

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 2013.

1. CROMWELL PROPERTY GROUP STRUCTURE

This report is for the Cromwell Property Group ("the Group"), consisting of Cromwell Corporation Limited (ABN 44 001 056 980) ("the Company"), and Cromwell Diversified Property Trust (ABN 30 074 537 051) ("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 2013. Comparative amounts, unless otherwise indicated, are for the year ended 30 June 2012.

3. HIGHLIGHTS OF RESULTS

	30 Jun 2013 \$A'000	30 Jun 2012 \$A'000	% Change
Revenue and other income	230,515	186,903	23%
Profit from operations attributable to stapled security holders as assessed by the directors ⁽¹⁾	102,411	80,010	28%
Basic/Diluted operating earnings per stapled security as assessed by the directors ^{(1) (2)}	7.63 cents	7.48 cents	2%
Other items (including fair value adjustments)	(56,255)	(56,933)	(1%)
Profit after tax attributable to stapled security holders	46,156	23,077	100%
Basic/Diluted earnings per stapled security ⁽²⁾	3.44 cents	2.16 cents	59%
Distributions per stapled security	7.25 cents	7.0 cents	4%
 Total assets	 2,546,110	 1,837,601	 39%
Net assets	1,200,852	788,989	52%
Net tangible assets ⁽³⁾	1,199,018	787,422	52%
Net debt ⁽⁴⁾	1,106,787	905,024	22%
Gearing (%) ⁽⁵⁾	46%	51%	(5%)
 Securities issued	 1,713,721	 1,169,689	 47%
NTA per security	\$0.70	\$0.67	4%
NTA per security (excluding interest rate swaps)	\$0.72	\$0.71	1%

(1) Profit from operations 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 2013 annual financial report.

(2) Earnings per stapled security calculated using weighted average number of stapled securities on issue during the relevant period.

(3) Net assets less deferred tax asset and intangible assets.

(4) Borrowings less cash and cash equivalents.

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

4. COMMENTARY ON THE RESULTS

Refer to the Directors' Report of the 2013 annual financial report for a commentary on the results of the Group.

5. DIVIDENDS AND DISTRIBUTIONS

Group	Dividend per Security	Distribution per Security	Total per Security	Total \$'000	Franked amt per Security	Record Date	Payment Date
2013							
Interim distribution	-	1.8125¢	1.8125¢	21,243	-	05/10/12	14/11/12
Interim distribution	-	1.8125¢	1.8125¢	22,874	-	31/12/12	13/02/13
Interim distribution	-	1.8125¢	1.8125¢	26,481 ⁽¹⁾	-	28/03/13	15/05/13
Final distribution	-	1.8125¢	1.8125¢	31,061 ⁽²⁾	-	28/06/13	15/08/13
	-	7.2500¢	7.2500¢	101,659	-		
2012							
Interim distribution	-	1.7500¢	1.7500¢	16,920	-	04/10/11	16/11/11
Interim distribution	-	1.7500¢	1.7500¢	17,602	-	30/12/11	15/02/12
Interim distribution	-	1.7500¢	1.7500¢	20,027	-	30/03/12	16/05/12
Final distribution	-	1.7500¢	1.7500¢	20,470	-	29/06/12	16/08/12
	-	7.0000¢	7.0000¢	75,019	-		

(1) Includes an amount of \$453,000 for both the Group and Trust in excess of the pro-rata entitlement for the quarterly distribution paid to those securityholders who acquired securities in February 2013 as part of the Security Purchase Plan.

(2) Includes an amount of \$3,758,000 for both the Group and Trust in excess of the pro-rata entitlement for the quarterly distribution paid to those securityholders who acquired securities in June 2013 as part of the placement and entitlement offer.

6. DIVIDEND/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.

7. INVESTMENTS IN ASSOCIATES

Refer to note 13 of the 2013 annual financial report for details of investments in associates.

8. CHANGES IN CONTROL OVER GROUP ENTITIES

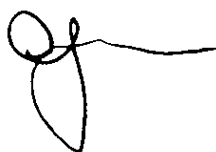
Refer to note 37 of the 2013 annual financial report for details of the acquisition of the Cromwell Property Fund

There were no disposals of controlled entities during the 2013 year.

9. COMPLIANCE STATEMENT

This Report has been prepared in accordance with AASB Standards (including Australian Interpretations) and other standards acceptable to ASX. This Report, and the financial reports upon which the report is based, use the same accounting policies.

The information contained in this Report is based on the attached audited financial report for the year ended 30 June 2013.



Daryl Wilson
Finance Director
26 August 2013

Cromwell Property Group Annual Financial Report 30 June 2013

**consisting of the combined Financial Reports of
Cromwell Corporation Limited (ABN 44 001 056 980)
and its controlled entities
and
Cromwell Diversified Property Trust
(ARSN 102 982 598) and its controlled entities**

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

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DIRECTORY

Board of Directors:

Geoffrey Levy (AO)
 Robert Pullar
 Michelle McKellar
 David Usasz
 Richard Foster
 Marc Wainer
 Michael J Watters
 Paul Weightman
 Daryl Wilson
 Geoffrey Cannings (Alternate for Michael J Watters)

Secretary:

Nicole Riethmuller

Share Registry:

Link Market Services Limited
 Level 15, 324 Queen Street
 Brisbane QLD 4000
 Tel: 1300 550 841 (+61 2 8280 7124)
 Fax: +612 9287 0309
 Web: www.linkmarketservices.com.au

Registered Office:

Level 19
 200 Mary Street
 Brisbane QLD 4000
 Tel: +61 7 3225 7777
 Fax: +61 7 3225 7788
 Web: www.cromwell.com.au

Listing:

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

Auditor:

Pitcher Partners
 Level 30, Central Plaza One
 345 Queen Street
 Brisbane QLD 4000
 Tel: +61 7 3222 8444
 Fax: +61 7 3221 7779
 Web: www.pitcher.com.au

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 2013 for both:

- the Cromwell Property Group ("the Group") consisting of Cromwell Corporation Limited ("the Company") and its controlled entities and 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 the Group. The shares of the Company and units of the Trust cannot be traded separately and can only be traded as stapled securities.

1. Directors & Officers

(a) Directors

The persons who were Directors at any time during the financial year and up to the date of this report (unless otherwise stated) were:

(i) Mr Geoffrey Levy (AO) – Chairman

Mr Levy has extensive public company executive and directorship experience and is the former Chief Executive Officer and current Deputy Chairman of Investec Bank (Australia) Ltd. He is currently Chairman of ASX listed Speciality Fashion Group Limited, and Monash Private Capital. He was appointed an Officer in the Order of Australia in the Queen's Birthday Honours List in June 2005. He has also been appointed by the NSW State Government to chair its Property Asset Utilisation Taskforce.

(ii) Mr Robert Pullar – Non-Executive Director

Mr Pullar is a Director of the Brisbane based property development company operating in Australia, Citimark Properties. He was previously a partner with a mid-tier chartered accounting firm, specialising in property investment, taxation and corporate reorganisation. Mr Pullar is a member of the Institute of Chartered Accountants and a Fellow of the Australian Institute of Company Directors. He is Chairman of Cromwell's Nomination & Remuneration Committee, Chairman of Cromwell's Investment Committee and a member of Cromwell's Audit & Risk Committee.

(iii) Ms Michelle McKellar – Non-Executive Director

Ms McKellar has a wealth of property and portfolio management experience having held Chief Executive positions with CB Richard Ellis throughout Asia Pacific and subsequently the Jen Group of Companies overseeing the development and management of a significant commercial and retail portfolio. She is a senior member of the Property and Land Economy Institute, a member of the Australian Institute of Company Directors and operates her private property companies in Australia and NZ. Ms McKellar is a member of Cromwell's Nomination & Remuneration, Audit & Risk and Investment Committees.

(iv) Mr David Usasz – Non-Executive Director

Mr Usasz has 20 years experience as a partner with PricewaterhouseCoopers and has been involved in merger and acquisition advice, accounting and financial consultancy, specialising in corporate reorganisations. He is a director of Queensland Investment Corporation Limited. He holds a Bachelor of Commerce and is a Fellow of the Institute of Chartered Accountants. Mr Usasz is Chairman of Cromwell's Audit & Risk Committee and a member of Cromwell's Nomination & Remuneration Committee.

(v) Mr Richard Foster – Non-Executive Director

Mr Foster is a licensed real estate agent with substantial experience in the real property industry specialising in large-scale property acquisition for most of his professional life. He has also been closely involved with the acquisition and marketing of direct property investments valued in excess of \$1.2 billion. He has had substantial input to the growth and development of the business and the Group's investment products. Mr Foster is a member of Cromwell's Nomination & Remuneration and Investment Committees.

(vi) Mr Marc Wainer – Non-Executive Director

Mr Wainer has more than 35 years experience in the property industry in South Africa, including founding Investec Property Group, Investec Bank's property division. Marc is Chief Executive Officer and an Executive Director of listed South African property group Redefine Properties which he founded, and a director of Redefine International plc, a listed property investment company which is a substantial securityholder of Cromwell Property Group. He also is a non-executive director of Hyprop Investments Limited, a South African listed retail property fund.

(vii) Mr Michael J Watters – Non-Executive Director

Mr Watters was appointed in April 2011, is a qualified engineer with a BSc Eng. (Civil) Degree and an MBA and has over 25 years experience in the investment banking and real estate industries. He has held directorships of some of South Africa's top rated listed property funds including Sycom Property Fund and Hyprop Investments Limited. He is the CEO of the Redefine International Group.

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

Mr Weightman practised as a solicitor for more than 20 years and holds degrees in commerce and law. He has extensive experience in property development and investment, financial structuring, public listings, mergers and acquisitions, revenue matters and joint ventures. Mr Weightman was Cromwell's Executive Chairman from 1998 until the appointment of Mr Levy in April 2008, and has acted as Chief Executive Officer since that date. He has been a director of companies in the property, energy and retail sectors. Mr Weightman is a member of Cromwell's Investment Committee.

1. Directors & Officers (continued)

(a) Directors (continued)

(ix) *Mr Daryl Wilson – Director – Finance & Funds Management*

Mr Wilson joined Cromwell in August 1999 and has primary responsibility for the finance and funds management functions. Mr Wilson has led the development of Cromwell's funds management capabilities and has many years experience as a chartered accountant. He holds a Bachelor of Commerce and a Diploma of Financial Planning. Mr Wilson is a member of Cromwell's Investment Committee.

(x) *Mr Geoffrey Cannings – Alternate Director*

Mr Cannings is an alternate director to Mr Michael J Watters and was appointed on 1 August 2011.

All Directors of the Company are also Directors of Cromwell Property Securities Limited, the Responsible Entity of the CDPT.

(b) Directorships of other listed entities in last 3 years

Mr. Levy has been a Director of Specialty Fashion Group since 8 April 2005.

Mr Usasz was a director of Queensland Mining Corporation Limited from 15 June 2007 until his resignation on 28 February 2013.

Mr Wainer is a Director of Redefine International plc, a property investment company which is listed on the London Stock Exchange and a Director of Redefine Properties, a property group which is listed on the Johannesburg Stock Exchange.

Mr Watters is a Director of Redefine International plc, a property investment company which is listed on the London Stock Exchange.

No other Director has been a director of any other listed company during the 3 years preceding the end of the financial year and up to the date of this report.

(c) Company secretary

Ms Nicole Riethmuller

Ms Riethmuller has over 15 years experience as a corporate lawyer having worked primarily in the financial services industry. Prior to joining Cromwell, Nicole was General Counsel at the Queensland Investment Corporation where she headed the in-house legal team. Before that she was a Senior Associate in the Funds Management team at Minter Ellison lawyers in Sydney. Nicole has also been a lawyer and Assistant Company Secretary at Queensland Sugar Corporation. She has a Bachelor of Laws and a Bachelor of Commerce from the University of Queensland.

(d) Directors' meetings

The number of Directors' meetings (including meetings of committees of the Board) and number of meetings attended by each of the Directors of the Company during the financial year were:

Director	Board		Nomination & Remuneration Committee		Audit & Risk Committee		Investment Committee	
	A	B	A	B	A	B	A	B
Geoffrey Levy	15	16	-	-	-	-	-	-
Robert Pullar	14	16	5	5	5	7	7	9
Michelle McKellar	15	16	5	5	7	7	9	9
David Usasz	14	16	5	5	7	7	-	-
Richard Foster	15	16	5	5	-	-	9	9
Marc Wainer	11	16	-	-	-	-	-	-
Michael Watters ⁽¹⁾	16	16	-	-	-	-	-	-
Paul Weightman	16	16	-	-	-	-	9	9
Daryl Wilson	16	16	-	-	-	-	8	9

A – Number of meetings attended **B** – Number of meetings eligible to attend

(1) Includes attendance by alternate director Geoffrey Cannings.

2. Principal Activities

The principal activities of the Group and Trust during the financial year consisted of property investment. The principal activities of the Group also include funds management, property management and property development.

There were no significant changes in the nature of the Group's or Trust's principal activities during the financial year.

3. Dividends/ Distributions

Group	Dividend per Security	Distribution per Security	Total per Security	Total \$'000	Franked amt per Security	Record Date	Payment Date
2013							
Interim distribution	-	1.8125¢	1.8125¢	21,243	-	05/10/12	14/11/12
Interim distribution	-	1.8125¢	1.8125¢	22,874	-	31/12/12	13/02/13
Interim distribution	-	1.8125¢	1.8125¢	26,481 ⁽¹⁾	-	28/03/13	15/05/13
Final distribution	-	1.8125¢	1.8125¢	31,061 ⁽²⁾	-	28/06/13	15/08/13
	-	7.2500¢	7.2500¢	101,659	-		
2012							
Interim distribution	-	1.7500¢	1.7500¢	16,920	-	04/10/11	16/11/11
Interim distribution	-	1.7500¢	1.7500¢	17,602	-	30/12/11	15/02/12
Interim distribution	-	1.7500¢	1.7500¢	20,027	-	30/03/12	16/05/12
Final distribution	-	1.7500¢	1.7500¢	20,470	-	29/06/12	16/08/12
	-	7.0000¢	7.0000¢	75,019	-		
Trust							
Trust	Dividend per Security	Distribution per Security	Total per Security	Total \$'000	Franked amt per Security	Record Date	Payment Date
2013							
Interim distribution	-	1.8125¢	1.8125¢	21,248	-	05/10/12	14/11/12
Interim distribution	-	1.8125¢	1.8125¢	22,879	-	31/12/12	13/02/13
Interim distribution	-	1.8125¢	1.8125¢	26,486 ⁽¹⁾	-	28/03/13	15/05/13
Final distribution	-	1.8125¢	1.8125¢	31,066 ⁽²⁾	-	28/06/13	15/08/13
	-	7.2500¢	7.2500¢	101,679	-		
2012							
Interim distribution	-	1.7500¢	1.7500¢	16,925	-	04/10/11	16/11/11
Interim distribution	-	1.7500¢	1.7500¢	17,607	-	30/12/11	15/02/12
Interim distribution	-	1.7500¢	1.7500¢	20,032	-	30/03/12	16/05/12
Final distribution	-	1.7500¢	1.7500¢	20,474	-	29/06/12	16/08/12
	-	7.0000¢	7.0000¢	75,038	-		

(1) Includes an amount of \$453,000 for both the Group and Trust in excess of the pro-rata entitlement for the quarterly distribution paid to those securityholders who acquired securities in February 2013 as part of the Security Purchase Plan.

(2) Includes an amount of \$3,758,000 for both the Group and Trust in excess of the pro-rata entitlement for the quarterly distribution paid to those securityholders who acquired securities in June 2013 as part of the placement and entitlement offer.

4. Review of Operations and Results

(a) Financial performance

The Group recorded a profit of \$46,156,000 for the year ended 30 June 2013 compared with a profit of \$23,077,000 for the previous year. The Trust recorded a profit of \$43,291,000 for the year ended 30 June 2013 compared with a profit of \$24,359,000 for the previous year.

Net earnings from the property portfolio, after property outgoings costs but before interest expense was \$172,660,000, an increase of 15% on the previous year. The increase was primarily as a result of additional rental income generated due to the acquisition of the balance of the Cromwell Property Fund ("CPF"), increased rental income from Qantas Headquarters (due to expansion of the property), the HQ North property (acquired December 2011), the Bundall Corporate Centre property (acquired January 2012), the Brisbane CBD properties (acquired May 2013) and the NSW Portfolio (acquired June 2013).

The Group also measures the change in like for like net property earnings, taking into account only properties held in both the current and previous financial years. On this basis, net property earnings increased by 3% in 2013. This demonstrates the value of the strong leasing profile of the Group combined with the in house management which enables Cromwell to get the best out of each property.

Interest expense for the year increased to \$67,715,000 (2012: \$61,963,000). This increase occurred as a result of the additional borrowings for properties acquired during the year. The average interest cost fell during the year from 6.93% to 6.43%. This fall in average rate reflected lower variable interest rates as the Reserve Bank reduced the cash rate during the year.

Funds management earnings increased from \$223,000 in 2012 to \$5,754,000 in 2013, reflecting the continuing success of the Group in delivering new products to the market and an increase in recurring revenue from assets under management. This highlights the attractiveness of having the funds management business, which can provide the Group with additional growth to compliment the strong property income stream.

Development activity for this year continued to be limited, with a small amount of industrial land held for development or re-sale when the opportunity arises. The Group does not seek to undertake any material amount of speculative development.

The profit for the year 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, need to be adjusted for in order to allow securityholders to gain a better understanding of the Group and Trust's underlying profit from operations.

The most significant of these items impacting the profit of the Group for 2013 and not considered part of the underlying profit from operations were:

- A decrease in the fair value of investment properties of \$55,747,000 (2012: \$12,353,000); and
- An increase in the fair value of interest rate derivatives of \$7,326,000 (2012: decrease of \$38,483,000).

The decrease in fair value of investment properties had two significant components. Underlying valuations for investment properties decreased by \$32,830,000 during the year, net of property improvements, leasing incentives and lease costs. This is equivalent to a decrease in value of approximately 1.8% or 2.3 cents per stapled security from June 2012 valuations. These decreases were generally concentrated in properties with short to medium-term lease expiries or current vacancies such as Waymouth Street in Adelaide, Mary Street in Brisbane and Tuggeranong Office Park and Keltie Street in Canberra. This is reflective of the current soft economic conditions and a more difficult leasing market which the Group will face over the next 1-2 years. In contrast, properties with longer leases such as the Qantas Headquarters in Sydney and Exhibition Street in Melbourne have increased in value as demand for assets with secure cash flows increases.

The Group also recognised \$26,372,000 in costs related to the acquisition of properties during the year, primarily a portfolio of seven properties acquired from the NSW Government in June 2013 for \$405 million. The majority of these costs relate to stamp duty payable on acquisition. The NSW Government portfolio has a weighted average lease expiry of 10 years and provides an initial yield of approximately 9% on the purchase price. The Group is confident these assets will be seen as a valuable addition to the portfolio in coming years.

	Group	
	2013	2012
	\$'000	\$'000
Change in valuations, net of property improvements, lease costs and incentives	(32,830)	773
Non-cash adjustments for straight-lining of rentals and lease amortisation	3,455	813
Acquisition transaction costs (properties acquired during the year)	(26,372)	(13,939)
Decrease in fair value of investment properties	(55,747)	(12,353)

4. Review of Operations and Results (continued)

(a) Financial performance (continued)

The increase in fair value of interest rate derivatives arose as a result of the Group's policy to hedge a portion of future interest expense. The Group had hedged future interest rates through contracts over 86% of its debt at 30 June 2013 to minimise the risk of changes in interest rates in the future. These contracts expire between November 2013 and December 2017 and can be valued. Although the valuation process is relatively complex, the value is essentially determined by the difference between the actual interest rates which have been agreed under the contracts and what the market forward interest rates are at the date of the valuation until maturity of the hedge contract. The financial result included an increase in fair value of these interest rate derivatives (contracts) held by the Trust of \$7,326,000 or 0.5 cents per stapled security. Market rates, and hence valuations, change daily, but the value at the end of an interest rate contract will always be nil and therefore the amounts recognised in the income statements are expected to reverse over time as the interest rate contracts expire.

(b) Profit from operations

Profit from operations for the year was \$102,411,000 (2012: \$80,010,000).

Profit from operations is considered by the Directors to reflect the underlying earnings of the Group and Trust. It is a key metric taken into account in determining distributions for the Group and Trust, but is a measure which is not calculated in accordance with International Financial Reporting Standards ("IFRS") and has not been audited or reviewed by the Group's auditor.

Profit from operations has been calculated consistently since stapling of the Group in December 2006.

A reconciliation of profit from operations of the Group, as assessed by the Directors, to the reported profit for the year is as follows:

	Group	
	2013	2012
	\$'000	\$'000
Profit from operations	102,411	80,010
<i>Reconciliation to profit for the year</i>		
Gain/(loss) on sale of investment properties	132	(331)
Loss on sale of other assets	(146)	(44)
Merger transaction costs	(631)	-
Fair value net gains/(write-downs):		
• Investment properties	(55,747)	(12,353)
• Interest rate derivatives	7,326	(38,483)
• Investments at fair value through profit or loss	47	(173)
• Property development inventories	-	200
Non-cash property investment income/(expense):		
• Straight-line lease income	6,071	6,892
• Lease incentive amortisation	(8,042)	(6,332)
• Lease cost amortisation	(1,484)	(1,373)
Other non-cash expenses:		
• Amortisation of finance costs	(2,581)	(2,560)
• Employee options expense	(669)	(601)
• Amortisation and depreciation	(643)	(604)
• Relating to equity accounted investments ⁽¹⁾	481	(993)
• Net tax losses incurred/(utilised) ⁽²⁾	(369)	(178)
Net profit for the year	46,156	23,077

(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.

The contribution to profit from operation of each of the 3 segments of the Group was:

	2013	2013	2012	2012
	%	\$'000	%	\$'000
Property Investment	94.9%	97,172	100.5%	80,425
Funds Management	5.6%	5,754	0.3%	223
Property Development	(0.5%)	(515)	(0.8%)	(638)
Profit from operations		102,411		80,010

Property Investment contributed \$97,172,000 or 95% of profit from operations for the year.

4. Review of Operations and Results (continued)

(c) Earnings and Distributions per stapled security

	2013 Cents	2012 Cents
Profit per security (per statutory accounts)	3.44	2.16
Profit from operations per security (see section 4(b))	7.63	7.48
Distributions per security	7.25	7.00

Profit from operations on a per security basis is considered by the Directors to be the most important measure of underlying financial performance as it excludes certain volatile and non-cash items but includes the impact of changes in the number of securities on issue.

Profit from operations per security was 7.60 cents (2012: 7.48 cents). This represents an increase of approximately 1.6% which is considered satisfactory given the current market conditions. Importantly, the property assets acquired during the year are expected to enable the Group to grow profit from operations per security by a much greater amount in the 2014 financial year.

Distributions paid for the year were 7.25 cents (2012: 7.00 cents), including a June 2013 quarter distribution of 1.8125 cents per stapled security paid on 15 August 2013. This represents a growth in distributions per security of 3.6% in 2013. Growing distributions per security in a sustainable way remains a key priority in the future.

(d) Financial position

	Group		Trust	
	2013	2012	2013	2012
Total assets (\$'000)	2,546,110	1,837,601	2,487,254	1,820,045
Net assets (\$'000)	1,200,852	788,989	1,145,462	774,720
Net tangible assets ⁽¹⁾ (\$'000)	1,199,018	787,442	1,145,462	774,720
Net debt (\$'000) ⁽²⁾	1,106,787	905,024	1,157,594	913,156
Gearing (%) ⁽³⁾	46%	51%	48%	52%
Securities issued ('000)	1,713,721	1,169,689	1,713,996	1,169,964
NTA per security ⁽¹⁾	\$0.70	\$0.67	\$0.67	\$0.66
NTA per security (excluding interest rate swaps)	\$0.72	\$0.71	\$0.69	\$0.70

(1) Net assets less deferred tax asset and intangible assets.

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

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

A total of 11 property assets were externally revalued at June 2013, representing approximately 48% of the property portfolio by value. The balance of the portfolio is subject to internal valuations having regard to previous external valuations and comparable sales evidence. The weighted average capitalisation rate (WACR) was 8.51% across the portfolio, compared with 8.28% at June 2012.

Net debt has increased due to the additional borrowings of \$353,171,000, including \$200,000,000 drawn down to acquire the NSW Portfolio, \$112,250,000 assumed as part of the CPF acquisition and \$42,921,000 from further draw downs to fund capital expenditure in relation to the Mascot property. Gearing, however, decreased from 51% to 46% during the year as a result of new equity raised to fund property acquisitions and remains within the preferred range of 35-55%.

An additional 544,033,000 stapled securities were issued during the year, at an average issue price of \$0.88, comprising 32,339,000 securities issued to CPF investors in exchange for their CPF units in October 2012 and placements to new and existing investors of 182,166,000 securities in December 2012 and 250,000,000 securities in June 2013. The continuing operation of the distribution reinvestment plan also resulted in the issue of 12,362,000 securities during the year.

NTA per security has increased during the year from \$0.67 to \$0.70, primarily as a result of the issue of new equity at an average premium to NTA of 24%. NTA per security excluding the value of interest rate contracts increased slightly to \$0.72 per security.

5. Significant Changes in the State of Affairs

Changes in the state of affairs of the Group during the financial year are set out within the financial report.

There were no significant changes in the state of affairs of the Group during the financial year other than as disclosed in this report and the accompanying financial report.

6. Subsequent Events

Other than as set out in note 40 of the financial report, no matter or circumstance has arisen since 30 June 2013 that has significantly affected or may significantly affect:

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

7. Likely Developments

The outlook remains positive for the Group, despite the continuing sluggish pace of economic growth.

The Group's property portfolio is expected to continue to deliver consistent earnings. The performance of the investment property portfolio reflects the benefits of Cromwell's integrated property management and tenant relationship activities. The portfolio was 96.0% leased at year-end, with a 6.1 year weighted average lease term. Importantly, tenant quality is also exceptional, with 45.8% of rental income at balance date underpinned by Government or Government owned/funded entities, and a further 37.1% from listed companies or their subsidiaries.

The Group expects to achieve good growth in both operating earnings and distributions per security in 2014, underpinned by this strong property portfolio and the funds management business, which has the potential to return to a period of significant growth in future years. The Group gave guidance for 2014 of expected profits from operations per security of 8.3 cents in 2014, an increase of 9% over 2013. This, if it can be achieved, will be an exceptional result in the current climate and demonstrates the continuing resilience of our business model. Distributions are also expected to increase to 7.5 cents per security (annualised) from the September 2013 quarter, an increase of 3.4% on 2013 levels.

The Group also aims to grow net tangible assets per security in 2014, to maintain gearing below 50% and to continue to outperform the S&P/ASX 300 A-REIT accumulation index over rolling 3 and 5 year periods.

8. Environmental Regulation

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

9. Directors' Interests

The interests of current Directors in stapled securities of the Group at the date of this report are as follows:

	Stapled Securities	Performance Rights	Options over Securities
Geoffrey Levy	2,777,630	-	-
Robert Pullar	6,500,000	-	-
Michelle McKellar	514,646	-	-
David Usasz	2,405,000	-	-
Richard Foster	3,811,765	-	-
Marc Wainer	-	-	-
Michael J Watters	-	-	-
Geoffrey Cannings	80,000	-	-
Paul L Weightman	15,921,167	4,000,000	-
Daryl J Wilson	1,622,200	1,740,000	-
	33,632,408	5,740,000	-

10. Options and Performance Rights

(a) Securities under option through the Performance Rights Plan

The Group issues options over stapled securities through the issue of performance rights under the Performance Rights Plan ("PRP"). At the date of this report, performance rights on issue are as follows:

Date granted	Exercise date	Exercise price	Expiry date	Number
23/08/10	21/08/13 – 21/09/13	\$0.00	21/09/13	101,378
23/08/10	21/08/13 – 21/09/13	\$0.10	21/09/13	47,433
23/08/10	21/08/13 – 21/09/13	\$0.20	21/09/13	95,894
07/03/11	01/07/13 – 01/08/13	\$0.00	01/08/13	97,633
26/05/11	01/07/13 – 01/10/13	\$0.50	01/10/13	1,913,333
26/05/11	01/07/14 – 01/10/14	\$0.50	01/10/14	1,913,333
26/05/11	01/07/15 – 01/10/15	\$0.50	01/10/15	1,913,334
05/09/11	06/09/14 – 05/10/14	\$0.20	05/10/14	393,679
05/09/11	06/09/14 – 05/10/14	\$0.00	05/10/14	590,622
05/09/11	06/09/14 – 05/10/14	\$0.10	05/10/14	52,851
24/08/12	24/08/15 – 24/09/15	\$0.00	24/09/15	81,581
24/08/12	24/08/15 – 24/09/15	\$0.20	24/09/15	82,142
12/10/12	12/10/15 – 12/11/15	\$0.00	12/11/15	150,018
12/10/12	12/10/15 – 12/11/15	\$0.20	12/11/15	229,110
19/10/12	01/07/13 – 01/08/13	\$0.00	01/08/13	55,561
19/10/12	01/07/14 – 01/08/14	\$0.00	01/08/14	55,563
19/10/12	01/07/15 – 01/08/15	\$0.00	01/08/15	55,563
19/10/12	01/07/13 – 01/08/13	\$0.20	01/08/13	60,292
19/10/12	01/07/14 – 01/08/14	\$0.20	01/08/14	60,292
19/10/12	01/07/15 – 01/08/15	\$0.20	01/08/15	60,292
Performance rights on issue				8,009,904

Performance rights on issue at 30 June 2013 represent 0.47% of total issued securities. No holder has any right under the performance rights to participate in any other security or interest of the Company or any other entity, except that performance right holders effectively have a matching in-substance option for units in Cromwell Diversified Property Trust as a result of the Group's stapling arrangement.

No other form of option is on issue at the date of this report.

(b) Securities issued on the exercise of performance rights through the Performance Rights Plan

The following stapled securities were issued during the year ended 30 June 2013 on the exercise of performance rights granted under the PRP. No further securities have been issued as a result of the exercise of performance rights since that date. No amounts are unpaid on any of the securities.

Date performance rights granted	Issue Price of Securities	No. of Securities Issued
23 August 2010	\$0.00	170,287
23 August 2010	\$0.10	123,459
		293,746

11. Remuneration Report

The remuneration report is presented for the financial year ending 30 June 2013. The report forms part of the Directors Report and has been prepared and audited in accordance with the requirements of the *Corporations Act 2001*.

This report outlines the remuneration for Non-Executive Directors, Executive Directors and other Key Management Personnel. The report is set out under the following headings:

- (a) Remuneration principles
- (b) Details of remuneration
- (c) Performance assessment
- (d) Equity based compensation
- (e) Employment contracts and termination provisions

(a) Remuneration principles

(i) Governance

The Group has appointed a nomination and remuneration committee ("Committee"). The Committee has overall responsibility for the remuneration strategy of the Group. The Committee also advises the Board on remuneration policy and practices. The Committee is chaired by Mr RJ Pullar, a Non-Executive Director. External consultants are appointed to advise the Committee as required.

(ii) Remuneration policy

Cromwell Property Group is committed to a fair and transparent remuneration strategy. It is considered imperative that the remuneration strategy is aligned with the Group's overall strategy. The Group aims to deliver increases in operating earnings per security, distributions per security and net tangible asset value per security (excluding interest rate swaps) on an annual basis whilst maintaining gearing at an appropriate level, having regard to the environment, property cycle and quality of forward cash flows from the portfolio. The Group also aims to outperform the S&P/ASX 300 accumulation index over rolling 3 and 5 year periods. These aims are taken into account and this is reflected in the remuneration strategy and structure.

Key Management Personnel are rewarded with a mixture of fixed remuneration, short term incentives and long term incentives, designed to allow the Group to retain and motivate key employees.

The Board's policy on the nature and amount of remuneration encompasses the following objectives:

- Fixed pay: Key Management Personnel are remunerated at the market median level of their fixed pay, adjusted for factors such as the external market environment and the employee's position, qualifications, period of service and responsibility within the Group. In assessing the level of fixed pay relative to the market, significant weighting is given to the employee's period of service and their performance over the total employment period.
- Short term incentives: Short term incentives are generally included as part of the remuneration package for those employees that can have a material impact on the key marginal drivers of operating earnings in any given financial year. These include such factors as leasing outcomes and changes in property earnings, interest expense, funds management earnings and changes in the investment property portfolio. The Group does not generally take into account non-financial performance indicators in assessing short term incentives. Short term incentives are available to a number of employees and are generally paid as cash bonuses. For all Key Management Personnel except the Chief Executive Officer and Non-Executive Directors, the Chief Executive Officer is responsible for setting key performance indicator targets and assessing annually whether these targets have been met. The key performance indicator targets for the Chief Executive Officer are set, revised and reviewed annually by the Committee or the Board.
- Long term incentives: These are considered to be both a retention tool for employees who are considered key to the longer term succession of the Group and a reward for exceptional performance in a financial year. The maximum value of performance rights issued is generally limited to 25% of the annual fixed remuneration of any employee during the period from grant date to vesting date. Long term incentives are offered by way of the issue of performance rights which, if they vest, allow the employee to obtain stapled securities at a discount to market value. This allows employees to align themselves with securityholders by having a financial interest in the long term value of the Group's security price. For any given dollar value, a higher discount causes the number of the performance rights offered to decrease. The use of the discount is intended to reduce or avoid the need for employees to obtain significant funding or to sell a substantial number of securities to fund the exercise of performance rights on vesting. The Group expects to introduce a security loan plan during the 2014 year to provide an alternative long term incentive for employees and to assist in enabling employees to retain a long-term ownership of stapled securities.

The number of Key Management Personnel participating in the PRP during the year was 7 (2012: 8). The number of performance rights allocated to Key Management Personnel at balance date was 7,058,629 (2012: 6,663,935).

11. Remuneration Report (continued)

(a) Remuneration principles (continued)

(iii) External environment

The unemployment rate during the year remained low by historical standards, but has been steadily increasing, in line with the softer economy generally. Whilst this has resulted in an easing labour market, demand for quality employees, particularly in the property and financial services sectors, remains high.

(iv) Non-executive directors remuneration

Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. 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, having been increased from \$700,000 at the 2011 Annual General Meeting, to be divided among the Non-Executive Directors in such a proportion and manner as they agree.

Non-Executive Directors are paid a fixed remuneration, comprising base fees or salary and superannuation (if applicable). Non-Executive Directors do not receive bonus payments or participate in security-based compensation plans, and are not provided with retirement benefits other than statutory superannuation.

	2013 \$	2012 \$
Chairman	185,000	185,000
Non-Executive Director	85,000	85,000
Audit & Risk Committee – Chairman	18,000	18,000
Audit & Risk Committee – Member	12,000	12,000
Nomination & Remuneration Committee – Chairman	7,500	7,500
Nomination & Remuneration Committee – Member	5,000	5,000
Investment Committee	-	-

The Non-Executive Directors' fees were unchanged in 2013 and were last increased in November 2011. The current and previous year rates are shown above.

(v) Use of remuneration consultant

In April 2013, to assist with the review of Senior executives remuneration, the Remuneration Committee employed the services of the Avdiev Group to undertake a market review covering the composition and market competitiveness of senior executives remuneration. Under the terms of the engagement, Avdiev Group provided remuneration comparisons and recommendations and was paid \$38,000 for these services.

The following arrangements were made to ensure the remuneration recommendations were free from undue influence:

- Avdiev Group was engaged by and reported directly to the Chairman of the Committee;
- The report containing the remuneration recommendations was provided by Avdiev Group directly to the Chairman of the Committee; and
- Avdiev Group was given access to senior executives and Committee members throughout the engagement to understand roles and responsibilities.

Based on the above arrangements the Board is satisfied the recommendations were made free from undue influence. The recommendations of the Avdiev Group did not impact on remuneration in 2013, but were used by the Committee in reviewing and setting remuneration levels for the 2014 financial year.

(vi) Voting and comments made at the company's 2012 Annual General Meeting

The Group and Trust's remuneration report for the 2012 financial year was passed on a 'show of hands'. Proxies received before the meeting were approximately 93% in favour of the remuneration report.

11. Remuneration Report (continued)

(b) Details of remuneration

Remuneration paid, payable, or otherwise made available, directly or indirectly, to key management personnel is set out below.

Key Management Personnel during the year were:

Non-Executive Directors:

Mr GH Levy (AO)	Chairman
Mr RJ Pullar	Director
Ms MA McKellar	Director
Mr DE Usasz	Director
Mr WR Foster	Director
Mr M Wainer	Director
Mr MJ Watters	Director
Mr G Cannings	Director (Alternate to Mr Watters)

Executive Directors:

Mr PL Weightman	Managing Director/Chief Executive Officer
Mr DJ Wilson	Director – Finance & Funds Management

Other Senior Executives:

Mr B Binning	National Leasing Manager
Mr MJ Blake	National Head of Sales, Director of controlled entity
Ms JA Clark	Transactions Manager, Property Licensee, Director of controlled entity
Mr PJ Cowling	Associate Director Transactions, Director of controlled entity
Mr DA Gippel	Group Treasurer, Director of controlled entity
Ms NE Riethmuller	General Counsel/Company Secretary

11. Remuneration Report (continued)

(b) Details of remuneration (continued)

	Short-term benefits Cash salary and fees \$	Short-term benefits Accrued leave ⁽¹⁾ \$	Short-term benefits Cash bonus \$	Short-term benefits Non-cash benefits \$	Post employment Super- annuation \$	Long-term benefits Long service leave ⁽¹⁾ \$	Share-based payments Options \$	Total Remuneration \$	% of Remun. that is performance based
2013									
Non-Executive Directors									
GH Levy	169,725	-	-	-	15,275	-	-	185,000	-
RJ Pullar	95,872	-	-	-	8,628	-	-	104,500	-
MA McKellar	102,000	-	-	-	-	-	-	102,000	-
DE Usasz	99,083	-	-	-	8,917	-	-	108,000	-
WR Foster	82,569	-	-	-	7,431	-	-	90,000	-
M Wainer	85,000	-	-	-	-	-	-	85,000	-
MJ Watters	65,000	-	-	-	-	-	-	65,000	-
G Cannings	18,349	-	-	-	1,789	-	-	20,138	-
Executive Directors									
PL Weightman	775,630	10,456	250,000	157,900	16,470	23,511	179,699	1,413,666	30%
DJ Wilson	433,530	(17,779)	150,000	-	16,470	8,264	78,169	668,654	34%
Other key management personnel									
B Binning	300,000	1,893	100,000	-	16,470	8,154	72,742	499,259	35%
M Blake	270,890	1,935	166,546	-	16,470	9,823	38,473	504,137	41%
JA Clark	192,324	892	25,500	6,665	16,470	5,461	-	247,312	10%
P Cowling	308,700	4,052	50,000	-	16,470	9,483	69,761	458,466	26%
D Gippel	283,250	(4,108)	100,000	25,551	16,470	4,809	56,411	482,383	32%
N Riethmuller	283,250	(9,066)	50,000	8,232	16,470	4,386	18,849	372,121	19%
	3,565,172	(11,725)	892,046	198,348	173,800	73,891	514,104	5,405,636	

(1) Annual and long service leave are accounted for on an accruals basis. The amounts represent the change in accrued leave during the year.

11. Remuneration Report (continued)

(b) Details of remuneration (continued)

	Short-term benefits Cash salary and fees \$	Short-term benefits Accrued leave ⁽¹⁾ \$	Short-term benefits Cash bonus \$	Short-term benefits Non-cash benefits \$	Post employment Super- annuation \$	Long-term benefits Long service leave ⁽¹⁾ \$	Share-based payments Options \$	Total Remuneration \$	% of Remun. that is performance based
2012									
Non-Executive Directors									
GH Levy	159,021	-	-	-	14,312	-	-	173,333	-
RJ Pullar	92,813	-	-	-	8,353	-	-	101,166	-
MA McKellar	98,667	-	-	-	-	-	-	98,667	-
DE Usasz	96,024	-	-	-	8,642	-	-	104,666	-
WR Foster	79,511	-	-	-	7,156	-	-	86,667	-
M Wainer	81,667	-	-	-	-	-	-	81,667	-
MJ Watters ⁽²⁾	43,333	-	-	-	-	-	-	43,333	-
G Cannings ⁽³⁾	12,232	-	-	-	963	-	-	13,195	-
Executive Directors									
PL Weightman	770,252	(29,417)	200,000	163,973	15,775	21,790	180,210	1,322,583	29%
DJ Wilson	434,225	(28,008)	120,000	-	15,775	12,127	78,391	632,510	31%
Other key management personnel									
B Binning	275,000	11,232	25,000	-	15,775	7,492	37,485	371,984	17%
M Blake	260,471	11,293	27,520	-	15,775	11,195	23,934	350,188	15%
JA Clark	202,999	(2,670)	-	-	15,775	8,080	-	224,184	-
P Cowling	300,000	(8,705)	-	-	15,775	11,954	15,110	334,134	5%
D Gippel	275,000	5,398	75,000	19,186	15,775	13,105	95,327	498,791	34%
P Howard ⁽⁴⁾	96,980	(13,161)	-	-	5,868	(5,071)	(10,144)	74,472	-
N Riethmuller	275,000	17,189	-	2,009	15,775	3,759	37,272	351,004	11%
	3,553,195	(36,849)	447,520	185,168	171,494	84,431	457,585	4,862,544	

(1) Annual and long service leave are accounted for on an accruals basis. The amounts represent the change in accrued leave during the year.

(2) Mr Watters was appointed on 4 April 2011 and commenced receiving director's fees on 1 November 2011.

(3) Mr Cannings was appointed as an alternate director for Mr Watters on 1 August 2011 and received a share of Mr Watters directors fees for the year.

(4) Mr Howard resigned on 26 October 2011. Unvested performance rights on issue to Mr Howard were forfeited on his resignation.

11. Remuneration Report (continued)

(c) Performance assessment

The Group's performance conditions are chosen to support the sustainable operation of the Group. Financial performance metrics are chosen with the aim of supporting or enhancing the operating earnings per security in any given financial year in a way that does not unduly increase the risk profile of the Group. Short term cash incentives are focused wholly on financial metrics. The remaining performance criteria are intended to facilitate growth within an appropriate framework such that the Group can outperform its peers in the longer term.

Although the specific performance criteria may be different for each KMP the overriding principles involve assessment of performance according to a traditional balanced scorecard methodology. The balanced scorecard assigns key performance indicators (KPIs) across broad categories. The KPIs are designed to align securityholder interests with Group goals in the short and long term. Individual KPIs are aligned with Group's long term objectives. The balanced scorecard methodology assigns performance and responsibility criteria for all employees across four broad categories. These categories are:

Financial Measures: Includes both the performance of the Group and the employees' business unit. The Group focuses on maintaining individual securityholder alignment by using operating earnings per security as the major short term financial metric. Other short term financial metrics include distributions per security and changes in NTA per security (excluding interest rate swaps). The key long term financial metric is Total Securityholder Return ("TSR") over rolling 3 and 5 year periods relative to the S&P/ASX 300-A-REIT Accumulation Index.

Internal Business Measures: Concentrate on improvement of systems and processes to create efficiency and accuracy to support long term business growth. The processes emphasise adherence to governance requirements.

Customer Measures: The Group surveys securityholders, tenants, fund investors and other stakeholders to ascertain customer relationship trends and set KPIs for employees to meet the needs identified by those trends, and to coincide with longer term corporate objectives.

Innovation & Learning Measures: Focuses on the growth of individuals, departments and corporate culture to innovate and extend current capabilities throughout the Group.

The weightings of these categories for any individual are set and assessed in consideration of their responsibility and role.

In 2013 there were no non-financial performance conditions in existing short term (cash) incentive plans. All short term conditions related to financial metrics occurring within the 2013 financial year. The key short term financial measures for the last 5 years were:

	2013	2012	2011	2010	2009
Operating profit (\$'000) (as assessed by the Directors – see part 4(b) above)	102,411	80,010	65,297	64,630	63,761
Change over previous year	+ 28%	+ 23%	+ 1%	+ 1%	(10%)
Operating earnings per security (as assessed by the Directors – see part 4(c) above)	7.6 cents	7.5 cents	7.1 cents	8.5 cents	9.1 cents
Change over previous year	1%	6%	(16%)	(12%)	(10%)
Distributions per security	7.3 cents	7.0 cents	7.0 cents	8.0 cents	9.0 cents
Change over previous year	4%	0%	(13%)	(11%)	0%
NTA per security	\$0.70	\$0.67	\$0.73	\$0.71	\$0.76
Change over previous year	5%	(8%)	3%	(7%)	(25%)
NTA per security (excl. interest rate swaps)	\$0.72	\$0.71	\$0.73	\$0.71	\$0.77
Change over previous year	1%	(3%)	3%	(8%)	(21%)

In addition to existing short-term incentive plans, discretionary bonuses of \$250,000 in total were also paid to certain Key Management Personnel and other staff who would not normally qualify for short-term incentives, in recognition of a number of significant transactions during the year which the Directors believe will add long-term value. These achievements include negotiation and acquisition of the NSW Government Portfolio, completion of a number of equity raisings with broad support from many existing and new securityholders and inclusion in the S&P/ASX 300 Index.

The Group has established a Performance Rights Plan. For KMP, the ability to exercise the Performance Rights is generally conditional on the executive meeting internal performance hurdles including remaining employed by the Group for a specified period. The Group believes this allows employees to align themselves with securityholders by having a financial interest in the long term value of the Group's security price, which acts to maximise TSR.

11. Remuneration Report (continued)

(c) Performance assessment (continued)

TSR over 1, 3 and 5 years relative to benchmark indices is shown below. Given the Group's focus on medium and long term returns, focus is on performance over 3 and 5 year periods against the S&P/ASX 300 A-REIT accumulation index.

Total Securityholder Returns (annualised)	1 Year	3 Year	5 Year
TSR – Group	54.4%	22.9%	16.4%
TSR - S&P/ASX 300 A-REIT accumulation index	24.0%	13.4%	0.3%
Group performance against S&P/ASX 300 A-REIT accumulation index	30.4%	9.5%	16.1%
TSR – All Ord's accumulation index	20.7%	8.0%	2.2%
Group performance against All Ord's accumulation index	33.7%	14.9%	14.2%

Details of remuneration: cash bonuses and performance rights

For each cash bonus and grant of performance rights included in the tables in section (b) above, the percentage of the available bonus or grant that was paid, or that vested, in the year, and the percentage that was forfeited because the person did not meet the service and performance criteria is set out below. No part of the bonus is payable in future years. 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.

Name	Cash Bonus Paid %	Cash Bonus Forfeited %	Financial Year Options Granted	Options Vested in 2013 %	Options Forfeited in 2013 %	Financial Years Options may vest	Maximum value of grant to vest \$
PL Weightman	100%	-	2011	-	-	2014/15/16	128,914
DJ Wilson	100%	-	2011	-	-	2014/15/16	56,080
B Binning	100%	-	2012/13	-	-	2014/15/16	60,462
MJ Blake	100%	-	2011/12/13	-	-	2014/15/16	57,137
JA Clark	100%	-	-	-	-	-	-
P Cowling	100%	-	2012/13	-	-	2014/15/16	59,443
DA Gippel	100%	-	2012/13	-	-	2014/15/16	59,058
NE Riethmuller	100%	-	2011/12/13	100% ⁽¹⁾	-	2015/16	31,380

(1) relates to performance rights issued in 2011.

(d) Equity based compensation

Details of the PRP are set out in part (a)(ii) of the remuneration report.

All Executive Directors and employees of the Group 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.

11. Remuneration Report (continued)

(d) Equity based compensation (continued)

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
23/08/2010	21/09/2013	\$0.10	123,459	50.6¢
23/08/2010	21/09/2013	\$0.20	95,894	37.0¢
26/05/2011	01/10/2013	\$0.50	1,913,333	13.9¢
26/05/2011	01/10/2014	\$0.50	1,913,333	12.6¢
26/05/2011	01/10/2015	\$0.50	1,913,334	11.5¢
05/09/2011	05/10/2014	\$0.20	308,097	32.3¢
05/09/2011	05/10/2014	\$0.10	52,851	41.1¢
05/09/2011	05/10/2014	-	343,634	50.0¢
12/10/2012	12/11/2015	-	50,006	60.0¢
12/10/2012	12/11/2015	\$0.20	120,584	41.5¢
19/10/2012	01/08/2013	-	55,561	77.6¢
19/10/2012	01/08/2014	-	55,563	71.1¢
19/10/2012	01/08/2015	-	55,563	65.1¢
19/10/2012	01/08/2013	\$0.20	60,292	57.9¢
19/10/2012	01/08/2014	\$0.20	60,292	51.9¢
19/10/2012	01/08/2015	\$0.20	60,292	46.4¢

Details of changes during the 2013 year in performance rights on issue to Key Management Personnel under the PRP are set out below.

	Opening balance	Granted during year	Exercised during the year	Forfeited during the year	Lapsed during year	Closing balance
2013						
PL Weightman	4,000,000	-	-	-	-	4,000,000
DJ Wilson	1,740,000	-	-	-	-	1,740,000
DA Gippel	236,248	41,672	-	-	-	277,920
B Binning	107,386	180,876	-	-	-	288,262
M J Blake	232,826	120,584	-	-	-	353,410
JA Clark	-	-	-	-	-	-
P Cowling	171,165	125,015	-	-	-	296,180
N Riethmuller	176,310	50,006	(123,459)	-	-	102,857
	6,663,935	518,153	(123,459)	-	-	7,058,629

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 part (b) of the remuneration report. Fair value at grant date for performance rights with no market based vesting conditions are determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the performance right, the security price at grant date, expected price volatility of the underlying securities, the expected dividend/distribution yield and the risk-free interest rate for the term of the performance right.

A total of 890,414 performance rights were granted during 2013 (2012: 1,037,152) of which 518,153 (2012: 704,582) were issued to Key Management Personnel. The model inputs for performance rights granted during the 2013 year are disclosed in note 31.

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.

At 30 June 2013 no performance rights on issue had vested.

11. Remuneration Report (continued)

(d) Equity-based compensation (continued)

Further details relating to performance rights are set out below.

Name	Remuneration consisting of performance rights ⁽¹⁾	Value at grant date ⁽²⁾ \$	Value at exercise date ⁽³⁾ \$	Value at forfeit date ⁽⁴⁾ \$
PL Weightman	13%	-	-	-
DJ Wilson	12%	-	-	-
B Binning	15%	94,212	-	-
MJ Blake	8%	50,000	-	-
JA Clark	-	-	-	-
P Cowling	15%	89,063	-	-
DA Gippel	12%	29,688	-	-
NE Riethmuller	5%	30,000	62,495	-

- (1) The percentage of total remuneration consisting of performance rights, based on the value of performance rights expensed during the year.
- (2) The value of performance rights granted during the year as part of remuneration calculated at grant date in accordance with AASB 2 *Share-based Payment*.
- (3) The value at exercise date of performance rights that were granted as part of remuneration and were exercised during the year, being the intrinsic value of the performance rights at that date.
- (4) The value at lapse date of performance rights that were granted as part of remuneration and were forfeited during the year because a vesting condition was not satisfied.

(e) Employment contracts and termination provisions

(i) Employment contracts

PL Weightman

Remuneration and other terms of employment for the Chief Executive Officer are formalised in an employment agreement. The Company may terminate the agreement without notice for gross misconduct; otherwise, the Company may terminate the agreement on six months notice, or payment of entitlements for this period in lieu of notice. Mr Weightman may terminate the agreement at any time with six months notice. Other major provisions of the agreement are as follows:

- Term of agreement – Commencing 1 July 2006, no fixed termination date.
- Base salary, inclusive of superannuation, for the 2013 year of \$950,000, to be reviewed annually by the remuneration committee. Since balance date it has been agreed the base salary will increase to \$1,050,000 for the 2014 year.
- Performance cash bonus of up to \$250,000 with targets to be reviewed annually by the remuneration committee.

The performance bonus payable to Mr Weightman for the 2013 year depended on performance criteria being met. The criteria were assessed as being met in full during the financial year, with 100% of the performance bonus amount being paid.

DJ Wilson

Remuneration and other terms of employment for the Director – Finance & Funds Management are formalised in an employment agreement. The Company may terminate the agreement without notice for gross misconduct; otherwise, the Company may terminate the agreement on six months notice, or payment of entitlements for this period in lieu of notice. Mr Wilson may terminate the agreement at any time with six months notice. Other major provisions of the agreement are as follows:

- Term of agreement – commencing 1 July 2006, no fixed termination date.
- Base salary, inclusive of superannuation, for the 2013 year of \$450,000, to be reviewed annually by the remuneration committee. Since balance date it has been agreed the base salary will increase to \$500,000 for the 2014 year.
- Performance cash bonus of up to \$150,000 with targets to be reviewed annually by the remuneration committee.

The performance bonus payable to Mr Wilson for the 2013 year depended on certain criteria being met. The criteria were assessed as being met in full during the financial year, with 100% of the performance bonus amount being paid.

All other executives

Remuneration and other terms of employment for other executives are contained under standard employment contracts. There are no termination payments due under the contracts other than statutory entitlements for accrued leave. Remuneration is reviewed annually.

11. Remuneration Report (continued)

(e) Employment contracts and termination provisions (continued)

(ii) Termination provisions

There are no fixed term conditions in executive employment contracts. Minimum termination periods for executives are outlined below and adhered to in all cases except in the case of serious breaches of the employment contract.

	Notice Period Employee	Notice Period Group
Managing Director/CEO, Director – Finance & Funds Management,	6 months	6 months
Group Treasurer	3 months	6 months
All other key management personnel	1-2 months	1-2 months

On termination, a portion of short term incentives may also be paid at the discretion of the CEO, or the Board in the case of termination of the CEO. In addition, other statutory entitlements such as accrued leave may be taken as termination benefits.

12. Trust Disclosures

Fees to Responsible Entity

Total amounts paid/payable to the Responsible Entity or its associates during the year were \$18,594,286 (2012: \$15,113,342).

Units held by Responsible Entity

Cromwell Corporation Limited, the parent company of the Responsible Entity, held 275,106 (2012: 275,106) units in the Trust throughout the year. Pursuant to Australian Securities & Investments Commission relief, the units are not stapled to shares in Cromwell Corporation Limited.

The Responsible Entity held 1,517,000 (2012: 1,517,000) units in the Cromwell Mary Street Planned Investment, a subsidiary of the Trust, throughout the year. The holding represents approximately 8% (2012: 8%) of the issued units in the Cromwell Mary Street Planned Investment.

Issued Units

Units issued in the Trust during the year are set out in note 23 in the accompanying financial report. There were 1,713,996,562 (2012: 1,169,964,049) issued units in the Trust at balance date.

Value of Scheme Assets

The total carrying value of the Trust's assets as at balance date was approximately \$2,487,254,000 (2012: \$1,820,045,000). Net assets attributable to unitholders of the Trust were \$1,140,730,000 (2012: \$769,400,000) equating to \$0.67 per unit (2012: \$0.66 per unit).

The Trust's assets are valued in accordance with policies stated in note 1 of the financial statements.

13. 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 the Group.

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.

The Group 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*. 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.

14. Rounding of Amounts to Nearest Thousand Dollars

The Company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the Directors' report and financial report. Amounts in the Directors' report and financial report have been rounded off to the nearest thousand dollars, or in certain cases to the nearest dollar, in accordance with that Class Order.

15. Auditor

Pitcher Partners (formerly known as Johnston Rorke) continues in office in accordance with section 327 of the *Corporations Act 2001*.

The Company may decide to employ Pitcher Partners on assignments additional to their statutory duties where the auditor's expertise and experience with the Company and/or the Group 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*. 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* 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 & 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 the Group are set out below:

	2013	2012
	\$	\$
Non-audit services		
Other – review of pro forma balance sheets and forecasts	131,200	70,000
Total remuneration for non-audit services	131,200	70,000

The auditor receives remuneration for audit and other services relating to other entities for which Cromwell Property Securities Limited and Cromwell Funds Management Limited, both controlled entities, act as responsible entity. The remuneration is disclosed in the relevant entity's financial reports and totalled \$68,500 (2012: \$112,500).

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is attached to this report.

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



P.L. Weightman

Director

Dated this 23rd day of August 2013



PITCHER PARTNERS
ACCOUNTANTS • AUDITORS • ADVISORS

Level 30
345 Queen Street
Brisbane
Queensland 4000

Postal Address:
GPO Box 1144
Brisbane
Queensland 4001

Tel: 07 3222 8444
Fax: 07 3221 7779

www.pitcher.com.au
info@pitcherpartners.com.au

Pitcher Partners is an association of
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Brisbane | Melbourne | Sydney | Perth | Adelaide

ROSS WALKER
KEN OGDEN
NIGEL FISCHER
TERESA HOOPER
MARK NICHOLSON
PETER CAMENZULI
JASON EVANS
CHRIS BALL
IAN JONES
KYLIE LAMPRECHT
NORMAN THURECHT
BRETT HEADRICK
WARWICK FACE
NIGEL BATTERS

The 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 Sirs,

Auditor's Independence Declaration

As lead auditor for the audit of the financial reports of Cromwell Corporation Limited and Cromwell Diversified Property Trust for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of both Cromwell Corporation Limited and the entities it controlled during the year and Cromwell Diversified Property Trust and the entities it controlled during the year.

PITCHER PARTNERS

RCN WALKER
Partner

Brisbane, Queensland
23 August 2013

CROMWELL PROPERTY GROUP
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013

		Group		Trust	
	Notes	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Revenue and other income					
Rental income and recoverable outgoings		206,665	177,245	206,478	176,673
Funds management fees		9,797	4,567	-	-
Interest		5,262	4,713	4,604	4,452
Distributions		222	37	222	37
Gain on sale of investment property	5	132	-	132	-
Other revenue		418	141	192	18
Share of profits of equity accounted entities	13(b)	646	-	593	-
Increase in recoverable amount:					
• Property development inventories/provision		-	200	225	-
Fair value net gain from:					
• Interest rate derivatives		7,326	-	7,326	-
• Investments at fair value through profit or loss		47	-	47	-
Total revenue and other income		230,515	186,903	219,819	181,180
Expenses					
Property expenses and outgoings		34,005	27,087	38,753	30,530
Funds management costs		592	487	-	-
Property development costs		359	638	-	-
Finance costs	5	70,296	64,523	70,355	64,796
Employee benefits expense	5	14,859	13,347	-	-
Administration and overhead costs		6,398	5,496	1,102	1,113
Responsible entity fees		-	-	9,959	8,497
Amortisation and depreciation	5	643	604	-	-
Share of losses of equity accounted entities	13 (b)	-	140	-	131
Loss on sale of investment properties	5	-	331	-	331
Loss on disposal of other assets	5	146	44	-	-
Fair value net loss from:					
• Interest rate derivatives		-	38,483	-	38,483
• Investment properties	11	55,747	12,353	55,747	12,353
• Investments at fair value through profit or loss		-	173	-	173
Merger transaction costs	37(ii)	631	-	631	-
Total expenses		183,676	163,706	176,547	156,407
Profit before income tax		46,839	23,197	43,272	24,773
Income tax expense	6	683	120	-	-
Profit		46,156	23,077	43,272	24,773
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		46,156	23,077	43,272	24,773
Profit and Total comprehensive income/(loss) is attributable to					
Company shareholders		2,865	(1,282)	-	-
Trust unitholders		43,291	24,359	43,291	24,359
Non-controlling interests		-	-	(19)	414
Profit and Total comprehensive income		46,156	23,077	43,272	24,773
Basic earnings/(loss) per company share/trust unit (cents)	28	0.21¢	(0.12¢)	3.23¢	2.28¢
Diluted earnings/(loss) per company share/trust unit (cents)	28	0.21¢	(0.12¢)	3.23¢	2.28¢
Basic/diluted earnings per stapled security (cents)	28	3.44¢	2.16¢		

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

CROMWELL PROPERTY GROUP
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2013

		Group		Trust	
	Notes	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Current Assets					
Cash and cash equivalents	7	125,933	59,153	75,126	51,021
Trade and other receivables	8	7,940	21,505	6,816	15,618
Current tax assets		-	60	-	-
Other current assets	9	2,527	1,791	1,844	1,047
Total current assets		136,400	82,509	83,786	67,686
Non-Current Assets					
Trade and other receivables	8	-	19,800	-	22,988
Inventories	10	3,000	3,000	-	-
Investment properties	11	2,396,000	1,724,400	2,396,000	1,724,400
Investments at fair value through profit or loss	12	7,468	266	7,468	266
Investments in associates	13	100	4,752	-	4,705
Property, plant and equipment	14	1,308	1,327	-	-
Deferred tax assets	15	804	914	-	-
Intangible assets	16	1,030	633	-	-
Total non-current assets		2,409,710	1,755,092	2,403,468	1,752,359
Total assets		2,546,110	1,837,601	2,487,254	1,820,045
Current Liabilities					
Trade and other payables	17	28,014	14,472	27,030	13,311
Borrowings	18	-	21,533	-	21,533
Dividends/distributions payable	19	31,061	20,470	31,066	20,474
Derivative financial instruments	20	17,638	15,127	17,638	15,127
Provisions	21	1,215	1,368	-	-
Current tax liability		329	-	-	-
Other current liabilities	22	15,468	6,735	15,468	6,735
Total current liabilities		93,725	79,705	91,202	77,180
Non-Current Liabilities					
Borrowings	18	1,232,720	942,644	1,232,720	942,644
Derivative financial instruments	20	17,870	25,501	17,870	25,501
Provisions	21	943	762	-	-
Total non-current liabilities		1,251,533	968,907	1,250,590	968,145
Total liabilities		1,345,258	1,048,612	1,341,792	1,045,325
Net assets		1,200,852	788,989	1,145,462	774,720
Equity					
Contributed equity	23	103,323	66,344	1,257,707	827,989
Reserves	24	5,198	4,529	-	-
Retained earnings/(accumulated losses)	25	(48,697)	(51,562)	(116,977)	(58,589)
Equity attributable to shareholders/unitholders		59,824	19,311	1,140,730	769,400
Non-controlling interests					
Trust unitholders	26	1,141,028	769,678	-	-
Non-controlling interests	26	-	-	4,732	5,320
Total equity		1,200,852	788,989	1,145,462	774,720

The above consolidated statements of financial position should be read in conjunction with the accompanying notes.

CROMWELL PROPERTY GROUP
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

Group	Notes	Attributable to Equity Holders of the Company				Total	Non-controlling Interest (Trust)	Total Equity
		Contributed Equity	Accumulated Losses	Available-for-Sale Reserve	Share Based Payments Reserve			
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2012		66,344	(51,562)	2,340	2,189	19,311	769,678	788,989
Total comprehensive income/(loss)		-	2,865	-	-	2,865	43,291	46,156
Transactions with equity holders in their capacity as equity holders:								
• Contributions of equity, net of transaction costs	23	36,979	-	-	-	36,979	429,718	466,697
• Dividends/distributions paid/payable	27	-	-	-	-	-	(101,659)	(101,659)
• Employee share options	24	-	-	-	669	669	-	669
Total transactions with equity holders		36,979	-	-	669	37,648	328,059	365,707
Balance at 30 June 2013		103,323	(48,697)	2,340	2,858	59,824	1,141,028	1,200,852
Balance at 1 July 2011		57,073	(50,280)	2,340	1,588	10,721	694,439	705,160
Total comprehensive income/(loss)		-	(1,282)	-	-	(1,282)	24,359	23,077
Transactions with equity holders in their capacity as equity holders:								
• Contributions of equity, net of transaction costs	23	9,271	-	-	-	9,271	125,899	135,170
• Dividends/distributions paid/payable	27	-	-	-	-	-	(75,019)	(75,019)
• Employee share options	24	-	-	-	601	601	-	601
Total transactions with equity holders		9,271	-	-	601	9,872	50,880	60,752
Balance at 30 June 2012		66,344	(51,562)	2,340	2,189	19,311	769,678	788,989

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

CROMWELL PROPERTY GROUP
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

Trust	Notes	Attributable to Equity Holders of CDPT			Non-controlling Interests \$'000	Total Equity \$'000
		Contributed Equity	Accumulated Losses	Total (CDPT)		
		\$'000	\$'000	\$'000		
Balance at 1 July 2012		827,989	(58,589)	769,400	5,320	774,720
Total comprehensive income for the year		-	43,291	43,291	(19)	43,272
Transactions with equity holders in their capacity as equity holders:						
• Contributions of equity, net of transaction costs	23	429,718	-	429,718	-	429,718
• Distributions paid/declared	27	-	(101,679)	(101,679)	(569)	(102,248)
Total transactions with equity holders		429,718	(101,679)	328,039	(569)	327,470
Balance at 30 June 2013		1,257,707	(116,977)	1,140,730	4,732	1,145,462
Balance at 1 July 2011		702,090	(7,910)	694,180	5,463	699,643
Total comprehensive income for the year		-	24,359	24,359	414	24,773
Transactions with equity holders in their capacity as equity holders:						
• Contributions of equity, net of transaction costs	23	125,899	-	125,899	-	125,899
• Distributions paid/declared	27	-	(75,038)	(75,038)	(557)	(75,595)
Total transactions with equity holders		125,899	(75,038)	50,861	(557)	50,304
Balance at 30 June 2012		827,989	(58,589)	769,400	5,320	774,720

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

CROMWELL PROPERTY GROUP
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013

		Group		Trust	
	Notes	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Cash Flows From Operating Activities					
Receipts in the course of operations		245,581	197,506	231,798	193,533
Payments in the course of operations		(78,461)	(58,484)	(71,371)	(54,808)
Distributions received		204	637	204	637
Interest received		7,110	5,243	6,448	5,219
Finance costs paid		(68,715)	(61,528)	(68,773)	(61,528)
Income tax (paid)/refunded		(184)	67	-	-
Net cash provided by operating activities	29	105,535	83,441	98,306	83,053
Cash Flows From Investing Activities					
Payments for investment properties		(591,962)	(339,985)	(591,962)	(339,985)
Proceeds from sale of investment properties		42,571	38,998	42,571	38,998
Payments for property, plant and equipment		(304)	(464)	-	-
Net inflow of cash on acquisition of controlled entity	37	2,560	-	2,560	-
Payments for investments at fair value through profit or loss		(7,720)	(577)	(7,720)	(577)
Proceeds from sale of investments at fair value through profit or loss		565	4,315	565	4,315
Payments for software and other intangible assets		(863)	(408)	-	-
Loans to related entities		(19,606)	(19,786)	(23,668)	(19,786)
Repayment of loans by related entities		32,391	7,000	35,580	14,000
Payment of merger transaction costs		(631)	-	(631)	-
Net cash used in investing activities		(542,999)	(310,907)	(542,705)	(303,035)
Cash Flows From Financing Activities					
Proceeds from borrowings		240,921	364,509	240,921	364,509
Repayment of borrowings		(84,144)	(183,450)	(84,144)	(183,450)
Payment of loan transaction costs		(2,661)	(3,052)	(2,661)	(3,052)
Proceeds from issue of stapled securities/units		443,731	133,695	408,723	124,615
Equity issue transaction costs		(11,590)	(3,828)	(10,939)	(3,648)
Payment of dividends/distributions		(80,780)	(66,129)	(82,163)	(67,078)
Payment for derivative financial instruments		(1,233)	(1,698)	(1,233)	(1,698)
Net cash provided by financing activities		504,244	240,047	468,504	230,198
Net increase in cash and cash equivalents		66,780	12,581	24,105	10,216
Cash and cash equivalents at 1 July		59,153	46,572	51,021	40,805
Cash and cash equivalents at 30 June	7	125,933	59,153	75,126	51,021

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

1. Summary of Significant Accounting Policies

Cromwell Property Group ("the Group") was formed by the stapling of Cromwell Corporation Limited ("the Company") and its controlled entities, and Cromwell Diversified Property Trust ("CDPT") and its controlled entities ("the Trust"). The Financial Reports of the Group and the Trust have been presented jointly in accordance with ASIC Class Order 05/642 relating to combining accounts under stapling and for the purpose of fulfilling the requirements of the Australian Securities Exchange.

The Group was established for the purpose of facilitating a joint quotation of the Company and the Trust on the Australian Securities Exchange. The constitutions of the Trust and the Company ensure that, for so long as the two entities remain jointly quoted, the number of units in the Trust and the number of shares in the Company shall be equal and the unitholders and shareholders are identical. Both the Responsible Entity of the Trust and the Company must at all times act in the best interests of the Group.

To account for the stapling, Australian Accounting Standards require an acquirer (Cromwell Corporation Limited) to be identified and an acquisition to be recognised. The net assets and net profit of the acquiree (the Trust and its controlled entities) are recognised as non-controlling interest as they are not owned by the acquirer in the stapling arrangement.

The stapling arrangement will cease upon the earliest of either the winding up of the Company or the Trust.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial report is a general purpose financial report which has 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*. The Group and Trust are for-profit entities for the purpose of preparing the financial statements.

Compliance with IFRS

The financial report complies with the International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board.

New and amended standards adopted by the Group and Trust

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2012 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

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; and
- investments at fair value through profit or loss are measured at fair value.

The methods used to measure fair values are discussed further below.

Functional and presentation currency

The financial report is presented in Australian dollars, which is the functional currency of the Group and Trust.

(b) Principles 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. To recognise the in-substance acquisition, the following accounting principles have been applied:

- (1) no goodwill is recognised on acquisition of the Trust because no direct ownership interest was acquired by the Company in the Trust;
- (2) the equity issued by the Company to unitholders to give effect to the transaction is recognised at the dollar value of the consideration payable by the unitholders. This is because the issue of shares by the Company was administrative in nature rather than for the purposes of the Company acquiring an ownership interest in the Trust; and
- (3) the issued units of the Trust are not owned by the Company and are presented as non-controlling interests in the Group notwithstanding that the unitholders are also the shareholders by virtue of the stapling arrangement. Accordingly, the equity in the net assets of the Trust and the profit/(loss) arising from these net assets have been separately identified in the statement of comprehensive income and statement of financial position.

1. Summary of Significant Accounting Policies (continued)

(b) Principles of consolidation (continued)

The Trust's contributed equity and retained earnings/accumulated losses are shown as a non-controlling interest in this Financial Report in accordance with AASB Interpretation 1002 *Post-Date-of-Transition Stapling Arrangements* and AASB 3 *Business Combinations*. 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 as at 30 June 2013 and the results of all subsidiaries for the year then ended.

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity, so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. 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 the Group (refer to note 1(n)).

Inter-entity transactions, balances and unrealised gains on transactions between the Group 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 the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the statement of comprehensive income and statement of financial position respectively.

Investments in subsidiaries are accounted for at cost in the individual financial statements of the Company. A list of subsidiaries appears in note 34 to the consolidated financial statements.

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a holding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the Group's financial statements using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' 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 are recognised in the Group's financial statements as a reduction of the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Joint venture entities

The interest in a joint venture entity is accounted for in the Group's financial statements using the equity method. Under the equity method, the share of the profits or losses of the joint venture entity is recognised in profit or loss, and the share of movements in reserves is recognised in reserves.

Profits or losses on transactions establishing the joint venture entity and transactions with the joint venture are eliminated to the extent of the Group's ownership interest until such time as they are realised by the joint venture entity on consumption or sale, unless they relate to an unrealised loss that provides evidence of the impairment of an asset transferred.

1. Summary of Significant Accounting Policies (continued)

(c) Revenue recognition

Rental revenue

Rental revenue from investment property is recognised on a straight-line basis over the lease term. Rental revenue not received at reporting date is reflected in the statement of financial position as a receivable or if paid in advance, as rent in advance (unearned income). Lease incentives granted are considered an integral part of the total rental revenue and are recognised as a reduction in rental income over the term of the lease, on a straight-line basis. Contingent rents based on the future amount of a factor that changes other than with the passage of time, including turnover rents and CPI linked rental increases, are only recognised when contractually due.

Funds management revenue

Acquisition and capital raising fee revenue is recognised at settlement of the relevant property or proportionately as the equity interests are issued/sold to external investors as appropriate. Management fee revenue is recognised on a proportional basis over time as services are performed.

Interest

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

(d) Income tax

Under current income tax legislation the Trust is not liable to pay tax provided its taxable income and taxable realised capital gains are distributed to unitholders. The liability for capital gains tax that may arise if the properties were sold is not accounted for in this report.

The Group'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. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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.

Deferred tax liabilities and assets are not recognised 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.

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) have formed a tax-consolidated group with effect from 1 July 2003 and are, therefore, taxed as a single entity from that date. The head entity within the tax-consolidated group is Cromwell Corporation Limited.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group, using the 'separate taxpayer within group' approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities or assets and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax-consolidated group and are recognised as amounts payable (receivable) to (from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts referred to in the following section. Any difference between these amounts is recognised by the Company as an equity contribution or distribution.

1. Summary of Significant Accounting Policies (continued)

(d) Income tax (continued)

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised. Any subsequent period adjustment to deferred tax assets arising from unused tax losses, as a result of revised assessments of the probability of recoverability, is recognised by the head entity only.

Nature of tax funding arrangements and tax sharing arrangements

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 tax funding arrangements require payments to/from the head entity equal to the current tax liability (asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-entity receivable (payable) equal in amount to the tax liability (asset) assumed. The inter-entity receivable (payable) are at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

The head entity, in conjunction with other members of the tax-consolidated group, has also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement, as payment of any amounts under the tax sharing agreement is considered remote.

(e) Cash and cash equivalents

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.

(f) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment of receivables. Receivables relating to operating leases of investment properties are due on the first day of each month, payable in advance. Other receivables are usually due for settlement no more than 90 days from the date of recognition.

Collectibility of trade and other receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of trade and other receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term trade and other receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in profit or loss.

(g) Inventories

Development properties held for resale are stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition and development and borrowing costs during development. When development is completed borrowing costs and other holding charges are expensed as incurred.

1. Summary of Significant Accounting Policies (continued)

(h) Investment properties

Investment property is property which is held either to earn income or for capital appreciation or both. Investment property also includes properties that are under construction for future use as investment properties. Initially, investment property is measured at cost including transaction costs. The investment property is subsequently measured at fair value, with any change therein recognised in profit or loss. As part of the process of determining fair value, an external, independent valuer, having an appropriate recognised professional qualification and recent experience in the location and category of property being valued, values individual properties at least every two years on a rotation basis or on a more regular basis if considered appropriate and as determined by management in accordance with the valuation policy of the Group. In addition, the Group has utilised internal valuation processes for determining fair value at balance date.

These valuation processes are taken into consideration when determining the fair value of the investment properties. The fair value is based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arms length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The valuations are prepared by considering the capitalisation of net income and the discounting of future cash flows to their present value. These methods incorporate assumptions of future rental income and costs, appropriate capitalisation and discount rates and also consider market evidence of transaction prices for similar investment properties.

Valuations reflect, where appropriate:

- the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting of vacant accommodation and the market's general perception of their credit-worthiness;
- the allocation of maintenance and other operating cost responsibilities between lessor and lessee; and
- the remaining economic life of the property.

Further information on assumptions underlying management's assessment of fair value is contained in note 2.

(i) Investments and other financial assets

The Group classifies its investments as either financial assets at fair value through profit or loss or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Financial assets at fair value through profit or loss

Financial assets 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. Derivatives are also categorised as held for trading unless they are designated as hedges. Financial assets at fair value through profit or loss also includes financial assets which upon initial recognition are designated as such.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance date.

Regular purchases and sales of investments are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category, including interest and dividend income, are presented in profit or loss in the period in which they arise. Changes in the fair value of securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains or losses from investment securities.

1. Summary of Significant Accounting Policies (continued)

(i) Investments and other financial assets (continued)

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss – is reclassified from equity and recognised in profit or loss as a reclassification adjustment. Impairment losses recognised in profit or loss on equity instruments classified as available for sale are not reversed through profit or loss.

(j) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight line method to allocate cost of assets, net of their residual values, over their estimated useful lives, as follows:

Class	Rate
Plant and equipment	10-67%
Furniture and fittings	18%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(l)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(k) Intangible assets

Software assets have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of software over its estimated useful life of 3 years on average.

(l) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

At each reporting date, and whenever events or changes in circumstances occur, the Group assesses whether there is any indication that any other asset may be impaired. Where an indicator of impairment exists, the Group 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 suffer an impairment are reviewed for possible reversal of the impairment at each reporting date.

1. Summary of Significant Accounting Policies (continued)

(m) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The carrying value less impairment provision of trade and other receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(n) Business combinations

The acquisition method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired are recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(o) 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, or a contribution to certain lessee costs such as fit out costs or relocation costs. They are recognised as an asset in the statement of financial position as a component of the carrying amount of investment property and amortised over the lease period as a reduction of rental income.

(p) Initial direct leasing costs

Initial direct leasing costs incurred by the Group in negotiating and arranging operating leases are recognised as an asset in the statement of financial position 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.

(q) Repairs and maintenance

Repairs and maintenance costs and minor renewals are charged as expenses when incurred.

1. Summary of Significant Accounting Policies (continued)

(r) Derivative financial instruments

The Group is exposed to changes in interest rates and uses interest rate derivatives to hedge these risks. Such 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.

The Group enters into interest rate swap agreements that are used to convert certain variable interest rate borrowings to fixed interest rates. The derivatives are entered into with the objective of hedging the risk of adverse interest rate fluctuations. While the Group has determined that these arrangements are economically effective, they have not satisfied the documentation, designation and effectiveness tests required by accounting standards. As a result, they do not qualify for hedge accounting and gains or losses arising from changes in fair value are recognised immediately in profit or loss.

(s) Trade and other 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 the Group prior to the end of the year and which are unpaid. The amounts are usually unsecured and paid within 30-60 days of recognition.

(t) Borrowings and borrowing costs

Borrowings 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. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

Borrowing costs incurred for the construction of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed. Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset the amount of borrowing costs capitalised is the actual borrowing costs incurred on that borrowing net of any interest earned on those borrowings. Where funds are borrowed generally the capitalisation rate used to determine the amount of borrowing costs to capitalise is the weighted average interest rate applicable to the Group's outstanding borrowings during the year.

(u) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less any cumulative amortisation.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations. Where guarantees in relation to loans or other payables of subsidiaries or associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

(v) Provisions

Provisions are recognised when:

- the Group has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Provisions are not recognised for future operating losses.

(w) Employee benefits

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave is 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 balance date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at balance date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

1. Summary of Significant Accounting Policies (continued)

(w) Employee benefits (continued)

The obligations for long service leave and annual leave are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

Superannuation

Contributions are made by the Group to defined contribution superannuation funds. Contributions are charged as expenses as they become payable.

Security-based payments

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, the entity 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.

Bonus plans

The Group recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

(x) Leases (as lessee)

Leases of assets where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in liabilities. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The depreciable assets acquired under finance leases are depreciated over the estimated useful life of the asset. Where there is no reasonable certainty that the lessee will obtain ownership, the asset is depreciated over the shorter of the lease term and the asset's useful life.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(y) Leasehold improvements

The cost of improvements to or on leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvement to the Group, whichever is the shorter. The amortisation rate for leasehold improvements is set out in note 1(j).

(z) Contributed equity

Ordinary shares and units 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 the company'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.

(aa) Dividends/distributions

Provision is made for the amount of any dividend/distribution declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the financial year but not distributed at balance date.

1. Summary of Significant Accounting Policies (continued)

(ab) Earnings per share

Basic earnings per share

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

Diluted earnings per share

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

(ac) 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.

(ad) Comparatives

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

(ae) Rounding of amounts

The Company/CDPT is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(af) New accounting standards and interpretations

Relevant accounting standards and interpretations that have been issued or amended but are not yet effective and have not been adopted for the year are as follows:

Standard/Interpretation	Application date of standard	Application date for the Group
AASB 9 <i>Financial Instruments – revised</i> and consequential amendments to other accounting standards resulting from its issue	1 Jan 2015	1 Jul 2015
AASB 10 <i>Consolidated Financial Statements – revised</i> and consequential amendments to other accounting standards resulting from its issue	1 Jan 2013	1 Jul 2013
AASB 11 <i>Joint Arrangements</i>	1 Jan 2013	1 Jul 2013
AASB 12 <i>Disclosure of Interests in Other Entities</i>	1 Jan 2013	1 Jul 2013
AASB 13 <i>Fair Value Measurement</i>	1 Jan 2013	1 Jul 2013
AASB 119 <i>Employee Benefits – revised</i> and consequential amendments to other accounting standards resulting from its issue	1 Jan 2013	1 Jul 2013
AASB 127 <i>Separate Financial Statements – revised</i>	1 Jan 2013	1 Jul 2013
AASB 128 <i>Investments in Associates and Joint Ventures – revised</i>	1 Jan 2013	1 Jul 2013
AASB 2011-4 <i>Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements</i>	1 Jan 2013	1 Jul 2013
AASB 2012-2 <i>Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities</i>	1 Jan 2013	1 Jul 2013
AASB 2012-3 <i>Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities</i>	1 Jan 2014	1 Jul 2014
AASB 2012-5 <i>Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle</i>	1 Jan 2013	1 Jul 2013
AASB 2013-3 <i>Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets</i>	1 Jan 2014	1 Jul 2014
AASB 2013-4 <i>Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting</i>	1 Jan 2014	1 Jul 2014

1. Summary of Significant Accounting Policies (continued)

(af) New accounting standards and interpretations (continued)

The Directors anticipate that the adoption of these Standards and Interpretations in future years may have the following impacts:

AASB 9 – This revised standard provides guidance on the classification and measurement of financial assets, which is the first phase of a multi-phase project to replace AASB 139 *Financial Instruments: Recognition and Measurement*. Under the new guidance, a financial asset is to be measured at amortised cost only if it is held within a business model whose objective is to collect contractual cash flows and the contractual terms of the asset give rise on specified dates to cash flows that are payments solely of principal and interest (on the principal amount outstanding). All other financial assets are to be measured at fair value. Changes in the fair value of investments in equity securities that are not part of a trading activity may be reported directly in equity, but upon realisation those accumulated changes in value are not recycled to profit or loss. Changes in the fair value of all other financial assets carried at fair value are reported in profit or loss. The Directors do not expect the new standard to have a significant impact on the financial statements and related disclosures. In the second phase of the replacement project, the revised standard incorporates amended requirements for the classification and measurement of financial liabilities. The new requirements pertain to liabilities at fair value through profit or loss, whereby the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than profit or loss. The Directors believe there will be no impact on the Group's accounting for financial liabilities, as the Group does not currently have any liabilities at fair value through profit or loss. The Group intends to adopt the new standard from 1 July 2015.

AASB 10, AASB 11, AASB 12, AASB 127 and AASB 128 – These new and revised standards are a suite of five standards dealing with consolidation, joint venture arrangements and related disclosures. The main features are –

- **AASB 10** – Introduces a new control model and replaces parts of AASB 127 *Consolidated and Separate Financial Statements*. The new model broadens the situations when an entity is considered to be controlled and is likely to lead to more entities being consolidated.
- **AASB 11** – Replaces AASB131 *Interests in Joint Ventures* and uses the principle of control from AASB 10 to define joint control. It also removes the option to account for jointly controlled entities using proportionate consolidation.
- **AASB 12** – Requires disclosure of information pertaining to an entity's interests in subsidiaries, joint arrangement, associates and structures entities, including significant judgements and assumptions.
- **AASB 127** – This amended standard deals only with separate financial statements, with the consolidated financial statement requirements having moved to AASB 10. It carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications.
- **AASB 128** – Only limited amendments have been made to this standard including accounting for associates and joint ventures held for sale and changes in interests held in associates and joint ventures.

The Directors believe the adoption of the standards from 1 July 2013 will not result in any material changes to the Group's financial statements.

AASB 13 – The new standard replaces the fair value measurement guidance contained in the various standards. It provides guidance on how to determine fair value by defining fair value and providing a framework for measurement, but does not change when an entity is required to determine fair value. It also expands the disclosures required when fair value is used. The Directors do not believe current measurement techniques will require revision due to the new guidance, however, it is anticipated that disclosures may be more extensive. The Group intends to adopt the new standard from 1 July 2013.

AASB 119 – The relevant amendments apply to the calculation of provisions for employee benefits, including sick, annual and long service leave and payments upon termination. The amendments are expected to impact primarily upon the calculation and classification of employee provisions in respect of annual leave, however the Directors believe the resultant impact upon the financial statements will be immaterial. The Group intends to adopt the new standard from 1 July 2013.

AASB 2011-4 – Amends AASB 124 *Related Party Disclosures* to remove the individual key management personnel (KMP) disclosures required by Australian specific paragraphs and removes a duplication of the requirements with the *Corporations Act 2001*. While this will reduce the disclosures that are currently required in the notes to the financial statements, it will not affect any of the amounts recognised in the financial statements. The amendments apply from 1 July 2013. Early adoption of this amendment is not permitted. The Group intends to adopt the new standard from 1 July 2013.

AASB 2012-2 and AASB 2012-3 – The amendments to AASB 132 clarify when an entity has a legally enforceable right to set-off financial assets and financial liabilities permitting entities to present balances net on the balance sheet. The amendments to AASB 7 increase the disclosure about offset positions, including the gross position and the nature of the arrangements. The Directors believe the adoption of the standards will not result in any material changes to the Group's financial statements.

AASB 2012-5 – These amendments introduce various changes to AASBs. The Directors believe the adoption of the amendments will not result in any material changes to the Group's financial statements.

AASB 2013-3 – These amendments introduce changes to AASB 136 to require the disclosure of additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. This includes further disclosures about the discount rates used in current and previous measurements if the recoverable amount of impaired assets based on fair value less costs of disposal was measured using a present value technique. The Directors believe the adoption of the amendments will not result in any material changes to the Group's financial statements.

1. Summary of Significant Accounting Policies (continued)

(af) New accounting standards and interpretations (continued)

AASB 2013-4 – These amendments introduce changes to AASB 139 to permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. The Directors believe the adoption of the amendments will not result in any material changes to the Group's financial statements as the Group and Trust currently do not engage in hedge accounting.

2. Critical accounting estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are:

Estimates of fair value of investment properties

The Group has investment properties with a carrying amount of approximately \$2,396,000,000 (2012: \$1,724,400,000) representing estimated fair value at balance date. These investment properties represent a significant proportion of the total assets of the Group and Trust.

Fair value is determined within a range of reasonable estimates utilising both capitalisation of net market income and discounted future cash flow methodologies and comparing the results to market sales evidence.

The best evidence of fair value is considered to be current prices in an active market for similar properties, however global economic and financial conditions in recent years have had an impact on many classes of real estate, including commercial real estate in Australia. The most significant impact has been a reduction in the availability of capital (debt and equity) for real estate assets. This reduction in available capital led to falls in asset values, although in recent times there has been stability in pricing and increases in transactional levels. Where sufficient market information is not available, or to supplement this information, management considers other relevant information including:

- Current prices for properties of a different nature, condition or location, adjusted to reflect those differences;
- Recent prices of similar properties in a less active market, with adjustments to reflect changes in economic conditions or other factors;
- Capitalised income calculations based on an assessment of current net market income for that property or other similar properties, a capitalisation rate taking into account market evidence for similar properties and adjustment for any differences between market rents and contracted rents over the term of existing leases and deductions for short term vacancy or lease expiries, incentive costs and capital expenditure requirements; and
- Discounted cash flow forecasts including estimates of future cash flows based on current leases in place for that property, historical operating expenses, reasonable estimates of current and future rents and operating expenses based on external and internal assessments and using discount rates that appropriately reflect the degree of uncertainty and timing inherent in current and future cash flows.

The fair values adopted for investment properties have been supported by a combination of independent external valuations and detailed internal valuations, which are considered to reflect market conditions at balance date.

Key factors which impact assessments of value at each balance date include capitalisation rates, vacancy rates and weighted average lease terms. Details of these factors at each balance date were as follows:

	% Value of Portfolio by Sector		Weighted Average Cap Rate		Weighted Average Lease Term		Occupancy	
	2013	2012	2013	2012	2013	2012	2013	2012
Commercial	93%	94%	8.44%	8.22%	6.2yrs	6.4yrs	96.0%	96.2%
Industrial	4%	4%	9.27%	9.36%	5.4yrs	3.3yrs	97.5%	100.0%
Retail/Entertainment	3%	2%	10.04%	9.12%	5.3yrs	3.5yrs	93.3%	98.5%
Total	100%	100%	8.51%	8.28%	6.1yrs	6.2yrs	96.1%	96.4%

Estimates of fair value take into account factors and market conditions evident at balance date. Uncertainty and changes in global market conditions in the future may impact fair values in the future.

Estimates of fair value of interest rate derivatives

The fair value of interest rate derivatives has been determined using a pricing model based on discounted cash flow analysis and incorporating assumptions supported by market data at balance date including market expectations of future interest rates and discount rates, and taking into account estimates prepared by external counterparties. Whilst certain derivatives may not be quoted on an active market, management have determined a value for those derivatives using market data adjusted for any specific features of the derivatives. All counterparties to interest rate derivatives are Australian financial institutions.

3. Capital Risk Management

The Group's capital management strategy seeks to maximise securityholder value through optimising the level and use of capital resources and the mix of debt and equity funding.

The Group's capital management objectives are to:

- ensure that Group entities comply with capital and dividend/distribution requirements of their constitutions and/or trust deeds;
- ensure sufficient capital resources to support the Group's operational requirements;
- continue to support the Group's creditworthiness;
- comply with capital requirements of relevant regulatory authorities; and
- safeguard the Group's ability to continue as a going concern.

The Group monitors the adequacy of its capital requirements, cost of capital and gearing (i.e. debt/equity mix) as part of its overall strategic plan. The Group's capital structure is continuously reviewed to ensure:

- sufficient funds and financing facilities are available, on a cost effective basis, to implement the Group's strategies; and
- dividends/distributions to members are made within the stated policy.

The Group is able to alter its capital mix by:

- issuing new stapled securities;
- activating its dividend/distribution reinvestment plan;
- adjusting the amount of dividends/distributions paid to members;
- activating its security buyback program; and
- selling assets to reduce borrowings.

The Group also protects its equity in assets by taking out insurance cover with creditworthy insurers.

Certain entities within the Group hold Australian Financial Services Licences (AFSL) and act as responsible entities for managed investment schemes managed by the Group. The AFSL require these entities to maintain net tangible assets of approximately \$7 million in aggregate. As such these entities are restricted from paying dividends to the parent entity that would breach their licence conditions and hold cash as part of their required minimum net tangible assets (see Note 29(c)). The entities monitor their net tangible assets on an ongoing basis to ensure they continue to meet their licence requirements. The entities complied with their AFSL requirements during 2013 and 2012.

One of the key ways the Group monitors capital adequacy is on the basis of the gearing ratio. The ratio is calculated as net debt divided by adjusted assets. Net debt is calculated as total borrowings less cash and cash equivalents and restricted cash. Adjusted assets are calculated as total assets less cash and cash equivalents, restricted cash and intangible assets. The gearing ratios for both the Group and the Trust at each balance date were as follows:

	Group		Trust	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Total borrowings	1,232,720	964,177	1,232,720	964,177
Less: cash and cash equivalents	125,933	59,153	75,126	51,021
Net debt	1,106,787	905,024	1,157,594	913,156
Total assets	2,546,110	1,837,601	2,487,254	1,820,045
Less: intangible assets and deferred tax assets	1,834	1,547	-	-
Less: cash and cash equivalents	125,933	59,153	75,126	51,021
Adjusted assets	2,418,343	1,776,901	2,412,128	1,769,024
Gearing ratio	46%	51%	48%	52%

4. Financial Risk Management

The Group's activities expose it to a variety of financial risks; credit risk, liquidity risk and market risk (interest rate risk and price risk). The overall risk management program focuses on managing these risks and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as interest rate derivatives to hedge certain risk exposures. The Group seeks to deal only with creditworthy counterparties. Liquidity risk is monitored through the use of future rolling cash flow forecasts.

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

The Group and the Trust hold the following financial instruments:

	Group		Trust	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Financial Assets				
Cash and cash equivalents ⁽¹⁾	125,933	59,153	75,126	51,021
Trade and other receivables ⁽¹⁾	7,940	41,305	6,816	38,606
Investments at fair value through profit and loss ⁽³⁾	7,468	266	7,468	266
Total financial assets	141,341	100,724	89,410	89,893
Financial Liabilities				
Trade and other payables ⁽⁴⁾	28,014	14,472	27,030	13,311
Derivative financial instruments ⁽²⁾	35,508	40,628	35,508	40,628
Borrowings ⁽⁴⁾	1,232,720	964,177	1,232,720	964,177
Dividends/distributions payable ⁽⁴⁾	31,061	20,470	31,066	20,474
Total financial liabilities	1,327,303	1,039,747	1,326,324	1,038,590

- (1) Loans and receivables
(2) At fair value – held for trading
(3) At fair value – designated
(4) At amortised cost

(a) Credit Risk

Credit risk is the risk that a counterparty will default on its contractual obligations under a financial instrument and result in a financial loss to the Group. The Group has exposure to credit risk on all financial assets included in the statement of financial position except investments at fair value through profit or loss.

The Group manages this risk by:

- establishing credit limits for customers 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;
- providing loans to associates where the Group is comfortable with the underlying exposure;
- regularly monitoring loans and receivables on an ongoing basis; and
- regularly monitoring the performance of associates on an ongoing basis.

The maximum exposure to credit risk at balance date is the carrying amount of financial assets recognised in the statement of financial position of the Group. The Group holds no significant collateral as security. There are no significant financial assets that have had renegotiated terms that would otherwise have been past due or impaired.

Cash is held with Australian financial institutions. Interest rate derivative counterparties are all Australian financial institutions.

The ageing analysis of receivables past due at balance date but not impaired is as follows:

1 to 3 months	3,269	767	3,269	505
3 to 6 months	223	452	223	-
Over 6 months	345	1,369	345	1,369
	3,837	2,588	3,837	1,874

4. Financial Risk Management (continued)

(b) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash reserves and finance facilities to meet the ongoing operational requirements of the business. It is the Group's policy to maintain sufficient funds in cash and cash equivalents to meet expected near term operational requirements. The Group prepares and monitors rolling forecasts of liquidity requirements on the basis of expected cash flow. The Group monitors the maturity profile of borrowings and puts in place strategies designed to ensure that all maturing borrowings are refinanced in the required timeframes.

The current weighted average debt maturity of the Group and Trust is 2.2 years (2012: 2.4 years).

Contractual maturity of financial liabilities (borrowings and payables) of the Group and the Trust, including interest thereon, are as follows:

	Group		Trust	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Due within one year	133,850	122,147	132,869	120,954
Due between one and five years	1,342,138	1,042,481	1,342,138	1,042,481
Due after five years	-	357	-	357
	1,475,988	1,164,985	1,475,007	1,163,792

(c) Market Risk

(i) Price risk – Listed equity securities

The Group and Trust are exposed to equity securities price risk. This arises from investments held by the Group and Trust classified on the balance sheet as investments at fair value through profit and loss (refer note 12). The Group and Trust are not exposed to commodity price risk. A small proportion of the Group's and Trust's equity investments are publicly traded and are included in the ASX All Ordinaries index.

Group and Trust sensitivity

Based on the financial instruments held at balance date, had the ASX All Ordinaries index increased/decreased by 20% (2012: 20%) with all other variables held constant and all the Group's and Trust's equity instruments moved in correlation with the index, the impact on the Group's and Trust's profit and equity for the year would have been \$63,000 (2012: \$53,000) higher/lower.

(ii) Price risk – Unlisted equity securities

The Group and Trust is exposed to price risk in relation to its unlisted equity securities (refer note 12) acquired during the year. The Group and Trust uses the fair value of the net assets of the unlisted equity securities to determine the fair value of its investments in the same. The fair value of the net assets of the unlisted equity securities is predominantly dependent on the market value of the investment property they hold. Any movement in the market value of the investment property will impact on the fair value of the Group and Trust's investment.

Sensitivity

Based on its investment held at 30 June 2013, had the market values of the investment property's held by unlisted equity investments increased/decreased by 5% with all other variables held constant the impact on the company's equity for the year would have been \$612,000 higher/lower (2012 - nil).

(iii) Interest rate risk

The Group's interest-rate risk primarily arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Group to fair value interest-rate risk. The Group's policy is to effectively maintain hedging arrangements on not less than 50% of its borrowings. At balance date 86% (2012: 97%) of the Group's borrowings were effectively hedged.

The Group manages its cash flow interest-rate risk by using interest rate derivatives. Such interest rate derivatives have the economic effect of converting borrowings from floating rates to fixed or a limited range of rates. Generally, the Group raises long term borrowings at floating rates and hedges a portion of them into fixed or capped rates. Under the interest-rate derivatives, the Group agrees with other counter parties to exchange, at specified intervals (usually 30 days), the difference between contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

4. Financial Risk Management (continued)

(c) Market Risk (continued)

The fixed or limited interest rates range between 2.98% and 5.95% (2012: 3.18% and 5.95%) and the variable rates are generally based on the 30 day bank bill swap bid rate which at balance date was 2.87% (2012: 3.63%). At balance date, the notional principal amounts and periods of expiry of the interest rate swap contracts are detailed as follows:

Group and Trust	2013 \$'000	2012 \$'000
Less than 1 year	262,400	226,600
1-2 years	216,700	380,000
2-3 years	31,730	216,700
3-4 years	270,000	31,730
4-5 years	286,450	-
Greater than 5 years	-	86,450
	1,067,280	941,480

Because the Group's interest rate derivatives do not meet the accounting requirements to qualify for hedge accounting treatment, gains or losses arising from changes in fair value have been reflected in the profit or loss.

Information on borrowings and the maturity profile of borrowings including interest thereon is set out in Note 18.

Group sensitivity

At balance date, if interest rates for all relevant time periods had changed by +/- 100 basis points (1%) from the year end rates with all other variables held constant, profit would have been \$33,281,000 higher/lower (2012 – change of 100 bps: \$25,097,000 higher/lower), mainly as a result of increase/decrease in the fair value of interest rate derivatives. Equity would have been \$33,281,000 higher/lower (2012: \$25,097,000 higher/lower) mainly as a result of an increase/decrease in the fair value of interest rate derivatives.

Trust sensitivity

At balance date, if interest rates for all relevant time periods had changed by +/- 100 basis points (1%) from the year end rates with all other variables held constant, profit would have been \$32,773,000 higher/lower (2012 – change of 100 bps: \$25,016,000 higher/lower), mainly as a result of increase/decrease in the fair value of interest rate derivatives. Equity would have been \$32,773,000 higher/lower (2012: \$25,016,000 higher/lower) mainly as a result of an increase/decrease in the fair value of interest rate derivatives.

(d) Fair Value Estimation

The table below analyses financial instruments carried at fair value, by the source of measurement inputs. The results are the same for both the Group and the Trust. The different levels have been defined as follows:

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).

Group and Trust	2013		2012	
	Level 1 \$'000	Level 2 \$'000	Level 1 \$'000	Level 2 \$'000
Financial Assets				
Investments at fair value through profit or loss	315	7,153	266	-
	315	7,153	266	-
Financial Liabilities				
Derivative financial instruments	-	35,508	-	40,628
	-	35,508	-	40,628

The carrying value of loans and receivables and financial liabilities at amortised cost are assumed to approximate their fair value due to either their short term nature or their terms and conditions including interest receivable/payable at variable rates.

5. Expenses

	Group		Trust	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Premises rental – minimum lease payments	456	367	-	-
Gain/(loss) on Sale of Investment Properties:				
Net proceeds from sale of investment properties	42,571	38,998	42,571	38,998
Carrying value of investment properties sold and other costs of sale	(42,439)	(39,329)	(42,439)	(39,329)
Loss on sale of investment properties	132	(331)	132	(331)
Finance Costs:				
Total interest	67,715	62,855	67,774	62,855
Less: interest capitalised	-	(892)	-	(892)
Interest expense	67,715	61,963	67,774	61,963
Amortisation of loan transaction costs	2,581	2,560	2,581	2,833
Finance costs	70,296	64,523	70,355	64,796
Employee Benefits Expense:				
Wages and salaries including on costs	13,279	11,515	-	-
Contributions to defined contribution superannuation plans	833	731	-	-
Equity settled share-based payments	669	601	-	-
Increase in liability for long service and annual leave	256	500	-	-
	15,037	13,347	-	-
Less: employee benefits capitalised	(178)	-	-	-
Employee benefits expense	14,859	13,347	-	-
Depreciation/Amortisation:				
Depreciation of plant and equipment	320	249	-	-
Amortisation of intangibles	323	355	-	-
Depreciation/Amortisation	643	604	-	-
Loss on disposal of other assets:				
Net loss on disposal of property, plant and equipment	3	21	-	-
Net loss on disposal of intangible assets	143	23	-	-
Loss on disposal of other assets	146	44	-	-

6. Income Tax

	Group		Trust	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
(a) Income tax expense				
Current tax	1,519	58	-	-
Deferred tax	137	(121)	-	-
Prior year tax losses written off	(933)	178	-	-
Adjustment in relation to prior periods	(40)	5	-	-
Income tax expense	683	120	-	-

(b) Numerical reconciliation of income tax expense to prima facie tax

Profit before income tax	46,839	23,197	-	-
Tax at the Australian tax rate of 30% (2012: 30%)	14,052	6,959	-	-
<i>Tax effect of amounts which are not deductible/ (taxable) in calculating taxable income:</i>				
Non-taxable trust income	(12,987)	(7,308)	-	-
Non-deductible expenses	215	189	-	-
Non-deductible property development costs/impairment	278	(92)	-	-
Assessable for income tax	98	189	-	-
Losses written off (note 15)	(933)	178	-	-
Adjustment in relation to prior periods	(40)	5	-	-
Income tax expense	683	120	-	-

(c) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

Tax losses	17,792	18,702	-	-
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The tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of certain tax losses (both revenue and capital) because it is not probable that future taxable profit will be available against which the consolidated entity can utilise the benefits from the deferred tax assets. All unused tax losses were incurred by Australian entities.

(d) Tax consolidation

Refer note 1(d) for details regarding the relevance of the tax consolidation system to the consolidated entity, the tax funding arrangements and other information.

No amounts were recognised during the year (2012: \$nil) as tax consolidation contributions by, or distributions to, equity participants.

7. Cash and Cash Equivalents

Cash at bank	125,933	59,153	75,126	51,021
Cash and cash equivalents	125,933	59,153	75,126	51,021

8. Trade and Other Receivables

	Group		Trust	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Current Assets				
Trade debtors	7,940	3,093	6,816	1,288
Provision for impairment of trade debtors	-	(127)	-	(127)
Other receivables – associates	-	1,691	-	1,671
Loans:				
▪ Associate	-	4,062	-	-
▪ Related party	-	12,786	-	12,786
Trade and other receivables – current	7,940	21,505	6,816	15,618
Non-Current Assets				
Loans:				
▪ Associate	-	19,800	-	19,800
▪ Related party	-	-	-	3,188
Trade and other receivables – non-current	-	19,800	-	22,988

Trade debtors mainly comprises of amounts owing by tenants of the Group's and Trust's investment properties and recoverable costs owing by external managed investment schemes. These amounts are usually non-interest bearing, unsecured and generally payable on no more than 30 day terms.

(a) Loans – associates and related parties

Cromwell Property Fund

On 4 October 2012 the Group and Trust acquired the remaining units they did not already own of CPF. As a result, the Group and Trust's equity interest in CPF increased from 18% to 100% (refer notes 13 and 37) and the loan from the Group to CPF, previously classified as a loan to associate, is now eliminated upon consolidation.

Cromwell Ipswich City Heart Trust

On 8 December 2011 the Cromwell Ipswich City Heart Trust ARSN 154 498 923 ("ICH"), an unlisted single property trust, for which Cromwell Funds Management Limited ("CFM"), a subsidiary of the Company, acts as responsible entity, settled the acquisition of land at 117 Brisbane Street, Ipswich, Queensland. A commercial building is currently being constructed on the land for the Queensland Government, who will occupy 91% of the property on completion under a 15 year agreement for lease.

The Group and Trust provided an initial loan facility of \$20,000,000 to ICH, which was unsecured, to enable settlement of the land and funding for initial construction. CFM issued a product disclosure document ("PDS") on 16 December 2011 to raise funds from investors for ICH, which was ultimately fully subscribed and completed in October 2012. The loan was repaid in full between March 2012 and October 2012 using funds raised under the PDS. While the loan was drawn down, the Group and Trust earned a return equivalent to the ICH distribution rate of 7.75% to 30 June 2012 and 8.00% from 1 July 2012.

(b) Past due but not impaired receivables

At balance date, the Group had \$3,837,000 (2012: \$2,588,000) and the Trust had \$3,837,000 (2012: \$1,874,000) of trade and other receivables which were past due but not impaired. These consist of \$3,837,000 (2012: \$296,000) for the Group and \$3,837,000 (2012: \$296,000) for the Trust which relate to a number of tenants for whom there is no recent history of default.

(c) Impaired receivables

As at 30 June 2013 no trade receivables of the Group and Trust were impaired (2012: \$127,000). The provision as at 30 June 2012 was in respect of an individually impaired receivable relating to a financially distressed tenant. This provision was fully utilised during the current year as the relevant receivable was not recovered.

8. Trade and Other Receivables (continued)

(c) Impaired receivables (continued)

The ageing analysis of impaired receivables is as follows:

	2013	2012
	\$'000	\$'000
1 to 3 months	-	78
3 to 6 months	-	49
Over 6 months	-	-
	-	127

Movements in the provision for impairment of receivables are as follows:

Balance at 1 July	127	-
Provision for impairment recognised during the year	-	127
Provision for impairment utilised in respect of non-recovered amount	(127)	-
Balance at 30 June	-	127

The creation of the provision was included in property expenses and outgoings in the statement of comprehensive income.

9. Other Current Assets

	Group		Trust	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Prepayments	2,527	1,791	1,844	1,047

10. Inventories

Non-current

Land held for development and resale (net realisable value)	3,000	3,000	-	-
Inventories	3,000	3,000	-	-

11. Investment Properties

	Group		Trust	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Investment properties at fair value	2,396,000	1,724,400	2,396,000	1,724,400
(a) Movement in investment properties				
Balance at 1 July	1,724,400	1,444,850	1,724,400	1,444,850
Additions at cost				
• Cromwell Property Fund – properties acquired	171,372	-	171,372	-
• Purchase price of other investment properties	463,602	249,483	463,602	249,483
• Acquisition transaction costs	26,372	13,939	26,372	13,939
Capital works				
• Property improvements	76,319	50,199	76,319	50,199
• Lifecycle	6,301	2,614	6,301	2,614
Disposals	(42,439)	(39,329)	(42,439)	(39,329)
Straight-lining of rental income	6,071	6,892	6,071	6,892
Lease costs and incentives	29,275	15,810	29,275	15,810
Amortisation of lease costs and incentives	(9,526)	(7,705)	(9,526)	(7,705)
Net loss from fair value adjustments	(55,747)	(12,353)	(55,747)	(12,353)
Balance at 30 June	2,396,000	1,724,400	2,396,000	1,724,400
(b) Amounts recognised in profit and loss for investment properties				
Rental and outgoings from investment properties	206,665	177,245	206,478	176,673
Direct operating expense from properties that generated rental income	(34,005)	(27,087)	(38,753)	(30,530)
	172,660	150,158	167,725	146,143
(c) Assets pledged as security				
Borrowings (refer Note 18) are secured by fixed and floating charges over each investment property plus charges over any building document, lease document, performance bond and bank guarantee in addition to a real property mortgage over each property.				
(d) Leases as a lessor				
The investment properties are generally leased to tenants on long term operating leases with rentals payable monthly. Minimum lease payments under the non-cancellable operating leases of the investment properties not recognised in the financial statements are receivable as follows:				
Within one year	217,749	157,012	217,869	157,818
Later than one year but not later than five years	624,900	510,596	624,900	510,692
Later than five years	741,200	226,143	741,200	226,143
	1,583,849	893,751	1,583,969	894,653

(e) Valuation basis

Independent valuations of properties were carried out by qualified valuers with relevant experience in the types of property being valued. Independent valuations are mostly carried out at least annually but no later than every two years. The value of investment properties is measured on a fair value basis, being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases. In assessing the value of the investment properties, the independent valuers have considered both discounted cash flow and capitalisation methodologies. In addition, the Group has utilised similar internal valuation processes for determining fair value where independent valuations are not obtained. Further information on assumptions underlying management's assessment of fair value is contained in note 2.

11. Investment Properties (continued)

(f) Details of investment properties

	Title	Acquisition Date (1)	Acquisition Price (1) \$'000	Independent valuation date	Independent valuation		Carrying amount		Fair value adjustment	
					2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
200 Mary St, QLD	Freehold	Jun 2001	29,250	Jun 2013	81,000	87,000	81,000	87,000	(7,139)	(2,485)
Terrace Office Park, QLD	Freehold	Jun 1999	13,600	Dec 2012	26,500	26,500	26,500	26,500	(314)	(1,807)
Oracle Building, ACT	Leasehold	Nov 2001	23,550	Jun 2013	29,100	28,500	29,100	28,500	(934)	(4,645)
NQX Distribution Centre, QLD	Freehold	Feb 2003	17,778	Dec 2012	25,375	26,500	25,375	26,500	(1,078)	547
Henry Waymouth Centre, SA	Freehold	Apr 2003	30,420	Dec 2012	40,000	32,000	42,300	32,000	(6,735)	(2,691)
Brooklyn Woolstore, VIC	Freehold	Jun 2004	34,000	Dec 2012	35,450	34,400	36,100	34,400	1,718	(1,659)
Village Cinemas, VIC	Freehold	Jun 2004	8,900	Dec 2012	12,800	12,100	13,900	12,100	465	400
Vodafone Call Centre, TAS	Freehold	Jun 2004	15,900	Dec 2012	15,000	15,300	15,000	15,300	(244)	(858)
Regent Cinema Centre, NSW	Freehold	Jun 2004	9,900	Dec 2012	13,500	13,400	13,500	13,400	87	-
Elders Woolstore, SA	Freehold	Jun 2004	10,900	Dec 2012	16,200	15,000	16,700	15,000	656	1,243
700 Collins Street, VIC	Freehold	Dec 2004	133,000	Dec 2012	172,000	172,400	172,000	172,400	(613)	(913)
Masters Distribution Centre, VIC	Freehold	Feb 2005	41,000	SOLD	-	-	-	-	-	230
19 National Circuit, ACT	Leasehold	July 2005	35,530	Jun 2013	31,000	32,000	31,000	32,000	(918)	(4,062)
380 La Trobe St, VIC	Freehold	Dec 2005	88,000	Jun 2013	114,500	107,000	114,500	107,000	27	3,977
101 Grenfell St, SA	Freehold	Jan 2006	30,375	SOLD	-	43,200	-	43,200	(701)	2,155
475 Victoria Av, NSW	Freehold	Mar 2006	102,650	Jun 2013	135,000	135,000	135,000	135,000	1,638	6,861
Synergy, QLD	Freehold	Nov 2008	85,727	Dec 2012	73,500	73,000	73,500	73,000	1,618	589
Tuggeranong Office Park, ACT	Leasehold	Jun 2008	166,025	Jun 2013	155,000	173,000	155,000	173,000	(18,130)	243
TGA Complex, ACT	Leasehold	Jul 2010	75,000	Jun 2013	69,000	70,000	69,000	70,000	(1,109)	(3,937)
321 Exhibition Street, Melbourne, VIC	Leasehold	Jul 2010	90,200	Dec 2012	175,000	170,000	180,500	170,000	8,836	970
203 Coward Street, Mascot, NSW	Leasehold	Aug 2010	143,891	Dec 2012	232,000	172,400	275,000	198,800	8,901	(830)
HQ North, QLD	Freehold	Dec 2011	186,000	Jun 2013	200,000	194,000	200,000	194,000	3,673	(3,484)
Bundall Corporate Centre, QLD	Freehold	Jan 2012	63,483	Dec 2012	68,000	65,300	68,500	65,300	577	(2,197)
HomeBase, Prospect, NSW ⁽²⁾	Freehold	Oct 2012	39,212	Jun 2013	36,800	-	36,800	-	(2,377)	-
43 Bridge Street, Hurstville, NSW ⁽²⁾	Freehold	Oct 2012	34,975	Dec 2012	31,750	-	31,750	-	(3,349)	-
13 Keltie Street, Woden, ACT ⁽²⁾	Leasehold	Oct 2012	74,206	Jun 2013	62,500	-	62,500	-	(11,831)	-
28-54 Percival Rd, Smithfield, NSW ⁽²⁾	Freehold	Oct 2012	20,279	Jun 2013	19,000	-	19,000	-	(2,538)	-
Sturton Road, Edinburgh Park, SA ⁽²⁾	Freehold	Oct 2012	2,700	Dec 2012	2,475	-	2,475	-	(225)	-
147-163 Charlotte Street, QLD	Freehold	May 2013	30,000	May 2013	29,000	-	30,000	-	(1,743)	-
146-160 Mary Street, QLD	Freehold	May 2013	35,000	May 2013	36,000	-	35,000	-	(2,164)	-
4-6 Bligh Street, Sydney, NSW	Freehold	Jun 2013	53,000	May 2013	53,000	-	53,000	-	(2,941)	-
117 Bull Street, Newcastle, NSW	Freehold	Jun 2013	13,800	May 2013	13,800	-	13,800	-	(766)	-
11 Farrer Street, Queanbeyan, NSW	Freehold	Jun 2013	22,600	May 2013	22,600	-	22,600	-	(1,254)	-
207 Kent Street, Sydney, NSW	Freehold	Jun 2013	133,025	May 2013	133,000	-	133,000	-	(6,707)	-
84 Crown Street, Wollongong, NSW	Freehold	Jun 2013	23,900	May 2013	23,900	-	23,900	-	(1,326)	-
2-24 Rawson Place, Haymarket, NSW	Freehold	Jun 2013	130,000	May 2013	130,000	-	130,000	-	(7,214)	-
2-6 Station Street, Penrith, NSW	Freehold	Jun 2013	28,700	May 2013	28,700	-	28,700	-	(1,593)	-
Total investment properties			1,606,451		2,342,450	1,698,000	2,396,000	1,724,400	(55,747)	(12,353)

(1) Comprises original acquisition date and price for CDPT or the relevant Syndicate which was mostly prior to the merger and stapling transactions in December 2006.

(2) Buildings acquired in a business combination transaction, through the acquisition of the Cromwell Property Fund (see notes 13 and 37).

12. Investments at Fair Value Through Profit or Loss

	Group		Trust	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Unlisted equity securities at fair value	7,153	-	7,153	-
Listed equity securities at fair value	315	266	315	266
Investments at fair value through profit or loss	7,468	266	7,468	266

These investments are designated at fair value through profit or loss. Gains and losses are shown in profit or loss.

13. Investments in Associates

At balance date the Group had an investment in one associate, Phoenix Portfolios Pty Ltd ("Phoenix"). This entity was formed in Australia and it's principal activity is investment management. The reporting date of Phoenix is the same as for the Group. During the year additional non-voting equity was issued to a third party which reduced the Group's ownership interest from 50% to 45% whilst preserving the Group's 50% ownership of issued capital to which voting rights attach.

The Group and Trust previously held an investment in an associate, CPF. The remaining units of CPF not previously owned by the Group and Trust were acquired during the year (refer note 37).

(a) Investments

The investments are accounted for using the equity method of accounting. Information relating to the investments is detailed below:

	Ownership Interest			
	2013	2012	2013	2012
Group	%	%	\$'000	\$'000
Investments accounted for using the equity method:				
CPF – associate	-	18	-	4,705
Phoenix – associate	45	50	100	47
			100	4,752
Trust				
Investments accounted for using the equity method:				
CPF – associate	-	18	-	4,705

13. Investments in Associates (continued)

(b) Movement in carrying amount of investments in associates

Group	Phoenix \$'000	CPF \$'000	Total \$'000
2013			
Balance at 1 July 2012	47	4,705	4,752
Share of profit/(loss) ⁽¹⁾	53	593	646
Carrying value consolidated ⁽²⁾	-	(5,298)	(5,298)
Balance at 30 June 2013	100	-	100
2012			
Balance at 1 July 2011	56	5,436	5,492
Share of profit/(loss) ⁽¹⁾	(9)	(131)	(140)
Distributions received	-	(600)	(600)
Balance at 30 June 2012	47	4,705	4,752
Trust		CPF \$'000	Total \$'000
2013			
Balance at 1 July 2012		4,705	4,705
Share of profit/(loss) ⁽¹⁾		593	593
Carrying value consolidated ⁽²⁾		(5,298)	(5,298)
Balance at 30 June 2013		-	-
2012			
Balance at 1 July 2011		5,436	5,436
Share of profit/(loss) ⁽¹⁾		(131)	(131)
Distributions received		(600)	(600)
Balance at 30 June 2012		4,705	4,705

(1) Share of profit/(loss) includes fair value gain/(loss) on investment properties and interest rate derivatives where applicable.

(2) The carrying amount of CPF was derecognised following the acquisition of the remaining units of CPF in October 2012, resulting in CPF being fully consolidated by the Group and Trust.

(c) Share of assets and liabilities of associates

	2013		2012	
	Phoenix \$'000	CPF \$'000	Phoenix \$'000	CPF \$'000
Assets				
Current assets	239	-	162	532
Non-current assets				
Investment properties	-	-	-	29,537
Other	3	-	4	-
Total non-current assets	242	-	4	29,537
Total assets	242	-	166	30,069
Liabilities				
Current liabilities				
Borrowings	-	-	-	(23,802)
Other	(142)	-	(119)	(1,562)
Total current liabilities	(142)	-	(119)	(25,364)
Total liabilities	(142)	-	(119)	(25,364)
Net assets	100	-	47	4,705

13. Investments in Jointly Controlled Entity and Associates (continued)

(d) Share of revenues, expenses and results of jointly controlled entity and associates

	2013		2012	
	Phoenix \$'000	CPF \$'000	Phoenix \$'000	CPF \$'000
Revenue ⁽¹⁾	437	1,409	269	3,560
Expenses ⁽¹⁾	(384)	(816)	(278)	(3,691)
Share of profit/(loss)	53	593	(9)	(131)

(1) Includes share of fair value adjustment to investment properties and interest rate derivatives where applicable (share of revenue, expenses and result of CPF in 2013 relates to the period from 1 July 2013 until consolidation of CPF).

14. Property, Plant and Equipment

	Group		Trust	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Furniture and fittings at cost	1,612	1,588	-	-
Accumulated depreciation	(871)	(792)	-	-
	741	796	-	-
Plant and equipment at cost	2,033	1,764	-	-
Accumulated depreciation	(1,466)	(1,233)	-	-
	567	531	-	-
Property, plant and equipment	1,308	1,327	-	-

(a) Movement in property, plant and equipment

Reconciliations of the carrying amounts of each class of property, plant and equipment are set out below.

Group	Furniture and fittings \$'000	Plant and Equipment Owned \$'000	Total \$'000
Balance at 1 July 2012	796	531	1,327
Additions	25	279	304
Disposals	-	(3)	(3)
Depreciation	(80)	(240)	(320)
Balance at 30 June 2013	741	567	1,308
Balance at 1 July 2011	739	394	1,133
Additions	135	329	464
Disposals	-	(21)	(21)
Depreciation	(78)	(171)	(249)
Balance at 30 June 2012	796	531	1,327

15. Deferred Tax Assets

	Group		Trust	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Deferred tax assets	804	914	-	-
<i>Deferred tax assets and liabilities are attributable to the following:</i>				
Interests in managed investment schemes	(1,918)	(1,917)	-	-
Payables	-	84	-	-
Employee benefits	718	540	-	-
Provisions	17	278	-	-
Other accruals and sundry items	527	212	-	-
Tax losses recognised	1,460	1,717	-	-
	804	914	-	-
<i>Movements</i>				
Balance at 1 July	914	921	-	-
Reduction in current tax liability on use of tax losses previously recognised	(1,189)	(23)	-	-
(Debit)/credit to profit or loss	(137)	121	-	-
Tax losses written off	933	(178)	-	-
Adjustments in relation to prior periods	283	73	-	-
Balance at 30 June	804	914	-	-

The benefit of temporary differences and prior year tax losses recognised as a deferred tax asset was based on projected earnings over a limited period that the Directors considered to be probable. Projected earnings are re-assessed at each reporting date. There remains a significant amount of tax losses that have not been recognised as a deferred tax asset (refer note 6).

16. Intangible Assets

Software – at cost	2,737	2,405	-	-
Accumulated amortisation	(1,707)	(1,772)	-	-
Intangible assets	1,030	633	-	-

Amortisation of software is included in amortisation expense in profit or loss.

Reconciliations of the carrying amounts of software are set out below:

Balance at 1 July	633	603	-	-
Additions	863	408	-	-
Disposals	(143)	(23)	-	-
Amortisation	(323)	(355)	-	-
Balance at 30 June	1,030	633	-	-

17. Trade and Other Payables

Trade payables and accruals	11,662	9,575	11,818	8,625
Lease incentives payable	12,782	2,875	12,782	2,875
Tenant security deposits	1,020	106	1,020	106
Amounts payable to related entities (refer note 32(d))	-	-	-	540
Other payables	2,550	1,916	1,410	1,165
Trade and other payables	28,014	14,472	27,030	13,311

Trade and other payables are generally unsecured, non-interest bearing and paid in cash within 30-60 days of recognition.

Lease incentives payable are generally unsecured, non-interest bearing and paid in cash or by way of a rental rebate within 6 months of recognition according to the terms of the underlying lease.

18. Borrowings

	Group		Trust	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Current				
<i>Secured</i>				
Loans – financial institutions	-	21,533	-	21,533
Borrowings – current	-	21,533	-	21,533
Non-Current				
<i>Secured</i>				
Loans – financial institutions	1,237,578	947,018	1,237,578	947,018
Unamortised transaction costs	(4,858)	(4,374)	(4,858)	(4,374)
Borrowings – non-current	1,232,720	942,644	1,232,720	942,644
Total				
<i>Secured</i>				
Loans – financial institutions	1,237,578	968,551	1,237,578	968,551
Unamortised transaction costs	(4,858)	(4,374)	(4,858)	(4,374)
Total borrowings	1,232,720	964,177	1,232,720	964,177

Loans shown above are net of transaction costs which are amortised over the term of the loan.

(a) Borrowing details

Borrowings of the Group and Trust are the same and details at balance date are set out below:

Facility	Note	Secured	Maturity Date	Facility 2013 \$'000	Utilised 2013 \$'000	Facility 2012 \$'000	Utilised 2012 \$'000
Syndicated Facility	(i)	Yes	Jan 2016	352,467	352,467	376,172	376,172
Tuggeranong (Tranche 1)	(ii)	Yes	June 2015	100,595	100,595	107,917	107,917
Tuggeranong (Tranche 2)	(ii)	Yes	June 2013	-	-	3,321	3,321
Multi Property (Tranche 1)	(iii)	Yes	July 2015	132,719	132,719	132,719	132,719
Multi Property (Tranche 2)	(iii)	Yes	July 2015	100,000	98,653	100,000	98,653
Multi Property (Tranche 3)	(iii)	Yes	Dec 2012	-	-	40,000	13,913
Mascot (Tranche 1)	(iv)	Yes	Dec 2014	62,400	62,400	62,400	62,400
Mascot (Tranche 2)	(iv)	Yes	Dec 2014	83,750	58,762	83,750	17,840
Mascot (Tranche 3)	(iv)	Yes	Dec 2014	47,720	-	47,720	-
HQ North (Tranche 1)	(v)	Yes	Dec 2014	106,506	106,506	116,400	116,400
HQ North (Tranche 2)	(v)	Yes	June 2013	-	-	4,300	4,300
Bundall Corporate Centre	(vi)	Yes	Jan 2015	34,916	34,916	34,916	34,916
Cromwell Property Fund	(vii)	Yes	June 2015	90,560	90,560	-	-
NSW Portfolio	(viii)	Yes	June 2016	200,000	200,000	-	-
Total facilities				1,311,633	1,237,578	1,109,615	968,551

(i) Syndicated Facility

The Syndicated finance facility was renegotiated and extended during the 2013 financial year. The Syndicated finance facility is secured by first registered mortgages over a pool of the investment properties held by the Group and a registered floating charge over the assets of the Trust. Interest is payable monthly in arrears at variable rates based on the 30 day BBSY rate which was 2.87% at balance date plus a loan margin. Repayments of \$23,705,000 (2012: \$21,643,000) were made during the year from proceeds of the sale of the 101 Grenfell St, SA investment property.

(ii) Tuggeranong

The loan is secured by a first registered mortgage over Tuggeranong Office Park. The first tranche of the loan matures in June 2015. The second tranche matured in June 2013. The loan bears interest at a variable rate based on the 30 day BBSY rate plus a loan margin. Repayments of \$10,643,000 (2012: \$3,321,000) were made during the year.

18. Borrowings (continued)

(a) Borrowing details (continued)

(iii) Multi Property

The loan is secured by first registered mortgage over the Synergy, Mary Street, TGA and Exhibition Street investment properties. The facility limit is \$232,719,000 (2012: \$272,719,000) and has 2 remaining tranches (previously three).

Tranche 1 relates to the TGA Complex in Canberra and the 200 Mary Street and Synergy properties in Brisbane and is fully drawn.

Tranche 2 relates to the Exhibition Street property. The facility is for \$100,000,000, and is drawn to \$98,653,000 with the remainder of the facility being available to be drawn down to fund further capital commitments if required.

Tranche 3 was fully repaid (\$13,913,000) during 2013.

All tranches bear interest at a variable rate based on the 30 day BBSY rate plus a loan margin.

(iv) Mascot

The loan is secured by a first registered mortgage over the 203 Coward Street, Mascot property. The loan consists of 3 tranches.

Tranche 1, \$62,400,000, was fully drawn at balance date. Tranche 2, \$83,750,000, will provide funding for additional committed capital expenditure. This facility was drawn down to \$58,762,000 at balance date (June 2012: \$17,840,000).

Tranche 3 will provide funding for additional committed capital expenditure and was undrawn at balance date.

The loan bears interest at a variable rate based on a margin over the 30 day BBSY rate.

(v) HQ North

The loan is secured by a first registered mortgage over the HQ North investment property and bears interest at a variable rate based on the 30 day BBSY rate plus a margin. Repayments of \$14,194,000 (2012: \$nil) were made during the year.

(vi) Bundall Corporate Centre

The loan is secured by a first registered mortgage over the Bundall Corporate Centre investment property and bears interest at a variable rate based on the 30 day BBSY rate plus a margin.

(vii) Cromwell Property Fund

CPF became a consolidated entity of the Group during the period (see notes 13 and 37) and as a result the Group and Trust assumed a \$112,250,000 loan. The loan is secured by first registered mortgages over the investment properties of CPF (refer note 11) and a registered floating charge over the assets of CPF. The loan bears interest at a variable rate based on a margin over the 30 day BBSY. Repayments of \$21,690,000 were made during the year.

(viii) NSW Portfolio

The facility is \$200,000,000 and was fully drawn down during June 2013 in order to partly fund the acquisition of the NSW Property Portfolio. The loan bears interest at a variable rate based on a margin over the 30 day BBSY rate.

(b) Maturity Profile

Maturity profile of the principal amounts of current and non-current borrowings together with estimated interest thereon:

	Group		Trust	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Due within one year	60,209	75,610	60,209	75,610
Due between one and five years	1,312,065	1,023,554	1,312,065	1,023,554
Due after five years	-	-	-	-
	1,372,274	1,099,164	1,372,274	1,099,164

(c) Unused Finance Facilities

At balance date the Group had unused finance facilities totalling \$74,055,000 (2012: \$141,064,000).

(d) Interest Rate Risk

Interest rate Derivatives

The Group manages its cash flow interest-rate risk by using floating-to-fixed interest rate derivatives. Such interest rate derivatives have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long term borrowings at floating rates and a portion of them into fixed or limited range of rates.

Information regarding the Group's exposure to interest rates is provided in note 4.

19. Distributions Payable

	Group		Trust	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Distributions payable	31,061	20,470	31,066	20,474

Distributions payable relate to June quarter distributions declared in June and payable in August of each year.

20. Derivative Financial Instruments

Current liabilities

Interest rate derivatives – at fair value	17,638	15,127	17,638	15,127
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Non-current liabilities

Interest rate derivatives – at fair value	17,870	25,501	17,870	25,501
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Details of principal amounts, expiry dates and interest ranges of interest rate derivative (hedging) contracts are set out in note 4(c)(iii).

21. Provisions

Current

Employee benefits	1,215	1,140	-	-
Property development	-	228	-	-
	1,215	1,368	-	-

Non-Current

Employee benefits	843	662	-	-
Make good	100	100	-	-

Provisions	943	762	-	-
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Movement in provisions

	Property Development		Make Good	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July	228	428	100	100
Provision reversed	-	(200)	-	-
Impact of consolidation	(228)	-	-	-
Balance at 30 June	-	228	100	100

22. Other Current Liabilities

Unearned income	15,468	6,735	15,468	6,735
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Unearned income primarily comprises rent paid in advance by tenants.

23. Contributed Equity

(a) Equity attributable to shareholders/unitholders

	Group		Company		CDPT	
	2013	2012	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Contributed equity	1,360,755	894,058	103,323	66,344	1,257,707	827,989

Movements in ordinary shares/ordinary units

Date	Details	Group			Company		CDPT	
		Number of Securities	Issue Price	\$'000	Issue Price	\$'000	Issue Price	\$'000
1 Jul 11	Opening balance	964,737,315		758,888		57,073		702,090
19 Aug 11	Dividend reinvestment plan	2,108,544	68.0¢	1,424	4.9¢	95	63.1¢	1,329
16 Nov 11	Dividend reinvestment plan	2,058,172	66.0¢	1,357	4.3¢	89	61.7¢	1,268
16 Nov 11	Placement	40,591,780	68.0¢	27,602	4.5¢	1,811	63.5¢	25,791
16 Dec 11	Placement	45,588,235	68.0¢	31,000	4.5¢	2,033	63.5¢	28,967
19 Dec 11	Entitlement offer	5,846,802	68.0¢	3,976	4.5¢	261	63.5¢	3,715
20 Dec 11	Entitlement offer	51,470,588	68.0¢	35,000	4.5¢	2,296	63.5¢	32,704
21 Dec 11	Exercise of performance rights	659,600	20.0¢	132	1.3¢	9	18.7¢	123
9 Feb 12	Entitlement offer	51,449,138	68.0¢	34,985	5.0¢	2,596	63.0¢	32,389
15 Feb 12	Dividend reinvestment plan	1,978,895	70.0¢	1,381	5.2¢	102	64.8¢	1,279
23 Feb 12	Exercise of performance rights	126,859	-	-	-	-	-	-
9 Mar 12	Entitlement offer	1,470,588	68.0¢	1,000	5.0¢	74	63.0¢	926
16 May 12	Dividend reinvestment plan	1,602,427	71.0¢	1,141	5.3¢	85	65.7¢	1,056
	Transaction costs	-	-	(3,828)	-	(180)	-	(3,648)
		1,169,688,943		894,058		66,344		827,989
16 Aug 12	Dividend reinvestment plan	2,880,765	69.9¢	2,013	5.3¢	152	64.6¢	1,861
20 Sep 12	Exercise of performance rights	170,287	-	-	-	-	-	-
20 Sep 12	Exercise of performance rights	123,459	10.0¢	12	0.8¢	1	9.2¢	11
4 Oct 12	CPF acquisition	32,339,260	75.0¢	24,255	5.7¢	1,829	69.3¢	22,426
8 Oct 12	Placement	16,911,765	68.0¢	11,500	5.1¢	867	62.9¢	10,633
14 Nov 12	Dividend reinvestment plan	3,424,554	80.0¢	2,741	6.0¢	207	74.0¢	2,534
14 Dec 12	Placement	182,165,605	78.5¢	143,000	5.9¢	10,782	72.6¢	132,218
13 Feb 13	Dividend reinvestment plan	3,317,803	83.5¢	2,771	6.3¢	209	77.2¢	2,562
14 Feb 13	Security purchase plan	49,959,701	78.5¢	39,218	5.9¢	2,957	72.6¢	36,261
15 May 13	Dividend reinvestment plan	2,739,314	101.4¢	2,777	8.3¢	227	93.1¢	2,550
11 Jun 13	Placement	128,023,212	100.0¢	128,023	8.2¢	10,446	91.8¢	117,577
11 Jun 13	Entitlement offer	64,570,891	100.0¢	64,571	8.2¢	5,269	91.8¢	59,302
11 Jun 13	Entitlement offer	2,424,768	100.0¢	2,425	8.2¢	198	91.8¢	2,227
24 June 13	Entitlement offer	54,981,129	100.0¢	54,981	8.2¢	4,486	91.8¢	50,495
	Transaction costs	-	-	(11,590)	-	(651)	-	(10,939)
		1,713,721,456		1,360,755		103,323		1,257,707

The basis of allocation of the issue price of stapled securities issued post stapling is determined by agreement between the Company and the Trust as set out in the Stapling Deed.

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 ordinary stapled securities rather than being paid in cash. Securities may be issued under the plan at a discount to the market price as determined by the Directors before each dividend/distribution. During 2013 and 2012 all securities were issued at market price, with no discount.

23. Contributed Equity (continued)

(b) Stapled Securities

The ordinary shares of the Company are stapled with the units of the Trust. These 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.

A reconciliation of the stapled number of ordinary shares of the Company and ordinary units of the Trust is as follows:

	2013 Company Number	2013 CDPT Number	2012 Company Number	2012 CDPT Number
Ordinary shares / ordinary units	1,713,721,456	1,713,996,562	1,169,688,943	1,169,964,049
Unstapled units (held by the Company)	-	(275,106)	-	(275,106)
	1,713,721,456	1,713,721,456	1,169,688,943	1,169,688,943

24. Reserves

	Group		Trust	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Share based payments	2,858	2,189	-	-
Available-for-sale financial assets revaluation reserve	2,340	2,340	-	-
Reserves	5,198	4,529	-	-

Movements in reserves

Share based payments

Balance at 1 July	2,189	1,588	-	-
Options expensed	669	601	-	-
Balance at 30 June	2,858	2,189	-	-

The share based payments reserve is used to recognise the fair value of options issued for employee services.

Available-for-sale financial assets revaluation reserve

Balance at 1 July	2,340	2,340	-	-
Balance at 30 June	2,340	2,340	-	-

Changes in the fair value of investments classified as available-for-sale are taken to the available-for-sale financial assets revaluation reserve. Amounts are recognised in profit or loss when the associated assets are disposed/sold or impaired.

For the Group the balance at year end comprises a reserve of a subsidiary attributable to its pre-stapling interest in a trust which continues to be held. For the Group there was no movement in the available-for-sale financial assets revaluation reserve over the last two financial years.

25. Retained Earnings/(Accumulated Losses)

Retained Earnings/(Accumulated Losses)	(48,697)	(51,562)	(116,977)	(58,589)
Movements in retained earnings/(accumulated losses)				
Balance at 1 July	(51,562)	(50,280)	(58,589)	(7,910)
Profit/(loss) for the year	2,865	(1,282)	43,291	24,359
Distributions	-	-	(101,679)	(75,038)
Balance at 30 June	(48,697)	(51,562)	(116,977)	(58,589)

26. Non-Controlling Interests

	Group		Trust	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Non-controlling interests	1,141,028	769,678	4,732	5,320
Movements in non-controlling interests				
Balance at 1 July	769,678	694,439	5,320	5,463
Units issued by CDPT	429,718	125,899	-	-
Profit for the year	43,291	24,359	(19)	414
Distributions paid/payable	(101,659)	(75,019)	(569)	(557)
Balance at 30 June	1,141,028	769,678	4,732	5,320

27. Dividends/Distributions

Franking credits

	Group	
	2013	2012
	\$'000	\$'000
Franking credits available for subsequent years based on a tax rate of 30% (2012 – 30%)	1,315	1,410

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise/(decrease) from the payment/(receipt) of the amount of the provision/(receivable) for income tax;
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

Dividends paid/payable by the Company

There were no dividends paid or payable by the Company in respect of the 2013 and 2012 financial years.

Distributions paid/payable by the Group

2013	2012	2013	2012	2013	2012
Date Paid	Date Paid	Cents⁽¹⁾	Cents⁽¹⁾	\$'000	\$'000
14 November 2012	16 November 2011	1.8125¢	1.7500¢	21,243	16,920
13 February 2013	15 February 2012	1.8125¢	1.7500¢	22,874	17,602
15 May 2013	16 May 2012	1.8125¢	1.7500¢	26,481	20,027
15 August 2013	16 August 2012	1.8125¢	1.7500¢	31,061	20,470
		7.2500¢	7.0000¢	101,659	75,019

⁽¹⁾ Cents per stapled security.

Distributions paid/payable by the Trust

2013	2012	2013	2012	2013	2012
Date Paid	Date Paid	Cents⁽¹⁾	Cents⁽¹⁾	\$'000	\$'000
14 November 2012	16 November 2011	1.8125¢	1.7500¢	21,248	16,925
13 February 2013	15 February 2012	1.8125¢	1.7500¢	22,879	17,607
15 May 2013	16 May 2012	1.8125¢	1.7500¢	26,486	20,032
15 August 2013	16 August 2012	1.8125¢	1.7500¢	31,066	20,474
		7.2500¢	7.0000¢	101,679	75,038

⁽¹⁾ Cents per unit.

All distributions from the Group and Trust are unfranked. The determination of the Trust's distributable income excludes unrealised gains/(losses) including fair value adjustments to investment properties and interest rate derivatives.

28. Earnings/(loss) per Share

Earnings/(loss) per share/unit	Group		Trust	
	2013	2012	2013	2012
Basic earnings/(loss) per share/unit	0.21¢	(0.12¢)	3.23¢	2.28¢
Diluted earnings/(loss) per share/unit	0.21¢	(0.12¢)	3.23¢	2.28¢
	\$'000	\$'000	\$'000	\$'000
Earnings used to calculate basic and diluted earnings/(loss) per share/unit:				
Profit for the year	46,156	23,077	43,272	24,773
Profit/(loss) attributable to non-controlling interests	43,291	24,359	(19)	414
Profit/(loss) attributable to ordinary equity holders of the company/trust used in calculating basic/diluted earnings/(loss) per share/unit	2,865	(1,282)	43,291	24,359
	Number of Shares	Number of Shares	Number of Shares	Number of Shares
Weighted average number of ordinary shares/units used in calculating basic earnings/(loss) per share/unit	1,341,491,052	1,069,526,714	1,341,766,158	1,069,801,820
Effect of dilutive securities:				
- Director and employee performance rights	4,481,124	3,467,267	4,481,124	3,467,267
Weighted average number of ordinary shares/units and potential ordinary shares/units used in calculating diluted earnings/(loss) per share/unit	1,345,972,176	1,072,993,981	1,346,247,284	1,073,269,087

Performance rights granted under the Performance Rights Plan are considered to be potential ordinary shares/units and have been included in the determination of diluted earnings/(loss) per share/unit to the extent to which they are dilutive. The performance rights have not been included in the determination of basic earnings/(loss) per share/unit. Details relating to the performance rights are set out in Note 31.

Earnings/(loss) per stapled security	Group	
	2013	2012
Basic earnings/(loss) per stapled security	3.44¢	2.16¢
Diluted earnings/(loss) per stapled security	3.44¢	2.16¢
	\$'000	\$'000
Earnings used to calculate basic and diluted earnings/(loss) per stapled security:		
Loss for the year attributable to company shareholders	2,865	(1,282)
Profit for the year attributable to trust unitholders	43,291	24,359
Profit attributable to stapled security holders of the Group used in calculating basic/diluted earnings/(loss) per stapled security	46,156	23,077
	Number of Securities	Number of Securities
Weighted average number of stapled securities used in calculating basic earnings/(loss) per stapled security	1,341,491,052	1,069,526,714
Effect of dilutive securities:		
- Director and employee performance rights	4,481,124	3,467,267
Weighted average number of ordinary stapled securities and potential ordinary stapled securities used in calculating diluted earnings/(loss) per stapled security	1,345,972,176	1,072,993,981

Performance rights granted under the Performance Rights Plan are considered to be potential ordinary stapled securities and have been included in the determination of diluted earnings/(loss) per stapled security to the extent to which they are dilutive. The performance rights have not been included in the determination of basic earnings/(loss) per stapled security. Details relating to the performance rights are set out in Note 31.

29. Cash flow Information

	Group		Trust	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
(a) Reconciliation of profit to net cash provided by operating activities				
Net profit	46,156	23,077	43,272	24,773
Amortisation and depreciation	643	604	-	-
Amortisation of loan transaction costs	2,581	2,560	2,581	2,833
Amortisation of lease costs and incentives	9,526	7,705	9,526	7,705
Share of (profits)/losses of associates (net of distributions)	(646)	740	(593)	731
(Gain)/loss on sale of investment properties	(132)	331	(132)	331
Share based payments	669	601	-	-
Fair value net (gain)/loss from:				
Investment properties	55,747	12,353	55,747	12,353
Interest rate derivatives	(7,326)	38,483	(7,326)	38,483
Investments at fair value through profit or loss	(47)	173	(47)	173
(Increase)/decrease to recoverable amount:				
Property development inventories/provisions	-	(200)	-	-
Straight-line rentals	(6,071)	(6,892)	(6,071)	(6,892)
Loss on disposal of property, plant and equipment and intangibles	146	44	-	-
Business combination transaction costs	631	-	631	-
Changes in operating assets and liabilities:				
(Increase)/decrease:				
Trade and other receivables	(2,774)	1,199	(3,251)	1,579
Prepayments	(349)	(354)	(410)	(258)
Tax assets	499	187	-	-
Increase/(decrease):				
Trade payables and accruals	(1,264)	2,680	(2,914)	1,592
Provisions (employee benefits/restoration)	28	500	(225)	-
Unearned revenue	7,518	(350)	7,518	(350)
Net cash provided by operating activities	105,535	83,441	98,306	83,053
(b) Finance facilities				
Refer to note 18 for details of unused finance facilities.				
(c) Cash held as part of minimum net tangible assets				
At balance date cash held by controlled entities of the Company of \$9,548,000 (2012: \$2,553,000) was utilised to meet minimum net tangible asset requirements under their Australian Financial Services Licence (AFSL). As such, the cash is effectively restricted in its use as it cannot readily be used to meet expenses and obligations of other Group entities without consideration of the AFSL requirements.				
(d) Non cash items				
Shares/units issued on reinvestment of distributions	10,302	5,303	9,508	4,932
Shares/units issued on acquisition of CPF	24,255	-	24,255	-

30. Key Management Personnel Disclosures

(a) Key management personnel compensation

Group and Trust	2013 \$	2012 \$
Short-term employee benefits	4,643,841	4,149,034
Post-employment benefits	173,800	171,494
Other long-term benefits	73,891	84,431
Share-based payments	514,104	457,585
	5,405,636	4,862,544

(b) Equity instrument disclosures relating to key management personnel

(i) Performance rights

The numbers of performance rights over ordinary shares in the Company (and units in the CDPT through the stapling arrangement) held during the financial year by each director of the Company and other key management personnel of the Group, including their personally related parties, are set out below.

Name	Balance at 1 July	Granted during the year as compensation	Exercised during the year	Lapsed during the year	Balance at 30 June Vested	Balance at 30 June Not Vested
2013						
<i>Non-executive Directors:</i>						
GH Levy	-	-	-	-	-	-
RJ Pullar	-	-	-	-	-	-
MA McKellar	-	-	-	-	-	-
DE Usasz	-	-	-	-	-	-
WR Foster	-	-	-	-	-	-
M Wainer	-	-	-	-	-	-
MJ Watters	-	-	-	-	-	-
G Cannings	-	-	-	-	-	-
<i>Executive Directors:</i>						
PL Weightman	4,000,000	-	-	-	-	4,000,000
DJ Wilson	1,740,000	-	-	-	-	1,740,000
<i>Other key management personnel of the Group:</i>						
NE Riethmuller	176,310	50,006	(123,459)	-	-	102,857
DA Gippel	236,248	41,672	-	-	-	277,920
JA Clark	-	-	-	-	-	-
MJ Blake	232,826	120,584	-	-	-	353,410
B Binning	107,386	180,876	-	-	-	288,262
PJ Cowling	171,165	125,015	-	-	-	296,180
	6,663,935	518,153	(123,459)	-	-	7,058,629

30. Key Management Personnel Disclosures (continued)

Name	Balance at 1 July	Granted during the year as compensation	Exercised during the year	Lapsed during the year	Balance at 30 June Vested	Balance at 30 June Not Vested
2012						
<i>Non-executive Directors:</i>						
GH Levy	-	-	-	-	-	-
RJ Pullar	-	-	-	-	-	-
MA McKellar	-	-	-	-	-	-
DE Usasz	-	-	-	-	-	-
WR Foster	-	-	-	-	-	-
M Wainer	-	-	-	-	-	-
M Flax ⁽¹⁾	-	-	-	-	-	-
MJ Watters	-	-	-	-	-	-
G Cannings ⁽²⁾	-	-	-	-	-	-
<i>Executive Directors:</i>						
PL Weightman	4,000,000	-	-	-	-	4,000,000
DJ Wilson	1,740,000	-	-	-	-	1,740,000
<i>Other key management personnel of the Group:</i>						
NE Riethmuller	123,459	52,851	-	-	-	176,310
PW Howard ⁽³⁾	96,324	-	-	(96,324)	-	-
DA Gippel	659,600	236,248	(659,600)	-	-	236,248
JA Clark	-	-	-	-	-	-
MJ Blake	95,894	136,932	-	-	-	232,826
B Binning	126,859	107,386	(126,859)	-	-	107,386
PJ Cowling	-	171,165	-	-	-	171,165
	6,842,136	704,582	(786,459)	(96,324)	-	6,663,935

(1) M Flax ceased to be a KMP on 1 August 2011

(2) G Cannings became a KMP on 1 August 2011

(3) PW Howard ceased to be a KMP on 26 October 2011

30. Key Management Personnel Disclosures (continued)

(ii) *Share holdings/unit holdings*

The numbers of shares in the Company and units in the CDPT held during the financial year by each director of Cromwell Corporation Limited and other key management personnel of the Group, including their personally related parties, are set out below.

Name	Balance at 1 July	On exercise of options	Net purchases (sales)	Balance at 30 June
<i>Non-executive Directors:</i>				
GH Levy	2,576,846	-	200,784	2,777,630
RJ Pullar	14,000,000	-	(7,500,000)	6,500,000
MA McKellar	454,500	-	60,146	514,646
DE Usasz	2,320,000	-	85,000	2,405,000
WR Foster	4,061,765	-	(250,000)	3,811,765
M Wainer ⁽¹⁾	-	-	-	-
MJ Watters ⁽²⁾	-	-	-	-
G Cannings	58,000	-	22,000	80,000
<i>Executive Directors:</i>				
PL Weightman	15,921,167	-	-	15,921,167
DJ Wilson	1,972,200	-	(350,000)	1,622,200
<i>Other key management personnel of the Group:</i>				
NE Riethmuller	-	123,459	-	123,459
DA Gippel	1,206,864	-	-	1,206,864
JA Clark	71,032	-	-	71,032
MJ Blake	1,775,612	-	(71,514)	1,704,098
B Binning	141,881	-	12,791	154,672
PJ Cowling	1,675,801	-	-	1,675,801
	46,235,668	123,459	(7,790,793)	38,568,334

(1) M Wainer is a director of Redefine International Plc which indirectly owns Redefine Australia Investments Limited, which at 30 June 2013 owned 235,536,192 (2012: 270,580,778) stapled securities in the Group. M Wainer is also CEO and a director of Redefine Properties Limited which at 30 June 2013 owned 212,336,234 (2012: 45,588,235) stapled securities in the Group.

(2) M Watters is a director of Redefine International Plc which indirectly owns Redefine Australia Investments Limited, which owns 235,535,192 (2012: 270,580,778) stapled securities in the Group.

No shares or units were received by the above persons as compensation during the 2013 year.

30. Key Management Personnel Disclosures (continued)

Name	Balance at 1 July	On exercise of options	Net purchases (sales)	Ceased to be KMP	Balance at 30 June
2012					
<i>Non-executive Directors:</i>					
GH Levy	1,119,430	-	1,457,416	-	2,576,846
RJ Pullar	14,000,000	-	-	-	14,000,000
MA McKellar	363,000	-	91,500	-	454,500
DE Usasz	2,225,000	-	95,000	-	2,320,000
WR Foster	5,261,765	-	(1,200,000)	-	4,061,765
M Wainer	-	-	-	-	-
M Flax ⁽¹⁾	416,666	-	-	(416,666)	-
MJ Watters	-	-	-	-	-
G Cannings ⁽²⁾	-	-	58,000	-	58,000
<i>Executive Directors:</i>					
PL Weightman	15,921,167	-	-	-	15,921,167
DJ Wilson	1,970,775	-	1,425	-	1,972,200
<i>Other key management personnel of the Group:</i>					
NE Riethmuller	-	-	-	-	-
PW Howard ⁽³⁾	-	-	-	-	-
DA Gippel	547,264	659,600	-	-	1,206,864
JA Clark	71,032	-	-	-	71,032
MJ Blake	1,775,612	-	-	-	1,775,612
B Binning	10,760	126,859	4,262	-	141,881
PJ Cowling	1,675,801	-	-	-	1,675,801
	45,358,272	786,459	507,603	(416,666)	46,235,668

(1) M Flax resigned as an alternate director and ceased to be a KMP on 1 August 2011.

(2) G Cannings became an alternate director for M Watters and a KMP on 1 August 2011.

(3) PW Howard resigned and ceased to be a KMP on 26 October 2011.

No shares or units were received by the above persons as compensation during the 2012 year.

At balance date the numbers above represent the number of stapled securities of the Group held by the Directors and other key management personnel.

(c) Loans to key management personnel

No loans were made during the 2013 or 2012 years to key management personnel and no loans were outstanding at the reporting date.

(d) Other transactions with key management personnel

The Group rents an apartment, located at 185 Macquarie Street, Sydney, which is owned by Mr. Paul Weightman, a director of the Company. Total rent paid during 2013 was \$88,400 (2012: \$88,400). The payment of rent is on normal commercial terms and conditions and at market rates.

31. Share Based Payments

(a) Performance Rights Plan

A Performance Rights Plan (PRP) was established in September 2007 by the Company. All full-time and part-time employees who meet minimum service, remuneration and performance requirements, including executive Directors of the Company, are eligible to participate in the PRP at the discretion of the Board. 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.

Under the PRP, eligible employees are allocated performance rights. Each performance right enables the participant to acquire a stapled security in the Group, 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 the Group'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 3 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 the Group in order for performance rights to vest. Any performance rights which have not yet vested on a participant leaving employment must be forfeited.

Under AASB 2 "Share based Payment", the performance rights are treated as options for accounting purposes.

Set out below are summaries of the number of performance rights granted and exercised.

Grant Date	Expiry Date	Exercise price	Balance at start of the year	Granted during the year	Forfeited during the year	Exercised during the year	Balance at year end
2013							
23/08/2010	21/09/2012	\$0.00	170,287	-	-	(170,287)	-
23/08/2010	21/09/2012	\$0.10	123,459	-	-	(123,459)	-
23/08/2010	21/09/2013	\$0.00	101,378	-	-	-	101,378
23/08/2010	21/09/2013	\$0.10	47,433	-	-	-	47,433
23/08/2010	21/09/2013	\$0.20	95,894	-	-	-	95,894
07/03/2011	01/08/2013	\$0.00	97,633	-	-	-	97,633
26/05/2011	01/10/2013	\$0.50	1,913,333	-	-	-	1,913,333
26/05/2011	01/10/2014	\$0.50	1,913,333	-	-	-	1,913,333
26/05/2011	01/10/2015	\$0.50	1,913,334	-	-	-	1,913,334
05/09/2011	05/10/2014	\$0.20	393,679	-	-	-	393,679
05/09/2011	05/10/2014	\$0.00	590,622	-	-	-	590,622
05/09/2011	05/10/2014	\$0.10	52,851	-	-	-	52,851
24/08/2012	24/09/2015	\$0.00	-	81,581	-	-	81,581
24/08/2012	24/09/2015	\$0.20	-	82,142	-	-	82,142
12/10/2012	12/11/2015	\$0.00	-	150,018	-	-	150,018
12/10/2012	12/11/2015	\$0.20	-	229,110	-	-	229,110
19/10/2012	01/08/2013	\$0.00	-	55,561	-	-	55,561
19/10/2012	01/08/2014	\$0.00	-	55,563	-	-	55,563
19/10/2012	01/08/2015	\$0.00	-	55,563	-	-	55,563
19/10/2012	01/08/2013	\$0.20	-	60,292	-	-	60,292
19/10/2012	01/08/2014	\$0.20	-	60,292	-	-	60,292
19/10/2012	01/08/2015	\$0.20	-	60,292	-	-	60,292
			7,413,236	890,414	-	(293,746)	8,009,904
Weighted average exercise price			\$0.40	\$0.11	-	\$0.04	\$0.38

31. Share Based Payments (continued)

(a) Performance Rights Plan (continued)

Grant Date	Expiry Date	Exercise price	Balance at start of the year	Granted during the year	Forfeited during the year	Exercised during the year	Balance at year end
2012							
16/12/2009	15/01/2012	\$0.20	659,600	-	-	(659,600)	-
08/02/2010	07/03/2012	\$0.00	126,859	-	-	(126,859)	-
23/08/2010	21/09/2012	\$0.00	170,287	-	-	-	170,287
23/08/2010	21/09/2012	\$0.10	123,459	-	-	-	123,459
23/08/2010	21/09/2013	\$0.00	101,378	-	-	-	101,378
23/08/2010	21/09/2013	\$0.10	47,433	-	-	-	47,433
23/08/2010	21/09/2013	\$0.20	192,218	-	(96,324)	-	95,894
07/03/2011	01/08/2013	\$0.00	97,633	-	-	-	97,633
26/05/2011	01/10/2013	\$0.50	1,913,333	-	-	-	1,913,333
26/05/2011	01/10/2014	\$0.50	1,913,333	-	-	-	1,913,333
26/05/2011	01/10/2015	\$0.50	1,913,334	-	-	-	1,913,334
05/09/2011	05/10/2014	\$0.20	-	393,679	-	-	393,679
05/09/2011	05/10/2014	\$0.00	-	590,622	-	-	590,622
05/09/2011	05/10/2014	\$0.10	-	52,851	-	-	52,851
			7,258,867	1,037,152	(96,324)	(786,459)	7,413,236
Weighted average exercise price			\$0.42	\$0.08	\$0.20	\$0.17	\$0.40

At balance date nil Performance Rights (2012: nil) were vested and exercisable. The weighted average remaining contractual life of performance rights outstanding at the end of the year was 1.3 years (2012: 2.1 years).

The assessed fair value of performance rights granted is as follows:

Grant Date	Expiry Date	Exercise price	Fair value (cents)	
			Non-market based	Market based
23/08/2010	21/09/2012	\$0.00	59.8¢	-
23/08/2010	21/09/2012	\$0.10	50.6¢	-
23/08/2010	21/09/2013	\$0.00	54.2¢	-
23/08/2010	21/09/2013	\$0.10	45.5¢	-
23/08/2010	21/09/2013	\$0.20	37.0¢	-
07/03/2011	01/08/2013	\$0.00	61.5¢	-
26/05/2011	01/10/2013	\$0.50	13.9¢	-
26/05/2011	01/10/2014	\$0.50	12.6¢	-
26/05/2011	01/10/2015	\$0.50	11.5¢	-
05/09/2011	05/10/2014	\$0.00	50.0¢	-
05/09/2011	05/10/2014	\$0.10	41.1¢	-
05/09/2011	05/10/2014	\$0.20	32.3¢	-
24/08/2012	24/09/2015	\$0.00	55.3¢	-
24/08/2012	24/09/2015	\$0.20	36.5¢	-
12/10/2012	12/11/2015	\$0.00	60.0¢	-
12/10/2012	12/11/2015	\$0.20	41.5¢	-
19/10/2012	01/08/2013	\$0.00	77.6¢	-
19/10/2012	01/08/2014	\$0.00	71.1¢	-
19/10/2012	01/08/2015	\$0.00	65.1¢	-
19/10/2012	01/08/2013	\$0.20	57.9¢	-
19/10/2012	01/08/2014	\$0.20	51.9¢	-
19/10/2012	01/08/2015	\$0.20	46.4¢	-

31. Share Based Payments (continued)

(a) Performance Rights Plan (continued)

Fair Value of Performance Rights Granted

Performance rights do not have any market-based vesting conditions. The fair values at grant date for performance rights 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 ended 30 June 2013 included:

Exercise price	\$0.00	\$0.20	\$0.00	\$0.20	\$0.00	\$0.00	\$0.00	\$0.20	\$0.20	\$0.20
Grant date	24/08/12	24/08/12	12/10/12	12/10/12	19/10/12	19/10/12	19/10/12	19/10/12	19/10/12	19/10/12
Share price at grant date	\$0.74	\$0.74	\$0.79	\$0.79	\$0.79	\$0.79	\$0.79	\$0.79	\$0.79	\$0.79
Expected price volatility	19%	19%	17%	17%	17%	17%	17%	17%	17%	17%
Expected dividend yield	9.8%	9.8%	9.18%	9.18%	9.18%	9.18%	9.18%	9.18%	9.18%	9.18%
Risk free interest rate	2.35%	2.35%	2.55%	2.55%	2.55%	2.55%	2.55%	2.55%	2.55%	2.55%
Expiry date	24/09/15	24/09/15	12/11/15	12/11/15	01/08/13	01/08/14	01/08/15	01/08/13	01/08/14	01/08/15

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.

The model inputs for Performance Rights granted during the year ended 30 June 2012 included:

Exercise price	\$0.00	\$0.10	\$0.20
Grant date	05/09/11	05/09/11	05/09/11
Share price at grant date	\$0.69	\$0.69	\$0.69
Expected price volatility	27%	27%	27%
Expected dividend yield	10.22%	10.22%	10.22%
Risk free interest rate	3.82%	3.82%	3.82%
Expiry date	05/10/14	05/10/14	05/10/14

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.

(b) Tax Exempt Plan

The Tax Exempt Plan enables eligible employees to acquire up to \$1,000 of stapled securities on-market in a tax effective manner within a 12 month period. Eligibility for the Tax Exempt Plan is approved by the Board having regard to individual circumstances and performance. No Directors or KMP are eligible for the Tax Exempt Plan.

Expenses relating to the plan are recorded in employee benefits expense and all securities are purchased on-market.

(c) Expenses arising from share based payment transactions

Total expenses arising from share based transactions recognised during the year as part of employee benefits expense were as follows:

	Group		Trust	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Performance rights issued under PRP	669	601	-	-
Expenses arising from share based payments	669	601	-	-

32. Other Related Party Transactions

(a) Parent entity and subsidiaries

Cromwell Corporation Limited is the ultimate parent entity in the Group. Cromwell Diversified Property Trust is the ultimate parent entity in the Trust. Details of subsidiaries for both parent entities are set out in Note 34.

32. Other Related Party Transactions (continued)

(b) Transactions with associates

Transactions between the Group and its associates included:

- Loans between the Group and its associates (refer note 8). The Group received interest of \$361,895 (2012: \$1,622,879) from Cromwell Property Fund;
- The Group received \$nil (2012: \$600,401) in distributions from its jointly controlled entity and associate during the year (refer note 13);
- The Group charged Cromwell Property Fund \$339,563 (2012: \$1,184,581) acquisition, registry services, accounting services, property, facility management and project management fees and leasing commissions during the year;
- The Group charged its associates \$nil (2012: \$241,150) management fees during the year; and
- During the year the Group and Trust acquired the remaining units they did not already own of Cromwell Property Fund (refer notes 13 and 37).

(c) Transactions with managed investment schemes (managed by the consolidated entity)

Cromwell Fund's Management Limited ("CFM") acts as responsible entity for a number of managed investment schemes. The Group derives a range of benefits from schemes managed by CFM including management and acquisition fees. Transactions between the Group and schemes managed by CFM also included:

- During the 2012 year the Group provided Cromwell Ipswich City Heart Trust ("ICH"), a scheme for which CFM acts as responsible entity, with a loan facility (refer note 8). The loan was fully repaid in September 2012. The group earned \$178,440 in interest from ICH under the loan facility during the year (2012: \$622,959);
- During the 2013 year the Group acquired 3,890,122 units in ICH at \$1 each and sold 325,000 units in ICH at \$1 each. The Group received \$164,606 in distributions;
- On 5 December 2012 the Cromwell Box Hill Trust ARSN 161 394 243 ("BHT") an unlisted single property trust, for which CFM acts as responsible entity, settled the acquisition of land at 913 Whitehorse Road, Box Hill, Victoria upon which a commercial building is to be constructed to house a long term tenant. CFM issued a PDS on 18 December 2012 to raise \$66,500,000 from investors for BHT. The Group has provided a loan facility of \$25,000,000 to BHT, which is unsecured, to enable settlement of the land and funding of initial construction. During the year the facility was drawn to \$19,606,000 and this amount had been fully repaid by balance date. While the loan was drawn down the Group earned a return equivalent to the BHT distribution rate of 7.75%. The Group earned \$383,115 in interest from BHT under the loan facility during the year;
- During the 2013 year the Group acquired 14,505 units in BHT at \$1 each and received \$1,780 in distributions; and,
- During the 2013 year the Group acquired 3,436,334 units in the Cromwell Riverpark Trust ("CRT") at \$1.04 each and received distributions of \$25,362.

(d) Transactions between the Trust and Cromwell Corporation Limited and its subsidiaries (including the Responsible Entity)

		Trust	
		2013	2012
		\$	\$
(i)	<i>Amounts paid/payable</i>		
	Expense		
	• Funds management fees	9,963,069	8,496,578
	• Property management fees	5,739,700	4,373,277
	• Accounting fees	385,785	280,980
	Investment properties		
	• Project management fees	855,872	369,864
	• Leasing commissions	1,649,860	1,592,943
	Distributions ⁽¹⁾	588,555	576,835
(ii)	<i>Amounts received/receivable</i>		
	Revenue		
	• Interest income	62,804	460,910
	• Rental income and recoverable outgoings	4,545,063	4,249,096
Aggregate amount payable to responsible entity and associates at balance date (included in trade and other payables)		1,196,529	540,371
Aggregate amount receivable from the responsible entity and associates at balance date (included in trade and other receivables)		1,207	3,203,132

(1) Distributions paid/payable mostly relate to the Responsible Entity's 8% holding in Cromwell Mary Street Planned Investment.

The Responsible Entity holds 1,517,000 (2012: 1,517,000) units in a subsidiary of CDPT, Cromwell Mary Street Planned Investment.

(iii) Loan to the Company

During the year the Trust received repayments of \$3,188,000 (2012: \$7,000,000) from the Company. The loan was unsecured, repayable on 1 July 2014 and earned interest at variable rates being the 30 day BBSW rate plus a margin of 2.20% (2012: 2.20%).

33. Parent Entity Disclosures

As at and throughout the financial year ending 30 June 2013 the parent entity of the Group was Cromwell Corporation Limited and the parent entity of the Trust was Cromwell Diversified Property Trust.

(a) Summary financial information

The individual financial statements for the parent entities show the following aggregations.

	Cromwell Corporation Limited		Cromwell Diversified Property Trust	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Results				
Profit/(loss) for the year	572	(68)	14,686	32,022
Total comprehensive income/(loss)	572	(68)	14,686	32,022
Financial position				
Current assets	47,857	12,495	65,144	61,898
Total assets	52,458	17,160	1,704,894	1,400,803
Current liabilities	325	59	57,349	68,979
Total liabilities	325	3,247	658,848	697,482
Net Assets	52,133	13,913	1,046,046	703,321
Total equity				
Contributed equity	103,323	66,344	1,257,707	827,989
Share based payments reserve	2,858	2,189	-	-
Retained earnings/(accumulated losses)	(54,048)	(54,620)	(211,661)	(124,668)
Total equity	52,133	13,913	1,046,046	703,321

(b) Commitments for capital expenditure

As at balance date, Cromwell Corporation Limited had no commitments (2012: no commitments) in relation to capital expenditure contracted for but not recognised as liabilities.

As at balance date, Cromwell Diversified Property Trust had commitments of \$40,437,000 (2012: \$116,712,000) in relation to capital expenditure contracted for but not recognised as liabilities.

(c) Guarantees provided

During the years ended 2013 and 2012 neither parent had provided any guarantees to entities it controlled.

(d) Contingent liabilities

Neither parent entity had contingent liabilities at year end (2012: \$nil).

34. Investments in Controlled Entities

The Company's and CDPT's investment in controlled entities are shown below, all of which are domiciled in Australia.

Name	Equity Holding	
	2013	2012
	%	%
Cromwell Property Securities Limited	100	100
Cromwell Property Services Pty Ltd	100	100
Marcoola Developments Pty Ltd	100	100
Votrant No. 662 Pty Ltd	100	100
Cromwell Capital Limited	100	100
Cromwell Finance Limited	100	100
Cromwell Operations Pty Ltd	100	100
Cromwell Paclib Nominees Pty Ltd	50	50
Cromwell Funds Management Limited	100	100
Cromwell Seven Hills Pty Ltd	100	100
Cromwell Holding Trust No 1 Pty Ltd	100	100
Cromwell Holding Trust No 2 Pty Ltd	100	100
Cromwell Altona Trust	100	100
Cromwell Real Estate Partners Pty Ltd	100	100
Cromwell Project & Technical Solutions Pty Ltd	100	100

Trust and its controlled entities ⁽¹⁾

Name		
Cromwell CMBS Pty Ltd	100	100
Cromwell Loan Note Pty Ltd	100	100
Cromwell Holding Trust No 1	100	100
Cromwell Holding Trust No 2	100	100
Cromwell Holding Trust No 4	100	100
Terrace Office Park Property Trust/Planned Investment	100	100
Cromwell Mary Street Property Trust/Planned Investment ⁽²⁾	92	92
Cromwell Northbourne Planned Investment	100	100
Tuggeranong Head Trust/Tuggeranong Trust	100	100
CDPT Finance Pty Ltd	100	100
CDPT Finance 2 Pty Ltd	100	100
EXM Head Trust/EXM Trust	100	100
Mascot Head Trust/ Mascot Trust	100	100
Cromwell Phoenix Opportunities Fund	100	100
Cromwell Property Fund Trust No 2	100	100
Cromwell Property Fund Trust No 3	100	100
Cromwell Diversified Property Trust No 2	100	100
Cromwell Diversified Property Trust No 3	100	100
Cromwell TGA Planned Investment	100	100
Cromwell HQ North Head Trust/ Cromwell HQ North Trust	100	100
Cromwell Bundall Corporate Centre Head Trust/Cromwell Bundall Corporate Centre Trust	100	100
Cromwell Property Fund	100	-
CPF Loan Note Issuer Pty Ltd	100	-
Cromwell Accumulation Fund	100	-
Cromwell CPF No. 1 Fund	100	-
Cromwell Health and Forestry House Trust	100	-
Cromwell NSW Portfolio Trust	100	-
Cromwell Bligh House Trust	100	-
Cromwell Newcastle Trust	100	-
Cromwell Queanbeyan Trust	100	-
Cromwell Symantec Trust	100	-
Cromwell Wollongong Trust	100	-
Cromwell McKell House Trust	100	-
Cromwell Penrith Trust	100	-

(1) The Trust and its controlled entities listed above are consolidated as part of the Group as required under accounting standards (refer note 1(b)).

(2) The remaining 8% interest in Cromwell Mary Street Property Trust/Planned investment is held by Cromwell Property Securities Limited.

35. Segment Information

(a) Description of segments

Reportable Group segments

The Group has identified its operating segments based on its internal reports which are regularly reviewed and used by the chief executive officer in order to make decisions about resource allocation and to assess the performance of the Group. The chief operating decision maker has been identified as the chief executive officer. The segments offer different products and services and are managed separately.

Property Investment

The ownership of properties located throughout Australia.

Funds Management

The establishment and management of external funds and the Trust, including property management.

Property Development

Property development, including development management, development finance and joint venture activities.

Trust

The Trust has one reportable segment. It holds properties in Australia. Revenue is derived from rentals and associated recoverable outgoings. The Trust's properties are leased on a commercial basis incorporating varying lease terms and conditions. These include the lease period, renewal options, periodic rent and, where applicable, indexation based on CPI, fixed and/or market reviews.

(b) Other segment information

(i) Accounting policies

Segment information is prepared in conformity with the accounting policies of the Group as disclosed in note 1 and Accounting Standard AASB 8 *Operating Segments*.

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. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, inventories, investment properties, plant and equipment and other intangible assets, net of related provisions. 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. Segment liabilities consist primarily of trade and other payables, employee benefits and provisions.

(ii) Inter-segment transactions

Segment revenues, expenses and results include transfers between segments. Such transfers are priced on an "arms-length" basis and are eliminated on consolidation.

(iii) Equity-accounted investments

The Group had investments in two Australian associates (Cromwell Property Fund until its full acquisition on 4 October 2012 – see notes 13 and 37, and Phoenix Portfolios Pty Ltd for the full year). Cromwell Property Fund was accounted for up to the date of its acquisition using the equity method and included in the property investment segment. Phoenix Portfolios Pty Ltd is accounted for using the equity method and included in the funds management segment.

(iv) Major customers

Revenue of approximately \$41,316,000 (2012: \$54,115,000) is derived from a single external customer (Commonwealth of Australia) and is part of the property investment segment.

35. Segment Information (continued)

(c) Operating segments

2013	Property Investment \$'000	Funds Management \$'000	Property Development \$'000	Consolidated \$'000
Segment results				
Segment revenue and other income				
Sales - external customers	208,635	9,797	-	218,432
Sales - intersegmental	953	16,089	-	17,042
Profit of equity accounted entity (before adjustments)	111	54	-	165
Distributions	222	-	-	222
Interest	4,483	779	-	5,262
Other income	193	225	-	418
Total segment revenue and other income	214,597	26,944	-	241,541
Segment expenses				
Property expenses and outgoings	32,521	-	-	32,521
Funds management costs	-	592	-	592
Property development costs	-	-	359	359
Finance costs	67,715	-	-	67,715
Intersegmental costs	16,089	797	156	17,042
Employee benefits expense	-	14,189	-	14,189
Administration and overhead costs	1,100	5,298	-	6,398
Total segment expenses	117,425	20,876	515	138,816
Income tax expense/(benefit)	-	314	-	314
Segment profit/(loss) ⁽¹⁾	97,172	5,754	(515)	102,411
Reconciliation to reported profit/(loss)				
Gain on sale of investment properties	132	-	-	132
Loss on sale of other assets	-	(146)	-	(146)
Fair value adjustments/(write downs):				
• Investment properties	(55,747)	-	-	(55,747)
• Interest rate derivatives	7,326	-	-	7,326
• Investments at fair value through profit and loss	47	-	-	47
• Equity accounted investments	481	-	-	481
Other property investment income/(expense):				
• Straight-line lease income	6,071	-	-	6,071
• Lease incentive and lease cost amortisation	(9,526)	-	-	(9,526)
Other expenses:				
• Amortisation of finance costs	(2,581)	-	-	(2,581)
• Employee options expense	-	(669)	-	(669)
• Amortisation and depreciation	-	(643)	-	(643)
• Net tax losses utilised	-	(369)	-	(369)
Business combination transaction costs	(631)	-	-	(631)
Total adjustments	(54,428)	(1,827)	-	(56,255)
Profit/(loss)	42,744	3,927	(515)	46,156

(1) Segment profit/(loss) is based on income and expenses excluding adjustments for unrealised fair value adjustments and write downs, gains or losses on sale of investments, non-cash income and expenses.

35. Segment Information (continued)

(c) Operating segments (continued)

2013	Property Investment \$'000	Funds Management \$'000	Property Development \$'000	Consolidated \$'000
Segment assets and liabilities				
Total assets	2,479,785	63,316	3,009	2,546,110
Total liabilities	1,341,785	3,426	47	1,345,258
Other segment information				
Investments in associates	-	100	-	100
Acquisitions of non-current segment assets				
Investment properties	743,966	-	-	743,966
Investments at fair value through profit or loss	7,720	-	-	7,720
Property, plant and equipment	-	304	-	304
Intangibles	-	863	-	863
	751,686	1,167	-	752,853

35. Segment Information (continued)

(c) Operating segments (continued)

2012	Property Investment \$'000	Funds Management \$'000	Property Development \$'000	Consolidated \$'000
Segment results				
Segment revenue and other income				
Sales - external customers	176,686	4,567	-	181,253
Sales - intersegmental	772	13,151	-	13,923
Profit of equity accounted entity (before adjustments)	863	-	-	863
Distributions	37		-	37
Interest	3,991	722	-	4,713
Other income	18	122	-	140
Total segment revenue and other income	182,367	18,562	-	200,929
Segment expenses				
Property expenses and outgoings	25,715	-	-	25,715
Funds management costs	-	487	-	487
Property development costs	-	-	638	638
Finance costs	61,963	-	-	61,963
Intersegmental costs	13,151	772	-	13,923
Employee benefits expense	-	12,746	-	12,746
Loss of equity accounted entity (before adjustments)	-	9	-	9
Administration and overhead costs	1,113	4,383	-	5,496
Total segment expenses	101,942	18,397	638	120,977
Income tax expense/(benefit)	-	(58)	-	(58)
Segment profit/(loss) ⁽¹⁾	80,425	223	(638)	80,010
Reconciliation to reported profit/(loss)				
Loss on sale of investment properties	(331)	-	-	(331)
Loss on sale of other assets	-	(44)	-	(44)
Fair value adjustments/write downs:				
• Investment properties	(12,353)	-	-	(12,353)
• Interest rate derivatives	(38,483)	-	-	(38,483)
• Investments at fair value through profit and loss	(173)	-	-	(173)
• Property development inventories/provision	-	-	200	200
• Equity accounted investments	(993)	-	-	(993)
Other property investment income/(expense):				
• Straight-line lease income	6,892	-	-	6,892
• Lease incentive and lease cost amortisation	(7,705)	-	-	(7,705)
Other expenses:				
• Amortisation of finance costs	(2,560)	-	-	(2,560)
• Employee options expense	-	(601)	-	(601)
• Amortisation and depreciation	-	(604)	-	(604)
• Net tax losses utilised	-	(178)	-	(178)
Total adjustments	(55,706)	(1,427)	200	56,933
Profit/(loss)	24,719	(1,204)	(438)	23,077

(1) Segment profit/(loss) is based on income and expenses excluding adjustments for unrealised fair value adjustments and write downs, gains or losses on sale of investments, non-cash income and expenses.

35. Segment Information (continued)

(c) Operating segments (continued)

2012	Property Investment \$'000	Funds Management \$'000	Property Development \$'000	Consolidated \$'000
Segment assets and liabilities				
Total assets	1,816,591	18,006	3,004	1,837,601
Total liabilities	1,045,322	3,042	249	1,048,613
Other segment information				
Investments in associates	4,705	47	-	4,752
Acquisitions of non-current segment assets				
Investment properties	316,235	-	-	316,235
Investments at fair value through profit or loss	266	-	-	266
Property, plant and equipment	-	464	-	464
Intangibles	-	408	-	408
	316,501	872	-	317,373

Segment revenue and other income reconciles to total revenue and other income as follows:

	2013 \$'000	2012 \$'000
Total segment revenue and other income	241,541	200,929
Reconciliation to reported revenue and other income		
Straight-line lease income	6,071	6,892
Lease incentive amortisation	(8,042)	(6,332)
Gain on sale of investment property	132	-
Fair value net gain from interest rate derivatives	7,326	-
Fair value net gain from investments at fair value through profit or loss	47	-
Increase in recoverable amount of loans receivable	-	200
Share of operating profit of equity accounted entities	482	(863)
Intersegmental sales	(17,042)	(13,923)
Total revenue and other income	230,515	186,903

36. Commitments for Expenditure

	Group		Trust	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
(a) Operating leases				
Commitments for minimum lease payments in relation to non-cancellable operating leases in existence at the reporting date but not recognised as liabilities are payable as follows:				
Within one year	548	410	-	-
Later than one year but not later than five years	1,032	1,172	-	-
	1,580	1,582	-	-

Operating leases primarily comprise the lease of the Group's 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. Operating lease commitments of the Company are paid for and recognised as expenses by a controlled entity.

36. Commitments for Expenditure (continued)

(b) Capital expenditure commitments

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

	Group		Trust	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Within one year	40,437	73,848	40,437	73,848
Later than one year but not later than five years	-	42,864	-	42,864
	40,437	116,712	40,437	116,712

37. Business Combination

Acquisition of Cromwell Property Fund

On 4 October 2012 the Group and Trust acquired the remaining units they did not already own of Cromwell Property Fund ("CPF"). As a result, the Group and Trust's equity interest in CPF increased from 18% to 100% (refer note 13). The acquisition complemented the Group and Trust's existing property portfolio and benefits are expected to be generated from operational synergies and economies of scale.

Following the acquisition, the Group and Trust consolidated the assets and liabilities and performance of CPF, including the property portfolio which was valued at \$171,372,000 (refer note 11). Prior to the acquisition, CPF was accounted for as an associate of the Group (refer note 13).

The Group and Trust have recognised the fair values of the identifiable assets and liabilities based upon the best available information at the acquisition date. The business combination accounting is as follows:-

	Recognised on Acquisition \$'000	Already Held \$'000	Balance on Consolidation \$'000
Investment in associate/controlled entity	24,837	5,298	-
Cash and cash equivalents	-	-	3,142
Trade and other receivables	-	-	508
Other current assets	-	-	387
Investment properties	-	-	171,372
Trade and other payables	-	-	(4,897)
Derivative financial instruments	-	-	(3,440)
Other current liabilities	-	-	(1,230)
Borrowings	-	-	(135,707)
Fair value of net identifiable assets acquired	24,837	5,298	30,135

The carrying value of the assets and liabilities acquired was equivalent to their fair value in accordance with Group policies.

Fair value of investment already held	5,298
Purchase consideration:	
Cash consideration paid	582
Fair value of equity instruments issued ⁽ⁱ⁾	24,255
Total purchase consideration	24,837
Total recognised on consolidation	30,135

The cash flows on acquisition were as follows

Cash consideration paid	(582)
Cash acquired from business combination	3,142
Net inflow of cash – investing activities	2,560

37. Business Combination (continued)

(i) *Equity instruments issued*

The fair value of the stapled securities issued was based upon the adjusted share price of the Group at 4 October 2012 of \$0.75 per stapled security.

(ii) *Acquisition-related costs*

The Group incurred acquisition-related costs of \$631,000 including legal and other professional fees and other transaction execution costs. These have been included as Merger Transaction costs in the Group's consolidated statements of comprehensive income and in investing cash flows in the statement of cash flows.

(iii) *Acquired receivables*

The fair value of acquired trade receivables is \$508,000. The gross contractual amount for trade receivables due is \$508,000, all of which has been recovered.

(iv) *Revenue and profit contribution*

The acquired business contributed revenues of \$14,831,000 and net loss of \$14,614,000 to the Group for the period from 4 October 2012 to 30 June 2013 and contributed revenues of \$15,056,000 and net loss of \$14,904,000 for the Trust for the same period.

If the acquisition had occurred on 1 July 2012, consolidated revenue and profit for the year ended 30 June 2013 would have been \$247,641,000 and \$33,720,000 respectively for the Group and \$238,874,000 and \$30,836,000 respectively for the Trust. These amounts have been calculated using the Group's accounting policies.

38. Contingent Liabilities

The Directors are not aware of any material contingent liabilities of the Group or the Trust (2012: nil).

39. Auditor's Remuneration

	Group		Trust	
	2013	2012	2013	2012
	\$	\$	\$	\$
During the year the following fees were paid or payable for services provided by the auditor of the Group (Pitcher Partners) and its related entities:				
Audit Services				
<i>Pitcher Partners</i>				
Auditing or reviewing financial reports	261,000	235,000	180,000	155,000
Auditing of controlled entities' AFS licences	5,000	6,000	-	-
Auditing of controlled entities' compliance plans	28,000	30,000	28,000	30,000
	294,000	271,000	208,000	185,000
Other Services				
<i>Pitcher Partners</i>				
Other – review of pro forma balance sheets and forecasts	131,200	70,000	-	-
	131,200	70,000	-	-

The auditor receives remuneration for audit and other services relating to other entities for which Cromwell Property Securities Limited and Cromwell Funds Management Limited, both controlled entities, act as responsible entity. The remuneration is disclosed in the relevant entity's financial reports and totalled \$68,500 (2012: \$112,500).

40. Subsequent Events

On 7 August 2013, the Group created a new unlisted property trust, the Cromwell Property Trust 12 ("C12"). C12 is a 100% owned subsidiary of the Trust. On 9 August 2013, C12 acquired an investment property located on Dorcas Street, South Melbourne for \$25,543,000. The investment property was acquired for cash. C12 has also contracted to acquire two other investment properties which are currently being constructed. The combined value of the additional properties, once built, is expected to be \$103,140,000. The Group intends to offer 100% of the units in C12 to external investors under a product disclosure statement to be issued later this year.

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"):

- (a) the attached financial statements and notes are in accordance with the *Corporations Act 2001*, 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 the Group's and the Trust's financial position as at 30 June 2013 and of their performance, for the financial year ended on that date; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note (1)(a); and
- (c) there are reasonable grounds to believe that the Group and the Trust will be able to pay its debts as and when they become due and payable; and

The Directors have been given the declarations by the chief executive officer and chief financial officer for the financial year ended 30 June 2013 required by section 295A of the *Corporations Act 2001*.

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



P.L. Weightman
Director

Dated this 23rd day of August 2013



Independent Auditor's Report
To the Security holders of Cromwell Property Group
To the Unit holders of Cromwell Diversified Property Trust

Report on the Financial Report

Cromwell Property Group ("the Group") comprises Cromwell Corporation Limited and the entities it controlled at the end of the year or from time to time during the year and Cromwell Diversified Property Trust and the entities it controlled ("the Trust") at the end of the year or from time to time during the year.

We have audited the accompanying financial reports of the Group and the Trust, which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for both Cromwell Corporation Limited and Cromwell Property Securities Limited as responsible entity for the Cromwell Diversified Property Trust.

Directors' Responsibility for the Financial 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") are responsible for the preparation of the financial reports that give 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 reports that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Opinion

In our opinion:

- (a) the financial reports of the Group and the Trust are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's and Trust's financial position as at 30 June 2013 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the consolidated financial reports also comply with *International Financial Reporting Standards* as disclosed in Note 1(a).

Report on the Remuneration Report

We have audited the Remuneration Report included in part 11 of the directors' report for the year ended 30 June 2013. The directors of Cromwell Corporation Limited 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.

Opinion

In our opinion the Remuneration Report of Cromwell Corporation Limited for the year ended 30 June 2013 complies with Section 300A of the *Corporations Act 2001*.

PITCHER PARTNERS



RCN WALKER

Partner

Brisbane, Queensland

23 August 2013