CROMWELL PROPERTY GROUP

Appendix 4D – Half-Year Report

For the six months ended 31 December 2013

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 2013.** The previous corresponding period is the six month period ended 31 December 2012. This report should be read in conjunction with Cromwell Property Group's annual report for the year to 30 June 2013 which is available from Cromwell's website at www.cromwell.com.au.

3. RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Half-year 31 Dec 2013 $A'000	**Half-year 31 Dec 2012 $A'000**	% Change
Revenue and other income	**168,104**	106,439	58%
Profit from operations attributable to stapled security holders as assessed by the directors (1)	**73,210**	45,924	59%
Basic/Diluted operating earnings per stapled security as assessed by the directors (1) (2)	**4.3 cents**	3.8 cents	13%
Other items (including fair value adjustments)	**13,500**	(16,427)	-
Profit after tax attributable to stapled security holders	**86,710**	29,497	194%
Basic earnings per stapled security (2)	**5.1 cents**	2.4 cents	113%
Diluted earnings per stapled security (2)	**5.0 cents**	2.4 cents	108%
Distributions per stapled security	**3.8 cents**	3.6 cents	6%
	31 Dec 2013 $A'000	31 Jun 2013 $A'000	
Total assets	**2,453,558**	2,546,110	-
Net assets	**1,229,048**	1,200,852	2%
Net tangible assets (3)	**1,226,431**	1,199,018	2%
Net debt (4)	**996,648**	1,106,787	(10%)
Gearing (%) (5)	**43%**	46%	(7%)
Securities issued	**1,721,483**	1,713,721	-
NTA per security	**$0.71**	$0.70	1%
NTA per security (excluding interest rate swaps)	**$0.73**	$0.72	1%

(1) Profit from operations is calculated after adjusting for certain items (including fair value adjustments, realised gains on sale and other items) as set out in the Directors Report of the December 2013 half-year financial report.
(2) Earnings per stapled security calculated using weighted average number of stapled securities on issue during the relevant period.
(3) Net assets less deferred tax asset and intangible assets.
(4) Borrowings less cash and cash equivalents.
(5) Net debt divided by total assets less cash and cash equivalents.

4. COMMENTARY ON THE RESULTS

Refer to the Directors' Report of the Cromwell Property Group's 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 $'000	Franked amt per Security	Record Date	Payment Date
31 Dec 2013							
Interim distribution	**-**	**1.8750¢**	**1.8750¢**	**32,234**	**-**	**30/09/13**	**13/11/13**
Interim distribution	**-**	**1.8750¢**	**1.8750¢**	**32,278**	**-**	**31/12/13**	**12/02/14**
	-	**3.7500¢**	**3.7500¢**	**64,512**	**-**		
31 Dec 2012							
Interim distribution	-	1.8125¢	1.8125¢	21,243	-	05/10/12	14/11/12
Interim distribution	-	1.8125¢	1.8125¢	22,874	-	31/12/12	13/02/13
	-	3.6250¢	3.6250¢	44,117	-		

6. DISTRIBUTION REINVESTMENT PLAN (DRP)

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.

A total of 5,390,163 stapled securities were issued under the plan during the period.

7. INVESTMENTS IN EQUITY ACCOUNTED INVESTMENTS

	Ownership Interest		Share of net profits/(losses)	
Entity	**31 Dec 2013 %**	**31 Dec 2012 %**	**31 Dec 2013 $'000**	**31 Dec 2012 $'000**
Cromwell Partners Trust	**50%**	-%	**(7,371)**	-
Phoenix Portfolios Pty Ltd	**45%**	45%	**126**	38
Cromwell Property Fund	**-%**	-%	**-**	593
			(7,245)	631

At balance date Cromwell had two equity accounted investments, Phoenix Portfolios Pty Ltd and Cromwell Partners Trust.

The Cromwell Partners Trust was formed in Australia in November 2013. It is an entity jointly controlled by the Trust and Redefine Global (PTY) Limited with each investor owning 50% equity and having 50% of the voting rights. Its principal activity is the ownership of the Northpoint building located at 100 Miller Street, North Sydney, which was acquired in December 2013.

Cromwell previously held an investment in an associate, Cromwell Property Fund. The remaining units of Cromwell Property Fund not previously owned by Cromwell were acquired during the previous corresponding half-year.

8. CHANGES IN CONTROL OVER GROUP ENTITIES

There were no acquisitions or disposals of controlled entities during the period.

9. AUDIT REVIEW REPORT

The information contained in this report is unaudited. The financial report for the half-year ended 31 December 2013 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 2013 with the auditors review opinion has been lodged with ASX.

