



CROMWELL
FUNDS MANAGEMENT

Cromwell Riverpark Trust

ARSN 135 002 336

Half-Year Financial Report

31 DECEMBER 2022

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

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DIRECTORY

Responsible entity:

Cromwell Funds Management Limited
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Level 19, 200 Mary Street
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Email: invest@cromwell.com.au
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Custodian:

The Trust Company Limited (owned by Perpetual Limited)
Angel Place, Level 18
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Sydney NSW 2000
Tel: +61 2 9229 9000
Web: www.perpetual.com.au

Auditor:

Pitcher Partners
Level 38, Central Plaza One
345 Queen Street
Brisbane QLD 4000
Tel: +61 7 3222 8444
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Directors' Report

The Directors of Cromwell Funds Management Limited (CFM), the responsible entity of Cromwell Riverpark Trust (the Trust), present their report at the end of the half-year ended 31 December 2022.

The responsible entity and its Directors

Cromwell Funds Management Limited has been the responsible entity of the Trust since its registration. Cromwell Funds Management Limited is part of Cromwell Property Group, a global real estate investment manager with \$12.0 billion of assets under management. The responsible entity undertakes management and administrative duties for the Trust and monitors the custodian, The Trust Company Limited (owned by Perpetual Limited), which holds the Trust's assets on behalf of the unitholders.

The responsible entity's Directors are as follows (collectively referred to as "the Directors"):

Ms TL Cox	Non-executive Chair	Appointed 14 January 2021, Chair since 14 January 2021
Ms JA Tongs	Non-executive Director	Appointed 18 December 2014, retired 5 December 2022
Ms LJC Crombie	Non-executive Director	Appointed 30 June 2022
Ms RJ Lloyd	Non-executive Director	Appointed 18 July 2022
Mr GG Ross	Non-executive Director	Appointed 18 July 2022

Review of operations and results

Trust expiration

The Trust's term expired on 8 July 2021. As indicated in the 30 June 2022 annual financial report, after considering a number of market factors and some unitholder feedback, it was considered to be in unitholders best interests to wind up the Trust. As a result, Cromwell Funds Management Limited, as the responsible entity, continues to market the Trust's investment property with a view to selling the investment property as soon as practicable and commencing the process to wind up the Trust immediately thereafter.

Going concern

As a result of the proposed sale of the Trust's sole investment property and the responsible entity's intention to wind up the Trust, this report has not been prepared on a going concern basis.

Financial performance

The Trust recorded a loss for the half-year of \$1,042,000 (2021: profit of \$42,361,000) and declared distributions of \$5,573,000 (2021: \$5,572,000). The loss is predominately attributable to the \$5,674,000 fair value loss on the investment property, which in the prior comparative period was a \$34,304,000 fair value gain.

The loss for the half-year includes a number of items which are non-cash in nature, 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 considered in determining distributions for the Trust.

The Trust recorded an operating profit for the half-year of \$7,486,000 (2021: \$8,028,000). 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 (loss) / profit for the half-year is as follows:

	Half-year ended	
	31 December 2022 \$'000	31 December 2021 \$'000
Operating profit	7,486	8,028
<i>Reconciliation to (loss) / profit for the half-year</i>		
Fair value net (losses) / gains:		
Investment property	(5,674)	34,304
Derivative financial instrument	-	418
Non-cash property investment expense:		
Straight-line lease expense	(128)	(544)
Lease incentive and lease cost amortisation	(2,644)	(927)
Amortisation of loan transaction costs	(82)	(52)
Performance fee	-	1,134
(Loss) / profit for the half-year	(1,042)	42,361
(Loss) / profit per unit (cents)	(1.1)	46.6
Operating profit per unit (cents)	8.2	8.8
Distribution paid/payable per unit (cents)	6.1	6.1

Directors' Report

Net operating income from the Trust's investment property for the half-year was \$10,643,000 (2021: \$10,063,000), an increase of 5.8% compared to the previous period. The increase is the result of an increase in operating rental income (rental income before allowing for the amortisation of lease incentives and straight-line lease expense).

