ASIC Benchmark and Disclosure Principles: Cromwell Riverpark Trust 28 March 2024

Information Provided Pursuant to ASIC Regulatory Guide 46 (RG46)

Important Notice and Disclaimer

As responsible entity of the Cromwell Riverpark Trust ARSN 135 002 336 ("CRT" or "the Trust"), Cromwell Funds Management Limited ABN 63 114 782 777, AFSL 333214 ("CFM") is the issuer of this ASIC Benchmark and Disclosure Principles guide ("Guide") which should be read in conjunction with the Product Disclosure Statement for the Trust dated 25 February 2009 ("PDS") and the Supplementary Product Disclosure Statement for the Trust dated 30 June 2009 ("SPDS"). As at the date of this Guide, the Trust is closed to new investments. The Trust's original 7-year term expired in July 2016. Trust unitholders voted to extend the Trust Term by five years, until 8 July 2021, during which unitholders had no right to withdraw. The extended Trust Term expired on 8 July 2021, and on 4 November 2021, CFM advised the process of marketing and selling the Trust's Property as soon as practicable had begun. Further information will be made available on the Trust's website at www.cromwell.com.au/crt.

Updates on the Trust are available at www.cromwell.com.au/crt.

The information in this Guide is general information only and does not take into account your objectives, financial situation or needs. Therefore, before deciding whether to acquire or continue to hold an investment you should consider the PDS and SPDS and updates to them carefully and assess, with or without your financial or taxation advisor, whether the Trust fits your objectives, financial situation or needs.

Scope of this Guide

The Australian Securities & Investments Commission (ASIC) issued RG 46 in September 2008 and updated in March 2012. RG 46 sets out particular benchmarks and disclosure principles designed to provide improved disclosure to retail investors to help them compare risks and returns across investments in the unlisted property sector.

Set out below are tables which list each disclosure principle and benchmark and where the relevant information is included in this Guide and, if applicable, the attached PDS and SPDS.

	Disclosure Principles	Guide Reference	PDS Reference
1	Gearing Ratio	Section 4.3	Section 1.7 (3, 6 and 11 are also relevant)
2	Interest Cover Ratio	Section 4.4	Section 1.7 (3 and 10.10 are also relevant)
3	Scheme Borrowing	Section 4	Section 1.7 (3 and 10.10 are also relevant)
4	Portfolio Diversification	Section 1	Section 1.1 (2 and 3 are also relevant)
5	Related Party Transactions	Section 7	Section 1.8 (4 is also relevant)
6	Distribution Practices	Section 5	Section 1.5 (3 and 6.3 are also relevant)
7	Withdrawal Arrangements	Section 6	Section 8.4 (3 is also relevant)
8	Net Tangible Assets	Section 2	Section 6 (11 is also relevant)

	Benchmarks	Guide Reference	PDS Reference
1	Gearing Policy – The Trust meets the benchmark. The Trust maintains and complies with a written policy that governs the level of gearing for the Trust.	Section 4.1	Section 1.7
2	Interest Cover Policy – The Trust meets the benchmark. The Trust maintains and complies with a written policy that governs the level of interest cover for the Trust.	Section 4.1	Section 1.7
3	Interest Capitalisation – The Trust meets this benchmark. The interest expense of the Trust is not capitalised.	Section 4.1	N/A
4	Valuation Policy – The Trust meets the benchmark. The Trust maintains and complies with a written valuation policy.	Section 3	Section 1.6 Section 11 is also relevant
5	Related Party Transactions – The Trust meets the benchmark. The Trust maintains and complies with a written policy on related party transactions, including the assessment and approval processes for such transactions and arrangements to manage conflicts of interest.	Section 7	Section 1.8 Section 4 is also relevant
6	Distribution Practices – The Trust meets this benchmark. The Trust will only pay distributions from cash available from its operations (excluding any borrowings).	Section 5	Section 1.5 Sections 3 and 6.3 are also relevant

All statistics and amounts in this Guide are as at 31 December 2023 unless stated otherwise.

CFM may update this Guide from time to time and it is recommended unitholders refer to our website at www.cromwell.com.au/crt for these updates. A paper copy of this Guide or any updated information will be given to you on request and without charge.