Daryl Wilson
Finance Director
20 February 2014

Cromwell Property Group
Half-Year Financial Report
31 December 2013

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

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

Cromwell Diversified Property Trust
ARSN 102 982 598

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

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DIRECTORY

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

Registered Office:
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Web: www.cromwell.com.au

Company Secretary:
Nicole Riethmuller

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

Share Registry:
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Fax: +61 2 9287 0303
Web: www.linkmarketservices.com.au

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This half-year 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 2013 and any public announcements made by Cromwell Corporation Limited and Cromwell Diversified Property Trust during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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 2013 for both:

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

1. 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:

Mr Geoffrey Levy, AO	(Non-Executive Chairman)
Mr Robert Pullar	(Non-Executive Director)
Ms Michelle McKellar	(Non-Executive Director)
Mr David Usasz	(Non-Executive Director)
Mr Richard Foster	(Non-Executive Director)
Mr Marc Wainer	(Non-Executive Director)
Mr Michael J Watters	(Non-Executive Director)
Mr Paul Weightman	(Managing Director/Chief Executive Officer)
Mr Daryl Wilson	(Director – Finance and Funds Management)
Mr Geoffrey Cannings	(Alternate Director for Marc Wainer and Michael J Watters)

2. Review of Operations and Results

(a) Financial performance

Cromwell recorded a profit of $86,710,000 for the half-year ended 31 December 2013 compared with a profit of $29,497,000 for the previous corresponding six month period. The Trust recorded a profit of $83,319,000 for the half-year ended 31 December 2013 compared with a profit of $29,031,000 for the previous corresponding six month period.

The profit for the half-year includes a number of items which are non-cash in nature, occur infrequently and/or relate to realised or unrealised changes in the values of assets and liabilities. In the opinion of the Directors, these items need to be adjusted for in order to allow securityholders to gain a better understanding of Cromwell’s underlying profit from operations.

The most significant of these items impacting the profit of Cromwell for the half-year ended 31 December 2013 and not considered part of profit from operations were:

- An increase in the fair value of investment properties of $16,615,000 (2012: decrease of $11,529,000);
- An increase in the fair value of interest rate derivatives of $6,024,000 (2012: decrease of $2,297,000); and
- A loss relating to equity accounted investments of $7,656,000 (2012: profit of $481,000).

Cromwell recorded a profit from operations for the half-year of $73,210,000 (2012: $45,924,000).

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

In the current half year the calculation of profit from operations has been amended slightly to include the cost of securities issued under employee securities plans. The impact of this change has been to reduce profit from operations in the current half-year by $233,000. Except for this change, profit from operations has been calculated consistently since stapling of the Group in December 2006.

2. Review of Operations and Results

(a) Financial performance (continued)

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

	Cromwell	
	Half-Year 31 Dec 2013 $'000	**Half-Year 31 Dec 2012 $'000**
Profit from operations [(1)]	**73,210**	45,924
Reconciliation to profit/(loss) for the half-year:		
Gain on sale of investment properties	**3,146**	-
Loss on disposal of other assets	**(23)**	-
Merger transaction costs	**-**	(574)
Fair value net gains/(write-downs):		
• Investment properties	**16,615**	(11,529)
• Interest rate derivatives	**6,024**	(2,297)
• Investments at fair value through profit or loss	**11**	(263)
Non-cash property investment income/(expense):		
• Straight-line lease income	**2,291**	3,436
• Lease incentive amortisation	**(5,087)**	(3,682)
• Lease cost amortisation	**(815)**	(691)
Other non-cash expenses:		
• Amortisation of finance costs	**(1,344)**	(1,245)
• Amortisation and depreciation	**(356)**	(233)
• Employee securities expense [(1)]	**-**	(306)
• Relating to equity accounted investments [(2)]	**(7,656)**	481
• Tax expense attributable to change in tax losses recognised [(3)]	**694**	476
Net profit for the half-year	**86,710**	29,497

(1) Segment profit for 2012 (refer note 2) differs from the above calculation of profit from operations by $306,000 which is the impact of recording the cost of securities issued under employee securities plans as a segment expense. This change in calculation has been adjusted for in the comparatives for the segment reporting.
(2) Comprises fair value adjustments included in share of profit of equity accounted entities.
(3) Comprises tax expense attributable to changes in deferred tax assets recognised as a result of carried forward tax losses.

Profit from operations on a per security basis is considered by the Directors to be the most important measure of underlying financial performance for Cromwell as it reflects the underlying earnings of Cromwell and includes the impact of changes in the number of securities on issue. Profit from operations and distributions on a per security basis are shown below.

