



CROMWELL
FUNDS MANAGEMENT

Cromwell Riverpark Trust

ARSN 135 002 336

Half-Year Financial Report

31 DECEMBER 2023

Responsible entity:
Cromwell Funds Management Limited
ABN 63 114 782 777 AFSL 333 214
Level 10, 100 Creek Street
Brisbane QLD 4000

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DIRECTORY

Responsible entity:

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ABN 63 114 782 777
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Level 10, 100 Creek 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
123 Pitt Street
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 half-year ended 31 December 2023.

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 \$11.4 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 (collectively referred to as "the Directors") are as follows:

Ms TL Cox	Non-executive Chair	Appointed 14 January 2021, Chair since 14 January 2021
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 2023 annual financial report, after careful consideration the responsible entity decided that market conditions were not conducive to selling the investment property and winding up the Trust. While the responsible entity will give due consideration to any offers to buy the investment property, it acknowledges that it may take longer than expected in the current market. The responsible entity will continue to monitor the market and intends to launch another formal sale campaign as soon as it considers the market conditions to be more favourable and it is more likely to achieve a sale price reflective of the market value in a stable environment.

Going concern basis

As at 31 December 2023 the Trust's current liabilities exceeded its current assets by \$2,603,000. This is primarily due to the outstanding lease incentives of \$1,689,000. The Trust has undrawn but available bank debt facilities of \$4,811,000 which will be used to fund outstanding incentives with the balance available for capital expenditure. As the sale campaign for the Trust's sole investment property has been delayed and the responsible entity no longer believes the Trust will be wound up within the next twelve months, this report has been prepared on a going concern basis.

Financial performance

The Trust recorded a loss for the half-year of \$20,865,000 (2022: \$1,042,000) and declared distributions of \$5,574,000 (2022: \$5,573,000). The loss is predominately attributable to the \$22,502,000 fair value loss on the investment property.

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, these items 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 \$6,935,000 (2022: \$7,486,000). 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. Decrease in operating profit compared to the period ended 31 December 2022 reflects a significant increase in finance costs due to increased borrowings.

A reconciliation of operating profit for the Trust, as assessed by the Directors, to the reported loss for the half-year is as follows:

	Half-year ended	
	31 December 2023 \$'000	31 December 2022 \$'000
Operating profit	6,935	7,486
<i>Reconciliation to loss for the half-year</i>		
Fair value net losses:		
Investment property	(22,502)	(5,674)
Derivative financial instrument	(768)	-
Non-cash property investment expense:		
Straight-line lease income	(1,766)	(128)
Amorisation of lease incentives and lease costs	(2,670)	(2,644)
Amortisation of loan transaction costs	(88)	(82)
Other non-operating costs	(6)	-
Loss for the half-year	(20,865)	(1,042)

Directors' Report

	Half-year ended	
	31 December 2023 Cents	31 December 2022 cents
Loss per unit	(22.9)	(1.1)
Operating profit per unit	7.6	8.2
Distribution paid/payable per unit	6.1	6.1

Net operating income is calculated based on investment property rental income and direct recoveries, less outgoings, direct expenses 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.

Net operating income from the Trust's investment property for the half-year was \$11,269,000 (2022: \$10,643,000), an increase of 5.9% 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-lining).

A reconciliation of rental income and recoverable outgoings to net operating income for the half-year is as follows:

	Half-year ended	
	31 December 2023 \$'000	31 December 2022 \$'000
Rental income and recoverable outgoings	8,547	9,386
Property expenses and outgoings	(1,714)	(1,515)
Straight-line lease income	1,766	128
Amortisation of lease incentives and lease costs	2,670	2,644
Net operating income	11,269	10,643

Financial position

	As at	
	31 December 2023	30 June 2023
Total assets (\$'000)	295,076	321,949
Net assets (\$'000)	165,580	192,019
Total debt (\$'000) ⁽¹⁾	125,439	116,439
Gearing (%) ⁽²⁾	42.5%	36.2%
Debt maturity (years)	2.5	3.0
Percentage of debt hedged ⁽³⁾	96%	103%
Units issued ('000)	91,000	91,000
Net tangible assets per unit	\$1.82	\$2.11
Net assets per unit (including interest rate derivatives)	\$1.82	\$2.11
Net assets per unit (excluding interest rate derivatives)	\$1.82	\$2.10

(1) Interest bearing liabilities excluding unamortised borrowing costs.

(2) Total debt divided by total assets.

(3) In the prior period, the percentage of debt hedged was greater than 100% as hedging anticipated future drawdowns.

