

Appendix 4D

Results for Announcement to the Market

For the six months ended 31 December 2021

CROMWELL PROPERTY GROUP

The Appendix 4D should be read in conjunction with the half-year financial report of Cromwell Property Group for the half-year ended 31 December 2021.

1. CROMWELL PROPERTY GROUP STRUCTURE

This report is for the Cromwell Property Group ("Cromwell"), consisting of Cromwell Corporation Limited (ABN 44 001 056 980) ("the Company"), and Cromwell Diversified Property Trust (ABN 30 074 537 051) ("the Trust").

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

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

2. REPORTING PERIOD

The financial information contained in this report is for the **six month period ended 31 December 2021**. The previous corresponding period is the six month period ended 31 December 2020. This report should be read in conjunction with Cromwell Property Group's annual report for the year to 30 June 2021 which is available from Cromwell's website at www.cromwellpropertygroup.com.

3. HIGHLIGHTS OF RESULTS

	Half-year 31 Dec 2021 \$A'M	Half-year 31 Dec 2020 \$A'M	% Change
Revenue and other income	287.0	293.3	(2%)
Operating profit attributable to stapled security holders as assessed by the directors ⁽¹⁾	96.4	99.1	(3%)
Operating profit per stapled security as assessed by the directors ^{(1) (2)}	3.7 cents	3.8 cents	(3%)
Other items (including fair value adjustments)	36.1	46.1	(22%)
Profit after tax attributable to stapled security holders	132.5	145.2	(9%)
Basic earnings per stapled security ⁽²⁾	5.1 cents	5.5 cents	(8%)
Diluted earnings per stapled security ⁽³⁾	5.0 cents	5.5 cents	(9%)
Distributions per stapled security	3.3 cents	3.8 cents	(13%)

	31 Dec 2021 \$A'M	30 Jun 2021 \$A'M	
Total assets	5,049.3	5,008.9	1%
Net assets	2,698.9	2,665.3	1%
Net tangible assets ("NTA") ⁽⁴⁾	2,709.4	2,656.4	2%
Net debt ⁽⁵⁾	2,058.3	2,021.2	2%
Gearing (%) ⁽⁶⁾	42%	42%	-%
Securities issued (M)	2,618.9	2,617.5	-%
NTA per security	\$1.03	\$1.02	1%
NTA per security (excluding interest rate derivatives)	\$1.03	\$1.02	1%

- (1) Operating profit is calculated after adjusting for certain items (including fair value adjustments, realised gains on sale and other items) as set out in the Directors Report of the December 2021 half-year financial report.
- (2) Earnings per stapled security calculated using weighted average number of stapled securities on issue during the relevant period.
- (3) Earnings per stapled security calculated using weighted average number of stapled securities and potential stapled securities on issue during the period.
- (4) Net assets less deferred tax assets and liabilities, intangible assets and right-of-use assets and associated lease liabilities and deferred tax liabilities.
- (5) Interest bearing liabilities excluding lease liabilities and cash and cash equivalents.
- (6) Net debt divided by total tangible assets less cash and cash equivalents.

4. COMMENTARY ON THE RESULTS

Refer to the Directors' Report of the half-year financial report for a commentary on the results of Cromwell.

5. DISTRIBUTIONS AND DIVIDENDS

Interim distributions/dividends declared during the current and previous half-year were as follows:

	Dividend per Security	Distribution per Security	Total per Security	Total \$A'M	Franked amt per Security	Record Date	Payment Date
31 Dec 2021							
Interim distribution	-	1.6250¢	1.6250¢	42.5	-	30/09/21	19/11/21
Interim distribution	-	1.6250¢	1.6250¢	42.6	-	31/12/21	18/02/22
	-	3.2500¢	3.2500¢	85.1	-		
31 Dec 2020							
Interim distribution	-	1.8750¢	1.8750¢	49.0	-	30/09/20	20/11/20
Interim distribution	-	1.8750¢	1.8750¢	49.1	-	31/12/20	19/02/21
	-	3.7500¢	3.7500¢	98.1	-		

6. DISTRIBUTION REINVESTMENT PLAN

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

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

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

7. INVESTMENTS IN JOINT VENTURES

Refer to Note 8 of the half-year financial report for details of investments in joint ventures and associates.

8. AUDIT REVIEW REPORT

The information contained in this report is unaudited. The financial report for the half-year ended 31 December 2021 has been reviewed by the auditors for the Cromwell Property Group.

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

A copy of the Cromwell Property Group half-year financial report for the 6 months ended 31 December 2021 with the auditors' review opinion has been lodged with ASX.

Authorised for lodgement by Michael Wilde (Chief Financial Officer) and Lucy Laakso (Company Secretary and Corporate Counsel).



Michael Wilde
Chief Financial Officer
24 February 2022
Sydney



Cromwell Property Group Half-Year Financial Report

31 December 2021

Consisting of the combined consolidated Financial Reports of
Cromwell Corporation Limited (ABN 44 001 056 980) and
Cromwell Diversified Property Trust (ARSN 102 982 598)

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

Cromwell Diversified Property Trust
ARSN 102 982 598

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

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DIRECTORY

Board of Directors:

Gary Weiss AM
Eng Peng Ooi
Robert Blain
Tanya Cox
Joseph Gersh AM
Lisa Scenna
Jialei Tang
Jonathan Callaghan

Secretary:

Lucy Laakso

Share Registry:

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Tel: +61 7 3225 7777
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Listing:

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

Auditor:

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Directors' Report

The Directors of Cromwell Corporation Limited and Cromwell Property Securities Limited as responsible entity for the Cromwell Diversified Property Trust (collectively referred to as "the Directors") present their report together with the consolidated financial statements for the half-year ended 31 December 2021 for both:

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

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

Principal activities

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

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

Key results and metrics

	Cromwell			
	Half-year ended			
	31 Dec 2021	31 Dec 2020	31 Dec 2019	31 Dec 2018
Financial performance				
Total assets under management (\$B)	12.1	11.6	11.9	11.5
Total revenue and other income for the half-year (\$M)	287.0	293.3	389.6	247.4
Statutory profit for the half-year (\$M)	132.5	145.2	227.3	111.1
Statutory profit per stapled security for the half-year (basic) (cents)	5.06	5.53	8.78	5.52
Results from operations:				
Funds and asset management	22.7	22.8	31.1	18.6
Co-investments	28.4	24.0	25.8	19.4
Investment portfolio	72.7	75.3	105.7	62.7
Unallocated items	(27.4)	(23.0)	(28.5)	(18.1)
Operating profit for the half-year (\$M)	96.4	99.1	134.1	82.6
Operating profit per stapled security for the half-year (cents)	3.68	3.79	5.18	4.10
Dividends / distributions for the half-year (\$M)	85.1	98.1	97.5	76.5
Dividends / distributions per stapled security for the half-year (cents)	3.25	3.75	3.75	3.63

Directors' Report

	Cromwell			
	As at			
	31 Dec 2021	30 Jun 2021	30 Jun 2020	30 Jun 2019
Financial position				
Total assets (\$M)	5,049.3	5,008.9	4,984.5	3,695.7
Net assets (\$M)	2,698.9	2,665.3	2,583.4	2,183.0
Net tangible assets (\$M) ⁽¹⁾	2,709.4	2,656.4	2,573.4	2,176.2
Net debt (\$M) ⁽²⁾	2,058.3	2,021.2	1,975.9	1,254.8
Gearing (%) ⁽³⁾	42%	42%	42%	35%
Stapled securities issued (M)	2,618.9	2,617.5	2,612.9	2,236.6
NTA per stapled security	\$1.03	\$1.02	\$0.99	\$0.97

(1) Net assets less deferred tax assets and liabilities, intangible assets, right-of-use-assets and lease liabilities.

(2) Interest bearing liabilities less lease liabilities and cash and cash equivalents.

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

Financial performance

Statutory profit

Cromwell recorded a statutory profit of \$132.5 million for the half-year ended 31 December 2021 (December 2020: \$145.2 million). The Trust recorded a statutory profit of \$151.6 million for the half-year ended 31 December 2021 (December 2020: \$137.3 million).

Operating profit

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

Cromwell recorded an operating profit of \$96.4 million for the half-year ended 31 December 2021 compared with \$99.1 million for the previous comparable period.

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

	Cromwell	
	Half-year ended	
	31 Dec 2021 \$M	31 Dec 2020 \$M
Operating profit	96.4	99.1
<i>Reconciliation to profit for the half-year</i>		
Gain on sale of investment properties	-	5.9
Fair value net gains - Investment properties	67.2	37.6
Fair value net gains - Derivative financial instruments	13.1	3.9
Lease cost and incentive amortisation and rent straight-lining	(10.6)	(11.8)
Relating to equity accounted investments ⁽¹⁾	(15.0)	14.1
Net exchange gain on foreign currency borrowings	6.3	18.4
Tax expense relating to non-operating items ⁽²⁾	(15.1)	(1.6)
Other non-cash expenses or non-recurring items ⁽³⁾	(9.8)	(20.4)
Profit after tax	132.5	145.2

(1) Comprises fair value adjustments included in share of profit of equity accounted entities.

(2) Comprises tax expense attributable to changes in deferred tax assets recognised as a result of carried forward tax losses.

(3) These expenses include but are not limited to:

- Amortisation of loan transaction costs.
- Amortisation of intangible assets, right-of-use assets and depreciation of property, plant and equipment.
- Other transaction costs.

Operating profit per security for the half-year remained steady at 3.7 cents (December 2020: 3.8 cents).

Directors' Report

Analysis of segment performance

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

FUNDS AND ASSET MANAGEMENT

Financial highlights in relation to funds and asset management include:

	Total		Australia		Europe		Joint ventures	
	Half-year ended							
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Fee and other revenues (\$M)	51.0	52.2	22.1	22.6	28.9	29.6	-	-
Development income (\$M)	9.2	1.6	-	-	1.1	1.1	8.1	0.5
Share of operating profit (\$M)	1.7	6.3	-	-	-	-	1.7	6.3
Expenses attributable (\$M)	39.2	37.3	8.4	8.3	30.8	29.0	-	-
Operating profit (\$M)	22.7	22.8	13.7	14.3	(0.8)	1.7	9.8	6.8
	As at							
	31 Dec 2021	30 Jun 2021	31 Dec 2021	30 Jun 2021	31 Dec 2021	30 Jun 2021	31 Dec 2021	30 Jun 2021
	31 Dec 2021	30 Jun 2021	31 Dec 2021	30 Jun 2021	31 Dec 2021	30 Jun 2021	31 Dec 2021	30 Jun 2021
Assets under management (\$B)	12.1	11.9	4.4	4.4	5.9	5.9	1.8	1.6

Australia

Retail funds management

A breakdown of retail funds management results is below:

	Half-year ended	
	31 Dec 2021 \$M	31 Dec 2020 \$M
Recurring fee income	4.2	4.0
Transactional fee income	4.3	-
Performance fee income	4.3	11.6
Total fee revenue	12.8	15.6
Costs attributable	2.9	2.6
Operating profit	9.9	13.0

Retail funds management profit decreased from \$13.0 million in the prior comparative period to \$9.9 million for the half-year. This is primarily due to Cromwell receiving \$9.7 million in performance fees during the prior comparative period in respect of the performance and extension of Cromwell Property Trust 12 which was not matched in the current period.

Significant events during the period included:

- Cromwell Ipswich City Heart Trust – the fund sold its sole investment property and is being closed. This had led to a \$2.4 million performance fee being recognised during the period.
- Cromwell Riverpark Trust – the term of the fund expired and securityholder feedback indicated they had a preference to have their capital returned. The major tenant, Energex, signed a 5 year lease extension which led to a net \$34.3 million fair value increase during the period. The property is currently being marketed for sale.

Directors' Report

- Cromwell Direct Property Fund – the fund acquired \$193.4 million of property and sold \$48.3 million. Net assets increased \$60.5 million due to positive investor inflows and a statutory profit of \$14.0 million.
- Cromwell Phoenix Opportunities Fund - performed positively during the period and outperformed relevant benchmarks.
- Cromwell Phoenix Property Securities Fund - performed slightly below its benchmark.