	Cromwell	
	Half-Year 31 Dec 2013 Cents	Half-Year 31 Dec 2012 Cents
Profit per security	**5.05**	2.43
Profit from operations per security	**4.26**	3.76
Distributions per security	**3.75**	3.63

Profit from operations per security for the half-year was 4.26 cents (2012: 3.76 cents). This represents an increase of approximately 13.3% over the previous period which is considered an excellent result given the current soft market conditions. This growth in profit from operations per security has arisen as a result of a number of key factors:

- An increase in earnings from the properties continuously held in the portfolio since the start of the previous half-year;
- A boost to property earnings from assets acquired during the past 18 months, net of assets sold;
- Continuing reductions in variable interest rates; and
- A substantial increase in Cromwell's earnings from funds management.

2. Review of Operations and Results

(a) Financial performance (continued)

Distributions paid for the half-year were 3.75 cents (2012: 3.63 cents), including a December 2013 quarter distribution of 1.875 cents per stapled security paid on 12 February 2014. This represents a growth in distributions per security of 3.3% over the previous half-year. Growing distributions per security in a sustainable way remains a key priority for the future.

The contribution to profit from operations from each of the 3 segments of Cromwell's business for the half-year is shown below.

	Half-Year 31 Dec 2013 %	Half-Year 31 Dec 2013 $'000	Half-Year 31 Dec 2012 %	Half-Year 31 Dec 2012 $'000
Property Investment	**96%**	**70,174**	99%	45,315
Funds Management	**4%**	**3,153**	2%	818
Property Development	**-%**	**(117)**	(1)%	(209)
Profit from operations		**73,210**		45,924

Property Investment
There have been a number of changes to the property portfolio compared to the previous half-year which means earnings between the two periods are not directly comparable.

A substantial increase in the size of the property portfolio has come about as a result of the acquisition of the balance of the Cromwell Property Fund ("CPF") (acquired October 2012), increased rental income from Qantas Headquarters (due to expansion of the property) and purchase of the Brisbane CBD properties for $65,000,000 (May 2013) and the NSW Portfolio for $405,000,000 (June 2013).

Cromwell also acquired a 50% interest in the Northpoint property in North Sydney in December 2013.

In making each of these acquisitions, Cromwell expect to maintain or improve the portfolio performance in the future through assets which are both complimentary to the existing portfolio and have the ability to provide above average returns over the medium to long term.

During November and December 2013 Cromwell also disposed of the following properties:
- 380-390 LaTrobe Street, Melbourne, VIC;
- HomeBase, Prospect, NSW;
- NQX Distribution Centre, Pinkenba, QLD;
- Brooklyn Woolstore, Brooklyn, VIC;
- Gillman Woolstore, Gillman, SA; and
- 28-54 Percival Road, Smithfield, NSW.

The disposal of these properties led to a gain on disposal of $3,146,000, being the net amount realised above the most recent carrying value. The sale of these assets was undertaken because we believe we can better deploy the proceeds into more productive assets in the future. Net proceeds of $253,161,000 were received from these asset sales, with $143,947,000 being used to repay associated debt facilities, $77,632,000 utilised for the Northpoint acquisition and the balance held in cash.

As a result of the substantial increase in the size of the property portfolio since June 2012, notwithstanding the recent asset sales, net earnings from the property portfolio after property outgoings costs but before interest expense were $111,214,000, (2012: $84,195,000) an increase of 32% on the previous corresponding six month period.

In order to assist comparability between periods, Cromwell also measures the change in like for like net property earnings, taking into account only properties held in both the current and previous corresponding six month periods. On this basis, net property earnings increased by 1.4% during the current six month period. This reflects a continuing difficult leasing market. While the portfolio remains well leased, we have seen a small amount of persistent vacancy, concentrated in our Queensland and Adelaide assets. This has offset part of the increase in rentals from the balance of our portfolio. Although our vacancy levels remain slightly higher than our historical averages, they remain well below current levels for major office markets, demonstrating the ability of our internal property management team to deliver above average results despite a difficult market.

2. Review of Operations and Results

(a) Financial performance (continued)

Valuations for investment properties increased by $13,004,000 during the half year, net of property improvements, leasing incentives and lease costs. This is equivalent to an increase in value of approximately 0.6% or 0.8 cents per stapled security from June 2013 valuations.