Net operating income is calculated based on investment property rental income and direct recoveries, less property expense and outgoings, and non-recoverable property expenses. Net operating income 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 rental income and recoverable outgoings to net operating income for the half-year is as follows:

	Half-year ended	
	31 December 2022 \$'000	31 December 2021 \$'000
Rental income and recoverable outgoings	9,386	10,069
Property expenses and outgoings	(1,515)	(1,477)
Straight-line lease expense	128	544
Lease incentive and lease cost amortisation	2,644	927
Net operating income	10,643	10,063

Impact of COVID-19 on financial performance

During the period ended 31 December 2022, there were no requests for rent relief (2021: \$41,456 of rental abatements). Given the tenant base of the property, no further requests for relief or deferral as a result of COVID-19 are anticipated.

Financial position

	As at	
	31 December 2022	30 June 2022
Total assets (\$'000)	330,345	338,378
Net assets (\$'000)	198,647	205,262
Net debt (\$'000) ⁽¹⁾	105,986	96,586
Gearing (%) ⁽²⁾	32.3%	28.8%
Debt maturity (years)	1.5	2.0
Percentage of debt hedged	-%	-%
Units issued ('000)	91,000	91,000
NTA per unit	\$2.18	\$2.26
Net assets per unit	\$2.18	\$2.26

(1) Interest bearing liabilities less cash and cash equivalents.

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

Value of scheme assets

The major asset of the Trust, the investment property at 26 Reddacliff Street, Newstead, QLD was valued at \$328,000,000 inclusive of tenant lease incentives (30 June 2022: \$334,862,000 inclusive of tenant lease incentives) during the reporting period as disclosed in the accompanying financial report.

The total carrying value of the Trust's assets as at the end of the financial period was \$330,345,000 (30 June 2022: \$338,378,000) and net assets attributable to unitholders were \$198,647,000 (30 June 2022: \$205,262,000) equating to \$2.18 per unit (30 June 2022: \$2.26).

Investment property metrics

	As at	
	31 December 2022	30 June 2022
Investment property carrying value (\$'000)	328,000	334,862
Capitalisation rate (%)	5.63%	5.38%
Occupancy (%)	100%	100%
Weighted average lease expiry (years)	7.3	7.7

Directors' Report

Subsequent events

No matter or circumstance has arisen since 31 December 2022 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.

Likely results and expected results of operations

The activities of the Trust are regulated by the Trust's constitution. Future activities of the Trust will depend on the proposed sale of the Trust's investment property located at 26 Reddacliff Street, Newstead, QLD.

The results of the Trust's operations will be affected by a number of factors, including the performance of investment markets in which the Trust invests and other global economic impacts (such as global geopolitical instability and tightened monetary policy). Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Rounding of amounts

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* amounts in these financial statements 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 6.

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

Ms TL Cox

Chair

21 February 2023

Sydney



Level 38, 345 Queen Street
Brisbane, QLD 4000

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GPO Box 1144
Brisbane, QLD 4001

p. +61 7 3222 8444

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

Auditor's Independence Declaration

In relation to the independent auditor's review for the half year ended 31 December 2022, 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

CHERYL MASON
Partner

Brisbane, Queensland
21 February 2023

Brisbane Sydney Newcastle Melbourne Adelaide Perth

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COLE WILKINSON

SIMON CHUN
JEREMY JONES
TOM SPLATT

JAMES FIELD
DANIEL COLWELL
ROBYN COOPER

FELICITY CRIMSTON
CHERYL MASON
KIERAN WALLIS

MURRAY GRAHAM
ANDREW ROBIN
KAREN LEVINE

Statement of Profit or Loss

For the half-year ended 31 December 2022

	Notes	Half-year ended	
		31 December 2022 \$'000	31 December 2021 \$'000
Revenue and other income			
Rental income and recoverable outgoings	3	9,386	10,069
Fair value net gains from:			
Investment property	5	-	34,304
Derivative financial instrument		-	418
Interest		22	6
Total revenue and other income		9,408	44,797
Expenses			
Property expenses and outgoings		1,515	1,477
Management and administration costs	4	1,149	(59)
Finance costs		2,112	1,018
Fair value net loss from investment property	5	5,674	-
Total expenses		10,450	2,436
(Loss) / profit for the half-year		(1,042)	42,361
Other comprehensive income for the half-year		-	-
Total comprehensive (loss) / income for the half-year		(1,042)	42,361