Total assets under management at half-year end was \$1.6 billion (June 2021: \$1.4 billion).

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

Wholesale funds management

A breakdown of wholesale funds management results is below:

	Half-year ended	
	31 Dec 2021 \$M	31 Dec 2020 \$M
Recurring fee income	0.5	0.5
Total fee revenue	0.5	0.5
Operating profit	0.5	0.5

During the half-year wholesale funds management activities related only to the project at 475 Victoria Avenue, Chatswood NSW. Operating profit remained steady at \$0.5 million (December 2020: \$0.5 million).

Property management

A breakdown of property management results is below:

	Half-year ended	
	31 Dec 2021 \$M	31 Dec 2020 \$M
Recurring fee income	8.8	6.5
Costs attributable	5.5	5.7
Operating profit	3.3	0.8

Property management profit was \$3.3 million (December 2020: \$0.8 million), which reflects the heightened level of activity in respect of the portfolio managed by the retail funds management business.

Europe

A breakdown of European funds management results is below:

	Half-year ended	
	31 Dec 2021 \$M	31 Dec 2020 \$M
<i>Fee and other revenue</i>		
Recurring fee income	26.8	27.0
Transactional fee income	2.0	2.6
Performance fee income	0.1	-
Development income	1.1	1.1
Total fee and other revenue	30.0	30.7
<i>Costs attributable</i>		
Employee benefits expense	25.0	23.4
Other operational costs	5.8	5.6
Total costs attributable	30.8	29.0
Operating (loss) / profit	(0.8)	1.7

Directors' Report

The business generated an operating loss of \$0.8 million (December 2020: operating profit of \$1.7 million) for the half-year, reflective of the downturn in transactional activity during the period and elevated costs as a result of COVID-19.

At 31 December 2021 the European funds management business had €3.8 billion (\$5.9 billion) assets under management (June 2021: €3.7 billion, \$5.8 billion). The business continues to focus its activities towards growing its platform of fee generating mandates, with an emphasis upon securing stable revenue sources. CEREIT continues to expand its portfolio and the transfer of CPRF and CIULF assets into marketable vehicles is ongoing. The European business currently has 82% (June 2021: 80%) of its assets under management (AUM) in long-term mandates.

Joint ventures

LDK

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

In 2018 Cromwell and LDK commenced a project to repurpose the Cromwell-owned property Tuggeranong Office Park in the ACT into a Seniors living village. The first stage of the project is complete and since opening in May 2020 157 of the 210 (75%) completed suites have been sold, of which 130 (62%) have settled. Construction of the second stage is well advanced and the sale of 13 units in this block have settled.

During the half-year Cromwell recorded \$8.1 million finance income in respect of development-related loans made to LDK. The loans have been utilised by LDK to construct the village at Greenway and acquire the Landings retirement village.

Cromwell recognised a share of statutory loss of \$9.4 million for the half-year (December 2020: statutory profit \$11.0 million), none of which was considered to be operating in nature (December 2020: operating profit of \$4.9 million).

The interest in LDK and the related loan portfolio to the same have been classified as a disposal group held for sale. This is because this portfolio of assets is now considered non-core to the Cromwell business and will be sold within the next year.

Phoenix – Australia

Phoenix Portfolios Pty Ltd performed extremely well during the period and exceeded its own benchmark for the half-year.

Cromwell recognised a share of operating profit of \$0.8 million for the half-year (December 2020: \$0.8 million).

Oyster – New Zealand

Oyster Property Group's assets under management increased slightly to NZD\$2.2 billion at half-year end (June 2021: NZD\$2.1 billion).

Cromwell received a NZD\$2.5 million dividend and recognised a share of operating profit of \$0.9 million for the half-year (December 2020: \$0.7 million).

CO-INVESTMENTS

Financial highlights in relation to Co-investments include:

	Total		CPRF		CIULF		CEREIT		Other investments	
	Half-year ended									
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Rental income and recoverable outgoings (\$M)	36.7	33.1	34.3	31.9	2.4	1.2	-	-	-	-
Share of operating profit (\$M)	23.3	23.6	1.7	1.1	-	-	21.6	22.5	-	-
Distribution income (\$M)	1.3	1.8	-	-	-	-	-	-	1.3	1.8
Operating profit (\$M)	28.4	24.0	9.0	3.6	1.1	0.6	17.0	18.0	1.3	1.8
Net fair value gains / (losses) (\$M)	6.1	0.9	0.8	(1.7)	5.3	2.6	-	-	-	-

Directors' Report

	Total		CPRF		CIULF		CEREIT		Other investments	
	As at									
	31 Dec 2021	30 Jun 2021	31 Dec 2021	30 Jun 2021	31 Dec 2021	30 Jun 2021	31 Dec 2021	30 Jun 2021	31 Dec 2021	30 Jun 2021
Occupancy rate (%)	94.3	95.1	95.0	94.8	100.0	100.0	-	-	-	-
WALE (years)	5.7	5.9	4.7	4.8	9.3	9.8	-	-	-	-
Ownership share (%)	-	-	100.0	100.0	100.0	100.0	27.9	28.0	-	-
Investment value (\$M)	1,494.8	1,481.5	759.7	765.6	90.7	86.3	617.3	620.7	27.1	8.9

CPRF

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

There were no further lockdowns in Poland during the half-year due to the COVID-19. Metrics such as footfall and in-store turnover have improved significantly since June 2021, collection periods have returned to normal and there were virtually no tenant defaults. Weighted average lease expiry and occupancy remained steady due to positive leasing outcomes in several properties due to reduced COVID-19-related headwinds.

All six of the 100.0% owned properties were independently valued at 31 December 2021 resulting in a \$7.7 million increase in fair value (December 2020: \$17.3 million increase), net of property improvements, leasing incentives and lease costs.

	Half-year ended	
	31 Dec 2021 \$M	31 Dec 2020 \$M
Change in valuations, net of property improvements, lease costs and incentives	7.7	17.3
Non-cash adjustments for straight-lining of rentals and lease amortisation	(0.1)	(2.0)
Foreign exchange differences	(6.8)	(17.0)
Increase / (decrease) in fair value of investment properties	0.8	(1.7)

A component of the CPRF portfolio is a 50.0% interest in CH Ursynów sp. z o.o., (Ursynów) (June 2021: 50.0%), an entity that owns a retail asset in Poland, the remaining equity is owned by Unibail-Rodamco Westfield B.V. (URW). During the period Cromwell and the joint venture partner contributed loans of €17.0 million (\$26.8 million) each, which the joint venture itself used to repay an external debt facility that fell due. The investment property that underpins the joint venture was independently valued at 31 December 2021 at €105.4 million (June 2021: €104.0 million).

Overall, the valuations were positively impacted by improved investment property income expectations due to more positive economic conditions in Poland.

This portfolio of assets has been financed by both the Polish Euro asset level facility and the revolving Euro / GBP facility. Applicable finance costs for the half-year being \$7.7 million (December 2020: \$10.0 million).

CIULF

The Cromwell Italy Urban Logistics Fund (CIULF) portfolio contains seven logistics assets in Italy. The portfolio is currently fully let to and occupied by one tenant, logistics giant DHL, whose own activities have remained robust through the period. Hence, this portfolio has not been negatively impacted by COVID-19.

The portfolio is currently warehoused and will form the seed portfolio for a fund to be offered to capital partners as soon as current economic conditions allow.

All seven of the properties were independently valued at 31 December 2021 resulting in a \$6.2 million increase in fair value (December 2020: \$7.6 million), net of property improvements, leasing incentives and lease costs.

Directors' Report

	Half-year ended	
	31 Dec 2021 \$M	31 Dec 2020 \$M
Change in valuations, net of property improvements, lease costs and incentives	6.2	7.6
Foreign exchange differences	(0.9)	(2.0)
Acquisition transaction costs	-	(3.0)
Increase in fair value of investment properties	5.3	2.6

The terminal yield rates applicable to the Italian portfolio, a key indicators of investment real estate value, tightened slightly during the half-year. This rate compression impacted across the portfolio and net resultant fair value increases of \$5.3 million have been recognised.

This portfolio of assets has been financed by the Italian Euro facilities. Applicable finance costs for the half-year being \$0.5 million (December 2020: \$0.3 million).

CEREIT

Cromwell continues to manage and sponsor CEREIT, a SGX-listed real estate investment trust. At 31 December 2021 Cromwell owned 27.9% of CEREIT (June 2021: 28.0%), whilst CEREIT itself had 112 properties with a fair value of €2.5 billion (June 2021: 109 properties with a fair value of €2.3 billion) located across Europe. CEREIT's property and tenant portfolios have been relatively unimpacted by COVID-19. Occupancy has remained steady at 95.3% (June 2021: 94.6%) and the COVID-19 pandemic has had a minimal impact on tenant collections. External valuations as at 31 December 2021 were conducted for 108 properties representing approximately 96% of CEREIT's portfolio by value resulting in net fair value gains of €1.1 million (June 2021: external valuations were conducted for 67 properties representing approximately 80% of CEREIT's portfolio by value resulting in net fair value gains of €43.4 million).

During the half-year Cromwell recognised operating profit of \$21.6 million (December 2020: \$22.5 million) and received \$14.1 million in distributions (December 2020: \$22.2 million).

This investment has been primarily financed utilising by the issue of Euro-denominated convertible bonds, applicable finance costs for the half-year being \$4.6 million (December 2020: \$4.6 million).

OTHER INVESTMENTS

Cromwell currently has co-investments in Australian and European real estate investment mandates which are accounted for as investments at fair value through profit or loss. Cromwell receives distributions from these investments which also support the funds management business. During the half-year the balance of co-investments held by Cromwell increased primarily due to a \$20.0 million investment in the Cromwell Direct Property Fund, which is managed by Cromwell Funds Management Limited, a subsidiary of the Company.

INVESTMENT PORTFOLIO

Financial highlights in relation to Investment portfolio include:

	Half-year ended	
	31 Dec 2021	31 Dec 2020
Rental income and recoverable outgoings (\$M)	107.3	111.0
Operating profit (\$M)	72.7	75.3
Net fair value gains (\$M)	61.1	36.7
	As at	
	31 Dec 2021	30 Jun 2021
Portfolio value (\$M)	3,101.6	3,063.1
Occupancy rate (%)	93.0	94.7
WALE (years)	5.9	5.8
Capitalisation rate (%)	5.3	5.4

The tenant mix in Cromwell's Australian property portfolio is weighted to Government and ASX-listed tenants which has proven very resilient in the current economic conditions. As a consequence, tenant rent collections from the Australian property portfolio have been relatively

Directors' Report

unimpacted by the onset of the COVID-19 pandemic. Only \$0.3 million of rent has been waived (December 2020: \$0.9 million) and none deferred during the half-year (December 2020: \$8.1 million).

Owing to the development opportunity at 19 National Circuit, Barton ACT, ownership of the property was transferred from the Trust to the Company for a contract price of \$10.0 million. This led to a reclassification of this property to inventory.

Weighted average lease expiry was 5.9 years and occupancy 93.0%, which were slightly below June 2021 equivalents (5.8 years and 94.7% respectively) as a result of constrained leasing outcomes in several properties due to COVID-19-related headwinds.

Valuations for the Australia portfolio increased by \$61.1 million during the half-year (December 2020: \$36.7 million), net of property improvements, leasing incentives and lease costs.

	Half-year ended	
	31 Dec 2021 \$M	31 Dec 2020 \$M
Change in valuations, net of property improvements, lease costs and incentives	71.7	46.6
Non-cash adjustments for straight-lining of rentals and lease amortisation	(10.6)	(9.9)
Increase in fair value of investment properties	61.1	36.7

The weighted average capitalisation rate applicable to the Australian portfolio, a key indicator of investment real estate value, tightened during the half-year. This rate compression has been most prevalent in relation to properties located in NSW and ACT, driven primarily by the high weighting towards government tenants in these regions. Resultant fair value increases followed this geographical trend with material fair value increases attributable to 475 Victoria Avenue, Chatswood NSW (\$14.8 million), 207 Kent Street, Sydney NSW (\$11.0 million), 203 Coward Street, Mascot NSW (\$8.8 million) and Soward Way, Greenway ACT (\$8.5 million), among others.