Value of scheme assets

The major asset of the Trust, the investment property at 26 Reddacliff Street, Newstead, QLD was valued at \$293,400,000 (30 June 2023: \$320,000,000) during the reporting period as disclosed in the accompanying financial report.

The total value of the Trust's assets as at the end of the financial period was \$295,076,000 (30 June 2023: \$321,949,000) and net assets attributable to unitholders were \$165,580,000 (30 June 2023: \$192,019,000) equating to \$1.82 per unit (30 June 2023: \$2.11).

Directors' Report

Investment property metrics

	As at	
	31 December 2023	30 June 2023
Investment property carrying value (\$'000)	293,456	320,029
Capitalisation rate (%)	6.25%	5.75%
Occupancy (%)	100%	100%
Weighted average lease expiry (years)	6.42	6.99

Subsequent events

No matter or circumstance has arisen since 31 December 2023 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

11 March 2024

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 10, 100 Creek Street
BRISBANE QLD 4000

Auditor's Independence Declaration

In relation to the independent auditor's review for the half year ended 31 December 2023, 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

PITCHER PARTNERS

CHERYL MASON
Partner

Brisbane, Queensland
11 March 2024

Brisbane Sydney Newcastle Melbourne Adelaide Perth

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MARK NICHOLSON
PETER CAMENZULI

JASON EVANS
KYLIE LAMPRECHT
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SIMON CHUN
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TOM SPLATT

JAMES FIELD
DANIEL COLWELL
ROBYN COOPER

FELICITY CRIMSTON
CHERYL MASON
KIERAN WALLIS

MURRAY GRAHAM
ANDREW ROBIN
KAREN LEVINE

EDWARD FLETCHER
ROBERT HUGHES

Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2023

	Notes	Half-year ended	
		31 December 2023 \$'000	31 December 2022 \$'000
Revenue and other income			
Rental income and recoverable outgoings	3	8,547	9,386
Interest	3	51	22
Total revenue and other income		8,598	9,408
Expenses			
Property expenses and outgoings		1,714	1,515
Management and administration costs	4	1,081	1,149
Finance costs		3,398	2,112
Fair value net loss from:			
Investment property	5	22,502	5,674
Derivative financial instrument		768	-
Total expenses		29,463	10,450
Loss for the half-year attributable to unitholders		(20,865)	(1,042)
Other comprehensive income for the half-year		-	-
Total comprehensive loss for the half-year attributable to unitholders		(20,865)	(1,042)

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

Balance Sheet

As at 31 December 2023

	Notes	As at	
		31 December 2023 \$'000	30 June 2023 \$'000
Current assets			
Cash and cash equivalents		969	651
Receivables		161	153
Other current assets		179	37
Derivative financial instrument	8	311	1,079
Total current assets		1,620	1,920
Non-current assets			
Investment property	5	293,456	320,029
Total non-current assets		293,456	320,029
Total assets		295,076	321,949
Current liabilities			
Payables	6	2,868	12,387
Distribution payable		961	964
Unearned income		394	392
Total current liabilities		4,223	13,743
Non-current liabilities			
Interest bearing liabilities	7	125,273	116,187
Total non-current liabilities		125,273	116,187
Total liabilities		129,496	129,930
Net assets		165,580	192,019
Equity			
Contributed equity	10	86,687	86,687
Retained earnings		78,893	105,332
Total equity		165,580	192,019

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 2023

31 December 2023	Note	Contributed equity \$'000	Retained earnings \$'000	Total \$'000
Balance at 1 July 2023		86,687	105,332	192,019
Loss for the half-year		-	(20,865)	(20,865)
Other comprehensive income for the half-year		-	-	-
<i>Transactions with unitholders in their capacity as unitholders:</i>				
Distributions paid / payable	2	-	(5,574)	(5,574)
Balance at 31 December 2023		86,687	78,893	165,580

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)
Other 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

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 2023

	Half-year ended	
	31 December 2023 \$'000	31 December 2022 \$'000
Cash flows from operating activities		
Receipts in the course of operations	2,793	2,519
Payments in the course of operations	(2,324)	(3,120)
Interest received	51	22
Finance costs paid	(3,258)	(1,735)
Net cash used in operating activities	(2,738)	(2,314)
Cash flows from investing activities		
Payments for investment property	(365)	(1,457)
Net cash used in investing activities	(365)	(1,457)
Cash flows from financing activities		
Proceeds from borrowings	9,000	7,830
Payments for loan transaction costs	(2)	(10)
Payment of distributions	(5,577)	(5,547)
Net cash provided by financing activities	3,421	2,273
Net increase / (decrease) in cash and cash equivalents	318	(1,498)
Cash and cash equivalents at 1 July	651	3,390
Cash and cash equivalents at 31 December	969	1,892

