future periods affected.

The areas that involved a higher degree of judgment or complexity in the prior year's financial report were carried at fair value are investments at fair value through profit or loss. Detailed information about the fair value measurement of these financial instruments is contained in note 5.

Directors' Declaration

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

- (a) the attached financial statements and notes are in accordance with the *Corporations Act 2001* (Cth), including:
 - (i) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
 - (ii) giving a true and fair view of the Fund's financial position as at 8 April 2020 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the financial period ended on that date; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 10.

Signed in accordance with a resolution of the Directors of Cromwell Funds Management Limited.



PL Weightman
Director

12 May 2020

Brisbane

**Independent Auditor's Report
To the Members of Cromwell Australian Property Fund****Report on the Audit of the Financial Report***Opinion*

We have audited the financial report of Cromwell Australian Property Fund ("the Fund"), which comprises the statement of financial position as at 8 April 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Fund, is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Fund's financial position as at 8 April 2020 and of its financial performance for the period then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* "the Code" that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the responsible entity of the Fund, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Emphasis of Matter – Basis of preparation

Without modifying our opinion, we draw attention to Note 10(b) of the financial report which indicates that the financial report is not prepared on a going concern basis but rather a liquidation basis as the Fund is being wound-up following the sale of the Fund's investments and final distribution to unit holders.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Fund's directors' report for the period ended 8 April 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the responsible entity of the Fund are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.


PITCHER PARTNERS


W.R. FACE
Partner

Brisbane, Queensland
12 May 2020