

2015 CORPORATE GOVERNANCE STATEMENT

Cromwell Property Group

THIS DOCUMENT IS ISSUED BY

Cromwell Property Group

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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PROPERTY GROUP



CORPORATE GOVERNANCE STATEMENT

The Board is committed to Cromwell Property Group meeting securityholders' expectations of good corporate governance, while seeking to achieve superior financial performance over the medium and long term. The Board is proactive with respect to corporate governance and actively reviews developments to determine which corporate governance arrangements are appropriate for Cromwell Property Group and its securityholders.

This Corporate Governance Statement (Statement) reports on how Cromwell Property Group (or Cromwell or Group) complied with the third edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (the Recommendations) during the 2015 financial year.

This Statement is current as at 30 June 2015 and has been approved by the Board.

Cromwell Property Group comprises Cromwell Corporation Limited (or the Company) and the Cromwell Diversified Property Trust (the CDPT), the Responsible Entity of which is Cromwell Property Securities Limited (or CPS).

Principle 1: Lay solid foundations for management and oversight

RECOMMENDATION 1.1

The Board of Directors of Cromwell Corporation Limited is identical to the Board of Directors of Cromwell Property Securities Limited (together, the Board; severally, the Directors). The Board's responsibilities include to provide leadership to the Cromwell Property Group and to set its strategic objectives. The Board has adopted a formal Board Charter, which sets out the Board's role and responsibilities including to:

- oversee the process for ensuring timely and balanced disclosure of all 'price sensitive' information in accordance with the *Corporations Act 2001* (Cth) and the ASX Listing Rules; and
- ensure an appropriate risk management framework is in place and set the risk appetite within which the Board expects management to operate.

The Board generally holds a scheduled meeting each calendar month and additional meetings are convened as required. Management prepares Board papers so as to focus the Board's attention on key issues. Standing items include progress against strategic objectives, corporate governance (including compliance) and financial performance.

The Board has the following long established Board Committees to assist it in carrying out its responsibilities, to share detailed work and to consider certain issues and functions in detail:

- Audit and Risk Committee;
- Nomination and Remuneration Committee; and
- Investment Committee.

Details of the role, responsibilities and composition of the Board Committees are contained elsewhere in this Statement. Day to day management of the Group's affairs and implementation of agreed strategic objectives are delegated by the Board to management under the direction of the Managing Director/Chief Executive Officer (CEO). This has been formalised in the Board Charter and a Board approved Delegation of Authority Policy. The Board reviews these documents at least annually to ensure their effectiveness and appropriateness (given the evolving needs of the Group).



What you can find on the
Corporate Governance page
on our website:



- Board Charter
- Audit and Risk Committee Charter
- Nomination and Remuneration Committee Charter
- Delegation of Authority Policy
- Constitution of the Cromwell Diversified Property Trust

www.cromwell.com.au/investors/shareholders/corporate-governance

RECOMMENDATION 1.2

Cromwell undertakes appropriate checks before appointing a person, or putting forward to securityholders a candidate for election, as a Director. The checks are into matters such as the person's character, experience, education, criminal record and bankruptcy history. The Board and Nomination and Remuneration Committee also consider whether or not the candidate has sufficient time available, given their other roles and activities, to meet expected time commitments to Cromwell.

When securityholders are asked at the Group's annual general meeting (AGM)¹ to elect, or re-elect, a Director to the Board, Cromwell will provide them with the following information to enable them to make an informed decision:

- biographical information, including relevant qualifications, experience and the skills they bring to the Board;
- details of any other current material directorships;
- a statement as to whether the Board supports the candidate's election or re-election; and
- (for a candidate standing for election as a Director for the first time) any material adverse information revealed by background checks; details of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect the candidate's capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Group and its securityholders generally; and a statement from the Board as to the candidate's independence; or
- (for a candidate standing for re-election) the term of office currently served and a statement from the Board as to the candidate's independence.

The information will be provided in the relevant notice of meeting. Securityholders also have the opportunity to ask questions of candidates at the AGM.

RECOMMENDATION 1.3

Cromwell has provided each non-executive Director with a written letter of appointment which details the terms of their appointment, including remuneration, interest disclosures, expected time commitments and the requirement to comply with applicable corporate policies.

The CEO (an executive Director) has a written formal job description, an employment contract (outlining the terms of appointment as a senior executive) and a letter of appointment for the role as executive Director².