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

Balance Sheet

As at 31 December 2022

	Notes	As at	
		31 December 2022 \$'000	30 June 2022 \$'000
Current assets			
Cash and cash equivalents		1,892	3,390
Receivables		86	93
Other current assets		367	33
Investment property classified as held for sale	5	328,000	334,862
Total current assets		330,345	338,378
Total assets		330,345	338,378
Current liabilities			
Payables	6	22,461	31,820
Distribution payable		972	946
Unearned income		387	374
Interest bearing liabilities	7	107,878	99,976
Total current liabilities		131,698	133,116
Total liabilities		131,698	133,116
Net assets		198,647	205,262
Equity			
Contributed equity	9	86,687	86,687
Retained earnings		111,960	118,575
Total equity		198,647	205,262

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

Statement of Changes in Equity

For the half-year ended 31 December 2022

31 December 2022	Note	Contributed equity \$'000	Retained earnings \$'000	Total \$'000
Balance at 1 July 2022		86,687	118,575	205,262
Loss for the half-year		-	(1,042)	(1,042)
Total comprehensive income for the half-year		-	-	-
<i>Transactions with unitholders in their capacity as unitholders:</i>				
Distributions paid / payable	2	-	(5,573)	(5,573)
Balance at 31 December 2022		86,687	111,960	198,647

31 December 2021	Note	Contributed equity \$'000	Retained earnings \$'000	Total \$'000
Balance at 1 July 2021		86,687	102,821	189,508
Profit for the half-year		-	42,361	42,361
Total comprehensive income for the half-year		-	-	-
<i>Transactions with unitholders in their capacity as unitholders:</i>				
Distributions paid / payable	2	-	(5,572)	(5,572)
Balance at 31 December 2021		86,687	139,610	226,297

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 2022

	Half-year ended	
	31 December 2022 \$'000	31 December 2021 \$'000
Cash flows from operating activities		
Receipts in the course of operations	2,519	10,665
Payments in the course of operations	(3,120)	(3,927)
Interest received	22	6
Finance costs paid	(1,735)	(1,196)
Net cash (used in) / provided by operating activities	(2,314)	5,548
Cash flows from investing activities		
Payments for investment property	(1,457)	(5,072)
Net cash used in investing activities	(1,457)	(5,072)
Cash flows from financing activities		
Proceeds from borrowings	7,830	-
Payments for loan transaction costs	(10)	(102)
Payment of distributions	(5,547)	(5,567)
Net cash provided by / (used in) financing activities	2,273	(5,669)
Net decrease in cash and cash equivalents	(1,498)	(5,193)
Cash and cash equivalents at 1 July	3,390	13,990
Cash and cash equivalents at 31 December	1,892	8,797

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 2022

1. Basis of preparation

The half-year financial report of Cromwell Riverpark Trust (the Trust) for the half-year reporting period ended 31 December 2022 is a general purpose financial report that 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 financial report for the year ended 30 June 2022. The Trust is a for-profit entity for the purpose of preparing the financial statements.

The accounting policies adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Trust's annual financial report for the year ended 30 June 2022. These accounting policies are consistent with applicable Australian accounting standards and with international financial reporting standards.

Rounding of amounts

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* amounts in these financial statements have been rounded off to the nearest thousand dollars, or in certain cases to the nearest dollar.

Comparatives

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

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/crt.

Segment information

The Trust operates in one operating segment, being direct property investment in Australia. The Trust generates revenues and derives capital appreciation from its investment in investment property.