	Cromwell	
	2013	**2012**
	$'000	**$'000**
Change in valuations, net of property improvements, lease costs and incentives	**13,004**	(12,466)
Non-cash adjustments for straight-lining of rentals and lease amortisation	**3,611**	937
Increase/(decrease) in fair value of investment properties	**16,615**	(11,529)

Increases were concentrated in properties with longer leases such as the Qantas Headquarters in Sydney, Exhibition Street in Melbourne and the NSW Portfolio as demand from investors for assets with secure cash flows continues. Decreases were generally seen in properties with short to medium-term lease expiries or current vacancies such as Terrace Office Park in Brisbane and Tuggeranong Office Park and Keltie Street in Canberra. This is reflective of the current soft economic conditions and the more difficult leasing market which Cromwell expect will persist over the next 1-2 years.

Cromwell also recognised a loss on its 50% investment in the Cromwell Partners Trust ("CPA"), the entity formed to hold the Northpoint property. This does not reflect any change in the underlying property value, but is almost entirely due to stamp duty and other costs of acquiring the property, which are required to be written off immediately under accounting standards.

Interest expense
Interest expense for the half-year increased to $37,016,000 (2012: $33,810,000). This increase occurred as a result of the additional borrowings for properties acquired during 2013. The average interest rate fell from 6.43% for the year ended 30 June 2013 to 5.98% for the half-year ended 31 December 2013. This fall in average rate reflected lower variable interest rates on the unhedged portion of Cromwell's debt, as the Reserve Bank reduced the cash rate during the 2013 calendar year.

An increase in fair value of interest rate derivatives of $6,024,000 (2012: decrease of $2,297,000) arose as a result of Cromwell's policy to hedge a portion of future interest expense. Cromwell had hedged future interest rates through contracts over 87% of its debt at 31 December 2013 to minimise the risk of changes in interest rates in the future. These contracts expire between May 2014 and December 2017 and can be valued. Although the valuation process is relatively complex, the value is essentially determined by the difference between the actual interest rates which have been agreed under the contracts and what the market forward interest rates are at the date of the valuation until maturity of the hedge contract. Market rates, and hence valuations, change daily, but the value at the end of an interest rate contract will always be nil and therefore the amounts recognised in the statements of comprehensive income are expected to reverse over time as the interest rate contracts expire.

Funds Management
Funds management earnings increased from $818,000 in 2012 to $3,153,000 in 2013, reflecting Cromwell's continuing success in delivering new products to the market and an increase in recurring revenue from assets under management. This highlights the attractiveness of having the funds management business, which can provide Cromwell with additional earnings growth to compliment the strong property income stream.

During the half-year, Cromwell launched a number of new funds including Cromwell Property Trust 12 ("C12"), which was formed to own 3 properties. Cromwell is raising approximately $76,000,000 in equity from external investors for C12. Approximately $31,400,000 had been subscribed at 31 December 2013.

Consistent with previous similar funds, Cromwell has provided initial funding by way of a loan and subscription agreement to assist C12 to acquire the properties. This provides comfort to C12's investors that the equity will be fully subscribed, while providing Cromwell with good returns on what would otherwise be surplus working capital. It is expected the loan will be fully repaid and C12 fully subscribed by June 2014.

Cromwell also launched an additional two open ended property funds during the half-year. These funds are designed to provide a more diversified exposure to listed and unlisted property and complement existing funds. These funds will take some time to reach a size which can contribute materially to our financial results in the future, but we are confident they will do so in time. We also continue to invest in additional staff and a number of initiatives across our funds management business which will allow us to continually improve our service offering to investors in both Cromwell and our unlisted funds.

Another key milestone during the half-year was the formation of the Cromwell Partners Trust ("CPA") to acquire the Northpoint property. CPA is owned 50% by Cromwell and 50% by Redefine Global (PTY) Limited, a subsidiary of our largest securityholder, Redefine Properties. Through our investment in CPA, Cromwell receives not only a share of returns from the Northpoint property, but also fee income from managing the property and the fund on behalf of Redefine. Over time, we may expand CPA through both acquiring further assets and taking on a small number of carefully selected investing partners.

2. Review of Operations and Results

(a) Financial performance (continued)

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

(b) Financial position

The key financial measures Cromwell considers when assessing our financial position are outlined below.

	Cromwell		Trust	
	31 Dec 2013	30 June 2013	**31 Dec 2013**	30 June 2013
Total assets ($'000)	**2,453,558**	2,546,110	**2,388,763**	2,487,254
Net assets ($'000)	**1,229,048**	1,200,852	**1,169,540**	1,145,462
Net tangible assets (1) ($'000)	**1,226,431**	1,199,018	**1,169,540**	1,145,462
Net debt ($'000) (2)	**996,648**	1,106,787	**1,050,767**	1,157,594
Gearing (%)(3)	**43%**	46%	**45%**	48%
Securities issued ('000)	**1,721,483**	1,713,721	**1,721,758**	1,713,996
NTA per security (1)	**$0.71**	$0.70	**$0.68**	$0.67
NTA per security (excluding interest rate swaps)	**$0.73**	$0.72	**$0.70**	$0.69

(1) Net assets less deferred tax asset and intangible assets.
(2) Borrowings less cash and cash equivalents and restricted cash.
(3) Net debt divided by total assets less cash and cash equivalents.