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 2023

1. Basis of preparation

The half-year financial report of Cromwell Riverpark Trust (the Trust) for the half-year reporting period ended 31 December 2023 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 2023. 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 2023. 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 basis

As at 31 December 2023 the Trusts' current liabilities exceeded its current assets by \$2,603,000. This is primarily due to the outstanding lease incentives of \$1,689,000. The Trust has undrawn but available bank debt facilities of \$4,811,000 which will be used to fund outstanding incentives with the balance available for capital expenditure. As the sale campaign to sell the Trust's sole investment property has been delayed and the responsible entity no longer believes the Trust will be wound up within the next twelve months, this report has 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. Actual results may differ from these estimates. 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	11

b) New 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.

Any new relevant accounting standards and interpretations that have been issued or amended but are not yet effective and have not been adopted are unlikely to have any material impact on the Trust.

Notes to the Financial Statements

For the half-year ended 31 December 2023

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 are determined with reference to the Trust's operating profit. Operating profit is a non-IFRS measure and is discussed and calculated on page 3 of this half-year Financial report.

b) Distributions paid / payable

Annual 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
1 July 2023 to 30 June 2023:	12.25 cents
Since 1 July 2023 ⁽¹⁾ :	12.25 cents

(1) Annualised distribution rate

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

	Half-year ended	
	31 December 2023 \$'000	31 December 2022 \$'000
Distributions paid / payable	5,574	5,573

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 2023 \$'000	31 December 2022 \$'000
Rental income – lease components	7,157	8,164
Recoverable outgoings – non-lease components	1,390	1,222
Rental income and recoverable outgoings	8,547	9,386
<i>Other income recognised:</i>		
Interest	51	22
Total other income	51	22
Total revenue and other income	8,598	9,408

Notes to the Financial Statements

For the half-year ended 31 December 2023

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 2023 \$'000	31 December 2022 \$'000
<i>Rental income and recoverable outgoings – non-lease components:</i>		
Recoverable outgoings ⁽¹⁾	1,129	988
Cost recoveries ⁽²⁾	261	234
Total rental income and recoverable outgoings – non-lease components	1,390	1,222

(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.

	Half-year ended	
	31 December 2023 \$'000	31 December 2022 \$'000
Fund administration fees	948	1,020
Administration costs	133	129
Total management and administration costs	1,081	1,149

5. Investment property

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 to August 2030, with total occupancy at 100%.

b) Details of the Trust's investment property

	Independent valuation		Carrying amount		Fair value adjustment	
	Date	Amount \$'000	As at		For the half-year ended	
			31-Dec 2023 \$'000	30-Jun 2023 \$'000	31-Dec 2023 \$'000	31-Dec 2022 \$'000
26 Reddacliff Street, Newstead, QLD	Nov 2023	293,400	293,456	320,029	(22,502)	(5,674)

c) 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 2023 \$'000	31 December 2022 \$'000
Balance at 1 July	320,029	334,862
Lifecycle capital expenditure	212	1,496
Lease incentives and lease costs	153	88
Straight-line lease income	(1,766)	(128)
Amortisation of lease incentives and lease costs	(2,670)	(2,644)
Net loss from fair value adjustments	(22,502)	(5,674)
Total investment property	293,456	328,000

Notes to the Financial Statements

For the half-year ended 31 December 2023

d) Critical accounting estimates (fair value measurement)

The Trust's investment property, with a carrying amount of \$293,456,000 (30 June 2023: \$320,029,000) represents a significant balance on the Trust's balance sheet. The investment property is measured at fair value using valuation methods that utilise estimates of unobservable inputs which are disclosed below.

The Trust's Valuation policy requires the property to be valued by an independent professionally qualified valuer at least once every two years.

Impact of global economic impacts on property valuations

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 2023	30 June 2023	Impact on fair value if input increases	Impact on fair value if input decreases
Annual net property income (\$'000)	22,602	21,494	Increase	Decrease
Capitalisation rate (%)	6.25	5.75	Decrease	Increase
Discount rate (%)	6.50	6.25	Decrease	Increase
Terminal yield (%)	6.50	6.00	Decrease	Increase
WALE (years)	6.42	6.99	Increase	Decrease
Occupancy	100%	100%	Increase	Decrease

Sensitivity analysis

Significant judgement is required when assessing the fair value of investment property. A sensitivity analysis is included below that 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 2023.

	31 December 2023 \$'000	31 December 2023 \$'000
	0.50%	(0.50%)
Impact to investment property	(20,500)	23,600

6. Payables

a) Overview

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

	As at	
	31 December 2023 \$'000	30 June 2023 \$'000
Current		
Lease incentives payable	1,689	11,759
Trade and other payables	1,179	628
Total payables	2,868	12,387

Notes to the Financial Statements

For the half-year ended 31 December 2023

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. The facility was increased in June 2022 to fund lease incentives. This note provides further details about the Trust's debt facility and related finance costs incurred during the period.

	As at	
	31 December 2023 \$'000	30 June 2023 \$'000
Non-current		
<i>Secured</i>		
Bank loan – investment property	125,439	116,439
Unamortised loan transaction costs	(166)	(252)
Total interest-bearing liabilities	125,273	116,187

b) Details of interest-bearing liabilities

Borrowing - Bank loan

This bank loan facility is secured by a first registered mortgage over the Trust's investment property. The loan bears interest at a variable rate plus a margin and has a maturity date of June 2026. At 31 December 2023 the Trust had a total facility limit of \$130,250,000 and an undrawn balance of \$4,811,000.

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

Covenant	As at					
	31 December 2023			30 June 2023		
	Actual	Limit	Headroom ⁽¹⁾	Actual	Limit	Headroom ⁽¹⁾
Loan to value ⁽²⁾	43.3%	60.0%	\$80,900,000	38.2%	60.0%	\$110,900,000
Interest cover	3.1 times	2.0 times	\$7,343,000 ⁽³⁾	3.9 times	2.0 times	\$9,200,000

(1) Loan to value headroom is for the property value, and interest cover headroom is for adjusted net property income.

(2) LVR calculated with reference to net bank valuation of \$290,000,000 (2023: \$305,000,000).

(3) Annualised interest cover calculation

8. Derivative financial instrument

a) Overview

The Trust manages its cash flow interest rate risk by using a floating-to-fixed interest rate collar contract. Under this contract, the Trust agrees with the counterparty to pay interest on a notional amount of \$120,000,000 on a quarterly basis until June 2024. Interest is calculated by reference to the agreed notional principal amount, and only payable if the 90-day BBSY rate falls below the floor strike rate of 3.00% (Trust to pay the counterparty the difference between rates) or the 90-day BBSY rate is above the cap strike rate of 3.76% (counterparty to pay the Trust the difference between rates).

At 31 December 2023, the notional value of the interest rate collar contract of \$120,000,000 represents 96% of the facility bank loan utilised of \$125,439,000 (30 June 2023: 103% of the facility).

	As at	
	31 December 2023 \$'000	30 June 2023 \$'000
Current asset		
Interest rate collar contract	311	1,079

Notes to the Financial Statements

For the half-year ended 31 December 2023

9. 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 or trust rollover.

At 31 December 2023, no provision for performance fee has been recognised (30 June 2023: \$nil).

10. 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. The trust continues to operate as a going concern until such time as the responsible entity decides that it is in the interest of the unitholders to wind up the trust.

	As at 31 December 2023		As at 30 June 2023	
	#'000	\$'000	#'000	\$'000
Issued units	91,000	86,687	91,000	86,687

11. 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 collar contract – derivative financial instrument measured at fair value under the Level 2 method.

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

The fair value of financial instruments that are not traded in an active market were determined using valuation techniques. These valuation techniques maximise the use of observable market data, 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 of interest rate collar

Level 2 financial assets held by the Trust includes a "Vanilla" fixed to floating interest rate collar derivative (over-the-counter derivative). The fair value of this derivative has been 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 derivative and counterparty or own credit risk.

The Trust does not hold any other financial instruments at fair value in the current or prior period. The Trust's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period. 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, 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.

Notes to the Financial Statements

For the half-year ended 31 December 2023

12. 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 a liability on the balance sheet. This note provides details of any such items.

b) Contingent assets and contingent liabilities

As disclosed in the Trust's 30 June 2023 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.

13. Subsequent events

No matter or circumstance has arisen since 31 December 2023 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:

- (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 2023 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

11 March 2024

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 statement of financial position as at 31 December 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of accounting policies and other explanatory information, and the directors of the responsible entity's 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 2023 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 of the responsible entity as at the time of this auditor's review report.

Responsibility of the Directors of the Responsible Entity 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 of the responsible entity 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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CHERYL MASON
KIERAN WALLIS

MURRAY GRAHAM
ANDREW ROBIN
KAREN LIVINGE

EDWARD FLETCHER
ROBERT HUGHES

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 2023 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

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CHERYL MASON
Partner

Brisbane, Queensland
11 March 2024