This portfolio of assets has been financed by the secured bilateral loan facilities (SBFL). Applicable finance costs for the half-year being \$13.4 million (December 2020: \$14.6 million).

Finance costs

Whilst borrowing remained steady, interest expense in relation to borrowings for the half-year decreased to \$26.8 million (December 2020: \$29.8 million). The decrease in interest expense is due to continued close management of the debt and hedging portfolios. The average interest rate for the current half-year decreased to 2.28% compared with 2.30% for the prior comparative period.

The net fair value gain in relation to derivative financial instruments of \$13.1 million (December 2020: \$3.9 million) primarily arose as a result of the revaluation of interest rate swap and cap contracts, which resulted in the recognition of net gains of \$13.7 million for the half-year (December 2020: \$2.8 million) in respect of these instruments. Cromwell has hedged future interest rates through various types of interest rate derivatives (predominately interest rate caps) with 59% of its borrowings at half-year end hedged or fixed to minimise the risk of changes in interest rates in the future (June 2021: 82%). All hedging contracts expire between March 2022 and October 2025.

Capital management

Cromwell's debt platform is underpinned by a facility secured against selected assets within the Australian property portfolio and has considerable headroom against its covenants. The loan to value ratio covenant is set at 60% versus the actual ratio which stands at 38% at balance date, resulting in headroom under the covenant of \$1.0 billion. The WALE covenant is set at 3.0 years versus the actual WALE of 6.3 years for the selected assets and interest cover ratio is 2.0 times versus the actual interest cover of 6.6 times. Given the headroom Cromwell enjoys against all its covenants it has determined that holding the CPRF and CIULF assets on its balance sheet until property and market valuations stabilise will realise the best outcome for securityholders.

Debt

Gearing remained steady at 42% during the half-year. Notwithstanding the current low interest rate environment, this places Cromwell's gearing outside its target range of between 30% - 40% through the cycle range.

Cromwell's main loan facility (senior secured bilateral loan facilities under a Common Terms Deed) is secured against selected investment properties in the Australian portfolio. This facility's performance against loan covenants at balance date reinforces the ability of Cromwell to carry higher gearing levels without impacting the ongoing operations of the business.

Covenant	Actual	Limit	Headroom
Loan to value	38%	60%	\$1.10 billion
WALE	6.3 years	3.0 years	3.3 years
Interest cover	6.6 times	2.0 times	\$112.8 million

- Note: ICR calculations are for the 12 month period ending 31 December 2021.

Directors' Report

Cromwell's Euro / GBP revolving credit facility has a look-through gearing covenant of 65.0% versus balance date actual look-through gearing of 46.7%.

Other than the Convertible Bond, which is unsecured, all other loan facilities are asset level financing with no reference to group level gearing.

Liquidity

At 31 December 2021 Cromwell had \$105.8 million of cash (June 2021: \$142.3 million) and undrawn bank facilities totalling \$526.2 million (June 2021: \$526.2 million).

Equity

An additional 1.4 million stapled securities were issued during the half-year at an average issue price of \$0.23, composed entirely of securities issued following the exercise of employee performance rights.

Net tangible assets (NTA) per security has increased during the half-year from \$1.02 to \$1.03, primarily as a result of an overall increase in property valuations attributable to the Investment property portfolio.

Strategy

Cromwell will focus on its global real estate funds management business which is diversified across regions, sectors and capital sources. Cromwell will source, manage and develop real estate assets on behalf of our third-party capital partners and retail investors.

Execution of our strategy will be achieved via the following initiatives:

- Cromwell will create funds and new real estate product opportunities for our diverse set of capital partners – we will aim to fill gaps in the market and deliver value by being innovative and listening closely to our investors' requirements;
- Servicing our investors will be at the core of what we do and we will use our real estate expertise to protect our investors' capital and create value for them;
- On behalf of our investors, Cromwell will seek to develop and repurpose assets in strategic locations using our strong development capabilities, creating a pipeline of assets for different funds; and
- Cromwell will co-invest in our managed funds to align interests.

Outlook

In Australia and Europe, we expect to see improving market fundamentals for real estate despite the uncertainty caused by outbreak of the Omicron variant of COVID-19. Authorities across Australia and Europe have committed to "living with COVID" so it appears unlikely the regions will be subject to further lockdowns.

While gearing still remains above Cromwell's target range at 42 % (target range of 30% to 40%) Cromwell has a strong balance sheet with sufficient liquidity and ample loan covenant headroom to maintain operations into the future and to continue to use targeted co-investments to accelerate growth in our funds management platform.

Distributions

A distribution of 1.625cps is expected to be paid for the March 2022 quarter.

Directors' Report

Directors

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

Directors		Date of Appointment
Dr Gary Weiss AM	Non-executive Chair	18 September 2020 (Chair since 17 March 2021)
Mr Eng Peng Ooi	Non-executive Deputy Chair	8 March 2021 (Deputy Chair since 17 March 2021)
Mr Robert Blain	Non-executive Director	8 March 2021
Ms Tanya Cox	Non-executive Director	21 October 2019
Mr Joseph Gersh AM	Non-executive Director	18 September 2020
Ms Lisa Scenna	Non-executive Director	21 October 2019
Ms Jiale Tang	Non-executive Director	9 July 2021
Mr Jonathan Callaghan	Managing Director / Chief Executive Officer	7 October 2021

Company Secretary

The Company Secretary at any time during the half-year and up to the date of this report was:

Company Secretary	Date of Appointment
Ms Lucy Laakso	10 August 2015

Subsequent events

Other than as disclosed in note 16, no matter or circumstance has arisen since 31 December 2021 that has significantly affected or may significantly affect:

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

Rounding of amounts

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* amounts in the Directors' report have been rounded off to the nearest one hundred thousand dollars, or in certain cases to the nearest dollar, unless otherwise indicated.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* (Cth) accompanies this report.

This report is made pursuant to section 306(3) of the *Corporations Act 2001* (Cth).



Dr Gary Weiss AM
Chair
23 February 2022
Sydney



Jonathan Callaghan
Managing Director / Chief Executive Officer

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

23 February 2022

Dear Directors

Auditor's Independence Declaration

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

As lead audit partner for the review of the consolidated half year financial report of Cromwell Property Group (the stapled entity which comprises Cromwell Corporation Limited, Cromwell Diversified Property Trust and the entities they controlled at the end of the half-year or from time to time during the half-year) and Cromwell Diversified Property Trust for the half year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely



DELOITTE TOUCHE TOHMATSU



David Rodgers
Partner
Chartered Accountants

Consolidated Statements of Comprehensive Income

For the half-year ended 31 December 2021

	Notes	Cromwell		Trust	
		Half-year ended		Half-year ended	
		31 Dec 2021 \$M	31 Dec 2020 \$M	31 Dec 2021 \$M	31 Dec 2020 \$M
Revenue	5(a)	190.2	184.5	141.9	137.0
Other income					
Fair value net gains from:					
Investment properties	7(g)	67.2	37.6	67.2	37.6
Derivative financial instruments		13.1	3.9	13.1	3.9
Share of profit of equity accounted investments	8(e)	10.0	44.0	17.3	30.5
Net foreign currency gains		6.5	17.4	5.5	15.6
Gain on sale of investment properties		-	5.9	-	5.9
Total revenue and other income		287.0	293.3	245.0	230.5
Expenses					
Property expenses and outgoings		33.1	31.5	37.7	36.7
Funds management costs		3.8	3.9	-	-
Employee benefits expense	6(a)	40.0	40.1	-	-
Administrative and other expenses	6(b)	24.3	22.9	14.7	14.5
Finance costs	6(c)	31.9	34.9	31.7	34.6
Fair value net loss from investments at fair value through profit or loss		1.8	0.5	-	-
Other transaction costs		0.7	7.8	0.6	1.2
Total expenses		135.6	141.6	84.7	87.0
Profit before income tax		151.4	151.7	160.3	143.5
Income tax expense		18.9	6.5	8.7	6.2
Profit after tax		132.5	145.2	151.6	137.3
<i>Profit / (loss) after tax is attributable to securityholders:</i>					
Attributable to the Company		(18.7)	7.5	-	-
Attributable to the Trust		151.2	137.0	151.2	137.0
Attributable to non-controlling interests		-	0.7	0.4	0.3
Total comprehensive income		132.5	145.2	151.6	137.3
Other comprehensive income					
<i>Items that may be reclassified to profit or loss</i>					
Exchange differences on translation of foreign operations		(14.4)	(31.6)	(14.1)	(29.7)
Income tax relating to this item		-	-	-	-
Other comprehensive income, net of tax		(14.4)	(31.6)	(14.1)	(29.7)
Total comprehensive income		118.1	113.6	137.5	107.6
<i>Total comprehensive income is attributable to securityholders:</i>					
Attributable to the Company		(19.0)	7.6	-	-
Attributable to the Trust		137.1	107.3	137.1	107.3
Attributable to non-controlling interests		-	(1.3)	0.4	0.3
Total comprehensive income		118.1	113.6	137.5	107.6
Earnings per security					
Basic earnings per stapled security (cents)	3(b)	5.06¢	5.53¢	5.77¢	5.24¢
Diluted earnings per stapled security (cents)	3(b)	5.04¢	5.51¢	5.75¢	5.22¢

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

Consolidated Balance Sheets

As at 31 December 2021

	Notes	Cromwell		Trust	
		As at		As at	
		31 Dec 2021 \$M	30 Jun 2021 \$M	31 Dec 2021 \$M	30 Jun 2021 \$M
Current assets					
Cash and cash equivalents		105.8	142.3	59.8	83.7
Receivables	10(b)	54.5	80.0	22.9	55.1
Derivative financial instruments		0.7	-	0.7	-
Current tax assets		3.3	2.9	0.1	0.8
Investment property held for sale	7(f), 14	19.0	-	19.0	-
Disposal group held for sale	8(c), 14	154.5	-	99.7	-
Other current assets		13.9	7.3	3.4	1.3
Total current assets		351.7	232.5	205.6	140.9
Non-current assets					
Investment properties	7(f)	3,900.0	3,863.5	3,900.0	3,863.5
Equity accounted investments	8(a)	687.7	712.5	659.1	662.0
Investments at fair value through profit or loss	9	27.1	8.9	20.0	-
Inventories	7(e)	11.9	-	-	-
Derivative financial instruments		20.7	11.3	20.7	11.3
Receivables	10(b)	27.9	148.7	118.7	183.9
Property, plant and equipment		20.3	22.0	-	-
Intangible assets		0.7	1.1	-	-
Deferred tax assets		1.3	8.4	1.3	-
Total non-current assets		4,697.6	4,776.4	4,719.8	4,720.7
Total assets		5,049.3	5,008.9	4,925.4	4,861.6
Current liabilities					
Trade and other payables		78.5	83.1	58.7	60.8
Unearned income		15.9	12.1	15.8	12.1
Dividends / distributions payable		42.6	42.5	42.6	42.5
Interest bearing liabilities	11(a)	355.3	3.8	351.9	0.4
Derivative financial instruments		8.2	8.6	8.2	8.6
Provisions		5.1	5.3	-	-
Current tax liabilities		1.5	1.6	1.2	0.8
Total current liabilities		507.1	157.0	478.4	125.2
Non-current liabilities					
Interest bearing liabilities	11(a)	1,830.0	2,182.4	1,817.9	2,168.9
Derivative financial instruments		-	2.8	-	2.8
Provisions		0.8	0.8	-	-
Deferred tax liabilities		12.5	0.6	12.5	0.6
Total non-current liabilities		1,843.3	2,186.6	1,830.4	2,172.3
Total liabilities		2,350.4	2,343.6	2,308.8	2,297.5
Net assets		2,698.9	2,665.3	2,616.6	2,564.1
Equity attributable to securityholders					
Contributed equity	12(b)	2,280.1	2,279.8	2,072.8	2,072.5
Reserves		2.5	16.6	(26.0)	(11.9)
Retained earnings		416.3	368.9	561.9	495.8
Equity attributable to securityholders		2,698.9	2,665.3	2,608.7	2,556.4
<i>Comprising</i>					
Total equity attributable to the Company		90.2	108.9	-	-
Total equity attributable to the CDPT		2,608.7	2,556.4	-	-
Equity attributable to securityholders		2,698.9	2,665.3	2,608.7	2,556.4
Non-controlling interests		-	-	7.9	7.7
Total equity		2,698.9	2,665.3	2,616.6	2,564.1