A total of 14 property assets were externally revalued at December 2013, representing approximately 50% of the property portfolio by value. The balance of the portfolio is subject to internal valuations having regard to previous external valuations and comparable sales evidence. The weighted average capitalisation rate (WACR) was 8.33% across the portfolio, compared with 8.51% at June 2013.

Net debt has decreased due to the net repayment of borrowings of $122,669,000, primarily from the proceeds of investment properties sold during the half year. As a consequence, gearing decreased from 46% to 43% during the half-year and remains within the preferred range of 35-55%.

An additional 7,762,000 stapled securities were issued during the half-year due to the continuing operation of the distribution reinvestment and performance rights plans.

NTA per security has increased during the half-year from $0.70 to $0.71, primarily as a result of increases in the valuations of investment properties and interest rate swaps. NTA excluding the value of interest rate contracts increased to $0.73 per security.

(c) Outlook

The outlook for Cromwell remains positive, despite the current sluggish pace of economic growth.

Cromwell's property portfolio is expected to continue to deliver consistent earnings in the future. This expectation is a result of the strength of the underlying tenant and lease profile and the benefits of Cromwell's integrated property management and tenant relationship activities. The portfolio was 96.0% leased at balance date, with a 6.2 year weighted average lease term. Importantly, 48.3% of rental income at balance date was underpinned by Government or Government owned/funded entities, and a further 33.8% from listed companies or their subsidiaries.

Cromwell has provided guidance for the 2014 financial year of expected profits from operations of 8.4 cents per security, an increase of 10% over 2013. Distributions are also expected to be 7.5 cents per security in the 2014 financial year, an increase of 3.4% on 2013 levels.

This result is expected to be underpinned by the strong property portfolio, continuing low interest rates and growth in the funds management business. This, if it can be achieved, would be an exceptional outcome in the current climate and would reflect the continuing resilience of our business model.

2. Review of Operations and Results

(c) Outlook (continued)

Cromwell aims to continue to grow both profit from operations and distributions per security over the medium term. Future results will be somewhat dependent on how, and when, Australia's economy recovers from it's current sluggish pace of growth. Our expectation is that this will take some time to occur. In the meantime we will continue to make changes to the property portfolio if we believe they will enhance the likelihood of above average returns over the medium and long term. We will also continue to manage our largest cost, interest expense, with appropriate hedging to maximise short term predictability of interest costs and smooth out cyclical highs. Finally, we will focus on growing earnings from funds management in a sustainable way.

Cromwell also maintains a long term focus on growing net tangible assets per security, maintaining reasonable debt terms with minimal short term expiries, gearing within our target range of 35% – 55% and reducing gearing through the cycle as property values increase.

If we continue to execute these basic strategies well, we expect to deliver good long term securityholder returns by continuing to outperform the S&P/ASX 300 A-REIT accumulation index over rolling 3 and 5 year periods.

3. Subsequent Events

No matter or circumstance has arisen since 31 December 2013 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.

4. Rounding of Amounts

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

5. Auditor's Independence Declaration

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

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

P.L. Weightman
Director

19 February 2014

PITCHER PARTNERS
ACCOUNTANTS • AUDITORS • ADVISORS

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The Directors
Cromwell Corporation Limited and
Cromwell Property Securities Limited as Responsible Entity for Cromwell Diversified Property Trust
Level 19
200 Mary Street
BRISBANE QLD 4000

Dear Sirs,

Auditor's Independence Declaration

As lead auditor for the review of the financial reports of Cromwell Corporation Limited and Cromwell Diversified Property Trust for the half-year ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been:

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

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

Pitcher Partners.

