Rule 4.3A

Appendix 4E

Results for Announcement to the Market

CROMWELL PROPERTY GROUP

The Appendix 4E should be read in conjunction with the annual financial report of Cromwell Property Group for the year ended 30 June 2021.

1. CROMWELL PROPERTY GROUP STRUCTURE

This report is for the Cromwell Property Group ("Cromwell"), consisting of Cromwell Corporation Limited (ABN 44 001 056 980) ("the Company"), and Cromwell Diversified Property Trust (ARSN 102 982 598) ("the Trust").

Cromwell Property Group was formed in December 2006 by the Stapling of shares in the Company to units in the Trust. Each stapled security consists of one share in the Company and one unit in the Trust, which cannot be dealt with or traded separately.

The responsible entity of the Trust is Cromwell Property Securities Limited (ABN 11 079 147 809), a subsidiary of the Company.

2. REPORTING PERIOD

The financial information contained in this report is for the year ended 30 June 2021. Comparative amounts, unless otherwise indicated, are for the year ended 30 June 2020.

3. HIGHLIGHTS OF RESULTS

	30 Jun 2021 A$'M	30 Jun 2020 A$'M	% Change
Revenue and other income	**595.0**	494.7	20%
Operating profit attributable to stapled security holders as assessed by the directors (1)	**192.2**	221.2	(13%)
Operating profit per stapled security as assessed by the directors (1) (2)	**7.35 cents**	8.50 cents	(14%)
Other items (including fair value adjustments) (7)	**116.0**	(43.6)	366%
Profit after tax attributable to stapled security holders (7)	**308.2**	177.6	74%
Basic earnings per stapled security (2) (7)	**11.78 cents**	6.83 cents	72%
Diluted earnings per stapled security (3) (7)	**11.74 cents**	6.80 cents	73%
Distributions per stapled security	**7.00 cents**	7.50 cents	(7%)
Total assets (7)	**5,008.9**	4,984.5	-
Net assets (7)	**2,665.3**	2,583.4	3%
Net tangible assets ("NTA") (4)	**2,656.7**	2,573.4	3%
Net debt (5)	**2,021.2**	1,975.9	2%
Gearing (%) (6)	**42%**	42%	-
Securities issued (M)	**2,617.5**	2,612.9	-
NTA per security	**$1.02**	$0.99	3%
NTA per security (excluding interest rate swaps)	**$1.02**	$0.99	3%

(1) Operating profit is calculated after adjusting for certain items (including fair value adjustments, realised gains on sale and other items) as set out in the Directors Report of the 2021 annual financial report.
(2) Earnings per stapled security calculated using weighted average number of stapled securities on issue during the relevant period.
(3) Earnings per stapled security calculated using weighted average number of stapled securities and potential stapled securities on issue during the relevant period.
(4) Net assets less deferred tax assets, intangible assets and deferred tax liabilities.
(5) Borrowings less cash and cash equivalents and restricted cash.
(6) Net debt divided by total tangible assets less cash and cash equivalents.
(7) Restatement to 2020 required to comply with recently issued guidance from the International Financial Reporting Interpretations Committee (IFRIC) regarding the treatment of 'configuration and customisation costs' incurred in relation to 'Software-as-a-Service' ("SaaS") arrangements.

4. COMMENTARY ON THE RESULTS

Refer to the Directors' Report of the 2021 annual financial report for a commentary on the results of Cromwell.

5. DISTRIBUTIONS AND DIVIDENDS

Distributions/dividends declared during the current and previous years were as follows:

Cromwell	Dividend per Security	Distribution per Security	Total per Security	Total A$'M	Franked amt per Security	Record Date	Payment Date
2021							
Interim distribution	-	1.8750¢	1.8750¢	49.0	-	30/09/20	20/11/20
Interim distribution	-	1.8750¢	1.8750¢	49.1	-	31/12/20	19/02/21
Interim distribution	-	1.6250¢	1.6250¢	42.5	-	31/03/21	21/05/21
Final distribution	-	1.6250¢	1.6250¢	42.5	-	30/06/21	20/08/21
	-	**7.0000¢**	**7.0000¢**	**183.1**	**-**		
2020							
Interim distribution	-	1.8750¢	1.8750¢	48.7	-	30/09/19	22/11/19
Interim distribution	-	1.8750¢	1.8750¢	48.8	-	31/12/19	21/02/20
Interim distribution	-	1.8750¢	1.8750¢	49.0	-	31/03/20	22/05/20
Final distribution	-	1.8750¢	1.8750¢	49.0	-	30/06/20	21/08/20
	-	**7.5000¢**	**7.5000¢**	**195.5**	**-**		

6. DISTRIBUTION REINVESTMENT PLAN

Cromwell Property Group operates a distribution reinvestment plan ("Plan") which enables security holders to reinvest dividends/distributions and acquire Cromwell Property Group stapled securities. The directors may specify a discount rate to be applied to the issue price of stapled securities for Plan participants, however currently no discount applies. The issue price is generally the average of the daily volume weighted average price of stapled securities sold on ASX for the 10 trading days immediately prior to the Plan Record Date to which the distribution relates. The Plan Record Date is generally 15 business days prior to the distribution payment date.

An election to participate in the Plan in respect of some or all of a holding can be made at any time. To participate in the Plan in respect of a specific distribution, the security holder must have lodged their Plan election notice on or before the record date for that distribution.

In accordance with Rule 13 of the Plan, the Plan was suspended for the quarters ended 30 September 2020, 31 December 2020, 31 March 2021 and 30 June 2021 respectively and relevant distributions were paid to securityholders in cash.

7. INVESTMENTS IN JOINT VENTURES

Refer to Note 9 of the 2021 annual financial report for details of investments in joint ventures and associates.

8. CHANGES ON CONTROL OVER GROUP ENTITIES

Refer to Note 18 of the 2021 annual financial report for details of entities over which control was gained or lost.

9. COMPLIANCE STATEMENT

This report has been prepared in accordance with AASB Standards (including Australian Interpretations) and other standards acceptable to ASX. The report, and the annual financial report upon which the report is based, use the same accounting policies unless otherwise state in the notes to the financial report. Refer to Note 21 of the 2021 annual financial report for details of the accounting policy change with respect to Software-as-a-Service.

The information contained in this report is based on the attached audited financial report for the year ended 30 June 2021.

Authorised for lodgement by Lucy Laakso (Company Secretary and Corporate Counsel) and Brett Hinton (Acting Chief Financial Officer).

Brett Hinton (Acting Chief Financial Officer)
26 August 2021
Sydney

Cromwell Property Group Annual Financial Report

30 June 2021

Consisting of the combined consolidated Financial Reports of

Cromwell Corporation Limited (ABN 44 001 056 980) and

Cromwell Diversified Property Trust (ARSN 102 982 598)

Cromwell Corporation Limited
ABN 44 001 056 980
Level 19, 200 Mary Street
Brisbane QLD 4000

Cromwell Diversified Property Trust
ARSN 102 982 598

Responsible entity:
Cromwell Property Securities Limited
ABN 11 079 147 809 AFSL 238052
Level 19, 200 Mary Street
Brisbane QLD 4000

Contents

DIRECTORY

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Eng Peng Ooi
Robert Blain
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Joseph Gersh AM
Lisa Scenna
Jialei Tang

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Tel: +61 7 3225 7777
Web: www.cromwellpropertygroup.com

Secretary:

Lucy Laakso

Listing:

Cromwell Property Group is listed on the Australian Securities Exchange (ASX: CMW)

Share Registry:

Link Market Services Limited
Level 21, 10 Eagle Street
Brisbane QLD 4000

Auditor:

Deloitte Touche Tohmatsu
Level 23, Riverside Centre
123 Eagle Street
Brisbane QLD 4000

Directors' Report

The Directors of Cromwell Corporation Limited and Cromwell Property Securities Limited as responsible entity for the Cromwell Diversified Property Trust (collectively referred to as "the Directors") present their report together with the consolidated financial statements for the year ended 30 June 2021 for both:

- the Cromwell Property Group ("Cromwell") consisting of Cromwell Corporation Limited ("the Company") and its controlled entities and the Cromwell Diversified Property Trust ("the CDPT") and its controlled entities; and
- the CDPT and its controlled entities ("the Trust").

The shares of the Company and units of the CDPT are combined and issued as stapled securities in Cromwell. The shares of the Company and units of CDPT cannot be traded separately and can only be traded as stapled securities.

In order to comply with the provisions of the *Corporations Act 2001* (Cth), the Directors Report follows.

Principal activities

The principal activities of Cromwell and the Trust, which did not change significantly through the year, are summarised below:

Direct property investment	This involves the ownership of investment properties located in Australia, Poland and Italy. These properties, which may be held for long term investment purposes or warehoused whilst being repositioned for deployment into the fund and asset management business, primarily contribute net rental income and associated cash flows to results.
Indirect property investment	This activity encompasses Cromwell's investments in assets it may not fully own or over which it cannot exercise unilateral control. This includes investments in the Cromwell European Real Estate Investment Trust (CEREIT), the Ursynów joint venture, the LDK Seniors living joint venture and other investment vehicles. This activity contributes the relevant share of profit of each investee to consolidated results.
Fund and asset management	Fund management represents activities in relation to the establishment and management of external funds for institutional and retail investors. Asset management includes property and facility management, leasing and project management and development related activities These activities are carried out by Cromwell itself and by associates and contributes related fee revenues or the relevant share of profit of each investee to consolidated results.

Key results and metrics

	2021	2020	2019	2018
Financial performance				
Total assets under management ($B)	**11.9**	11.5	11.9	11.5
Total revenue and other income for the year ($M)	**595.0**	494.7	457.3	539.8
Statutory profit for the year ($M)	**308.2**	177.6	159.9	204.1
Statutory profit per stapled security for the year (basic) (cents)	**11.78**	6.83	7.53	10.89
Results from operations:				
Direct property investment	**156.5**	155.0	132.5	121.2
Indirect property investment	**37.1**	41.1	45.4	25.9
Fund and asset management	**41.7**	74.5	32.6	34.4
Unallocated items	**(43.1)**	(49.4)	(36.2)	(24.7)
Operating profit for the year ($M)	**192.2**	221.2	174.3	156.8
Operating profit per stapled security for the year (cents)	**7.35**	8.50	8.21	8.36
Dividends / distributions for the year ($M)	**183.1**	195.5	157.5	157.1
Dividends / distributions per stapled security for the year (cents)	**7.00**	7.50	7.25	8.34
Financial position				
Total assets ($M)	**5,008.9**	4,984.5	3,695.7	3,466.3
Net assets ($M)	**2,665.3**	2,583.4	2,183.0	1,901.5
Net tangible assets ($M) (1)	**2,656.7**	2,573.4	2,176.2	1,907.2
Net debt ($M) (2)	**2,021.2**	1,975.9	1,254.8	1,207.4
Gearing (%) (3)	**42%**	42%	35%	37%
Stapled securities issued (M)	**2,617.5**	2,612.9	2,236.6	1,985.3
NTA per stapled security	**$1.02**	$0.99	$0.97	$0.96

(1) Net assets less deferred tax assets, intangible assets and deferred tax liabilities.

(2) Borrowings less cash and cash equivalents and restricted cash.

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

Financial performance

Statutory profit

Cromwell recorded a statutory profit of $308.2 million for the year ended 30 June 2021 (2020: $177.6 million). The Trust recorded a statutory profit of $293.9 million for the year ended 30 June 2021 (2020: $153.8 million).

Operating profit

Statutory profit includes a number of items which are non-cash in nature or occur infrequently and/or relate to realised or unrealised changes in the values of assets and liabilities and in the opinion of the Directors should be adjusted for in order to allow securityholders to gain a better understanding of Cromwell's operating profit. Operating profit is considered by the Directors to reflect the underlying earnings of Cromwell. It is a key metric taken into account in determining distributions. Operating earnings is not a measure which is calculated in accordance with International Financial Reporting Standards ("IFRS") and has not been reviewed by Cromwell's auditor. There has been no significant change to the methodology of the calculation of operating profit since Cromwell stapled in 2007 other than the inclusion of items, such as foreign currency, which are associated with the ongoing growth of the business.

Cromwell recorded an operating profit of $192.2 million for the year ended 30 June 2021 compared with $221.2 million for the previous year.

A reconciliation of operating profit, as assessed by the Directors, to statutory profit is as follows:

	Cromwell	
	2021 $M	2020 $M
Operating profit	**192.2**	221.2
Reconciliation to profit for the year		
Gain on sale of investment properties	**5.9**	3.3
Fair value net gains - Investment properties	**97.5**	17.5
Fair value net gains - Derivative financial instruments	**14.2**	18.4
Lease cost and incentive amortisation and rent straight-lining	**(26.6)**	(19.5)
Relating to equity accounted investments (1)	**30.9**	(14.8)
Net exchange gain / (loss) on foreign currency borrowings	**26.1**	(1.8)
Tax expense relating to non-operating items (2)	**7.8**	10.5
Other non-cash expenses or non-recurring items (3)	**(39.8)**	(57.2)
Profit after tax	**308.2**	177.6

(1) Comprises fair value adjustments included in share of profit of equity accounted entities.
(2) Comprises tax expense attributable to changes in deferred tax assets recognised as a result of carried forward tax losses.
(3) These expenses include but are not limited to:
- Amortisation of loan transaction costs.
- Amortisation of intangible assets and depreciation of property, plant and equipment.
- Other transaction costs.

Operating profit per security for the year was 7.35 cents (2020: 8.5 cents). This represents a decrease of approximately 13% over the prior year, which included the recognition of a one-off $32.0 million development fee derived from a joint venture that has since been disposed of.

Analysis of segment performance

The contribution to operating profit of each of the 3 segments of Cromwell and the reconciliation to total operating profit is set out in the upcoming sections.

Directors' Report

DIRECT PROPERTY INVESTMENT

Financial highlights in relation to direct property investment include:

	Total		Australia		Poland [(1)]		Italy [(2)]	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
Portfolio value ($M) [(3)]	**3,863.5**	3,708.3	**3,063.1**	2,961.7	**714.1**	746.6	**86.3**	-
Net property income ($M):	**212.6**	207.3	**175.8**	183.8	**32.9**	23.4	**3.9**	-
Operating profit ($M)	**156.5**	155.0	**144.8**	150.0	**9.1**	5.0	**2.6**	-
Net fair value gains ($M):	**97.5**	17.5	**101.2**	83.4	**(6.5)**	(65.9)	**2.8**	-
Occupancy rate (%)	**95.1**	92.3	**94.7**	90.9	**94.8**	94.8	**100.0**	-
WALE (years):	**5.9**	5.9	**6.1**	6.2	**4.8**	4.7	**9.8**	-
Capitalisation rate (%):	**5.5**	5.7	**5.4**	5.5	**6.5**	6.4	**5.1**	-

(1) Portfolio acquired November 2019.
(2) Portfolio acquired November 2020.
(3) Excludes related right of use assets.

Australia

The tenant mix in Cromwell's Australian property portfolio is weighted to Government and ASX-listed tenants which has proven resilient in the current economic conditions. As a consequence tenant rent collections from the Australian property portfolio have been relatively unimpacted by the onset of the COVID-19 pandemic. Only a small amount of rent has been waived ($0.6 million) or deferred ($9.6 million) during the year.

During the year Cromwell disposed of 13 Keltie Street, ACT for $20.0 million and Wakefield Street, SA for $30.0 million, a combined $6.0 million above the last valuations.

Weighted average lease expiry and occupancy remained steady due to positive leasing outcomes in several properties despite COVID-19-related headwinds.

Valuations for the Australia portfolio increased by $78.3 million during the year (2020: $65.2 million), net of property improvements, leasing incentives and lease costs.

	2021 $M	2020 $M
Change in valuations, net of property improvements, lease costs and incentives	**78.3**	65.2
Non-cash adjustments for straight-lining of rentals and lease amortisation	**22.9**	18.2
Increase in fair value of investment properties	**101.2**	83.4

The weighted average capitalisation rate applicable to the Australian portfolio, a key indicator of investment real estate value, tightened during the year. This rate compression has been most prevalent in relation to properties located in Victoria, NSW and ACT, driven primarily by the high weighting towards government tenants in these regions. Resultant fair value increases followed this geographical trend with material fair value increases attributable to 700 Collins Street, VIC ($17.5 million), 203 Coward Street, NSW ($27.1 million), NSW and Soward Way, ACT ($18.8 million), among others.

Poland

The Cromwell Polish Retail Fund (CPRF) portfolio contains six catchment-dominating shopping centres, plus a 50% interest in a seventh (Ursynów – see further below), in Poland. The portfolio is currently warehoused and will form the seed portfolio for a fund to be offered to capital partners as soon as current economic conditions allow.

During the year, Poland was subject to multiple periods of lockdown due to the COVID-19 pandemic. Whilst non-discretionary retail, which constitutes a significant proportion of this portfolio, remained open, operating earnings has been negatively impacted by $12.0 million (€7.5 million) as a result. All known COVID-19-related tenant outcomes have been provided for.

Weighted average lease expiry and occupancy remained steady due to positive leasing outcomes in several properties despite COVID-19-related headwinds.

All six of the properties were independently valued at 30 June 2021 resulting in a $7.0 million decrease in fair value (2020: $62.7 million), net of property improvements, leasing incentives and lease costs.

	2021 $M	2020 $M
Change in valuations, net of property improvements, lease costs and incentives	**(7.0)**	(62.7)
Non-cash adjustments for straight-lining of rentals and lease amortisation	**3.5**	1.2
Acquisition transaction costs	**(3.0)**	(4.4)
Decrease in fair value of investment properties	**(6.5)**	(65.9)

The weighted average capitalisation rates applicable to the Polish portfolio, a key indicator of investment real estate value, expanded marginally during the year. This rate expansion impacted across the portfolio and fair value decreases of $6.5 million have been recognised.

Italy

During the year Cromwell and the Trust completed the acquisition of seven logistics assets in Northern Italy for $83.1 million (€51.0 million). The properties are held in the Cromwell Italy Urban Logistics Fund (CIULF), The portfolio is currently warehoused and will form the seed portfolio for a fund to be offered to capital partners as soon as current economic conditions allow.

The portfolio is currently fully let to and occupied by one tenant, logistics giant DHL, whose own activities have remained robust through the period. Hence, this portfolio has not been negatively impacted by COVID-19.

All seven of the properties were independently valued at 30 June 2021 resulting in a $6.1 million increase in fair value, net of property improvements, leasing incentives and lease costs.

	2021 $M	2020 $M
Change in valuations, net of property improvements, lease costs and incentives	**6.1**	-
Acquisition transaction costs	**(3.3)**	-
Increase in fair value of investment properties	**2.8**	-

The discount and terminal yield rates applicable to the Italian portfolio, key indicators of investment real estate value, tightened slightly during the year. This rate compression impacted across the portfolio and net resultant fair value increases of $2.8 million have been recognised.

INDIRECT PROPERTY INVESTMENT

Financial highlights in relation to indirect property investment include:

	Total		CEREIT		Ursynów		LDK		Other investments	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Share of operating profit ($M)	**48.3**	51.4	**43.3**	47.5	**1.8**	3.7	**3.2**	-	**(0.2)**	0.2
Distribution income ($M):	**1.8**	2.0	**-**	-	**-**	-	**-**	-	**1.8**	2.0
Operating profit ($M)	**37.1**	41.1	**30.5**	35.2	**1.8**	3.7	**3.2**	-	**1.6**	2.2
Ownership share (%):	**-**	-	**28.0**	30.7	**50.0**	94.1	**50.0**	50.0	**-**	-
Investment value ($M)	**702.5**	712.3	**620.7**	645.4	**51.5**	47.3	**21.4**	6.7	**8.9**	12.9

CEREIT

Cromwell continues to manage and sponsor CEREIT, a SGX-listed real estate investment trust. At 30 June 2021 CEREIT had 109 properties with a fair value of €2.3 billion (2020: 96 properties with a fair value of €2.2 billion) located across Europe. CEREIT's property and tenant portfolios have been relatively unimpacted by COVID-19. Occupancy has remained stable at 94.6% (2020: 94.7%) and the COVID-19 pandemic has had an imperceptible impact on tenant collections. External valuations as at 30 June 2021 were conducted for 67 properties representing approximately 80% of CEREIT's portfolio by value resulting in net fair value gains of €43.4 million.

Directors' Report

URSYNÒW

At year end Cromwell and the Trust own a 50.0% interest in CH Ursynów sp. z o.o., (Ursynów) (2020: 94.1%), an entity that owns a retail asset in Poland, the remaining equity is owned by Unibail-Rodamco Westfield B.V. (URW). The investment property that underpins the joint venture was independently valued at 30 June 2021 at €104.0 million (2020: €106.5 million) with the decrease related to stalled leasing outcomes due to COVID-19.

In January 2020 URW exercised an option to acquire all the equity it did not already own in the joint venture from Cromwell and the Trust. The investment was therefore classified as held for sale at 30 June 2020. Subsequently, URW expressed its desire to continue with the joint venture on revised terms. Cromwell has now agreed terms with URW in respect of continuing the joint venture, which included an equalisation of the equity injected into the company. Accordingly, the investment has been transferred from non-current assets held for sale to equity accounted investments and the share of profit will be split 50% to each joint venture partner going forward.

LDK

Cromwell holds a 50% interest in the LDK Healthcare Unit Trust (LDK), a joint venture conducting a Seniors living business. LDK operates one of Sydney's premium Seniors villages, The Landings at Turramurra (The Landings) which continues to operate profitably.

In 2018 Cromwell and LDK commenced a project to repurpose the Cromwell-owned property Tuggeranong Office Park in the ACT into a Seniors living village. The first stage of the project is complete and since opening in May 2020 141 of the 210 (67%) completed suites have been sold, of which 125 (60%) have settled. Construction of the second stage is well advanced.

Cromwell recognised a share of statutory profit of $14.7 million for the year (2020: $6.7 million), of which $3.2 million was considered to be operating in nature (2020: $nil).

CO-INVESTMENTS

Cromwell currently has co-investments in European real estate investment mandates which are accounted for as investments at fair value through profit or loss. Cromwell receives distributions from its co-investments which also support the fund management business. Cromwell may also, from time to time, warehouse assets to use as seed portfolios for new funds or mandates. During the year the balance of co-investments held by Cromwell decreased primarily due to disposals.

FUND AND ASSET MANAGEMENT

Financial highlights in relation to fund and asset management include:

	Total		Australia		Europe		Joint ventures	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
Fee and other revenues ($M)	**101.7**	132.0	**37.3**	24.8	**64.4**	107.2	**-**	-
Development income ($M)	**25.5**	34.6	**-**	32.0	**17.2**	0.9	**8.3**	1.7
Share of operating profit ($M)	**4.7**	2.9	**-**	-	**-**	-	**4.7**	2.9
Expenses attributable ($M)	**90.2**	95.0	**16.4**	16.0	**73.8**	79.0	**-**	-
Operating profit ($M)	**41.7**	74.5	**20.9**	40.8	**7.8**	29.1	**13.0**	4.6
Assets under management ($B)	**11.9**	11.5	**4.4**	3.3	**5.8**	5.8	**1.4**	2.4

Australia

Retail fund management

A breakdown of retail fund management results is below:

	2021 $M	**2020 $M**
Recurring fee income	**8.1**	8.2
Transactional fee income	**2.4**	0.4
Performance fee income	**13.2**	1.2
Total fee and other revenue	**23.7**	**9.8**
Costs attributable	**5.4**	4.4
Operating profit	**18.3**	**5.4**

Retail fund management profit increased from $5.4 million in the prior comparative period to $18.3 million for the year ended 30 June 2021. This is primarily due to Cromwell receiving $9.7 million in performance fees during the year in respect of the performance and extension of Cromwell Property Trust 12.

Direct property funds were unimpacted by COVID-19 and the Cromwell Direct Property Fund successfully completed its first liquidity event in July 2020.

The Cromwell Phoenix Property Securities Fund and Cromwell Phoenix Opportunities Fund recovered positively from the market turmoil as a result of the COVID-19 pandemic and outperformed relevant benchmarks.

During the year the Australian retail fund management business acquired real estate assets worth $117.5 million and divested $29.0 million. Total assets under management at year end was $1.4 billion.

Cromwell remains committed to investing in increasing the scale and diversification of its fund retail management business, which it believes is highly complementary to its property and facilities management activities.

Wholesale fund management

A breakdown of wholesale fund management results is below:

	2021 $M	2020 $M
Recurring fee income	**1.0**	1.0
Development income	**-**	32.0
Total fee and other revenue	**1.0**	**33.0**
Operating profit	**1.0**	**33.0**

Wholesale fund management profit decreased to $1.0 million (2020: $33.0 million) due to the development management fee received in respect of the Northpoint joint venture in the prior year.

Property management

A breakdown of property management results is below:

	2021 $M	2020 $M
Recurring fee income	**12.6**	14.0
Costs attributable	**11.0**	11.6
Operating profit	**1.6**	**2.4**

Property management profit decreased to $1.6 million (2020: $2.4 million) due to the slowdown caused by COVID-19.

Europe

A breakdown of European fund management results is below:

	2021 $M	2020 $M
Fee and revenue		
Recurring fee income	**52.0**	58.2
Development income	**17.2**	0.9
Performance fee income	**7.7**	36.7
Transactional fee income	**4.7**	12.3
Total fee and other revenue	**81.6**	**108.1**
Costs attributable		
Employee benefits expense:		
Performance fee-related	**1.9**	12.9
Other	**45.5**	48.4
Other operational costs	**26.4**	17.6
Total costs attributable	**73.8**	**78.9**
Operating profit	**7.8**	**29.2**

The European fund management business continues to execute the strategy of securing longer-term and more secure revenue sources. The business generated an operating profit of $7.8 million (2020: $29.2 million) for the year, reflective of the downturn in transactional activity due to COVID-19, the expiry of mandates ($7.7 million in performance fees were earned during the current year compared with $36.7 million in 2020) and restructuring activities within the business.

At 30 June 2021 the European fund management business had €3.7 billion ($5.8 billion) assets under management (2020: €3.5 billion ($5.8 billion)). The business continues to broaden its focus from Private Equity funds and mandates towards longer term, more secure revenue sources. Following further acquisitions by CEREIT and the transfer of CPRF and CIULF assets into the Trust for future fund creation, the European business now has 80% (2020: 78%) of its assets under management (AUM) in long-term mandates.

Joint ventures

LDK

During the year Cromwell and the Trust recorded $8.3 million finance income for the year in respect of development-related loans made to LDK. The loans have been utilised by LDK to construct the village at Greenway and acquire the Landings retirement village. This revenue stream is forecast to rise due to the restructuring of the development finance arrangements provided to the LDK joint venture to fund its growth strategies.

Phoenix – Australia

Cromwell Phoenix Opportunities Fund performed extremely well during the period and exceeded its own benchmark for the year.

Cromwell recognised a share of operating profit of $1.0 million for the year (2020: $0.4 million).

Oyster – New Zealand

Oyster Property Group's assets under management increased slightly to NZD$2.1 billion at year end (2020: NZD$2.0 billion).

Cromwell recognised a share of operating profit of $3.7 million for the year (2020: $2.5 million).

Finance costs

Interest expense in relation to borrowings for the year increased slightly to $59.9 million (2020: $58.3 million). The increase in interest expense is in line with increased borrowings used to acquire the investment property portfolio in Italy. The average interest rate for the current year decreased to 2.33% compared with 2.58% for the prior comparative period.

The net fair value gain in relation to derivative financial instruments of $14.2 million (2020: $18.4 million) primarily arose as a result of the revaluation of interest rate swap and cap contracts, which resulted in the recognition of net gains of $14.6 million for the year (2020: loss of $5.3 million). Cromwell has hedged future interest rates through various types of interest rate derivatives (predominately interest rate caps) with 82% of its borrowings at year end hedged or fixed to minimise the risk of changes in interest rates in the future (2020: 66%). All hedging contracts expire between July 2021 and April 2025.

Capital management

Cromwell's debt platform is underpinned by a facility secured against selected assets within the Australian property portfolio and has considerable headroom against its covenants. The loan to value ratio covenant is set at 60% versus the actual ratio which stands at 37% at balance date, resulting in headroom under the covenant of $1.0 billion. The WALE covenant is set at 3.0 years versus the actual WALE of 6.3 years for the selected assets and interest cover ratio is 2.0 times versus the actual interest cover of 6.1 times. Given the headroom Cromwell enjoys against all its covenants it has determined that holding the CPRF assets on its balance sheet until property and market valuations stabilise will realise the best outcome for securityholders.

Debt

Net debt (excluding operating lease liabilities) increased by $45.3 million due to total borrowings increasing by $6.5 million whilst cash and cash equivalents decreased by $51.8 million, primarily driven by the acquisition of the Italian investment property portfolio being funded from cash on hand and proceeds from additional borrowings). Gearing remained steady at 42% during the year. Notwithstanding the current low interest rate environment, this places Cromwell's gearing outside its target range of between 30% - 40% through the cycle range. It is expected that Cromwell's gearing will remain around this range depending upon investment deployment.

Cromwell's main loan facility (bilateral loan facility) is secured against selected Core and Core+ investment properties in the Australian portfolio. This facility's performance against loan covenants at balance date reinforces the ability of Cromwell to carry higher gearing levels without impacting the ongoing operations of the business.

Covenant	Actual	Limit	Headroom
Loan to value	37%	60%	$1.101 billion
WALE	6.3 yrs	3.0 yrs	3.3 years
Interest cover	6.1 times	2.0 times	$115.0 million

Cromwell's Euro / GBP revolving credit facility has a look-through gearing covenant of 65.0% versus balance date actual look-through gearing of 46.2%.

All other loan facilities are asset level financing with no reference to group level gearing.

Liquidity

As at 30 June 2021 Cromwell had $142.3 million of cash (2020: $194.1 million) and undrawn bank facilities totalling $534.9 million (2020: $472.9 million).

Equity

An additional 4.6 million stapled securities were issued during the year at an average issue price of $0.30, composed entirely of securities issued following the exercise of performance rights.

Net tangible assets (NTA) per security has increased during the year from $0.99 to $1.02, primarily as a result of an overall increase in property valuations attributable to the direct investment property portfolio and properties held in equity accounted investment valuations.

Strategy

Following the completion of the Board renewal process, the Board has been reviewing Cromwell's ongoing strategy and business model. The principal focus of the Board is to seek to simplify the Group structure and improve capital efficiency to unlock value for securityholders and accelerate growth in our fund management and development businesses. This can be achieved via:

- Growing and strengthening our retail fund management platform;
- Continuing to deliver innovative fund products to investors in sectors that meet current market demands;
- Providing greater access for potential capital partners to our well credentialed development business to provide a pipeline of asset opportunities for our fund management business and Cromwell itself
- Maintaining an appropriate capital structure capable of delivering on our identified pipeline of development opportunities;
- Streamlining operations to drive efficiencies and allow Cromwell to focus on its core strengths; and
- Asset recycling to create fund management opportunities to generate annuity style management fee income.

Outlook

Cromwell expects the economic and social impacts of COVID-19 to continue to cause uncertainty and dislocation in all the markets in which it operates in during 2022. However, the progressive roll out of the COVID-19 vaccination programs in the markets that Cromwell operates in provides confidence that the pandemic impacts may become more manageable and we are hopeful that calendar year 2022 will bring increased stabilisation of business conditions.

While real estate transactions in Europe have been subdued over the last 12 months, Cromwell continues to enjoy strong support from its capital partners in Europe and retail investor base in Australia. The extension of both the Cromwell Direct Property Fund and Cromwell Property Trust 12 show the benefits of Cromwell's disciplined approach to asset selection for retail investors. The Cromwell European REIT has continued to benefit from the breadth and depth of our European platform which can source off market real estate deals in a dislocated market. The initial response from investors for our recently announced Wooden Building Fund in Europe has been extremely encouraging and we anticipate this fund to reach a First close within the first 6 months of 2022. The new Cromwell European Logistics Fund, seeded by seven Italian logistics assets leased to DHL, will be launched in the first quarter of 2022. These demonstrate the value of Cromwell's vertically integrated property and asset management capabilities in both Europe and Australia which allows us to better understand the financial challenges of our tenants and provide more tailored solutions.

The Cromwell Polish Retail Fund assets have proved resilient due to their high weighting to essential shopping and services. While these assets will likely remain on balance sheet for the immediate future, we will look to commence marketing this Fund to external investors once there has been consistent, uninterrupted trading at all the assets in the Fund and an expectation that further lockdowns will not be initiated by the Polish Government.

Directors' Report

While gearing still remains above Cromwell's target range at 42 % (target range of 30% to 40%) Cromwell has a strong balance sheet with sufficient liquidity and ample loan covenant headroom to maintain operations well into the future and to continue to invest into our direct and indirect portfolio and our fund management platform.

Distributions

Given the ongoing uncertainty, suppressed transactional activity in Europe and current market conditions Cromwell will continue to pay distributions at the current quarterly rate of 1.625cps until further notice. Any further alteration in the current economic conditions of Cromwell and our tenants, the continuing changing landscape of the COVID-19 pandemic, the effectiveness of vaccines and responses by various governments may impact on the final level of distributions for FY22.

Risks

Cromwell actively identifies and manages the risks that may impact its operations, strategy and outlook, and considers megatrends and external insights to respond to emerging areas of risk. The Board is ultimately accountable for corporate governance and risk management. To assist it, the Board has separate committees to review and assess key risks and ensure they are managed appropriately. The Investment Committee is responsible for overseeing and reviewing all major transactions including investment in and divestment of assets. The Audit and Risk Committee is responsible for overseeing and reviewing the effectiveness of Cromwell's risk management framework in responding to the various exposures to risk Cromwell has in the course of its business.

Cromwell has an enterprise-wide risk management framework which provides a comprehensive approach to identifying, assessing and treating risk within the context of Cromwell's business environment and based on the Board's risk appetite. The framework includes policies and processes and recognises that everyone at Cromwell has a role to play in effectively managing risk. Risks are identified and assessed in a timely and consistent manner with regular reporting back to the Board from management via the Audit and Risk Committee.

Cromwell's key risks and the core controls and mitigants to assist in managing them are described below:

Key Risk	Description	Mitigation
Performance	• Delivering distributions that meet market guidance and expectations • Ensuring that investments and developments perform in line with expectations • Retaining and growing AUM	• Board approved strategy continuously reviewed with processes to monitor and manage performance to ensure maximisation of security value and best operational structures • Investment Committee and management regular review of performance of investments and developments against targets • Transition of European investments to long term, secure, reliable revenue streams
Capital management	• Ensuring continuous access to debt and equity markets to support Cromwell's sustainable growth	• Board approved gearing range through the cycle reduced to 30% - 40% and regularly monitored • Prudent capital management informed by cash flow forecasting and sensitivity analysis. Regular reviews of available liquidity matched to capital requirements and monthly Board reporting • Long dated debt expiry profile • Diversification of debt funding sources • Spreading of debt maturities
People and culture	• Ensuring Cromwell has access to and can retain key talent • Maintaining Cromwell's strong, adaptive and open culture	• Investment in our staff with focused learning and development plans • Diversity and Inclusion Working Group to promote equity • Succession planning and leadership development for senior staff • Fostering the development of key talent • Competitive remuneration and benefits • Effective performance management and review • Staff engagement and feedback mechanisms • Various staff wellbeing initiatives
Information and data security	• Ensure that information management systems are resilient and able to meet business needs • Ensure availability and integrity of critical IT infrastructure & applications • Ensure Cromwell remains compliant with data protection requirements, and provides measures to protect against cyber-attack	• Maintaining suitable policies, guidelines and procedures to support secure business operations • Executing regular cyber-security evaluations, training, testing, and vulnerability mitigation activities • Maintaining ISO 27001 certification for critical technology services • Maintaining and testing suitable business continuity plans and procedures • Providing robust vendor selection and assessment methodology with ongoing performance due diligence

Directors' Report

Leasing	• Ensuring that assets are leased in accordance with asset management plans and forecasts • Maintain a portfolio of high quality commercially attractive property assets that respond to tenant demand and market expectations ensuring consistent, predictable occupancy and income returns	• Defensive portfolio with long WALE • Large and diversified tenant base • Experienced leasing team • Active asset management with focus on repositioning, refurbishing and re-leasing properties to enhance returns • Strategic asset management plans to ensure optimisation of asset use and assist return expectations over the asset's lifecycle
Governance and compliance	• Ensuring continuous compliance with regulatory requirements • Meeting stakeholder and investor expectations	• Independent Compliance Committee with direct reporting to the Audit and Risk Committee • Board approved Policies and key frameworks that facilitate good governance and drive appropriate accountability and oversight • Board approved Tax Risk Management Policy ensures ongoing REIT status • Appropriate assurance activities for areas of potential compliance and governance risk • Cromwell's Culture and Values expectations clearly articulated to all staff and interlinked with performance reviews and incentives
Health, safety and wellbeing	• Ensuring the health, safety and wellbeing of Cromwell's staff, contractors, visitors and occupants. • Prevention of death or serious injury at any Cromwell owned or controlled property or in the course of employment with Cromwell	• Education and awareness programs to ensure that our Directors, Officers and Staff are aware of workplace health and safety • Wellbeing Program promotes pursuing healthy lifestyles and self-care to staff and provides practical tools and advice • Employee Assistance Program makes a wide network of health professionals available to staff to discuss any issues in confidence • Code of Conduct establishes required standards of behaviour across the Group, with complementary Whistleblower protection, Grievance resolution and escalation mechanisms to promote a safe environment • Group wide Supplier Code of Conduct and Procurement Policy extends Cromwell's corporate expectations to our suppliers and service providers • Formal Work Health and Safety programmes in place and reviewed regularly at Cromwell owned properties and operational locations

Climate-related financial disclosure

Cromwell is a supporter of the Task Force on Climate-related Financial Disclosure (TCFD) recommendations and recognises the potential risks and opportunities arising from climate change and a transition to a low-carbon economy.

The TCFD recommendations are voluntary in nature and were introduced to support a consistent reporting approach to enable financiers, investors, insurers and other stakeholders to understand an organisation's material climate related risks, and the financial implications and approach being undertaken to manage them.

Cromwell's climate-related disclosures provide a position statement on each of the four core elements and 11 disclosures that comprise the TCFD recommendations. In addition, Cromwell also, completes detailed annual submissions on climate strategy as part of both GRESB and CDP (formerly the Carbon Disclosure Project) requirements. Further details on the TCFD disclosures, Cromwell's annual CDP submission and relevant statements covering the Sustainable Finance Disclosure Regulations are available on Cromwell's website at www.cromwellpropertygroup.com/sustainability

The TCFD structured the disclosure recommendations around four thematic areas that represent core elements of an organisation's operations. These recommended elements and Cromwell's response is described below:

TCFD thematic element	Overview of the TCFD Recommended Disclosures and Cromwell's response	Reference
Governance Disclose the organisation's governance around climate-related risks and opportunities	The Group Sustainability Committee, led by the Chief Sustainability Officer (CSO), is responsible for identifying climate-related risks and opportunities. The Audit and Risk Committee (ARC) is responsible for monitoring the effectiveness of the sustainability framework and advising the Board on the progress and actions undertaken to implement sustainability objectives and ensure strong corporate risk management. The Board's oversight of climate-related risks and Management's role in assessing and managing risks and opportunities is detailed in the TCFD Statement.	Section 1 Governance
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	Cromwell operates its business in a complex social, economic and physical environment, managing assets of differing types and quality and in differing geographies. Our objective is to provide stable, secure and growing distributions to investors, with the potential for capital growth. As an investor and asset manager, Cromwell considers that the greatest material risks posed from climate change are likely to be from: • Physical risks from severe weather events directly impacting and damaging the assets we own and manage, • The indirect impacts such as increasing operational costs from rising insurance premiums, energy costs, carbon charges and taxes, legislation and operational costs resulting from increased temperature extremities and wear and tear to operating plant and equipment, • The potential climate change impacts on the security of our tenants' business operations, on our supply chains and impacts on the infrastructure supporting the communities where our property assets are located, • Forming effective and economic strategies to respond to the demand to transition to a low carbon economy to achieve net zero emissions. Developing strategies that ensure our property assets remain resilient to climate change whilst setting pathways to improve performance and respond to market demand presents a significant opportunity for Cromwell to underpin the long-term value of the property assets we own and manage. Our climate adaption strategy is to ensure that we understand and respond to the impacts from climate change in the short, medium and long term. Cromwell considers climate risks and impacts over the following time frames: • Short term = 1 to 3 years • Medium term = 4 to 7 years (leading to 2030) • Long term = 8 to 15 years (up to and post 2030, leading to 2040) This information is then used to plan effective responses and determine risk mitigation strategies where appropriate.	Section 2 Strategy
Risk Management	Cromwell conducts formal reviews of the actual and potential impacts of climate change across its operations. Assessment of the risk from acute physical events related to weather extremities and longer term chronic effects continue to evolve and mature as the	Section 3 Risk Management

Directors' Report

Disclose how the organisation identifies, assesses, and manages climate-related risks.	depth of knowledge increases through ongoing evaluation utilising the growing body of climate science, future environmental impact forecasts, scenario testing and engagement with insurers, financiers and industry organisations. The process for identifying, assessing and managing climate-related risks and how the process is integrated into Cromwell's risk management framework is detailed in the TCFD Statement.	
Metrics and targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	Cromwell has disclosed its sustainability performance for more than eleven years and reports annually in accordance with the Global Reporting Initiative (GRI). Each year our annual Sustainability Report sets out the boundaries for reporting and provides a breakdown between the properties for which Cromwell has ownership and direct management control of operations. Cromwell has set targets to respond to the transition to net zero emissions. In FY20 Cromwell obtained net zero certification from Climate Active for its Australian corporate operations. This was rating was maintained in FY21. Cromwell recognises that the greatest impact from reducing emissions is within its property assets. For the Australian assets where Cromwell has operational control, energy consumption and emissions intensity has been tracked for ten years. Our annual Sustainability Report provides access to data tables that provide further information on Cromwell's corporate emissions, energy and performance certification for our property portfolios and the actions we are implementing to achieve our long-term targets. Further details of our metrics and targets are also contained in the TCFD Statement.	Section 4 Metrics and Targets

Directors' Report

Directors

The Directors of Cromwell Corporation Limited and Cromwell Property Securities Limited as responsible entity of the CDPT ("responsible entity") during the year and up to the date of this report are:

Dr Gary Weiss AM – Non-executive Chair

LLB (Hons), LLM, JSD, 68

Director since:	18 September 2020
Chair since:	17 March 2021
Board Committee membership:	Member of the Audit and Risk Committee
	Member of the Investment Committee
Independent:	No

Listed Company Directorships (held within the last three years):

Chair – Ardent Leisure Group Limited (2017 – current)

Executive Director – Ariadne Australia Limited (1989 – current)

Chair – Estia Health Limited (2016 – current)

Non-executive Director – Hearts and Minds Investments Limited (2018 – current)

Non-executive Director – Thorney Opportunities Ltd (2013 – current)

Chair – Ridley Corporation Limited (2010 – 2020)

Non-executive Director – The Straits Trading Company Limited (2014 – 2020)

Skills and Experience

Dr Weiss has substantial board and board committee experience at both listed and non-listed entities. Dr Weiss is currently Chair of Ardent Leisure Group Limited and Estia Health Limited, an Executive Director of Ariadne Australia Limited and a Non-Executive Director of Hearts and Minds Investments Limited, Thorney Opportunities Ltd, the Victor Chang Cardiac Research Institute and The Centre for Independent Studies. Dr Weiss is also a Commissioner of the Australian Rugby League Commission.

Dr Weiss served as Chair of Ridley Corporation Limited, Clearview Wealth Limited and Coats Group plc. Dr Weiss is a former Non-executive Director of The Straits Trading Company Limited, a former Executive Director of Industrial Equity Ltd, Whitlam, Turnbull & Co and Guinness Peat Group plc, and has served on the boards of numerous other companies, including Westfield Group, Premier Investments Limited and Tower Australia Limited. Dr Weiss has been involved in overseeing large businesses with operations in many regions including Asia Pacific, Europe, China, India and the US and is familiar with investments across a wide range of industries and sectors, including real estate.

In 2019, Dr Weiss was awarded the Member (AM) in the General Division of the Order of Australia for significant services to business and the community.

Dr Weiss holds an LLB (Hons) and LLM from the Victoria University of Wellington and a Doctor of the Science of Law (JSD) from Cornell University. He was admitted as a Barrister and Solicitor of the Supreme Court of New Zealand, a Barrister and Solicitor of the Supreme Court of Victoria and as a Solicitor of the Supreme Court of New South Wales.

Mr Eng Peng Ooi – Non-executive Deputy Chair

BCom, Member of the Certified Practising Accountants of Australia, Member of the Singapore Institute of Directors, 65

Director since:	8 March 2021
Deputy Chair since:	17 March 2021
Board Committee membership:	Chair of the Audit and Risk Committee
	Member of the Investment Committee
Independent:	Yes

Listed Company Directorships (held within the last three years):

Deputy Chair – Manager of ESR-REIT (1 July 2021 – current)

Chair – Manager of ESR-REIT (2017 – 30 June 2021)

Non-executive Director – Manager of ESR-REIT (2012 – current)

Non-executive Director – Perennial Real Estate Holdings Limited (2015 – 2020)

Skills and Experience

Mr Ooi has more than 35 years of real estate experience, including in property investment, development, project management, fund investment and management and capital partnerships in Australia and across Asia.

Mr Ooi joined Lendlease in 1981, working in various finance roles in Sydney, before taking on the role of Chief Financial Officer, Asia in the late 1990s. Later, Mr Ooi returned to Sydney with Lendlease and fulfilled the roles of Chief Financial Officer of Lendlease Development (2000 – 2002), Global Chief Financial Officer of Lendlease Investment Management (2002 – 2003) and Asia Pacific Chief Financial Officer, Lendlease Communities (2003 – 2005).

From 2006 to 2010, Mr Ooi was the Asia Chief Executive Officer, Lendlease Investment Management and Retail, based in Singapore. Mr Ooi subsequently established the development business and retail funds, and successfully developed capital partnerships, forming strong relationships across Asia. In 2010, Mr Ooi was appointed Asia Chief Executive Officer for Lendlease.

Since retiring from his executive career in late 2011, Mr Ooi has gained board and board committee experience at both listed and non-listed entities across Asia Pacific. Mr Ooi has served as a Non-executive Director of ESR Funds Management (S) Limited, the manager of SGX-listed ESR-REIT, since 2012 and was Chair from 2017 to 30 June 2021. After almost nine years as independent Non-executive Director with ESR Funds Management (S) Limited, Mr Ooi was redesignated as Deputy Chair and non-independent Non-executive Director effective 1 July 2021. Mr Ooi is a Member (and the former Chair) of ESR-REIT's Nominating and Remuneration Committee, a Member of its Audit, Risk Management and Compliance Committee and the Chair of its Executive Committee. Since 2016, Mr Ooi has been a Non-executive Director of Savant Global Capital Pty Ltd, a specialist investment management and real estate advisory platform.

Mr Ooi was previously a Non-executive Director of formerly-SGX-listed Perennial Real Estate Holdings Limited (2015 – 2020), Frasers Property Australia (2014 – 2018) and Perennial China Retail Trust Management Pte Ltd (2012 – 2014).

Mr Ooi holds a Bachelor of Commerce from the University of New South Wales and is a Member of the Certified Practising Accountants of Australia and a Member of the Singapore Institute of Directors.

Mr Robert Blain – Non-executive Director

FAPI, FRICS, 66

Director since:	8 March 2021
Board Committee membership:	Chair of the Investment Committee
	Member of the Nomination and Remuneration Committee
Independent:	Yes

Skills and Experience

Mr Blain has more than 40 years of real estate experience, including in property and asset management, strategic development, cross border activity and capital markets in Australia and across Asia.

After pursuing rural infrastructure interests, Mr Blain commenced his corporate career in Sydney in the late 1970s, obtaining a real estate licence and working for several years with LJ Hooker. He joined the Colliers Jardine Group as Sales Director before being appointed as Regional Service Director, Capital Markets APAC. From 1995 to 1998, Mr Blain held the position of Regional Investment Director based in Singapore and, in 1999, was appointed Australia Director. Mr Blain's last role at the Colliers Jardine Group was as Chief Executive, New South Wales.

In 2002, Mr Blain joined CBRE as Managing Director, CBRE Hong Kong and China, based in Hong Kong. In 2003, he was appointed Chief Executive Officer, CBRE Asia and, in 2005, became Chair and Chief Executive Officer, CBRE Asia-Pacific. Mr Blain was responsible for CBRE's activities across the Asia-Pacific region and was a member of the Global Operating Committee, based in the US, driving CBRE's global business strategy.

In 2014, Mr Blain transitioned to the role of Executive Chair, CBRE Asia-Pacific and focussed on CBRE's major clients and building strong relationships across the region. In 2019, Mr Blain retired from his Executive Chair and Global Operating Committee roles at CBRE and returned to Australia.

Mr Blain is a Fellow of the Australian Property Institute and Fellow of the Royal Institute of Chartered Surveyors.

Ms Tanya Cox – Non-executive Director

MBA, Grad Dip Applied Corporate Governance, FAICD, FGIA, 60

Director since:	21 October 2019
Board Committee membership:	Chair of the Nomination and Remuneration Committee
	Member of the Audit and Risk Committee
Independent:	Yes

Listed Company Directorships (held within the last three years):

Non-executive Director – OtherLevels Holdings Ltd (2015 – 2020)

Non-executive Director – BuildingIQ, Inc (2015 – 2019)

Skills and Experience

Ms Cox has over 15 years of board experience and extensive executive experience in sustainability, property, finance and funds management. Ms Cox began her career at the Bank of New Zealand and over an 11 year period succeeded to the role of General Manager of Finance, Operations and IT. Ms Cox led similar functions at the managed fund custodian Ausmaq Limited, before joining Rothschild & Co Australia Limited as Director and Chief Operating Officer for the Australian operations. During her tenure at Rothschild & Co Australia Limited, Ms Cox was a member of several Executive Committees, including Chair of the Risk Committee and a member of the Investment Committee.

In 2003, Ms Cox joined Dexus as Chief Operating Officer and Company Secretary, with her responsibilities expanding in 2012 to include the role of Executive General Manager – Property Services. During her tenure at Dexus, Ms Cox was a member of the Executive Committee and the Investment Committee, and her responsibilities included oversight of all operational aspects of the business including corporate responsibility and sustainability, marketing and communications, information technology, operational risk management, corporate governance and company secretarial practices.

Since retiring from her executive career in 2014, Ms Cox has gained board experience at listed companies. She is a former Non-executive Director of BuildingIQ, Inc and OtherLevels Holdings Ltd. Ms Cox is Chair of Cromwell Funds Management Limited, Chair of Equiem Holdings Pty Ltd, Chair of the World Green Building Council, former Chair and current Director of the Green Building Council of Australia and a Director of Niche Environment and Heritage Pty Ltd. Ms Cox was a member of the NSW Climate Change Council until it disbanded on 30 June 2021, and is a former Director of Low Carbon Australia.

Ms Cox holds a Master of Business Administration from the Australian Graduate School of Management at University of New South Wales and a Graduate Diploma in Applied Corporate Governance from the Governance Institute of Australia. Ms Cox is a Fellow of the Australian Institute of Company Directors, the Governance Institute of Australia (formerly known as the Institute of Chartered Secretaries & Administrators) and is a Member of Chief Executive Women.

Mr Joseph Gersh AM – Non-executive Director

BCom, LLB (Hons), 65

Director since:	18 September 2020
Board Committee membership:	Member of the Audit and Risk Committee
	Member of the Investment Committee
	Member of the Nomination and Remuneration Committee
Independent:	Yes

Skills and Experience

Mr Gersh is currently Executive Chairman of Gersh Investment Partners Ltd and a government appointed Non-executive Director of the Australian Broadcasting Corporation (ABC). Mr Gersh is also a Director of the Sydney Institute in an honorary capacity.

Mr Gersh was formerly the inaugural Chairman of the Australian Reinsurance Pool Corporation, foundation Director of the Reserve Bank of Australia's Payments System Board and Director of the Federal Airports Corporation. Mr Gersh is a former senior partner and Chairman of the Management Committee of law firm, Arnold Bloch Leibler. One of his principal areas of expertise is major property development and, in particular, the construction of hotels, shopping centres, land subdivisions, apartments and office towers.

Mr Gersh previously served as Deputy Chairman of the Australia Council for the Arts, as Chairman of Artbank (which is part of the Australian Government Office for the Arts) and as Chairman of the National Institute of Circus Arts.

In 2006, Mr Gersh was awarded the Member (AM) in the General Division of the Order of Australia for significant services to business, government, the arts and the community.

Mr Gersh holds a Bachelor of Commerce and Bachelor of Laws (Hons) from the University of Melbourne.

Ms Lisa Scenna – Non-executive Director

B.Comm, Member of Chartered Accountants Australia and New Zealand, MAICD, 53

Director since:	21 October 2019
Board Committee membership:	Member of the Audit and Risk Committee
	Member of the Investment Committee
	Member of the Nomination and Remuneration Committee

Independent: Yes

Listed Company Directorships (held within the last three years):

Non-executive Director – Harworth Group plc (2020 – current)

Non-executive Director – Genuit Group plc (2019 – current)

Skills and Experience

Ms Scenna has over 25 years of executive experience in property and asset management and funds/investment management in both the United Kingdom and Australia. Ms Scenna joined Westfield Group in 1994 and progressed to the role of Head of Investor Relations. Ms Scenna moved to Stockland Group as General Manager – Finance and Business Development and rose through the group to the role of UK Joint Managing Director in 2007. In this role, Ms Scenna was responsible for establishing Stockland Group in the UK, had full responsibility for the regional operations and was involved in a number of acquisitions and integrations.

In 2009, Ms Scenna left Stockland Group to stay in the UK and accepted the role of Group Head of Explore at Laing O'Rourke, the country's largest privately-owned construction solutions provider. For just under three years, Ms Scenna led the Explore Investments and Explore Living businesses across Europe, Canada, the Middle East and Australasia. In this role, Ms Scenna led the infrastructure investing activities globally and worked with clients and investors to build Laing O'Rourke's direct infrastructure portfolio held in co-ownership with a number of institutional investors across the UK, Australia and Canada.

In 2013, Ms Scenna joined UK construction and regeneration company, Morgan Sindall Group plc, as the Managing Director of their Investments business. During her tenure, Ms Scenna was a Director of the Morgan Sindall Investments Board. Through her extensive executive experience in the UK, Ms Scenna has developed strong connections with local authorities, developers and investors and has a deep understanding of the drivers for competitors.

Ms Scenna is a Non-executive Director of Genuit Group plc (formerly known as Polypipe Group plc) and is a Member of its Audit Committee, Nomination Committee and Remuneration Committee. Ms Scenna is a Non-executive Director of Harworth Group plc and is a Member of its Audit Committee and Remuneration Committee. Genuit Group plc and Harworth Group plc are listed on the London Stock Exchange.

Ms Scenna is the former Deputy Chair of the Private Infrastructure Development Group's Supervisory Board and has played a leadership role in charitable organisations.

Ms Scenna holds a Bachelor of Commerce from the University of New South Wales and is a member of Chartered Accountants Australia and New Zealand and the Australian Institute of Company Directors.

Ms Jialei Tang – Non-executive Director

BFA Architectural Design, BA in Liberal Arts, 26

Director since: 9 July 2021

Independent: No

Skills and Experience

Ms Tang has investment, executive and board experience in diverse industries including finance, real estate, hospitality, pharmaceuticals and technology, as well as across many geographies and jurisdictions including Singapore, the United States and China.

In the real estate sector, Ms Tang is actively involved in the evaluation, acquisition and planning of sea port terminal real estate, the development of the new UBS Singapore headquarters and the 1468-unit Parc Clematis residential complex in Singapore. Since 2019, Ms Tang has been the chief executive officer of Silver City Properties, LLC, a residential property investment and management company in the United States which owns and manages properties in New York. In the same year, Ms Tang took on the role as director at Ariva Hospitality Pte. Ltd., a hospitality management company, directing its rebranding and operations with a focus on sustainability while overseeing its expansion plans into the fund space.

Ms Tang joined the board of TauRx Pharmaceuticals Ltd in 2019, whose drug for therapeutic treatment of Alzheimer's Disease is in its phase III trials and will seek FDA, EMA and NMPA approval upon successful results. She also handles the communication and strategic planning for the family office's philanthropy including support for education, the Olympic movement, refugee relief and healthcare.

Ms Tang holds a double degree, Bachelor of Fine Arts in Architectural Design from the Parsons School of Design and Bachelor of Arts in Liberal Arts (Epistemology and Language) from Eugene Lang College of Liberal Arts at The New School. Ms Tang is a member of, and undertaking studies through, the Australian Institute of Company Directors. She will be pursuing a Master in Urban Planning at Harvard University in September 2021 (with graduation due in 2023).

Directors' Report

Mr Leon Blitz (retired) – Non-executive Chair

B.Com (Hons), C.A. (S.A.), 57

Director since:	28 June 2017
Chair since:	26 February 2020
Director and Chair until retired:	18 November 2020
Board Committee membership:	Member of the Investment Committee
Independent:	Yes

Skills and Experience

Mr Blitz is the co-founder and CEO of Grovepoint, a London-based private equity and FCA regulated investment management firm which manages and invests principal, institutional and family office funds.

Through his role at Investec Bank, which over 20 years included Head of Principal Investments, Private Banking and Property Lending, Mr Blitz developed a deep understanding of property, banking and risk management. He also managed acquisition and integration processes for the Investec Group in UK and European jurisdictions.

Mr Blitz has a significant track record as a deal maker and fundraiser and has extensive experience in working with high performance management teams to develop and execute corporate strategies and implementation plans. He has acted as a Non-executive Director of a number of companies in the UK and Europe and is on the governance and advisory board of a London-based industrial investment holding company, as well as playing a leading role in governing a number of LLP investment and GP management partnerships.

Mr Blitz is the Chair of an international London-based chamber of commerce and plays a leadership role in a number of charitable and communal organisations. He is a Chartered Accountant and trained at Arthur Andersen.

Mr Andrew Fay (retired) – Non-executive Deputy Chair

BAgEc (Hons), A Fin, 56

Director since:	15 October 2018
Deputy Chair since:	26 February 2020
Director and Deputy Chair until retired:	18 November 2020
Board Committee membership:	Member of the Audit and Risk Committee
	Member of the Investment Committee
	Member of the Nomination and Remuneration Committee
Independent:	Yes

Listed Company Directorships (held within the last three years):

Non-executive Director – Pendal Group Limited (2011 – current)

Non-executive Director – Spark Infrastructure RE Limited (2010 – current)

Non-executive Director – Gateway Lifestyle Group (2015 – 2018)

Skills and Experience

Mr Fay has over 30 years' experience in the financial services industry, bringing extensive knowledge of investment and funds management, including the property asset classes. Whilst a large part of his executive career was as a professional investor, he has also been directly involved in advising and determining the strategic direction of businesses including being involved in a range of merger and acquisition activities. These businesses come from a diverse range of industries, including property, financial services, internet, medical devices, microbiology and renewable energy, and have given him considerable experience in operating in international markets. During his 14 years at Deutsche Asset Management (Australia) Ltd, he held a number of senior positions including Chair, CEO Australia, Regional Chief Investment Officer (CIO) Asia-Pacific and CIO Australia.

He was also Chair of Deutsche Managed Investments Ltd and Tasman Lifestyle Continuum Ltd and a Non-executive Director of formerly ASX listed Gateway Lifestyle Group, DB Real Estate Australia Ltd and South Australian Power Networks Pty Ltd. Mr Fay is a former consultant to Dexus Property Group in the area of capital markets. Earlier in his career, he held various senior investment roles at AMP Capital and was also a member of the Investment Board Committee of the Financial Services Council from 1998 to 2006.

Mr Fay has substantial Board Committee experience having chaired both Nomination and Remuneration Committees and Audit and Risk Committees for Top 100 ASX listed entities. He is currently a Non-executive Director of ASX listed Pendal Group Limited and the Chair of the Remuneration and Nominations Committee; and a Non-executive Director of ASX listed Spark Infrastructure RE Limited and a member of the Audit, Risk and Compliance Committee and the Nomination Committee. Mr Fay is currently a Non-executive Director of J O Hambro Capital Management Holdings Limited and National Cardiac Pty Ltd.

Mr John Humphrey (retired) – Non-executive Director

LLB, 66

Director since:	8 September 2020
Director until retired:	18 November 2020
Board Committee membership:	Member of the Nomination and Remuneration Committee
Independent:	Yes

Listed Company Directorships (held within the last three years):

Non-executive Director – Lynas Rare Earths Limited (2017 – current)

Chair – Auswide Bank Ltd (2009 – 2020)

Non-executive Director – Auswide Bank Ltd (2008 – 2020)

Chair and Non-executive Director – Spotless Group Holdings Limited (2017 – current)

Chair – Horizon Oil Limited (2016 – 2018)

Non-executive Director – Horizon Oil Limited (1989 – 2018)

Skills and Experience

Mr Humphrey has more than 40 years of corporate law experience, specialising in mergers and acquisitions, major commercial transactions and capital raisings, in Australia and globally, as well as over 30 years of experience serving on listed company boards.

He commenced his career with Tully & Wilson (now Corrs Chambers Westgarth) in 1976, becoming a Partner in 1980, and later managing the firm as a Member of the Management Committee. In 1998, Mr Humphrey moved to Mallesons Stephen Jacques and took the leading role in establishing and growing the Queensland business to the pre-eminent commercial law firm it is today.

Mr Humphrey was instrumental in the development and execution of a key five-year strategic plan focused on Asia, with this plan resulting in the merger with King and Wood in China to form one of the biggest law firms in the world – King & Wood Mallesons. Mr Humphrey played a pivotal role in this negotiation and has gone on to achieve a national reputation in corporate law, particularly in mergers and acquisitions and equity capital markets work. He has advised on many major commercial transactions and has experience with markets in China through his work as a Non-executive Director of ASX listed Downer Group Limited, Chair of ASX listed Horizon Oil Limited and Chair of Villa World Limited.

In 2013, Mr Humphrey became the Executive Dean of the Faculty of Law at the Queensland University of Technology (QUT). He acted in that role until June 2019, at which time he returned to the Brisbane office of King & Wood Mallesons as a Senior Consultant, specialising in corporate mergers and acquisitions and general commercial work. Mr Humphrey is a former member of the Takeovers Panel.

He is currently a Non-executive Director of ASX listed Lynas Rare Earths Limited (formerly known as Lynas Corporation Limited) and a member of the Audit and Risk Committee and Nomination, Remuneration and Community Committee. He is the Chair of formerly-ASX-listed Spotless Group Holdings Limited and the former Chair of ASX listed Auswide Bank Ltd and of Bligh Ventures Limited.

Mr Humphrey is a member of the Board of Trustees of the Brisbane Grammar School.

He holds a Bachelor of Laws from the University of Queensland.

Mr Paul Weightman (retired) – Managing Director / Chief Executive Officer

B.Com, B.Law, 59

Director since:	6 August 1998
Director until retired:	31 December 2020
Board Committee membership:	Member of the Investment Committee
Independent:	No

Skills and Experience

Mr Weightman was a founding Director of Cromwell, acted as its Executive Chair from 1998 to 2008 and as its Managing Director/Chief Executive Officer from 2008 to 2020, driving Cromwell's strategic development from a small retail syndicator to an ASX200 international real estate investor and funds manager. He practised as a solicitor for more than 20 years, acted as Managing Partner of a national law firm and continues to hold a practising certificate as a solicitor of the Supreme Court of Queensland. Mr Weightman is also a Fellow of the Royal Institution of Chartered Surveyors and is an approved person registered with the Financial Conduct Authority (UK).

Mr Weightman is a former Director of Cromwell Investment Services Limited and Cromwell EREIT Management Pte. Ltd., the latter of which is a licensed REIT manager with the Monetary Authority of Singapore and the manager of Cromwell European REIT.

He has extensive Australian and international experience in real estate investment and management and has legal, commercial and corporate experience in areas including mergers and acquisitions, revenue matters, property development, corporate and financial structuring, public listings, joint ventures and funds management.

Ms Jane Tongs (retired) – Non-executive Chair

B.Bus, MBA, FCA, FCPA, MAICD, 61

Director since:	26 November 2014
Chair since:	18 November 2020
Director and Chair until retired:	17 March 2021
Independent:	Yes

Listed Company Directorships (held within the last three years):

Chair – Netwealth Group Limited (2000 – 2021)

Skills and Experience

Ms Tongs has over 30 years of management expertise, serving on the boards of insurance, funds management, property and other financial services entities. She has extensive experience in profitably growing businesses and enhancing the profitability of established businesses. Current examples are Warakirri Asset Management Ltd and Hollard Insurance Company Pty Ltd and a former example is Netwealth Group Limited. Her previous property experience includes Non-executive Director positions at AIMS Fund Management Limited (formerly MacarthurCook Fund Management Limited), AIMS Investment Managers Ltd (formerly MacarthurCook Investment Managers Ltd), Little Real Estate Pty Ltd (formerly Run Ltd), the Heine Property Group and Warakirri Agricultural Trusts. She was a Non-executive Director of the Australian Energy Market Operator and of Catholic Church Insurance Limited and served as a Member and Company Director to the Advisory Board of the South Australian Financing Authority. She developed her leadership and management experience earlier in her career, specifically as Partner at PricewaterhouseCoopers, specialising in the financial services sector and litigation support.

Along with her deep expertise in finance, her board experience is vast with over 20 years' experience as a Chair, Chair of Audit and Risk Committees and Non-executive Director. Ms Tongs was appointed as an independent Non-executive Director of Cromwell Property Group in 2014. She was elected as independent Non-executive Chair in November 2020 and served in that role until her retirement from the Cromwell Property Group Board in 2021. Ms Tongs is the former Chair of Netwealth Group Limited. She is currently Chair of Columbus Capital Pty Ltd and of the Lendlease Australian Prime Property Fund Investors Committee and a Non-executive Director of Cromwell Funds Management Limited, Warakirri Asset Management Ltd, Hollard Insurance Company Pty Ltd and Brighton Grammar School.

Ms Tongs is a Fellow of Chartered Accountants Australia and New Zealand and of CPA Australia and a member of the Australian Institute of Company Directors.

Ms Lucy Laakso – Company Secretary and Corporate Counsel

B.Bus, MBA (Corporate Governance), Juris Doctor (First Class Honours), GAICD

Appointed since:	10 August 2015

Skills and Experience

Ms Laakso has more than 20 years of corporate and financial services experience, having worked as a legal practitioner and in the areas of company secretariat, corporate governance, compliance and business banking. Prior to joining Cromwell, Ms Laakso was a manager in the company secretariat/compliance team at Access Capital Advisers (now Whitehelm Capital). She also worked at ASX listed Suncorp Group Limited in areas including corporate secretariat, compliance and business banking. Ms Laakso has private practice experience at Norton Rose Fulbright and inhouse legal experience at a fund manager. Ms Laakso is a member of Cromwell's Diversity Leadership Council and is a Sponsor in the Property Council of Australia's 500 Women in Property programme for 2020-2021. In 2019-2020, she was a member of two Property Council of Australia national committees: the National Risk Roundtable and the Corporate Governance and Regulation Committee.

Ms Laakso holds a Juris Doctor (First Class Honours), an MBA (specialising in Corporate Governance) and a Bachelor of Business and is a Graduate and Member of the Australian Institute of Company Directors.

Directors' Report

Directors' meetings

The following table sets out the number of Director's meetings (including committees of directors) held during the financial year and the number for meetings attended by each director (where a director or member of committee).

Directors	Notes	Board of Directors		Audit and Risk Committee		Investment Committee		Nomination and Remuneration Committee	
		Meetings attended	Meetings eligible to attend	Meetings attended	Meetings eligible to attend	Meetings attended	Meetings eligible to attend	Meetings attended	Meetings eligible to attend
G Weiss	Appointed 18 September 2020	17[(1)]	18	4	4	3	3	1	1
EP Ooi	Appointed 8 March 2021	7	7	1	1	1	1	-	-
R Blain	Appointed 8 March 2021	6	7	-	-	1	1	1	1
T Cox	Appointed 21 October 2019	25	25	8	8	-	-	8	8
J Gersh	Appointed 18 September 2020	17[(2)]	18	1	1	3	3	2	2
L Scenna	Appointed 21 October 2019	25	25	8	8	3	3	2	2
J Tang	Appointed 9 July 2021	-	-	-	-	-	-	-	-
L Blitz	Retired 18 November 2020	10	10	-	-	-	-	3	3
A Fay	Retired 18 November 2020	10	10	4	4	-	-	6	6
J Humphrey	Appointed 8 September 2020; retired 18 November 2020	5	5	-	-	-	-	3	3
P Weightman	Retired 31 December 2020	14[(3)]	16	-	-	1	1	-	-
J Tongs	Retired 17 March 2021	20	20	4	4	-	-	-	-

(1) Dr Weiss AM gave notice to the other Directors of a material personal interest and recused himself from receiving the materials and from attending the meeting on 14 October 2020.

(2) Mr Gersh AM gave notice to the other Directors of a material personal interest and recused himself from receiving the materials and from attending the meeting on 14 October 2020.

(3) Mr Weightman gave notice to the other Directors of a material personal interest and recused himself from receiving the materials and from attending the meeting on 7 December 2020 and on 17 December 2020.

Remuneration Report

A message from the Chair, Nomination and Remuneration Committee

Dear Securityholder

On behalf of the Board, I am pleased to present the Remuneration Report which focuses on our remuneration strategy and outcomes for the financial year ending 30 June 2021.

Year in Review and Remuneration Outcomes

FY21 was dominated by the impact of the COVID-19 pandemic. Cromwell's people, processes and systems were truly tested with Business Continuity Plans activated in every country of operation with the majority of Cromwell's people spending a substantial amount of the year working from home. Throughout these events and even as the impact of COVID-19 continues to be felt it is pleasing to see that our people have continued to stay focused on our securityholders, tenant-customers, business operations and also in supporting their colleagues.

During the year a substantial amount of time and effort was spent dealing with government legislation introduced in every country of operation designed to support tenants impacted by the pandemic. Tens of thousands of hours were spent understanding, negotiating and applying the legislation to Cromwell's tenant-customers across 14 different countries.

It comes as no surprise to know that despite the hard work of our people there was no escaping the impact of COVID-19 and the general ensuing reduction in market activity impacted transactions and performance fees. This flowed through to Operating Earnings.

The FY21 KMP Short-Term Incentive (STI) Plan had a behavioural and financial gateway and the financial gateway of 95% of budgeted Operating Earnings was not met, therefore no STI's were paid to the KMP for performance during FY21.

The KMP Long-Term Incentive (LTI) Plan has three equally weighted hurdles applicable to FY21; Total Return (TR), Return on Contributed Equity (ROCE) and Total Securityholder Return (TSR). The ROCE portion will vest at 42% in FY21, the TR hurdle was not met in FY21 and therefore will vest at 0% and the TSR hurdle will not be tested until the completion of the three-year vesting period.

Long-Term Incentives granted to the Acting CEO, Acting CFO and CIO (the Executive KMP) under the historical Performance Rights Plan, for performance in the financial year ending 2017 vested in full as all performance hurdles were met.

Board and Executive Management Changes

During the year, Cromwell's largest securityholder, ARA Asset Management called an Extra-ordinary General Meeting (EGM) on 18 September 2020 to seek representation on the Board. Two nominated directors, Mr Joseph Gersh, AM and Dr Gary Weiss, AM were elected to the Cromwell Board.

Subsequently a number of directors were not re-elected at the November 2020 Annual General Meeting (AGM) at which Cromwell Corporation Limited also received a second strike on its Remuneration Report. Securityholders voted in favour of the Spill Resolution, which triggered a 'Spill Meeting' within 90 days and the remaining directors (other than the Managing Director) who had approved the Remuneration Report ceasing to hold office immediately before the end of the Spill Meeting and seeking re-election.

This was followed by the retirement of long-standing Cromwell CEO Paul Weightman in December 2020 with COO Jodie Clark also subsequently leaving in March 2021. In January 2021, Cromwell CFO Michael Wilde was appointed Acting CEO and Brett Hinton was appointed Acting CFO.

February 2021 also saw three non-executive directors, including myself, successfully stand for re-election at the Spill Meeting. Mr Rob Blain and Mr Eng Peng Ooi joined the Board in March 2021 with Dr Weiss elected Chair on 17 March 2021. There has been increased engagement with our substantial securityholders including through the recent appointment of Ms Jialei Tang as a non-independent Non-executive Director on 9 July 2021. After an executive search conducted by independent advisor Egon Zehnder, Jonathan Callaghan was appointed Cromwell's new permanent CEO later in that month, with a commencement date of 5 October 2021.

The Board has welcomed five new directors over the course of the last 12 months, adding substantial commercial, real estate and capital markets skills and experience. The Board refresh is now complete. The executive team, who have steered the business through the last few months, will now be joined by a highly regarded incoming CEO and we believe these changes have substantially repositioned Cromwell for a very bright future.

Temporary Enhanced Redundancy Policy

In March 2020, to address job security concerns, the Board encouraged management to review and extend notice periods of key employees and in April 2020 the Board approved implementation of enhanced redundancy arrangements for all employees. The enhanced redundancy provisions are timebound and expire on 31 December 2021.

Diminishing Deferred Payment Scheme

The temporary Enhanced Redundancy Policy addressed job security and retention concerns for longer tenured employees but did not address the risk of key employee loss for those with fewer years of service and/or relatively low value of unvested equity on foot. In August 2020, the Board considered alternatives to encourage key employees to remain with Cromwell through the most critical periods of uncertainty, while minimising costs, in the event that positions were not made redundant. Consequently, Cromwell introduced a one-off Diminishing Deferred Payment (DDP) scheme for a limited number of employees deemed critical for the ongoing operations of the business.

Directors' Report

The DDP scheme entitles participants to receive a one-off payment on 31 December 2021, subject to continued employment, with the payment reduced by any actual incentive payments received in cash or securities from 1 October 2020. The only executive KMP included in the arrangement is the Chief Investment Officer and the Acting Chief Financial Officer.

Changes to Remuneration Policy

Given the response of securityholders to the previous Remuneration Report Cromwell undertook an exercise to review the appropriateness of its stated Peer Group. It was felt the Peer Group did not accurately reflect the composition and complexity of the business. As a result, the Fixed Remuneration of the incoming CEO was determined on the basis of this new Peer Group leading to a Fixed Remuneration of $1.0 million, a 35% reduction on that of the previous permanent CEO.

Approach to FY22 Remuneration

There will be no increase to the Fixed Remuneration of the Executive KMP.

The KMP STI Plan will remain unchanged with KMP's eligible to earn between 50% and 100% of their Fixed Remuneration, once they have passed through both the behavioural and financial gateways, with 50% of any payments deferred into stapled securities and held in a holding lock for 12 months. The incoming CEO will participate in the KMP STI Plan but will have an additional 20% of his STI paid as stapled securities for an initial two-year period.

The KMP LTI Plan will also remain unchanged with KMP's eligible to be awarded Cromwell stapled securities of earn between 50% and 100% of their Fixed Remuneration, subject to the achievement of financial performance hurdles over a three-year period.

Non-Executive Director Fees

No changes were made to the remuneration policy for Non-executive Directors in FY21. The total fee pool approved by securityholders in 2011 stands at $1 million and this has not been reviewed since 2017.

Following the new director appointments and completion of the Board renewal process, the Board initiated an external independent review of Non-executive Director fees. The review found that base Board and Committee fees were below market, and that headroom compared to the current pool was less than 2%, which impacts the Board's ability to appoint a new director if required.

Having regard to the findings of this external independent review, the Nomination and Remuneration Committee recommended to the Board an increase in Non-executive Director fees and the corresponding fee pool cap to bring fees in line with market benchmarks. The new fee pool will be considered by securityholders at the AGM in November.

We hope you find this Remuneration Report transparent and informative. The Board and Nomination and Remuneration Committee remain committed to ensuring management are rewarded for the right behaviours and outcomes and their remuneration is aligned to market expectations and the long-term interests of securityholders.

Your sincerely,

Ms Tanya Cox

Chair, Nomination and Remuneration Committee

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The remuneration report is presented for the financial year ending 30 June 2021. The report forms part of the Directors' Report and has been prepared and audited in accordance with the requirements of the *Corporations Act 2001*(Cth). This report is where we explain how performance has been linked to reward outcomes that forge a clear alignment between Cromwell staff and securityholders.

Report Contents

1. Remuneration Overview

1.1 Key Management Personnel

In this report, Key Management Personnel (KMP) are those with the authority and responsibility for planning, directing and controlling the activities of the Group, either directly or indirectly.

Name	Position / Title	Term	Current securityholding
Current Non-executive Directors			
Gary Weiss AM	Non-executive Director Non-executive Chair	Elected 18 September 2020 Elected 17 March 2021	100,000
Eng Peng Ooi	Non-executive Director (independent) Non-executive Deputy Chair	Appointed 8 March 2021 Elected 17 March 2021	-
Robert Blain	Non-executive Director (independent)	Appointed 8 March 2021	-
Tanya Cox	Non-executive Director (independent)	Full year	90,000
Joseph Gersh AM	Non-executive Director (independent)	Elected 18 September 2020	-
Lisa Scenna	Non-executive Director (independent)	Full year	55,000
Former Non-executive Directors			
Leon Blitz	Non-executive Chair (independent)	Retired 18 November 2020	Not applicable
Andrew Fay	Non-executive Deputy Chair (independent)	Retired 18 November 2020	Not applicable
John Humphrey	Non-executive Director (independent)	Appointed 8 September 2020 Retired 18 November 2020	Not applicable
Jane Tongs	Non-executive Director Non-executive Chair	Retired 17 March 2021 Elected 18 November 2020 and retired 17 March 2021	Not applicable
Former Executive Director			
Paul Weightman	Chief Executive Officer	Retired 31 December 2020	Not applicable
Other Executive KMP			
Michael Wilde	Acting Chief Executive Officer Chief Financial Officer	Appointed 1 January 2021 1 July 2020 – 31 December 2020	824,944
Jodie Clark	Chief Operations Officer	Retired 31 March 2021	Not applicable
Robert Percy	Chief Investment Officer	Full year	1,183,571
Brett Hinton	Acting Chief Financial Officer	Appointed 1 January 2021	-

On 9 July 2021, Ms Jialei Tang was appointed as a Non-executive Director. Her current security holding is 123,346,692 stapled securities.

1.2 Executive appointment arrangements

On 1 January 2021, Michael Wilde was appointed Acting CEO and Brett Hinton was appointed Acting CFO. Prior to 1 January 2021, Michael Wilde was CFO and Brett Hinton was the Head of Treasury for Cromwell.

1.3 Executive exit arrangements

Paul Weightman (CEO and Managing Director) retired on 31 December 2020. His exit arrangements were as follows:

- Payment in lieu of contractual notice period
- Provision of benefits and payments in accordance with his employment agreement and law.
- 2,986,867 Performance Rights associated with performance in financial years 2018 and 2019 were accelerated and vested, following securityholder approval on 12 February 2021.
- 2,945,786 Performance Rights associated with performance in financial years 2019 and 2020, remain on-foot and will vest on 1 July 2022 and 1 July 2023 respectively.

Jodie Clark (COO) retired on 31 March 2021. Her exit arrangements were as follows:

- Payment in lieu of partial contractual notice period
- Provision of benefits and payments in accordance with her employment agreement and law

2. Remuneration Strategy and Governance

2.1 Cromwell's Remuneration Strategy

Our Purpose	We exist to look after people				
Our Strategic Objectives	Maintain efficient values-led operations	Maintain a sustainable, predictable and resilient business	Leverage our unique global platform to become a capital partner of choice	Maintain our stable, secure cash flow-generating portfolio and our strong retail platform	Generate value from selective asset enhancement initiatives and investigate opportunities for investors in growing sectors

Our Values		
Principled	**Respectful**	**Responsible**
We are principled. We set the standards and have the courage to do what is right, when we think it is right.	We are respectful of others. We are humble and empathetic, working collegiately to look after our stakeholders.	We are accountable to our stakeholders. We are diligent and committed to continuous improvement and building a sustainable and resilient business.

Our Remuneration Principles				
Encourage behaviours consistent with our values	Attract proven high performers	Motivate achievement of strategic objectives	Create securityholder alignment	Retain proven high performers

KMP Remuneration Structure		
Fixed Fixed Remuneration	**STI** Short-Term Incentive	**LTI** Long-Term Incentive
Benchmarked to market, Fixed Remuneration is used as a tool to attract executives with the skills and experience required to execute the strategy. Base salary, superannuation and non-financial benefits.	STI drives achievement of short-term strategic objectives. 50% paid in cash 50% paid in securities and deferred for one year.	Designed to improve retention and create securityholder alignment. At the end of three years: 100% vests in staple securities 50% is released immediately 50% is deferred in holding lock for a further 12 months.
Reviewed annually against comparable organisations		

Minimum Securityholding Requirement
The departing CEO was required to hold a minimum securityholding of 150% of Fixed Remuneration.* Other executive KMP are required to hold a minimum of 50% of Fixed Remuneration (within 4 years of 1 July 2019). Securities in STI and LTI holding lock are included in KMP total holdings.

* the incoming CEO will be required to hold a minimum of 100% of gross Fixed Remuneration in Cromwell stapled securities within 4 years.

2.2 Remuneration Mix

The following diagram illustrates the remuneration mix at maximum potential for Key Management Personnel.

	Fixed Remuneration	**Short term**	Long term
		Variable remuneration	
Current KMP			
Acting CEO	39%	23%	38%
CFO	50%	25%	25%
Acting CFO	72%	11%	17%
CIO	40%	40%	20%
Former KMP			
CEO	39%	23%	38%
COO	50%	25%	25%

2.3 Remuneration Time Horizon

The following diagram provides an illustration of how 2021 financial year remuneration will be delivered.

Fixed remuneration Base salary, superannuation and other non-financial benefits			
STI – cash component			
	STI – deferred component		
		LTI – vested component	
			LTI – deferred component
2021	**2022**	**2023**	**2024**

2.4 How variable remuneration is structured

Short-Term Incentive (STI)			
Purpose	To drive the achievement of short-term strategic objectives.		
Value	**% of Fixed Remuneration**	**Target**	
	Current KMP		
	Acting CEO	60%	
	CFO	50%	
	Acting CFO*	$100,000**	
	CIO*	100%	
	Former KMP		
	CEO	60%	
	COO	50%	
Performance Measures	All KMP STI's are subject to the following gateways: 1. Achieving 95% of earnings guidance or Board approved budgeted earnings where no guidance is provided; and 2. Scoring a minimum of Meeting Expectations against Cromwell's values-based Behavioural Competencies. If either of the gateways are not met, no STI is payable. Individual STI outcomes are determined on the basis of group performance against a mix of financial and non-financial measures. More information can be found on the KMP STI Performance Measures in the STI Scorecard.		
		Financial Measures	**Non-financial Measures**
	Current KMP		
	Acting CEO	80%	20%
	CFO	50%	50%
	Acting CFO	80%	20%
	CIO	80%	20%
	Former KMP		
	CEO	80%	20%
	COO	50%	50%
Reason for performance measures	The Board considers that a mix of financial and non-financial measures are appropriate and that they are aligned with Cromwell's strategy and values. Performance measures are reviewed annually, and the Board has discretion to review and amend the measures during the performance period where significant unforeseen events have occurred which are outside the control of management, or where formulaic application is likely to produce a material and perverse outcome. .		
Calculation of awards	Value of awards are calculated as follows: Fixed Remuneration **x** Target STI opportunity % **x** Achievement Score against Performance Measures		
Delivery of awards	50% of the STI awarded is delivered in cash and 50% is delivered in securities and deferred for a further 12 months.*** All securities are purchased on market. In the event the recipient ceases to be employed: • before the award date, the recipient is ineligible to receive an award • after the STI is awarded, securities in holding lock remain in holding lock until the release date provided the employee is deemed to be a good leaver		
Clawback	Malus and Clawback clauses allow deferred securities to be clawed back where a recipient has acted fraudulently, dishonestly or where there has been a material misstatement or omission in Cromwell's financial statements leading to receipt of an unfair benefit. This may also occur where an executive KMP fails to meet cultural related expectations including acting ethically and responsibly.		
Change of Control	In the event of a change of control, any STI award deferred in securities will be released.		

* The CIO and Acting CFO are eligible for a Diminishing Deferred Payment of up to 70% and 80%, respectively, of their Base salary, less any incentive payments received between October 2020 and December 2021, if they remain employed as at 31 December 2021. This payment will be delivered in cash.

**The Acting CFO remained on his previous Executive STI Scheme for the duration of FY21.

*** The Former CEO's STI was delivered in cash.

KMP Long Term Incentive (LTI)			
Purpose	To create securityholder alignment and encourage retention.		
Value	**% of Fixed Remuneration**	**Target**	**Allocation method**
	Current KMP		
	Acting CEO	100%	Face value
	CFO	50%	Face value
	Acting CFO	25%*	Fair value*
	CIO	50%	Face value
	Former KMP		
	CEO	100%	Face value
	COO	50%	Face value
Performance Measures	For each measure, 25% vests at the lower bound with straight line vesting to 100% at the maximum threshold.		
	33.33%	**Total Return** Total Return = (Distributions + Change in NTA)/Opening NTA. Performance is tested annually, and the addition of each year's outcome is awarded at the end of 3 years. The TR hurdle range is 8.5%-11.5%. Equity Issues that significantly impact NTA will be considered, as well as significant write downs in intangible assets.	
	33.33%	**Return on Contributed Equity (ROCE)** ROCE = Operating Profit/Weighted Average Contributed Equity. Performance is tested annually, and the addition of each year's outcome is awarded at the end of 3 years. The ROCE hurdle range is 8.5%-11.5%.	
	33.33%	**Relative TSR** Measured against the S&P/ASX300 A-REIT Accumulation Index on a percentile basis with 50th percentile lower bound and 75th percentile upper bound. Measured once over the measurement period. Below Median - 0% vesting	
Reason for performance measures	Total Return aligns the underlying absolute returns that securityholder's experience. ROCE best reflects the sustainable returns achieved on securityholders' contributed equity and is accepted as a good measure of the performance of management. Over the medium to long term an improving ROCE has been shown to correlate with upward stapled security price movements and hence returns experienced by securityholders.		
Calculation of awards	The number of performance rights granted is calculated under the Face Value Methodology, based on the VWAP of Cromwell's security price for the 10 days immediately succeeding the annual results announcement.		
Delivery of awards	At the end of the 3 year performance period, 100% of the award vests, with 50% released and 50% deferred in holding lock for a further 12 months. All securities are purchased on market. In the event the recipient ceases to be employed: • before the vesting date, all rights to securities are forfeit • after the vesting date, securities in holding lock remain in holding lock until the release date provided the employee is deemed to be a good leaver		
Clawback	Malus and Clawback clauses allow unvested and deferred securities to be clawed back where a recipient has acted fraudulently, dishonestly or where there has been a material misstatement or omission in Cromwell's financial statements leading to receipt of an unfair benefit. This may also occur where an executive KMP fails to meet cultural related expectations including acting ethically and responsibly.		
Change of Control	In the case of a change of control, performance rights will be tested and will pro rata vest in line with achievement against performance measures.		

* The Acting CFO has remained on his previous Executive LTI Scheme for the duration of FY21. The Executive LTI Scheme entitles the incumbent to Performance Rights, vesting over three years, up to the value of 25% of his Base Salary, allocated using fair value at grant date. Performance measures are continued employment and a minimum score of Solid Performance against KPIs each year.

Directors' Report

2.5 Employment Contract Terms & Conditions

All executive KMP are employed on Employment Contracts that detail the components of remuneration paid and frequency of review but do not describe how remuneration levels are modified from year to year. The contracts do not provide for a fixed term however they can be terminated on specified notice (with the exception of gross misconduct when they can be terminated without notice).

	Termination by Company	Termination by Executive KMP
Acting CEO and other Executive KMP	**Notice Period** 6 months, with the option of payment in lieu (lump sum) 3 months – Acting CFO **Termination by Redundancy** During the period, employees and executive KMP terminated by way of redundancy were entitled to an Enhanced Severance Package, calculated as *4 weeks base play plus 3 weeks base pay for each completed year of service, capped at six months base pay.**. **Impact on incentives** If an executive KMP is determined to be a good leaver deferred securities remain on foot. If an executive KMP is determined to be a bad leaver all deferred securities are forfeit.	**Notice Period** 6 months 3 months – Acting CFO **Impact on incentives** If an executive KMP is determined to be a good leaver unvested performance rights and deferred securities remain on foot. If an executive KMP is determined to be a bad leaver, unvested and deferred securities are forfeit.

* The Enhanced Severance amount is higher than the statutory severance and is paid in lieu of this.

2.6 Remuneration Governance

The Board has appointed a Nomination and Remuneration Committee ("Committee") responsible for reviewing, monitoring and making recommendations in relation to the appointment, performance and remuneration of the KMP.

Board

The Board is responsible for setting the executive remuneration strategy, monitoring KMP performance and approving the executive Key Performance Indicators

Nomination and Remuneration Committee

The Committee is the main governing body for KMP appointment and remuneration. The Committee is responsible for implementation of the Remuneration Principles.

Full charter available at:
https://www.cromwellpropertygroup.com/__data/assets/pdf_file/0028/16579/CG_Nomination-and-Remuneration-Committee-Charter_approved-June-2020.pdf

Management	**External advisors**
Provides recommendations on reward strategy design and implementation to the Committee. From time to time Management may seek remuneration advice.	Provide expert independent information on remuneration for KMP.

Remuneration consultants are appointment from time to time to provide independent information and advice.

3. Cromwell Performance and Remuneration Outcomes

3.1 Cromwell's five-year performance summary

The remuneration outcomes of executive KMP vary with short-term and long-term performance outcomes. The graphs and tables below show executive KMP remuneration outcomes and Cromwell's core financial performance measures over the past five years.

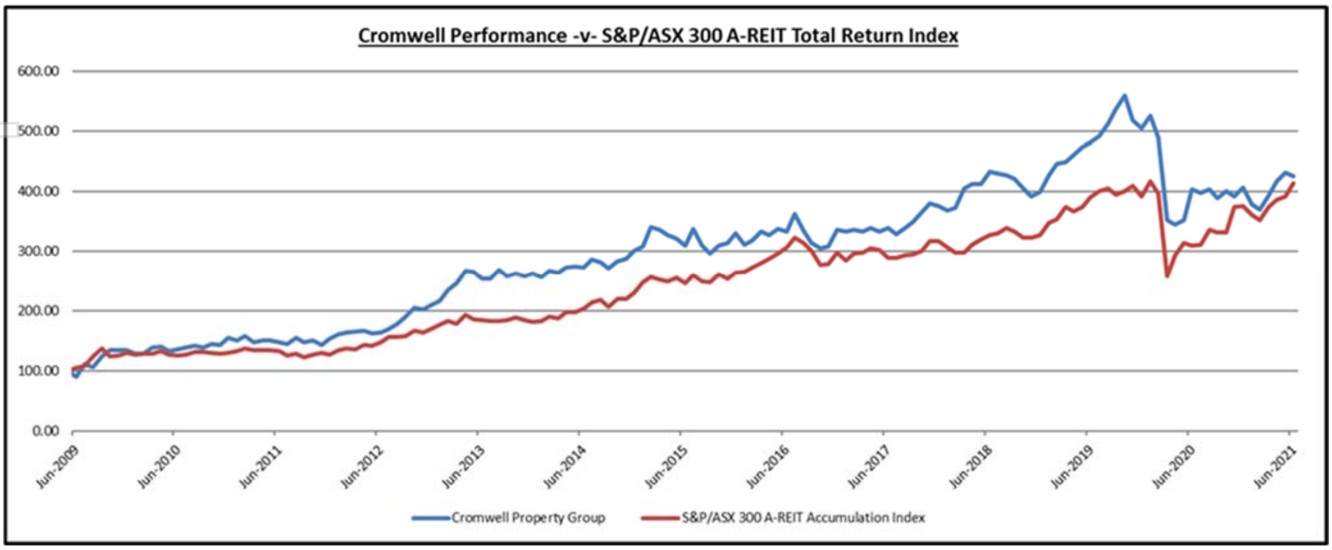
Cromwell's Five-year Performance Summary

STI and LTI Outcomes	2017	2018	2019	2020	2021
STI (average % of target)	88%	94%	91%	71%	0%
LTI (% of maximum)	N/A	84%	82%	38%	21%

LTI excludes backward looking LTI scheme and the TSR which will not be tested until the 3 years ending 30 June 2022

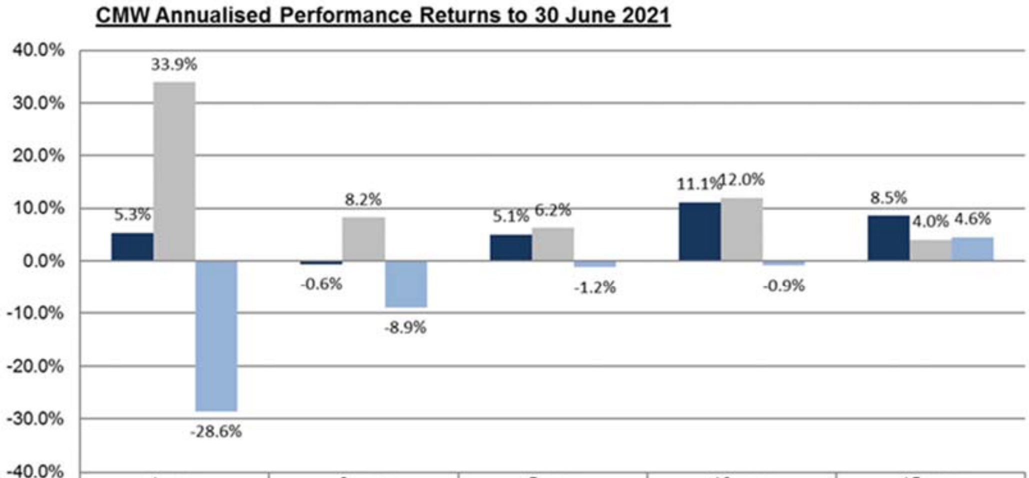
Total return of Cromwell securities

The chart below illustrates Cromwell's performance against the S&P/ASX300 A-REIT Accumulation Index since 2009.



Total Securityholder Returns (Annualised)

Cromwell's Total Securityholder Return (TSR) over the last 1, 3, 5, 10 and 15 years relative to benchmark indices is shown below.



	1 year	3 year	5 year	10 year	15 year
CMW Total Return	5.3%	-0.6%	5.1%	11.1%	8.5%
S&P / ASX 300 A-REIT Accum. Index	33.9%	8.2%	6.2%	12.0%	4.0%
CMW Excess Performance	-28.6%	-8.9%	-1.2%	-0.9%	4.6%

As at 30 June 2020, the prior year balance date, Cromwell had outperformed the Property Index across all periods. The impact of a very subdued stapled security price, largely due to the ongoing uncertainty of COVID-19 on Cromwell's European operations and the ongoing level of corporate activity, has significantly impacted the annualised performance of Cromwell in 2021. This has had a flow on impact to all other return periods.

Over the course of any short-term period, the total securityholder return of Cromwell will vary against the index. Over the medium term, the overall performance of Cromwell should be demonstrated in sustained operating earnings and growth in total securityholder returns. The LTI hurdles implemented for all KMP will reward the achievement of medium-term returns.

3.2 STI Scorecard

Objective	Key Results	Commentary	Rating	KMP Responsible
FINANCIAL GATEWAY				
	Achieve a minimum of 95% of Operating Earnings guidance	The board approved target operating earnings for FY21 was set at 8.00cps and the associated earnings gateway at 7.60cps. This hurdle was not achieved, and the Board chose not to exercise discretion to waive the gateway.	Not achieved	All
FINANCIAL PERFORMANCE				
Financial	Operating Earnings per Security	Target range of 7.60 – 8.40cps was not achieved.	Not achieved	All
	NOI like for like growth on core assets	Like for like growth in the core portfolio was 2% which exceed the target of 1% growth.	Achieved	Acting CFO/CFO
	CMW Group corporate costs at or below budget	Corporate costs were maintained below $40m and reduced on FY20 levels.	Achieved	Acting CFO/CFO
Capital & Product Development	Growth in External AUM	Target of between $1bn - $1.4bn was not achieved.	Not achieved	All
	Successful completion of fund initiatives	The relaunch of CPRF and the launch of a new logistics fund using the Italian DHL portfolio as a seed portfolio were delayed as a result on COVID-19.	Not achieved	All
	Restructure of LDK funding	Given the success of the LDK model and the level of sales at Greenway Views, the funding for LDK was restructured to provide a more predictable return to Cromwell.	Achieved	Acting CEO, CIO
	EU Property Management Internalisation	To improve the quality and control of property management functions in Europe as well as to reduce costs, Cromwell has commenced on a process of internalisation.	Commenced	Acting CFO/CFO
Property & Funds Management	Australian Funds Management Income	Income exceeded target of $9m.	Outperformed	Acting CEO, CIO
	Successful completion of KPIs on risk management/asset enhancement Initiatives	All projects have moved forward as per agreed targets and budgets.	Achieved	All
NON-FINANCIAL PERFORMANCE				
Operational	Maintain High Level Systems & Processes	Continued investment in systems and processes ensured minimal disruption to operations across the Group.	Achieved	Acting CFO/CFO
	EU Management Team succession	Successful on-boarding of new MD, Europe.	Achieved	Acting CEO
	Foster a Diverse & Inclusive Culture across the Group	D&I action plan, talent mapping and agile working all implemented in FY21.	Achieved	All
	Improved focus on risk management culture	Compliance with all ISO and WH&S requirements.	Achieved	Acting CFO/CFO
	Improved group controls environment	GS007/ISAE3407 underway.	Achieved	Acting CFO/CFO
Sustainability	Foster a Culture of Sustainability across Group Business Operations	All sustainability index targets met.	Achieved	All

3.3 Executive KMP STI Outcomes

Notwithstanding that the majority of KPIs were achieved, Cromwell's financial gateway was not met. Consequently, no KMP received an STI award in FY2021.

	Behavioural Gateway	**Target STI** (as % of FR)	**STI Awarded $**	**STI Forfeit $**
Current KMP				
Acting CEO* **CFO**** Michael Wilde	Met Met	**60%** **50%**	**$0** **$0**	**$330,000** **$212,500**
CIO Rob Percy	Met	**100%**	**$0**	**$700,000**
Acting CFO Brett Hinton	Met	**11%**	**$0**	**$100,000**
Former KMP				
CEO Paul Weightman	N/A	**60%**	**$0**	**$900,000**
COO Jodie Clark	N/A	**50%**	**$0**	**$425,000**

* for 6 months to 30 June 2021.

** for 6 months to 31 December 2020.

3.4 **Executive KMP LTI Performance**

There are currently two LTI plans in operation for executive KMP, being a historic "backward looking" plan and the current "forward looking" LTI plan.

The new "forward looking" LTI Plan was introduced on 1 July 2019. The following Performance Rights have been granted under this Plan:

	No of performance rights granted	Allocation date	Financial years tested	Expiry date
M Wilde	479,426	1 July 2020	2021 - 2023	30 Sep 2023
	355,214	1 July 2019	2020 - 2022	30 Sep 2022
Total	**834,640**			
R Percy	394,821	1 July 2020	2021 - 2023	30 Sep 2023
	292,529	1 July 2019	2020 - 2022	30 Sep 2022
Total	**687,350**			
P Weightman	1,692,091	1 July 2020	2021 - 2023	30 Sep 2023
	1,253,695	1 July 2019	2020 – 2022	30 Sep 2022
Total	**2,945,786**			
J Clark	479,426	1 July 2020	2021 - 2023	Forfeited
	355,214	1 July 2019	2020 - 2022	Forfeited
Total	**834,640**			

Performance Rights granted under the above Plan will be tested, at the vesting date, against the following performance hurdles and the resulting number of Performance Rights will vest. Upon vesting, an equivalent number of Stapled Securities will be issued to the holder, 50% of which will remain in holding lock for a further 12 months.

Plan	**Performance period start date**	**Performance period end date**	**Vesting conditions**
2021 KMP LTI Plan	1 July 2020	30 June 2023	• 33.3% Total Return (8.5% - 11.5%) • 33.3% ROCE (8.5% - 11.5%) • 33.3% Relative TSR (50th – 75th percentile)
2020 KMP LTI Plan	1 July 2019	30 June 2022	• 33.3% Total Return (8.5% - 11.5%) • 33.3% ROCE (8.5% - 11.5%) • 33.3% Relative TSR (50th – 75th percentile)

Directors' Report

The targets set for the 2021 and 2020 plans and performance against each target to date are as follows:

	2021	2020
Total Return		
Target range	8.5%-11.5%	8.5%-11.5%
Achieved	8.3%	4.9%
Vesting Percentage	0.0%	0.0%
Return on Contributed Equity		
Target range	8.5%-11.5%	8.5%-11.5%
Achieved	9.2%	9.8%
Vesting Percentage	41.9%	56.4%

The "backward looking" LTI Plan was discontinued for executive KMP on 30 June 2019. The following Performance Rights have been granted under this Plan:

	No of performance rights granted	Allocation date	Expiry date
M Wilde	172,518	30 June 2019	1 Oct 2022
	186,012	30 June 2018	6 Nov 2021
Total	**358,530**		
R Percy	250,566	30 June 2019	1 Oct 2022
	278,351	30 June 2018	6 Nov 2021
Total	**528,917**		
B Hinton	102,133	30 June 2020	1 Sep 2023
	167,508	30 June 2019	1 Oct 2022
	225,299	30 June 2018	6 Nov 2021
Total	**494,940**		
J Clark	171,600	30 June 2019	Forfeited
	200,569	30 June 2018	Forfeited
Total	**372,169**		

Performance Rights granted under the above Plan were tested on the allocation date, against specific performance hurdles and the resulting number of Performance Rights were granted. The Performance Rights generally vest three years after grant date provided the below ongoing conditions are met during the vesting period:

- continuing employment, and
- achievement of a minimum score of 70% against individual KPIs, assessed annually during the three-year period

3.5 Executive statutory remuneration

The table below outlines the cash remuneration and at-risk cash awards received as well as the value of equity-based compensation expensed during the year in accordance with applicable statutory accounting rules.

		Short-term				Post-employment		Long-term	Security based payments		
		Salary [1] and fees $	Non-monetary benefits $	At-risk cash bonus $	Diminishing deferred payment $	Super-annuation $	Termination benefits $	Long service leave $	Deferred STI award	LTI scheme $	Total $
Executive KMP											
P Weightman [2]	**2021**	**879,597**	**7,800**	**-**	**-**	**21,694**	**1,526,657**	**12,431**	**-**	**419,940**	**2,868,119**
	2020	1,609,610	28,519	561,000	-	21,003	-	25,005	-	1,012,717	3,257,854
M Wilde [3]	**2021**	**1,027,147**	**12,180**	**-**	**-**	**21,694**	**-**	**81,398**	**-**	**257,561**	**1,399,980**
	2020	824,599	26,143	187,708	-	21,003	-	21,365	187,708	230,410	1,498,936
J Clark [4]	**2021**	**738,872**	**11,700**	**-**	**-**	**16,271**	**827,315**	**10,561**	**-**	**-**	**1,604,719**
	2020	850,235	22,119	187,708	-	21,003	-	19,981	187,708	240,128	1,528,882
R Percy [5]	**2021**	**687,062**	**15,401**	**-**	**231,371**	**21,694**	**-**	**11,062**	**-**	**195,248**	**1,161,838**
	2020	676,385	25,046	215,250	-	21,003	-	12,752	215,250	160,341	1,326,027
B Hinton [6]	**2021**	**330,427**	**-**	**-**	**91,869**	**10,847**	**-**	**20,871**	**-**	**43,725**	**497,739**
Total	**2021**	**3,663,105**	**47,081**	**-**	**323,240**	**92,200**	**2,353,972**	**136,323**	**-**	**916,474**	**7,532,395**
remuneration	2020	3,960,829	101,827	1,151,666	-	84,012	-	79,103	590,666	1,643,596	7,611,699

(1) Includes any change in accruals for annual leave.
(2) Mr Weightman retired on 31 December 2020.
(3) Mr Wilde was CFO up until 31 December 2020 and Acting CEO from 1 January 2021.
(4) Ms Clark ceased employment on 31 March 2021.
(5) Mr Hinton became a KMP on 1 January 2021.

4. Non-executive Director Remuneration

4.1 Board remuneration structure

The Board determines remuneration of Non-executive Directors within the maximum amount approved by security holders from time to time. This maximum currently stands at $1,000,000 per annum in total for fees to be divided among the Non-executive Directors in such a proportion and manner as they agree.

4.2 Total remuneration for Non-executive Directors

Non-executive Directors are paid a Fixed Remuneration, comprising base and committee fees or salary and superannuation (as applicable). Non-executive Directors do not receive bonus payments or participate in stapled security-based compensation plans and are not provided with retirement benefits other than statutory superannuation.

	2021 $	**2020** **$**
Chair	**223,052**	**223,052**
Non-executive Director	**102,484**	**102,484**
Audit and Risk Committee – Chair	**20,868**	**20,868**
Audit and Risk Committee – Member	**13,911**	**13,911**
Investment Committee – Chair	**10,000***	**-**
Investment Committee – Member	**5,000***	**-**
Nomination and Remuneration Committee – Chair	**10,000***	**8,695**
Nomination and Remuneration Committee – Member	**5,796**	**5,796**

* from 24 February 2021

Fee review

As the Directors' fee cap was last approved by securityholders in 2011 and Directors' fees have not been reviewed since 2017, the Nomination and Remuneration Committee commissioned a review of Board and Committee fees. The resulting report identified that:

- the base board fee plus committee fees paid to the board chair were below the peer group median
- the base board fee paid to NEDs is below the peer group median
- the audit and risk committee chair and member fees are below the peer group median
- the nomination and remuneration committee chair and member fees are below the peer group median
- with the appointment of a seventh director, policy fee headroom is 2%

The report assessed, and the Nomination and Remuneration Committee supported, an increase in Board and Committee fees and an increase in the fee pool, conditional upon receiving securityholder support for the fee pool increase at the company's AGM to be held in November 2021.

4.3 Non-executive Directors' security holding requirement

Non-executive Directors are required to have a minimum holding of Cromwell Property Group stapled securities equivalent to the Non-executive Director annual fee within three years of their start date. Non-executive Directors are bound by Cromwell's Securities Trading Policy, which is available on Cromwell's website. No additional remuneration is provided to Non-executive Directors to purchase these stapled securities.

4.4 Non-executive Directors' remuneration table

The table below outlines the cash remuneration and benefits received by each Non-executive Director during the year in accordance with applicable statutory accounting rules.

		Director fees $	Non-monetary benefits $	Post-employment benefits (superannuation) $	Total $
Non-executive directors:					
G Weiss [1]	**2021**	**110,647**	**-**	**10,511**	**121,158**
E P Ooi [2]	**2021**	**30,450**	**-**	**2,893**	**33,343**
R Blain [3]	**2021**	**29,106**	**-**	**2,765**	**31,871**
T Cox	**2021**	**114,617**	**-**	**10,889**	**125,506**
	2020	75,739	-	7,195	82,934
J Gersh [4]	**2021**	**76,983**	**-**	**7,313**	**84,296**
Lisa Scenna	**2021**	**125,390**	**-**	**-**	**125,390**
	2020	74,816	-	-	74,816
L Blitz [5]	**2021**	**94,368**	**-**	**-**	**94,368**
	2020	155,482	14,263	-	169,745
A Fay [6]	**2021**	**47,211**	**-**	**4,485**	**51,696**
	2020	113,577	6,977	10,790	131,344
J Humphrey [7]	**2021**	**20,538**	**-**	**1,951**	**22,489**
J Tongs [8]	**2021**	**114,471**	**-**	**10,875**	**125,346**
	2020	116,652	7,903	11,082	135,637
G Levy [9]	2020	139,406	12,120	13,244	164,770
M McKellar [10]	2020	53,546	14,208	-	67,754
D Blight [11]	2020	7,107	-	675	7,782
Total	**2021**	**763,781**	**-**	**51,682**	**815,463**
remuneration	2020	736,325	55,471	42,986	834,782

(1) Dr Weiss was elected on 18 September 2020 and elected as Chair 17 March 2021.
(2) Mr Ooi was appointed on 8 March 2021 and elected as Deputy Chair 17 March 2021.
(3) Mr Blain was appointed on 8 March 2021.
(4) Ms Cox was appointed on 21 October 2019.
(5) Mr Gersh was elected on 18 September 2020.
(6) Ms Scenna was appointed on 21 October 2019.
(7) Mr Blitz retired on 18 November 2020.
(8) Mr Fay retired 18 November 2020.
(9) Mr Humphrey was appointed on 8 September 2020 and retired on 18 November 2020.
(10) Ms Tongs retired on 17 March 2021.
(11) Mr Levy retired on 26 February 2020.
(12) Ms McKellar retired on 28 November 2019.
(13) Mr Blight retired on 19 July 2019.

5. Additional Disclosures

5.1 At risk cash awards and performance rights vesting and forfeiture in 2021

For each at risk cash award and grant of performance rights options (equity-based compensation) included in the tables above, the percentage of the available at-risk cash bonus paid, or equity-based compensation that vested, during the year and the percentage that was forfeited because the person did not meet the service and performance criteria is set out below.

The performance rights are subject to vesting conditions as outlined above. No performance rights will vest if the conditions are not satisfied, hence the minimum value of performance rights yet to vest is $nil. The maximum value of the performance rights yet to vest has been determined as the amount of the grant date fair value of the performance rights that is yet to be expensed at balance date. References to options in the table below relate to performance rights.

	At-risk cash bonus		Equity based compensation				
	Cash bonus paid %	Cash bonus forfeited %	Years options granted	Options vested in 2021 %	Options forfeited in 2021 %	Years options may vest	Maximum value of grant to vest $
P Weightman	0%	100%	2019	86.5%[1]	13.5% [1]	-	-
M Wilde	0%	100%	2019/20/21	100.0%[2]	-	2022/23/24	329,146
J Clark [3]	0%	100%	2019/20/21	100.0%[2]	-	-	-
R Percy	0%	100%	2019/20/21	100.0%[2]	-	2022/23/24	264,667
B Hinton	0%	100%	2019/20/21	-	-	2022/23/24	112,719

[1] Related to performance rights issued in 2019. At the EGM held on 12 February 2021, security holders voted to accelerate the vesting of certain performance rights held by Mr Weightman. These performance rights would have otherwise vested in June 2021 and November 2021 which was after the retirement date of Mr Weightman. Security holders voted that these performance rights would vest at 86.5% with 13.5% being forfeit. Other performance rights totalling 2,945,786 in number and vesting in July 2023 and September 2023 were also agreed to not lapse despite Mr Weightman's retirement.

[2] Related to performance rights issued in 2018.

[3] Ms Clark ceased employment on 31 March 2021 and forfeited all remaining unvested performance rights.

5.2 Equity based compensation for the CEO and other KMP

Details of the PRP are set out in sections 2.4 and 3.4 of the remuneration report.

All Executive Directors and employees of Cromwell are considered for participation in the PRP subject to a minimum period of service and level of remuneration, which may be waived by the Committee. Grants to Executive Directors are subject to securityholder approval.

Consideration for granting performance rights, grant periods, vesting and exercise dates, exercise periods and exercise prices are determined by the Board or Committee in each case. Performance rights carry no voting rights. When exercised, each performance right is convertible into one stapled security.

The terms and conditions of each grant of performance rights under the PRP affecting remuneration for Key Management Personnel in the current or future reporting periods are included in the table below:

Grant date	Expiry date	Exercise price	No of performance rights granted	Assessed value per right at grant date
16-Feb-2018	01-Nov-2020	-	454,164	75.9¢
16-Feb-2018	01-Nov-2020	$0.50	2,136,616	28.8¢
07-Nov-2018	06-Nov-2021	-	386,581	80.8¢
07-Nov-2018	06-Nov-2021	$0.50	503,650	34.0¢
21-Dec-2018	06-Nov-2021	$0.50	1,846,581	35.4¢
21-Dec-2018	30-Sep-2020	-	899,297	72.2¢
21-Dec-2018	30-Sep-2021	-	1,606,038	87.6¢
04-Oct-2019	01-Oct-2022	-	344,118	106.3¢
04-Oct-2019	01-Oct-2022	$0.50	418,074	57.5¢
27-Mar-2020	01-Sep-2022	-	668,638	63.0¢
27-Mar-2020	01-Sep-2022	-	334,319	30.2¢
23-Dec-2020	01-Jul-2023	-	1,710,892	69.5¢
23-Dec-2020	01-Jul-2023	-	845,446	34.5¢
23-Dec-2020	01-Sep-2023	-	102,133	76.9¢

Details of changes during the 2021 financial year in performance rights on issue to Key Management Personnel under the PRP are set out below.

	Opening balance	Granted	Exercised	Forfeited	Lapsed	Closing balance
P Weightman	5,922,893	2,945,786 [1]	(5,457,141) [5]	(465,752)	-	2,945,786
M Wilde	932,596	479,426 [2]	(218,852) [6]	-	-	1,193,170
J Clark	962,695	479,426 [2]	(235,312) [7]	(1,206,809)	-	-
R Percy	1,125,862	394,821 [3]	(304,416) [8]	-	-	1,216,267
B Hinton	392,807	102,133 [4]	-	-	-	494,940
	9,336,853	4,401,592	(6,215,721)	(1,672,561)	-	5,850,163

[1] The fair value at grant date was $1,631,349.
[2] The fair value at grant date was $277,268.
[3] The fair value at grant date was $228,338
[4] The fair value at grant date was $78,540.
[5] The fair value at grant date was $2,640,943. The face value at exercise date was $3,013,507. Exercise price was fully paid.
[6] The fair value at grant date was $166,109. The face value at exercise date was $194,526. Exercise price was fully paid.
[7] The fair value at grant date was $178,602. The face value at exercise date was $209,157. Exercise price was fully paid
[8] The fair value at grant date was $87,672. The face value at exercise date was $118,372. Exercise price was fully paid.

The assessed fair value at grant date of performance rights granted is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables in section 3.5 of the remuneration report.

A total of 5,969,553 performance rights were granted during 2021 (2020: 3,366,613) of which 4,401,592 (2020: 1,597,640) were issued to Key Management Personnel. No approval for the issue of these performance rights was obtained under ASX Listing Rule 10.14. The model inputs for performance rights granted during the 2021 year are disclosed in note 23.

Plan rules contain a restriction on removing the "at risk" aspect of the instruments granted to executives. Plan participants may not enter into any transaction designed to remove the "at risk" aspect of an instrument before it vests without explicit approval from the Board.

5.3 Security holdings

The number of Cromwell stapled securities held during the 2021 financial year by key management personnel of Cromwell, including their personally related parties are as follows:

	Balance at 1 July	Performance rights exercised	Received as deferred STI	Net purchases (sales)	Balance at 30 June
Non-executive directors:					
G Weiss	-	-	-	100,000	100,000
E P Ooi	-	-	-	-	-
R Blain	-	-	-	-	-
T Cox	90,000	-	-	-	90,000
J Gersh	-	-	-	-	-
L Scenna	55,000	-	-	-	55,000
Executive KMP:					
M Wilde	391,190	218,852	214,902	-	824,944
R Percy	982,721	304,416	246,434	(350,000)	1,183,571
B Hinton	-	-	-	-	-
	1,518,911	523,268	461,336	(250,000)	2,253,515

5.4 Loans to key management personnel

Cromwell had provided loans to Mr Weightman, a Director of the Company, for the exercise of his employee options under Cromwell's Performance Rights Plan. Each loan term was for three years, limited recourse and interest free. Following Mr Weightman's retirement on 31 December 2020 all loans have been repaid and the outstanding balance at balance date was $nil (2020: $2,736,980).

End of Remuneration Report

Directors' Report

Significant changes in the state of affairs

Changes in the state of affairs of Cromwell during the financial year are set out within the financial report. There were no significant changes in the state of affairs of Cromwell during the financial year other than as disclosed in this report and the accompanying financial report.

Subsequent events

Other than as disclosed in note 27, no matter or circumstance has arisen since 30 June 2021 that has significantly affected or may significantly affect:

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

Environmental regulation

The Directors are not aware of any particular and significant environmental regulation under a law of the Commonwealth, State or Territory relevant to Cromwell.

Trust Disclosures

Issued Units

Units issued in the Trust during the year are set out in note 15 in the accompanying financial report. There were 2,617,470,675 (2020: 2,612,871,600) issued units in the Trust at balance date.

Value of Scheme Assets

The total carrying value of the Trust's assets as at year end was $4,861.6 million (2020: $4,834.0 million). Net assets attributable to unitholders of the Trust were $2,564.1 million (2020: $2,494.7 million) equating to $0.98 per unit (2020: $0.96 per unit).

The Trust's assets are valued in accordance with policies stated in notes to the financial statements.

Alternative Investment Fund Managers Directive (AIFMD) Remuneration Disclosure

The senior management and staff of Cromwell whose actions have a material impact on the risk profile of the Trust are considered to be the key management personnel identified in the Remuneration Report which is included in this Directors' Report.

The amount of the aggregate remuneration paid by Cromwell to those key management personnel in respect of the financial year ending 30 June 2021 was $8,347,858 (2020: $8,446,481). This amount is comprised of fixed remuneration of $7,431,384 and variable remuneration of $916,474 (2020: $5,060,553 and $3,385,928 respectively).

This remuneration disclosure is being made to satisfy Cromwell Property Securities Limited's obligations under AIFMD. References to "remuneration", "staff" and "senior management" should be construed accordingly.

Indemnifying officers or auditor

Subject to the following, no indemnity or insurance premium was paid during the financial year for a person who is or has been an officer of Cromwell. The constitution of the Company provides that to the extent permitted by law, a person who is or has been an officer of the Company is indemnified against certain liabilities and costs incurred by them in their capacity as an officer of the Company.

Further, the Company has entered into a Deed of access, insurance and indemnity with each of the Directors and the Company Secretary. Under the deed, the Company agrees to, amongst other things:

- indemnify the officer to the extent permitted by law against certain liabilities and legal costs incurred by the officer as an officer of the Company and its subsidiaries;
- maintain and pay the premium on an insurance policy in respect of the officer; and
- provide the officer with access to board papers and other documents provided or available to the officer as an officer of the Company and its subsidiaries.

Cromwell has paid premiums for directors' and officers' liability insurance with respect to the Directors, Company Secretary and senior management as permitted under the *Corporations Act 2001* (Cth). The terms of the policy prohibit disclosure of the nature of the liabilities covered and the premiums payable under the policy. No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an auditor of the Company or any of its controlled entities.

Rounding of amounts

Cromwell is an entity of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with that instrument amounts in the Directors' report have been rounded off to the nearest one hundred thousand dollars, or in certain cases to the nearest dollar, unless otherwise indicated.

Directors' Report

Auditor

Deloitte Touche Tohmatsu continues in office in accordance with section 327B of the *Corporations Act 2001* (Cth).

The Company may decide to employ Deloitte Touche Tohmatsu on assignments additional to their statutory duties where the auditor's expertise and experience with the Company and/or the Cromwell are important.

The Directors have considered the position and, in accordance with advice received from the Audit & Risk Committee, are satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* (Cth). The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* (Cth) as none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants* and all non-audit services have been reviewed by the Audit and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor.

Details of the amounts paid or payable to the auditor and its related parties for non-audit services provided to Cromwell are set out below:

	2021 $	2020 $
Non-audit services		
Due diligence services	**-**	111,801
Tax compliance services – Australia	**18,690**	34,436
Tax compliance and other services – overseas	**9,118**	44,261
Total remuneration for non-audit services	**27,808**	190,478

During the year, Deloitte, as auditor, received remuneration for audit and other services relating to other entities for which Cromwell EREIT Management Pte. Ltd and Cromwell Investment Services Limited, both controlled entities, act as responsible entity. The remuneration was disclosed in the relevant entity's financial reports and totalled $1,476,200 (2020: $1,272,200).

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.

The Directors' Report, including the Remuneration Report, is signed in accordance with a resolution of the Directors, pursuant to 298(2) of the *Corporations Act 2001* (Cth).

Dr Gary Weiss AM

Chair

25 August 2021

Deloitte.

Deloitte Touche Tohmatsu
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25 August 2021

Board of Directors
Cromwell Corporation Limited and
Cromwell Property Securities Limited
(as responsible entity for Cromwell Diversified Property Trust)
Level 19, 200 Mary Street
Brisbane QLD 4000

Dear Directors

Auditor's Independence Declaration

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the Board of Directors of Cromwell Corporation Limited and Cromwell Property Securities Limited as responsible entity for Cromwell Diversified Property Trust.

As lead audit partner for the audit of the financial report of Cromwell Property Group (the stapled entity which comprises Cromwell Corporation Limited, Cromwell Diversified Property Trust and the entities they controlled at the end of the year or from time to time during the year) and Cromwell Diversified Property Trust for the year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

David Rodgers
Partner
Chartered Accountants

Consolidated Statements of Comprehensive Income

For the year ended 30 June 2021

	Notes	Cromwell		Trust	
		2021 $M	2020 $M	**2021 $M**	2020 $M
Revenue	5(a)	**375.5**	416.0	**266.8**	262.4
Other income					
Fair value net gains from:					
Investment properties	8(f)	**97.5**	17.5	**97.5**	17.5
Derivative financial instruments		**14.2**	18.4	**14.2**	18.4
Share of profit of equity accounted investments	9(f)	**75.3**	39.5	**55.5**	32.4
Net foreign currency gains		**26.6**	-	**23.7**	-
Gain on sale of investment properties		**5.9**	3.3	**5.9**	3.3
Total revenue and other income		**595.0**	494.7	**463.6**	334.0
Expenses					
Property expenses and outgoings		**58.5**	57.2	**68.3**	64.9
Fund management costs		**7.8**	8.7	**-**	-
Cost of development sold		**14.9**	-	**-**	-
Employee benefits expense	6(a)	**80.5**	90.2	**-**	-
Administrative and other expenses	6(b)	**43.8**	59.6	**28.3**	32.1
Finance costs	6(c)	**71.5**	70.1	**70.9**	69.3
Fair value net loss from:					
Investments at fair value through profit or loss		**2.0**	4.3	**-**	-
Other transaction costs		**7.7**	23.4	**2.1**	19.0
Total expenses		**286.7**	313.5	**169.6**	185.3
Profit before income tax		**308.3**	181.2	**294.0**	148.7
Income tax expense / (benefit)	7(c)	**0.1**	3.6	**0.1**	(5.1)
Profit after tax		**308.2**	177.6	**293.9**	153.8
Other comprehensive income					
Items that may be reclassified to profit or loss					
Exchange differences on translation of foreign operations		**(45.2)**	(3.5)	**(41.9)**	0.6
Income tax relating to this item		**-**	-	**-**	-
Other comprehensive income, net of tax		**(45.2)**	(3.5)	**(41.9)**	0.6
Total comprehensive income		**263.0**	174.1	**252.0**	154.4
Total comprehensive income is attributable to securityholders:					
Attributable to the Company		**11.0**	21.5	**-**	-
Attributable to the Trust		**252.0**	152.6	**251.9**	152.6
Attributable to non-controlling interests		**-**	-	**0.1**	1.8
Total comprehensive income		**263.0**	174.1	**252.0**	154.4
Earnings per security					
Basic earnings per stapled security (cents)	3(b)	**11.78¢**	6.83¢	**11.23¢**	5.91¢
Diluted earnings per stapled security (cents)	3(b)	**11.74¢**	6.80¢	**11.19¢**	5.89¢

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

Consolidated Balance Sheets

As at 30 June 2021

	Notes	Cromwell 2021 $M	Cromwell 2020 $M	Trust 2021 $M	Trust 2020 $M
Current assets					
Cash and cash equivalents		**142.3**	194.1	**83.7**	117.8
Receivables	13(b)	**80.0**	50.3	**55.1**	30.9
Inventories		**-**	15.4	**-**	-
Current tax assets		**2.9**	1.6	**0.8**	0.7
Investment properties held for sale	8(e)	**-**	44.0	**-**	44.0
Equity accounted investments held for sale	9(a)	**-**	49.8	**-**	47.3
Other current assets		**7.3**	8.7	**1.3**	3.0
Total current assets		**232.5**	363.9	**140.9**	243.7
Non-current assets					
Investment properties	8(e)	**3,863.5**	3,708.3	**3,863.5**	3,708.3
Equity accounted investments	9(a)	**712.5**	668.2	**662.0**	633.7
Investments at fair value through profit or loss	10(a)	**8.9**	12.9	**-**	-
Derivative financial instruments	12(a)	**11.3**	-	**11.3**	-
Receivables	13(b)	**148.7**	201.0	**183.9**	246.7
Property, plant and equipment		**22.0**	20.3	**-**	-
Intangible assets	20(a)	**1.1**	1.6	**-**	-
Deferred tax assets	7(d)	**8.4**	8.3	**-**	1.6
Total non-current assets		**4,776.4**	4,620.6	**4,720.7**	4,590.3
Total assets		**5,008.9**	4,984.5	**4,861.6**	4,834.0
Current liabilities					
Trade and other payables	13(c)	**83.1**	111.1	**60.8**	85.6
Unearned income		**12.1**	13.9	**12.1**	13.6
Dividends / distributions payable		**42.5**	49.0	**42.5**	49.0
Interest bearing liabilities	11(a)	**3.8**	3.7	**0.4**	0.4
Derivative financial instruments	12(a)	**8.6**	13.1	**8.6**	13.1
Provisions		**5.3**	6.8	**-**	-
Current tax liabilities		**1.6**	4.9	**0.8**	-
Total current liabilities		**157.0**	202.5	**125.2**	161.7
Non-current liabilities					
Interest bearing liabilities	11(a)	**2,182.4**	2,187.5	**2,168.9**	2,168.2
Derivative financial instruments	12(a)	**2.8**	6.2	**2.8**	6.2
Provisions		**0.8**	0.8	**-**	-
Deferred tax liabilities	7(d)	**0.6**	4.1	**0.6**	3.2
Total non-current liabilities		**2,186.6**	2,198.6	**2,172.3**	2,177.6
Total liabilities		**2,343.6**	2,401.1	**2,297.5**	2,339.3
Net assets		**2,665.3**	2,583.4	**2,564.1**	2,494.7
Equity attributable to securityholders					
Contributed equity	15(b)	**2,279.8**	2,278.5	**2,072.5**	2,071.4
Reserves	16(a)	**16.6**	61.1	**(11.9)**	30.0
Retained earnings		**368.9**	243.8	**495.8**	385.0
Equity attributable to securityholders		**2,665.3**	2,583.4	**2,556.4**	2,486.4
Comprising					
Total equity attributable to the Company	17(f)	**108.9**	97.0	**-**	-
Total equity attributable to the CDPT	17(g)	**2,556.4**	2,486.4	**-**	-
Equity attributable to securityholders		**2,665.3**	2,583.4	**2,556.4**	2,486.4
Non-controlling interests		**-**	-	**7.7**	8.3
Total equity		**2,665.3**	2,583.4	**2,564.1**	2,494.7

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

Consolidated Statements of Changes in Equity

For the year ended 30 June 2021

Cromwell		**Attributable to Equity Holders of the Cromwell**			
	Notes	**Contributed equity $M**	**Reserves $M**	**Retained earnings $M**	**Total $M**
Balance at 1 July 2019 previously reported		1,857.4	58.3	228.8	2,145.0
Adjustments [(1)]		-	3.0	32.9	35.9
Adjusted balance at 1 July 2019		1,857.4	61.8	261.7	2,180.9
Profit for the year		-	-	177.6	177.6
Other comprehensive income		-	(3.5)	-	(3.5)
Total comprehensive income		-	(3.5)	177.6	174.1
Transactions with equity holders in their capacity as equity holders:					
Contributions of equity, net of equity issue costs	15(b)	421.1	-	-	421.1
Dividends / distributions paid / payable	4(a)	-	-	(195.5)	(195.5)
Employee performance rights	16(a)	-	2.8	-	2.8
Total transactions with equity holders		421.1	2.8	(195.5)	228.4
Balance as at 30 June 2020		**2,278.5**	**61.1**	**243.8**	**2,583.4**
Profit for the year		**-**	**-**	**308.2**	**308.2**
Other comprehensive income		**-**	**(45.2)**	**-**	**(45.2)**
Total comprehensive income		**-**	**(45.2)**	**308.2**	**263.0**
Transactions with equity holders in their capacity as equity holders:					
Contributions of equity, net of equity issue costs	15(b)	**1.3**	**-**	**-**	**1.3**
Dividends / distributions paid / payable	4(a)	**-**	**-**	**(183.1)**	**(183.1)**
Employee performance rights	16(a)	**-**	**0.7**	**-**	**0.7**
Total transactions with equity holders		**1.3**	**0.7**	**(183.1)**	**(181.1)**
Balance as at 30 June 2021		**2,279.8**	**16.6**	**368.9**	**2,665.3**

(1) The adjustments to opening retained earnings are due to an FCTR adjustment, as well as other equity items reclassified between the Trust and the Company under the new presentational format. These adjustments do not result in a change to overall Cromwell equity.

The above consolidated statements of changes in equity should be read in conjunction with accompanying notes.

Consolidated Statements of Changes in Equity

For the year ended 30 June 2021

Trust		**Attributable to Equity Holders of the CDPT**					
	Notes	**Contributed equity $M**	**Reserve $M**	**Retained earnings $M**	**Total $M**	**Non-controlling interests $M**	**Total equity $M**
Balance at 1 July 2019		1,719.0	29.4	428.5	2,176.9	6.9	2,183.8
Profit for the year		-	-	152.0	152.0	1.8	153.8
Other comprehensive income		-	0.6	-	0.6	-	0.6
Total comprehensive income		-	0.6	152.0	152.6	1.8	154.4
Transactions with equity holders in their capacity as equity holders:							
Contributions of equity, net of equity issue costs	15(b)	352.4	-	-	352.4	-	352.4
Distributions paid / payable	4(a)	-	-	(195.5)	(195.5)	(0.4)	(195.9)
Total transactions with equity holders		352.4	-	(195.5)	156.9	(0.4)	156.5
Balance as at 30 June 2020		**2,071.4**	**30.0**	**385.0**	**2,486.4**	**8.3**	**2,494.7**
Profit for the year		**-**	**-**	**293.9**	**293.9**	**-**	**293.9**
Other comprehensive income		**-**	**(41.9)**	**-**	**(41.9)**	**-**	**(41.9)**
Total comprehensive income		**-**	**(41.9)**	**293.9**	**252.0**	**-**	**252.0**
Transactions with equity holders in their capacity as equity holders:							
Contributions of equity, net of equity issue costs	15(b)	**1.1**	**-**	**-**	**1.1**	**-**	**1.1**
Distributions paid / payable	4(a)	**-**	**-**	**(183.1)**	**(183.1)**	**(0.6)**	**(183.7)**
Total transactions with equity holders		**1.1**	**-**	**(183.1)**	**(182.0)**	**(0.6)**	**(182.6)**
Balance as at 30 June 2021		**2,072.5**	**(11.9)**	**495.8**	**2,556.4**	**7.7**	**2,564.1**

The above consolidated statements of changes in equity should be read in conjunction with accompanying notes.

Consolidated Statements of Cash Flows

For the year ended 30 June 2021

	Note	Cromwell		Trust	
		2021	2020	**2021**	2020
		$M	$M	**$M**	$M
Cash flows from operating activities					
Receipts in the course of operations		**413.5**	375.4	**298.3**	275.8
Payments in the course of operations		**(219.6)**	(171.3)	**(122.9)**	(87.3)
Distributions received		**54.3**	57.6	**49.4**	55.6
Interest received		**8.8**	5.2	**8.9**	14.9
Finance costs paid		**(59.0)**	(59.5)	**(58.8)**	(59.3)
Income tax paid		**(7.4)**	(7.1)	**(0.3)**	(4.1)
Net cash provided by operating activities	21(b)	**190.6**	200.3	**174.6**	195.6
Cash flows from investing activities					
Proceeds from sale of investment properties		**23.0**	155.0	**23.0**	155.0
Payments for investment properties		**(126.3)**	(1,306.0)	**(126.4)**	(1,306.0)
Proceeds from sale of equity accounted investments		**2.5**	169.8	**-**	149.0
Payments for equity accounted investments		**-**	(50.2)	**-**	(50.1)
Proceeds from sale of investments at fair value through profit or loss		**-**	3.6	**-**	-
Payments for investments at fair value through profit or loss		**(0.7)**	-	**-**	-
Receipt of capital return distributions from investments at fair value through profit or loss		**2.3**	1.0	**-**	-
Payments for intangible assets		**(0.5)**	(0.6)	**-**	-
Payments for property, plant and equipment		**(1.7)**	(1.1)	**-**	-
Repayment of loans to related entities and directors		**71.1**	57.1	**78.7**	100.7
Loans to related entities and directors		**(18.8)**	(134.1)	**(15.0)**	(113.4)
Payments for other transaction costs		**(9.1)**	(23.5)	**(1.9)**	(19.0)
Net cash used in investing activities		**(58.2)**	(1,129.0)	**(41.6)**	(1,083.8)
Cash flows from financing activities					
Proceeds from borrowings		**338.1**	2,050.4	**338.1**	2,050.4
Repayment of borrowings		**(311.9)**	(1,243.8)	**(304.5)**	(1,243.8)
Payments for lease liabilities		**(5.1)**	(4.0)	**(0.4)**	(0.4)
Payment of loan transaction costs		**(3.6)**	(4.5)	**(3.6)**	(4.5)
Payments for settlement of derivative financial instruments		**(4.9)**	-	**(4.9)**	-
Proceeds from issue of stapled securities		**1.4**	408.1	**1.1**	343.3
Payment of equity issue transaction costs		**-**	(9.4)	**-**	(8.3)
Payment of dividends / distributions		**(190.6)**	(166.0)	**(189.6)**	(169.6)
Net cash (used in) / provided by financing activities		**(176.6)**	1,030.8	**(163.8)**	967.1
Net (decrease) / increase in cash and cash equivalents		**(44.2)**	102.1	**(30.8)**	78.9
Cash and cash equivalents at 1 July		**194.1**	101.6	**117.8**	47.7
Effects of exchange rate changes on cash and cash equivalents		**(7.6)**	(9.6)	**(3.3)**	(8.8)
Cash and cash equivalents at 30 June		**142.3**	194.1	**83.7**	117.8

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

Notes to the Financial Statements

For the year ended 30 June 2021

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Cromwell's annual financial report has been prepared in a format designed to provide users of the financial report with a clearer understanding of relevant balances and transactions that drive Cromwell's financial performance and financial position free of immaterial and superfluous information. Plain English is used in commentary or explanatory sections of the notes to the financial statements to also improve readability of the financial report. Additionally, amounts in the consolidated financial statements have now been rounded off to the nearest one hundred thousand dollars, unless otherwise indicated, in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*.

The notes have been organised into the following six sections for reduced complexity and ease of navigation:

ABOUT THIS REPORT

RESULTS

OPERATING ASSETS

FINANCE AND CAPITAL STRUCTURE

GROUP STRUCTURE

OTHER ITEMS

ABOUT THIS REPORT

This section provides an overview of the basis upon which the financial statements of Cromwell and the Trust have been prepared. Accounting policies relating to balances and transactions for which specific note disclosure is presented in this financial report are contained in the relevant note. Accounting policies for other balances and transaction are also contained in this section.

1. Basis of preparation

Shares of Cromwell Corporation Limited ("Company") and units of Cromwell Diversified Property Trust ("CDPT") are stapled to one another forming the Cromwell Property Group and are quoted as a single stapled security on the ASX under the code CMW. Australian Accounting Standards require an acquirer to be identified and an in-substance acquisition to be recognised. In relation to the stapling of the Company and CDPT, the Company is identified as having acquired control over the assets of CDPT.

As permitted by *ASIC Corporations (Stapled Group Reports) Instrument 2015/838* the consolidated financial statements and accompanying notes of the Cromwell Property Group ("Cromwell"), consisting of the Company and its controlled entities and CDPT and its controlled entities are presented jointly with the consolidated financial statements and accompanying notes of the CDPT and its controlled entities ("Trust"). In the consolidated financial statements of Cromwell equity attributable to the Trust is presented as a non-controlling interest.

Cromwell and the Trust are for-profit entities for the purpose of preparing the financial statements.

This financial report has been prepared on a going concern basis. Cromwell's and Trust's current assets exceed current liabilities by $75.5 million and $15.7 million respectively at 30 June 2021 (30 June 2020: $161.4 million and $82.0 million). In addition, at 30 June 2021, Cromwell and the Trust had available a total of $534.9 million of undrawn but committed bank debt facilities (2020: $472.9 million) and $142.3 million and $83.7 million of cash (2020: $194.1 million and $117.8 million).

Statement of compliance

The consolidated financial statements of Cromwell and the Trust are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001* (Cth).

The financial statements also comply with International Financial Reporting Standards (IFRS) and Interpretations as adopted by the International Accounting Standards Board (IASB).

Historical cost convention

The financial report is prepared on the historical cost basis except for the following:

- investment properties are measured at fair value;
- derivative financial instruments are measured at fair value;
- investments at fair value through profit or loss are measured at fair value; and,
- receivables at fair value through profit or loss are measured at fair value.

Rounding of amounts

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* amounts in these consolidated financial statements have been rounded off to the nearest one hundred thousand dollars, unless otherwise indicated.

Presentational changes and comparatives

In order to improve the readability of this financial report, direct readers focus towards materially important information, the format and the presentation of some disclosure items has been altered. This has included:

- the use of plain English to describe items including business activities, accounting policies;
- a reordering of notes that better informs readers about the structure of the business and how its components interact;
- the Profit & loss statement and Statement of other comprehensive income have been reformatted and condensed into one Statement of comprehensive income, including certain reclassifications of expense categories;
- cash flows relating to interest on lease liabilities have been reclassified from cash flows from operating activities to financing activities;
- improvements to the way in which amounts attributable to equity holders of the Company, CDPT and Cromwell is presented; and
- the removal of immaterial disclosure items and related policy information.

Notes to the Financial Statements

For the year ended 30 June 2021

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

a) Impacts of COVID-19 upon financial statement preparation

COVID-19, a respiratory illness, was declared a world-wide pandemic by the World Health Organisation in March 2020. Immediately following the global outbreak of COVID-19, Cromwell enacted its Business Continuity Plan ("BCP"). This, coupled with Cromwell's prior investment in systems, processes and people has ensured there has been no material interruption to the operation of any of Cromwell's business segments due to COVID-19.

However, COVID-19 itself, as well as measures to slow the spread of the virus, have had a significant impact on global economies and equity, debt and other financial markets. Cromwell has considered the impact of COVID-19 and other market volatility in preparing these financial statements. Whilst the specific areas of judgement noted previously did not change materially, the impact of COVID-19 has resulted in the wider application of judgement within those identified areas. Given the dynamic and evolving nature of the COVID-19 pandemic, changes to the estimates and outcomes that have been applied in the measurement of Cromwell's assets and liabilities may arise in the future.

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

- **Rental income and recoverable outgoings –** management engaged with all tenants in Australia, Poland and Italy in order to achieve the best possible commercial outcomes for all parties. This process resulted in tenants being provided with appropriate rent relief in the form of rental waivers ($0.6 million) and deferred payment plans (resulting in the deferred collection of $9.6 million for periods ranging from 3 months to 24 months), coupled with lease extensions (amortisation cost $1.1 million to 30 June 2021). Whilst Italy was unimpacted, earnings were negatively impacted by $12.0 million (€7.5 million) as a result of the various lockdowns in Poland. For further information refer to note 5.
- **Investment properties –** management reviewed the appropriateness of inputs into investment property valuations, taking into account the impacts of COVID-19. At balance date the adopted valuations for 25 of Cromwell's investment properties are based on independent external valuations representing 92% of the value of the portfolio. Disclosures with respect to Cromwell's investment properties are provided in note 8.
- **Interest in associates and joint ventures and investments in subsidiaries –** Cromwell's investments in associates and joint ventures were assessed for indicators of impairment. No investments were found to be impaired. Disclosures with respect to Cromwell's equity accounted interests is provided in note 9.
- **Receivable, loan assets, and amounts due from subsidiaries –** in response to COVID-19 management has undertaken a review of its relevant tenant receivable and loan asset portfolios, loans to subsidiaries and other financial asset exposures. This process involved a thorough examination of all receivable balances to assess the extent of expected credit losses that should be recognised. Relevant risk management disclosures are included in note 14.

b) Basis of consolidation

Stapling

The stapling of the Company and CDPT was approved at separate meetings of the respective shareholders and unitholders on 6 December 2006. Following approval of the stapling, shares in the Company and units in the Trust were stapled to one another and are quoted as a single security on the Australian Securities Exchange.

Australian Accounting Standards require an acquirer to be identified and an in-substance acquisition to be recognised. In relation to the stapling of the Company and CDPT, the Company is identified as having acquired control over the assets of CDPT.

The Trust's contributed equity and retained earnings/accumulated losses are shown as a non-controlling interest. Even though the interests of the equity holders of the identified acquiree (the Trust) are treated as non-controlling interests the equity holders of the acquiree are also equity holders in the acquirer (the Company) by virtue of the stapling arrangement.

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries at year end and the results of all subsidiaries for the year then ended. Subsidiaries are entities controlled by Cromwell. Control exists when Cromwell is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The acquisition method of accounting is used to account for the business combinations by Cromwell. Inter-entity transactions, balances and unrealised gains on transactions between Cromwell entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by Cromwell.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Statement of comprehensive income and the Balance sheet respectively.

Investments in subsidiaries are accounted for at cost in the individual financial statements of the Company and CDPT. A list of subsidiaries is included in the notes.

c) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of Cromwell's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Australian dollars, which is the Company's and the Trust's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated statement of comprehensive income, except when they are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the Statement of comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the Statement of comprehensive income on a net basis. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

Foreign operations

Subsidiaries, joint arrangements and associates that have functional currencies different from the presentation currency translate their Statement of comprehensive income items using the average exchange rate for the year. Assets and liabilities are translated using exchange rates prevailing at balance date. Exchange variations resulting from the retranslation at closing rate of the net investment in foreign operations, together with their differences between their Statement of profit or loss items translated at average rates and closing rates, are recognised in the foreign currency translation reserve.

For the purpose of foreign currency translation, the net investment in a foreign operation is determined inclusive of foreign currency intercompany balances. The balance of the foreign currency translation reserve relating to a foreign operation that is disposed of, or partially disposed of, is recognised in the Statement of comprehensive income at the time of disposal.

The following material spot and average rates were used:

	Spot rate		Average rate	
	2021	2020	**2021**	2020
Euro	**0.63**	0.61	**0.63**	0.61
Polish Złoty	**2.86**	2.70	**2.83**	2.70

d) Impairment of assets

At each reporting date, and whenever events or changes in circumstances occur, Cromwell assesses whether there is any indication that any relevant asset may be impaired. Where an indicator of impairment exists, Cromwell makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Assets other than goodwill that have been previously impaired are reviewed for possible reversal of the impairment at each reporting date.

e) Inventories

Inventories relate to land and property developments that are held for sale in the normal course of business. Inventories are carried at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the normal course of business, less the estimated costs of completion and selling expenses.

f) Property, plant and equipment

Property, plant and equipment relate to equipment used in the day-to-day operations of Cromwell as well as right-to-use assets for property, plant and equipment held under operating leases.

Owned property, plant and equipment is initially recognised at cost and subsequently carried at cost less accumulated depreciation and impairment losses. Owned property, plant and equipment is depreciated on a straight-line basis over the period of the useful life of the asset.

Right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before commencement, less any lease incentives received and any initial direct costs. Right-of-use assets are subsequently measured as cost less accumulated depreciation and impairments losses. For further information in relation to leased assets see note 20.

g) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense, or
- For receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the cash flow statement on a gross basis.

The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

h) 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
Revenue	5
Fair value of investment property	8
Equity accounted investments	9
Fair value of financial instruments	14
Intangible assets	21

i) New accounting standards and interpretations adopted by Cromwell and the Trust

Cromwell and the Trust have 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 financial year. In the prior year Cromwell and the Trust adopted AASB 16 *Leases* and Interpretation 23 *Uncertainty over Income Tax Treatments*, both of which were applicable to Cromwell and the Trust from the financial year commencing 1 July 2019.

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 Cromwell or the Trust.

j) Change to accounting policy - SaaS

During the year, the Accounting Policy with respect of Intangible assets was changed, specifically in relation to the configuration and customisation costs incurred in implementing Software-as-a-Service ("SaaS") arrangements. Key disclosures, including the impact of the accounting policy change, critical accounting estimates and judgements and the impact of the change to comparative and retrospective financial information is disclosed in note 20.

RESULTS

This section of the annual financial report provides further information on Cromwell's and the Trust's financial performance, including the performance of each of Cromwell's three segments, the earnings per security calculation, details of distributions as well as information about Cromwell's revenue, expense and income tax items.

2. Operating segment information

a) Overview

Operating segments are distinct business activities from which Cromwell may earn revenues and incur expenses. Cromwell reports the results of its operating segments on a regular basis to its Chief Executive Officer (CEO), the group's chief operating decision maker (CODM), in order to assess the performance of each of Cromwell's operating segments and allocate resources to them.

Operating segments below are reported in a manner consistent with the internal reporting provided to the CEO. These have been updated to reflect changes in Cromwell's business model and related internal reporting.

Operating segments:	**Business activity:**
Direct property investment	This involves the ownership of investment properties located in Australia, Poland and Italy. These properties, which may be held for long term investment purposes or warehoused whilst being repositioned for deployment into the fund and asset management business, primarily contribute net rental income and associated cash flows to results.
Indirect property investment	This activity encompasses Cromwell's investments in assets it may not fully own or over which it cannot exercise unilateral control. This includes investments in the Cromwell European Real Estate Investment Trust (CEREIT), the Ursynów joint venture, the LDK Seniors living joint venture and other investment vehicles. This activity contributes the relevant share of profit of each investee to consolidated results.
Fund and asset management	Fund management represents activities in relation to the establishment and management of external funds for institutional and retail investors. Asset management includes property and facility management, leasing and project management and development related activities These activities are carried out by Cromwell itself and by associates and contributes related fee revenues or the relevant share of profit of each investee to consolidated results.

b) Segment results

The table below shows segment results as presented to the CEO in his capacity as CODM. For further commentary on individual segment results refer to the Directors' Report:

2021	**Direct property investment $M**	**Indirect property investment $M**	**Fund and asset management $M**	**Cromwell $M**
Segment revenue				
Rental income and recoverable outgoings	278.9	-	-	278.9
Operating profit of equity accounted investments	-	48.0	4.7	52.7
Development income (1)	-	-	25.6	25.6
Fund and asset management fees	-	-	101.6	101.6
Distributions	-	1.8	-	1.8
Total segment revenue	278.9	49.8	131.9	460.6
Segment expenses				
Property expenses	66.3	-	-	66.3
Development costs	-	-	14.9	14.9
Fund and asset management direct costs	-	-	66.3	66.3
Other expenses	6.2	3.7	9.0	18.9
Total segment expenses	72.5	3.7	90.2	166.4
EBITDA	206.4	46.1	41.7	294.2
Finance costs	49.9	9.0	-	58.9
Segment profit after finance costs	156.5	37.1	41.7	235.3
Unallocated items				
Finance income				4.6
Corporate costs (2)				(38.8)
Income tax expense				(8.9)
Segment profit				192.2

(1) Includes finance income attributable to development loans and fee revenue.
(2) Includes non-segment specific corporate costs pertaining to Group level functions such as finance and tax, legal, risk and compliance, corporate secretarial and marketing and other corporate services.

2020	Direct property investment $M	Indirect property investment $M	Fund and asset management $M	Cromwell $M
Segment revenue				
Rental income and recoverable outgoings	269.9	-	-	269.9
Operating profit of equity accounted investments	-	51.4	2.9	54.3
Development fees	-	-	34.6	34.6
Fund and asset management fees	-	-	132.0	132.0
Distributions	-	2.0	-	2.0
Total segment revenue	269.9	53.4	169.5	492.8
Segment expenses				
Property expenses	62.7	-	-	62.7
Fund and asset management direct costs	-	-	80.8	80.8
Other expenses	4.6	5.1	10.6	20.3
Total segment expenses	67.3	5.1	91.4	163.8
EBITDA	202.6	48.3	78.1	329.0
Finance costs	47.6	7.2	3.6	58.4
Segment profit after finance costs	155.0	41.1	74.5	270.6
Unallocated items				
Finance income				4.4
Corporate costs [1]				(39.6)
Income tax expense				(14.2)
Segment profit				221.2

(1) Includes non-segment specific corporate costs pertaining to Group level functions such as finance and tax, legal, risk and compliance, corporate secretarial and marketing and other corporate services.

c) Reconciliation of segment profit to statutory profit

	Cromwell	
	2021 $M	2020 $M
Segment profit	**192.2**	221.2
Reconciliation to profit for the year		
Gain on sale of investment properties	**5.9**	3.3
Fair value net gains - Investment properties	**97.5**	17.5
Fair value net gains - Derivative financial instruments	**14.2**	18.4
Lease cost and incentive amortisation and rent straight-lining	**(26.6)**	(19.5)
Relating to equity accounted investments [1]	**30.9**	(14.8)
Net exchange gain / (loss) on foreign currency borrowings	**26.1**	(1.8)
Tax expense relating to non-operating items [2]	**7.8**	10.5
Other non-cash expenses or non-recurring items [3]	**(39.8)**	(57.2)
Profit after tax for the year	**308.2**	177.6

(1) Comprises fair value adjustments included in share of profit of equity accounted entities.
(2) Comprises tax expense attributable to changes in deferred tax assets recognised as a result of carried forward tax losses.
(3) These expenses include but are not limited to:
- Amortisation of loan transaction costs.
- Amortisation of intangible assets and depreciation of property, plant and equipment.
- Other transaction costs.

d) Reconciliation of total segment revenue to total revenue and other income

Total segment revenue reconciles to total revenue and other income as shown in the consolidated Statement of profit or loss as follows:

	2021 $M	2020 $M
Total segment revenue	**460.6**	492.8
Reconciliation to total revenue and other income:		
Inter-segmental management fee revenue	**(13.1)**	(11.0)
Straight-line lease income	**3.7**	9.7
Lease incentive amortisation	**(27.7)**	(25.7)
Operating profit from equity accounted investments	**(52.7)**	(54.3)
Finance income	**4.7**	4.5
Total revenue	**375.5**	416.0

e) Segment assets and liabilities

2021	**Direct property investment $M**	**Indirect property investment $M**	**Fund and asset management $M**	**Cromwell $M**
Segment assets	**4,015.2**	**695.9**	**297.8**	**5,008.9**
Segment liabilities	**1,936.0**	**359.4**	**48.2**	**2,343.6**
Segment net assets	**2,079.2**	**336.5**	**249.6**	**2,665.3**
Other segment information				
Equity accounted investments	**-**	**693.6**	**18.9**	**712.5**
Acquisition / (disposal) of non-current segment assets (1):				
Investments in associates	**-**	**(0.8)**	**(2.5)**	**(3.3)**
Investments at fair value through profit or loss	**-**	**(1.6)**	**-**	**(1.6)**
Intangible assets	**-**	**-**	**0.5**	**0.5**

(1) For additions to investment property, forming part of the Direct property investment segment, refer to Note 8.

2020	Direct property investment $M	Indirect property investment $M	Fund and asset management $M	Cromwell $M
Segment assets	3,947.6	711.0	325.9	4,984.5
Segment liabilities	1,936.0	375.6	43.7	2,401.1
Segment net assets	1,965.8	335.4	282.2	2,583.4
Other segment information				
Equity accounted investments	-	699.4	18.6	718.0
Acquisition / (disposal) of non-current segment assets (1):				
Investments in associates	-	65.4	0.9	66.3
Investments at fair value through profit or loss	-	(4.6)	-	(4.6)
Intangible assets	-	-	0.6	0.6

(1) For additions to investment property, forming part of the Direct property investment segment, refer to Note 8.

f) Other segment information

Geographic information

Cromwell has operations in four distinct geographical markets. These are Australia through the Cromwell Property Group and the Australian funds it manages, United Kingdom and Europe through its European business (including the property portfolio in Poland), Asia through its investment in the Singapore-listed CEREIT and New Zealand through its Oyster Property Funds Limited joint venture.

Non-current assets for the purpose of the disclosure below include investment property, equity accounted investments and investments at fair value through profit or loss.

	Revenue from external customers		Non-current operating assets	
	2021 $M	2020 $M	**2021 $M**	2020 $M
Geographic location				
Australia	**291.1**	288.6	**3,252.8**	3,181.3
United Kingdom and Europe	**114.8**	142.1	**885.0**	783.8
Asia	**51.0**	59.7	**621.6**	646.3
New Zealand	**3.7**	2.4	**17.0**	15.2
Total	**460.6**	492.8	**4,776.4**	4,626.6

Major customers

Major customers of Cromwell that account for more than 10% of Cromwell's segmental revenue are listed below. All of these customers form part of the Direct property investment segment.

	2021 $M	2020 $M
Major customer		
Commonwealth of Australia	**47.2**	44.9
Qantas Airways Limited	**32.8**	31.8
New South Wales State Government	**29.1**	29.3
Total income from major customers	**109.1**	106.0

g) Accounting policy

Segment allocation

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. While most of these assets can be directly attributable to individual segments, the carrying amounts of certain assets used jointly by segments are allocated based on reasonable estimates of usage.

Property expenses and outgoings which include rates, taxes and other property outgoings and other expenses are recognised on an accruals basis.

EBITDA

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) is a measure of financial performance and is used as an alternative to operating profit or statutory profit.

Segment profit

Segment profit, internally referred to as operating profit, is based on income and expenses excluding adjustments for unrealised fair value adjustments and write downs, gains or losses on all sale of investment properties and certain other non-cash income and expense items.

3. Earnings per security

a) Overview

Earnings per security (EPS) is a measure that makes it easier for users of Cromwell's financial report to compare Cromwell's performance between different reporting periods. Accounting standards require the disclosure of basic EPS and diluted EPS. Basic EPS information provides a measure of interests of each ordinary issued security of the parent entity in the performance of the entity over the reporting period. Diluted EPS information provides the same information but takes into account the effect of all dilutive potential ordinary securities outstanding during the period, such as Cromwell's performance rights.

b) Earnings per stapled security / trust unit

	Cromwell		Trust	
	2021	2020	**2021**	2020
Basic earnings per security (cents)	**11.78**	[(1)] 6.83	**11.23**	5.91
Diluted earnings per security (cents)	**11.74**	[(1)] 6.80	**11.19**	5.89
Earnings used to calculate basic and diluted earnings per security:				
Profit for the year attributable to securityholders ($M)	**308.2**	177.6	**293.9**	153.8
Weighted average number of securities used in calculating basic and diluted earnings per security:				
Weighted average number of securities used in calculating basic earnings per security (number)	**2,616,119,911**	2,600,448,765	**2,616,119,911**	2,600,448,765
Effect of performance rights on issue (number)	**9,731,502**	9,467,485	**9,731,502**	9,467,485
Weighted average number of securities used in calculating diluted earnings per security (number)	**2,625,851,413**	2,609,916,250	**2,625,851,413**	2,609,916,250

(1) These items have been updated to reflect the impact of the change to Accounting policy in relation to SaaS - refer to Note 21 for further information.

c) Earnings per Company share

Under Australian accounting standards, the issued units of the Trust are presented as non-controlling interests. As a result, disclosed below is the basic and diluted profit per Company share based on the Company's profit for the year excluding the profit attributable to Trust unitholders.

	Company	
	2021	2020
Basic earnings per share (cents)	**0.55**	0.98
Diluted earnings per share (cents)	**0.54**	0.98

The profit used to calculate basic and diluted profit per share was $14.3 million (2020: $25.6 million). The weighted average number of shares used to calculate basic and diluted profit per share was equal to the number of stapled securities disclosed in (b) above.

d) Information in relation to the classification of securities

Performance rights

Performance rights granted under Cromwell's Performance Rights Plan are considered to be potential ordinary stapled securities and have been included in the determination of diluted earnings per stapled security to the extent to which they are dilutive. The performance rights have not been included in the determination of basic earnings per stapled security.

Convertible bond

The remaining convertible bond on issue is considered to be potential ordinary stapled securities, however has not been included in the determination of diluted earnings. The ASX market price of Cromwell stapled securities at year end is below the convertible bond conversion price of $1.141. Therefore, the convertible bond is currently considered to be antidilutive.

e) Accounting policy

Basic earnings per security

Basic earnings per security is calculated by dividing profit attributable to security holders of the Company / Trust / Cromwell, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary securities outstanding during the financial year, adjusted for bonus elements in ordinary securities issued during the year.

Diluted earnings per security

Diluted earnings per security adjusts the figures used in the determination of basic earnings per security to take into account the after income tax effect of interest and other financing costs associated with potentially ordinary securities and the weighted average number of securities assumed to have been issued for no consideration in relation to dilutive potential ordinary securities.

4. Distributions

a) Overview

Cromwell's objective is to generate sustainable returns for our securityholders, including stable annual distributions. When determining distribution rates Cromwell's board considers a number of factors, including forecast earnings, anticipated capital and lease incentive expenditure requirements over the next three to five years and expected economic conditions.

Distributions paid / payable by Cromwell and the Trust during the year were as follows:

2021	2020	**2021 cents**	2020 cents	**2021 $M**	2020 $M
20 November 2020	22 November 2019	**1.8750¢**	1.8750¢	**49.0**	48.7
19 February 2021	21 February 2020	**1.8750¢**	1.8750¢	**49.1**	48.8
21 May 2021	22 May 2020	**1.6250¢**	1.8750¢	**42.5**	49.0
20 August 2021	21 August 2020	**1.6250¢**	1.8750¢	**42.5**	49.0
Total		**7.0000¢**	7.5000¢	**183.1**	195.5

There were no dividends paid or payable by the Company in respect of the 2020 and 2021 financial years. All of Cromwell's and the Trust's distributions are unfranked.

b) Franking credits

Currently, Cromwell's distributions are paid from the Trust. Franking credits are only available for future dividends paid by the Company. The Company's franking account balance as at 30 June 2021 is $14,190,400 (2020: $13,851,000).

5. Revenue

a) Overview

Cromwell derives revenue from its three main business activities / operating segments (described in note 2). These revenue sources and the revenue items relating to them are as follows:

Direct property investment:	Cromwell derives income from its commercial investment property portfolio in Australia, Poland and Italy in the form of rental income and recoverable outgoings.
Indirect property investment:	Cromwell holds investments in managed funds as part of its Invest to Manage strategy. Where Cromwell does not control the fund but holds more than 20% of the issued capital the investment is equity accounted and Cromwell recognises its share of the profit. Where Cromwell holds less than 20% of the issued capital distributions from the investment are recognised as revenue. Such investments include Cromwell's investment in the Singapore listed Cromwell European REIT, the Ursynów joint venture, LDK Seniors living joint venture and European private unlisted funds.
Fund and asset management:	Cromwell receives various types of fund and asset management fees from external retail on wholesale funds it manages. These include fees for the establishment and ongoing management of funds as well as performance fees and asset management related fees such as property and facility management fees, leasing fees and project management fees. Cromwell also derives revenue from the sale of property developments carried as inventory in Cromwell's balance sheet.

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

	Cromwell		Trust	
	2021 $M	2020 $M	**2021 $M**	2020 $M
Rental income – lease components	**209.2**	210.8	**209.4**	211.2
Recoverable outgoings – non-lease components	**45.6**	43.0	**44.6**	42.0
Rental income and recoverable outgoings	**254.8**	253.8	**254.0**	253.2
Other revenue from contracts with customers:				
Fund and asset management fees	**90.8**	122.1	**-**	-
Development sales and fees	**15.0**	32.0	**-**	-
Total revenue	**360.6**	407.9	**254.0**	253.2
Other revenue items recognised:				
Interest	**12.9**	5.8	**12.8**	9.0
Distributions	**1.8**	2.0	**-**	-
Other revenue	**0.2**	0.3	**-**	0.2
Total other revenue	**14.9**	8.1	**12.8**	9.2
Total revenue	**375.5**	416.0	**266.8**	262.4

b) Disaggregation of revenue from contracts with customers

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

	Cromwell		Trust	
	2021 $M	2020 $M	**2021 $M**	2020 $M
Rental income and recoverable outgoings – non-lease components:				
Recoverable outgoings (1)	**28.1**	32.0	**28.2**	32.0
Cost recoveries (2)	**17.5**	11.0	**16.4**	10.0
Total rental income and recoverable outgoings – non-lease components	**45.6**	43.0	**44.6**	42.0
Fund and asset management fees:				
Fund and asset management fees (1)	**50.9**	58.9	**-**	-
Performance fees (2)	**20.9**	37.9	**-**	-
Asset acquisition and sale fees (2)	**7.1**	12.8	**-**	-
Project management fees (1)	**4.4**	2.6	**-**	-
Leasing fees (2)	**4.3**	6.6	**-**	-
Property management fees (1)	**3.2**	3.3	**-**	-
Total fund and asset management fees	**90.8**	122.1	**-**	-
Development sales and fees:				
Development sales and fees (2)	**15.0**	32.0	**-**	-
Total revenue from contracts with customers	**151.4**	197.1	**44.6**	42.0
Timing of recognition of revenue items				
Recognised over time	**86.6**	96.8	**28.2**	32.0
Recognised at point in time	**64.8**	100.3	**16.4**	10.0
Total revenue from contracts with customers	**151.4**	197.1	**44.6**	42.0

(1) Revenue recognised over time.
(2) Revenue recognised at point in time.

c) Accounting policies

Rental income and recoverable outgoings

Rental income and recoverable outgoings comprises rental income from tenants under operating leases of investment properties and amounts charged to tenants for property outgoings such rates, levies, utilities, cleaning etc.

Rental income is recognised on a straight-line basis over the lease term. Lease incentives granted are considered an integral part of the total rental income and are recognised as a reduction in rental income over the term of the lease, on a straight-line basis. Amounts charged for outgoings to tenants are expense recoveries and is recognised upon incurring the expense.

Fund and asset management fees

Revenue from management services is measured based on the consideration specified in the contract with the customer and recognised when control over the service is transferred to the customer. Fee income derived from investment management and property services is recognised progressively as the services are provided.

Asset acquisition and disposal, project management and leasing fees are recognised upon completion of the service when the customer derives the benefit from the service.

Performance fee income is recognised progressively as the services are provided but only when the revenue can be reliably measured, and it becomes highly probably that there will be no significant reversal of revenue in future. Performance fees are generally dependent on certain performance obligation specified in the contract with the customer in respect of the management of the customer's assets or the outcome of transactions on behalf of customers.

Development sales and fees

Development sales comprises income from the disposal of property inventories. Revenue is recognised at the point in time that control of the asset has been transferred to the customer, generally upon legal settlement date.

Development management fees are derived from the provision of development management services. Revenue is recognised over time as the service is performed.

Unearned income

Payments from tenants and customers in relation to future periods, which are not due and payable are recognised as unearned income in the balance sheet.

Interest revenue

Interest revenue is recognised as it accrues using the effective interest method. Interest revenue is predominately earned from financial assets including cash and loan receivables.

Distributions

Revenue from distributions is earned from investments and is recognised when the right to receipt is established.

d) Critical accounting estimates and judgements

Performance fees

Cromwell exercises judgement in estimating the amount of variable consideration it will be entitled to under the relevant contract and constrains the amount of revenue recognised to the amount that is considered highly probable will not result in a significant reversal. Variable consideration is assessed at each reporting period to account for any changes in circumstances.

Impact of COVID-19

Australia – rental income and related collections were relatively unimpacted by COVID-19 due to the tenant population being heavily skewed towards government and other tenants in markets not materially impacted by the pandemic.

Poland – In the 12 months to 30 June 2021, Poland was subject to a second and third round of lockdowns. During these periods rent and service charges were invoiced but generally remain outstanding owing to the uncertain legal situation regarding lockdown laws. As a result, Cromwell and the Trust have chosen to conservatively recognise an expected credit loss provision at 30 June 2021 of €1.0 million ($1.5 million) at balance date.

Italy – due to the nature of the cornerstone tenant and the geographical location of the properties no COVID-19-related support has been requested nor granted and none is expected for the foreseeable future.

For further information in relation to the treatment of expected credit losses in relation to receivables see notes 13 and 14.

6. Employee benefits, administrative, finance and other expenses

This note provides further details about Cromwell's other operating business expenses, including Cromwell's employee benefits expenses and its components as well as items included in administrative and other expenses and finance costs.

a) Employee benefits expense

	Cromwell		Trust	
	2021 $M	2020 $M	**2021 $M**	2020 $M
Salaries and wages, including bonuses and on-costs	**65.0**	77.0	**-**	-
Directors fees	**1.3**	1.2	**-**	-
Contributions to defined contribution superannuation plans	**3.6**	3.5	**-**	-
Security-based payments	**2.1**	2.8	**-**	-
Restructure costs	**4.6**	-	**-**	-
Other employee benefits expense	**3.9**	5.7	**-**	-
Total employee benefits expense	**80.5**	90.2	**-**	-

b) Administrative and other expenses

	Cromwell		Trust	
	2021 $M	2020 $M	**2021 $M**	2020 $M
Audit, taxation and other professional fees	**8.2**	8.2	**4.2**	3.6
Administrative and overhead costs	**30.2**	33.2	**1.7**	0.6
Fund administration costs	**-**	-	**22.2**	20.0
Amortisation and depreciation	**5.4**	6.1	**0.2**	0.1
Loss on disposal of other assets	**-**	3.6	**-**	3.4
Impairment	**-**	4.3	**-**	-
Net foreign currency losses	**-**	4.2	**-**	4.4
Total administrative and other expenses	**43.8**	59.6	**28.3**	32.1

c) Finance costs

	Cromwell		Trust	
	2021 $M	2020 $M	**2021 $M**	2020 $M
Interest on borrowings	**59.9**	58.3	**59.7**	58.1
Interest on lease liabilities	**0.7**	1.3	**0.3**	0.9
Amortisation of loan transaction costs	**10.5**	10.0	**10.5**	9.8
Net exchange losses relating to finance costs	**0.4**	0.5	**0.4**	0.5
Total finance costs	**71.5**	70.1	**70.9**	69.3

d) Accounting policies

Salaries, wages and other short-term employee benefits obligations

Salaries, wages, including non-monetary benefits, and annual leave that are expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employee's services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

Bonuses

A liability is recognised for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

Superannuation

Contributions are made to defined contribution superannuation funds and expensed as they become payable.

Other long-term employee benefits obligations

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using relevant discount rates at the end of the reporting period that match, as closely as possible, the estimated future cash outflows. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

Security-based payments

Security-based compensation benefits are provided to employees via Cromwell's Performance Rights Plan (PRP). Further information about the PRP is set out in note 22.

The fair value of options and performance rights granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options or performance rights. The fair value at grant date is determined using a pricing model that takes into account the exercise price, the term, the security price at grant date and expected price volatility of the underlying security, the expected distribution yield and the risk free interest rate for the term.

The fair value of the options or performance rights granted is adjusted to reflect the probability of market vesting conditions being met, but excludes the impact of any non market vesting conditions (for example, profitability and sales growth targets). Non market vesting conditions are included in assumptions about the number of options or performance rights that are expected to become exercisable. At each balance date, Cromwell revises its estimate of the number of options or performance rights that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in profit or loss with a corresponding adjustment to equity.

Finance costs

Information about Cromwell's exposure to interest rate changes is provided in note 14(e).

7. Income tax

a) Overview

Income tax expense comprises current and deferred tax expense. Current tax expense is the income tax payable on expected taxable income for the financial year and adjustments to tax payable in respect of previous financial years. Deferred tax expense is the result of different income and expense recognition principles between accounting standards and tax laws and represents the future tax consequences of recovering or settling the carrying amount of an asset or liability. Deferred tax liabilities are recognised for all taxable temporary differences whereas deferred tax assets are recognised for all deductible temporary differences and unused tax losses.

Taxation of the Trust

Under current Australian income tax legislation, the Trust and its sub-Trusts are not liable for income tax on their taxable income (including assessable realised capital gains) provided that the unitholders are presently entitled to the income of the Trust. However, the Trust also controls a number of corporate entities that are subject to income tax. Income tax shown for the Trust represents taxation of those corporate entities.

b) Income tax expense

	Cromwell		Trust	
	2021 $M	2020 $M	**2021 $M**	2020 $M
Current tax expense	**1.3**	10.6	**1.1**	2.9
Deferred tax expense	**(1.3)**	(4.4)	**(0.8)**	(5.3)
Adjustment in relation to prior periods – current tax	**1.4**	(0.1)	**(0.2)**	(0.1)
Adjustment in relation to prior periods – deferred tax	**(1.3)**	(2.5)	**-**	(2.6)
Income tax expense / (benefit)	**0.1**	3.6	**0.1**	(5.1)
Deferred tax expense				
Increase in deferred tax assets	**0.7**	(1.9)	**1.3**	(1.7)
Decrease / increase in deferred tax liabilities	**(3.3)**	(5.0)	**(2.1)**	(6.2)
Total deferred tax expense	**(2.6)**	(6.9)	**(0.8)**	(7.9)

c) Reconciliation between income tax expense/(benefit) and profit before income tax

	Cromwell		Trust	
	2021 $M	2020 $M	**2021 $M**	2020 $M
Profit before income tax	**308.3**	181.2	**294.0**	148.7
Tax at Australian tax rate of 30% (2020: 30%)	**92.5**	54.4	**88.2**	44.6
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:				
Trust income	**(68.9)**	(52.5)	**(68.9)**	(52.5)
Fair value movements not deductible	**2.7**	(2.9)	**1.8**	(2.6)
Non-deductible expenses / (non-assessable income)	**(9.3)**	(2.4)	**(5.8)**	(4.0)
Movement in tax losses and deferred tax assets (recognised) / derecognised	**(15.5)**	(0.8)	**(13.2)**	0.6
Movement in initial recognition exemption	**(0.7)**	6.4	**(0.7)**	6.4
Tax credits foregone on foreign earnings	**-**	2.4	**-**	2.4
Adjustment in relation to prior periods	**0.1**	(2.6)	**(0.2)**	(2.6)
Difference in overseas tax rates	**(0.7)**	1.6	**(1.1)**	2.6
Income tax (benefit) / expense	**0.1**	3.6	**0.1**	(5.1)

d) Deferred tax

(i) Deferred tax assets	Cromwell		Trust	
	2021 $M	2020 $M	**2021 $M**	2020 $M
Deferred tax assets are attributable to:				
Interests in managed investment schemes	**(8.3)**	(4.1)	**-**	-
Investment properties	**-**	(0.7)	**-**	(0.7)
Employee benefits	**3.5**	2.6	**-**	-
Transaction costs and sundry items	**2.1**	3.0	**-**	1.0
Unrealised foreign currency gains	**2.2**	1.8	**-**	-
Tax losses recognised	**8.9**	5.7	**-**	1.3
Total deferred tax assets	**8.4**	8.3	**-**	1.6
Movements:				
Balance at 1 July	**8.3**	7.2	**1.6**	-
(Charged) / credited to profit or loss	**(0.8)**	(0.5)	**(1.3)**	(0.9)
Credited to other comprehensive income	**0.8**	(0.3)	**-**	-
Adjustment in relation to prior periods	**0.1**	2.4	**-**	2.6
Other movements	**-**	(0.5)	**(0.3)**	(0.1)
Balance at 30 June	**8.4**	8.3	**-**	1.6

The amount of temporary differences and carried forward tax losses recognised as a deferred tax asset is based on projected earnings over a limited period that the Directors considered to be probable. Projected earnings are re-assessed at each reporting date. Unrecognised tax losses at balance date were $78,831,700 (2020: $26,646,300).

(ii) Deferred tax liabilities	Cromwell		Trust	
	2021 $M	2020 $M	**2021 $M**	2020 $M
Deferred tax liabilities are attributable to:				
Interests in managed investment schemes	**-**	3.2	**-**	3.2
Interests in other investments	**1.7**	1.4	**1.3**	-
Investment properties	**1.0**	-	**1.0**	-
Tax losses recognised	**(0.3)**	-	**-**	-
Transactions costs and other items	**(1.8)**	(0.5)	**(1.7)**	-
Total deferred tax liabilities	**0.6**	4.1	**0.6**	3.2
Movements:				
Balance at 1 July	**4.1**	4.7	**3.2**	4.6
(Credited) / charged to profit or loss	**(2.1)**	(4.9)	**(2.1)**	(6.2)
Credited to other comprehensive income	**-**	4.8	**-**	4.8
Adjustment in relation to prior periods	**(1.2)**	(0.1)	**-**	-
Other movements	**(0.2)**	(0.4)	**(0.5)**	-
Balance at 30 June	**0.6**	4.1	**0.6**	3.2

e) Accounting policy

Income tax

Cromwell's income tax expense for the period is the tax payable on the current period's taxable income adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability.

Deferred tax is not recognised for the recognition of goodwill on business combination and for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Current and deferred tax balances attributable to amounts recognised in other comprehensive income or directly in equity are also recognised in other comprehensive income or directly in equity.

Tax consolidation

The Company and its wholly-owned entities (this excludes the Trust and its controlled entities and foreign entities controlled by the Company) have formed a tax-consolidated group and are taxed as a single entity. The head entity within the tax-consolidated group is Cromwell Corporation Limited.

The head entity, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement, which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The head entity, in conjunction with other members of the tax-consolidated group, has also entered into a tax sharing agreement.

Notes to the Financial Statements

For the year ended 30 June 2021

OPERATING ASSETS

This section of the financial report provides further information on Cromwell's and the Trust's operating assets. These are assets that individually contribute to Cromwell's revenue and include investment properties, equity accounted investments and investments at fair value through profit or loss.

8. Investment properties

a) Overview

Investment properties are land, buildings or both held solely for the purpose of earning rental income and / or for capital appreciation. This note provides detailed overview of Cromwell's investment property portfolio, including details movements.

b) Movements in investment properties

A reconciliation of the carrying amounts of investment properties at the beginning and the end of the financial year is set out below.

	Cromwell		Trust	
	2021 $M	2020 $M	**2021 $M**	2020 $M
Balance at 1 July	**3,752.3**	2,520.9	**3,752.3**	2,520.9
Acquisitions	**89.3**	1,286.0	**89.3**	1,286.0
Capital works:				
Construction costs	**1.8**	0.2	**1.8**	0.2
Finance costs capitalised	**0.8**	0.1	**0.8**	0.1
Property improvements	**7.5**	13.4	**7.5**	13.4
Lifecycle	**1.2**	0.7	**1.2**	0.7
Disposals	**(44.0)**	(150.8)	**(44.0)**	(150.8)
Straight-line lease income	**3.7**	9.7	**3.7**	9.7
Lease costs and incentive costs	**11.6**	68.6	**11.6**	68.6
Amortisation (1)	**(30.3)**	(29.2)	**(30.3)**	(29.2)
Net gain from fair value adjustments	**97.5**	17.5	**97.5**	17.5
Foreign exchange differences	**(27.9)**	15.2	**(27.9)**	15.2
Balance at 30 June	**3,863.5**	3,752.3	**3,863.5**	3,752.3

(1) Pertains to the amortisation of lease costs, lease incentive costs and right-of-use assets.

c) Investment properties acquired

During the year Cromwell completed the acquisition of seven logistics assets in Italy for $83.1 million, which are held in the Cromwell Urban Logistics Fund (CIULF).

In the 2020 financial year, Cromwell acquired six retail centres Poland for $770.6 million, which are held in the Cromwell Polish Retail Fund (CPRF). Both CIULF and CPRF are warehoused by Cromwell for future sell-down to external investors when market conditions have stabilised.

Cromwell also acquired 400 George Street in Brisbane for $524.5 million in the 2020 financial year.

d) Investment properties sold

During the year Cromwell disposed of 13 Keltie Street, ACT for $20.0 million and Wakefield Street, SA for $30.0 million, $6.0 million above the last valuations.

In 2020 Cromwell disposed of 11 Farrer Place, NSW for $35.0 million, $3.0 million above valuation. Cromwell also sold 50% of its 475 Victoria Avenue, NSW property for $120.0 million.

e) Details of Cromwell's investment property portfolio

	Ownership	Title	Asset class	Independent valuation Date	Independent valuation Amount $M	Carrying amount 2021 $M	Carrying amount 2020 $M
Australia - Core portfolio							
400 George Street, QLD	100%	Freehold	Office	Jun 2021	542.0	**542.0**	525.0
HQ North, QLD	100%	Freehold	Office	Jun 2021	240.0	**240.0**	242.0
203 Coward Street, NSW	100%	Freehold	Office	Jun 2021	550.0	**550.0**	520.0
2-24 Rawson Place, NSW	100%	Freehold	Office	Jun 2021	315.0	**315.0**	300.0
2-6 Station Street, NSW	100%	Freehold	Office	Dec 2020	52.5	**52.5**	51.0
84 Crown Street, NSW	100%	Freehold	Office	Jun 2021	51.0	**51.0**	37.5
117 Bull Street, NSW	100%	Freehold	Office	Dec 2020	31.5	**31.5**	29.3
Soward Way, ACT	100%	Leasehold	Office	Jun 2021	310.0	**310.0**	290.0
700 Collins Street, VIC	100%	Freehold	Office	Jun 2021	352.0	**352.0**	337.0
Village Cinemas, VIC	100%	Freehold	Retail	Jun 2021	18.0	**18.0**	15.6
					2,462.0	**2,462.0**	2,347.4
Australia - Core+ portfolio							
200 Mary Street, QLD	100%	Freehold	Office	Dec 2020	90.0	**90.0**	96.0
207 Kent Street, NSW	100%	Freehold	Office	Jun 2021	305.0	**305.0**	297.0
475 Victoria Avenue, NSW	50%	Freehold	Office	Dec 2020	120.0	**120.0**	120.2
Regent Cinema Centre, NSW	100%	Freehold	Retail	Jun 2021	14.0	**14.0**	12.5
TGA Complex, ACT	100%	Leasehold	Office	Jun 2021	20.0	**20.0**	40.5
243 Northbourne Avenue, ACT	100%	Leasehold	Office	Jun 2021	33.8	**33.8**	29.8
					582.8	**582.8**	596.0
Australia - Active portfolio							
19 National Circuit, ACT	100%	Leasehold	Office	Dec 2020	10.0	**10.0**	10.0
Tuggeranong Office Park, ACT	100%	Leasehold	Land	May 2019	(1) 7.5	**8.3**	8.3
					17.5	**18.3**	18.3
Poland portfolio							
Janki, Warszawa	100%	Freehold	Retail	Jun 2021	357.1	**357.1**	372.3
Korona, Wrocław	100%	Leasehold	Retail	Jun 2021	133.5	**133.5**	138.9
Ster, Szczecin	100%	Leasehold	Retail	Jun 2021	87.3	**87.3**	91.9
Rondo, Bydgoszcz	100%	Freehold	Retail	Jun 2021	85.2	**85.2**	89.8
Tulipan Łódź	100%	Freehold	Retail	Jun 2021	24.5	**24.5**	25.4
Kometa, Toruń	100%	Leasehold	Retail	Jun 2021	20.2	**20.2**	21.6
					707.8	**707.8**	739.9
Italy portfolio							
Carugate	100%	Freehold	Logistics	Jun 2021	37.1	**37.1**	-
Campegine	100%	Freehold	Logistics	Jun 2021	15.8	**15.8**	-
Torri di Quartesolo	100%	Freehold	Logistics	Jun 2021	8.7	**8.7**	-
Verona	100%	Freehold	Logistics	Jun 2021	8.5	**8.5**	-
Bologna Interporto	100%	Freehold	Logistics	Jun 2021	8.1	**8.1**	-
Campogalliano	100%	Freehold	Logistics	Jun 2021	4.6	**4.6**	-
San Mauro Torinese	100%	Freehold	Logistics	Jun 2021	3.5	**3.5**	-
					86.3	**86.3**	-
Total – investment property portfolio					3,856.4	**3,857.2**	3,701.6
Add: Right-of-use assets – Polish leasehold properties					-	**6.3**	6.7
Total investment properties as shown in the balance sheet					-	**3,863.5**	3,708.3
Investment properties classified as Held for sale							
13 Keltie Street, ACT	Sold	Leasehold	Office	N/A	-	**-**	14.0
Wakefield Street, SA	Sold	Freehold	Office	N/A	-	**-**	30.0
Total - Held for sale					-	**-**	44.0
Total – all investment property					3,856.4	**3,863.5**	3,752.3

(1) Vacant land only. Valued based upon observable market values for equivalent property (not techniques described at (g) below).

f) Critical accounting estimates - Revaluation of investment property portfolio

Cromwell's investment properties, with an aggregate carrying amount of $3,863.5 million (2020: $3,752.3 million) represent a significant balance on Cromwell's and the Trust's Balance sheets. Investment properties are measured at fair value using valuation methods that utilise inputs based upon estimates.

All property valuations utilise valuation models based on discounted cash flow ("DCF") models or income capitalisation models (or a combination of both) supported by recent market sales evidence. See note 8(g) below for further information in relation to the valuation of investment properties.

At balance date the adopted valuations for 25 of Cromwell's investment properties are based on independent external valuations representing 92% of the value of the portfolio. The balance of the portfolio is subject to internal valuations having regard to previous external valuations and comparable sales evidence, or, in the case of investment properties held for sale, with reference to the relevant sale price. Cromwell's valuation policy requires all properties 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 year ended 30 June 2021 Cromwell'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 upon inputs relevant to the valuation model for each property.

It should be noted that external valuers have specified in their reports that their valuations at 30 June 2021 were performed in an unusual market context, notably the absence of transactions initiated after the outbreak of the pandemic and difficulties associated with estimating the outlook for changes in the investment property market given the nature of the recent health crisis, and they were working within the context of valuation uncertainty.

The table below shows the year end revaluation gains / (losses) for each portfolio.

	Revaluation		Weighted average cap. rate	
	2021 $M	2020 $M	**2021 %**	2020 %
Australia - Core	**112.9**	92.2	**5.1%**	5.4%
Australia - Core+	**(11.2)**	14.7	**6.2%**	6.5%
Australia - Active	**(0.5)**	(23.5)	**(1) N/A**	7.3%
Poland	**(6.5)**	(65.9)	**6.5%**	6.4%
Italy	**2.8**	-	**5.1%**	-
Total revaluation gain / portfolio weighted average cap. rate	**97.5**	17.5	**5.5%**	5.7%

(1) Input not applicable to valuations in Active portfolio at balance date.

g) Fair value measurement

As noted below in Cromwell's accounting policy, investment properties are measured at fair value. The fair value of Cromwell's investment properties is determined using property valuation models that rely on the use of inputs that are not based on readily observable market data. Such valuation methods for determining fair value are called level 3 fair value measurements. These valuation methods and inputs are described in more detail below.

Valuation methodologies

Income capitalisation method	This method involves assessing the total net market income receivable from the property and capitalising this perpetually, using an appropriate, market derived capitalisation rate, to derive a capital value, with allowances for capital expenditure reversions such as lease incentives and required capital works payable in the near future and overs / unders when comparing market rent with passing rent.
DCF method	Under the DCF method, a property's fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit terminal value. The DCF method involves the projection of expected cash flows from a real property asset over a period of time (generally five years) discounted to present value using an appropriate discount rate. An exit terminal value is added to the present value of the property cash flows using an appropriate terminal yield, to derive the value of the property.

Both methods require the determination of net market rent for a particular property, being the income capitalised or used to determine the present value of cash flows from the properties.

Unobservable inputs

Annual net property income	Annual net property income is the contracted amount for which the property space is leased. In the net property income, the property owner recovers outgoings from the tenant.
Capitalisation rate	The rate at which net market income is capitalised to determine the value of the property. The rate is determined with regards to market evidence (and the prior external valuation for internal valuations).
Discount rate	The rate of return used to convert a monetary sum, payable or receivable in the future, into present value. It reflects the opportunity cost of capital, that is, the rate of return the capital can earn if put to other uses having similar risk. The rate is determined with regards to market evidence (and the prior external valuation for internal valuations).
Terminal yield	The capitalisation rate used to estimate the residual value of the cash flows associated with the investment property at the end of the expected holding period.

Changes in these unobservable inputs have the following impact on the valuation of the properties:

Inputs	Impact of increase in input on fair value	Impact of decrease in input on fair value
Annual net property income	Increase	Decrease
Capitalisation rate	Decrease	Increase
Discount rate	Decrease	Increase
Terminal yield	Decrease	Increase

Range and weighted average of unobservable inputs used in the valuation methods to determine the fair value of Cromwell's investment properties in the current and prior year are as follows:

	Annual net property income ($M)		**Capitalisation rate (%)**		**Discount rate (%)**		**Terminal yield (%)**	
	Range	Weighted average	Range	Weighted average	Range	Weighted average	Range	Weighted average
2021								
Core	**1.7 – 31.3**	**21.7**	**4.8 – 6.8**	**5.1**	**5.8 – 8.0**	**6.0**	**5.0 – 7.0**	**5.5**
Core +	**1.3 – 18.4**	**12.3**	**5.8 – 9.5**	**6.2**	**6.5 – 9.8**	**6.8**	**6.0 – 9.8**	**6.5**
Active [1]	**-**	**-**	[3] **N/A**	[3] **N/A**	[3] **N/A**	[3] **N/A**	[3] **N/A**	[3] **N/A**
Poland	**1.4 – 13.7**	**9.4**	**5.8 – 7.4**	**6.5**	[2] **N/A**	[2] **N/A**	[2] **N/A**	[2] **N/A**
Italy	**0.1 – 1.2**	**0.7**	[2] **N/A**	[2] **N/A**	**5.0 – 5.5**	**5.1**	**5.2 – 5.9**	**5.4**
Portfolio	**0.0 – 31.3**	**17.4**	**4.8 – 9.5**	**5.6**	**5.0 – 9.8**	**6.2**	**5.0 – 9.8**	**5.7**
2020								
Core	1.3 – 30.0	20.2	5.0 – 7.0	5.4	6.3 – 8.0	6.4	5.3 – 7.3	5.7
Core +	1.1 – 16.3	12.3	5.8 – 8.8	6.5	6.0 – 8.0	6.7	6.3 – 9.0	7.0
Active / H.F.S. [1]	0.0 – 11.4	5.4	0.0 – 7.3	7.3	0.0 – 7.8	7.8	0.0 – 7.5	7.5
Poland	1.1 – 8.8	6.3	5.8 – 7.3	6.4	[2] N/A	[2] N/A	[2] N/A	[2] N/A
Portfolio	0.0 – 30.0	15.9	0.0 – 8.8	5.7	[4] 0.0 – 8.0	[4] 6.5	[4] 0.0 – 9.0	[4] 6.0

(1) The unobservable inputs are not applied to Active / H.F.S. assets where this is not considered an appropriate method of valuation for the particular asset.
(2) No equivalent metric in Polish and Italian valuation methodologies.
(3) Input not applicable to valuations in Active portfolio at balance date.
(4) Australian portfolio only.

h) Non-cancellable operating lease receivable from investment property tenants

The table below reflects the gross property income, excluding recoverable outgoings, based on existing lease agreements. It assumes, that leases will not be extended by tenants beyond the current lease period, even if the lease contains options for lease extensions by tenants.

	Cromwell		Trust	
	2021 $M	2020 $M	**2021 $M**	2020 $M
Within one year	**221.9**	231.0	**221.9**	231.0
Later than one year but not later than five years	**714.8**	726.2	**714.8**	726.2
Later than five years	**532.1**	624.4	**532.1**	624.4
Total non-cancellable operating lease receivable from investment property tenants	**1,468.8**	1,581.6	**1,468.8**	1,581.6

i) Accounting policy

Investment properties

Investment properties are initially measured at cost including transaction costs and subsequently measured at fair value, with any change therein recognised in profit or loss.

Fair value is based upon active market prices, given the assets' highest and best use, adjusted if necessary, for any difference in the nature, location or condition of the relevant asset. If this information is not available, Cromwell uses alternative valuation methods such as discounted cash flow projections and / or the capitalised earnings approach. The highest and best use of an investment property refers to the use of the investment property by market participants that would maximise the value of that investment property.

The carrying value of the investment property includes components relating to lease incentives and other items relating to the maintenance of, or increases in, lease rentals in future periods.

Investment properties under construction are classified as investment property and carried at fair value. Finance costs incurred on investment properties under construction are included in the construction costs.

Lease incentives

Lessees may be offered incentives as an inducement to enter into non-cancellable operating leases. These incentives may take various forms including up-front cash payments, rent free periods, rental abatements over the period or a contribution to certain lessee costs such as fit out costs or relocation costs. They are recognised as an asset in the Balance sheet as a component of the carrying amount of investment property and amortised over the lease period as a reduction of rental income.

Initial direct leasing costs

Initial direct leasing costs incurred by Cromwell in negotiating and arranging operating leases are recognised as an asset in the Balance sheet as a component of the carrying amount of investment property and are amortised as an expense on a straight-line basis over the lease term.

9. Equity accounted investments

a) Overview

This note provides an overview and detailed financial information of Cromwell's and the Trust's investments that are accounted for using the equity method of accounting. These include joint arrangements where Cromwell or the Trust have joint control over an investee together with one or more joint venture partners (these can take the form of either joint arrangements or joint ventures depending upon the contractual rights and obligations of each party) and investments in associates, which are entities over which Cromwell is presumed to have significant influence but not control or joint control by virtue of holding 20% or more of the associates' issued capital and voting rights, but less than 50%.

Cromwell's and the Trust's equity accounted investments are as follows:

	Cromwell				Trust			
	2021		2020		**2021**		2020	
	%	**$M**	%	$M	**%**	**$M**	%	$M
Equity accounted investments								
CEREIT	**28.0**	**620.7**	30.7	645.4	**27.5**	**610.0**	30.1	633.2
Ursynów	**50.0**	**51.5**	-	-	**50.0**	**51.5**	-	-
LDK	**50.0**	**21.4**	50.0	6.7	**-**	**-**	-	-
Others		**18.9**		16.1	**50.0**	**0.5**		0.5
Equity accounted investments		**712.5**		668.2		**662.0**		633.7
Held for sale								
Ursynów	**-**	**-**	94.1	47.3	**-**	**-**	94.1	47.3
Other - Portgate	**-**	**-**	28.3	2.5	**-**	**-**	-	-
Total – Held for sale		**-**		49.8		**-**		47.3
Total – all equity accounted investments		**712.5**		718.0		**662.0**		681.0

b) Details of associate

Cromwell European Real Estate Investment Trust

Cromwell and the Trust have an investment in CEREIT with a carrying amount of $620.7 million (2020: $645.4 million) and $610.0 million (2020: $633.2 million) respectively. CEREIT is a real estate investment trust (REIT) listed on the mainboard of the Singapore Exchange (SGX) managed by Cromwell through it 100% owned subsidiary Cromwell EREIT Management Pte. Ltd. (the "Manager"). CEREIT invests in commercial property, mainly office and urban logistics, in western and central Europe with a current portfolio of 108 properties located in 9 European countries with an aggregate portfolio value of €2.3 billion ($3.6 billion). The Manager of CEREIT has its own majority independent board of directors acting solely in the interest of all CEREIT unitholders. As such, Cromwell and the Trust does not control CEREIT, however has significant influence by virtue of their unitholdings.

c) Details of joint ventures

Ursynów

Cromwell and the Trust have an investment in Ursynów with a carrying amount of $51.5 million (2020: $47.3 million). Ursynów forms part of the Cromwell Polish Retail Fund (CPRF). Ursynów is a Polish company limited by shares that owns a single retail asset in Warsaw, Poland. Cromwell and the Trust hold 50% of the voting rights of the company. The other 50% is held by joint venture partner, Unibail Rodamco Westfield (URW). The company is governed by a supervisory board that decides on all relevant activities of the company. Both investors have equal participation rights in the supervisory board and all decision require unanimous consent establishing joint control.

By the virtue of having historically injected a higher proportion of equity, Cromwell had rights to a weighted average share of profit of 88.1% of the profits from the company for the majority of the current year (2020: 94.1%).

In the prior year, the investment was transferred to non-current assets held for sale because URW exercised a call option to acquire Cromwell's and the Trust's 50% equity share. Subsequently, URW expressed its desire to continue with the joint venture on revised terms. Cromwell has now agreed terms with URW in respect of continuing the joint venture, which included an equalisation of the equity injected into the company. Accordingly, the investment has been transferred from non-current assets held for sale to equity accounted investments and the share of profits will be split 50% to each joint venture partner going forward.

LDK Healthcare Unit Trust

Cromwell has an investment in LDK with a carrying amount of $21.4 million (2020: $ 6.7 million). LDK is a senior living operator currently operating two senior living villages, being Greenway Views in Tuggeranong, ACT and The Landings in North Turramurra on the Upper North Shore of Sydney, NSW. Cromwell holds 50% of the units in LDK with the other 50% held by a single investor. By virtue of the unitholder agreement all decisions about the relevant activities of LDK require unanimous consent of both unitholders establishing joint control. Both parties have only rights to the net assets of the venture which is therefore classed as a joint venture that is equity accounted. Currently, Cromwell has rights to all profits from LDK until a certain internal rate of return (IRR) threshold is achieved in respect of its capital invested at which point in time profits will be shared between the joint venture partners.

Other joint ventures and associates

Other equity accounted investments include Cromwell's investment in Oyster Property Funds Limited (Oyster) (50% interest), a New Zealand based fund and property manager which is jointly owned with six other shareholders, and Phoenix portfolio’s (45% interest), an Australian based equity fund manager.

d) Accounting policy

Interests in associates and joint venture entities are accounted for in Cromwell’s financial statements using the equity method. Cromwell’s share of its associates and joint ventures’ post-acquisition profits or losses is recognised in profit or loss and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends or distributions receivable from associates and joint ventures are recognised in Cromwell’s financial statements as a reduction of the carrying amount of the investment.

When Cromwell’s share of losses in an associate or joint venture equals or exceeds its investment in the joint venture, including any other relevant unsecured receivables, Cromwell does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture. Unrealised gains on transactions between Cromwell its associates and joint ventures are eliminated to the extent of Cromwell’s investment in the associate or joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

e) Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The judgements and assumptions regarding the investments in Cromwell European Real Estate Investment Trust (CEREIT), Ursynów and LDK Healthcare Pty Ltd (LDK) are detailed below.

Cromwell European Real Estate Investment Trust

Cromwell and the Trust are considered to be able to exert significant influence, but not control, over the entity. This determination is pursuant to the assessment of control and the consideration of key factors regarding the management of CEREIT as governed by Cromwell’s Capital Markets Service Licence as issued by the Monetary Authority of Singapore (MAS) and the composition of the Board.

Cromwell’s investment in CEREIT was assessed for indicators of impairment. This process included investigations by management in relation to salient components of the CEREIT operations and financial metrics and an analysis of movements in the CEREIT’s price on the Singapore Stock Market (SGX). Whilst the CEREIT share price on the SGX was below that of the carrying value per unit at which Cromwell and the Trust carry their investments, the diminution in price was not considered to be either significant or prolonged. Hence, no indicators of impairment were identified and no impairment was recognised as a result.

Ursynów

Cromwell and the Trust can only exercise joint control over the relevant decisions but not control, over the entity. This determination is pursuant to the assessment of control and the consideration of key factors regarding the management of Ursynów, the composition of the Board and other relevant agreements and joint control over relevant decisions.

LDK Healthcare Unit Trust

Cromwell can only exercise joint control over the relevant decisions but not control, over the entity. This determination is pursuant to the assessment of control and the consideration of key factors regarding the management of LDK, the composition of the Board and other relevant agreements and joint control over relevant decisions.

Cromwell has rights to a disproportionate share of profits (currently 100%) from LDK until a certain internal rate of return (IRR) threshold is achieved in respect of its capital invested. This determination is pursuant to an assessment of relevant agreements.

f) Summarised financial information for joint ventures and equity accounted investments owned by Cromwell

	As at 30 June 2021 $M					As at 30 June 2020 $M					
	CEREIT [1]	**Ursynów [2]**	**LDK [3]**	**Other**	**Total**	CEREIT [1]	Ursynów [2]	CPA	LDK [3]	Other	Total
Summarised balance sheets:											
Cash and cash equivalents	127.6	7.9	10.1	11.9	157.5	258.5	5.8	-	9.7	12.4	286.4
Other current assets	36.6	1.0	5.3	7.3	50.2	63.0	2.5	-	3.2	6.0	74.7
Total current assets	164.2	8.9	15.4	19.2	207.7	321.5	8.3	-	12.9	18.4	361.1
Investment properties	3,689.7	164.3	552.9	-	4,406.9	3,384.0	174.7	-	504.6	55.0	4,118.3
Other non-current assets	10.4	0.3	13.3	26.8	50.8	10.5	0.1	-	3.8	21.2	35.6
Total non-current assets	3,700.1	164.6	566.2	26.8	4,457.7	3,394.5	174.8	-	508.4	76.2	4,153.9
Total assets	3,864.3	173.5	581.6	46.0	4,665.4	3,716.0	183.1	-	521.3	94.6	4,515.0
Financial liabilities	51.3	59.8	365.6	7.4	484.1	0.7	90.8	-	253.2	9.3	354.0
Other current liabilities	48.5	2.0	-	0.1	50.6	122.1	1.8	-	47.3	2.0	173.2
Total current liabilities	99.8	61.8	365.6	7.5	534.7	122.8	92.6	-	300.5	11.3	527.2
Financial liabilities	1,465.0	-	194.6	36.7	1,696.3	1,436.9	30.9	-	207.0	62.8	1,737.6
Other non-current liabilities	81.6	8.8	-	-	90.4	52.3	9.2	-	0.5	-	62.0
Total non-current liabilities	1,546.6	8.8	194.6	36.7	1,786.7	1,489.2	40.1	-	207.5	62.8	1,799.6
Total liabilities	1,646.4	70.6	560.2	44.2	2,321.4	1,612.0	132.7	-	508.0	74.1	2,326.8
Net assets	2,217.9	102.9	21.4	1.8	2,344.0	2,104.0	50.4	-	13.3	20.5	2,188.2
Carrying amount of investment:											
Cromwell's share of equity (%)	28.0	50.0	50.0	-	-	30.7	94.1	-	50.0	-	-
Cromwell's share of net assets	620.7	51.5	21.4	12.3	705.9	645.4	47.3	-	6.7	12.0	711.4
Goodwill	-	-	-	6.6	6.6	-	-	-	-	6.6	6.6
Carrying amount	620.7	51.5	21.4	18.9	712.5	645.4	47.3	-	6.7	18.6	718.0
Movement in carrying amounts:											
Opening balance at 1 July	645.4	47.3	6.7	18.6	718.0	641.4	-	150.4	-	22.7	814.5
Investment – net of loans from investees	-	-	-	-	-	16.0	49.4	-	-	0.9	66.3
Disposals	(0.8)	-	-	(2.5)	(3.3)	(18.6)	-	(151.2)	-	-	(169.8)
Share of profit / (loss)	[4] 49.2	[5] 6.4	14.7	5.0	75.3	35.6	(3.4)	0.8	[3] 6.7	(0.2)	39.5
Less: dividends / distributions received	(50.3)	-	-	(2.2)	(52.5)	(28.1)	-	-	-	-	(28.1)
Impairment	-	-	-	-	-	-	-	-	-	(4.1)	(4.1)
Foreign exchange difference	(22.8)	(2.2)	-	-	(25.0)	(0.9)	1.3	-	-	(0.7)	(0.3)
Carrying amount at 30 June	620.7	51.5	21.4	18.9	712.5	645.4	47.3	-	6.7	18.6	718.0
Summarised statements of comprehensive income:											
Revenue	406.6	12.1	40.9	29.5	489.1	222.1	8.4	3.8	42.6	26.7	303.6
Expenses	(212.4)	(15.0)	(31.6)	(18.9)	(277.9)	(105.6)	(12.0)	(2.2)	(18.6)	(28.4)	(166.8)
Total comprehensive income / (loss)	194.2	(2.9)	9.3	10.6	211.2	116.5	(3.6)	1.6	24.0	(1.7)	136.8
Share of profit / (loss)	54.4	-	[6] 14.7	5.0	74.1	35.6	(3.4)	0.8	6.7	(0.2)	39.5

(1) At year end Cromwell owned 28.0% of CEREIT, the Trust owned 27.5% (2020: 30.7% and 30.1% respectively).
(2) At year end Cromwell and the Trust owned 50% of Ursynów (2020: 94.1%).
(3) At year end Cromwell had an interest in the LDK joint venture and other immaterial equity accounted investments that the Trust did not have an interest in.
(4) Share of profit recognised includes impact of dilution of investment during the year (loss of $8.4 million).
(5) Share of profit recognised includes impact of dilution of investment during the year (gain of $8.4 million).
(6) Cromwell has rights to a disproportionate share of profits (currently 100%) from LDK until a certain internal rate of return (IRR) threshold is achieved in respect of its capital invested.

10. Investments at fair value through profit or loss

a) Overview

This note provides an overview and detailed financial information of Cromwell's investments that are classified as financial assets at fair value through profit or loss. Below is information about Cromwell's investments in unlisted property related entities whereby Cromwell holds less than 20% of the issued capital in the investee. Such investments are classified as investments at fair value through profit or loss which are carried at fair value in the Balance sheet with adjustments to the fair value recorded in profit or loss and include co-investments in European wholesale funds managed by Cromwell and any other relevant financial assets.

	Cromwell		Trust	
	2021 $M	2020 $M	**2021 $M**	2020 $M
Investment in wholesale funds	**8.9**	12.9	**-**	-
Total investments at fair value through profit or loss	**8.9**	12.9	**-**	-

b) Accounting policy

Investments at fair value through profit or loss are financial assets held for trading which are acquired principally for the purpose of selling in the short term with the intention of making a profit. Financial assets at fair value through profit or loss also include financial assets which upon initial recognition are designated as such. These include financial assets that are not held for trading purposes and which may be sold. These are investments in exchange traded equity instruments and unlisted trusts.

At initial recognition, Cromwell measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of comprehensive income.

Subsequent to initial recognition, Cromwell continues to measure all equity investments at fair value. The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (e.g. for unlisted securities), Cromwell establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis and pricing models to reflect the issuer's specific circumstances.

Changes in the fair value of equity investments at fair value through profit or loss are recognised in the Statement of comprehensive income as applicable.

For methods used to measure the fair value measurement of Cromwell's and the Trust's investments at fair value through profit or loss refer to note 14.

Notes to the Financial Statements

For the year ended 30 June 2021

FINANCE AND CAPITAL STRUCTURE

This section of the annual financial report provides further information on Cromwell's and the Trust's capital that comprises debt and stapled securityholders' equity and reserves. The Board of Directors is responsible for Cromwell's capital management strategy. Capital management is an integral part of Cromwell's risk management framework and seeks to safeguard Cromwell's ability to continue as a going concern while maximising securityholder value through optimising the level and use of capital resources and the mix of debt and equity funding.

This section outlines the financial risks that Cromwell and the Trust are exposed to and how these risks are managed as part of Cromwell's capital management.

11. Interest bearing liabilities

a) Overview

Cromwell and the Trust borrow funds from financial institutions and investors (the latter in the form of convertible bonds) to partly fund the acquisition of income producing assets. A significant proportion of these borrowings are generally fixed either directly or through the use of interest rate swaps/options and have a fixed term. This note provides information about Cromwell's debt facilities, including maturity dates, security provided and facility limits.

	Cromwell				Trust			
	2021		2020		**2021**		2020	
	Limit $M	**Drawn $M**	Limit $M	Drawn $M	**Limit $M**	**Drawn $M**	Limit $M	Drawn $M
Current								
Unsecured								
Lease liabilities		**3.8**		3.7		**0.4**		0.4
Total current		**3.8**		3.7		**0.4**		0.4
Non-current								
Unsecured								
Euro / GBP facility	**355.2**	**319.7**	368.2	368.2	**355.2**	**319.7**	368.2	368.2
Convertible bond	**350.8**	**350.8**	360.2	360.2	**350.8**	**350.8**	360.2	360.2
Lease liabilities		**18.9**		17.6		**5.4**		5.9
Secured								
Bilateral loan facilities	**1,560.0**	**1,099.0**	1,460.0	1,028.0	**1,560.0**	**1,099.0**	1,460.0	1,028.0
Development loan facility – AUD	**113.1**	**74.7**	113.1	72.2	**113.1**	**74.7**	113.1	72.2
Development loan facility - Euro	**-**	**-**	7.6	7.6	**-**	**-**	-	-
Polish Euro facilities	**281.3**	**281.3**	351.0	351.0	**281.3**	**281.3**	351.0	351.0
Italian Euro facilities	**52.0**	**52.0**	-	-	**52.0**	**52.0**	-	-
Unamortised transaction costs	**-**	**(14.0)**	-	(17.3)	**-**	**(14.0)**	-	(17.3)
Total non-current	**2,712.4**	**2,182.4**	2,660.1	2,187.5	**2,712.4**	**2,168.9**	2,652.5	2,168.2
Total interest bearing liabilities	**2,712.4**	**2,186.2**	2,660.1	2,191.2	**2,712.4**	**2,169.3**	2,652.5	2,168.6

b) Maturity profile

At balance date, the notional principal amounts and period of expiry of all of Cromwell's and the Trust's interest bearing liabilities, excluding lease liabilities, is as follows:

	Cromwell		Trust	
	2021 $M	2020 $M	**2021 $M**	2020 $M
1 Year - FY22	**-**	176.0	**-**	168.4
2 Years - FY23	**725.8**	1,318.8	**725.8**	1,318.8
3 Years - FY24	**305.1**	200.0	**305.1**	200.0
4 Years - FY25	**700.5**	432.4	**700.5**	432.4
5 Years - FY26	**366.1**	60.0	**366.1**	60.0
7 Years - FY28	**80.0**	-	**80.0**	-

c) Details of facilities

i) Euro / GBP facility

This revolving facility is syndicated and allows drawdowns in both Euro and GBP. Interest was payable in arrears, calculated as EURIBOR / LIBOR plus a margin. All principal amounts outstanding are due at the expiry of the facility in September 2022.

ii) Secured bilateral loan facilities

Secured Bilateral Loan Facilities (SBLF) can be held with multiple providers. All SBLFs are secured pari passu by first registered mortgages over a pool of investment properties. Interest is payable quarterly in arrears calculated as BBSY rate plus a loan margin except for one facility (see below). Each provider individually contracts its commitment amount, expiry date and fee structure and can be repaid individually.

Details of individual SBLFs for Cromwell and the Trust are as follows:

		2021		2020	
	Expiry	**Limit $M**	**Drawn $M**	Limit $M	Drawn $M
Facility 1	Jun-23	**325.0**	**225.0**	1,100.0	768.0
Facility 2	Mar-24	**50.0**	**-**	50.0	-
Facility 3	Jun-24	**200.0**	**200.0**	200.0	200.0
Facility 4	Mar-25	**50.0**	**-**	50.0	-
Facility 5	Jun-25	**525.0**	**275.0**	-	-
Facility 6	Feb-26	**20.0**	**20.0**	-	-
Facility 7	Jun-26	**250.0**	**239.0**	-	-
Facility 8 (1)	Jun-26	**60.0**	**60.0**	60.0	60.0
Facility 9	Feb-28	**80.0**	**80.0**	-	-
Total SBLF's		**1,560.0**	**1,099.0**	1,460.0	1,028.0

(1) This facility has a fixed rate applicable.

iii) Development loan facility - AUD

This is a secured facility in relation to the asset enhancement initiative at the property at 475 Victoria Avenue, NSW. Interest is payable quarterly in arrears calculated as BBSY rate plus a loan margin. The facility expires in April 2025.

iv) Development loan facility - Euro

The facility was secured with a registered mortgage over a single inventory asset. Interest was payable monthly in arrears calculated as EURIBOR plus a margin. The principal amount outstanding was repaid during the year.

v) Polish Euro facilities

These facilities are secured by first registered mortgage over investment property held by CPRF. Interest is payable quarterly in arrears calculated as the 3-month EURIBOR rate plus a margin. During the year one of the existing facilities was repaid and replaced with a new facility expiring in June 2024. The other facility expires in February 2023.

vi) Italian loan facilities

During the year Cromwell and the Trust entered into a new secured facility in relation to the investment into the Cromwell Italy Urban Logistics Fund. Interest is payable quarterly in arrears calculated as the EURIBOR rate plus a loan margin. The facility is composed of two tranches with expiry dates in October 2022 and October 2025.

vii) Convertible bond - 2025

Cromwell issued 2,300 convertible bonds with a face value of €100,000 each, amounting to a total gross face value of €230.0 million ($370.0 million on date of issue). The bonds are convertible into stapled securities of Cromwell at the option of the holder from 40 days after issue date up to seven business days prior to the final maturity date on 29 March 2025, at which point all remaining bonds are mandatorily redeemed by Cromwell. The conversion price is $1.141 at year end (30 June 2020: $1.153) per stapled security, subject to adjustments such as consolidation or subdivision of stapled securities, bonus issues or any issues at less than the prevailing market price of Cromwell's stapled securities, other than issues upon exercise of performance rights issued to Cromwell's employees. The fixed conversion translation rate is $1.5936 per Euro. Any conversion may be settled in cash, stapled securities of Cromwell or a combination thereof at the discretion of Cromwell.

viii) Convertible bond – conversion features

The conversion feature of the convertible bonds represents an embedded derivative financial instrument in the host debt contract. The embedded derivative is measured at fair value and deducted from the carrying amount of the convertible bond (which is carried at amortised cost) and separately disclosed as a derivative financial liability on the face of the balance sheet.

Convertible bond – movements	Cromwell		Trust	
	2021 $M	2020 $M	**2021 $M**	2020 $M
Face value of bonds issued – March 2018	**370.0**	370.0	**370.0**	370.0
Derivative financial instruments – conversion feature	**(23.5)**	(23.5)	**(23.5)**	(23.5)
Convertible bond carrying amount at inception	**346.5**	346.5	**346.5**	346.5
Movements in previous periods	**13.7**	6.8	**13.7**	6.8
Carrying amount at 1 July	**360.2**	353.3	**360.2**	353.3
Amortisation - effective interest rate	**3.3**	3.2	**3.3**	3.2
Movements in exchange rate	**(12.7)**	3.7	**(12.7)**	3.7
Total carrying amount at year end	**350.8**	360.2	**350.8**	360.2

ix) Operating lease liabilities

Cromwell recognises lease liabilities and related right-of-use assets in respect of various premises, property, plant and equipment and motor vehicle leases. The leases in respect of assets in Australia, Europe and Singapore have varying terms and are subject to varying rates of interest. See note 19 for further information.

Below is a maturity table of minimum lease payments in relation to leases in existence at the reporting date.

	Cromwell		Trust	
	2021 $M	2020 $M	**2021 $M**	2020 $M
Within one year	**3.8**	3.7	**0.4**	0.4
Later than one year but not later than five years	**11.1**	10.3	**1.9**	1.7
Greater than five years	**7.8**	7.3	**3.5**	4.2
Total operating lease commitments	**22.7**	21.3	**5.8**	6.3

d) Accounting policies

Interest bearing liabilities are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest rate method. Under this method fees, costs, discounts and premiums directly related to the financial liability are spread over its expected life.

The fair value of the borrowing portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a borrowing liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the derivative conversion feature. This is recognised as a financial liability if the convertible bond does not meet the “fixed-for-fixed” rule, otherwise it is included in shareholders’ equity.

Borrowing costs incurred on funds borrowed for the construction of a property are capitalised, forming part of the construction cost of the asset. Capitalisation ceases upon practical completion of the property. Other borrowing costs are expensed.

For information in respect of accounting policies in relation to lease liabilities see note 19.

12. Derivative financial instruments

a) Overview

Cromwell's and the Trust's derivative financial instruments consist of interest rate swap and interest rate cap contracts and the conversion option on the convertible bond. Derivative financial instruments are accounted for at fair value. The table below is a summary of Cromwell's and the Trust's fair values of derivative financial instruments disclosed in the balance sheet.

	Cromwell		Trust	
	2021 $M	2020 $M	**2021 $M**	2020 $M
Non-current assets				
Interest rate cap contracts	**11.3**	-	**11.3**	-
Total derivative financial instruments	**11.3**	-	**11.3**	-
Current liabilities				
Interest rate swap contracts	**3.1**	7.8	**3.1**	7.8
Conversion feature – convertible bond	**5.5**	5.3	**5.5**	5.3
	8.6	13.1	**8.6**	13.1
Non-current liabilities				
Interest rate swap contracts	**2.8**	6.2	**2.8**	6.2
Total derivative financial instruments	**11.4**	19.3	**11.4**	19.3

b) Interest rate swap and cap contracts

Interest rate swap contracts are used to fix interest on floating rate borrowings and interest rate cap contracts are used to cap interest on floating rate borrowings.

Maturity profile

At balance date, the notional principal amounts and period of expiry of all of Cromwell's and the Trust's interest rate swap and cap contracts is as follows:

	Cromwell and Trust	
	2021 $M	2020 $M
Less than 1 year	**575.0**	186.3
1 – 2 years	**150.6**	510.0
2 – 3 years	**-**	156.1
3 – 5 years	**652.0**	180.0

Hedging profile

The table below provides an overview of the hedging of Cromwell's and the Trust's borrowings through interest rate cap and interest rate swap contracts as balance date:

	2021				2020			
	Hedge contract notional $M	**Average strike price %**	**Interest bearing liability $M**	**Percent hedged %**	Hedge contract notional $M	Average strike price %	Interest bearing liability $M	Percent hedged %
Secured bilateral loan facility								
Interest rate cap contracts	**520.0**	**1.30%**			315.0	2.18%		
Interest rate swap contracts	**420.0**	**1.87%**			465.0	1.87%		
Fixed rate loan	**60.0**	**3.20%**			60.0	3.20%		
Total – Secured bilateral loan facility	**1,000.0**		**1,099.0**	**90.99%**	840.0		1,028.0	81.71%
Secured loan facilities								
Interest rate cap contracts	**72.0**	**1.00%**	**74.7**	**96.39%**	-	-	72.2	-
Secured Polish Euro facility 1								
Interest rate cap contracts	**65.0**	**0.00%**			48.2	0.32%		
Interest rate swap contracts	**-**	**0.00%**			48.2	0.32%		
Total – Polish Euro facility 1	**65.0**		**105.1**	**61.85%**	96.4		168.4	57.24%
Secured Polish Euro facility 2								
Interest rate swap contracts	**150.6**	**(0.28%)**	**176.2**	**85.47%**	156.1	0.48%	182.6	85.49%
Secured Italian Euro facilities 1 and 2	**-**	**-**	**52.0**	**-**	-	-	-	-
Secured Euro facility	**-**	**-**	**-**	**-**	-	-	7.6	-
Euro / GBP facility	**-**	**-**	**319.7**	**-**	-	-	368.2	-
Interest rate cap contract	**150.0**	**0.28%**		**-**	-	-	-	-
Convertible Bond	**350.8**	**2.50%**	**350.8**	**-**	360.2	2.50%	360.2	-
Total	**1,788.4**		**2,177.5**	**82.13%**	1,452.7		2,187.2	66.42%

c) Conversion feature – convertible bond

The conversion option amount represents the additional value provided to convertible bond holders compared with the same corporate bond that would have no feature to convert the bonds into Cromwell stapled securities at the end or during the term of the bond. For accounting purposes such a conversion feature is accounted for separately from the bond as a derivative financial instrument and is carried at fair value. Movements of the conversion features since recognition since issue of the convertible bonds is as follows:

	Cromwell and Trust	
	2021 $M	2020 $M
Derivative financial liability at 1 July	**5.3**	28.5
Fair value loss / (gain)	**0.4**	(23.6)
Foreign exchange difference	**(0.2)**	0.4
Balance at 30 June	**5.5**	5.3

For details about the fair value measurement of Cromwell's and the Trust's financial instruments refer to note 14(g).

d) Accounting policy

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value at balance date. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

13. Other financial assets and financial liabilities

a) Overview

This note provides further information about material financial assets and liabilities that are incidental to Cromwell's and the Trust's trading activities, being receivables and trade and other payables, as well as information about restricted cash.

b) Receivables

	Cromwell		Trust	
	2021 $M	2020 $M	**2021 $M**	2020 $M
Current				
Trade and other receivables at amortised cost	**48.8**	49.8	**28.1**	30.9
Loan at amortised cost – vendor finance	**27.0**	-	**27.0**	-
Loans at amortised cost - other	**4.2**	0.5	**-**	-
Total receivables – current	**80.0**	50.3	**55.1**	30.9
Non-current				
Loans at amortised cost – joint venture partners	**146.2**	31.8	**109.3**	31.8
Loans at amortised cost – inter-group	**-**	-	**74.6**	98.0
Loans at fair value through profit or loss – joint venture partner	**-**	157.1	**-**	116.9
Loans at amortised cost – other [(1)]	**2.5**	12.1	**-**	-
Total receivables – non-current	**148.7**	201.0	**183.9**	246.7

(1) Includes loans to related parties.

Loan – vendor finance

The Trust has provided a loan facility to the acquirer of the Wakefield Street, SA, property which terminates on 20 December 2021. The maximum loan facility is $27.0 million with a current interest rate of 7.0%.

Loans – joint venture partners

LDK joint venture

i) Working capital loan

Cromwell and the Trust have provided LDK with a 'Working capital loan' facility terminating on 31 December 2023. The maximum loan facility is $10.0 million with an interest rate of 12%. The balance receivable at year end was $4.3 million (2020: $0.9 million).

ii) "Waterfall" loans

Previously Cromwell and the Trust provided a number of loan facilities to LDK. At 31 December 2020 these loan facilities (classified as being held at fair value through profit or loss) were cancelled and the loan balance at that time of $149.5 million (June 2020: $157.1 million) was transferred to new loan facilities of $173.0 million in aggregate (classified as being held at amortised cost). The new facilities are secured by second ranking mortgages over the investment properties owned by LDK. The balance receivable at year end was $141.9 million.

These facilities do not constitute a component of Cromwell's net investment in the joint venture itself due to the loans being either secured or their settlement being planned and likely.

Ursynów joint venture

Cromwell and the Trust provided a PLN-denominated loan facility to Ursynów of PLN 100.0 million. The loan, which had a balance of $30.9 million at the end of the prior year, was repaid in full during the current year and the related facility cancelled.

Loans - inter-group

The Trust has provided a loan facility to the Company of €100.0 million. The loan balance was €47.2 million ($74.6 million) (2020: €59.9 million ($98.0 million)) at balance date. The facility is unsecured and expires in February 2029.

c) Trade and other payables

	Cromwell		Trust	
	2021 $M	2020 $M	**2021 $M**	2020 $M
Trade and other payables	**36.8**	46.0	**14.5**	20.5
Lease incentives payables	**44.5**	62.7	**44.5**	62.7
Tenant security deposits	**1.8**	2.4	**1.8**	2.4
Trade and other payables	**83.1**	111.1	**60.8**	85.6

d) Accounting policy

Trade receivables and loans at amortised cost

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less any expected credit losses. Operating lease receivables of investment properties are due on the first day of each month, payable in advance.

Note: as a result of COVID-19 Cromwell has undertaken a comprehensive review of tenant receivables. All tenant receivables not considered to be recoverable have been fully provided for.

Loans at fair value through profit or loss

Loans at fair value through profit or loss are recognised initially at fair value and subsequently measured at fair value using techniques detailed in note 14.

Note: the recoverability and measurement of loans to related parties was assessed against the backdrop of COVID-19. Recoverability was assessed based upon financial and non-financial information provided by the borrowers. Recoverability was found to not be negatively impacted.

Trade payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost. These amounts represent liabilities for goods and services provided to Cromwell prior to the end of the year and which are unpaid. The amounts are usually unsecured and paid within 30-60 days of recognition.

14. Financial risk management

a) Overview

Cromwell's activities expose it to a variety of financial risks which include credit risk, liquidity risk and market risk. Cromwell's overall risk management program focuses on managing these risks and seeks to minimise potential adverse effects on the financial performance of Cromwell.

Cromwell's management of treasury activities is centralised and governed by policies approved by the Directors who monitor the operating compliance and performance as required. Cromwell has policies for overall risk management as well as policies covering specific areas such as identifying risk exposure, analysing and deciding upon strategies, performance measurement, the segregation of duties and other controls around the treasury and cash management functions.

Cromwell's risk exposures and techniques used to manage these are summarised below:

Risk	Definition of risk	Cromwell's exposure	Cromwell's management of risk
Credit risk (Section 14(b))	The risk a counterparty will default on its contractual obligations under a financial instrument resulting in a financial loss to Cromwell.	• Cash and cash equivalents; • Receivables; • Derivative financial instruments; • Investments in equity accounted investments; • Investments at fair value through profit or loss.	Cromwell manages this risk by: • establishing credit limits for counterparties and managing exposure to individual entities; • monitoring the credit quality of all financial assets in order to identify any potential adverse changes in credit quality; • derivative counterparties and cash transactions, when utilised, are transacted with high credit quality financial institutions;

			• regularly monitoring loans and receivables on an ongoing basis; and • regularly monitoring the performance of associates on an ongoing basis.
Liquidity risk (Section 14(c))	The risk Cromwell will default on its contractual obligations under a financial instrument.	• Payables; • Borrowings; • Derivative financial instruments.	Cromwell manages this by: • maintaining sufficient cash reserves and undrawn finance facilities to meet ongoing liquidity requirements; • preparation of rolling forecasts of short-term and long-term liquidity requirements; • monitoring maturity profile of borrowings and putting in place strategies to ensure all maturing borrowings are refinanced significantly ahead of maturity.
Market risk – price risk (Section 14(d))	The risk that the fair value of financial assets at fair value through profit or loss will fluctuate.	• Investments at fair value through profit or loss.	Cromwell has minimal exposure to this risk and therefore does not actively manage this risk.
Market risk – interest rate risk (Section 14(e))	The risk that the fair value or cash flows of financial instruments will fluctuate due to changes in market interest rates.	• Borrowings at variable or fixed rates; • Derivative financial instruments.	Cromwell manages this risk through interest rate hedging arrangements (swap or cap contracts) on not less than 50% of Cromwell's borrowings.
Market risk – foreign exchange risk (Section 14(f))	The risk that the fair value of a foreign currency asset or liability will fluctuate due to changes in foreign currency rates.	• Cash and cash equivalents; • Investments in foreign subsidiaries; • Investments in foreign equity accounted investments; • Foreign currency borrowings.	Cromwell manages this risk by financing Cromwell's foreign currency investments through foreign currency borrowings providing a natural hedge.

b) Credit risk

The maximum exposure to credit risk at balance date is the carrying amount of financial assets recognised in the Balance sheet of Cromwell. Cromwell and the Trust hold collateral as security in relation to the following:

- Loan – vendor finance – this loan is secured by first ranking mortgage over the relevant investment property.
- Loans at amortised cost -LDK – these loans are secured by first and second raking mortgages over relevant investment properties and other assets within the LDK structure.

Cash is held with Australian, New Zealand, United Kingdom, Singapore and European financial institutions. Interest rate derivative counterparties are all Australian and European financial institutions.

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c) Liquidity risk

The contractual maturity of Cromwell's and the Trust's financial liabilities at balance date are shown in the table below. It shows undiscounted contractual cash flows required to discharge Cromwell's financial liabilities, including interest at current market rates.

	Cromwell					Trust				
	1 year or less $M	**2-3 years $M**	**4-5 years $M**	**Over 5 years $M**	**Total $M**	**1 year or less $M**	**2-3 years $M**	**4-5 years $M**	**Over 5 years $M**	**Total $M**
2021										
Trade and other payables	**83.1**	**-**	**-**	**-**	**83.1**	**60.8**	**-**	**-**	**-**	**60.8**
Dividends / distribution payable	**42.5**	**-**	**-**	**-**	**42.5**	**42.5**	**-**	**-**	**-**	**42.5**
Borrowings	**49.6**	**766.8**	**1,435.8**	**83.2**	**2,335.4**	**49.6**	**766.8**	**1,435.8**	**83.2**	**2,335.4**
Lease liabilities	**3.8**	**5.6**	**5.5**	**7.8**	**22.7**	**0.4**	**1.0**	**0.9**	**3.5**	**5.8**
Derivative financial instruments	**3.1**	**1.5**	**1.3**	**-**	**5.9**	**3.1**	**1.5**	**1.3**	**-**	**5.9**
Total financial liabilities	**182.1**	**773.9**	**1,442.6**	**91.0**	**2,489.6**	**156.4**	**769.3**	**1,438.0**	**86.7**	**2,450.4**
2020										
Trade and other payables	111.1	-	-	-	111.1	85.6	-	-	-	85.6
Dividends / distribution payable	49.0	-	-	-	49.0	49.0	-	-	-	49.0
Interest bearing liabilities	35.5	211.8	1,987.3	61.2	2,295.8	35.4	204.1	1,987.3	61.2	2,288.0
Lease liabilities	3.7	5.2	5.2	7.3	21.4	0.4	0.9	0.9	4.2	6.4
Derivative financial instruments	9.6	3.7	6.0	-	19.3	9.6	3.7	6.0	-	19.3
Total financial liabilities	208.9	220.7	1,998.5	68.5	2,496.6	180.0	208.7	1,994.2	65.4	2,448.3

d) Market risk – price risk

Cromwell and the Trust are exposed to price risk in relation to its unlisted equity securities (refer note 10), although this exposure is currently immaterial.

e) Market risk – interest rate risk

Cromwell's interest rate risk primarily arises from borrowings. Borrowings issued at variable rates expose Cromwell to cash flow interest rate risk. Borrowings issued at fixed rates expose Cromwell to fair value interest rate risk. Cromwell's policy is to effectively maintain hedging arrangements on not less than 50% of its borrowings. At balance date interest on a total of 82% (2020: 66%) of Cromwell's total borrowings is effectively fixed by being at fixed rates or through interest rate swap and cap contracts.

For details about notional amounts and expiries of Cromwell's and the Trust's interest rate swap and interest rate cap contracts refer to note 12.

The below table shows the impact on profit after tax and equity if interest rates changed by 100 basis points based on borrowings and interest rate derivatives held at year-end with all other variables held constant. The impact on profit after tax and equity includes impact on finance costs (cash flow risk) and the fair value of derivative financial instruments (fair value risk).

Interest rate increase / (decrease) of:	+1%		-1%	
	Profit $M	Equity $M	Profit $M	Equity $M
2021				
Cromwell	**(6.4)**	**(6.4)**	**6.4**	**6.4**
Trust	**(7.0)**	**(7.0)**	**7.0**	**7.0**
2020				
Cromwell	(9.4)	(9.4)	9.4	9.4
Trust	(10.1)	(10.1)	10.1	10.1

f) Market risk – foreign exchange risk

Cromwell's foreign exchange risk primarily arises from its investments in foreign subsidiaries and the investment in CEREIT. The functional currency of these entities is Euro or Polish Zloty. No hedge accounting was applied in relation to the net investment in the foreign subsidiaries.

Cromwell's and the Trust's exposure to Euro foreign currency risk due to the ownership, funding and operation of the investment property portfolios in Poland and Italy and the investment in CEREIT as well as overseas subsidiaries, expressed in Australian dollars, was as follows:

Euro foreign currency risk	Cromwell		Trust	
	2021 $M	2020 $M	**2021 $M**	2020 $M
Cash and cash equivalents	**34.7**	0.7	**34.7**	0.4
Receivables	**-**	-	**74.6**	-
Borrowings – financial institutions	**(319.7)**	(368.2)	**(319.7)**	(368.2)
Borrowings – convertible bond	**(350.8)**	(360.2)	**(350.8)**	(360.2)
Derivative financial instruments – conversion feature	**(5.5)**	(5.3)	**(5.5)**	(5.3)
Other	**(2.3)**	(0.7)	**(2.3)**	(1.1)
Total exposure	**(643.6)**	(733.7)	**(569.0)**	(734.4)

A change in the exchange rate of the Euro would have resulted in the following impact on Cromwell's profit after tax and equity:

	2021		2020	
	Profit $M	**Equity $M**	Profit $M	Equity $M
Euro – Australian Dollar gains 1 cent in exchange	**10.0**	**10.0**	11.7	11.7
Euro – Australian Dollar loses 1 cent in exchange	**(10.3)**	**(10.3)**	(12.1)	(12.1)

Cromwell and the Trust also have exposure to Polish Złoty foreign currency risk due to the ownership and operation of the investment property portfolio in Poland. Expressed in Australian dollars, this was as follows:

Polish Złoty foreign currency risk	Cromwell		Trust	
	2021 $M	2020 $M	**2021 $M**	2020 $M
Cash and cash equivalents	**28.6**	21.3	**28.6**	21.3
Receivables	**-**	30.9	**-**	30.9
Other	**0.4**	0.5	**0.4**	0.5
Total exposure	**29.0**	52.7	**29.0**	52.7

A change in the exchange rate of the Polish Złoty would not result in a material impact on Cromwell's profit after tax and equity.

g) Fair value measurement of financial instruments

Cromwell 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).

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For the year ended 30 June 2021

The table below presents Cromwell's and the Trust's financial assets and liabilities measured and carried at fair value at 30 June 2021 and 30 June 2020 and the type of fair value measurement applied:

Cromwell	Notes	**2021**			2020		
		Level 2 $M	**Level 3 $M**	**Total $M**	Level 2 $M	Level 3 $M	Total $M
Financial assets at fair value							
Receivables							
Loans at fair value through profit or loss – associate	13(b)	**-**	**-**	**-**	-	157.1	157.1
Investments at fair value through profit or loss							
Unlisted equity securities	10(a)	**-**	**8.9**	**8.9**	-	12.9	12.9
Derivative financial instruments							
Interest rate caps	12(a)	**11.3**	**-**	**11.3**	-	-	-
Total financial assets at fair value		**11.3**	**8.9**	**20.2**	-	170.0	170.0
Financial liabilities at fair value							
Derivative financial instruments							
Interest rate swaps	12(a)	**5.9**	**-**	**5.9**	14.0	-	14.0
Conversion feature	12(a)	**5.5**	**-**	**5.5**	5.3	-	5.3
Total financial liabilities at fair value		**11.4**	**-**	**11.4**	19.3	-	19.3

Trust	Notes	**2021**			2020		
		Level 2 $M	**Level 3 $M**	**Total $M**	Level 2 $M	Level 3 $M	Total $M
Financial assets at fair value							
Receivables							
Loans at fair value through profit or loss – associate	13(b)	**-**	**-**	**-**	-	116.9	116.9
Derivative financial instruments							
Interest rate caps	12(a)	**11.3**	**-**	**11.3**	-	-	-
Total financial assets at fair value		**11.3**	**-**	**11.3**	-	116.9	116.9
Financial liabilities at fair value							
Derivative financial instruments							
Interest rate swaps	12(a)	**5.9**	**-**	**5.9**	14.0	-	14.0
Conversion feature	12(a)	**5.5**	**-**	**5.5**	5.3	-	5.3
Total financial liabilities at fair value		**11.4**	**-**	**11.4**	19.3	-	19.3

There were no transfers between the levels of fair value measurement during the current and prior financial years.

h) Disclosed fair values

i) Valuation techniques used to derive Level 1 fair values

At balance date, Cromwell held no Level 1 assets. The fair value of financial assets traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

ii) Valuation techniques used to derive Level 2 fair values

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data, assessed for the impact of COVID-19 where it is applicable 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 investments at fair value through profit or loss

Level 2 assets held by Cromwell include unlisted equity securities in Cromwell managed investment schemes. The fair value of these financial instruments is based upon the net tangible assets as publicly reported by the underlying unlisted entity, adjusted for inherent risk where appropriate.

Fair value of interest rate swaps and caps

Level 2 financial assets and financial liabilities held by Cromwell include "Vanilla" fixed to floating interest rate swap and interest rate cap derivatives (over-the-counter derivatives). The fair value of these derivatives 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 derivatives and counterparty or own credit risk.

Fair value of conversion feature – convertible bond

The fair value of the convertible bond conversion feature has been determined by comparing the market value of the convertible bond to the value of a bond with the same terms and conditions but without an equity conversion feature (bond floor). The difference between the two types of bonds is considered to represent the fair value of the conversion feature of the convertible bond.

iii) Valuation techniques used to derive Level 3 fair values

If the fair value of financial instruments is determined using valuation techniques and if one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Reconciliation from the opening balances to the closing balances for fair value measurements in Level 3 of the fair value hierarchy:

	Cromwell	
Investments at fair value through profit or loss	**2021 $M**	2020 $M
Opening balance as at 1 July	**12.9**	21.8
Additions	**0.7**	-
Disposals	**(2.3)**	(4.6)
Fair value loss	**(2.0)**	(4.3)
Foreign exchange difference	**(0.4)**	-
Balance at 30 June	**8.9**	12.9

Receivables held at fair value through profit or loss

Level 3 assets held by Cromwell and the Trust included loans to the LDK joint venture. The fair value of these loans was based on the relevant discounted net cash inflows from expected future inflows of principal and interest.

Fair value of investments at fair value through profit or loss

Level 3 assets held by Cromwell include co-investments in Cromwell Europe managed wholesale property funds. The fair value of these investments is determined based on the value of the underlying assets held by the fund. The assets of the fund are subject to regular external valuations which are based on discounted net cash inflows from expected future income and/or comparable sales of similar assets. Appropriate discount rates determined by the independent valuer are used to determine the present value of the net cash inflows based on a market interest rate adjusted for the risk premium specific to each asset.

i) Accounting policy

Initial recognition and measurement

Financial assets and financial liabilities are recognised in Cromwell's Balance sheet when it becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. On initial recognition, financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are recognised net of transaction costs directly attributable to the acquisition of these financial assets or financial liabilities. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of comprehensive income.

Financial assets

Classification and subsequent recognition and measurement

Subsequent to initial recognition Cromwell classifies its financial assets in the following measurement categories:

- Those to be measured at fair value (either through other comprehensive income, or through profit or loss); and
- Those to be measured at amortised cost.

The classification depends upon the whether the objective of Cromwell's relevant business model is to hold financial assets in order to collect contractual cash flows (business model test) and whether the contractual terms of the cash flows give rise on specified dates to cash flows that are solely payments of principal and interest (cash flow test).

Financial assets recognised at amortised cost

Trade and other receivables are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest and are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the Statement of comprehensive income.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off.

Financial assets recognised at fair value through profit or loss

Assets that do not meet the criteria for amortised cost or recognition at fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in the Statement of comprehensive income and presented net within other gains / (losses) in the period in which it arises.

Impairment

Cromwell recognises a loss allowance for expected credit losses on trade receivables that are measured at amortised cost and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

For trade receivables, Cromwell applies the simplified approach permitted by AASB 9 *Financial Instruments*, which requires expected lifetime credit losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on Cromwell's historical credit loss experience adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Cromwell impairs a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

Response to COVID-19

As a result of COVID-19 Cromwell has undertaken a comprehensive review of the tenant receivables schedule. Any and all tenant receivables not considered to be recoverable have been fully provided for and are not included in the tenant receivables balance at year end.

Cromwell has also undertaken a review of its loan asset portfolio (including loans carried at fair value and loans carried at amortised cost). This process involved a thorough examination of all loan receivable balances with counterparties to assess the extent of expected credit losses that should be recognised. This resulted in minimal ($0.2 million) expected credit losses to be recognised.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Equity instruments issued by Cromwell are recognised at the value of the proceeds received, net of direct issue costs. Repurchase of the Cromwell's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the Statement of comprehensive income on the purchase, sale, issue or cancellation of Cromwell's own equity instruments.

Compound instruments

The component parts of convertible loan notes issued by Cromwell are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will not be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Cromwell's own equity instruments is an embedded derivative and not an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as an embedded derivative is determined by deducting the amount of the liability component from the fair value of the compound instrument in its entirety. This component is recognised and classified as a financial liability and categorised as being at fair value through profit or loss. This amount is subsequently remeasured (see "Embedded derivatives" section below).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at fair value through profit or loss.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not contingent consideration of an acquirer in a business combination, held-for-trading, or designated as at fair value through profit or loss, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

Cromwell derecognises financial liabilities when, and only when, its obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement comprehensive income.

When Cromwell exchanges one debt instrument for another with substantially different terms with an existing lender, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, Cromwell accounts for the substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new financial liability.

Derivative financial instruments

For information in relation to the accounting policies for derivative financial instruments, refer note 12(d).

15. Contributed equity

a) Overview

Issued capital of Cromwell includes ordinary shares in Cromwell Corporation Limited and ordinary units of Cromwell Diversified Property Trust which are stapled to create Cromwell's stapled securities. The shares of the Company and units of the CDPT cannot be traded separately and can only be traded as stapled securities.

Stapled securities entitle the holder to participate in dividends and distributions as declared from time to time and the proceeds on winding up. On a show of hands every holder of stapled securities present at a meeting in person, or by proxy, is entitled to one vote, and upon a poll each stapled security is entitled to one vote.

Cromwell's and the Trust's issued capital at year-end were as follows:

	Cromwell stapled securities		Company shares		CDPT units	
	2021 M	2020 M	**2021 $M**	2020 $M	**2021 $M**	2020 $M
Issued capital	**2,617.5**	2,612.9	**207.3**	207.1	**2,072.5**	2,071.4

b) Movements in contributed equity

The following reconciliation summarises the movements in contributed equity. Issues of a similar nature have been grouped and the issue price shown is the weighted average. Detailed information on each issue of stapled securities is publicly available via the ASX.

		Cromwell stapled securities		Company shares		CDPT units	
	Number of securities	Issue price	$M	Issue price	$M	Issue price	$M
Opening balance at 1 July 2019	2,236,642,691		1,857.4		138.4		1,719.0
Exercise of performance rights	4,920,055	40.0¢	1.9	6.3¢	0.3	33.7¢	1.6
Distribution reinvestment plan (1)	16,927,663	124.3¢	21.0	21.2¢	3.6	103.1¢	17.4
Security placement and SPP	354,381,191	115.0¢	407.6	18.6¢	65.9	96.4¢	341.7
Equity issue costs	-	-	(9.4)	-	(1.1)	-	(8.3)
Balance at 30 June 2020	**2,612,871,600**		**2,278.5**		**207.1**		**2,071.4**
Exercise of performance rights	**4,599,075**	**30.0¢**	**1.3**	**5.2¢**	**0.2**	**24.8¢**	**1.1**
Balance at 30 June 2021	**2,617,470,675**		**2,279.8**		**207.3**		**2,072.5**

(1) The Company / CDPT has established a dividend/distribution reinvestment plan under which holders of stapled securities may elect to have all of their dividend/distribution entitlement satisfied by the issue of new stapled ordinary securities rather than being paid in cash. The plan has been suspended since the payment of the December 2019 in February 2020.

c) Accounting policy

The ordinary shares of the Company are stapled with the units of the Trust and are together referred to as stapled securities. Stapled securities are classified as equity. Incremental costs directly attributable to the issue of new shares, units or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases Cromwell's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the securityholders as treasury shares until the securities are cancelled or reissued. Where such ordinary securities are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to securityholders.

16. Reserves

a) Overview

Reserves are balances that form part of equity that record other comprehensive income amounts that are retained in the business and not distributed until such time the underlying balance sheet item is realised. This note provides information about movements in the other reserves disclosed in the Balance sheet and a description of the nature and purpose of each reserve.

Security based payments reserve (SBP)	This reserve is used to recognise the fair value of equity settled security based payments in respect employee services. Refer to note 22 for details of Cromwell's security based payments.
Fair value through other comprehensive income reserve (FVTOCI)	This reserve records changes in the fair value of investments classified as being at fair value through other comprehensive income. The amount recorded in the reserve relates to a pre-stapling interest of a subsidiary of the Company in a subsidiary trust of the Trust.
Foreign currency translation reserve (FCTR)	This reserve records exchange differences arising on the on translation of the foreign subsidiaries. In addition, any foreign currency differences arising from inter-group loans are also transferred to the foreign currency translation reserve upon consolidation as such loans form part of the net investment in the foreign subsidiary.

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For the year ended 30 June 2021

	Security based payments reserve		Fair value through other comprehensive income reserve		Foreign currency translation reserve		Total other reserves	
	Cromwell $M	Trust $M	Cromwell $M	Trust $M	Cromwell $M	Trust $M	Cromwell $M	Trust $M
Balance at 1 July 2019	10.4	-	2.3	-	49.1	29.4	61.8	29.4
Security based payments	2.8	-	-	-	-	-	2.8	-
Foreign exchange differences recognised in other comprehensive income	-	-	-	-	(3.5)	0.6	(3.5)	0.6
Attributable to non-controlling interests	-	-	-	-	-	-	-	-
Balance at 30 June 2020	**13.2**	**-**	**2.3**	**-**	**45.6**	**30.0**	**61.1**	**30.0**
Net security based payments	**0.7**	**-**	**-**	**-**	**-**	**-**	**0.7**	**-**
Foreign exchange differences recognised in other comprehensive income	**-**	**-**	**-**	**-**	**(45.2)**	**(41.9)**	**(45.2)**	**(41.9)**
Attributable to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance at 30 June 2021	**13.9**	**-**	**2.3**	**-**	**0.4**	**(11.9)**	**16.6**	**(11.9)**

GROUP STRUCTURE

This section provides information about the Cromwell Property Group structure including parent entity information and information about controlled entities (subsidiaries).

17. Parent entity disclosures

a) Overview

The *Corporations Act 2001* (Cth) requires the disclosure of summarised financial information for the parent entity of a consolidated group. Further, Australian Accounting Standards require stapled groups to identify the parent entity of the group and identify equity attributable to the parent entity separately from other entities stapled to the parent entity. The equity attributable to other entities stapled to the parent entities is considered to be a non-controlling interest in the balance sheet of the group.

The parent entity of the Cromwell stapled group is Cromwell Corporation Limited (the "Company"). The equity attributable to the Trust is considered to be the non-controlling interest in the balance sheet of Cromwell. The parent entity of the Trust group is Cromwell Diversified Property Trust ("CDPT").

b) Summarised financial information of the Company and CDPT

	Company		CDPT	
	2021 $M	2020 $M	**2021 $M**	2020 $M
Results				
Profit for the year	**8.7**	25.4	**165.5**	157.9
Total comprehensive income for the year	**8.7**	25.4	**165.5**	157.9
Financial position				
Current assets	**6.2**	65.1	**67.4**	78.2
Total assets	**154.0**	173.7	**3,153.5**	3,170.7
Current liabilities	**0.1**	4.0	**57.1**	72.7
Total liabilities	**73.0**	102.0	**1,421.8**	1,422.5
Net assets	**81.0**	71.7	**1,731.7**	1,748.2
Equity				
Contributed equity	**207.3**	207.1	**2,072.5**	2,071.4
Reserves	**14.4**	14.0	**-**	-
Retained earnings / (accumulated losses)	**(140.7)**	(149.4)	**(340.8)**	(323.2)
Total equity	**81.0**	71.7	**1,731.7**	1,748.2

c) Commitments

At balance date the Company and CDPT had no commitments (2020: none) in relation to capital expenditure contracted for but not recognised as liabilities.

d) Guarantees provided

The Company and CDPT have both provided guarantees in relation to the convertible bonds disclosed at note 11(c). Both entities unconditionally and irrevocably guarantee the due and punctual payment of all amounts at any time becoming due and payable in respect of the convertible bond. These guarantees were provided in a prior year.

e) Contingent liabilities

At balance date the Company and CDPT had no contingent liabilities (2020: none).

f) Accounting policy

The financial information for the Company and CDPT is prepared on the same basis as the consolidated financial statements, except for:

- Investments in subsidiaries and equity accounted investments – these are accounted for at cost less accumulated impairment charges in the financial report of the parent entity. Distributions and dividends received from subsidiaries and equity accounted investments are not eliminated and recognised in profit or loss.
- Tax consolidation legislation – the Company is the head entity of a tax consolidated group as discussed. As the head entity, the Company recognises the current tax balances and the deferred tax assets for unused tax losses and credits assumed from other members as well as its own current and deferred tax amounts. Amounts receivable from or payable to the other members are recognised by the Company as intercompany receivables or payables.

18. Controlled entities

a) Company and its controlled entities

Name	Country of registration	Equity Holding 2021 %	Equity Holding 2020 %
Cromwell Aged Care Holdings Pty Ltd	Australia	**100**	100
Cromwell BT Pty Ltd	Australia	**100**	100
Cromwell Capital Pty Ltd	Australia	**100**	100
Cromwell Development Trust	Australia	**100**	-
Cromwell Finance Pty Ltd	Australia	**100**	100
Cromwell Funds Management Limited	Australia	**100**	100
Cromwell Holdings No 1 Pty Ltd	Australia	**100**	100
Cromwell Holdings No 2 Pty Ltd	Australia	**100**	100
Cromwell Infrastructure Pty Ltd	Australia	**-**	100
Cromwell Operations Pty Ltd	Australia	**100**	100
Cromwell Project & Technical Solutions Pty Ltd	Australia	**100**	100
Cromwell Property Securities Limited	Australia	**100**	100
Cromwell Property Services Pty Ltd	Australia	**100**	100
Cromwell Real Estate Partners Pty Ltd	Australia	**100**	100
Cromwell Seven Hills Pty Limited	Australia	**100**	100
Lovett Developments Pty Limited	Australia	**-**	100
Cromwell Carparking Pty Ltd	Australia	**100**	100
Valad Australia Pty Ltd	Australia	**100**	100
Votraint No. 662 Pty Limited	Australia	**100**	100
Gateshead Investments Limited	Cyprus	**100**	100
Upperastoria Trading & Investments Limited	Cyprus	**100**	100
Cromwell Property Group Czech Republic s.r.o.	Czech Republic	**100**	100
LiNK Hradec Králové s.r.o.	Czech Republic	**-**	90
Cromwell Denmark A/S	Denmark	**100**	100
Cromwell Finland O/Y	Finland	**100**	100
Cromwell France SAS	France	**100**	100
Cromwell EREIT Management Germany GmbH	Germany	**100**	-
Cromwell Germany GmbH	Germany	**100**	100
Equity Partnerships Fund Management (Guernsey) Limited	Guernsey	**-**	100
Nordic Aktiv General Partner Limited	Guernsey	**-**	100
Nordic Aktiv General Partner 2 Limited	Guernsey	**-**	100
Cromwell Property Group Italy SRL	Italy	**100**	100
CPRF GP S.à r.l.	Luxembourg	**100**	100
Cromwell CPR Promote S.à r.l.	Luxembourg	**-**	100
Cromwell EREIT Management Luxembourg S.à r.l.	Luxembourg	**100**	100
Cromwell Investment Luxembourg S.à r.l.	Luxembourg	**100**	100
Cromwell Italy Urban Logistics S.à r.l.	Luxembourg	**-**	100
Cromwell Luxembourg SA	Luxembourg	**-**	100
Cromwell REIM Luxembourg S.à r.l.	Luxembourg	**100**	100
Cromwell Central Europe B.V.	Netherlands	**100**	100
Cromwell Netherlands B.V.	Netherlands	**100**	100
Cromwell Property Group Poland Sp Zoo	Poland	**100**	100

Name	Country of Registration	Equity Holding 2021 %	Equity Holding 2020 %
Cromwell Property Group Romania SRL	Romania	**-**	100
Cromwell EREIT Management Pte. Ltd.	Singapore	**100**	100
Cromwell Sweden A/B	Sweden	**100**	100
Cromwell Asset Management UK Limited	United Kingdom	**100**	100
Cromwell Capital Ventures UK Limited	United Kingdom	**100**	100
Cromwell CEE Coinvest LP	United Kingdom	**100**	100
Cromwell CEE Development Holdings Limited	United Kingdom	**100**	100
Cromwell CEE Promote LP	United Kingdom	**83**	83
Cromwell CEREIT Holdings Limited	United Kingdom	**100**	100
Cromwell Coinvest CEIF LP	United Kingdom	**90**	90
Cromwell Coinvest CEVAF I LP	United Kingdom	**100**	100
Cromwell Coinvest ECV LP	United Kingdom	**90**	90
Cromwell Corporate Secretarial Limited	United Kingdom	**100**	100
Cromwell Development Holdings UK Limited	United Kingdom	**100**	100
Cromwell Development Management UK Limited	United Kingdom	**100**	100
Cromwell Director Limited	United Kingdom	**100**	100
Cromwell Europe Limited	United Kingdom	**100**	100
Cromwell European Holdings Limited	United Kingdom	**100**	100
Cromwell European Management Services Limited	United Kingdom	**100**	100
Cromwell GP	United Kingdom	**100**	100
Cromwell Holdings Europe Limited	United Kingdom	**100**	100
Cromwell Investment Holdings UK Limited	United Kingdom	**100**	100
Cromwell Investment Management Services Limited	United Kingdom	**100**	100
Cromwell Investment Services Limited	United Kingdom	**100**	100
Cromwell Management Holdings Limited	United Kingdom	**100**	100
Cromwell Poland Retail LLP	United Kingdom	**100**	100
Cromwell Poland Retail UK Limited	United Kingdom	**100**	100
Cromwell Promote CEIF LP	United Kingdom	**100**	100
Cromwell Promote CEVAF I LP	United Kingdom	**100**	100
Cromwell Promote CPRF LP	United Kingdom	**100**	100
Cromwell Promote ECV LP	United Kingdom	**100**	100
Cromwell Promote HIG LP	United Kingdom	**-**	100
Cromwell WBP Poland LP	United Kingdom	**100**	100
Cromwell YCM Coinvest LP	United Kingdom	**100**	100
Cromwell YCM Promote LP	United Kingdom	**-**	100
D.U.K.E. Combined GP Limited	United Kingdom	**100**	100
Equity Partnerships (Osprey) Limited	United Kingdom	**100**	100
IO Management Services Limited	United Kingdom	**100**	100
Parc D'Activities 1 GP Limited	United Kingdom	**100**	100
The IO Group Limited	United Kingdom	**100**	100
Valad Salfords Custodian Limited	United Kingdom	**100**	100

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For the year ended 30 June 2021

b) Trust and its controlled entities

Name	Country of registration	Equity Holding 2021 %	Equity Holding 2020 %
CDPT Finance Pty Ltd	Australia	**100**	100
CDPT Finance No. 2 Pty Ltd	Australia	**100**	100
Cromwell Diversified Property Trust No. 2	Australia	**100**	100
Cromwell Diversified Property Trust No. 3	Australia	**100**	100
Cromwell George Street Trust	Australia	**100**	100
Cromwell Holdings Trust No 1	Australia	**100**	100
Cromwell Holding Trust No 2	Australia	**100**	100
Cromwell Holdings Trust No 4	Australia	**100**	100
Cromwell HQ North Head Trust	Australia	**100**	100
Cromwell HQ North Trust	Australia	**100**	100
Cromwell Italy Partnership	Australia	**100**	-
Cromwell Mary Street Property Trust	Australia	**100**	100
Cromwell Mary Street Planned Investment	Australia	**92**	92
Cromwell McKell Building Trust	Australia	**100**	100
Cromwell Newcastle Trust	Australia	**100**	100
Cromwell Poland Holdings Trust	Australia	**100**	100
Cromwell Northbourne Planned Investment	Australia	**100**	100
Cromwell NSW Portfolio Trust	Australia	**100**	100
Cromwell Penrith Trust	Australia	**100**	100
Cromwell Poland Holdings Trust	Australia	**100**	100
Cromwell Property Fund	Australia	**100**	100
Cromwell Property Fund Trust No 2	Australia	**100**	100
Cromwell Property Fund Trust No 3	Australia	**100**	100
Cromwell Queanbeyan Trust	Australia	**100**	100

Name	Country of Registration	Equity Holding 2021 %	Equity Holding 2020 %
Cromwell SPV Finance Pty Ltd	Australia	**100**	100
Cromwell Symantec House Trust	Australia	**100**	100
Cromwell TGA Planned Investment	Australia	**100**	100
Cromwell VAC Finance Pty Ltd	Australia	**100**	100
Cromwell Wakefield Property Trust	Australia	**100**	100
Cromwell Wollongong Trust	Australia	**100**	100
EXM Head Trust	Australia	**100**	100
EXM Trust	Australia	**100**	100
Mascot Head Trust	Australia	**100**	100
Mascot Trust	Australia	**100**	100
Tuggeranong Head Trust	Australia	**100**	100
Tuggeranong Trust	Australia	**100**	100
Cromwell Italy Urban Logistics Fund	Italy	**100**	-
CPRF S.C.A.	Luxembourg	**100**	100
Cromwell Logistics Fund	Luxembourg	**100**	-
Next Real Estate Polish Retail S.à r.l.	Luxembourg	**100**	100
Next Real Estate Polish Retail Holdco S.à r.l.	Luxembourg	**100**	100
CH Bydgoszcz Sp Zoo	Poland	**100**	100
CH Toruń Sp Zoo	Poland	**100**	100
CH Janki Sp Zoo	Poland	**100**	100
CH Łódź Sp Zoo	Poland	**100**	100
CH Szczecin Sp Zoo	Poland	**100**	100
CH Wrocław Sp Zoo	Poland	**100**	100
CPRF Co Sp Zoo	Poland	**100**	100
HEL Poland Sp Zoo	Poland	**100**	100
Cromwell Singapore Holdings Pte. Ltd.	Singapore	**100**	100

All new entities have been incorporated or acquired during the year. There were no business combinations during the year. Entities, which Cromwell or the Trust controlled in the prior year with no equity holding in the current year have either been deregistered or disposed of in the current year.

19. Equity attributable to the Company and non-controlling interests (CDPT)

a) Overview

Stapled entities are required to separately identify equity attributable to the parent entity from equity attributable to other entities stapled to the parent. The equity attributable to the entity stapled to the parent is presented as non-controlling interests in the statement of financial position of Cromwell.

b) Equity attributable to the Company

The table below summarises equity, profit for the year and total comprehensive income for the year attributable to the Company.

	Attributable to Equity Holders of the Company					
	Contributed equity $M	SBP reserve $M	FVTOCI reserve $M	FCT Reserve $M	Accumulated losses $M	Total $M
Balance at 1 July 2019	138.4	10.4	2.3	19.7	(166.8)	4.0
Profit for the year	-	-	-	-	25.6	25.6
Other comprehensive income	-	-	-	(4.1)	-	(4.1)
Total comprehensive income	-	-	-	(4.1)	25.6	21.5
Transactions with equity holders in their capacity as equity holders:						
Contributions of equity, net of equity issue costs	68.7	-	-	-	-	68.7
Employee performance rights	-	2.8	-	-	-	2.8
Total transactions with equity holders	68.7	2.8	-	-	-	71.5
Balance as at 30 June 2020	**207.1**	**13.2**	**2.3**	**15.6**	**(141.2)**	**97.0**
Profit for the year	**-**	**-**	**-**	**-**	**14.3**	**14.3**
Other comprehensive income	**-**	**-**	**-**	**(3.3)**	**-**	**(3.3)**
Total comprehensive income	**-**	**-**	**-**	**(3.3)**	**14.3**	**11.0**
Transactions with equity holders in their capacity as equity holders:						
Contributions of equity, net of equity issue costs	**0.2**	**-**	**-**	**-**	**-**	**0.2**
Employee performance rights	**-**	**0.7**	**-**	**-**	**-**	**0.7**
Total transactions with equity holders	**0.2**	**0.7**	**-**	**-**	**-**	**0.9**
Balance as at 30 June 2021	**207.3**	**13.9**	**2.3**	**12.3**	**(126.9)**	**108.9**

c) Equity attributable to non-controlling interests (CDPT)

The table below summarises equity, profit for the year and total comprehensive income for the year attributable to CDPT, the entity stapled to the Company (non-controlling interest).

	Attributable to Equity Holders of the CDPT			
	Contributed equity $M	Reserve $M	Retained earnings $M	Total $M
Balance at 1 July 2019	1,719.0	29.4	428.5	2,176.9
Profit for the year	-	-	152.0	152.0
Other comprehensive income	-	0.6	-	0.6
Total comprehensive income	-	0.6	152.0	152.6
Transactions with equity holders in their capacity as equity holders:				
Contributions of equity, net of equity issue costs	352.4	-	-	352.4
Distributions paid / payable	-	-	(195.5)	(195.5)
Total transactions with equity holders	352.4	-	(195.5)	156.9
Balance as at 30 June 2020	**2,071.4**	**30.0**	**385.0**	**2,486.4**
Profit for the year	**-**	**-**	**293.9**	**293.9**
Other comprehensive income	**-**	**(41.9)**	**-**	**(41.9)**
Total comprehensive income	**-**	**(41.9)**	**293.9**	**252.0**
Transactions with equity holders in their capacity as equity holders:				
Contributions of equity, net of equity issue costs	**1.1**	**-**	**-**	**1.1**
Distributions paid / payable	**-**	**-**	**(183.1)**	**(183.1)**
Total transactions with equity holders	**1.1**	**-**	**(183.1)**	**(182.0)**
Balance as at 30 June 2021	**2,072.5**	**(11.9)**	**495.8**	**2,556.4**

OTHER ITEMS

This section of the annual financial report provides information about individually significant items to the Balance sheets, Statements of comprehensive income and Cash flow statements and items that are required to be disclosed by Australian Accounting Standards.

20. Leased assets and related leases

a) Overview

Cromwell and the Trust are lessees in a number of leasing arrangements. Leases grant Cromwell and the Trust the "right-of-use" for the leased asset for the contractual period of the lease in return for fixed lease payments. The right-of-use is recognised as an asset within the balance sheet category the relating leased asset would ordinarily be classified in and depreciated over the shorter of the contractual lease period or the useful life of the leased asset. The present value of remaining lease payments is recognised as a liability within borrowings.

Cromwell and the Trust are lessees in the following leasing arrangements:

- Leasehold land – leases of land upon which some of Cromwell's and the Trust investment properties are situated (leasehold properties). The right-of-use assets relating to such lease leases are recognised within investment properties. See note 8 for more information in relation to Cromwell's and the Trust's investment properties situated on leasehold land.
- Office leases – leases of office space in Australia, Singapore and Europe. The relating right-of-use assets are recognised within property, plant and equipment.
- Equipment leases – leases of office equipment. The right-of-use assets are recognised within property, plant & equipment.

b) Amounts recognised in the financial statements

The below table shows the information in relation to Cromwell and Trust's leased assets and relevant lease liabilities for the year ending and as at 30 June 2021 (see note 11(c) also for further information):

	Investment property (1) (2) $M	Office premises (3) $M	Property, plant and equipment (3) $M	Total $M
Right-of-use assets				
Reconciliation of movements in right-of-use assets:				
Right-of-use assets recognised on 1 July 2019	-	14.3	1.1	15.4
Additions	6.8	3.2	1.1	11.1
Disposals, terminations and modifications	-	(2.0)	(0.2)	(2.2)
Amortisation [4]	(0.1)	(2.6)	(0.6)	(3.3)
Balance as at 30 June 2020	**6.7**	**12.9**	**1.4**	**21.0**
Additions	**-**	**5.5**	**0.6**	**6.1**
Disposals, terminations and modifications	**-**	**(1.1)**	**(0.2)**	**(1.3)**
Amortisation [4]	**(0.2)**	**(2.3)**	**(0.4)**	**(2.9)**
Foreign exchange movements	**(0.2)**	**0.1**	**(0.1)**	**(0.2)**
Right-of-use assets at 30 June 2021	**6.3**	**15.1**	**1.3**	**22.7**
Lease liabilities				
Reconciliation of movements in lease liabilities:				
Lease liabilities recognised on 1 July 2019	-	14.3	1.1	15.4
Additions	6.9	3.1	1.1	11.1
Principle payments	(0.4)	(2.9)	(0.7)	(4.0)
Finance costs [5]	0.2	0.4	-	0.6
Disposals, terminations and modifications	(0.4)	(1.9)	(0.1)	(2.4)
Balance as at 30 June 2020	**6.3**	**13.0**	**1.4**	**20.7**
Additions	**-**	**5.5**	**0.6**	**6.1**
Principle payments	**(0.4)**	**(3.7)**	**(1.0)**	**(5.1)**
Finance costs [5]	**0.3**	**0.4**	**-**	**0.7**
Disposals, terminations and modifications	**-**	**(0.4)**	**-**	**(0.4)**
Foreign exchange movements	**(0.3)**	**1.0**	**-**	**0.7**
Lease liabilities at 30 June 2021	**5.9**	**15.8**	**1.0**	**22.7**
Payments in relation to lease liabilities recognised above [6]:				
2020	(0.4)	(2.9)	(0.7)	(4.0)
2021	**(0.4)**	**(3.7)**	**(1.0)**	**(5.1)**

(1) Represents relevant information in respect of the Trust.
(2) Right-of-use assets included as a component of Investment property in the Balance sheet. See note 8 for further information.
(3) Right-of-use assets included as a component of Property, plant and equipment in the Balance sheet.
(4) Included as a component of Amortisation and depreciation in the Statement of comprehensive income.
(5) Included as a component of Finance costs in the Statement of comprehensive income.
(6) Represents total cash flows in respect of leases.

c) Accounting policy

Accounting as lessee

Cromwell recognised a lease liability and a corresponding right-of-use asset at the commencement of a lease.

The lease liability is initially measured as the present value of the lease payments that are unpaid at the commencement date, discounted using the rate implicit in the lease or relevant incremental borrowing rate. Subsequently the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications. The lease liability is presented as a component of borrowings.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before commencement, less any lease incentives received and any initial direct costs. The right-of use asset is subsequently measured as cost less accumulated depreciation and impairments. Right-of-use assets are depreciated on a straight-line basis over the shorter period of the lease term and useful life of the underlying asset.

21. Intangible assets

a) Overview

This note provides an overview and detailed financial information of Cromwell's intangible assets, which consist solely of software assets. During the year, as a result of a relevant IFRIC Agenda Decision, Cromwell changed its accounting policy with regard to the capitalisation of specific software 'configuration and customisation costs' in relation to 'Software-as-a-Service' ("SaaS") arrangements. The rationale and financial impact of the change in accounting policy is below:

Application to Cromwell

The impact of the accounting policy change in relation to SaaS includes:

- accounting policy change is applied to the current year and retrospectively, leading to a retrospective restatement of historical financial information;
- derecognition of relevant capitalised Software-as-a-Service ('SaaS') costs and reversal of associated amortisation in the current year and retrospectively, which has resulted in the restatement of prior year comparatives as disclosed below; and
- an opening balance adjustment at 1 July 2019 of $2.0 million.

Adjusted intangible assets

The schedule below provides information about the movements in intangible assets, including the derecognition of previously capitalised SaaS costs and the restated prior year comparatives.

	Cromwell	
Software	**2021 $M**	2020 $M
Cost	**9.6**	14.8
Less: derecognition of previously capitalised SaaS costs	**(2.6)**	(7.8)
Adjusted cost	**7.0**	7.0
Accumulated amortisation	**8.7**	7.2
Less: derecognition of previously amortised SaaS costs	**(2.8)**	(2.2)
Adjusted amortisation	**5.9**	5.0
Foreign exchange movements	**-**	(0.4)
Balance at 30 June	**1.1**	1.6
Adjusted opening balance as at 1 July	**1.6**	2.4
Additions	**0.3**	0.5
Amortisation	**(1.2)**	(0.9)
Foreign exchange difference	**0.4**	(0.4)
Balance at 30 June	**1.1**	1.6

b) Accounting policy

Implementation of IFRIC Agenda Decision

During the year Cromwell revised its accounting policy in relation to the treatment of configuration and customisation costs incurred in implementing SaaS service arrangements. The new accounting policy is presented below. As a result of the change in accounting policy, a retrospective restatement of the historical financial information is presented in section (d) below.

Change in Accounting Policy

Costs incurred to configure or customise Cromwell's SaaS application software are expensed when the costs are incurred. Costs which relate to the development of software code that enhances or modifies on-premise software, or costs incurred for software which meet the recognition criteria for an intangible asset, are capitalised as incurred.

Intangible assets acquired and recognised under these criteria are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Cromwell currently carries only on-premise software as intangible assets. Software is amortised on a straight-line basis over two to five years.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

c) Critical accounting estimates and judgements

Capitalisation of configuration and customisation costs in SaaS arrangements

Costs incurred to configure or customise Cromwell's SaaS application software are expensed when the costs are incurred. Costs which relate to the development of software code than enhances or modifies or creates additional capability to existing on-premise software to enable it to connect with cloud-based SaaS applications may meet the definition of an intangible asset and can be capitalised.

Judgement is required to determine whether these costs meets the definition of and recognition criteria for an intangible asset. Management applies judgement to the concept of 'control' of these software enhancements, whereby an assessment is made whether the SaaS provider, as the supplier, or Cromwell, as the customer, has control of these assets. When Cromwell consider that 'control' remains with the supplier, these costs are expensed. Where Cromwell consider it has control over the software code, it may recognise these costs as assets.

d) Retrospective restatement

The schedule below provides information about the retrospective impact to previously recognised capitalised and amortised SaaS costs, which includes the derecognition of previously capitalised costs as if they had not been recognised. The 30 June 2020 restatement recognises the derecognition of all SaaS costs capitalised and amortised during that year. The 1 July 2019 opening balance adjustment represents the derecognition of cumulative historical capitalised and amortised SaaS costs.

	Cromwell	
Financial Statement impact	30 June 2020 $M	1 July 2019 $M
Balance Sheet		
Intangible assets – software	(3.6)	(2.0)
Total assets	(3.6)	(2.0)
Retained earnings	-	2.0
Total equity	-	2.0
Profit and loss		
IT related expense	4.9	-
Software amortisation	(1.3)	-
Profit before tax	3.6	-
Statement of Cash Flows		
Payments in the course of operations	4.9	-
Net Cash provided by operating activities	4.9	-
Payments for intangible assets	(4.9)	-
Net Cash used in investing activities	(4.9)	-
Earnings per share impact		
Basic earnings per stapled security	(0.13)	
Diluted earnings per stapled security	(0.14)	

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22. Cash flow information

a) Overview

This note provides further information on the consolidated cash flow statements of Cromwell and the Trust. It reconciles profit for the year to cash flows from operating activities and information about non-cash transactions.

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

	Cromwell		Trust	
	2021 $M	2020 $M	**2021 $M**	2020 $M
Net profit	**308.2**	177.2	**293.9**	153.8
Amortisation and depreciation	**5.4**	7.4	**0.2**	-
Amortisation of lease costs and incentives	**30.1**	29.2	**30.1**	29.2
Operating lease costs	**2.3**	0.9	**0.1**	0.4
Straight-line rentals	**(3.7)**	(9.7)	**(3.7)**	(9.7)
Security based payments	**0.7**	2.8	**-**	-
Share of (profits) / losses – equity accounted investments (net of distributions and impairments)	**(31.2)**	(11.7)	**(13.4)**	(4.5)
Net foreign exchange loss / (gain)	**(26.2)**	4.6	**(23.3)**	4.9
Amortisation of loan transaction costs	**10.5**	10.0	**10.5**	9.8
Gain on sale of investment properties	**(5.9)**	(3.3)	**(5.9)**	(3.3)
Loss on sale of other assets	**-**	3.6	**-**	3.6
Asset, fund and development management fees non-cash settled	**-**	(16.0)	**-**	-
Impact of dilution of equity holding / impairment	**8.6**	4.3	**7.4**	-
Finance costs attributable to discounted lease incentives	**1.0**	0.8	**1.0**	0.8
Fair value net (gain) / loss from:				
Investment properties	**(97.5)**	(17.5)	**(97.5)**	(17.5)
Derivative financial instruments	**(14.2)**	(18.4)	**(14.2)**	(18.4)
Investments at fair value through profit or loss	**1.8**	4.3	**-**	-
Payment for other transaction costs	**7.7**	23.4	**1.9**	19.0
Changes in operating assets and liabilities				
(Increase) / decrease in:				
Receivables	**(3.5)**	19.0	**(2.8)**	15.6
Tax assets / liabilities	**(6.2)**	(3.3)	**(0.2)**	(9.2)
Other current assets	**1.4**	(0.2)	**1.7**	(0.6)
Increase / (decrease) in:				
Trade and other payables	**4.6**	(11.9)	**(9.6)**	18.7
Provisions	**(1.4)**	1.4	**-**	-
Unearned income	**(1.9)**	3.4	**(1.6)**	3.0
Net cash provided by operating activities	**190.6**	200.3	**174.6**	195.6

c) Non-cash financing and investing transactions

	Cromwell		Trust	
	2021 $M	2020 $M	**2021 $M**	2020 $M
Stapled securities / units issued on reinvestment of distributions	**-**	21.0	**-**	17.4
CEREIT fees received in units:				
Acquisition fees	**-**	12.5	**-**	-
Management fees	**-**	3.5	**-**	-
Restructure costs	**0.8**	-	**-**	-
Non-cash financing and investing transactions	**0.8**	37.0	**-**	17.4

d) Reconciliation of liabilities arising from financing activities

Cromwell	Interest bearing liabilities $M	Dividends / distributions payable $M	Derivative financial instruments $M	Total $M
Opening balance at 1 July 2019	1,356.4	40.5	37.1	1,434.0
Changes from financing cash flows:				
Proceeds from borrowings	2,050.4	-	-	2,050.4
Repayments of borrowings	(1,243.8)	-	-	(1,243.8)
Payments for lease liabilities	(4.0)	-	-	(4.0)
Payment of dividends / distributions	-	(166.0)	-	(166.0)
Total changes from financing cash flows	802.6	(166.0)	-	636.6
Other movements:				
Exchange rate gains / losses	(2.5)	-	0.6	(1.9)
Fair value net gains / losses	-	-	(18.4)	(18.4)
Other lease liability movements	24.7	-	-	24.7
Amortisation of loan transaction costs	10.0	-	-	10.0
Stapled securities / units issued on reinvestment of distributions	-	(21.0)	-	(21.0)
Distributions for the year	-	195.5	-	195.5
Balance at 30 June 2020	**2,191.2**	**49.0**	**19.3**	**2,259.5**
Changes from financing cash flows:				
Proceeds from borrowings	**338.1**	**-**	**-**	**338.1**
Repayments of borrowings	**(311.9)**	**-**	**-**	**(311.9)**
Payments for lease liabilities	**(5.1)**	**-**	**-**	**(5.1)**
Payment of loan transaction costs	**(3.6)**	**-**	**-**	**(3.6)**
Payments for derivative financial instruments	**-**	**-**	**4.9**	**4.9**
Payment of dividends / distributions	**-**	**(190.6)**	**-**	**(190.6)**
Total changes from financing cash flows	**17.5**	**(190.6)**	**4.9**	**(168.2)**
Other movements:				
Exchange rate gains / losses	**(39.4)**	**-**	**1.4**	**(38.0)**
Fair value net gains / losses	**-**	**-**	**(14.2)**	**(14.2)**
Other lease liability movements	**6.4**	**-**	**-**	**6.4**
Amortisation of loan transaction costs	**10.5**	**-**	**-**	**10.5**
Distributions for the year	**-**	**184.1**	**-**	**184.1**
Balance at 30 June 2021	**2,186.2**	**42.5**	**11.4**	**2,240.1**

Trust	Interest bearing liabilities $M	Dividends / distributions payable $M	Derivative financial instruments $M	Total $M
Opening balance at 1 July 2019	1,349.0	40.5	37.1	1,426.6
Changes from financing cash flows:				
Proceeds from borrowings	2,050.4	-	-	2,050.4
Repayments of borrowings	(1,243.8)	-	-	(1,243.8)
Payments for lease liabilities	(0.4)	-	-	(0.4)
Payment of loan transaction costs	(4.5)	-	-	(4.5)
Payment of dividends / distributions	-	(169.6)	-	(169.6)
Total changes from financing cash flows	801.7	(169.6)	-	632.1
Other movements:				
Exchange rate gains / losses	1.4	-	0.6	2.0
Other lease liability movements	6.7	-	-	6.7
Fair value net gains / losses	-	-	(18.4)	(18.4)
Amortisation of loan transaction costs	9.8	-	-	9.8
Stapled securities / units issued on reinvestment of distributions	-	(17.4)	-	(17.4)
Distributions for the year	-	195.5	-	195.5
Balance at 30 June 2020	**2,168.6**	**49.0**	**19.3**	**2,236.9**
Changes from financing cash flows:				
Proceeds from borrowings	**338.1**	**-**	**-**	**338.1**
Repayments of borrowings	**(304.5)**	**-**	**-**	**(304.5)**
Payments for lease liabilities	**(0.4)**	**-**	**-**	**(0.4)**
Payment of loan transaction costs	**(3.6)**	**-**	**-**	**(3.6)**
Payments for derivative financial instruments	**-**	**-**	**4.9**	**4.9**
Payment of dividends / distributions	**-**	**(189.6)**	**-**	**(189.6)**
Total changes from financing cash flows	**29.6**	**(189.6)**	**4.9**	**(155.1)**
Other movements:				
Exchange rate gains / losses	**(39.7)**	**-**	**1.4**	**(38.3)**
Fair value net gains / losses	**-**	**-**	**(14.2)**	**(14.2)**
Other lease liability movements	**0.3**	**-**	**-**	**0.3**
Amortisation of loan transaction costs	**10.5**	**-**	**-**	**10.5**
Distributions for the year	**-**	**183.1**	**-**	**183.1**
Balance at 30 June 2021	**2,169.3**	**42.5**	**11.4**	**2,223.2**

e) Accounting policy

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

23. Security based payments

a) Overview

Cromwell operates a security based compensation scheme, the Performance Rights Plan (PRP). Under the PRP, eligible employees, including executive directors, have the right to acquire Cromwell securities at a consideration of between $0.00 and $0.50 subject to certain vesting conditions. Eligibility is by invitation of the Board of Directors and participation in the PRP by executive directors is subject to securityholder approval. The PRP is designed to provide long-term incentives for employees to continue employment and deliver long-term securityholder returns.

b) PRP

All full-time and part-time employees who meet minimum service, remuneration and performance requirements, including executive directors, are eligible to participate in the PRP at the discretion of the Board. Under the PRP, eligible employees are allocated performance rights. Each performance right enables the participant to acquire a stapled security in Cromwell, at a future date and exercise price, subject to conditions. The number of performance rights allocated to each participant is set by the Board or the Nomination & Remuneration Committee and based on individual circumstances and performance.

The amount of performance rights that will vest under the PRP depends on a combination of factors which may include Cromwell's total securityholder returns (including price growth, dividends and capital returns), internal performance measures and the participant's continued employment. Performance rights allocated under the PRP generally vest in three years. Until performance rights have vested, the participant cannot sell or otherwise deal with the performance rights except in certain limited circumstances. It is a condition of the PRP that a participant must remain employed by Cromwell in order for performance rights to vest. Any performance rights which have not yet vested on a participant leaving employment must be forfeited.

Set out below is a summary of movements in the number of performance rights outstanding at the end of the financial year:

	2021		2020	
	Weighted average exercise price	**Number of performance rights**	Weighted average exercise price	Number of performance rights
As at 1 July	**$0.26**	**13,818,156**	$0.32	15,632,820
Granted during the year	**-**	**5,969,553**	$0.17	3,366,614
Exercised during the year	**$0.30**	**(7,585,942)**	$0.40	(4,920,055)
Forfeited during the year	**$0.03**	**(2,016,074)**	$0.00	(261,223)
As at 30 June	**$0.12**	**10,185,693**	$0.26	13,818,156
Vested and exercisable	**-**	**-**	-	-

The weighted average price per security at the date of exercise of options exercised during the year ended 30 June 2021 was $0.87 (2020: $1.21). No options expired during the years covered in the table above.

The weighted average remaining contractual life of the 10,185,693 performance rights outstanding at the end of the financial year (2020: 13,818,156) was 1.5 years (2020: 1.3 years).

Fair value of performance rights granted

The fair value of performance rights granted during the year was between $0.77 and $1.04 per option for PRP with an exercise price of $nil (2020: fair value between $0.57 and $1.06 and exercise prices of $nil and $0.50).

Performance rights do not have any market-based vesting conditions. The fair values at grant date are determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the security price at grant date and expected price volatility of the underlying security, the expected dividend/distribution yield and the risk-free interest rate for the term of the option. The model inputs for performance rights granted during the year included:

	2021	2020
Exercise price:	**$0.00**	Range between $0.00 to $0.50
Grant date(s):	**23-Dec-20**	Range between 4-Oct-19 and 27-Mar-20
Share price at grant date(s):	**$0.88**	Range between $1.27 and $0.80
Expected price volatility:	**40%**	Range between 16% and 15%
Expected dividend yield(s):	**8.5%**	Range between 5.91% and 9.6%
Risk free interest rate(s):	**0.11%**	Range between 0.78% and 0.56%
Expiry date(s):	**30-Jul-23 and 30-Sept-23**	Range between 31-Oct-22 and 30-Sept-22

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

c) Expense arising from security based payments

Expenses arising from share-based payments recognised during the year as part of employee benefits expense were as follows:

	Cromwell		Trust	
	2021 $M	2020 $M	**2021 $M**	2020 $M
Performance rights issued under the PRP	**2.1**	2.8	**-**	-

See note 6(d) for information in relation the accounting policy in relation to security based payments.

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24. Related parties

a) Overview

Related parties include directors and other key management personnel and their close family members and any entities they control as well as subsidiaries, associates and joint ventures of Cromwell. They also include entities which are considered to have significant influence over Cromwell, that is securityholders that hold more than 20% of Cromwell's issued securities.

This note provides information about transactions with related parties during the year. All of Cromwell's transactions with related parties are on normal commercial terms and conditions and at market rates.

b) Key management personnel disclosures

Key management personnel compensation	Cromwell	
	2021 **$**	2020 $
Short-term employee benefits	**7,151,179**	6,006,118
Post-employment benefits	**143,882**	126,998
Other long-term benefits	**136,323**	79,103
Security-based payments	**916,474**	2,234,262
Total key management personnel compensation	**8,347,358**	8,446,481

Loans to key management personnel

Cromwell provided loans to Mr P Weightman, a now former Director of the Company, for the exercise of his employee options under Cromwell's Performance Rights Plan. Each loan term was three years, limited recourse and interest free. The final balance owing of $3,080,000 was repaid during the year (2020: balance owing of $2,736,980) and facility cancelled.

c) Other related party transactions

i) Parent entity and subsidiaries

Cromwell Corporation Limited is the ultimate parent entity in Cromwell. Cromwell Diversified Property Trust is the ultimate parent entity in the Trust. Details of subsidiaries for both parent entities are set out in note 18.

ii) Transactions with joint ventures and associates

Cromwell European Real Estate Investment Trust

Cromwell and the Trust hold 28.0% and 27.5% interests in CEREIT (2020: 30.7% and 30.1% - refer to note 9(b) for further details). Cromwell and the Trust received $50.3 million and $49.4 million in distributions from CEREIT during the year (2020: $28.1 million and $27.8 million).

Cromwell EREIT Management Pte. Ltd. ("CEM"), a wholly owned subsidiary of Cromwell, is the Manager for CEREIT. A number of other wholly owned, Europe-domiciled, subsidiaries of Cromwell provide property related services to CEREIT at normal commercial terms.

The following income was earned by Cromwell from CEREIT:

	Cromwell	
	2021 **$M**	2020 $M
Paid / payable by CEREIT to Cromwell and its subsidiaries:		
Asset management fees	**25.2**	24.2
Development sales	**15.0**	-
Fund management fees	**11.1**	17.0
Leasing fees	**2.5**	1.5
Project management fees	**1.7**	0.8
Distributions	**50.3**	28.1
Balances outstanding with CEREIT at year end:		
Aggregate amounts receivable	**12.0**	9.0

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Oyster Property Funds Limited

During the year, the Trust provided a NZD-denominated short-term loan facility of $17.1 million in aggregate to a subsidiary of Oyster for the initial funding of a property syndication. The Trust earned a fee of $475,000 for the provision of this facility, which was never drawn upon and has now ceased.

LDK Healthcare Unit Trust

Cromwell holds a 50% interest in the LDK Healthcare Unit Trust (LDK), a joint venture conducting an aged care operation. Cromwell has the following loans and related party transactions with the LDK joint venture:

a) Working capital loans

Refer to note 13(b) for further information.

b) "Waterfall" loans

During the prior year, Cromwell and the Trust provided a number of loan facilities to LDK Healthcare Unit Trust and a number of its subsidiaries in order to assist in the development of the LDK business. Refer to note 13(b) for further information.

c) Project management fees

During the year, Cromwell provided project management services to a subsidiary of LDK in relation to the development of the LDK 'Greenway Views' aged care facility. Cromwell derived $0.9 million in project management fees at normal commercial terms during the year (2020: $1.1 million).

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Cromwell derived $0.7 million in property management fees at normal commercial terms during the year (2020: $0.4 million).

iii) Transactions between the Trust and the Company and its subsidiaries (including the responsible entity of the Trust)

Cromwell Property Securities Limited ("CPS"), a wholly owned subsidiary of Cromwell Corporation Limited ("CCL") acts as responsible entity for the Trust. For accounting purposes the Trust is considered to be controlled by CCL. CCL and its subsidiaries provide a range of services to the Trust. A subsidiary of CCL rents commercial property space in a property owned by the Trust. All transactions are performed on normal commercial terms.

The Trust made the following payments to and received income from CCL and its subsidiaries:

	Trust	
	2021 $M	2020 $M
Paid / payable by the Trust to the Company and its subsidiaries:		
Development fees	**-**	32.0
Fund management fees	**20.0**	18.8
Property management fees	**6.3**	6.4
Leasing fees	**0.6**	2.7
Project management fees	**0.7**	0.3
Accounting fees	**1.0**	0.8
Received / receivable by the Trust from the Company and its subsidiaries:		
Interest	**2.2**	4.2
Rent and recoverable outgoings	**2.2**	2.7
Balances outstanding at year-end with the Company and its subsidiaries:		
Aggregate amounts payable	**0.7**	2.9
Aggregate amounts receivable	**74.6**	98.3

The amount receivable from the Company and its subsidiaries includes loans of $74.6 million (2020: $98.0 million). For further details regarding these loans refer to note 13(b).

25. Auditors' remuneration

a) Overview

The independent auditors of Cromwell in Australia (Deloitte Touche Tohmatsu) and component auditors of overseas subsidiaries and their affiliated firms have provided a number of audit and other assurance related services as well as other non-assurance related services to Cromwell and the Trust during the year.

Below is a summary of fees paid for various services to Deloitte Touche Tohmatsu and component audit firms during the year:

	Cromwell		Trust	
	2021 $	2020 $	**2021 $**	2020 $
Deloitte Touche Tohmatsu				
Audit and other assurance services				
Auditing or reviewing of financial reports	**452,760**	465,260	**340,020**	299,420
Auditing of controlled entities' AFS licences	**7,000**	7,000	**-**	-
Auditing of component financial reports	**793,588**	899,246	**376,192**	299,896
Other assurance services	**25,000**	20,000	**-**	-
	1,278,348	1,391,506	**716,212**	599,316
Other services				
Due diligence services	**-**	111,801	**-**	-
Australian taxation advice	**18,690**	34,436	**-**	-
International taxation advice	**9,118**	44,261	**-**	-
Total remuneration of Deloitte Touche Tohmatsu	**1,306,156**	1,582,004	**716,212**	599,316
Pitcher Partners				
Audit and other assurance services				
Auditing of the Trust's compliance plan	**39,000**	36,000	**39,000**	36,000
	39,000	36,000	**39,000**	36,000
Other services				
Valuation services	**11,000**	14,500	**-**	-
Total remuneration of Pitcher Partners	**50,000**	50,500	**39,000**	36,000
Total auditors' remuneration	**1,356,156**	1,632,504	**755,212**	635,316

26. Unrecognised items

a) Overview

Items that have not been recognised on Cromwell's and the Trust's Balance sheet include contractual commitments for future expenditure 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) Commitments

Operating leases

Operating leases primarily comprise the lease of Cromwell's Sydney and European office premises. The Company has entered into a number of leases with the Trust and its subsidiaries and as such the commitment is not recognised on consolidation.

For further information in relation to commitments for minimum lease payments in relation to non-cancellable operating leases in existence at the reporting date but not recognised as liabilities see note 11(c).

Capital expenditure commitments

Commitments in relation to capital expenditure contracted for at reporting date but not recognised as a liability are as follows:

	Cromwell		Trust	
	2021 $M	2020 $M	**2021 $M**	2020 $M
Investment property	**6.2**	5.3	**6.2**	5.3
Total capital expenditure commitments	**6.2**	5.3	**6.2**	5.3

c) Contingent assets and contingent liabilities

The Directors are not aware of any material contingent assets or contingent liabilities of Cromwell or the Trust (2020: $nil).

27. Subsequent events

Other than those disclosed below, no matter or circumstance has arisen since 30 June 2021 that has significantly affected or may significantly affect:

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

The financial statements were approved by the Board of Directors and authorised for issue on 25 August 2021.

Directors' Declaration

In the opinion of the Directors of Cromwell Corporation Limited and Cromwell Property Securities Limited as Responsible Entity for the Cromwell Diversified Property Trust (collectively referred to as "the Directors"):

the attached financial statements and notes are in accordance with the *Corporations Act 2001* (Cth), including:

i) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Corporations Regulations 2001*; and

ii) giving a true and fair view of Cromwell's and the Trust' financial position as at 30 June 2021 and of their performance, for the financial year ended on that date; and

the financial report also complies with International Financial Reporting Standards as disclosed in About this report - note 1 Basis of preparation; and

there are reasonable grounds to believe that Cromwell and the Trust will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations by the chief executive officer and chief financial officer for the financial year ended 30 June 2021 required by section 295A of the *Corporations Act 2001* (Cth).

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

Dr Gary Weiss AM

Chair

25 August 2021

Sydney

Deloitte.

Deloitte Touche Tohmatsu
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Independent Auditor's Report to the Stapled Security Holders of Cromwell Property Group and the Unitholders of Cromwell Diversified Property Trust

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of:

- Cromwell Property Group (the "Group") which comprises the consolidated balance sheet as at 30 June 2021, the consolidated statement of profit and loss and consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated stapled entity. The consolidated stapled entity compromises Cromwell Corporation Limited ("the Company"), Cromwell Diversified Property Trust, and the entities they controlled at the year end or from time to time during the year; and

- Cromwell Diversified Property Trust (the "Trust") which comprises the consolidated balance sheet as at 30 June 2021, the consolidated statement of profit and loss and consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration of Cromwell Property Securities Limited (the "Responsible Entity"), as Responsible Entity of the Trust. The consolidated entity comprises Cromwell Diversified Property Trust and the entities it controlled at the year end or from time to time during the year.

In our opinion, the accompanying financial reports of the Group and Trust are in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's and Trust's financial position as at 30 June 2021 and of their financial performance for the year then ended; and

- complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & 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 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 Company and Cromwell Property Securities Limited as the Responsible Entity for the Trust, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<u>Valuation of investment properties</u> At 30 June 2021, Cromwell Property Group recognised investment properties valued at $3,864 million as disclosed in Note 8. The Group owns either directly or through joint ventures a portfolio of property consisting of properties across Australia, Italy and Poland. Valuations were carried out by internal and third party valuers for all investment properties in Australia, Italy and Poland during the year. Within the 30 June 2021 valuations, valuers included observations as to the general market uncertainty caused by COVID-19. This highlights a higher degree of caution should be attached to the valuations than would normally be the case. Note 8 describes the valuation methodologies adopted by the Group: • the capitalisation approach applies a capitalisation rate to normalised market net operating income. • the discounted cash flow method involves the projection of cash flows discounted to present value. The valuation processes requires significant judgment and estimation in the following: • net market income • net operating income • compound annual growth rates • terminal yields • capitalisation rates; and • discount rates.	Our procedures included but, were not limited to: • Assessing the design and testing the operating effectiveness of relevant controls within management's valuation framework and assessing the oversight applied by the directors • Enquiring of management to obtain an understanding of portfolio movements and their identification of any additional property specific matters, as well as their assessment of the impact of COVID-19 on the valuations, including the uncertainty statement included in the valuation reports • Assessing the independence, competence and objectivity of the external valuers, as well as competence and objectivity of internal valuers (where relevant). • Performing an analytical review and risk assessment of the portfolio, assessing the key inputs and assumptions • Testing on a sample basis, both externally and internally valued properties, for: – the completeness and accuracy of the information in the valuation by agreeing key inputs such as annual net operating income to underlying audited records and source evidence – the forecasts used in the valuations with reference to current financial results such as net operating income, capital expenditure requirements, occupancy and lease renewals; and – the mathematical accuracy of the valuation models • Assessing the assumptions used in the valuations, including the capitalisation rate used, and net market income adjustments made in the capitalisation approach and the discount rate, compound annual growth rate, and terminal yield used in the discounted cashflow method with reference to external market trends & transactions, property specific factors such as tenant mix and changes since the prior valuation. We also assessed the appropriateness of the disclosures included in the Notes to the financial statements.

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Other Information

The directors of the Company and the Responsible Entity ("the Directors") are responsible for the other information. The other information comprises the Directors' Report, which we obtained prior to the date of this auditor's report, and also includes the following information which will be included in the Group's annual report (but does not include the financial report and our auditor's report thereon): Financial Highlights, Chairman's Report, CEO's Report, Corporate Governance Statement and Securityholder Information, which is expected to be made available to us after that date.

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

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Financial Highlights, Chairman's Report, CEO's Report, Corporate Governance Statement and Securityholder Information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action.

Responsibilities of the Directors for the Financial Report

The directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and Trust to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's and Trust's audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 24 to 41 of the Directors' Report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Cromwell Property Group, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

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David Rodgers
Partner
Chartered Accountants
Brisbane, 25 August 2021