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

Consolidated Statements of Changes in Equity

For the half-year ended 31 December 2021

Cromwell		Attributable to Equity Holders of Cromwell				Non-controlling interests	Total equity
		Contributed equity	Reserves	Retained earnings	Total		
31 December 2021	Notes	\$M	\$M	\$M	\$M	\$M	\$M
Balance as at 1 July 2021		2,279.8	16.6	368.9	2,665.3	-	2,665.3
Profit for the half-year		-	-	132.5	132.5	-	132.5
Other comprehensive income		-	(14.4)	-	(14.4)	-	(14.4)
Total comprehensive income		-	(14.4)	132.5	118.1	-	118.1
<i>Transactions with equity holders in their capacity as equity holders:</i>							
Contributions of equity, net of equity issue costs	12(b)	0.3	-	-	0.3	-	0.3
Dividends / distributions paid / payable	4	-	-	(85.1)	(85.1)	-	(85.1)
Employee performance rights		-	0.3	-	0.3	-	0.3
Total transactions with equity holders		0.3	0.3	(85.1)	(84.5)	-	(84.5)
Balance as at 31 December 2021		2,280.1	2.5	416.3	2,698.9	-	2,698.9

		Attributable to Equity Holders of Cromwell				Non-controlling interests	Total equity
		Contributed equity	Reserves	Retained earnings	Total		
31 December 2020	Notes	\$M	\$M	\$M	\$M	\$M	\$M
Balance at 1 July 2020		2,278.5	61.1	243.8	2,583.4	-	2,583.4
Profit for the half-year		-	-	144.5	144.5	0.7	145.2
Other comprehensive income		-	(29.6)	-	(29.6)	(2.0)	(31.6)
Total comprehensive income		-	(29.6)	144.5	114.9	(1.3)	113.6
<i>Transactions with equity holders in their capacity as equity holders:</i>							
Contributions of equity, net of equity issue costs	12(b)	1.3	-	-	1.3	-	1.3
Non-controlling interests arising due to the acquisition of subsidiary		-	-	-	-	6.3	6.3
Dividends / distributions paid / payable	4	-	-	(98.1)	(98.1)	-	(98.1)
Employee performance rights		-	0.8	-	0.8	-	0.8
Total transactions with equity holders		1.3	0.8	(98.1)	(96.0)	6.3	(89.7)
Balance as at 31 December 2020		2,279.8	32.3	290.2	2,602.3	5.0	2,607.3

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

Consolidated Statements of Changes in Equity

For the half-year ended 31 December 2021

Trust		Notes	Attributable to Equity Holders of the CDPT				Non-controlling interests	Total equity
			Contributed equity	Reserve	Retained earnings	Total		
			\$M	\$M	\$M	\$M	\$M	\$M
31 December 2021								
Balance at 1 July 2021			2,072.5	(11.9)	495.8	2,556.4	7.7	2,564.1
Profit for the half-year			-	-	151.2	151.2	0.4	151.6
Other comprehensive income			-	(14.1)	-	(14.1)	-	(14.1)
Total comprehensive income			-	(14.1)	151.2	137.1	0.4	137.5
<i>Transactions with equity holders in their capacity as equity holders:</i>								
Contributions of equity, net of equity issue costs		12(b)	0.3	-	-	0.3	-	0.3
Distributions paid / payable		4	-	-	(85.1)	(85.1)	(0.2)	(85.3)
Total transactions with equity holders			0.3	-	(85.1)	(84.8)	(0.2)	(85.0)
Balance as at 31 December 2021			2,072.8	(26.0)	561.9	2,608.7	7.9	2,616.6

		Notes	Attributable to Equity Holders of the CDPT				Non-controlling interests	Total equity
			Contributed equity	Reserve	Retained earnings	Total		
			\$M	\$M	\$M	\$M	\$M	\$M
31 December 2020								
Balance at 1 July 2020			2,071.4	30.0	385.0	2,486.4	8.3	2,494.7
Profit for the half-year			-	-	137.0	137.0	0.3	137.3
Other comprehensive income			-	(29.7)	-	(29.7)	-	(29.7)
Total comprehensive income			-	(29.7)	137.0	107.3	0.3	107.6
<i>Transactions with equity holders in their capacity as equity holders:</i>								
Contributions of equity, net of equity issue costs		12(b)	1.1	-	-	1.1	-	1.1
Contributions of equity, net of equity issue costs			-	-	-	-	6.7	6.7
Distributions paid / payable		4	-	-	(98.1)	(98.1)	(0.4)	(98.5)
Total transactions with equity holders			1.1	-	(98.1)	(97.0)	6.3	(90.7)
Balance as at 31 December 2020			2,072.5	0.3	423.9	2,496.7	14.9	2,511.6

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

Consolidated Statements of Cash Flows

For the half-year ended 31 December 2021

	Cromwell		Trust	
	Half-year		Half-year	
	31 Dec 2021 \$M	31 Dec 2020 \$M	31 Dec 2021 \$M	31 Dec 2020 \$M
Cash flows from operating activities				
Receipts in the course of operations	209.5	208.0	157.5	154.2
Payments in the course of operations	(125.8)	(117.2)	(60.0)	(58.6)
Distributions received	18.0	25.9	13.9	21.8
Interest received	5.1	0.8	4.6	1.6
Finance costs paid	(26.6)	(29.6)	(26.6)	(29.6)
Income tax (paid) / refunded	(2.3)	(5.3)	0.5	0.2
Net cash provided by operating activities	77.9	82.6	89.9	89.6
Cash flows from investing activities				
Proceeds from sale of investment properties	-	23.0	-	23.0
Payments for investment properties	(16.6)	(108.3)	(16.6)	(108.3)
Proceeds from sale of equity accounted investments	-	2.5	-	-
Payments for investments at fair value through profit or loss	(20.0)	(0.6)	(20.0)	-
Receipt of capital return distributions from investments at fair value through profit or loss	-	2.1	-	-
Payments for intangible assets	(0.1)	(0.3)	-	-
Payments for property, plant and equipment	(0.3)	(0.7)	-	-
Proceeds from vendor finance loan	27.0	-	27.0	-
Repayment of loans to related entities and directors	21.0	13.0	23.9	7.9
Loans to related entities and directors	(41.6)	(8.6)	(46.6)	(6.5)
Payments for other transaction costs	(0.3)	(7.8)	(0.2)	(1.2)
Net cash used in investing activities	(30.9)	(85.7)	(32.5)	(85.1)
Cash flows from financing activities				
Proceeds from borrowings	69.8	72.7	69.8	72.7
Repayment of borrowings	(64.0)	(5.0)	(64.0)	(5.0)
Payments for lease liabilities	(1.9)	(1.2)	(0.2)	(0.2)
Payment of loan transaction costs	(0.4)	(1.3)	(0.4)	(1.3)
Payments for settlement of derivative financial instruments	-	(4.9)	-	(4.9)
Proceeds from issue of stapled securities	0.3	1.3	0.3	1.1
Payment of dividends / distributions	(85.1)	(98.0)	(85.1)	(98.0)
Net cash used in financing activities	(81.3)	(36.4)	(79.6)	(35.6)
Net decrease in cash and cash equivalents	(34.3)	(39.5)	(22.2)	(31.1)
Cash and cash equivalents at 1 July	142.3	194.1	83.7	117.8
Effects of exchange rate changes on cash and cash equivalents	(2.2)	(4.3)	(1.7)	(2.2)
Cash and cash equivalents at 31 December	105.8	150.3	59.8	84.5

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

Notes to the Financial Statements

For the half-year ended 31 December 2021

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Cromwell's half-year financial report has been prepared in a format designed to provide users of the financial report with a clearer understanding of relevant balances and transactions that drive Cromwell's financial performance and financial position free of immaterial and superfluous information. Plain English is used in commentary or explanatory sections of the notes to the financial statements to also improve readability of the financial report.

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

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Notes to the Financial Statements

For the half-year ended 31 December 2021

ABOUT THIS REPORT

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

1. Basis of preparation

Shares of Cromwell Corporation Limited ("Company") and units of Cromwell Diversified Property Trust ("CDPT") are stapled to one another forming the Cromwell Property Group and are quoted as a single stapled security on the ASX under the code CMW.

As permitted by *ASIC Corporations (Stapled Group Reports) Instrument 2015/838* the consolidated financial statements and accompanying notes of the Cromwell Property Group ("Cromwell"), consisting of the Company and its controlled entities and CDPT and its controlled entities are presented jointly with the consolidated financial statements and accompanying notes of the CDPT and its controlled entities ("Trust"). Cromwell and the Trust are for-profit entities for the purpose of preparing the financial statements.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by Cromwell Property Group during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* (Cth).

The accounting policies adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in Cromwell's and the Trust's 2021 annual report for the year ended 30 June 2021. These accounting policies are consistent with applicable Australian accounting standards and with international financial reporting standards.

Liquidity position

At 31 December 2021 Cromwell's current liabilities (\$507.1 million) exceeded current assets (\$351.7 million) by \$155.4 million and the Trusts current liabilities (\$478.4 million) exceeded its current assets (\$205.6 million) by \$272.8 million. These deficiency positions have arisen as a result of the first time classification of the Convertible bond (see note 11 (c)(vi)) as current due to the operation of the 'Optional Put Date' in the Bond terms and conditions. It should be noted, however, that Cromwell and the Trust may satisfy the Convertible bond liability by issuing additional equity or utilising available debt facilities (\$526.2 million), whilst the business units that underpin Cromwell and the Trust are forecast to have sufficient forecast working capital and cashflows available to fund operational requirements that may become due over the next 12 months.

Rounding of amounts

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

Presentational changes and comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current half-year. This has been necessitated most particularly in relation to the change of Accounting Policy in respect of Software-as-a-Service (SaaS) in the prior year.

a) Impacts of COVID-19 upon financial statement preparation

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

- **Rental income and recoverable outgoings** – management engaged with all tenants in Australia, Poland and Italy in order to ensure the commercial welfare of all parties. In Australia this process resulted in tenants being provided with rent relief in the form of rental waivers of \$0.3 million (December 2020: \$0.9 million) and no deferred payment plans (December 2020: deferred payment plans resulting in the deferred collection of \$8.1 million for periods ranging from 3 months to 24 months were agreed). Neither Italy nor Poland were impacted during the period. For further information refer to note 5.
- **Investment properties** – The current COVID-19 pandemic has given rise to uncertainty in markets which may have impacted drivers of investment property valuations. For the half-year ended 31 December 2021 Cromwell and Trust engaged external valuers to prepare valuations in respect of 24 properties across the portfolio, equating to 97% of its value.
- **Interest in associates and joint ventures and investments in subsidiaries** – Cromwell's investments in associates and joint ventures were assessed for indicators of impairment. Where indicators of impairment were identified Cromwell tested the carrying

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For the half-year ended 31 December 2021

amount by comparing the investment's recoverable amount with its carrying value. No investments were found to be impaired. Disclosures with respect to Cromwell's equity accounted interests is provided in note 8.