PITCHER PARTNERS

N BATTERS
Partner

Brisbane, Queensland
19 February 2014

	Notes	Cromwell 31 Dec 2013 $'000	Cromwell 31 Dec 2012 $'000	Trust 31 Dec 2013 $'000	Trust 31 Dec 2012 $'000
Revenue and other income					
Rental income and recoverable outgoings		**133,817**	100,207	**133,597**	100,086
Funds management fees		**5,539**	3,557	**-**	-
Interest		**2,319**	1,811	**1,518**	1,647
Distributions		**488**	51	**488**	51
Gain on sale of investment properties		**3,146**	-	**3,146**	-
Other revenue		**145**	182	**15**	297
Share of profits of equity accounted entities	8	**-**	631	**-**	593
Fair value net gain from:					
• Investment properties	6	**16,615**	-	**16,615**	-
• Interest rate derivatives		**6,024**	-	**6,024**	-
• Investments at fair value through profit or loss		**11**	-	**11**	-
Total revenue and other income		**168,104**	106,439	**161,414**	102,674
Expenses					
Property expenses and outgoings		**22,603**	16,012	**25,465**	18,351
Funds management costs		**628**	261	**-**	-
Property development costs		**58**	151	**-**	-
Finance costs	3	**38,360**	35,055	**38,360**	35,113
Employee benefits expense		**8,293**	7,316	**-**	-
Administration and overhead costs		**3,788**	3,430	**642**	522
Responsible entity fees		**-**	-	**6,127**	4,708
Amortisation and depreciation		**356**	233	**-**	-
Loss on disposal of other assets		**23**	-	**-**	-
Fair value net loss from:					
• Investment properties	6	**-**	11,529	**-**	11,529
• Interest rate derivatives		**-**	2,297	**-**	2,297
• Investments at fair value through profit or loss		**-**	263	**-**	263
Share of loss of equity accounted entities	8	**7,245**	-	**7,371**	-
Merger transaction costs		**-**	574	**-**	574
Total expenses		**81,354**	77,121	**77,965**	73,357
Profit before income tax		**86,750**	29,318	**83,449**	29,317
Income tax (expense)/benefit		**(40)**	179	**-**	-
Profit for the half-year		**86,710**	29,497	**83,449**	29,317
Other comprehensive income for the half-year, net of tax		**-**	-	**-**	-
Total comprehensive income for the half-year		**86,710**	29,497	**83,449**	29,317
Profit and Total comprehensive income for the half-year is attributable to:					
Company shareholders		**3,391**	466	**-**	-
Trust unitholders		**83,319**	29,031	**83,319**	29,031
Non-controlling interests		**-**	-	**130**	286
Profit and Total comprehensive income for the half-year		**86,710**	29,497	**83,449**	29,317
Basic earnings per company share/trust unit (cents)		**0.2¢**	0.1¢	**4.9¢**	2.4¢
Diluted earnings per company share/trust unit (cents)		**0.2¢**	0.1¢	**4.8¢**	2.4¢
Basic earnings per stapled security (cents)		**5.1¢**	2.4¢		
Diluted earnings per stapled security (cents)		**5.0¢**	2.4¢		

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

	Notes	Cromwell 31 Dec 2013 $'000	Cromwell 30 Jun 2013 $'000	Trust 31 Dec 2013 $'000	Trust 30 Jun 2013 $'000
Current assets					
Cash and cash equivalents		**114,599**	125,933	**60,480**	75,126
Trade and other receivables	5	**7,734**	7,940	**4,813**	6,816
Other current assets		**4,866**	2,527	**4,230**	1,844
Total current assets		**127,199**	136,400	**69,523**	83,786
Non-current assets					
Trade and other receivables	5	**33,089**	-	**33,089**	-
Inventories		**3,000**	3,000	**-**	-
Investment properties	6	**2,205,550**	2,396,000	**2,205,550**	2,396,000
Investments at fair value through profit or loss	7	**10,340**	7,468	**10,340**	7,468
Equity accounted investments	8	**70,487**	100	**70,261**	-
Property, plant and equipment		**1,276**	1,308	**-**	-
Deferred tax assets		**1,528**	804	**-**	-
Intangible assets		**1,089**	1,030	**-**	-
Total non-current assets		**2,326,359**	2,409,710	**2,319,240**	2,403,468
Total assets		**2,453,558**	2,546,110	**2,388,763**	2,487,254
Current liabilities					
Trade and other payables	9	**36,231**	28,014	**33,949**	27,030
Borrowings	10	**3,095**	-	**3,095**	-
Dividend/distributions payable		**32,278**	31,061	**32,283**	31,066
Derivative financial instruments		**16,727**	17,638	**16,727**	17,638
Provisions		**1,166**	1,215	**-**	-
Current tax liability		**748**	329	**-**	-
Unearned income		**12,260**	15,468	**12,260**	15,468
Total current liabilities		**102,505**	93,725	**98,314**	91,202
Non-current liabilities					
Borrowings	10	**1,108,152**	1,232,720	**1,108,152**	1,232,720
Derivative financial instruments		**12,757**	17,870	**12,757**	17,870
Provisions		**1,096**	943	**-**	-
Total non-current liabilities		**1,122,005**	1,251,533	**1,120,909**	1,250,590
Total liabilities		**1,224,510**	1,345,258	**1,219,223**	1,341,792
Net assets		**1,229,048**	1,200,852	**1,169,540**	1,145,462
Equity					
Contributed equity	11	**103,846**	103,323	**1,262,959**	1,257,707
Reserves		**5,421**	5,198	**-**	-
Retained earnings/(accumulated losses)		**(45,306)**	(48,697)	**(98,180)**	(116,977)
Equity attributable to shareholders/unitholders		**63,961**	59,824	**1,164,779**	1,140,730
Non-controlling interests					
Trust unitholders	12	**1,165,087**	1,141,028	**-**	-
Non-controlling interests	12	**-**	-	**4,761**	4,732
Total equity		**1,229,048**	1,200,852	**1,169,540**	1,145,462