Other senior executives have written employment contracts that outline the terms of their appointment.

RECOMMENDATION 1.4

The Company Secretary is accountable to the Board (through the Chairman) on all matters to do with the proper functioning of the Board.

The Company Secretary's responsibilities include:

- advising the Board and Board Committees on governance matters;
- monitoring that Board and Board Committee policies and procedures are followed;
- coordinating the timely completion and despatch of the Board and Board Committee papers;
- ensuring that the business at the Board and Board Committee meetings is accurately captured in minutes; and
- helping to organise and facilitate the induction and professional development of Directors.

Directors can, and do, communicate directly with the Company Secretary on Board matters. Similarly, the Company Secretary communicates directly with the Directors on such matters.

The Board Charter states that the Board is responsible for appointing and removing the Company Secretary.



What you can find on the
Corporate Governance page
on our website:



- Board Charter

www.cromwell.com.au/investors/shareholders/corporate-governance

(1) In this Statement, AGM means (together) the Annual General Meeting of the Company and the General Meeting of the CDPT.

(2) This disclosure applied to Mr Daryl Wilson (Director – Finance & Funds Management and executive Director) until his resignation as at 25 February 2015.

RECOMMENDATION 1.5

Cromwell recognises the many benefits of diversity and strives, through its recruitment and selection practices, to ensure that a diverse range of candidates is considered and that conscious and unconscious biases that might discriminate against candidates are avoided.

Cromwell Property Group has a Board approved Diversity Policy which sets out the framework the Group has in place to achieve appropriate diversity in its Board, senior executive and broader workforce. Pursuant to the Diversity Policy, each financial year the Nomination and Remuneration Committee sets measurable objectives for achieving diversity. An annual assessment of progress against those objectives is also undertaken.

The table below shows the gender diversity objectives set for the 2015 financial year and the Group's performance against those objectives as at 30 June 2015.

FY2015 gender diversity objective		The Group's performance as at 30 June 2015
1	The Group has at least two female Directors and at least two female senior executives.	Achieved.
2	If existing staff are promoted, at least 50% of those promoted will be female.	Achieved.
3	At least one female will be interviewed for all advertised management positions.	Not achieved. Three management positions were advertised and females were interviewed for two of those positions. No suitably qualified females applied for the third management position.
4	All employees (regardless of gender, age and race) are consulted annually via an engagement survey and are given the opportunity to provide feedback on issues and potential barriers to diversity.	Achieved.
5	Remuneration continues to be benchmarked against market data taking into consideration experience, qualification and performance and without regard to age, gender and race.	Achieved.
6	Succession plans and leadership programs are designed to assist in the development of a diverse pool of future senior executives and managers and are regularly reviewed.	Achieved.
7	At least one corporate event is held to which staff can bring partners and children.	Achieved.
8	Parents (or carers) are offered flexible work arrangements.	Achieved.
9	All staff undergo 'equal employment opportunity' training at least once a year.	Achieved.
10	At least 80% of females taking parental leave return to work.	Achieved.
11	Training hours undertaken by females are at least equivalent to those undertaken by male counterparts.	Achieved.

As at 30 June 2015, the respective proportions of males and females on the Board, in senior executive positions in Cromwell and across the Group were as follows:

Body	Females	Males	Total
Board	2	6	8
Senior executive ³	2	4	6
Group ⁴	52	62	114

(3) Recommendation 1.5(c)(1) requires the Group to define what it means by 'senior executive'. In this case, 'senior executive' means the Chief Executive Officer, the Chief Operations Officer, the Chief Financial Officer, Chairman Valad Europe, Head of Property and the Company Secretary.

(4) Excludes Valad Europe, Phoenix Portfolios and Oyster Property Group.

In the 2015 financial year, Cromwell became a 'relevant employer' under the Workplace Gender Equality Act (WGEA). The Group's most recent 'Gender Equality Indicators', as defined in and published under the WGEA, are as follows:

Gender equality indicator

- 1 Gender composition of workforce
- 2 Gender composition of governing bodies
- 3 Equal remuneration between women and men
- 4 Flexible working and support for employees with family and caring responsibilities
- 5 Consultation with employees on issues concerning gender quality in the workplace
- 6 Sex-based harassment and discrimination

Cromwell's latest WGEA Report is available on the Corporate Governance page on the Group's website.