From time to time, CFM may become aware of information that is material to unitholders but not covered by a disclosure principle. Any such material information will be provided to unitholders in continuous disclosure notices on our website www.cromwell.com.au/crt.

1. Portfolio Diversification

1.1 Trust Investments

The Trust owns a single property situated at 33 Breakfast Creek Road, Newstead, QLD ("the Property"). The Property is in the commercial sector of the property market.

The Trust is not expected to acquire any other properties during its investment term. As a result, the Trust is not currently, and is not expected to be, diversified by investment class, geographic location or property sector.

Currently the only significant non-direct property assets of the Trust are cash and derivative financial instruments. As at 31 December 2023, the Trust held cash of $969,000 and the market valuation of its interest rate cap was $311,000.

1.2 Property Valuation

The most recent valuation of the Property[1] is summarised in the following table.

Property	Valuation	Sector	Valuation Date	Market Cap Rate[2]	Occupancy[3]	Valuer
33 Breakfast Creek Road, Newstead QLD	$293,400,000	Commercial	30 November 2023	6.25%	100%	Independent

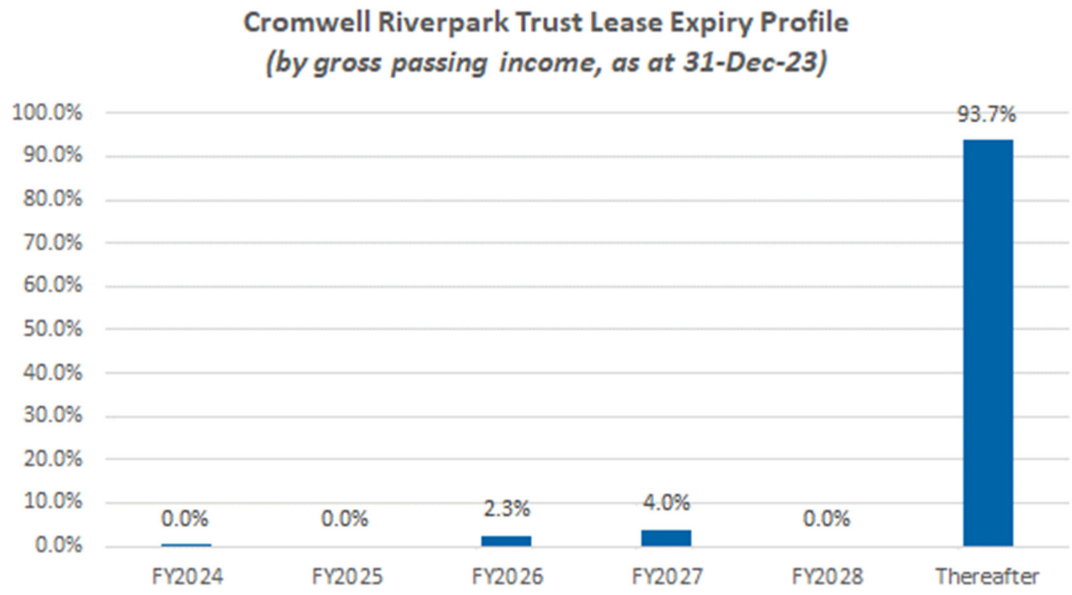
In the Trust's management accounts as at 31 December 2023, the gross carrying value of the Property was $293,456,000[4].

At 31 December 2023, the Trust had total assets of $295,076,000. Therefore, at 31 December 2023, the Property represented 99.5% of the Trust's total assets.

[1] The investment property valuation is a gross valuation. Outstanding lease incentives as at the valuation date of 30 November 2023 were $3,393,000.
[2] The market capitalisation rate (cap rate) is the capitalisation rate used to value a property, assuming it is fully leased at reasonable and current market rent rates.
[3] Calculated by vacant space over total net lettable area.
[4] The carry value of the Property as at 31 December 2023 is gross of outstanding lease incentives of $1,689,000. Outstanding lease incentives are recognised as an accrued lease incentive liability within the payables item in the balance sheet.

1.3 Lease Expiry Profile

The following chart shows the lease expiry profile for the Property in yearly periods calculated on the basis of the Trust's gross passing income.