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

		Attributable to Equity Holders of the Company						
Cromwell	**Notes**	**Contributed Equity**	**Accumulated Losses**	**Available-for- Sale Reserve**	**Share Based Payments Reserve**	**Total (Company)**	**Non-controlling Interest (Trust)**	**Total Equity**
		$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance at 1 July 2013		**103,323**	**(48,697)**	**2,340**	**2,858**	**59,824**	**1,141,028**	**1,200,852**
Total comprehensive income for the half-year		**-**	**3,391**	**-**	**-**	**3,391**	**83,319**	**86,710**
Transactions with equity holders in their capacity as equity holders:								
• Contributions of equity, net of transaction costs	11/12	**523**	**-**	**-**	**-**	**523**	**5,252**	**5,775**
• Dividends/distributions paid/payable	4	**-**	**-**	**-**	**-**	**-**	**(64,512)**	**(64,512)**
• Employee share options		**-**	**-**	**-**	**223**	**223**	**-**	**223**
Total transactions with equity holders		**523**	**-**	**-**	**223**	**746**	**(59,260)**	**(58,514)**
Balance at 31 December 2013		**103,846**	**(45,306)**	**2,340**	**3,081**	**63,961**	**1,165,087**	**1,229,048**
Balance at 1 July 2012		66,344	(51,562)	2,340	2,189	19,311	769,678	788,989
Total comprehensive income for the half-year		-	466	-	-	466	29,031	29,497
Transactions with equity holders in their capacity as equity holders:								
• Contributions of equity, net of transaction costs	11/12	13,618	-	-	-	13,618	165,828	179,446
• Dividends/distributions paid/payable	4	-	-	-	-	-	(44,117)	(44,117)
• Employee share options		-	-	-	306	306	-	306
Total transactions with equity holders		13,618	-	-	306	13,924	121,711	135,635
Balance at 31 December 2012		79,962	(51,096)	2,340	2,495	33,701	920,420	954,121

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

		Attributable to Equity Holders of CDPT				
Trust	**Notes**	**Contributed Equity $'000**	**Accumulated Losses $'000**	**Total (Trust) $'000**	**Non-controlling Interests $'000**	**Total Equity $'000**
Balance at 1 July 2013		**1,257,707**	**(116,977)**	**1,140,730**	**4,732**	**1,145,462**
Total comprehensive income for the half-year		**-**	**83,319**	**83,319**	**130**	**83,449**
Transactions with equity holders in their capacity as equity holders:						
• Contributions of equity, net of transaction costs	11	**5,252**	**-**	**5,252**	**-**	**5,252**
• Distributions paid/payable	4	**-**	**(64,522)**	**(64,522)**	**(101)**	**(64,623)**
Total transactions with equity holders		**5,252**	**(64,522)**	**(59,270)**	**(101)**	**(59,371)**
Balance at 31 December 2013		**1,262,959**	**(98,180)**	**1,164,779**	**4,761**	**1,169,540**
Balance at 1 July 2012		827,989	(58,589)	769,400	5,320	774,720
Total comprehensive income for the half-year		-	29,031	29,031	286	29,317
Transactions with equity holders in their capacity as equity holders:						
• Contributions of equity, net of transaction costs	11	165,828	-	165,828	-	165,828
• Distributions paid/payable	4	-	(44,127)	(44,127)	(251)	(44,378)
Total transactions with equity holders		165,828	(44,127)	121,701	(251)	121,450
Balance at 31 December 2012		993,817	(73,685)	920,132	5,355	925,487