- **Receivable, loan assets, and amounts due from subsidiaries** – in response to COVID-19 management has undertaken a review of its relevant tenant receivable and loan asset portfolios, loans to subsidiaries and other financial asset exposures. This process involved a thorough examination of all receivable balances to assess the extent of expected credit losses that should be recognised. Details of the negligible impacts in relation to tenants of the Polish portfolio are provided in note 5(c).

b) Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical or professional experience and other factors such as expectations about future events. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The areas that involved a higher degree of judgement or complexity and may need material adjustment if estimates and assumptions made in preparation of these financial statements are incorrect are:

Area of estimation	Note
Revenue	5
Fair value of investment property	7
Equity accounted investments	8
Receivables	10
Assets held for sale	14

c) New and amended accounting standards and interpretations adopted by Cromwell and the Trust

Cromwell and the Trust have adopted all applicable new Australian accounting standards and interpretations. There are no new relevant accounting standards and interpretations that have been adopted in the current period.

There are currently no relevant accounting standards and interpretations that have been issued or amended but are not yet effective and have not been adopted Cromwell or the Trust.

Notes to the Financial Statements

For the half-year ended 31 December 2021

RESULTS

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

2. Operating segment information

a) Overview

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

Operating segments below are reported in a manner consistent with the internal reporting provided to the CEO. These are explained below.

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

This format has changed to reflect that now presented to the CEO appointed since the last balance date. Below is a summary of the material changes:

- Funds and asset management – in order to better reflect the economic aspects of the investment in the LDK Senior living joint venture, information in relation the same is now reported solely within the Funds and asset management segment. This has resulted in no change to the segment results compared to the prior comparative period, however segment assets and liabilities have been reclassified where applicable to reflect changes in allocation.
- Co-investments – formally known as Indirect property investment. The CPRF and CIULF investment property portfolios have been included in this segment to reflect these assets being made ready for marketing to investors by the European funds management business. This has resulted in no change to the segment results compared to the prior comparative period, however segment assets and liabilities have been reclassified where applicable to reflect changes in allocation.
- Investment portfolio – formally known as Direct property investment and no longer includes the CPRF and CIULF investment property portfolios.

b) Segment assets and liabilities

31 December 2021	Funds and asset management \$M	Co-investments \$M	Investment portfolio \$M	Cromwell \$M
Segment assets	310.0	1,561.8	3,177.5	5,049.3
Segment liabilities	42.9	1,027.3	1,280.2	2,350.4
Segment net assets	267.1	534.5	1,897.3	2,698.9

30 June 2021	Funds and asset management \$M	Co-investment \$M	Investment portfolio \$M	Cromwell \$M
Segment assets	312.3	1,518.5	3,178.1	5,008.9
Segment liabilities	48.2	1,027.3	1,268.1	2,343.6
Segment net assets	264.1	491.2	1,910.0	2,665.3

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For the half-year ended 31 December 2021

c) Segment results

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

31 December 2021	Funds and asset management \$M	Co- investments \$M	Investment portfolio \$M	Cromwell \$M
Segment revenue				
Rental income and recoverable outgoings	-	36.7	107.3	144.0
Operating profit of equity accounted investments	1.7	23.3	-	25.0
Development income ⁽¹⁾	9.2	-	-	9.2
Funds and asset management fees	51.0	-	-	51.0
Distributions	-	1.3	-	1.3
Total segment revenue	61.9	61.3	107.3	230.5
Segment expenses				
Property expenses	-	16.5	20.6	37.1
Funds and asset management direct costs	34.2	2.1	-	36.3
Other expenses	5.0	1.5	0.6	7.1
Total segment expenses	39.2	20.1	21.2	80.5
EBITDA	22.7	41.2	86.1	150.0
Finance costs	-	12.8	13.4	26.2
Segment profit after finance costs	22.7	28.4	72.7	123.8
Unallocated items				
Finance income				0.6
Corporate costs ⁽²⁾				(22.9)
Income tax expense				(5.1)
Segment profit				96.4

(1) Includes finance income attributable to development loans and fee revenue.

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

31 December 2020	Funds and asset management \$M	Co- investments \$M	Investment portfolio \$M	Cromwell \$M
Segment revenue				
Rental income and recoverable outgoings	-	33.1	111.0	144.1
Operating profit of equity accounted investments	6.3	23.6	-	29.9
Development fees	1.6	-	-	1.6
Funds and asset management fees	52.2	-	-	52.2
Distributions	-	1.8	-	1.8
Total segment revenue	60.1	58.5	111.0	229.6
Segment expenses				
Property expenses	-	15.3	20.3	35.6
Funds and asset management direct costs	32.9	2.5	-	35.4
Other expenses	4.4	1.8	0.8	7.0
Total segment expenses	37.3	19.6	21.1	78.0
EBITDA	22.8	38.9	89.9	151.6
Finance costs	-	14.9	14.6	29.5
Segment profit after finance costs	22.8	24.0	75.3	122.1
Unallocated items				
Finance income				2.0
Corporate costs ⁽¹⁾				(19.6)
Income tax expense				(5.4)
Segment profit				99.1

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

Notes to the Financial Statements

For the half-year ended 31 December 2021

d) Reconciliation of segment profit to statutory profit

	Cromwell	
	Half-year ended	
	31 Dec 2021 \$M	31 Dec 2020 \$M
Segment profit	96.4	99.1
<i>Reconciliation to profit for the half-year</i>		
Gain on sale of investment properties	-	5.9
Fair value net gains - Investment properties	67.2	37.6
Fair value net gains - Derivative financial instruments	13.1	3.9
Lease cost and incentive amortisation and rent straight-lining	(10.6)	(11.8)
Relating to equity accounted investments ⁽¹⁾	(15.0)	14.1
Net exchange gain on foreign currency borrowings	6.3	18.4
Tax expense relating to non-operating items ⁽²⁾	(15.1)	(1.6)
Other non-cash expenses or non-recurring items ⁽³⁾	(9.8)	(20.4)
Profit after tax for the half-year	132.5	145.2

(1) Comprises fair value adjustments included in share of profit of equity accounted entities.

(2) Comprises tax expense attributable to changes in deferred tax assets recognised as a result of carried forward tax losses.

(3) These expenses include but are not limited to:

- Amortisation of loan transaction costs.
- Amortisation of intangible assets and depreciation of property, plant and equipment.
- Other transaction costs.

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

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

	Cromwell	
	Half-year ended	
	31 Dec 2021 \$M	31 Dec 2020 \$M
Total segment revenue	230.5	229.6
<i>Reconciliation to total revenue and other income:</i>		
Finance income	0.6	2.0
Straight-line lease income	3.5	3.1
Inter-segmental management fee revenue	(6.5)	(6.6)
Lease incentive amortisation	(12.9)	(13.7)
Operating profit from equity accounted investments	(25.0)	(29.9)
Total revenue	190.2	184.5

f) Accounting policy

Segment allocation

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

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

EBITDA

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

Segment profit

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

Notes to the Financial Statements

For the half-year ended 31 December 2021

3. Earnings per security

b) Overview

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

b) Earnings per stapled security / trust unit / company share

	Cromwell		Company		Trust	
	Half-year ended		Half-year ended		Half-year ended	
	31 Dec 2021	31 Dec 2021	31 Dec 2021	31 Dec 2020	31 Dec 2020	31 Dec 2020
Basic earnings per security (cents)	5.06	5.53	(0.71)	0.29	5.77	5.24
Diluted earnings per security (cents)	5.04	5.51	(0.71)	0.29	5.75	5.22
<i>Earnings used to calculate basic and diluted earnings per security:</i>						
Profit for the half-year attributable to securityholders (\$M)	132.5	⁽¹⁾ 144.5	(18.7)	⁽¹⁾ 7.5	151.2	137.0
<i>Weighted average number of securities used in calculating basic and diluted earnings per security:</i>						
Weighted average number of securities used in calculating basic earnings per security (number)	2,617.6	2,614.8	2,617.6	2,614.8	2,617.6	2,614.8
Effect of performance rights on issue (number)	9.9	7.4	9.9	7.4	9.9	7.4
Weighted average number of securities used in calculating diluted earnings per security (number)	2,627.5	2,622.2	2,627.5	2,622.2	2,627.5	2,622.2

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

Notes to the Financial Statements

For the half-year ended 31 December 2021

4. Distributions

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

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

Date paid for the half-year		Half-year ended		Half-year ended	
31 Dec 2021	31 Dec 2020	31 Dec 2021 cents	31 Dec 2020 cents	31 Dec 2021 \$M	31 Dec 2020 \$M
19 November 2021	20 November 2020	1.625¢	1.875¢	42.5	49.0
18 February 2022	19 February 2021	1.625¢	1.875¢	42.6	49.1
Total		3.250¢	3.750¢	85.1	98.1

5. Revenue

a) Overview

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

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

	Cromwell		Trust	
	Half-year ended		Half-year ended	
	31 Dec 2021 \$M	31 Dec 2020 \$M	31 Dec 2021 \$M	31 Dec 2020 \$M
Rental income – lease components	110.6	108.8	111.1	109.1
Recoverable outgoings – non-lease components	24.0	24.6	23.3	24.5
Rental income and recoverable outgoings	134.6	133.4	134.4	133.6
<i>Other revenue from contracts with customers:</i>				
Funds and asset management fees	45.6	46.6	-	-
Total revenue	180.2	180.0	134.4	133.6
<i>Other revenue items recognised:</i>				
Interest	8.6	2.5	7.4	3.4
Distributions	1.3	1.8	0.1	-
Other revenue	0.1	0.2	-	-
Total other revenue	10.0	4.5	7.5	3.4
Total revenue	190.2	184.5	141.9	137.0

Notes to the Financial Statements

For the half-year ended 31 December 2021

b) Disaggregation of revenue from contracts with customers

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

	Cromwell		Trust	
	Half-year ended		Half-year ended	
	31 Dec 2021 \$M	31 Dec 2020 \$M	31 Dec 2021 \$M	31 Dec 2020 \$M
<i>Rental income and recoverable outgoings – non-lease components:</i>				
Recoverable outgoings ⁽¹⁾	15.4	17.9	15.4	18.0
Cost recoveries ⁽²⁾	8.6	6.7	7.9	6.5
Total rental income and recoverable outgoings – non-lease components	24.0	24.6	23.3	24.5
<i>Funds and asset management fees:</i>				
Funds and asset management fees ⁽¹⁾	25.9	26.1	-	-
Performance fees ⁽²⁾	4.3	11.4	-	-
Asset acquisition and sale fees ⁽²⁾	6.3	2.7	-	-
Project management fees ⁽¹⁾	1.6	2.4	-	-
Leasing fees ⁽²⁾	5.2	2.4	-	-
Property management fees ⁽¹⁾	2.3	1.6	-	-
Total funds and asset management fees	45.6	46.6	-	-
Total revenue from contracts with customers	69.6	71.2	23.3	24.5
<i>Timing of recognition of revenue items</i>				
Recognised over time	45.2	48.0	15.4	18.0
Recognised at point in time	24.4	23.3	7.9	6.5
Total revenue from contracts with customers	69.6	71.2	23.3	24.5

(1) Revenue recognised over time.

(2) Revenue recognised at point in time.

c) Critical accounting estimates and judgements

Impact of COVID-19

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

Poland – Poland was not subject to lockdowns during the half-year. However, as a result of lockdowns during the prior year, during which rent and service charges were invoiced but collections slowed, Cromwell and the Trust have chosen to conservatively recognise an expected credit loss provision at 31 December 2021 of €1.4 million (\$2.2 million) at balance date (June 2021: €1.0 million, \$1.5 million).

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

For further information in relation to the treatment of expected credit losses in relation to receivables see note 10.

Notes to the Financial Statements

For the half-year ended 31 December 2021

6. Employee benefits expense, administrative and other expenses and finance costs

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

a) Employee benefits expense

	Cromwell		Trust	
	Half-year ended		Half-year ended	
	31 Dec 2021 \$M	31 Dec 2020 \$M	31 Dec 2021 \$M	31 Dec 2020 \$M
Salaries and wages, including bonuses and on-costs	34.7	33.1	-	-
Directors fees	0.8	0.6	-	-
Contributions to defined contribution superannuation plans	2.1	1.8	-	-
Security-based payments	0.3	0.8	-	-
Restructure costs	0.6	1.5	-	-
Other employee benefits expense	1.5	2.3	-	-
Total employee benefits expense	40.0	40.1	-	-

b) Administrative and other expenses

	Cromwell		Trust	
	Half-year ended		Half-year ended	
	31 Dec 2021 \$M	31 Dec 2020 \$M	31 Dec 2021 \$M	31 Dec 2020 \$M
Administrative and overhead costs	18.0	15.2	1.6	1.0
Audit, taxation and other professional fees	3.0	3.4	1.8	2.3
Fund administration costs	-	-	11.1	11.2
Amortisation and depreciation	3.0	4.3	-	-
Other	0.3	-	0.2	-
Total administrative and other expenses	24.3	22.9	14.7	14.5

c) Finance costs

	Cromwell		Trust	
	Half-year ended		Half-year ended	
	31 Dec 2021 \$M	31 Dec 2020 \$M	31 Dec 2021 \$M	31 Dec 2020 \$M
Interest on borrowings	26.8	29.8	26.8	29.7
Interest on lease liabilities	0.3	0.3	0.1	0.2
Amortisation of loan transaction costs	4.7	4.9	4.7	4.9
Net exchange losses / (gains) relating to finance costs	0.1	(0.1)	0.1	(0.2)
Total finance costs	31.9	34.9	31.7	34.6

Notes to the Financial Statements

For the half-year ended 31 December 2021

OPERATING ASSETS

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

7. Investment properties

a) Overview

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

b) Movements in investment properties

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

	Cromwell		Trust	
	Half-year ended		Half-year ended	
	31 Dec 2021 \$M	31 Dec 2020 \$M	31 Dec 2021 \$M	31 Dec 2020 \$M
Balance at 1 July	3,863.5	3,752.3	3,863.5	3,752.3
Acquisitions	-	89.0	-	89.0
Capital works:				
Construction costs	0.3	0.8	0.3	0.8
Finance costs capitalised	0.3	0.6	0.3	0.6
Property improvements	6.9	3.4	6.9	3.4
Lifecycle	0.9	0.4	0.9	0.4
Disposals	-	(44.0)	(10.0)	(44.0)
Reclassified to:				
Held for sale	(19.0)	-	(19.0)	-
Inventory	(10.0)	-	-	-
Straight-line lease income	3.5	3.1	3.5	3.1
Lease costs and incentive costs	8.3	2.3	8.3	2.3
Amortisation ⁽¹⁾	(14.2)	(15.0)	(14.2)	(15.0)
Net gain from fair value adjustments	67.2	37.6	67.2	37.6
Foreign exchange differences	(7.7)	(19.0)	(7.7)	(19.0)
Balance at 31 December	3,900.0	3,811.5	3,900.0	3,811.5

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

c) Investment properties acquired

During the prior comparative period Cromwell completed the acquisition of seven logistics assets in Italy for \$83.1 million, which are held in the Cromwell Urban Logistics Fund (CIULF – a wholly owned subsidiary of the Trust).

d) Investment properties sold / reclassified as held for sale

During the period the Trust signed a contract for the sale of Village Cinema, Geelong, VIC for a price of \$19.0 million (net of required capital expenditure). The contract is expected to settle in April 2022. As a result, the property has been classified as held for sale.

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

e) Investment property sold / reclassified as inventory

During the period Cromwell reclassified the investment property at 19 National Circuit, Barton ACT as an inventory asset. This is due to its intended redevelopment for future sale. To facilitate this ownership of the asset was transferred from the Trust to the Cromwell Development Trust (a subsidiary of Cromwell Corporation Limited) for a contract price of \$10.0 million.

Notes to the Financial Statements

For the half-year ended 31 December 2021

f) Details of Cromwell's investment property portfolio

	Ownership	Title	Asset class	Independent valuation		Carrying amount	
				Date	Amount \$M	31 Dec 2021 \$M	30 Jun 2021 \$M
Australia							
400 George Street, Brisbane QLD	100%	Freehold	Office	Dec 2021	542.0	542.0	542.0
HQ North, Fortitude Valley QLD	100%	Freehold	Office	Dec 2021	241.0	241.0	240.0
200 Mary Street, Brisbane QLD	100%	Freehold	Office	Dec 2021	95.0	95.0	90.0
203 Coward Street, Mascot NSW	100%	Freehold	Office	Dec 2021	560.0	560.0	550.0
2-24 Rawson Place, Sydney NSW	100%	Freehold	Office	Dec 2021	319.0	319.0	315.0
207 Kent Street, Sydney NSW	100%	Freehold	Office	Dec 2021	317.0	317.0	305.0
475 Victoria Avenue, Chatswood NSW	50%	Freehold	Office	Dec 2021	135.5	135.5	120.0
2-6 Station Street, Penrith NSW	100%	Freehold	Office	Dec 2021	57.5	57.5	52.5
84 Crown Street, Wollongong NSW	100%	Freehold	Office	Jun 2021	51.0	51.0	51.0
117 Bull Street, Newcastle NSW	100%	Freehold	Office	Dec 2021	33.0	33.0	31.5
Regent Cinema Centre, Albury NSW	100%	Freehold	Retail	Jun 2021	14.0	14.0	14.0
243 Northbourne Avenue, Lyneham ACT	100%	Leasehold	Office	Jun 2021	33.8	35.5	33.8
Soward Way, Greenway ACT	100%	Leasehold	Office	Dec 2021	318.8	318.8	310.0
TGA Complex, Symonston ACT	100%	Leasehold	Office	Jun 2021	20.0	20.0	20.0
19 National Circuit, Barton ACT ⁽¹⁾	100%	Leasehold	Office	Dec 2020	10.0	-	10.0
Tuggeranong Office Park, Tuggeranong ACT	100%	Leasehold	Land	May 2019	7.5	8.3	8.3
700 Collins Street, Melbourne VIC	100%	Freehold	Office	Dec 2021	354.0	354.0	352.0
Village Cinemas, Geelong VIC	100%	Freehold	Retail	N/A	-	-	18.0
					3,109.1	3,101.6	3,063.1
Poland							
Janki, Janki, Warszawa	100%	Freehold	Retail	Dec 2021	355.6	355.6	357.1
Korona, Psie Pole, Wrocław	100%	Leasehold	Retail	Dec 2021	131.7	131.7	133.5
Ster, Pogodno, Szczecin	100%	Leasehold	Retail	Dec 2021	83.5	83.5	87.3
Rondo, Wilczak, Bydgoszcz	100%	Freehold	Retail	Dec 2021	86.2	86.2	85.2
Tulipan, Widzew, Łódź	100%	Freehold	Retail	Dec 2021	24.4	24.4	24.5
Kometa, Koniuchy, Toruń	100%	Leasehold	Retail	Dec 2021	20.2	20.2	20.2
					701.6	701.6	707.8
Italy							
Carugate, Milan	100%	Freehold	Logistics	Dec 2021	38.5	38.5	37.1
Campegine, Reggio Emilia	100%	Freehold	Logistics	Dec 2021	17.1	17.1	15.8
Torri di Quartesolo, Vicenza	100%	Freehold	Logistics	Dec 2021	9.0	9.0	8.7
Verona, Verona	100%	Freehold	Logistics	Dec 2021	8.6	8.6	8.5
Bologna Interporto, Bologna	100%	Freehold	Logistics	Dec 2021	8.7	8.7	8.1
Campogalliano, Modena	100%	Freehold	Logistics	Dec 2021	4.9	4.9	4.6
San Mauro Torinese, Turin	100%	Freehold	Logistics	Dec 2021	3.9	3.9	3.5
					90.7	90.7	86.3
Total – investment property portfolio					3,901.4	3,893.9	3,857.2
Add: Right-of-use assets – Polish leasehold properties					-	6.1	6.3
Total – investment properties					3,901.4	3,900.0	3,863.5
Held for sale							
Village Cinemas, Geelong VIC	100%	Freehold	Retail	Jun 2021	18.0	19.0	-
Total – all investment property					3,919.4	3,919.0	3,863.5

(1) Reclassified as inventory during the period.

Notes to the Financial Statements

For the half-year ended 31 December 2021

g) Critical accounting estimates - Revaluation of investment property portfolio

Cromwell's investment properties, with an aggregate carrying amount of \$3,900.0 million (June 2021: \$3,863.5 million) represent a significant balance on Cromwell's and the Trust's Balance sheets. Investment properties are measured at fair value using valuation methods that utilise inputs based upon estimates. All property valuations utilise valuation models based on discounted cash flow ("DCF") models or income capitalisation models (or a combination of both) supported by recent market sales evidence.

At balance date the adopted valuations for 24 of Cromwell's investment properties are based on independent external valuations representing 97% of the value of the portfolio. The balance of the portfolio is subject to internal valuations having regard to previous external valuations and comparable sales evidence, or, in the case of investment properties held for sale, with reference to the relevant sale price.

Impact of COVID-19 on property valuations

For the half-year ended 31 December 2021 Cromwell's approach to property valuations was substantially consistent with prior years, being in accordance with the established Valuations policy, but with an added emphasis in relation to the impact of COVID-19 upon inputs relevant to the valuation model for each property.

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

	Cromwell	
	Half-year ended	
	31 Dec 2021 \$M	31 Dec 2020 \$M
Australia	61.1	36.7
Poland	0.8	(1.7)
Italy	5.3	2.6
Total revaluation gain / portfolio weighted average cap. rate	67.2	37.6

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

	Net property income (\$M) ⁽¹⁾		Capitalisation rate (%)		Discount rate (%)		Terminal yield (%)	
	Range	Weighted average	Range	Weighted average	Range	Weighted average	Range	Weighted average
31 December 2021								
Australia ⁽²⁾	0.7 – 15.7	9.9	4.6 – 9.5	5.3	5.6 – 8.5	6.1	5.0 – 9.8	5.7
Poland ⁽³⁾	1.3 – 16.1	10.6	N/A	N/A	7.3 – 9.2	8.0	6.4 – 8.0	7.0
Italy ⁽⁴⁾	0.1 – 1.2	0.7	N/A	N/A	5.1 – 5.7	5.3	4.5 – 5.0	4.7
Portfolio	0.1 – 16.1	9.7	4.6 – 9.5	5.3	5.1 – 9.2	6.4	4.5 – 9.8	5.9
30 June 2021								
Australia ⁽²⁾	1.3 – 31.3	19.9	4.8 – 9.5	5.3	5.8 – 9.8	6.2	5.0 – 9.8	5.7
Poland ⁽³⁾	1.4 – 13.7	9.4	5.8 – 7.4	6.5	N/A	N/A	N/A	N/A
Italy ⁽⁴⁾	0.1 – 1.2	0.7	N/A	N/A	5.0 – 5.5	5.1	5.2 – 5.9	5.4
Portfolio	0.1 – 31.3	17.4	4.8 – 9.5	5.6	5.0 – 9.8	6.2	5.0 – 9.8	5.7

- (1) Net property income for 31 December 2021 reflects 6 months of income compared to the 30 June 2021 values which reflect a full year of income.
(2) DCF models / income capitalisation models (and unobservable inputs therein) are not applied in certain cases (e.g. H.F.S. assets, vacant assets, etc) where this is not considered an appropriate method of valuation for the particular asset.
(3) For 31 December 2021, there was a change in valuer in respect of the Polish investment properties. The new valuer utilised the DCF methodology only. The previous valuer's utilised the Capitalisation Rate methodology only.
(4) No equivalent metric in the Italian valuation methodologies utilised.

Notes to the Financial Statements

For the half-year ended 31 December 2021

8. Equity accounted investments

a) Overview

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

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

	Cromwell				Trust			
	31 December 2021		30 June 2021		31 December 2021		30 June 2021	
	%	\$M	%	\$M	%	\$M	%	\$M
Equity accounted investments								
CEREIT	27.9	617.3	28.0	620.7	27.4	606.6	27.5	610.0
Ursynów	50.0	52.0	50.0	51.5	50.0	52.0	50.0	51.5
LDK		-	50.0	21.4		-	-	-
Others		18.4		18.9	50.0	0.5	50.0	0.5
Equity accounted investments		687.7		712.5		659.1		662.0
Held for sale								
LDK	50.0	12.0	-	-	-	-	-	-
Total – Held for sale		12.0		-		-		-
Total – all equity accounted investments		699.7		712.5		659.1		662.0

b) Details of associate

Cromwell European Real Estate Investment Trust

Cromwell and the Trust have an investment in CEREIT with a carrying amount of \$617.3 million (June 2021: \$620.7 million) and \$606.6 million (June 2021: \$610.0 million) respectively. CEREIT is a real estate investment trust (REIT) listed on the mainboard of the Singapore Exchange (SGX) managed by Cromwell through its 100% owned subsidiary Cromwell EREIT Management Pte. Ltd. (the "Manager"). CEREIT invests in commercial property, mainly office and urban logistics, in western and central Europe with a current portfolio of 112 properties located in 10 European countries with an aggregate portfolio value of €2.4 billion (\$3.8 billion). The Manager of CEREIT has its own majority independent board of directors acting solely in the interest of all CEREIT unitholders. As such, Cromwell and the Trust does not control CEREIT, however has significant influence by virtue of their unitholdings.

c) Details of joint ventures

Ursynów

Cromwell and the Trust have an investment in Ursynów with a carrying amount of \$52.0 million (June 2021: \$51.5 million). Ursynów forms part of the Cromwell Polish Retail Fund (CPRF). Ursynów is a Polish company limited by shares that owns a single retail asset in Warsaw, Poland. Cromwell and the Trust hold 50% of the voting rights of the company. The other 50% is held by joint venture partner, Unibail Rodamco Westfield (URW). The company is governed by a supervisory board that decides on all relevant activities of the company. Both investors have equal participation rights in the supervisory board and all decision require unanimous consent, indicating joint control.

During the period Cromwell and its joint venture partner contributed loans of €17.0 million (\$26.8 million) each, which the joint venture used to repay an external debt facility that fell due. This amount remains receivable from Ursynów at period end.

LDK Healthcare Unit Trust

Cromwell has an investment in LDK with a carrying amount of \$12.0 million (June 2021: \$21.4 million). LDK is a senior living operator currently operating two senior living villages, being Greenway Views in Tuggeranong, ACT and The Landings in North Turramurra on the Upper North Shore of Sydney, NSW. Cromwell holds 50% of the units in LDK with the other 50% held by a single investor. By virtue of the unitholder agreement all decisions about the relevant activities of LDK require unanimous consent of both unitholders, indicating joint

Notes to the Financial Statements

For the half-year ended 31 December 2021

control. Both parties have only rights to the net assets of the venture which is therefore classed as a joint venture that is equity accounted. Currently, Cromwell has rights to all profits from LDK until a certain internal rate of return (IRR) threshold is achieved in respect of its capital invested at which point in time profits will be shared between the joint venture partners.

The interest in LDK, as well as the loan portfolio to the same, has been classified as a disposal group held for sale. See note 14 for further information in relation to Cromwell's disposal of its interest in this joint venture.

Other joint ventures and associates

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

d) Critical accounting estimates and judgements

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

Cromwell European Real Estate Investment Trust

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

Cromwell's investment in CEREIT was assessed for indicators of impairment. This process included investigations by management in relation to salient components of the CEREIT operations and financial metrics and an analysis of movements in the CEREIT's price on the Singapore Stock Market (SGX). No indicators of impairment were identified and no impairment was recognised as a result.

Ursynów

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

LDK Healthcare Unit Trust

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

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

The investment in LDK has been classified as held for sale due to meeting the relevant criteria for classification. See note 14 for further information.

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For the half-year ended 31 December 2021

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

	As at 31 December 2021					As at 30 June 2021				
	\$M					\$M				
	CEREIT ⁽¹⁾	Ursynów ⁽²⁾	LDK ⁽³⁾	Other	Total	CEREIT ⁽¹⁾	Ursynów ⁽²⁾	LDK ⁽³⁾	Other	Total
<i>Summarised balance sheets:</i>										
Total assets	3,963.5	168.8	596.1	46.3	4,774.7	3,864.3	173.5	581.6	46.0	4,665.4
Total liabilities	1,751.5	64.8	584.1	17.4	2,417.8	1,646.4	70.6	560.2	44.2	2,321.4
Net assets	2,212.0	104.0	12.0	28.9	2,356.9	2,217.9	102.9	21.4	1.8	2,344.0
<i>Carrying amount of investment:</i>										
Cromwell's share of equity (%)	27.9	50.0	50.0	-	-	28.0	50.0	50.0	-	-
Cromwell's share of net assets	617.3	52.0	12.0	11.8	693.1	620.7	51.5	21.4	12.3	705.9
Goodwill	-	-	-	6.6	6.6	-	-	-	6.6	6.6
Carrying amount	617.3	52.0	12.0	18.4	699.7	620.7	51.5	21.4	18.9	712.5
<i>Movement in carrying amounts:</i>										
	Period ending 31 December 2021					Period ending 31 December 2020				
Opening balance at 1 July	620.7	51.5	21.4	18.9	712.5	645.4	47.3	6.7	18.6	718.0
Additional investment	0.1	-	-	-	0.1	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	(2.5)	(2.5)
Share of profit / (loss)	16.4	1.1	(9.4)	1.9	10.0	30.4	0.6	11.0	2.0	44.0
Less: dividends / distributions received	(14.1)	-	-	(2.6)	(16.7)	(22.2)	-	-	(1.8)	(24.0)
Foreign exchange difference	(5.8)	(0.6)	-	0.2	(6.2)	(16.6)	(1.3)	-	0.1	(17.8)
Carrying amount at 31 December	617.3	52.0	12.0	18.4	699.7	637.0	46.6	17.7	16.4	717.7

(1) At half-year end Cromwell owned 27.9% of CEREIT, the Trust owned 27.4% (June 2021: 28.0% and 27.5% respectively).

(2) At half-year end Cromwell and the Trust owned 50.0% of Ursynów (June 2021: 50.0%).

(3) At half-year end Cromwell had an interest in the LDK joint venture and other immaterial equity accounted investments that the Trust did not have an interest in. The interest in LDK meets the criteria to be classified as held for sale and the investment has been classified as such. See note 14 for further information.

(4) Cromwell has rights to a disproportionate share of profits (currently 100%) from LDK until a certain internal rate of return (IRR) threshold is achieved in respect of its capital invested.

Notes to the Financial Statements

For the half-year ended 31 December 2021

9. Investments at fair value through profit or loss

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

	Cromwell		Trust	
	31 Dec 2021 \$M	30 Jun 2021 \$M	31 Dec 2021 \$M	30 Jun 2021 \$M
Investment in Cromwell unlisted fund	20.0	-	20.0	-
Investment in wholesale funds	7.1	8.9	-	-
Total investments at fair value through profit or loss	27.1	8.9	20.0	-

10. Receivables

a) Overview

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

b) Receivables

	Cromwell		Trust	
	31 Dec 2021 \$M	30 Jun 2021 \$M	31 Dec 2021 \$M	30 Jun 2021 \$M
<i>Current</i>				
Trade and other receivables at amortised cost	48.0	48.8	22.9	28.1
Loan at amortised cost – vendor finance	-	27.0	-	27.0
Loans at amortised cost - other	6.5	4.2	-	-
Total receivables – current	54.5	80.0	22.9	55.1
<i>Held for sale</i>				
Loans at amortised cost – joint venture partner – held for sale	142.5	-	99.7	-
Total receivables – all current receivables	197.0	80.0	122.6	55.1
<i>Non-current</i>				
Loans at amortised cost – joint venture partners	26.8	146.2	26.8	109.3
Loans at amortised cost – inter-group	-	-	91.9	74.6
Loans at amortised cost – other ⁽¹⁾	1.1	2.5	-	-
Total receivables – non-current	27.9	148.7	118.7	183.9

(1) Includes loans to related parties.

Loan – vendor finance

In the prior year Cromwell and the Trust provided a \$27.0 million loan facility to the acquirer of the Wakefield Street, SA, property. The loan, which attracted an interest rate of 7.0%, was fully repaid during the period.

Notes to the Financial Statements

For the half-year ended 31 December 2021

Loans – joint venture partners

LDK joint venture

i) Working capital loan

Cromwell and the Trust have provided LDK with a 'Working capital loan' facility terminating on 31 December 2023. The maximum loan facility is \$10.0 million with an interest rate of 12%. The balance receivable at period end was \$3.6 million (June 2021: \$4.3 million).

ii) "Waterfall" loans

Previously Cromwell and the Trust provided a number of loan facilities to LDK. The facilities are secured by second ranking mortgages over the investment properties owned by LDK. The balance receivable at period end was \$138.9 million (June 2021: \$141.9 million).

iii) Loans classified as held for sale

The loan portfolio in relation to LDK, as well as joint venture interest in the same, has been classified as a disposal group held for sale. See note 14 for further information in relation to Cromwell's disposal of its loan portfolio to the LDK joint venture.

Ursynów

During the period Cromwell and the Trust contributed a loan of \$26.8 million (€17.0 million) to Ursynów, which the joint venture used to repay an external debt facility that fell due. This amount remains receivable from Ursynów at period end.

Loans - inter-group

The Trust has provided a loan facility to the Company of €100.0 million. The balance receivable at period end was €54.8 million (\$85.8 million) (June 2021: €47.2 million (\$74.6 million)). The facility is unsecured and expires in February 2029.

During the period the Trust provided a new loan facility to the Company of \$30.0 million in relation to the transfer of the development property at 19 National Circuit, ACT. The facility is unsecured and expires in September 2026. The balance receivable at period end was \$6.1 million.

c) Critical accounting estimates and judgements

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

Notes to the Financial Statements

For the half-year ended 31 December 2021

FINANCE AND CAPITAL STRUCTURE

This section of the half-year financial report provides further information on Cromwell's and the Trust's interest bearing liabilities and associated costs and contributed equity.

11. Interest bearing liabilities

a) Overview

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

	Cromwell				Trust			
	31 Dec 2021		30 Jun 2021		31 Dec 2021		30 Jun 2021	
	Limit \$M	Drawn \$M	Limit \$M	Drawn \$M	Limit \$M	Drawn \$M	Limit \$M	Drawn \$M
Current								
<i>Unsecured</i>								
Convertible bond	349.1	349.1	-	-	349.1	349.1	-	-
Lease liabilities	-	3.8	-	3.8	-	0.4	-	0.4
<i>Secured</i>								
Italian Euro facility	2.4	2.4	-	-	2.4	2.4	-	-
Total current	351.5	355.3	-	3.8	351.5	351.9	-	0.4
Non-current								
<i>Unsecured</i>								
Euro / GBP facility	351.8	312.0	355.2	319.7	351.8	312.0	355.2	319.7
Convertible bond	-	-	350.8	350.8	-	-	350.8	350.8
Lease liabilities	-	17.4	-	18.9	-	5.3	-	5.4
<i>Secured</i>								
Bilateral loan facilities	1,560.0	1,111.0	1,560.0	1,099.0	1,560.0	1,111.0	1,560.0	1,099.0
Development loan facility – AUD	113.1	75.6	113.1	74.7	113.1	75.6	113.1	74.7
Polish Euro facilities	278.6	278.6	281.3	281.3	278.6	278.6	281.3	281.3
Italian Euro facilities	46.7	46.7	52.0	52.0	46.7	46.7	52.0	52.0
Unamortised transaction costs	-	(11.3)	-	(14.0)	-	(11.3)	-	(14.0)
Total non-current	2,350.2	1,830.0	2,712.4	2,182.4	2,350.2	1,817.9	2,712.4	2,168.9
Total interest bearing liabilities	2,701.7	2,185.3	2,712.4	2,186.2	2,701.7	2,169.8	2,712.4	2,169.3

b) Maturity profile

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

	Cromwell and Trust	
	31 Dec 2021 \$M	30 Jun 2020 \$M
1 Year	351.5	-
2 Years	711.4	725.8
3 Years	346.1	305.1
4 Years	397.4	700.5
5 Years	319.0	366.1
6 Years	50.0	-
7 Years	-	80.0

Notes to the Financial Statements

For the half-year ended 31 December 2021

c) Details of facilities

i) Euro / GBP facility

This revolving facility is syndicated and allows drawdowns in both Euro and GBP. Interest was payable in arrears, calculated as EURIBOR / LIBOR plus a margin. All principal amounts outstanding are due at the expiry of the facility, which was extended during the period to September 2023.

ii) Secured bilateral loan facilities

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

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

	Expiry	31 December 2021		30 June 2021	
		Limit \$M	Drawn \$M	Limit \$M	Drawn \$M
Facility 1	Jun-23	325.0	225.0	325.0	225.0
Facility 2	Mar-24	50.0	42.0	50.0	-
Facility 3	Jun-24	200.0	200.0	200.0	200.0
Facility 4	Mar-25	50.0	-	50.0	-
Facility 5	Jun-25	525.0	275.0	525.0	275.0
Facility 6	Feb-26	20.0	20.0	20.0	20.0
Facility 7	Jun-26	250.0	239.0	250.0	239.0
Facility 8 ⁽¹⁾	Jun-26	60.0	60.0	60.0	60.0
Facility 9	Feb-28	80.0	50.0	80.0	80.0
Total SBLF's		1,560.0	1,111.0	1,560.0	1,099.0

(1) This facility has a fixed rate applicable.

iii) Development loan facility - AUD

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

iv) Polish Euro facilities

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

v) Italian loan facilities

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

vi) Convertible bond - 2025

Cromwell issued 2,300 convertible bonds with a face value of €100,000 each, amounting to a total gross face value of €230.0 million (\$370.0 million on date of issue). The bonds are convertible into stapled securities of Cromwell at the option of the holder from 40 days after issue date up to seven business days prior to the final maturity date on 29 March 2025, at which point all remaining bonds are mandatorily redeemed by Cromwell. The conversion price is \$1.141 at half-year end (June 2021: \$1.141) per stapled security, subject to adjustments such as consolidation or subdivision of stapled securities, bonus issues or any issues at less than the prevailing market price of Cromwell's stapled securities, other than issues upon exercise of performance rights issued to Cromwell's employees. The fixed conversion translation rate is \$1.5936 per Euro. Any conversion may be settled in cash, stapled securities of Cromwell or a combination thereof at the discretion of Cromwell.

Due to the operation of the 'Optional Put Date' in the Bond terms and conditions, bondholders have the right to redeem the bonds from 1 August 2022. Hence, the bond has been classified as current.

Notes to the Financial Statements

For the half-year ended 31 December 2021

12. Contributed equity

a) Overview

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

Cromwell's and the Trust's issued capital at balance date were as follows:

	Cromwell stapled securities		Company shares		CDPT units	
	31 Dec 2021 M	30 Jun 2021 M	31 Dec 2021 \$M	30 Jun 2021 \$M	31 Dec 2021 \$M	30 Jun 2021 \$M
Issued capital	2,618.9	2,617.5	207.3	207.3	2,072.8	2,072.5

b) Movements in contributed equity

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

	Number of securities	Cromwell stapled securities		Company shares		CDPT units	
		Issue price	\$M	Issue price	\$M	Issue price	\$M
Opening balance at 1 July 2020	2,612,871,600		2,278.5		207.1		2,071.4
Exercise of performance rights	4,599,075	30.0¢	1.3	5.2¢	0.2	24.8¢	1.1
Balance at 31 December 2020	2,617,470,675		2,279.8		207.3		2,072.5
Balance at 30 June 2021	2,617,470,675		2,279.8		207.3		2,072.5
Exercise of performance rights	1,396,024	22.5¢	0.3	4.2¢	-	18.3¢	0.3
Balance at 31 December 2021	2,618,866,699		2,280.1		207.3		2,072.8

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

Notes to the Financial Statements

For the half-year ended 31 December 2021

OTHER ITEMS

This section of the half-year financial report provides fair value disclosure information in relation to financial instruments and information about assets held for sale, unrecognised items and subsequent events.

13. Fair value disclosures - financial instruments

a) Overview

Cromwell uses a number of methods to determine the fair value of its financial assets and financial liabilities. The methods comprise the following:

Level 1:	quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2:	inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
Level 3:	inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table below presents Cromwell's and the Trust's financial assets and liabilities measured and carried at fair value at half-year end and the type of fair value measurement applied:

Cromwell	31 December 2021			30 June 2021		
	Level 2 \$M	Level 3 \$M	Total \$M	Level 2 \$M	Level 3 \$M	Total \$M
Financial assets at fair value						
Investments at fair value through profit or loss						
Unlisted equity securities	20.0	7.1	27.1	-	8.9	8.9
Derivative financial instruments						
Interest rate caps	20.9	-	20.9	11.3	-	11.3
Interest rate swaps	0.5	-	0.5	-	-	-
Total financial assets at fair value	41.4	7.1	48.5	11.3	8.9	20.2
Financial liabilities at fair value						
Derivative financial instruments						
Interest rate swaps	2.1	-	2.1	5.9	-	5.9
Conversion feature	6.1	-	6.1	5.5	-	5.5
Total financial liabilities at fair value	8.2	-	8.2	11.4	-	11.4
Trust	31 December 2021			30 June 2021		
	Level 2 \$M	Level 3 \$M	Total \$M	Level 2 \$M	Level 3 \$M	Total \$M
Financial assets at fair value						
Investments at fair value through profit or loss						
Unlisted equity securities	20.0	-	20.0	-	-	-
Derivative financial instruments						
Interest rate caps	20.9	-	20.9	11.3	-	11.3
Interest rate swaps	0.5	-	0.5	-	-	-
Total financial assets at fair value	41.4	-	41.4	11.3	-	11.3
Financial liabilities at fair value						
Derivative financial instruments						
Interest rate swaps	2.1	-	2.1	5.9	-	5.9
Conversion feature	6.1	-	6.1	5.5	-	5.5
Total financial liabilities at fair value	8.2	-	8.2	11.4	-	11.4

Notes to the Financial Statements

For the half-year ended 31 December 2021

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

b) Disclosed fair values

i) Valuation techniques used to derive Level 1 fair values

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

ii) Valuation techniques used to derive Level 2 fair values

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data, assessed for the impact of COVID-19 where it is applicable and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Fair value of investments at fair value through profit or loss

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

Fair value of interest rate swaps and caps

Level 2 financial assets and financial liabilities held by Cromwell include "Vanilla" fixed to floating interest rate swap and interest rate cap derivatives (over-the-counter derivatives). The fair value of these derivatives has been determined using pricing models based on discounted cash flow analysis which incorporates assumptions supported by observable market data at balance date including market expectations of future interest rates and discount rates adjusted for any specific features of the derivatives and counterparty or own credit risk.

Fair value of conversion feature – convertible bond

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

iii) Valuation techniques used to derive Level 3 fair values

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

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

	Cromwell	
	Half-year ended	
	31 Dec 2021 \$M	31 Dec 2020 \$M
Investments at fair value through profit or loss		
Opening balance as at 1 July	8.9	12.9
Additions	0.1	0.7
Disposals	(0.1)	(2.1)
Fair value loss	(1.8)	(0.5)
Foreign exchange difference	-	(0.3)
Balance at 31 December	7.1	10.7

Fair value of investments at fair value through profit or loss

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

Notes to the Financial Statements

For the half-year ended 31 December 2021

14. Assets held for sale

a) Overview

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as such within one year from the date of classification.

Assets held for sale at reporting date are as follows:

	Cromwell		Trust	
	31 Dec 2021 \$M	30 Jun 2021 \$M	31 Dec 2021 \$M	30 Jun 2021 \$M
Investment property				
Village Cinemas, Geelong VIC	19.0	-	19.0	-
Disposal group - LDK				
Interest in joint venture	12.0	-	-	-
Loans at amortised cost – joint venture	142.5	-	99.7	-
Total - disposal group - LDK	154.5	-	99.7	-
Total – assets held for sale	173.5	-	118.7	-

Village Cinemas, Geelong VIC

This investment property has been classified as being held for sale due to being under a contract for sale at balance date. See note 7(d) for further information.

Disposal group - LDK

The interest in the LDK joint venture (see note 8), as well as the loan portfolio to the same (see note 10), have been classified as a disposal group held for sale. This is because these assets meet the criteria for classification as held for sale and because it is management's intention that the carrying amount of these assets will be recovered through a single sale transaction.

No impairment losses have been recognised in the current and prior periods in respect of assets held for sale.

b) Critical accounting estimates and judgements

LDK has been classed as held for sale and valued using the methodology of Fair Value less costs to sell. The value recorded at half-year end reflects the amortised cost of the loans and the equity accounted carrying value of the interest held in the Joint Venture. At this point in time management intends to recover these values through the sale process and has not received any indications that these values are not recoverable.

Notes to the Financial Statements

For the half-year ended 31 December 2021

15. Unrecognised items

a) Overview

Items that have not been recognised on Cromwell's and the Trust's Balance sheets include contractual commitments for future expenditure and contingent assets and contingent liabilities which are not sufficiently certain to qualify for recognition as a liability on the Balance sheet. This note provides details of any such items.

b) Capital expenditure commitments

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

	Cromwell		Trust	
	31 Dec 2021 \$M	30 Jun 2021 \$M	31 Dec 2021 \$M	30 Jun 2021 \$M
Investment property	2.3	6.2	1.9	6.2
Co-investment capital contributions	3.4	-	-	-
Total capital expenditure commitments	5.7	6.2	1.9	6.2

c) Contingent assets and contingent liabilities

The Directors are not aware of any material contingent assets or contingent liabilities of Cromwell or the Trust (June 2021: \$nil).

16. Subsequent events

Other than that disclosed below, no matter or circumstance has arisen since 31 December 2021 that has significantly affected or may significantly affect:

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

At the 2021 AGM, Cromwell announced the intention to explore the establishment of a separately listed, Cromwell managed, portfolio of Australian office assets as part of a transition to a Global Real Estate Funds Management model. Cromwell is progressing with the establishment of this new REIT which will be subject to securityholder approvals. Given the structuring and portfolio of the new REIT remains in discussion an estimate of financial effects cannot reasonably be disclosed at this date.

The financial statements were approved by the Board of Directors and authorised for issue on 23 February 2022.

Directors' Declaration

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

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

- i) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001*; and
- ii) giving a true and fair view of Cromwell's and the Trust's financial position as at 31 December 2021 and of their performance, for the half-year ended on that date; and

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

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



Dr Gary Weiss AM
Chair
23 February 2022
Sydney



Jonathan Callaghan
Managing Director / Chief Executive Officer

Independent Auditor's Review Report to the Stapled Security Holders of Cromwell Property Group and the Cromwell Diversified Property Trust

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial reports of:

- a) Cromwell Property Group ("the Group") which comprises the consolidated balance sheet as at 31 December 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' declaration as set out on pages 14 to 44 of the consolidated entity Cromwell Property Group, being the consolidated stapled entity. The consolidated stapled entity comprises Cromwell Corporation Limited ("the Company"), Cromwell Diversified Property Trust and the entities they controlled at the end of the half-year or from time to time during the half-year; and
- b) Cromwell Diversified Property Trust ("the Trust") which comprises the consolidated balance sheet as at 31 December 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, and the Directors' declaration as set out on pages 14 to 44 of Cromwell Property Securities Limited, as Responsible Entity of the Trust. The consolidated entity comprises Cromwell Diversified Property Trust and the entities it controlled at the end of the half-year or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group and the Trust are not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's and the Trust's financial position as at 31 December 2021 and of their performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group and the Trust in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Group, the Trust and the directors of Cromwell Property Securities Limited as the Responsible Entity for the Trust (collectively referred to as "the directors") are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

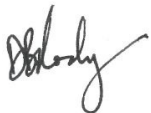
Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's and the Trust's financial position as at 31 December 2021 and their performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



DELOITTE TOUCHE TOHMATSU



David Rodgers
Partner
Chartered Accountants
Brisbane, 23 February 2022