**What you can find on the
Corporate Governance page
on our website:**



- Diversity Policy
- Nomination and Remuneration Committee Charter
- FY2015 Gender Diversity Objectives
- FY2016 Gender Diversity Objectives
- WGEA Report

www.cromwell.com.au/investors/shareholders/corporate-governance

RECOMMENDATION 1.6

The Board, via the Nomination and Remuneration Committee, undertakes an annual formal performance assessment, which includes an assessment of the performance of the Board, Board Committees and individual Directors. Under the annual formal performance assessment, Directors complete a questionnaire and are able to make comments or raise any issues they have in relation to the performance. The results were compiled by the Company Secretary and discussed at a subsequent Board meeting. For the 2015 financial year, the formal performance assessment was conducted and did not raise any governance issues that needed to be addressed.



**What you can find on the
Corporate Governance page
on our website:**



- Nomination and Remuneration Committee Charter

www.cromwell.com.au/investors/shareholders/corporate-governance

RECOMMENDATION 1.7

The Group has an established, rigorous process for the performance review of all staff, including senior executives. The performance of senior executives and whether they have met their individual key performance indicators is formally evaluated annually by the CEO, with regular feedback being provided during the performance period. At the time of the reviews, the professional development of the executive is also discussed, along with any training which could enhance their performance. Both qualitative and quantitative measures are used in the evaluation. A performance evaluation for each senior executive was completed during the reporting period.

Under the Nomination and Remuneration Committee Charter, the Nomination and Remuneration Committee is responsible for facilitating an annual review of the performance of the CEO (an executive Director). This annual review was completed during the 2015 financial year.



**What you can find on the
Corporate Governance page
on our website:**



- Nomination and Remuneration Committee Charter

www.cromwell.com.au/investors/shareholders/corporate-governance

Principle 2: Structure the board to add value

RECOMMENDATION 2.1

Nomination and Remuneration Committee

The Board has a long established Nomination and Remuneration Committee, which operates under a Board approved written charter. The charter sets out the Nomination and Remuneration Committee's various responsibilities, including reviewing and making recommendations to the Board in relation to:

- Board succession planning generally;
- the appointment, or reappointment, of Directors to the Board. The charter details the procedure for appointing new Directors;
- the performance and education of Directors;
- reviewing and recommending remuneration arrangements for the Directors, the CEO and senior executives;
- induction and continuing professional development programs for Directors; and
- the development and implementation of a process for evaluating the performance of the Board, Board Committees and Directors.

The Nomination and Remuneration Committee:

- may seek any information it considers necessary to fulfil its responsibilities;
- has access to management to seek explanations and information;
- may seek professional advice from employees of the Group and from appropriate external advisers (at the Group's cost); and
- may meet with external advisers without management being present.

The minutes of each Nomination and Remuneration Committee meeting are included in the papers for the next Board meeting after each meeting of the Committee. The Chairman of the Nomination and Remuneration Committee reports the Committee's findings to the Board after each Committee meeting. The Nomination and Remuneration Committee has five members, all of whom are independent Directors.

The Directors' Report discloses the members of the Nomination and Remuneration Committee, the number of times that the Committee met during the 2015 financial year and the individual attendances of the members at those meetings.



What you can find on the
Corporate Governance page
on our website:



- Nomination and Remuneration Committee Charter

www.cromwell.com.au/investors/shareholders/corporate-governance

RECOMMENDATION 2.2

Board Skills Matrix

The Board has adopted a Board Skills Matrix, which sets out the collective skills and attributes of the Board. In summary, the Board Skills Matrix includes (but is not limited to) such key skills and experience as strategy, property, investment/funds management, financial performance, risk oversight, economics and executive management, as well as other characteristics and attributes.

The Board considers that its current members have an appropriate mix of skills, personal attributes and experience that allows the Directors individually, and the Board collectively, to discharge their duties effectively and efficiently. The Board comprises individuals who understand the business of the Group and the environment in which it operates and who can effectively assess management's performance in meeting agreed objectives and goals.

The Directors' Report provides the following information about each Director:

- profile, including qualifications and experience; and
- special responsibilities and attendances at Board and Board Committee meetings.

The Nomination and Remuneration Committee refers to the Matrix when considering Board succession planning and professional development initiatives for the Directors.



What you can find on the
Corporate Governance page
on our website:



- Nomination and Remuneration Committee Charter

www.cromwell.com.au/investors/shareholders/corporate-governance

RECOMMENDATION 2.3

The Board

The Group recognises that independent Directors are important in reassuring securityholders that the Board properly fulfils its role. The Board comprises eight Directors, with an independent Chairman and a majority of independent non-executive Directors:

Director	Status
Geoffrey H Levy, AO (Chairman)	Independent non-executive Director
Michelle McKellar	Independent non-executive Director
Richard Foster	Independent non-executive Director
Robert Pullar	Independent non-executive Director
Jane Tongs (appointed 26 November 2014)	Independent non-executive Director
David Usasz (resigned 26 November 2014)	Independent non-executive Director
Marc Wainer	Non-executive Director
Andrew Konig (appointed 26 November 2014)	Non-executive Director
Mike Watters (resigned 26 November 2014)	Non-executive Director
Paul Weightman	Executive Director, Managing Director/CEO
Daryl Wilson (resigned 25 February 2015)	Executive Director

Each year, independence status is assessed using the guidelines and factors set out in the Recommendations and the independent non-executive Directors also confirm to the Board, in writing, their continuing status as an independent Director.

In assessing a Director's independence status, the Board has adopted a materiality threshold of 5% of the Group's net operating income or 5% of the Group's net tangible assets (as appropriate) as disclosed in its last audited financial accounts.

The length of time that each independent Director has served on the Board is set out below:

Independent Director	First appointed
Geoffrey H Levy, AO (Chairman)	2008
Michelle McKellar	2007
Richard Foster	2005
Robert Pullar	2002
Jane Tongs	2014

Mr Richard Foster joined the Company as its independent Chairman in 2005 and Mr Robert Pullar joined the Company in 2002, and both have been serving on the Board since that time. In the case of both Mr Foster and Mr Pullar, the Board is satisfied that the length of service as a Director will not interfere, or will reasonably be seen to interfere, with their capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of Cromwell and its securityholders generally.

The Board is comfortable that no Director has served for a period such that their independence may have been compromised. The Board also recognises that the interests of Cromwell and its securityholders are well served by having a mix of Directors, some with a longer tenure with a deep understanding of Cromwell and its business and some with a shorter tenure with fresh ideas and perspective.

The Group's independent non-executive Directors (including the Chairman) are considered by the Board to meet the test of independence under the Recommendations.

Each independent non-executive Director has undertaken to inform the Board as soon as practical if they think their status as an independent Director has or may have changed.



What you can find on the
Corporate Governance page
on our website:



- Board Charter

www.cromwell.com.au/investors/shareholders/corporate-governance

RECOMMENDATION 2.4

The Board comprises eight Directors, with an independent Chairman and a majority of independent non-executive Directors.



What you can find on the
Corporate Governance page
on our website:



- Board Charter

www.cromwell.com.au/investors/shareholders/corporate-governance

RECOMMENDATION 2.5

The Chairman of the Board – Mr Geoffrey H Levy, AO – is an independent non-executive Director. Mr Paul Weightman is an executive Director and the CEO of Cromwell Property Group. This is consistent with the Board Charter, which stipulates that the Chairman of the Board will not be the same person as the CEO and ideally will be an independent non-executive Director.

The Board Charter sets out the responsibilities of the Chairman, including:

- leading the Board;
- facilitating the effective contribution and ongoing development of all Directors;
- promoting constructive and respectful relations between Board members and between the Board and management; and
- facilitating Board discussions to ensure that core issues facing the Group are addressed.

8



What you can find on the
Corporate Governance page
on our website:



- Board Charter

www.cromwell.com.au/investors/shareholders/corporate-governance

RECOMMENDATION 2.6

A formal induction program ensures that new independent Directors can participate fully and actively in decision making upon their appointment. The Chairman of the Board, with the assistance of the Company Secretary, has developed the induction program. The program includes meeting with fellow Directors (including the CEO) and the executive management team, receiving briefings on the Group's strategy and reviewing corporate governance materials and policies.

Each year, the Nomination and Remuneration Committee also considers and recommends to the Board a professional development program for Directors. This includes training on key issues relevant to the Group's operations, financial affairs and governance. The professional development program is compiled in light of recent or potential developments as well as any skills or knowledge gaps identified by the Nomination and Remuneration Committee. Directors also have access to the internal training sessions provided by the Group's Legal and Compliance team. On an ongoing basis, Directors are provided with updates on legal and corporate developments relevant to the Group.



What you can find on the
Corporate Governance page
on our website:



- Nomination and Remuneration Committee Charter

www.cromwell.com.au/investors/shareholders/corporate-governance

Principle 3: Act ethically and responsibly

RECOMMENDATION 3.1

The Group's Directors, senior executives and staff are required to maintain high standards of ethical conduct. This is reinforced by the various practices and policies of the Group. All Directors, senior executives and staff are expected to act with integrity and strive at all times to enhance the reputation and performance of the Group.

To reinforce this culture, the Group has established a Code of Conduct to provide guidance about the attitudes and behaviour necessary to maintain stakeholder confidence in the integrity of the Group and comply with the Group's legal obligations.

The Code of Conduct is made available to all Directors, senior executives and staff and they are reminded of the importance of the Code of Conduct on a regular basis. Appropriate standards are also communicated and reinforced to all staff at induction sessions and staff meetings.

The Board has approved a Breach Reporting Policy and a Whistleblowing Policy. These policies actively encourage and support reporting to appropriate management of any actual or potential breaches of the Group's legal obligations and/or of the Code of Conduct.

The Board has also approved a Securities Trading Policy under which Directors, senior executives and staff are restricted in their ability to deal in the Group's securities. Appropriate blackout periods are in place during which Directors, senior executives and staff are not permitted to trade. Directors, senior executives and staff are made aware of the policy and receive training annually. The policy is reviewed annually.

Compliance with Board approved policies is monitored via monthly checklists completed by key management and by investigation following any report of a breach by a staff member. Compliance monitoring is undertaken by the Legal and Compliance team under the direction of the Company Secretary who reports directly to the Board.



What you can find on the
Corporate Governance page
on our website:



- Code of Conduct
- Breach Reporting Policy
- Whistleblowing Policy
- Securities Trading Policy

www.cromwell.com.au/investors/shareholders/corporate-governance

Principle 4: Safeguard integrity in corporate reporting

RECOMMENDATION 4.1

Audit and Risk Committee

The Board is responsible for the integrity of the Group's corporate reporting. To assist in discharging this function, the Board has a long established Audit and Risk Committee. The Audit and Risk Committee operates under a Board approved written charter, which sets out the Audit and Risk Committee's:

- objectives, including to maintain and improve the quality, credibility and objectivity of the financial accountability process (including financial reporting on a consolidated basis); and
- responsibilities, including reviewing and making recommendations to the Board in relation to:
 - whether the Group's financial statements reflect the understanding of the Audit and Risk Committee members of, and otherwise provide a true and fair view of, the financial position and performance of the Group;
 - the appropriateness of any significant estimates or judgements in the financial reports (including those in any consolidated financial statements); and
 - the appointment or removal, and review of effectiveness and independence, of the external auditor.

The minutes of each Audit and Risk Committee meeting are included in the papers for the next Board meeting after each meeting of the Committee. The Chairman of the Audit and Risk Committee reports the Committee's findings to the Board after each Committee meeting. The Audit and Risk Committee has three members, all of whom are independent Directors. The Audit and Risk Committee is chaired by an independent Director who is not the Chairman of the Board.

The Directors' Report discloses:

- the relevant qualifications and experience of the members of the Audit and Risk Committee; and
- the number of times that the Audit and Risk Committee met during the 2015 financial year and the individual attendances of the members at those meetings.

The Audit and Risk Committee:

- may seek any information it considers necessary to fulfil its responsibilities;
- has access to management to seek explanations and information;
- has access to internal and external auditors to seek explanations and information from them (without management being present);
- may seek professional advice from employees of the Group and from appropriate external advisers (at the Group's cost); and
- may meet with external advisers without management being present.

The external auditor has declared its independence to the Board and the Audit and Risk Committee. The Board is satisfied the standards for auditor independence and associated issues have been met.



What you can find on the
Corporate Governance page
on our website:



- Audit and Risk Committee Charter
- External Auditor – Selection, Appointment and Rotation

www.cromwell.com.au/investors/shareholders/corporate-governance

10

RECOMMENDATION 4.2

Before it approves the Group financial statements for a financial period, the Board receives from the CEO and CFO a written declaration that, in their opinion, the financial records of the entity have been properly maintained and the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

RECOMMENDATION 4.3

The external auditor attends the Group's AGM and is available to answer securityholders' questions relevant to the audit.

Principle 5: Make timely and balanced disclosure

RECOMMENDATION 5.1

The Group believes that all stakeholders should be informed in a timely and widely available manner of all the major business events and risks that influence the Group. In particular, the Group strives to ensure that any price sensitive material for public announcement is lodged with the ASX before external disclosure elsewhere and posted on the Group's website as soon as practical after lodgement with the ASX.

The Group has a Market Disclosure Protocol which includes policies and procedures designed to ensure compliance with the continuous disclosure obligations under the ASX Listing Rules.



What you can find on the
Corporate Governance page
on our website:



- Market Disclosure Protocol

www.cromwell.com.au/investors/shareholders/corporate-governance

Principle 6: Respect the rights of securityholders

RECOMMENDATION 6.1

Cromwell Property Group aims to keep securityholders informed on an ongoing basis of the Group's performance and all major developments. Securityholders receive regular reports and the Group uses its website as its primary means of providing information to securityholders and the broader investment community about the Group's business, history, corporate structure, corporate governance and financial performance.

The Corporate Governance page on the Group's website provides:

- a link to information about the Board of Directors and senior executives;
- key corporate governance documents, including constitutions, charters and policies;
- a Key Events Calendar;
- a link to a description of the Group's stapled security dividends/distributions policy and information about the Group's dividend/distribution history;
- links to download relevant forms; and
- materials referred to in this Statement.

The Group's website also provides:

- overview of the Group's current business;
- description of how the Group is structured;
- summary of the Group's history;
- documents that the Group releases publicly (such as annual reports, ASX announcements, notices of meeting and company news items);
- historical information about the market prices of the Group's securities;
- ahead of the AGM (or any extraordinary general meeting), information including time and venue;
- contact details for enquiries from securityholders, analysts or the media; and
- contact details for its securities registry.



Our website address:
www.cromwell.com.au

The Corporate Governance page on our website:
www.cromwell.com.au/investors/shareholders/corporate-governance

RECOMMENDATION 6.2

The Group has implemented a Board approved Investor Relations Policy, which has been designed to facilitate effective two way communication with securityholders.

The Policy also sets out the policies and processes that the Group has in place to encourage participation in the AGM. This is important to the Group because it assists with ensuring a high level of accountability and identification with the Group's strategies and goals.



What you can find on the
Corporate Governance page
on our website:



- Investor Relations Policy

www.cromwell.com.au/investors/shareholders/corporate-governance

RECOMMENDATION 6.3

Cromwell Property Group facilitates and encourages participation at meetings of securityholders.

The Chairman and the CEO each address the meeting of securityholders and provide securityholders with an update on the Group's business, governance and financial performance and any areas of concern or interest to the Board and management. The Chair and CEO take any comments and questions received from securityholders during or after their address.

The current audit partner attends the AGM and is available to answer securityholders' questions about the audit. The notice of meeting for the AGM advises that securityholders entitled to cast their vote at the AGM may submit written questions to the auditor relevant to the content of the auditor's report or the conduct of the audit of the annual financial report being considered at the AGM. A securityholder wishing to submit a question to the auditor is asked to submit the

question in writing to the Company Secretary up to a week before the AGM. A list of the questions submitted to the auditor is made available to securityholders attending the AGM at or before the start of the AGM. At the AGM, the Chairman reminds securityholders of the opportunity to ask questions about the audit.

The Chairman provides securityholders with an opportunity to ask questions about and discuss the specific resolutions put to the meeting. Securityholders have the opportunity to ask questions about or comment on the management of the Group.

Securityholder meetings are held during business hours at the Group's registered office in Brisbane, which is accessible by public transport. The notice of meeting invites securityholders to join the Directors for morning tea or afternoon tea (as applicable) after the meeting.

The Group provides live webcasting of its AGM so that securityholders can hear proceedings online.

RECOMMENDATION 6.4

Cromwell Property Group gives its securityholders the option to receive communications from the Group and from its securities registry electronically. Many securityholders have elected to receive all communications electronically, while other securityholders have elected to receive all communications electronically with payment statements received by post.

Electronic communications sent by the Group and by the securities registry are formatted in a reader friendly and printer friendly format.

Securityholders can send communications to the Group and to the securities registry electronically. The Contact Us page on the Group's website provides the email address for contacting the Group and a link to create an email to the securities registry.

12

Principle 7: Recognise and manage risk

RECOMMENDATION 7.1

Audit and Risk Committee

The Group is exposed to various risks across its business operations and recognises the importance of effectively identifying and managing those risks so that informed decisions on risk issues can be made. The Board has a long established Audit and Risk Committee, which operates under a Board approved written charter. The charter sets out the Committee's various responsibilities, including:

- assessing the adequacy of the internal risk control system;
- receiving reports from management of any actual or suspected fraud, theft or other breach of internal controls; and
- assessing and recommending to the Board for adoption the scope, cover and cost of professional insurance.

The Audit and Risk Committee:

- may seek any information it considers necessary to fulfil its responsibilities;
- has access to management to seek explanations and information;
- has access to internal and external auditors to seek explanations and information from them (without management being present);
- may seek professional advice from employees of the Group and from appropriate external advisers (at the Group's cost); and
- may meet with external advisers without management being present.

The minutes of each Audit and Risk Committee meeting are included in the papers for the next Board meeting after each meeting of the Committee. The Chairman of the Audit and Risk Committee reports the Committee's findings to the Board after each Committee meeting. The Audit and Risk Committee has three members, all of whom are independent Directors. The Audit and Risk Committee is chaired by an independent Director who is not the Chairman of the Board.

The Directors' Report discloses:

- the relevant qualifications and experience of the members of the Audit and Risk Committee; and
- the number of times that the Audit and Risk Committee met during the 2015 financial year and the individual attendances of the members at those meetings.



What you can find on the
Corporate Governance page
on our website:



- Audit and Risk Committee Charter

www.cromwell.com.au/investors/shareholders/corporate-governance

RECOMMENDATION 7.2

The Board is responsible for:

- ensuring an appropriate risk management framework is in place;
- setting the risk appetite within which the Board expects management to operate; and
- reviewing and ratifying systems of internal compliance and control and legal compliance to ensure appropriate compliance frameworks and controls are in place.

As outlined in its Board approved charter, the Audit and Risk Committee's responsibilities include:

- overseeing the establishment and implementation of risk management and internal compliance and control systems and ensuring there is a mechanism for assessing/reviewing the efficiency and effectiveness of those systems at least annually to satisfy itself that it continues to be sound;
- approving and recommending to the Board for adoption policies and procedures on risk oversight and management to establish an effective and efficient system for:
 - identifying, assessing, monitoring and managing risk; and
 - disclosing any material change to the risk profile; and
- regularly reviewing and updating the risk profile.

Under the direction of the CEO, management is responsible for ensuring that the Group operates within the risk appetite set by the Board. It does so by identifying relevant business risks, designing controls to manage those risks and ensuring those controls are appropriately implemented. The Group has adopted an Enterprise Risk Management Policy, which is a general statement of the Group's philosophy with respect to risk management practices. There is also a wide range of underlying internal policies and procedures, which are designed to mitigate the Group's material business risks. The risk management system operates in accordance with the Australian/New Zealand Standard for Risk Management (AS/NZS 4360:2004 Risk Management).

A comprehensive review of the risk management system commenced in the 2015 financial year.

A Compliance Committee – comprised of a majority of external, independent members – monitors the extent to which Cromwell Property Securities Limited (as Responsible Entity for the CDPT) complies with the CDPT's compliance plan and the underlying compliance framework. The Board of Cromwell Property Securities Limited receives regular reports from the Compliance Committee. The roles and responsibilities of the Compliance Committee are outlined in a charter, which is reviewed annually by the Compliance Committee and the Board of the Responsible Entity.



What you can find on the
Corporate Governance page
on our website:



- Board Charter
- Audit and Risk Committee Charter
- Enterprise Risk Management Policy
- Compliance Committee Charter

www.cromwell.com.au/investors/shareholders/corporate-governance

RECOMMENDATION 7.3

Although the Group does not have a designated internal audit function, throughout the year the Legal and Compliance team conducts internal audit tests of the adequacy of controls for those risks which are inherently extreme or high. Relevant management confirm (monthly, quarterly or annually as appropriate) that the controls remain appropriate and identify any new risks and any new controls that should be put in place. The Company Secretary reports findings to the Audit and Risk Committee.

RECOMMENDATION 7.4

The Group's Sustainability Report discloses the extent to which the Group has material exposure to economic, environmental and social sustainability risks and explains how such risks are and will be managed.



What you can find on the
Corporate Governance page
on our website:



- Sustainability Report

www.cromwell.com.au/investors/shareholders/corporate-governance

Principle 8: Remunerate fairly and responsibly

RECOMMENDATION 8.1

Nomination and Remuneration Committee

The Board has a long established Nomination and Remuneration Committee, which operates under a Board approved written charter. The charter sets out the Nomination and Remuneration Committee's various responsibilities, including reviewing and making recommendations to the Board in relation to:

- the remuneration framework for non-executive Directors, including the allocation of the pool of Directors' fees;
- executive Director and senior executive total remuneration;
- the design of any equity based incentive plan; and
- any gender or other inappropriate bias in remuneration policies and practices.

The Nomination and Remuneration Committee:

- may seek any information it considers necessary to fulfil its responsibilities;
- has access to management to seek explanations and information;
- may seek professional advice from employees of the Group and from appropriate external advisers (at the Group's cost); and
- may meet with external advisers without management being present.

The minutes of each Nomination and Remuneration Committee meeting are included in the papers for the next Board meeting after each meeting of the Committee. The Chairman of the Nomination and Remuneration Committee reports the Committee's findings to the Board after each Committee meeting. The Nomination and Remuneration Committee has five members, all of whom are independent Directors.

The Directors' Report discloses the members of the Nomination and Remuneration Committee, the number of times that the Committee met during the 2015 financial year and the individual attendances of the members at those meetings.



What you can find on the
Corporate Governance page
on our website:



- Nomination and Remuneration Committee Charter

www.cromwell.com.au/investors/shareholders/corporate-governance

RECOMMENDATION 8.2

The Directors' Report (the section titled Remuneration Report) discloses information, including the policies and practices regarding the remuneration of:

- non-executive Directors;
- executive Directors and other senior executives (together, Key Management Personnel (KMP)).

The respective policies and practices reflect the different roles and responsibilities of non-executive Directors and executive Directors and other senior executives.

As disclosed in the Remuneration Report, the Group's 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.

The Remuneration Report details the nature and amount of remuneration of the Chief Executive Officer (executive Director) and other KMP. Remuneration packages are designed to incentivise KMP to outperform by specifically linking their remuneration to their particular role and responsibilities. Remuneration packages comprise fixed pay, short term incentives and long term incentives. The Group does not have a policy regarding the deferral of performance based remuneration and the reduction, cancellation or clawback of performance based remuneration in the event of a material misstatement in the Group's financial statements. However, performance rights under the Cromwell Property Group's Performance Rights Plan lapse under certain circumstances including a determination by the Plan Committee that the performance right should lapse because the participant, in the Plan Committee's opinion, has committed any act of fraud, defalcation or gross misconduct in relation to the affairs of a body corporate in the Group. Securities acquired under the Cromwell Security Loan Plan and therefore pursuant to a loan with the Group are forfeited where the employee ceases employment with the Group prior to the end of the loan period.

The Group does not have a culture of paying short term incentives and this is reflected in the fact that, other than the CEO, no KMP was awarded a short term incentive in the 2015 financial year. The nature of the performance based remuneration is an 'at risk' payment rather than a 'bonus' payment.

For all KMP except the CEO, the CEO is responsible for setting key performance indicator (KPI) targets and assessing annually whether those targets have been met. The KPI targets for the CEO are set, revised and reviewed annually by the Nomination and Remuneration Committee or the Board.



What you can find on the
Corporate Governance page
on our website:



- Nomination and Remuneration Committee Charter

www.cromwell.com.au/investors/shareholders/corporate-governance

RECOMMENDATION 8.3

In accordance with the remuneration policy, the Group operates a Performance Rights Plan and a Security Loan Plan and has issued performance rights (or options over Group securities) to a number of executives, including the CEO (an executive Director). The Group does not currently pay any other form of security based remuneration.

The terms of the Group's Performance Rights Plan do not allow participants, whether executive Directors or other employees, to hedge or otherwise limit the economic risk of their participation in the Plan.

Previous participation in the Performance Rights Plan by the CEO (an executive Director) was approved by securityholders at an AGM. Pursuant to the ASX Listing Rules, any further participation would also need to be approved by securityholders.