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

	Notes	Cromwell 31 Dec 2013 $'000	Cromwell 31 Dec 2012 $'000	Trust 31 Dec 2013 $'000	Trust 31 Dec 2012 $'000
Cash Flows From Operating Activities					
Receipts in the course of operations		**153,798**	116,578	**148,113**	110,915
Payments in the course of operations		**(40,981)**	(41,060)	**(37,924)**	(36,576)
Distributions received		**486**	83	**486**	83
Interest received		**1,465**	3,570	**665**	3,142
Finance costs paid		**(36,979)**	(32,357)	**(36,979)**	(32,415)
Income tax paid		**(345)**	(94)	**-**	-
Net cash provided by operating activities		**77,444**	46,720	**74,361**	45,149
Cash Flows From Investing Activities					
Payments for investment properties		**(47,615)**	(52,566)	**(47,615)**	(52,566)
Proceeds from the sale of investment properties		**253,161**	-	**253,161**	-
Payments for property, plant and equipment		**(406)**	(152)	**-**	-
Net inflow of cash on acquisition of controlled entity		**-**	2,560	**-**	2,560
Payment for investment in equity accounted investment	8	**(77,632)**	-	**(77,632)**	-
Payments for investments at fair value through profit or loss	7	**(7,075)**	(2,805)	**(7,075)**	(2,805)
Proceeds from sale of investments at fair value through profit or loss	7	**4,215**	140	**4,215**	140
Payments for software and other intangible assets		**-**	(449)	**-**	-
Repayment of loan by Cromwell Corporation Limited		**-**	-	**-**	3,188
Loans to related entities	5	**(33,089)**	(19,606)	**(33,089)**	(19,606)
Repayment of loan by related entity		**-**	12,786	**-**	12,786
Payment of merger transaction costs		**-**	(574)	**-**	(574)
Net cash provided by/(used in) investing activities		**91,559**	(60,666)	**91,965**	(56,877)
Cash Flows From Financing Activities					
Proceeds from borrowings		**21,278**	18,255	**21,278**	18,255
Repayment of borrowings		**(143,947)**	(34,657)	**(143,947)**	(34,657)
Payment of loan transaction costs		**(148)**	(506)	**(148)**	(506)
Proceeds from issue of stapled securities/units	11	**993**	154,512	**900**	142,861
Equity issue transaction costs	11	**(453)**	(4,074)	**(430)**	(3,854)
Payment of dividends/distributions		**(58,060)**	(36,960)	**(58,625)**	(37,592)
Payment for derivative financial instruments		**-**	(1,234)	**-**	(1,234)
Net cash (used in)/provided by financing activities		**(180,337)**	95,336	**(180,972)**	83,273
Net (decrease)/increase in cash and cash equivalents		**(11,334)**	81,390	**(14,646)**	71,545
Cash and cash equivalents at 1 July		**125,933**	59,153	**75,126**	51,021
Cash and cash equivalents at 31 December		**114,599**	140,543	**60,480**	122,566

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

1. Basis of Preparation of Half-Year Financial Report

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

This general purpose financial report for the interim half-year reporting period ended 31 December 2013 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. 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 2013 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*.

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

Application of new accounting standards

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period with the exception of new and amended standards and interpretations mandatory for annual reporting periods beginning on or after 1 January 2013, which include:

- AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements*, AASB 12 *Disclosure of Interests in Other Entities*, AASB 128 *Investments in Associates and Joint Ventures*, AASB 127 *Separate Financial Statements* and AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards*;
- AASB 2012-10 *Amendments to Australian Accounting Standards – Transition Guidance and other Amendments* which provides an exemption from the requirement to disclose the impact of the change in accounting policy on the current period;
- AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*; and,
- AASB 119 *Employee Benefits (September 2011)* and AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)*.

Other revised standards that are applicable for the first time for reporting periods beginning on or before 1 January 2013 include:

- AASB 2012-2 *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities*; and,
- AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle*.

The adoption of AASB 10, AASB 11, AASB 13 and AASB 119 and related amendments resulted in changes to accounting policies but no adjustments to the amounts recognised in the financial statements. The changes to relevant accounting policies are explained and summarised below. The other standards only affected the disclosures in the notes to the financial statements.

Change in accounting policy: consolidated financial statements and joint arrangements

AASB 10 *Consolidated Financial Statements* replaces the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements* and in Interpretation 112 *Consolidation – Special Purpose Entities*.

Cromwell has reviewed the nature of its investments in other entities to assess whether the conclusion to consolidate is affected by the application of AASB 10 as compared with AASB 127. No differences were found and therefore no adjustments to any of the carrying amounts in the financial statements are required as a result of the adoption of AASB 10.

Under AASB 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement. