



# SUSTAINABILITY REPORT 2012

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**Cromwell**

PROPERTY GROUP

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## SCOPE OF THIS REPORT

### Report Scope and Boundary

This report covers Cromwell Property Group's economic, social and environmental activities for the year ended 30 June 2012. Cromwell reports on an annual financial year cycle, with the previous report dated 30 June 2011.

The content of the report has been collected and prepared for Cromwell Property Group ("Cromwell") and its managed property assets unless stated otherwise. The report is limited to assets and entities wholly-owned or managed by Cromwell until such time that relevant disclosures from other related party entities can be integrated into future reports. The impact of other entities related to Cromwell, but not included in this report, is not considered to be material. All assets and companies are managed and operated solely in Australia.

### Application Level

Cromwell has applied the Global Reporting Initiative (GRI) G3.1 guidelines to the preparation of this report. Cromwell self declares that this report complies with Application Level C based on the extent of coverage of the GRI Reporting Framework.

### Audiences

The key target audiences for this report are internal and external stakeholders including employees, tenants, investors and the broader community.

### Measurement

Cromwell reports on its economic performance in accordance with ASX Listing Rules and the Corporations Act. The measurement of the Cromwell-managed properties' emissions from electricity and gas consumption are derived from NABERS audits undertaken by independent accredited assessors. All other reporting adheres to the GRI Indicator Protocol. Details of measurement techniques and the basis of calculation are being reviewed and documented in Cromwell's ESG (Environmental, Social, Governance) Policy.

### Assurance

The GRI Secretariat has issued a formal statement confirming that this Report is a self-declared Application Level C. [Click here](#) to view the Statement and the GRI Content Index or find it online at [www.cromwell.com.au/sustainability](http://www.cromwell.com.au/sustainability)

### This document is issued by

#### Cromwell Property Group (ASX:CMW)

consisting of Cromwell Corporation Limited ABN 44 001 056 980 and Cromwell Property Securities Limited AFS 238052 ABN 11 079 147 809 as responsible entity for Cromwell Diversified Property Trust ARSN 102 982 598 ABN 30 074 537 051.

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#### Securityholder Enquiries

All enquiries and correspondence regarding securityholdings should be directed to Cromwell's registry provider:

#### Link Market Services Limited

Level 15, 324 Queen Street  
Brisbane QLD 4000 AUSTRALIA  
Phone: 1300 550 841  
Outside Australia: +61 2 8280 7124  
Fax: +61 2 9287 0303  
Web: [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)  
Email: [cmw@linkmarketservices.com.au](mailto:cmw@linkmarketservices.com.au)

### Sustainability Enquiries

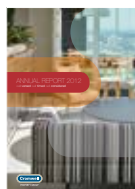
Enquiries relating to this Report should be directed to:

#### Sustainability Committee

Cromwell Property Group  
Level 19, 200 Mary Street  
Brisbane QLD 4000 AUSTRALIA  
Email: [sustainability@cromwell.com.au](mailto:sustainability@cromwell.com.au)

#### 2012 Annual Reporting Suite

This Sustainability Report forms part of Cromwell Property Group's 2012 annual reporting suite. The Annual Report and Annual Update can be downloaded from [www.cromwell.com.au](http://www.cromwell.com.au) or by calling 1300 276 693.



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# Chairman



Geoffrey H Levy, AO

Cromwell strives to be a responsible investment and property manager by actively pursuing excellence in sustainability for the benefit of all our stakeholders.

For us, sustainability means managing economic, environmental, social and corporate governance (ESG) issues as a foundation for 'best-practice' business operation within Australia.

Reducing our reliance on natural resources is central to our operations and long-term sustainability.

To reinforce our resolve, we have committed to transparent reporting of our activities with the adoption of the Global Reporting Initiative (GRI) guideline as the framework for reporting on the Group's ESG performance.

In doing so, sustainability remains a constant and visible consideration for management and ensures our efforts are measurable, accountable and enduring.

The main way that we can reduce the impact of our operations upon the environment is by making our properties more energy and water efficient.

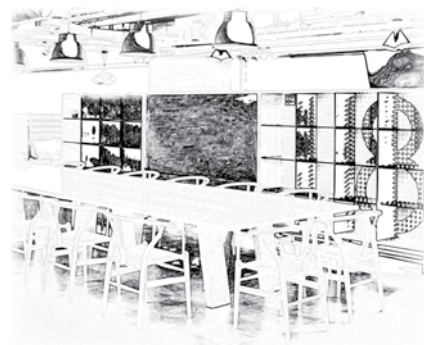
This is principally measured through the National Australian Built Environment Rating System (NABERS), which was recently revised to increase the maximum star rating from 5 stars to 6, with 6 stars representing a further 40% emission reduction over the previous 5-star rating.

Subsequently, Cromwell has succeeded in achieving 5.5 Star energy ratings at our Synergy and Energex buildings reflecting our process of continual improvement which has seen our NABERS ratings from across the portfolio continue to improve from 2008 through to 2012.

New targets for the coming financial year have been set for energy and water efficiency for our commercial office properties. These will be tracked and reported against by the property and facilities teams.

In the field of Corporate Governance, Cromwell also strives to be a leader, having this year become a member of the Responsible Investment Association Australasia (RIAA) and creating the Cromwell Responsible Investment Series (CRIS) for our funds management business.

*"The highlights of the year include the acquisition of three high quality assets, the Bundall Corporate Centre on the Gold Coast, the HQ North office tower in Brisbane, and the City Heart project in Ipswich."*



# n's letter



Energex House, Newstead QLD (5.5 Star NABERS)



Synergy Building, Kelvin Grove, QLD (5.5 Star NABERS)

Cromwell continues to support the communities in which we operate, this year sponsoring the Ipswich Festival as we continued our capital raising for the unlisted Cromwell Ipswich City Heart Trust. Of course, any discussion of our social responsibility cannot ignore the way that we treat our investors.

In a significant indicator of our good faith towards investors in our funds, we recently offered to merge the Cromwell Property Group with the unlisted Cromwell Property Fund which faced a significant challenge in realising a fair value for its five assets following the global financial crisis.

The transaction was overwhelmingly approved and gave liquidity and an income stream to unitholders in that fund. We hope this consideration and effort in achieving the best possible result for unitholders has reinforced our reputation as a manager that looks out for the interests of its investors.

On a financial level, in the 2012 financial year, we continued our strategy of working to improve our portfolio both through acquisition and refurbishment, while remaining consistent with the requirements of a disciplined approach to capital management.

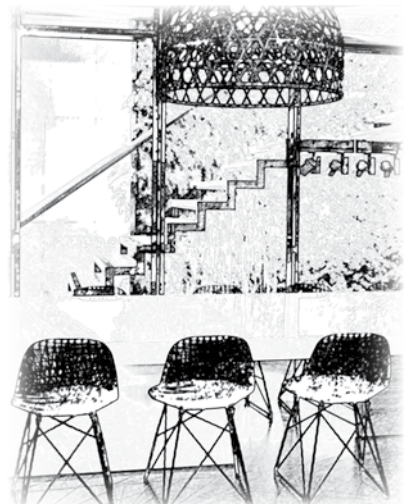
Adherence to this strategy allowed us to achieve another year of strong earnings with an operating profit of \$80 million, despite an economic environment characterised by low consumer and investor confidence, low inflation and sluggish growth.

The transaction highlights of the year include the acquisition of three high quality assets, the Bundall Corporate Centre on the Gold Coast, the HQ North office tower in Brisbane, and the City Heart project in Ipswich; which was successfully syndicated and closed fully subscribed ahead of schedule.

I hope you find this report useful and look forward to receiving your feedback.

Geoffrey H Levy, AO  
Chairman

*"...this merger will reinforce our reputation as an investment manager that looks out for the interests of its investors..."*



# About Us

## Business Overview

**Cromwell is a substantial commercial property owner and invites investors to share in the rental income and capital gains generated by these assets.**

Cromwell Property Group is an internally managed Australian Real Estate Investment Trust (A-REIT) with an Australian property portfolio valued in excess of \$1.7 billion and a funds management business that promotes and manages unlisted property investments.

Cromwell's income is underpinned by a focus on quality income producing office properties with strong tenant covenants. We aim for 4% annual growth in 'like for like' property income.

Cromwell's Australian property focus enables it to provide a full suite of property related services including deal sourcing, due diligence, property management, leasing and asset enhancement.

As a fund manager, Cromwell has acted as responsible entity for more than 20 managed investment products on behalf of thousands of Australian investors.

Cromwell employs over 90 staff throughout New South Wales, Victoria, Queensland, South Australia and the ACT and utilises the services of hundreds of contractors and suppliers throughout Australia in the delivery of its products and services.

### Key Features

- Security price of \$0.685 at 30 June 2012
- Represents approximately 10.6% pa yield on distribution guidance for FY13 of 7.25 cents per security
- Market Capitalisation of \$789.5 million
  - Equity \$386.8 million (49%)
  - Debt \$402.7 million (51%)
- Australian focus. No exposure to offshore markets
- Defensive portfolio with strong cash flow
- All debt facilities with major banks, with 93% of interest costs hedged for FY13
- Experienced and stable executive team
- Over 95% of earnings from property portfolio.

Cromwell's internal property management model is one of the Group's key competitive advantages. The property team delivers the strategic management plan for each asset, ensuring that tenants are happy, space is leased, buildings are operating efficiently and projects are delivered on time and on budget.

By keeping these functions in-house, Cromwell ensures that assets are managed in accordance with the interests of investors and to the expectations of tenants.

Cromwell's experience and approach to commercial asset management places us at the forefront of the industry and the internalised model creates a seamless link between investors, properties and tenants.

Our focus is to constantly improve tenant satisfaction, property income returns and capital value.



## Focus on performance<sup>1</sup>

Cromwell's focus is on delivering superior long term property and investment performance.

Returns to securityholders are measured by comparing Cromwell to the S&P/ASX A-REIT 300 Accumulation Index. This index is considered to be an appropriate benchmark as it broadly captures the total return performance of all major A-REITs, weighted by market capitalisation.

Cromwell aims to outperform this index over rolling 3 and 5 year periods reflecting Cromwell's focus on returns over the medium to long term.

Cromwell has significantly outperformed the index, with benchmarking returns of 9.3% pa over 3 years and 12.7% pa over 5 years.

Cromwell compares its effectiveness as a property manager by benchmarking total annual returns from all Cromwell managed properties (including assets in unlisted funds) against the IPD Australian All-Fund Universe.

This benchmark is considered appropriate because it is a broad-based property index which measures total returns from a \$134 billion portfolio of investment properties managed by over 70 managers including the majority of larger A-REITs and property fund managers.

Cromwell aims to outperform this index over rolling 3, 5 and 10 years and has successfully done so with excess returns of 2.0% pa, 2.5% pa and 2.6% pa respectively.

*"Cromwell has significantly outperformed the index, with excess returns of 9.3% pa over 3 years and 12.7% pa over 5 years."*

## TOTAL SECURITYHOLDER RETURNS TO JUNE 2012 (Annualised)



## DIRECT PROPERTY RETURNS TO JUNE 2012 (Annualised)



(1) Past performance is no indication of future performance

## Cromwell History

**1998** The Company was recapitalised and the Cromwell brand was established.

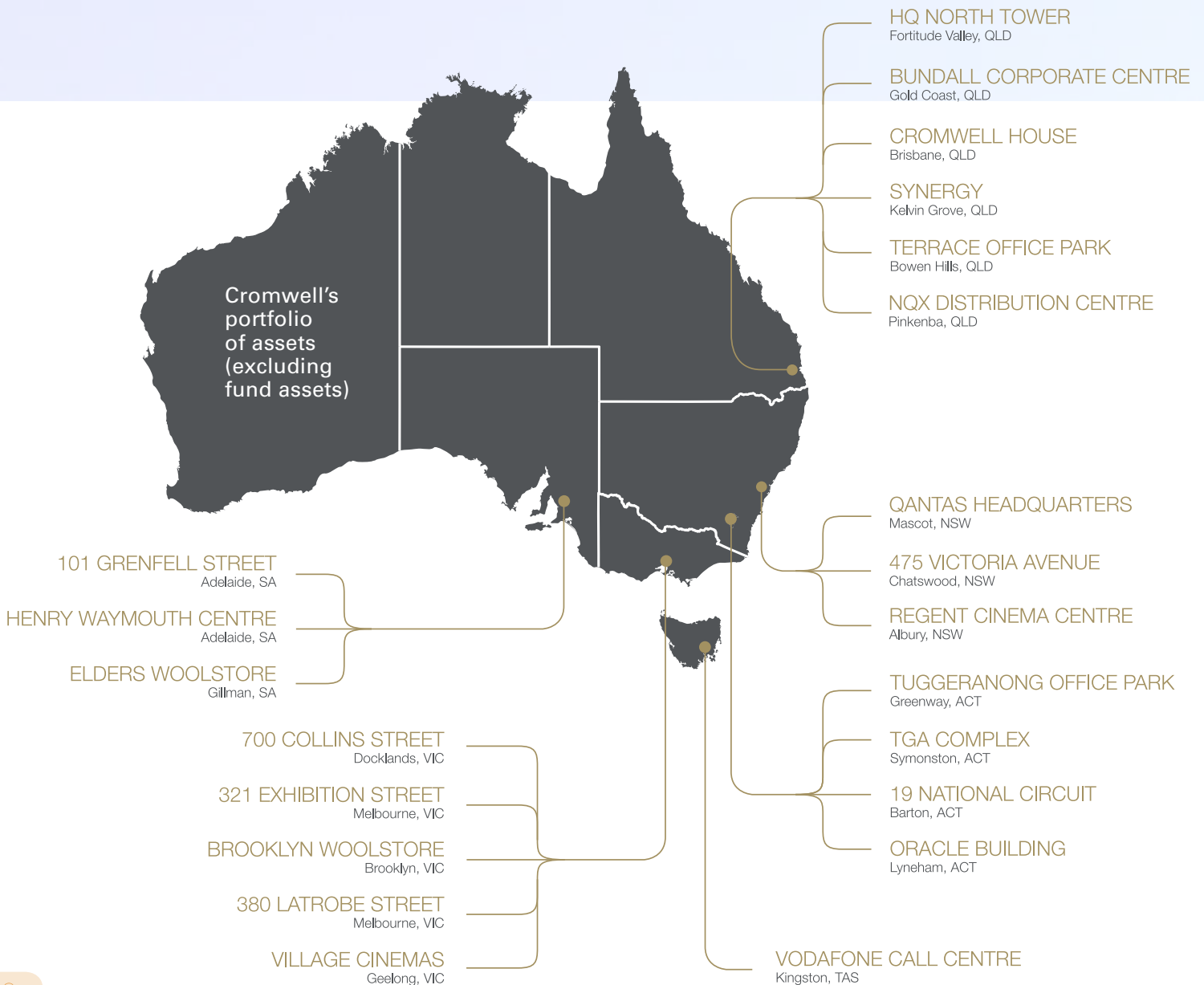
**2003** Between 1998 and 2003 Cromwell purchased 14 properties in 5 states for managed funds, with a combined value of more than \$300 million.

**2004** Cromwell's flagship Cromwell Diversified Property Trust (DPT) expanded significantly, purchasing 12 properties totalling \$285 million.

**2005** Cromwell continued funds management growth, and in 2005 was responsible for 8 trusts and syndicates holding 26 properties valued at more than \$882 million.

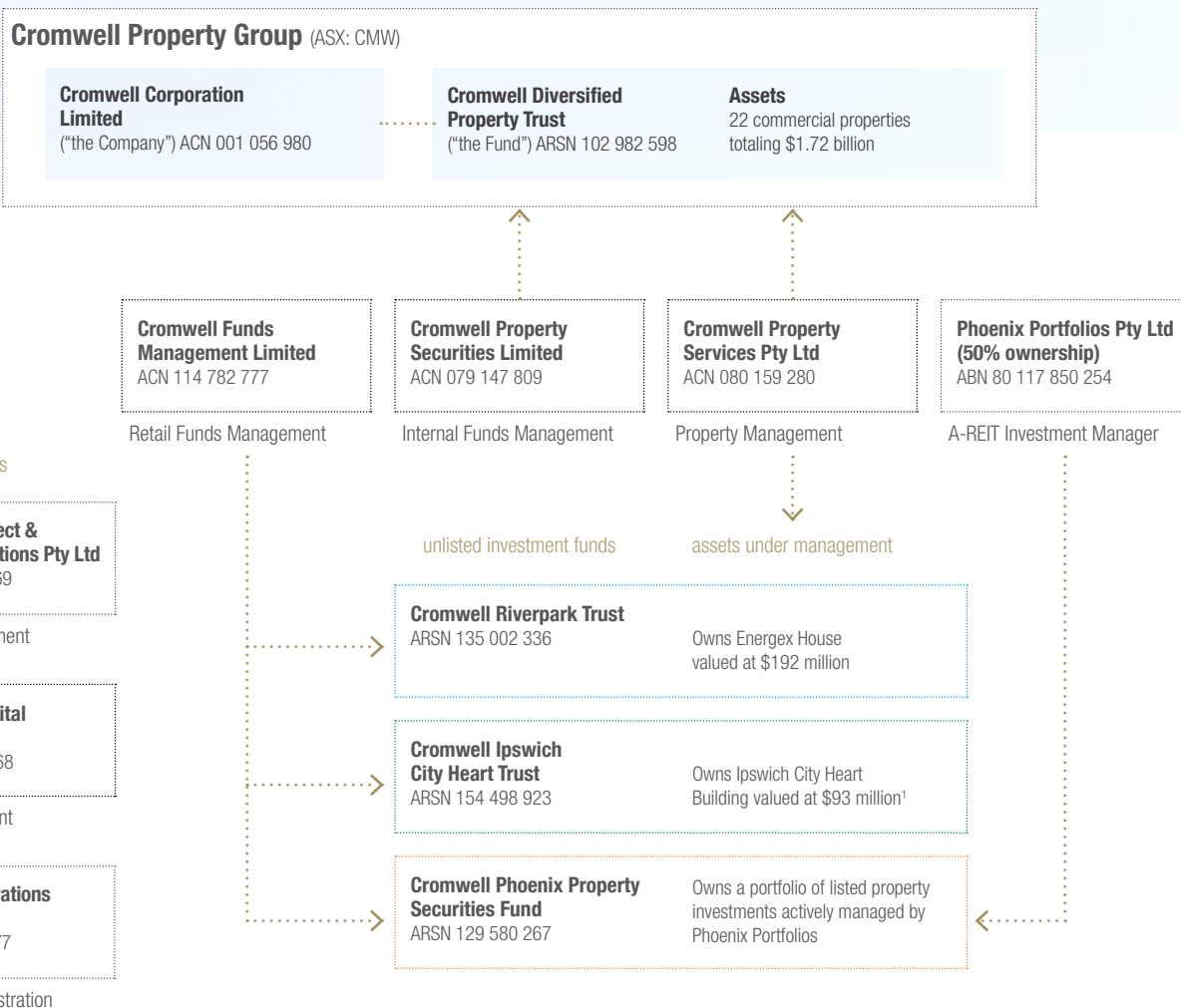
**2006** In December 2006, the DPT was merged with 5 smaller syndicates and stapled to Cromwell Corporation Limited creating the \$1 billion Cromwell Property Group.

**2007** Cromwell sold a number of properties for a combined \$231 million at the peak of the market.





<b>2008</b>	Cromwell purchased Tuggeranong Office Park for \$166 million and established a strategic alliance with Phoenix Portfolios Pty Ltd to launch a Property Securities Fund.	<b>2011</b>	Cromwell was awarded <i>Fund Manager of the Year (Australian Property Securities)</i> by Money Management / Lonsec for the Cromwell Phoenix Property Securities Fund.
<b>2009</b>	Completed a \$91 million capital raising for the unlisted Cromwell Riverpark Trust - the largest retail fund raising in Australia in 2009.	<b>2012</b>	Acquired close to \$250 million in new assets, namely the Bundall Corporate Centre and HQ North in Queensland. The \$91 million Cromwell Ipswich City Heart Trust closed early and oversubscribed, and Cromwell was again awarded <i>Fund Manager of the Year (Australian Property Securities)</i> by Money Management / Lonsec.
<b>2010</b>	Cromwell acquired the Qantas Global Headquarters in Mascot, NSW for \$143 million and two assets from the Cromwell Property Fund (CPF).		



\* Units in the DPT and CPF are issued by Cromwell Property Securities Limited AFS 238052, ABN 11 079 147 809 ("CPS"). Units in the PSF, CRT and ICH are issued by Cromwell Funds Management Limited AFS 333214, ABN 63 114 782 777 ("CFM"). DPT is part of the listed Cromwell Property Group [ASX: CMW]. The CPF, CRT and ICH are closed to new investments. An investment in the PSF can only be made on an application form accompanying the Product Disclosure Statement ("PDS"). Investors should consider the PDS when making a decision about whether to acquire, or continue to hold, units in the PSF. The PDS is available from [www.cromwell.com.au](http://www.cromwell.com.au) or by calling 1300 276 693.

This document has been prepared without taking into account your objectives, financial situation or needs. Therefore, in deciding whether to acquire or continue to hold an investment, you should consider the relevant offer document available from us and assess, with or without your financial adviser, whether the product fits your objectives, financial situation or needs. Past performance is not indicative of future performance. Certain statements in this document are also forward-looking and are not guarantees of future performance. Actual results could differ materially from those expressed. CFM does receive fees for the PSF, CRT and ICH as set out in their respective PDSs. CPS does receive fees for the CPF as set out in its PDS. CPS does not receive any fees in relation to this document or as responsible entity of the DPT.

# Our approach

## Management and its approach

With the majority of Cromwell's income derived from reoccurring commercial office property income, the Group is essentially a conservative A-REIT. Despite pursuing portfolio enhancement opportunities by actively managing its assets, and growth opportunities through its funds management activities, Cromwell's approach is risk averse in nature.

In relation to sustainability issues, the executive team takes a continual improvement approach, embedding social responsibility, sustainability and resource management best practice into our operations at all levels and reviewing policy and outcomes regularly.

Cromwell's Sustainability Committee steers our commitment to Environmental, Social and Corporate Governance (ESG) reporting and has representatives from each area of the business. The Committee meets regularly and has been given authority to set and review the Group's sustainability objectives, reporting to the Board.

Cromwell is committed to demonstrating leadership in sustainability.

We also seek to influence our stakeholders - especially tenants and suppliers - to adopt sustainable practices.

Cromwell regularly makes substantial investments in the sustainability of its property assets in the knowledge that this will help the assets meet market demand while enhancing their value.

To reinforce Cromwell's resolve, we have committed to transparent reporting of our activities, which will ensure sustainability remains a constant and visible consideration for management. It will also help us to objectively measure our progress.

Cromwell has had no legal actions brought against it for anti-competitive behaviour, anti-trust or monopoly practices. Cromwell prides itself on its integrity in the marketplace.



**Geoffrey H Levy, AO**  
NON-EXECUTIVE  
CHAIRMAN

Solicitor of the Supreme  
Court of NSW

Fellow of the Financial  
Services Institute of Aus-  
tralia

Fellow of the Australian  
Institute of Company  
Directors



**Paul Weightman**  
MANAGING DIRECTOR /  
CEO

Solicitor of the Supreme  
Court of Qld



**Daryl Wilson**  
DIRECTOR - FINANCE &  
FUNDS MANAGEMENT

Member of the Institute of  
Chartered Accountants

Member of the Australian  
Institute of Company  
Directors

Member of the Financial  
Services Institute of  
Australasia



**Robert Pullar**  
NON-EXECUTIVE  
DIRECTOR

Member of the Institute of  
Chartered Accountants

Fellow of the Australian  
Institute of Company  
Directors



**Michelle Mckellar**  
NON-EXECUTIVE  
DIRECTOR

Senior Member of the  
Property and Land  
Economy Institute

Member of the Australian  
Institute of Company  
Directors



**Michael Watters**  
NON-EXECUTIVE  
DIRECTOR



**Richard Foster**  
NON-EXECUTIVE  
DIRECTOR



**Marc Wainer**  
NON-EXECUTIVE  
DIRECTOR



**David Usasz**  
NON-EXECUTIVE  
DIRECTOR

Fellow of the Institute of  
Chartered Accountants



**Nicole Riethmuller**  
COMPANY SECRETARY

Solicitor of the Supreme  
Court of Qld & NSW

Member of Company  
Secretaries Association

*Cromwell is committed to demonstrating leadership in sustainability.*

## Corporate Governance

The Board of Cromwell Property Group has embraced the ASX Corporate Governance Principles & Recommendations. As a result, best practice corporate governance practices have been introduced at all levels of the organisation which is in keeping with today's securityholder expectations.

To assist with adherence to the ASX Principles, the Board has formally established several Board Committees and written Charters for the Board and those Committees (for example, the Board Charter, Audit & Risk Committee Charter and Nomination & Remuneration Committee Charter).

The Board has also approved a number of policy statements (for example, a Code of Conduct, Market Disclosure Protocol and Conflict of Interest Policy).

As a financial services licensee and responsible entity, Cromwell Property Securities Limited has a robust compliance regime, including a Compliance Committee comprised of a majority of external members which is overseen by the Board. Day to day responsibility for compliance monitoring rests with the Compliance Manager, supervised by the General Counsel / Company Secretary.

Cromwell adopts the ASX Corporate Governance Principles & Recommendations when defining the term 'independent' in relation to directors. A 'non-executive' director is a director who is not involved in the day-to-day management of Cromwell Property Group.

## Product Responsibility

The products and services provided by Cromwell, being property investment products and property management services, are managed in accordance with the Group's risk management framework.

Cromwell does not provide products or services that are banned in the market it operates in, nor are its products and services subject to public debate.

OH&S is a key component of the property management services offered. Throughout the lifecycle of each building owned by Cromwell, OH&S is assessed. The property management team maintain OH&S and incident registers and complete a thorough risk analysis in accordance with the Board approved risk management framework. Compliance with these policies is monitored by senior managers in the property team.

Cromwell delivers its relationship management strategy through the property management team. Tenants benefit from having a direct line of communication with Cromwell's property management team and investors are serviced by the Group's investor/adviser service team.

All Cromwell investment products must adhere to strict disclosure and marketing protocols as required by the Corporations Act, the Australian Securities and Investments Commission and the Australian Securities Exchange Listing Rules. Cromwell has detailed procedures in place to ensure compliance with these requirements. In addition, all disclosure and marketing documents require legal sign-off prior to release. The Legal and Compliance team conducts quarterly reviews to ensure the procedures are followed.

It is thanks to this diligent approach to Cromwell's customer service responsibilities that there were no fines for non-compliance with laws and regulations concerning the provision of products and services in 2012.

## Feedback

The Board values feedback from its stakeholders. Staff are able to provide feedback via internal management channels and confidential employee surveys.

More formal mechanisms are in place for the Board to take feedback from securityholders including a complaints handling policy, statutory meetings (for example the Annual General Meeting) and an annual securityholder survey. The Board also receives monthly investor relations reports.

If you have feedback or comments for the Board, please write to:

### Company Secretary

Cromwell Property Group  
PO Box 1093  
Brisbane QLD 4001

Feedback or comments relating to investments and funds management should be directed to:

### Investor Relations

Phone: 1300 276 693  
Email: [invest@cromwell.com.au](mailto:invest@cromwell.com.au)

Feedback or comments relating to tenancy, leasing and property management should be directed to:

### Property Services

Phone: 1800 005 657  
Email: [property@cromwell.com.au](mailto:property@cromwell.com.au)

## Benchmarking our Performance

In addition to internally measuring our performance on a continuous basis we look to external benchmarks for an independent assessment of our performance against our competitors in the property industry.

In 2012 we used the following indices and rating systems:

### Building Sustainability

- **NABERS** (the National Australian Built Environment Rating System) is a performance-based rating system for existing buildings. NABERS rates a commercial office, hotel or residential building on the basis of its measured operational impacts on the environment and provides a simple indication of how well we are managing these environmental impacts compared with our peers.
- **Green Star** is a comprehensive, national, voluntary environmental rating system that evaluates the environmental design and construction of buildings. Green Star is managed by the Green Building Council of Australia.
- **Commercial Building Disclosure Act** is a national program designed to improve the energy efficiency of Australia's largest office buildings.

### Investment Performance

- Cromwell benchmarks its portfolio against the **PCA/IPD All Fund Universe (excl. Super & Major Regional Shopping Centres)**. PCA/IPD direct property indices are the benchmark series for commercial property performance in Australia, based on the performance of over 1,600 commercial properties.
- **The S&P/ASX 300 A-REIT Accumulation Index** is a sharemarket index managed by international ratings agency Standard & Poor's. Cromwell uses this to benchmark its performance against a group of other listed real estate investment trusts.

### Corporate Social Responsibility

- The **Global Reporting Initiative (GRI)** sets out the principles and indicators that organisations can use to measure and report their economic, environmental, and social performance. The cornerstone of the framework is the Sustainability Reporting Guidelines. Version 3.1 of the Guidelines was published in 2011 and has been adopted by Cromwell.

## Memberships

Cromwell holds corporate membership in the following industry and governing bodies:

As the leading advocate for Australia's property industry, the **Property Council of Australia (PCA)** provides Cromwell with a range of high value member services including education and professional development, networking and market-making opportunities, gateways to international networks and markets, management and benchmarking tools, market intelligence and a showcase for industry excellence.



The **Facility Management Association of Australia (FMA)** is the professional membership body which represents facility managers in Australia. The efficient and professional management of Cromwell's portfolio by our Facilities Management team is essential to delivering long term value to investors. Through our membership of the FMA and our active engagement of the Association's services Cromwell is better able to manage assets in the interests of investors.



Cromwell is member of the **Responsible Investment Association Australasia (RIAA)** and has investment products certified under their Responsible Investment Certification Program. The RIAA is the peak industry body for professionals working in responsible investment in Australia and New Zealand and helps Cromwell learn more about making investment choices that take environmental, social, ethical and governance issues into account as well as financial objectives.



## Supply Chain

Cromwell is committed to supporting local businesses and residents by buying and hiring locally. In 2012, less than 1% of Cromwell's suppliers were overseas based. Cromwell aims to have local suppliers tender for greater than 95% of contracts.

All of Cromwell's building contractors are required to complete induction programmes and are regularly assessed to ensure our supply chain supports our social and environmental objectives, while adhering to OH&S expectations.

Cromwell recruits staff from the local labour market wherever possible and this is reflected in the fact that only one of our current employees has been sourced from outside the local labour market. All of our senior managers have been sourced from within Australia.

"Senior manager" includes the employment categories of "Executive" and "Manager" as shown on pages 30 and 31 of this Report.



## Cromwell creates a Responsible Investment Series

In recognition of Cromwell's commitment to incorporate environmental, social and corporate governance ("ESG") issues into its investment analysis and decision making progress, and further to Cromwell Funds Management Limited's membership of the Responsible Investment Australasian Association, Cromwell has adopted a series of ESG based criteria against which potential direct property investments, and the investment vehicles through which that property will be held, can be judged.

If the criteria are met, and the investment vehicle acquires the relevant property, the investment vehicle will become part of the Cromwell Responsible Investment Series ("CRIS").

- Cromwell's unlisted syndicate, the *Cromwell Ipswich City Heart Trust*, was certified by the Responsible Investment Association of Australasia (RIAA) in September 2012
- The Trust was the first single property investment vehicle to be certified as a Responsible Investment by the RIAA
- Cromwell has demonstrated its commitment to incorporating environmental, social and corporate governance issues into its investment analysis
- The environmental performance of our buildings is an important part of our property management strategy and so seeing this consideration flow through to the investment vehicles was a natural progression
- Cromwell has demonstrated that sustainability can be a pathway to profitability at an asset level and we look forward to demonstrating that the same is true for investors in commercial property funds
- With the addition of the Ipswich Trust, investors who take into consideration RIAA certified products now have the option to include exposure to direct commercial property, providing further diversity to their investment portfolios.



CERTIFIED BY RIAA

# Materialit

## Key Stakeholders

Cromwell has determined the following stakeholders to be those most impacted by Cromwell's operation and performance. At several levels, Cromwell engages with these stakeholders throughout the year to garner their expectations of Cromwell economically, socially and environmentally.

Stakeholders	Engagement
<b>Securityholders</b> We run a profitable and financially prudent business with best practice corporate governance.	Cromwell conducts an annual Securityholder Engagement Survey to ensure the goals, objectives and conduct of the Group are in line with the expectations of securityholders. The survey is also used to gauge our performance relative to our peers.
<b>Investors</b> We offer a range of property investment products to meet the needs of the Australian investment community.	Through a professional network of dealer groups, investment platforms, financial advisers and direct retail investors, Cromwell benefits from significant insights into the expectations of Australian investors. Investors in Cromwell-managed funds also receive quarterly reports to keep them up to date with the progress of their investments.
<b>Tenants</b> We manage safe, efficient and comfortable workplaces that meet the needs of a wide variety of businesses.	Cromwell is particularly accessible to tenants, with dedicated property and facility managers, to ensure issues are addressed quickly. In 2012 as part of the materiality assessment for this Report, focus groups were conducted to record the expectation of tenants.
<b>Employees</b> Employees are central to the success of our business, so we strive to foster a culture that enhances employee satisfaction, wellbeing and professional development.	Proactive engagement ranges from a Employee Engagement Survey, Sustainability Survey and formal management structures such as performance reviews, monthly all-group meetings and internal surveys, through to informal activities including fundraising, sporting events, health initiatives and social functions.
<b>Community</b> We are committed to contributing to the communities in which we operate.	Cromwell supports several charities and sporting groups, in the belief that these play a vital role in building stronger communities. To promote staff involvement in charity work, Cromwell has established a paid Employee Volunteer Program.
<b>Service Providers</b> To successfully deliver high quality products and service, we partner with various business to support our operations.	Contracts and service provisions are reviewed regularly. The relationship between Cromwell's accounts payable and the accounts departments of our service providers has been further improved with the introduction of new accounting systems at Cromwell in 2012.
<b>Regulators</b> Cromwell operates in a highly regulated industry and prides itself on best practice corporate governance and compliance.	Relationship with the regulators is managed at the highest level; starting at a board level, compliance committee and flowing through to senior executives responsible for the operation of the business.
<b>Environment</b> The environment as a stakeholder benefits from initiatives undertaken to reduce the use of resources.	Cromwell has created several programs to help staff reduce the use of water, waste and electricity. However, a greater result is achieved through Cromwell's management of the environmental impact of its property portfolio and encouragement of suppliers and tenants to pursue environmental improvement.

## Securityholder Engagement Outcomes

This year's Securityholder Engagement Survey saw an improvement in the perception of the Board and senior management that was the most significant since the study began in 2009.

Securityholders were generally happy with the communications from Cromwell, with overall satisfaction increasing from 82% in 2011 to 84% in 2012. Only 16% had suggestions for improvement, compared to 29% when the study was first conducted in 2009.

As in 2011, securityholders were looking to Cromwell for stability of capital and income stream, and over half said they would recommend Cromwell as an investment to a friend.

A total of 25% said that they perceived Cromwell's risk to be above average, compared to 35% who perceived it to be below average. The balance of 34% said they perceived it to be in line with the market average and 6% did not know.

An important factor in 2012 was again that the company demonstrated a clear strategic direction to securityholders. This had improved slightly over 2011.

## Internal Sustainability Survey

In February 2012 Cromwell conducted its first internal sustainability survey to help build an understanding of employees' opinions towards topic and understanding of key concepts.

The survey identified areas for improvement and education gaps on the topic.

The Sustainability Committee will work to address these issues and hope to improve on the results of the survey in its second year, 2013.



# Materiality Assessment

Planning for the 2012 report included a materiality assessment of Cromwell’s key stakeholders to identify if there were any inter-related GRI aspects considered material to several groups influenced by our business.

This exercise gave us a holistic view of the company’s context and allowed us to identify which issues were most frequently raised, assess their relative importance and elaborated on these issues in the report.

Below is a summary of the materiality map created from various consultations, interviews and surveys with stakeholders.

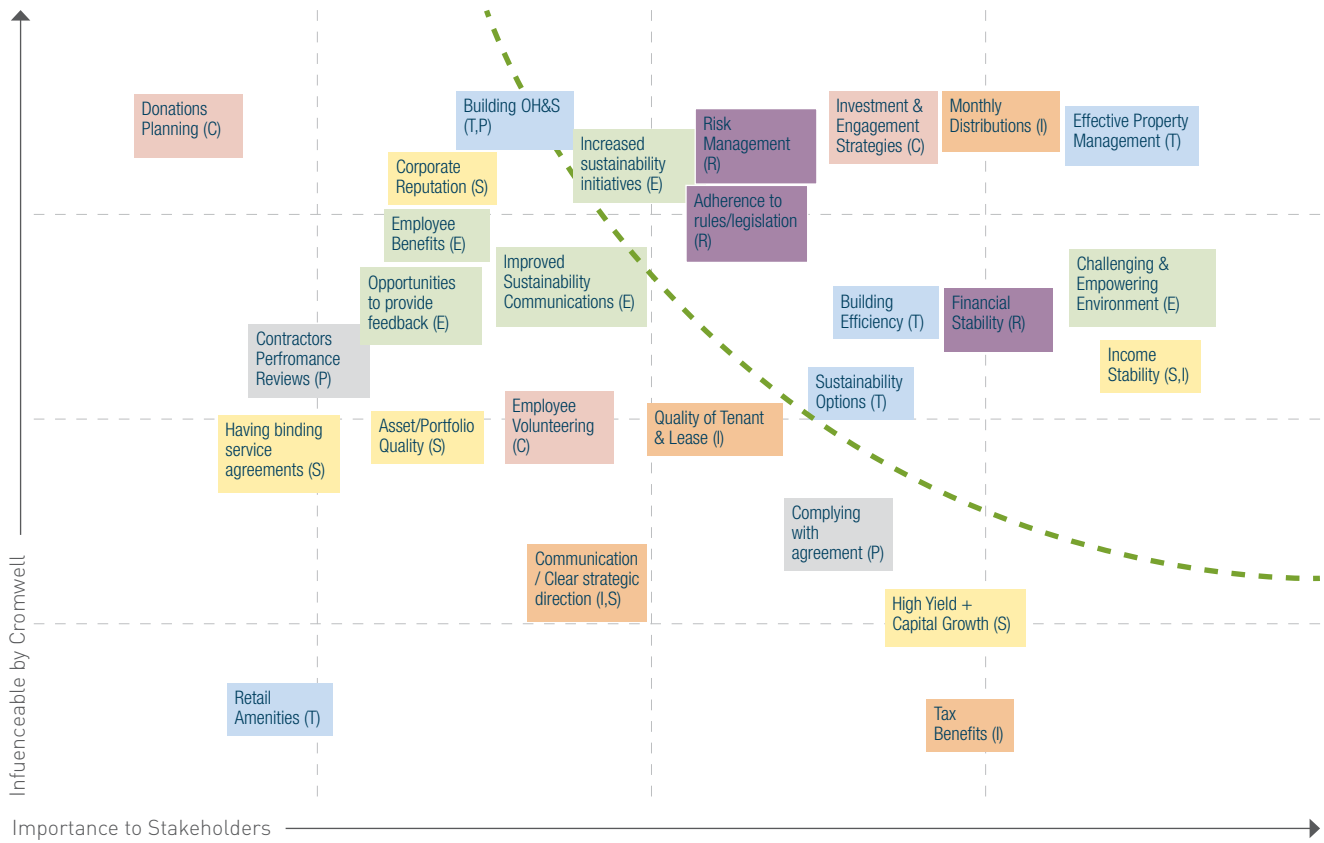
Materiality Assessments were conducted for the following Stakeholders:

- Securityholders (S)
- Investors (I)
- Tenants (T)
- Employees (E)
- Community (C)
- Service Providers (P)
- Regulators (R)

5 themes which were common to several Stakeholders when considering Cromwell’s business included:

Core material issues to Cromwell stakeholders:

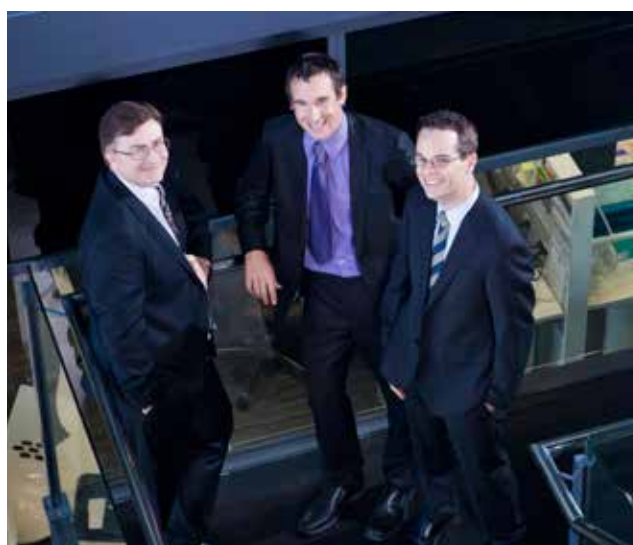
- Risk Management & Compliance
- Financial Performance
- Property Management & Performance
- Community Engagement
- Sustainability Initiatives



# Financial performance

## FY12 results in line with guidance

- Operating profit increased by 23% to \$80.0M or 7.5 cps
- Distributions maintained at 7.0 cps
- Statutory accounting profit of \$23.1M impacted by fair value adjustments
- Increase in like-for-like property income of 6.8% over FY11
- Growth in operating earnings per security of 6% to 7.5 cents



## Financial Results Summary

	FY08	FY09	FY10	FY11	FY12	Change
Operating profit (\$'000) <sup>1</sup>	70,791	63,761	64,630	65,297	80,010	23%
Operating profit (cents per security)	10.1	9.1	8.5	7.1	7.5	6%
Distributions (\$'000)	70,436	63,277	60,618	64,988	75,019	15%
Distributions (cents per security)	10.0	9.0	8.0	7.0	7.0	0%
Payout Ratio (%)	99%	99%	94%	98%	93%	5%
Statutory profit (\$'000)	119,901	-113,511	19,053	88,102	23,077	(74%)
Statutory profit (cents per security)	15.3	-16.1	2.5	9.6	2.2	(77%)

(1) Calculated as (total borrowings less cash)/(total tangible assets less cash)



## Operating Earnings and Statutory Profit

	FY08 (\$'000)	FY09 (\$'000)	FY10 (\$'000)	FY11 (\$'000)	FY12 (\$'000)	FY11 cps	FY12 cps
Operating Earnings	70,791	63,761	64,630	65,297	80,010	7.1	7.5
Adjustments							
Fair Value - investment properties	34,649	(104,288)	(32,146)	33,659	(12,353)	3.7	(1.2)
Fair Value - interest rate swaps	4,479	(22,479)	(1,283)	(1,920)	(38,483)	(0.2)	(3.6)
Other items	9,982	(50,505)	(12,148)	(8,934)	(6,097)	(1.0)	(0.5)
Profit after tax	119,901	(113,511)	19,053	88,102	23,077	9.6	2.2

## FY13 guidance

- Operating earnings expected to be at least 7.5 cps in FY13
- Distributions expected to be 7.25 cps in FY13
- Increase in funds management income expected

## Financial Position

	FY08	FY09	FY10	FY11	FY12
Total assets (\$'000)	1,368,523	1,308,823	1,282,828	1,539,428	1,837,601
Net assets (\$'000)	715,236	539,593	571,407	705,160	788,989
Net tangible assets (\$'000) <sup>(1)</sup>	710,938	537,358	570,120	703,636	787,442
Net debt (\$'000) <sup>(2)</sup>	589,465	656,195	568,117	737,037	905,024
Gearing (%) <sup>(3)</sup>	44%	53%	48%	49%	51%
Securities issued ('000)	702,816	702,943	807,835	964,737	1,169,689
NTA per security	\$1.01	\$0.76	\$0.71	\$0.73	\$0.67

(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.

## Disciplined and effective capital management

- Gearing remains within target range of 35-55%
- No material debt maturities until FY14
- Weighted average debt maturity of 2.4 years
- High degree of certainty over interest expense in FY13 and FY14
- Debt diversified across seven different facilities and five major banks

# Properties & the e

## Key transactions

- Acquisition of award-winning HQ North Tower for \$186m
- Acquisition of Bundall Corporate Centre for \$63m
- Sale of Masters Distribution Centre for \$39m due to low yield in low growth market

\$1.7 billion  
Portfolio value  
(excluding unlisted fund assets)

## Continuing portfolio improvement

- Average asset value increased to \$78.4m from \$68.8m in FY11
- Weighted Average Capitalisation Rate increased slightly to 8.28% from 8.18% in FY11 due to acquisition of higher yielding assets

96.4%  
Occupancy

## Defensive portfolio characteristics

- WALE of 6.2 years is one of the longest in the sector
- 84% of gross income from government or listed company tenants

6.2 yrs  
Weighted average  
lease term (WALT)

## Energy Efficiency Initiatives<sup>1</sup>

- Chiller plant control upgrade at Bundall Corporate Centre One
- Tri Generation plant installed at 321 Exhibition Street, Melbourne
- Chiller replacement at Lovett Tower, Canberra
- LED lighting installation at 380 Latrobe Street, Melbourne
- Operational improvements at 200 Mary Street, Brisbane

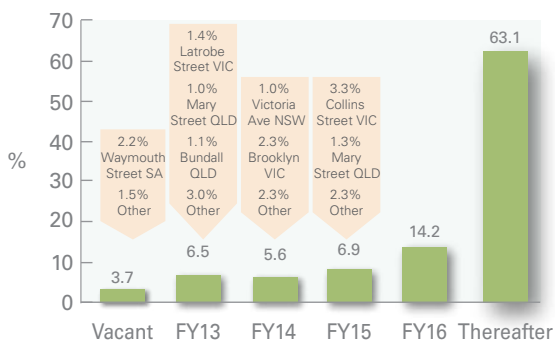
½ million  
Square metres of net  
lettable area (NLA)

304,900 kWh  
Estimated energy reduction  
as a result of continuing  
efficiency initiatives

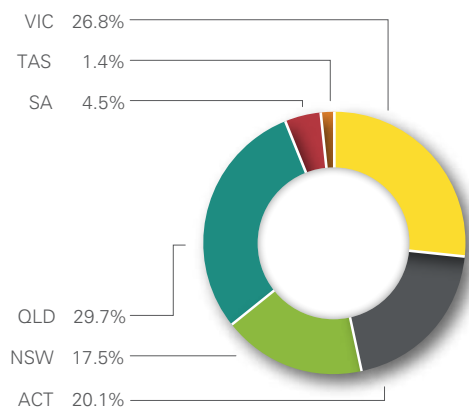
<sup>1</sup> Outcomes based on predicted energy reductions arising from the implementation of energy saving initiatives.

# S nvironment

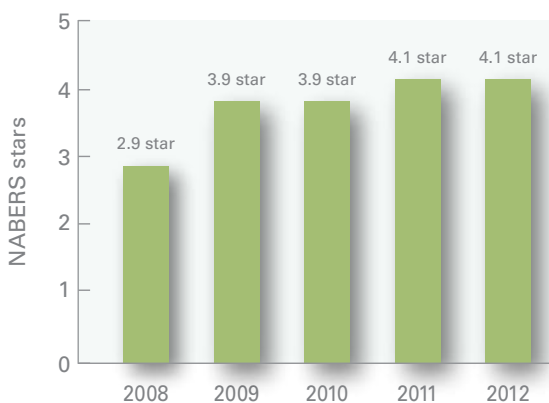
Lease expiry profile  
% gross income by financial year



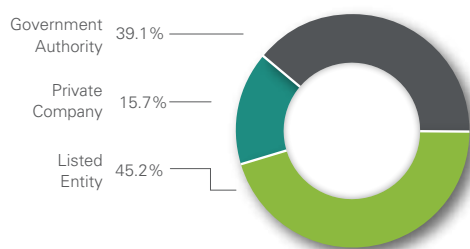
Geographic diversification by gross income



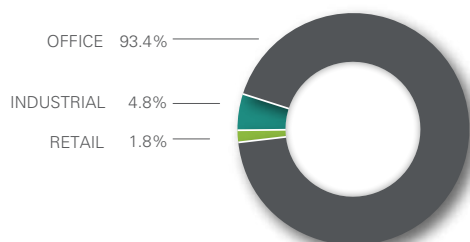
Portfolio NABERS rating<sup>1</sup>



Tenant classification by gross income



Sector diversification by gross income



<sup>1</sup> NABERS assessments are not undertaken for some assets where the tenant has full operational control and manages the total resource consumption.

## Environmental Management Approach

### Impact on Climate Change

Cromwell acknowledges that commercial property activity can have an adverse impact upon the environment. However, by embracing innovation and striving to improve building efficiency, Cromwell hopes to make a real difference.

Climate change does pose risks and opportunities which could have potential financial implications for Cromwell, including:

- Risks due to physical changes associated with climate change (e.g., impacts of modified weather patterns);
- Regulatory risks (e.g., the cost of activities and systems to comply with new regulations);
- Innovation opportunities (e.g., provision of services to address challenges related to climate change); and
- Competitive advantage opportunities (e.g., by meeting market appetite for highly green credentialed property investments and ensuring our portfolio exceeds market expectations for sustainable asset management).

The Cromwell Sustainability Committee's decisions relating to climate change have influenced the operation of the business, including the management of assets and compliance with state and government regulations.

### Emissions reduction

By far, Cromwell's greatest impact on the environment arises from the emissions related to energy, waste and services used by the buildings we manage.

This is because Cromwell, as landlord, is responsible for managing the "base building" or "common area" which supports the tenants in their workplaces. In offices these areas typically include a building's power plant, air-conditioning, hot water and waste disposal, but excludes the power consumed by tenants.

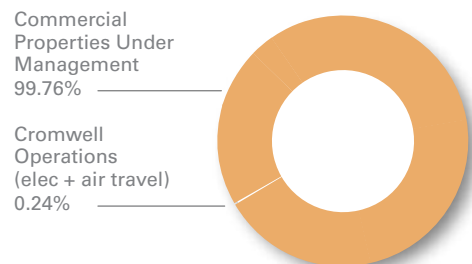
For the majority of our industrial sites, the tenant is responsible for the entire premises and the emissions generated. So because Cromwell has no effective control over resources used by the tenant, we have not included their emissions in our reporting.

With 99.76% of CO<sub>2</sub> emissions attributed to Cromwell commercial property operations, we believe that our greatest contribution to the reduction of emissions can be achieved by influencing the way our tenants use resources.

The remaining 0.24% of Cromwell's measured CO<sub>2</sub> emissions comes from our own offices and business operations.

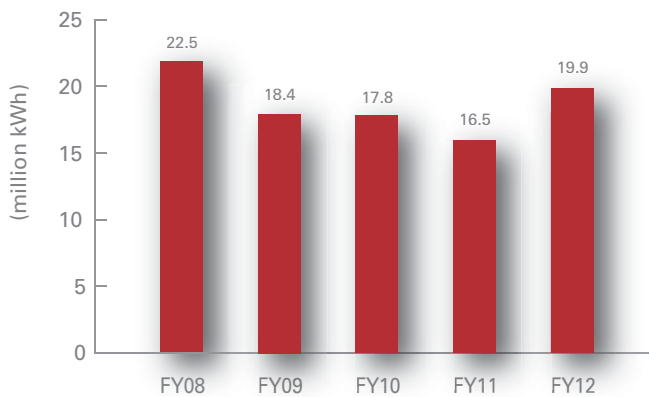
Cromwell has also made the decision to supplement its efforts to reduce the business operations impact on the environment by acquiring carbon credits. A quantitative estimate on the financial implications of this has been completed in association with a carbon credit provider and Cromwell's approach will be finalised in 2013.

## Source of CO<sub>2</sub> Emissions



## Property/Environmental Measures

	FY09	FY10	FY11	FY12
NABERS Energy (Stars)	3.9	3.9	4.1	4.1
Essential Services Compliance	95%	91%	93%	93%
Electricity Consumption (M kWh)	18.35	17.82	16.49	18.97
Water Consumption (K kl)	134.73	129.61	113.90	163.09
Net Lettable Area (m <sup>2</sup> )	244,273	244,273	274,874	325,306



### NABERS Electricity Consumption (M kWh)

Not to be confused with a complete NABERS Energy Rating, simple electrical consumption is a measure of an assets use of the specific resource.

Cromwell's facilities managers have made fine-tuning their buildings' energy consumption an important part of their contribution to the portfolio.



### NABERS Water Consumption (kl)

The conservation of water continued to be a focus in FY12.

Initiatives during the period included continuing compliance with Water Efficiency Management Plans (WEMPS) in Queensland and building water maps in Victoria.

## Environmental Disclosures

### Direct energy consumption by primary energy source (EN3)

Cromwell does not use direct renewable energy sources (Biofuels, Ethanol, Hydrogen). Below table details the direct non-renewable energy source useage.

Direct non-renewable energy sources:	a) Amount purchased	b) Amount acquired	c) Amount exported/sold	Total
Coal:	N/A	N/A	N/A	N/A
Natural Gas:	38,028 GJ	N/A	N/A	38,028 GJ
Fuel distilled from crude oil, including gasoline, diesel, liquefied petroleum gas (LPG), compressed natural gas (CNG), liquefied natural gas (LNG), butane, propane, ethane, etc:	N/A	N/A	N/A	N/A

### Indirect energy consumption by primary energy source (EN4)

Non-renewable energy sources:	Q1. Purchased/consumed	Q2. Amount of primary fuels
Electricity	18,969,918 KWH	N/A
Heating and Cooling	N/A	N/A
Steam	N/A	N/A
Nuclear energy	N/A	N/A
Other forms	N/A	N/A
Renewable energy sources:		
Solar	18,420 kWh	N/A
Wind	N/A	N/A
Geothermal	N/A	N/A
Hydro energy	N/A	N/A
Biomass based intermediate energy	N/A	N/A
Hydrogen based intermediate energy	N/A	N/A

### Initiatives to reduce indirect energy consumption and reductions achieved (EN7)

Upstream/downstream indirect energy use	
Use of energy-intensive materials	N/A
Subcontracted production	N/A
Business-related travel	907,807 air miles (606 tonnes of CO <sub>2</sub> )
Employee commuting	N/A

As the business grows, air travel is an increasing area for

indirect energy consumption. In FY12 air miles increased by 97,385 miles (36 tonnes of CO<sub>2</sub>\*) on FY11. To combat this consumption, a video conferencing system was approved and will be installed in FY13.

\* Travel data obtained from Cromwell's Corporate Travel Agent. Miles and tonnes of CO<sub>2</sub> sourced from www.nativeenergy.com. A emissions factor has also been included for take off / landing.

## Water Usage (EN8, EN10)

Of the total volume of water withdrawn, the percentage recycled and reused during FY12 was 3% (4,709 KL).

Source	Withdrawn FY12
Surface water, including water from wetlands, rivers, lakes, and oceans	n/a
Ground water	n/a
Rainwater collected directly and stored by the reporting organization	4,709 KL
Waste water from another organization	n/a
Municipal water supplies or other water utilities	163,085 KL
<b>Total</b>	<b>167,795 KL</b>

## Ecologically Sensitive Sites

A few of Cromwell's property assets are in close proximity to protected areas and areas of high biodiversity. These include:

- TGA Building (Site area 173,500m<sup>2</sup>), 136 Narrabundah Lane, Symonston, ACT
- Centenary House (Site area 6,657m<sup>2</sup>), 19 National Circuit, Barton, ACT
- Altona Land (Site area 15.22ha), 210-238 Maidstone Street, Altona, VIC

There has been no monetary value of significant fines or non-monetary sanctions for non-compliance with environmental laws and regulations in FY12.

## Essential Services Compliance

Essential services compliance is monitored by independent consultants AESC Pty Ltd. AESC review contractors' service and certification reports against over 500 tests and inspections undertaken annually to the Cromwell portfolio.

# Economic Performance Disclosure

## Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.

Information from the 30 June audited accounts presented on an accruals basis.

	FY08	FY09	FY10	FY11	FY12
<b>Direct economic value generated (EVG)</b>					
Revenues - net sales plus revenues from financial instruments and sales of assets	161,860,290	132,907,165	137,193,408	147,714,009	186,703,094
<b>Economic value distributed (EVD)</b>					
Operating costs	35,564,046	23,598,540	28,497,547	24,473,303	30,019,773
Employee wages and benefits	9,010,704	10,196,323	11,101,881	11,679,969	13,347,350
Payments to providers of capital	101,361,000	112,156,000	99,278,000	115,713,059	137,873,974
Gross Taxes	20,479,773	8,596,532	12,630,031	21,780,959	25,869,252
Community investments & donations	62,958	73,056	64,986	48,532	67,401
<b>Economic value retained (EVG-EVD)</b>	<b>-4,618,191</b>	<b>-21,713,286</b>	<b>-14,379,037</b>	<b>-25,981,813</b>	<b>-20,474,656</b>

# Staff & Community

## Management Approach

### Corporate Citizenship

As a major property group in Australia we believe we have a responsibility to build stronger communities. Core to Cromwell's success as a business is its workforce and the tenants that occupy our buildings. However, we also recognise that broader community participation is a central part of sound corporate citizenship.

Cromwell has been involved in supporting the communities it operates in since its inception, donating to dozens of charitable organisations, sporting clubs, schools and hospitals on an ad hoc basis since 1998. Cromwell does not donate to political parties, or engage in public policy development or lobbying.

### Corporate Charity

Although Cromwell continues to support several small charities via the Employee Volunteer Program, Adviser Charities and Staff Related Charities (detailed below), we also make several major donations each year.

In 2012, Cromwell continued its support of Parkinson's NSW as a Platinum Sponsor of their annual Golf Classic and also made significant contributions to the Mater Children's Hospital Foundation and the Goda Foundation.

### Sporting Sponsorship

As part of the strategic commitment to involvement in the local community, Cromwell has an annually renewed agreement as naming rights sponsor of the Easts Tigers Rugby Union Club.

The significant investment of \$35,000 aligns Cromwell with a large junior program supporting an active lifestyle in a team environment.

### Adviser Charities

From time to time financial advisers, who recommend Cromwell investment products, ask us to contribute to charities they have an association with.

Cromwell views these contributions as an opportunity to generate goodwill and strengthen our relationship with these business supporters while also contributing to the communities in which they operate.

### Staff Related Charities

Each year, Cromwell allocates \$10,000 for charities nominated by our staff. As well as helping the recipient directly, this initiative has the added benefit of encouraging staff involvement in charitable causes.

### Employee Volunteer Program

Cromwell grants two paid days to each staff member to participate in charitable works each year.

The program gives employees the opportunity to provide material support to organisations that are important to them. Employees who volunteer will benefit by having the opportunity for personal development through exposure to new experiences. It provides a forum for staff to share their professional knowledge, skills and experiences for the betterment of the community.

This aspect of Cromwell's Community Relations is evolving and is expected to have more resources dedicated to it in 2013.







## Corporate Culture

Cromwell approaches staff as individuals, tailoring jobs where possible so that they allow our employees to achieve their career and lifestyle goals and to ensure their continual development and growth. To this end we support the following employment policies.

### Employee Engagement

Each year Cromwell conducts an Employee Engagement Survey to measure the engagement level of our employees and to gather valuable feedback. In 2012, we saw improvements in two major areas:

- Team morale, effectiveness and direction; and
- Working environment and culture.

### Family Friendly

Cromwell believes there is a link between a secure and fulfilling home life and workplace performance. Employees are supported where possible with flexible working arrangements to accommodate family requirements and we meet all legislative requirements for parental leave.

### Social Engagement

Cromwell has introduced an Employee Volunteer Program where employees can take two days paid leave from work each year to donate their services to a charity. Cromwell also gives financial support to sporting clubs, community organisations and employee nominated charities.

### Employee Retention

Cromwell continues to focus on its employee retention strategies. We strive to achieve less than 14% annual turnover.

### Employee Development

Cromwell actively encourages all of its employees to grow and develop their skills and abilities. To aid this, Cromwell supports its people both financially and through flexible work arrangements to undertake tertiary study. Our employees also partake in Continuing Professional Development (CPD), leadership coaching, mentoring and task specific short courses.

Cromwell allocated approximately \$2,000 per employee for education related expenses in 2012.

### Remuneration

Cromwell has always remunerated employees appropriately so that we attract, retain and motivate the highest calibre employees. Remuneration is reviewed and benchmarked annually.

### High-Performance Culture

All permanent employees received at least one performance and remuneration review in 2012 (100%). Cromwell has implemented performance review software to streamline the process, empower managers and employees and reduce the use of paper.

### Diversity & Equal Opportunity

We believe in selecting the best candidates possible, regardless of age, gender, ethnicity, culture or disability.

We have robust policies in place to ensure incidents of discrimination do not occur within the workplace. Cromwell has had no reports of discrimination and no incidents involving rights of indigenous labour and therefore no corrective action was required.

Cromwell has had no cases of harassment formally brought against it.

Cromwell encourages diversity in its recruitment, succession planning and leadership thinking. In accordance with the ASX Corporate Governance Guidelines, Cromwell has implemented a gender diversity policy to encourage female inclusion at all levels of the business hierarchy.

In 2013 we will commence annual Equal Employment Opportunity training for all employees.

### Occupational Health & Safety

Cromwell applies an integrated-systems approach to Occupational Health and Safety including when tendering our services contracts, auditing premises and managing our people and our suppliers. We strive to create and reinforce a culture of continuous workplace health and safety improvement.

Workplace initiatives, such as seasonal flu vaccinations, are offered to all staff free of charge to reduce absenteeism and protect our people and their families from infectious disease.

### Support Services

To assist in supporting our staff's wellbeing, Cromwell uses an Employee Assistance Program (EAP). The EAP offering provided by Access Programs includes personal and family support services, education, critical incidents response and a manager support program.

The EAP is used for counselling in both professional and personal situations to fully support each individual employee at work and at home.



Wallabies forward Matt Hodgson and Cromwell Easts Tigers Junior players at a Coaching Clinic in Coorparoo, sponsored by Cromwell.



## EASTS TIGERS RUGBY CLUB

In 2012, Cromwell continued its sponsorship of Easts Tigers Rugby Union Club in Brisbane, contributing over \$35,000 to junior development and administration costs.

Cromwell has supported Easts for almost a decade, and became naming rights sponsor in 2008.

Cromwell CEO Paul Weightman said the group's support for the club was part of its broad program of social engagement.

"We believe that sporting clubs have a vital role to play in building stronger communities and we look forward to continuing our long-term backing for Easts' good work," Mr Weightman said.

The Cromwell Easts Tigers currently compete in the Queensland Premier Rugby competition.

They also have one of the largest junior rugby programs in the Southern Hemisphere.

In addition to financial support, Cromwell executives have donated their time to give strategic management input to strengthen club's administration - helping to establish a budget and a process to ensure its sustainable not-for-profit operation.

Several Cromwell employees have also donated their time by way of coaching, refereeing and fund raising.

The annual "Cromwell Cup" fixture between Easts Tigers and the GPS Stallions celebrated its fifth year in 2012 with over 1,000 spectators in attendance.

The game pits Brisbane's Eastern suburb working-class heroes against the old private school boys of GPS from the Western suburbs in a fixture affectionately known as the "Battle of the Bridge".

Since Cromwell became naming rights sponsor, Easts have gone from a struggling club to one with a healthy and sustainable financial base from which they can continue to grow.



Cromwell's Community Relations Committee members Roxanne Ewing and Lauren Daines get a tour of the PICU.



## MATER CHILDRENS FOUNDATION

The doctors and nurses of Mater Children's Hospital Paediatric Retrieval Service will now fly safer when transporting some of Queensland's sickest children thanks to the generous support of Cromwell Property Group.

Mater's Paediatric Intensive Care Unit (PICU) provides 24 hour medical care to approximately 500 children per year. More than one third of these children are transported to the hospital by helicopter from Queensland, northern New

South Wales and even as far away as Papua New Guinea. Previously, PICU staff had to use helmets that are almost ten years old and in constant need of repair. But thanks to Cromwell's support, Mater has purchased new helmets that not only maintain safe working conditions; but have new features, such as integrated communication systems and tinted visors, which significantly improve the PICU medical staffs efficiency.

In 2011, Cromwell helped the Mater through the purchase of two mobile baby warmers, doubling the number of warmers available in the birthing suites at Mater Mothers' Hospitals.



Cromwell is proud to support the communities in which we operate. Here is just some of what's been achieved through sponsorships in 2012.

## IPSWICH FESTIVAL

With the acquisition of the City Heart Building in Ipswich which is owned by a Cromwell-managed unlisted trust, we were pleased to jointly sponsor the 2012 Ipswich Festival as our first step in supporting the Ipswich community.

The decision to back the festival, which is the premier cultural event in Ipswich, was in line with our long-standing commitment to support the communities in which we operate.

## HUTT ST CENTRE

In Winter 2012, Cromwell was approached by food company Heinz to allow a soup promotion in the atrium of the office tower at 101 Grenfell St, Adelaide.

The fee paid by Heinz was donated to local charity the Hutt Street Centre, which is a frontline agency for homeless and vulnerable people in the city.

## PARKINSONS GOLF DAY

Cromwell was the major sponsor of the 2012 Parkinson's NSW Golf Classic at Monash Country Club in the Sydney suburb of Ingleside.

The Golf Classic has become one of the biggest charity golf events in the country with all proceeds going to the Parkinson's Counselling Service, a vital program that helps take away much of the initial anxiety and uncertainty that confronts people with the disease.

Money raised from this event over the years has enabled Parkinson's NSW to add an extra counsellor to run the service including during school holiday periods.



Kokoda Trekkers with PNG chief and last living Fuzzy Wuzzy Angel, Ovura Ndiki.



Christmas Appeal



Ipswich Festival

## KOKODA TREKKER

This year we were pleased to contribute to long-time associate of Cromwell, John Mutton of InterRISK, in his Kokoda trek fundraising mission to raise \$50,000 for Cerebral Palsy Education Centre (CPEC). CPEC changes the lives of young children suffering this debilitating condition. It caters for children that other systems are not able to, creating an environment for physical, emotional and educational development.

## CHRISTMAS APPEAL

In the spirit of Christmas and in support of local families in Brisbane, Cromwell donated \$2,000 to the Royal Children's Hospital Foundation Kids Christmas Appeal. Money raised goes towards the important work done by the Queensland Children's Medical Research Institute. The research is helping kids survive childhood diseases and will see more kids at home for Christmas.

## GODA FOUNDATION

In June 2012, Cromwell was a sponsor of the Goda Foundation Gala ball which raises money to help fund children of all ages in their quest for knowledge and character development. Each year the Foundation provides 2 scholarships of 100% remission of tuition fees for outstanding academic students to complete their Year 11 and 12 studies at Saint Stephen's College. It also funds a range of other scholarships including tertiary bursaries at selected Universities for outstanding academic achievement.

## Labour Practice Disclosures

### Workforce Statistics (gender)

As at 30 June 2012, Cromwell had 93 employees all on either a permanent, casual or Director contract. 80 permanent employees of which 9 were part time and the remainder were full-time. Cromwell's business is purely domestic however we have 3 international directors.

	Male Employees		Female Employees	
	\$	% of total	\$	% of total
Executive Director	676,725	100%	N/A	0%
Non-executive Director	93,929	88%	102,000	12%
Executive	235,150	75%	275,079	25%
Manager	192,698	57%	123,304	43%
Professional/Technical	111,015	66%	93,813	34%
Clerical	53,849	9%	55,962	91%
Other	46,998	100%	N/A	0%

Employment Contract	Male	Female	Total
Full time	42	29	71
Part time	0	9	9
Casual/Contractor	3	1	4
Non-executive Directors	7	1	8
<b>Total</b>	<b>52</b>	<b>41</b>	<b>93</b>

Region	Male	Female	Total
Australia	50	40	90
International	2	1	3
<b>Total</b>	<b>52</b>	<b>41</b>	<b>93</b>

### Staff Recruitment & Turnover (age, gender, region)

During 2012, Cromwell hired 35 new employees with all except one sourced domestically. Of those hired during 2012, 6 left their employment during the same period. One of which was a contractor on a short term contract during the period.

NEW EMPLOYEES	Age Group			Total
	<30	30-50	>50	
M	6	5	7	18
F	11	6	0	17
<b>Total</b>	<b>17</b>	<b>11</b>	<b>7</b>	<b>35</b>

TURNOVER		Started	Finished	Total	Turnover
		M	<30	6	1
	30-50	5	3	27	11%
	→50	7	3	23	13%
F	<30	11	6	24	25%
	30-50	6	6	26	23%
	→50	0	0	3	0%
<b>Total</b>		<b>35</b>	<b>19</b>	<b>112</b>	<b>17%</b>

### Parental Leave (gender)

In 2012, 3 female and 6 male employees were entitled to and did receive parental leave. 7 have already returned to work, with the remaining 2 expected to return before the end of the calendar year. Cromwell had a 100% return to work and retention rate following parental leave.

## Injury & Absenteeism

There were no injuries, occupational diseases or fatalities (included minor first-aid level injuries) in 2012 and the average number of days absent per employee was 3.4.

Absenteeism	
Total absent hours	2,140
Total workforce hours	157,500
Total workforce days	21,000
Absentee rate	2,140
Total staff	84
Total days	285
Average days	3.4

## Performance Reviews (gender)

100% of permanent (non-director) employees outside of their probation period received a performance review in 2012. Temporary employees, directors and employees who are still within their probationary period do not receive a performance review.

As a result of these exclusions, 78% of total female and 62% of total male employees received a performance review during the reporting period.

	Reviewed		Not Reviewed		Total
Female	32	78%	9	22%	41
Male	32	62%	20	38%	52
Total	64	69%	29	31%	93

## Training (gender, category)

Average hours of training per year per employee, by gender, and by employee category.

	Male		Female		Total Staff	Total Training Hours	Average by Category
	Number	Training Hours	Number	Training Hours			
Director	9	96.8	1	0	10	96.8	9.7
Executive	7	135.9	2	106.5	9	242.4	26.9
Manager	4	77.5	3	138.2	7	215.7	30.8
Professional/Technical	28	960.9	15	1086.5	43	2047.4	47.6
Clerical	2	126.8	20	688.9	22	815.7	37.1
Other	2	0	0	0	2	0	0
Total	52	1397.9	41	2020.1	93	3,418.0	152.1

## Remuneration (gender, category)

Ratio of basic salary and remuneration of women to men by employee category.




	M (Salary)	M (Remuneration)	F (Salary)	F (Remuneration)	RATIO M:F
Executive Director	\$ 676,725	\$ 879,400	NA	NA	1:0
Non-executive Director	\$ 93,929	\$ 102,257	\$ 102,000	\$ 111,180	0.92:1
Executive	\$ 275,079	\$ 369,820	\$ 235,150	\$ 269,025	1.17:1
Manager	\$ 192,698	\$ 209,475	\$ 123,304	\$ 136,868	1.56:1
Professional/Technical	\$ 111,015	\$ 123,589	\$ 93,813	\$ 103,682	1.18:1
Clerical	\$ 53,849	\$ 58,694	\$ 55,962	\$ 61,368	0.96:1
Other	\$ 46,998	\$ 51,227	N/A	N/A	N/A

# GRI Indicators












Listed below are the GRI Standard Disclosures and Performance Indicators addressed in this Report. In applying the G3.1 Guidelines, Cromwell Property Group's 2012 Sustainability Report is a self-declared Application Level C.

## KEY TO STATUS

	Addressed
	Partially addressed
	Information provided in Cromwell Property Group's 2012 Annual Report

Profile Disclosure	Description	Status	Reference
<b>STANDARD DISCLOSURES PART I: Profile Disclosures</b>			
<b>1. Strategy and Analysis</b>			
1.1	Statement from the most senior decision-maker of the organisation.		4
<b>2. Organisational Profile</b>			
2.1	Name of the organisation.		3
2.2	Primary brands, products, and/or services.		6
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures.		9
2.4	Location of organisation's headquarters.		3
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.		3
2.6	Nature of ownership and legal form.		8-9
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).		8
2.8	Scale of the reporting organisation.		6, 8, 23, 30
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	N/A	
2.10	Awards received in the reporting period.		9
<b>3. Report Parameters</b>			
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.		3
3.2	Date of most recent previous report (if any).		3
3.3	Reporting cycle (annual, biennial, etc.)		3
3.4	Contact point for questions regarding the report or its contents.		3
3.5	Process for defining report content.		3, 14-15
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.		3
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).		3
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations.		3






Profile Disclosure	Description	Status	Reference
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.		3
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	N/A	
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	N/A	
3.12	Table identifying the location of the Standard Disclosures in the report.		32
3.13	Policy and current practice with regard to seeking external assurance for the report.		3
<b>4. Governance, Commitments, and Engagement</b>			
4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight.		10-11
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.		10
4.3	For organisations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.		10
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.		11,14
4.14	List of stakeholder groups engaged by the organisation.		14
4.15	Basis for identification and selection of stakeholders with whom to engage.		14

## STANDARD DISCLOSURES PART III: Performance Indicators





### Economic

#### Economic performance



EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.		23
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.		20
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.		12

### Environmental


#### Energy

EN3	Direct energy consumption by primary energy source.		22
EN4	Indirect energy consumption by primary source.		22
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.		18
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.		22


#### Water

EN8	Total water withdrawal by source.		23
EN10	Percentage and total volume of water recycled and reused.		23

#### Compliance

EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.		23
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#### Transport

EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce.		22
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Profile Disclosure	Description	Status	Reference
<b>Social: Labor Practices and Decent Work</b>			
<b>Employment</b>			
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.		30
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.		30
LA15	Return to work and retention rates after parental leave, by gender.		30
<b>Occupational health and safety</b>			
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.		31
<b>Training and education</b>			
LA10	Average hours of training per year per employee by gender, and by employee category.		31
LA12	Percentage of employees receiving regular performance and career development reviews, by gender		31
<b>Diversity and equal opportunity</b>			
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.		10, 30
<b>Equal remuneration for women and men</b>			
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.		31
<b>Social: Human Rights</b>			
<b>Non-discrimination</b>			
HR4	Total number of incidents of discrimination and actions taken.		25
<b>Social: Society</b>			
<b>Public policy</b>			
S05	Public policy positions and participation in public policy development and lobbying.		24
<b>Compliance</b>			
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.		11
<b>Social: Product Responsibility</b>			
<b>Customer health and safety</b>			
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.		11
<b>Marketing communications</b>			
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.		11
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.		11
<b>Compliance</b>			
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.		11