Going concern and proposed wind up of the Trust

The Trust's term expired on 8 July 2021. As indicated in the 30 June 2022 annual financial report, after considering a number of market factors and some unitholder feedback, it was considered to be in unitholders best interests to wind up the Trust. As a result, Cromwell Funds Management Limited, as the responsible entity, continues to market the Trust's investment property with a view to selling the investment property as soon as practicable and commencing the process to wind up the Trust immediately thereafter.

As a result of the proposed sale of the Trust's sole investment property and the responsible entity's intention to wind-up the Trust, this report has not been prepared on a going concern basis.

a) Critical accounting estimates and judgements

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. Estimates and underlying assumptions are 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 are recognised in the period in which the estimate is revised and in any future periods affected.

The areas that involved a higher degree of judgement or complexity and may need material adjustment if estimates and assumptions made in preparation of these financial statements are incorrect are:

Area of estimation	Note
Fair value of investment property	5
Fair value of financial instruments	10

b) COVID-19 impact upon financial statement preparation

Key items and related disclosures that have been impacted by COVID-19 were as follows:

- **Rental income and recoverable outgoings** – for the half-year ended 31 December 2022, there were no applications for rent relief (2021: \$41,456 in the form of a rental abatements). No further tenant applications for rent relief or deferral as a result of COVID-19 are anticipated.
- **Investment property** – management reviewed the appropriateness of inputs into investment property valuations. The Trust's property was externally valued at 31 December 2022. Disclosures with respect to the Trust's investment property are provided in note 5.
- **Receivables** – in response to COVID-19 management has undertaken a review of its relevant tenant receivables. At balance date no receivables were deemed to be impaired.

Notes to the Financial Statements

For the half-year ended 31 December 2022

c) New and amended accounting standards and interpretations adopted by the Trust

The Trust has adopted all applicable new Australian accounting standards and interpretations. There are no new relevant accounting standards and interpretations that have been adopted in the current period.

There are currently no relevant accounting standards and interpretations that have been issued or amended but are not yet effective and have not been adopted by the 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. Profits available for distribution exclude fair value gains or losses.

b) Distributions paid / payable

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

From inception to 30 June 2010 ⁽¹⁾ :	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
1 July 2018 to 30 June 2019:	11.50 cents
1 July 2019 to 30 June 2020:	11.75 cents
1 July 2020 to 30 June 2021:	12.00 cents
1 July 2021 to 30 June 2022:	12.25 cents
Since 1 July 2022 ⁽¹⁾ :	12.25 cents

(1) annualised distribution rate

Distributions have increased since the inception of the Trust in July 2009. The annualised distribution rate for the half-year was 12.25 cents per annum which 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 2022 \$'000	31 December 2021 \$'000
Distributions paid / payable	5,573	5,572

Notes to the Financial Statements

For the half-year ended 31 December 2022

3. Revenue

a) Overview

The Trust recognises revenue from the transfer of goods and services over time and at a point in time in respect of relevant non-lease elements of rental income and recoverable outgoings. The Trust also recognises lease revenue from tenant customers and revenue items from other sources, including interest and fair value gains from derivative financial instruments and investment property.

The table below presents information about revenue items recognised from contracts with customers and other sources:

	Half-year ended	
	31 December 2022 \$'000	31 December 2021 \$'000
Rental income – lease components	8,164	8,742
Rental income and recoverable outgoings - non-lease components	1,222	1,327
Rental income and recoverable outgoings	9,386	10,069
<i>Other income items recognised:</i>		
Fair value gains from investment property	-	34,304
Fair value gains from derivative financial instrument	-	418
Interest	22	6
Total other income	22	34,728
Total revenue and other income	9,408	44,797

b) Disaggregation of revenue from contracts with customers

The table below presents information about the disaggregation of revenue items from the Trust's contracts with relevant customers:

	Half-year ended	
	31 December 2022 \$'000	31 December 2021 \$'000
<i>Rental income and recoverable outgoings – non-lease components:</i>		
Recoverable outgoings ⁽¹⁾	988	1,105
Cost recoveries ⁽²⁾	234	222
Total rental income and recoverable outgoings – non-lease components	1,222	1,327

(1) Revenue items recognised over time.

(2) Revenue item recognised at point in time.

4. Management and administration costs

a) Overview

This note provides a breakdown of the main expense items included in the Trust's management and administrative costs, including the adjustment of the performance fee in the prior period.

	Half-year ended	
	31 December 2022 \$'000	31 December 2021 \$'000
Fund administration fees	1,020	961
Administration costs	129	114
Fund performance fees (reversal) / expense ⁽¹⁾	-	(1,134)
Total management and administration costs	1,149	(59)

(1) Refer note 8(b) for further information.

Notes to the Financial Statements

For the half-year ended 31 December 2022

5. Investment property classified as held for sale

a) Overview

The Trust holds one investment property, Energex House Building at 26 Reddacliff Street, Newstead, QLD. The property is 93% leased to Energex Limited. The property has been classified as held for sale at 31 December 2022 as the responsible entity considers the carrying amount will be recovered principally through a sale transaction in the next 12 months rather than through continuing use. The property is available for immediate sale in its present condition, the responsible entity is committed to a plan to sell the asset and continues with an active marketing program for the property at a price reasonable to the current fair value.

b) Details of the Trust's investment property classified as held for sale

Independent valuation		Carrying amount		Fair value adjustment	
		As at		For the half-year ended	
Date	Amount \$'000	31-Dec 2022 \$'000	30-Jun 2022 \$'000	31-Dec 2022 \$'000	31-Dec 2021 \$'000
26 Reddacliff Street, Newstead, QLD	Dec 2022	328,000	334,862	(5,674)	34,304

The investment property external valuation (\$328,000,000) is a gross valuation. Total lease incentives of \$21,375,000 are recognised as an accrued lease incentive liability within the Payables item in the balance sheet. Refer note 6 for further information.

c) Movements in investment property classified as held for sale

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 2022 \$'000	31 December 2021 \$'000
Balance at 1 July	334,862	281,000
Lifecycle capital expenditure	1,496	361
Lease incentives	88	44,576
Straight-line lease expense	(128)	(544)
Lease incentive and lease cost amortisation	(2,644)	(927)
Net (loss) / gain from fair value adjustments	(5,674)	34,304
Total investment property	328,000	358,770

d) Critical accounting estimates (fair value measurement)

The Trust's investment property, with a carrying amount of \$328,000,000 (30 June 2022: \$334,862,000) represents a significant balance on the Trust's balance sheet. The investment property is measured at fair value using valuation methods that utilise inputs based upon estimates. As noted above, the investment property fair value includes \$21,375,000 of lease incentives, which are amortised over the remaining lease term.

Property valuation

The Trust's Valuation Policy requires the property to be valued by an independent professionally qualified valuer with a recognised relevant professional qualification at least once every two years.

Impact of COVID-19 on property valuations

For the half-year ended 31 December 2022 the Trust's approach to property valuations was substantially consistent with prior years, being in accordance with the established Valuations Policy, but with an added emphasis in relation to the impact of COVID-19 and other global economic impacts (such as global geopolitical instability and tightened monetary policy) upon inputs relevant to the valuation model for each property.

Notes to the Financial Statements

For the half-year ended 31 December 2022

The sensitivity to changes in the significant unobservable inputs associated with the valuation of the Trust's investment property are as follows:

	Input values		Sensitivity	
	31 December 2022	30 June 2022	Impact on fair value if input increases	Impact on fair value if input decreases
Annual net property income (\$'000)	21,490	19,974	Increase	Decrease
Capitalisation rate (%)	5.63	5.38	Decrease	Increase
Discount rate (%)	6.13	6.00	Decrease	Increase
Terminal yield (%)	5.88	5.63	Decrease	Increase
WALE (years)	7.32	7.74	Increase	Decrease
Occupancy	100%	100%	Increase	Decrease

Sensitivity analysis

Significant judgement is required when assessing the fair value of investment property, especially in the current global economic environment. Owing to this significant judgement, a sensitivity analysis is included below. The sensitivity analysis shows the impact on the carrying value of the Trust's investment property of an increase or decrease of 0.50% on the capitalisation rate, discount rate and terminal yields as at 31 December 2022.

	31 December 2022 \$'000	31 December 2022 \$'000
Impact to investment property	(25,700)	29,300

6. Payables

a) Overview

This note provides further information about the Trust's payables. Payables of the Trust generally consist of trade payables, accrued lease incentive, tenant security deposits and other payables.

During the prior period, the Trust provided a lease incentive to the main tenant, Energex Limited, as part of the additional five year lease extension. As noted in note 5, the lease incentive has been included in the fair value of the Trust's investment property, with a corresponding accrued lease incentive liability recognised within payables. Lease incentives are amortised over the lease term.

	As at	
	31 December 2022 \$'000	30 June 2022 \$'000
Current		
Lease incentives payable	21,375	30,861
Trade and other payables	1,086	829
Tenant security deposits	-	130
Total payables	22,461	31,820

7. Interest-bearing liabilities

a) Overview

The Trust borrowed funds from a financial institution to partly fund the acquisition of the Trust's investment property. This note provides further details about the Trust's debt facility and related finance costs incurred during the period.

	As at	
	31 December 2022 \$'000	30 June 2022 \$'000
Current		
<i>Secured</i>		
Bank loan – investment property	108,080	100,250
Unamortised loan transaction costs	(202)	(274)
Total interest-bearing liabilities	107,878	99,976

Notes to the Financial Statements

For the half-year ended 31 December 2022

b) Details of interest bearing liabilities

Borrowing - Bank loan

This bank loan facility is secured by a first registered mortgage over the Trust's sole investment property. The loan bears interest at a variable rate plus a margin and has a maturity date of June 2024. At 31 December 2022 the Trust has \$22.2 million of unused finance facilities.

The Trust's bank loan has been recognised as current to reflect the held for sale classification of the Trust's investment property, the sale of which would require the Trust to repay the loan facility.

A summary of the key bank covenants for the debt facility are set out below:

Covenant	As at					
	31 December 2022			30 June 2022		
	Actual	Limit	Headroom ⁽¹⁾	Actual	Limit	Headroom ⁽¹⁾
Loan to value ⁽²⁾	35.2%	60.0%	\$126,500,000	33.0%	60.0%	\$136,900,000
Interest cover	4.7 times	2.0 times	\$5,433,000	11.4 times	2.0 times	\$16,500,000

(1) Headroom on bank loan to value covenant is calculated on the Property valuation, net of outstanding lease incentives. Headroom on Interest cover ratio is calculated on net property income less fund administration, overhead costs and performance fees.

(2) The loan to value ratio is calculated as drawn debt over property valuation, net of outstanding lease incentives.

8. Provision

a) Overview

The Trust's constitution entitles the responsible entity to a performance fee payable as soon as possible after the sale of the investment property or rollover of the Trust, in addition to its ongoing management fee. The performance fee payable is calculated as 10% of the excess cash flow above an internal rate of return of 10% from the property from the date of acquisition.

At 31 December 2022, no provision for performance fee has been recognised (30 June 2022: \$nil).

b) Movement in provision

	Half-year ended	
	31 December 2022 \$'000	31 December 2021 \$'000
Balance at the beginning of the period	-	2,157
Reversal of expense during the period ⁽¹⁾	-	(1,134)
Balance at period end	-	1,023

(1) During the prior period, an adjustment was made to the performance fee to reflect the impact of the lease incentive on the investment property fair value. As a result, the provision for the performance fee payable to the responsible entity was reduced, resulting in a reversal of performance fee expense previously recognised. This expense is recognised within Management and administration costs in the Statement of profit or loss, which resulted in a net negative expense in the prior reporting period.

9. Contributed equity

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 was extended for a further five years to 8 July 2021. Management has commenced a process to wind-up the Trust as soon as possible. During the extended term unitholders have no right of withdrawal.

	As at 31 December 2022		As at 30 June 2022	
	#'000	\$'000	#'000	\$'000
Issued units	91,000	86,687	91,000	86,687

Notes to the Financial Statements

For the half-year ended 31 December 2022

10. Fair value disclosures – financial instruments

a) Fair value measurement of financial instruments

The Trust uses a number of methods to determine the fair value of its financial assets and financial liabilities. The methods comprise the following:

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 Trust measured and recognised the following financial instrument at fair value on a recurring basis:

- Interest rate swap contract – derivative financial instrument measured at fair value under the Level 2 method.

During the prior period until its expiry in August 2021, the Trust managed its cash flow interest rate risk by using a floating-to-fixed interest rate swap contract. In this contract the Trust agreed 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.

Under the swap contract, until its expiry, the Trust effectively paid interest on a notional swap amount of \$99,250,000 at a fixed rate of 0.0623% with the counterparty paying at the variable 90-day bank bill swap bid rate which at expiry was 0.0925%.

As a result of the Trust's sole investment property recognised as held for sale, and the Trust's debt classified as current, the responsible entity considered it in the best interests of unitholders to not enter into a new derivative financial instrument.

Valuation techniques used to derive Level 1 and Level 3 fair values

At balance date, the Trust held no Level 1 or Level 3 financial assets or financial liabilities.

Valuation techniques used to derive Level 2 fair values

At balance date, the Trust held no Level 2 assets. In the prior period, the fair value of financial instruments that were not traded in an active market were determined using valuation techniques. These valuation techniques maximised the use of observable market data, assessed for the impact of COVID-19 where it is applicable and relied 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 of interest rate swap

Level 2 financial liabilities previously held by the Trust included a "Vanilla" fixed to floating interest rate swap derivative (over-the-counter derivatives). The fair value of the derivative was previously determined using pricing models 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.

The Trust did not hold any other financial instruments at fair value in the current or prior periods and there were no transfers between levels of the fair value hierarchy during the period.

b) 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 interest-bearing liabilities 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 interest-bearing liabilities is not materially different from the carrying value.

11. Unrecognised items

a) Overview

Items that have not been recognised on the Trust's balance sheet include contractual commitments for future expenditure and contingent assets and contingent liabilities which are not sufficiently certain to qualify for recognition as an asset or a liability on the balance sheet. This note provides details of any such items.

Notes to the Financial Statements

For the half-year ended 31 December 2022

b) Contingent assets and contingent liabilities

As disclosed in the Trust's 30 June 2022 annual financial report, the Directors are not aware of any material contingent assets or contingent liabilities and the Directors are not aware of any material changes in contingent assets or contingent liabilities of the Trust since the last annual financial report.

c) 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.

12. Subsequent events

No matter or circumstance has arisen since 31 December 2022 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.

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) 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 2022 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

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

Ms TL Cox

Chair

21 February 2023

Sydney



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Independent Auditor's Review Report To the Members of Cromwell Riverpark Trust

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Cromwell Riverpark Trust ("Trust") which comprises the balance sheet as at 31 December 2022, the statement of profit or loss, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- a) giving a true and fair view of the Trust's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Trust 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual 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, would be in the same terms if given to the directors as at the time of this auditor's review report.

Emphasis of Matter Regarding the Non-Going Concern Basis of Preparation

Without modifying our conclusion, we draw attention to the Note 1 of the financial report which describes that the financial report has not been prepared on a going concern basis, as it is the responsible entity's intention to wind up the Trust subsequent to the successful completion of the sale of the Trust's property.

Responsibility of the Directors for the Financial Report

The directors of 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.

Brisbane Sydney Newcastle Melbourne Adelaide Perth



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Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 2022 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*.

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.

PITCHER PARTNERS

CHERYL MASON
Partner

Brisbane, Queensland
21 February 2023

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