The main lease, to Energex Limited, which provides 93.6% of the gross passing income of the Property, expires in 2030.

1.4 Vacancy Rate

The Property is fully let as at 31 December 2023.

1.5 Tenants

Top 5 Tenants by Gross Passing Income	
Tenant	**% of Gross Passing Income**
Energex Ltd	93.6%
LMM Holdings Pty Ltd	2.5%
First Light Active Pty Ltd	1.8%
Oliver Hume Real Estate Group (QLD) Pty Ltd	1.0%
Trez Pty Ltd	0.3%

The Trust's Weighted Average Lease Expiry (WALE) by gross passing income as calculated in the Trust's most recent financial accounts at 31 December 2023, is 6.4 years.

The Trust's WALE is calculated as follows:

$$\text{WALE} = \frac{\text{Remaining gross passing income}}{\text{Gross passing income}}$$

WALE is used to measure the overall tenancy risk of a particular property to assess the likelihood of a property being vacated. WALE of a property is measured across all tenants' remaining lease term (in years) and is weighted with the tenants' income against total combined income.

2. Net Tangible Assets

The net tangible assets ("NTA") of the Trust can be calculated on a per unit basis. This amount can be used as an approximate measure of what a unitholder could expect to receive per unit held if the assets of the Trust were sold at that particular point in time. However, it does not make any allowance for the cost of selling the Property and winding up the Trust. Therefore, to the extent that the NTA at any time is less than the price paid for a unit, it is also an approximate measure of the risk of a capital loss.

NTA is calculated using information from the Trust's financial accounts as at 31 December 2023 in accordance with the following formula:

$$\text{NTA} = \frac{\text{Net assets}^{5} - \text{intangible assets +/- other adjustments}}{\text{Number of units on issue}}$$

As at 31 December 2023, the Trust had NTA per unit of $1.820 (before tax) including interest rate swaps and $1.815 excluding interest rate swaps. This is a decrease of 13.8% from the June 2023 NTA of $2.110.

3. Valuation Policy

CFM has, and complies with, a valuation policy for the Trust. Amongst other things, the policy provides that:

a) the Property will be independently valued each year. Should the Property not be sold beforehand, the next independent valuation is expected to occur on or before 30 November 2024;

b) all valuations are to be carried out by appropriately qualified valuers, independent of CFM, who are registered in Queensland and have a minimum of five years' relevant experience;

c) valuers are to be instructed to undertake their valuation in accordance with industry standards and to outline their valuation methodology within the valuation report; and

d) the same valuer will not be appointed for a term of more than 3 years.

CFM believes that using independent valuers (with valuers being required to confirm their independence as part of their valuation report) and ensuring that the valuers used in relation to any one property are rotated in accordance with the valuation policy will best address any potential conflicts of interest that might arise. However, relevant staff are also aware of CFM's conflict of interest arrangements and are required to report any actual or potential conflicts of interest of which they become aware so that the conflicts can be appropriately managed and/or monitored.

[5] No acquisition costs are embedded in the calculation of net assets. CFM writes off acquisition costs immediately upon the acquisition.

Unitholders can obtain a copy of the valuation policy by calling Cromwell's Investor Services Team on 1300 268 078.

4. Trust Borrowing

4.1 Borrowing Policy

CFM has, and complies with, a written policy that governs the level and nature of the Trust's borrowings and, in particular, the level and nature of the Trust's gearing and the level and nature of its interest cover.

The policy provides that the Trust's gearing will not exceed 50%, with gearing being calculated as the Trust's total borrowings divided by total assets.

Further, CFM will not undertake any borrowing for the Trust which would cause the interest cover ratio of the Trust to fall below 2 times.

No interest is capitalised on debt facilities.

There are risks involved in investing in a geared Trust as gearing magnifies profits, losses, capital gains and capital losses. See "Borrowing Risk" in Section 3.2 of the PDS for further information.

4.2 Borrowing Facilities

Most property funds use a combination of borrowings and unitholders' funds to acquire properties. Borrowings enhance distributions when the cost of the borrowings is less than the return from the property and increase the potential for capital gain when property values are rising. However, they can also lead to reduced distributions when the cost of borrowing is greater than the return from the Property or a larger capital loss when property values are falling.

The Trust has a single loan facility ("Bank Loan"). The Bank Loan is for a total amount of $130,250,000 and has been provided by one of Australia's major banks.

- In August 2021 the Bank Loan was increased and extended to June 2024.
- In June 2023 a further extension was provided, with the maturity date now 30 June 2026. There are no break fees applicable should the Property be sold and the Bank Loan repaid and terminated early.
- As at 31 December 2023 the drawn balance was $125,439,000.

In 2021, the lease to the major tenant, Energex, was extended for a further 5 years, from August 2025 to August 2030 (with two further option periods of five years and three years respectively). Under the lease extension, the Trust provided the tenant with a lease incentive of $42.77m which the tenant elected to take in the form of a rent-free period from November 2021 to February 2024. The incentive is fully funded by a combination of a $31.0m increase in the Trust's loan facility and cash reserves of the Trust. The lease extension resulted in the valuation of the investment property increasing from $281,000,000 (30 June 2021) to $316,000,000 (30 September 2021).

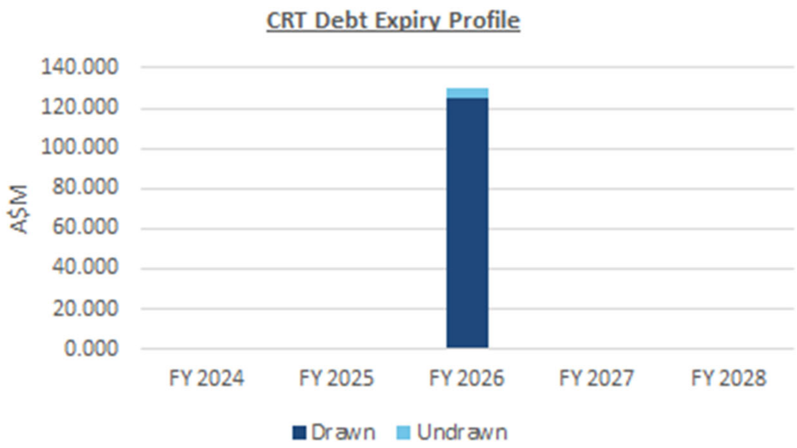
The Bank Loan is secured against the Property. This means that repayment of the Bank Loan ranks ahead of unitholders' interests in the Trust. If the Trust fails to renew borrowing or credit facilities, the Trust's viability could be adversely affected.

The Bank Loan had an all-up interest rate of 6.031% per annum at 31 December 2023. The interest rate comprises a fixed margin and variable market rate charged on the drawn balance, and a line fee charged on the undrawn portion. The all-up interest rate including income derived from the interest rate cap was 5.411% as at 31 December 2023.

The interest rate for the financial half-year ending 31 December 2023, including income derived from the interest rate cap and the amortisation of front-end establishment fees, was 5.537%.

The interest expense incurred by the Trust is not capitalised. Interest is paid as and when due from available cash reserves.

The maturity profile of the Trust's borrowing facilities are as follows:



The Trust's constitution and the *Corporations Act 2001* (Cth) gives unitholders certain powers. In particular, the requisite number of unitholders can call a meeting of unitholders to consider resolutions to amend the Trust constitution, terminate the Trust or remove CFM as responsible entity. The exercise of those powers without the consent of the bank may lead to events of default under the Bank Loan and in certain circumstances will give the bank rights to, amongst other things, call for immediate repayments of the amounts outstanding.

4.3 Gearing Ratio

The gearing ratio indicates the extent to which the Trust's assets are funded by interest bearing liabilities (i.e. its borrowings).

The ratio gives an indication of the potential risks faced by the Trust as a result of its borrowings due to, for example, an increase in interest rates or a decrease in property values. Generally, the higher the gearing ratio the greater the risks faced by the Trust as a result of its borrowings.

The Trust's gearing ratio is calculated as follows:

$$\text{Gearing ratio} = \frac{\text{Total interest bearing liabilities}^{6}}{\text{Total assets}}$$

The gearing ratio for the Trust as at 31 December 2023 was 42.5%.

The gearing ratio for 31 December 2023 was calculated using information from the Trust's latest financial accounts as at 31 December 2023.

The Trust does not have any off-balance sheet financing.

[6] Interest bearing liabilities are defined as "Borrowings" in the Trust's financial reports, and are detailed under non-current liabilities within the Consolidated Balance Sheet. They include the Trust's bank loans, less unamortised loan transaction costs, which have been excluded for the purposes of this calculation.

4.4 Interest Cover

Interest cover measures the ability of the Trust to meet the interest payments on its borrowings from its earnings. The level of interest cover gives an indication of the Trust's financial health. It is a key measure of the Trust's ability to meet its interest payment obligation. Generally, the higher the interest cover the easier it will be for the Trust to continue to meet its interest payments if earnings decline.

Interest cover is calculated as follows:

$$\text{Interest cover ratio} = \frac{\text{EBITDA – unrealised gains + unrealised losses}^{7}}{\text{Interest expense}}$$

EBITDA means earnings before interest, tax, depreciation and amortisation. In the latest financial accounts "EBITDA - unrealised gains + unrealised losses" is represented by profit from operations plus interest expense.

The Trust's interest cover for the financial half-year ending 31 December 2023 was 3.1 times. The ratio was calculated based on information from the Trust's 31 December 2023 financial accounts.

4.5 Loan Covenants

The Bank Loan has various financial covenants which must be complied with. The Trust is compliant with all covenants.

Under the terms of the Bank Loan, the 'loan to value' ratio must be at or below 60%. The 'loan to value' ratio is the drawn balance of the Bank Loan divided by the value of the Property, net of outstanding lease incentives, and was 43.3% at 31 December 2023. The Property would need to fall in value by 27.9% from its 30 November 2023 valuation for this covenant to be breached.

The interest cover ratio (which is calculated for the preceding 12 months) must be greater than or equal to 2 times. The interest cover ratio is the Trust's net income divided by the Bank Loan's interest costs and was 3.2 times for the 12-month calculation period ending 31 December 2023. Net Trust income would need to fall by 37.2% or the interest expense would need to increase by 59.2% for this covenant to be breached.

4.6 Hedging

Hedging is a means by which the variable component of the Trust's interest payments (other than the margin, which is generally agreed for the term of the Bank Loan) is fixed for a certain period.

This provides the Trust with certainty as to its interest expense for the hedging period. While this is of benefit to the Trust should interest rates rise, it would be disadvantageous to the Trust if interest rates fall below the level at which the Trust's interest rate was hedged.

CFM maintains and complies with a borrowing policy for the Trust, which incorporates the extent to which the Trust will hedge its interest rate expense.

On 5 May 2023 the Trust entered into a $120M interest rate cap and collar, effective 8 June 2023 and maturing 8 June 2024. The market valuation of this derivative as at 31 December 2023 was $311,000.

[7] "EBITDA – unrealised gains + unrealised losses" is disclosed in the Trust's financial reports as Total revenue and other income adjusted for any fair value gains or losses.

5. Distribution Practices

The Trust ordinarily pays distributions from its cash from operations available for distribution (excluding borrowings, unrealised gains and losses and certain non-cash and capital items).

From November 2021 through January 2024, whilst the Trust was providing the major tenant with its rent-free incentive, this operating cashflow was lower than prior periods.

Distributions were in effect supported by the increased loan facility, which was drawn to fund the rent-free incentive, and cash reserves of the Trust. The Trust's borrowings were increased in line with the portion of the rent-free incentive not funded from available cash reserves.

Cromwell Riverpark Trust: Reconciliation of Fund Net Loss to Cashflow from Operations	
All figures in A$M	**HY2024 A$M**
Loss for the half-year ended 31 December 2023	**(20.865)**
Add	
+/- fair value (write-downs)/net gains:	
Investment properties	22.502
Derivative financial instruments	0.768
Add	
Non-cash property investment income/(expenses):	
Straight-line lease income	1.766
Lease incentive, lease cost amortisation and lease abatement	2.670
Add	
Amortisation of loan transaction costs	0.088
Other non-operating costs	0.006
Operating Profit	**6.935**
(Increase) / decrease in receivables and prepayments	(0.149)
Increase / (decrease) in:	
Accrued lease incentives	(10.070)
Other payables	0.552
Transaction costs	(0.006)
Cashflow from Operating activities	**(2.738)**
Distributions	5.574
Distribution rate (p.a.)	12.25 cpu
Cashflow from Operating activities	**(2.738)**
Cashflow from Investing activities	**(0.364)**
Distributions paid	(5.577)
Debt Draws	9.000
Other Financing cashflows	(0.002)
Cashflow from Financing activities	**3.421**
NET CASHFLOW	**0.318**
Opening balance	0.651
Closing balance	**0.969**

The major tenant's incentive was fully paid out, and the rent-free period finished, in January 2024. The tenant's obligation to pay rent immediately recommenced, and cashflow generated from operations will be available for distribution. Refer to section 4 for further information on the Trusts borrowings.

CFM considers the Trust's distributions to be sustainable for at least 12 months into the future.

The net operating income of the Trust is derived from its investment property. A reconciliation of rental income and recoverable outgoings to net operating income for the financial half-year ending 31 December 2023 is as follows, calculated from the Trust's financial accounts:

Cromwell Riverpark Trust: Reconciliation of Rental income and recoverable outgoings to Net Operating Income	
All figures in A$M	**HY2024 A$M**
Rental income and recoverable outgoings	8.547
Property expenses and outgoings	(1.714)
Net Rental Income	**6.833**
Add back:	
Straightline rental expense	1.766
Lease incentive amortisation	2.563
Leasing cost amortisation	0.107
Net Operating Income	**11.268**

6. Withdrawal Arrangements

The initial term of the Trust expired in July 2016. Unitholders voted to extend the Trust Term by five years, until 8 July 2021. The extended Trust Term expired on 8 July 2021. As detailed in the letter to unitholders dated 23 June 2023, CFM will continue to endeavour to sell the Property as soon as practicable and will keep Unitholders informed regarding a further sale campaign.

In the meantime, no action is required, and monthly distributions will continue to be paid. Further information will also be made available on the Trust's website at www.cromwell.com.au/crt.

7. Related Party Transactions

CFM recognises it is important that related party transactions are appropriately managed because of the inherent risk that they may be mutually assessed and then reviewed less vigorously than transactions with external parties.

CFM has, and complies with, written policies regarding related party transactions. The policies cover, amongst other things, the assessment and approval processes for related party transactions as well as how those transactions are managed. All related party transactions require Board approval and the Board will only approve transactions if they are satisfied the transactions are on arm's length or better terms to the Trust. Otherwise, unless another exception is available under the *Corporations Act 2001* (Cth), the transaction would be subject to approval by the Trust's unitholders.

Any conflict of interest or potential conflict of interest (which includes but is not limited to a related party transaction) is managed in accordance with CFM's Conflict of Interest Policy.

Compliance with the Related Party and Conflict of Interest Policies is tested at least annually by Cromwell's Risk and Compliance team. To date, the policies have been complied with by CFM.

CFM has appointed some related entities to provide services to the Trust. Like CFM, those related entities are all wholly owned subsidiaries of the Cromwell Corporation Limited. They include Cromwell Property Services Pty Ltd (which provides property, facility management and leasing services to the Trust), Cromwell Project & Technical Solutions Pty Ltd (which provides project management services to the Trust in relation to the direct property assets), Cromwell Capital Pty Ltd (which provides finance arrangement services to the Trust) and Cromwell Operations Pty Ltd (which provides accounting and other administrative services to the Trust).

Cromwell Property Services Pty Ltd was paid $326,206 in fees, Cromwell Operations Pty Ltd was paid $39,600 and Cromwell Project & Technical Solutions Pty Ltd was paid $10,009 for the financial half-year ending 31 December 2023. Cromwell Capital Pty Ltd did not receive any fees during the financial half-year ending 31 December 2023. Related party arrangements are reviewed annually and are entered into on arm's length terms. For further information, please refer to Section 4.2.3 of the PDS (regarding fees paid to CFM and its related parties for services provided to the Trust) and Section 1.8 of the PDS (regarding the related party arrangements that relate to the Trust).

Unitholders can obtain copies of the Conflict of Interest and Related Party Policies by calling Cromwell's Investor Services Team on 1300 268 078.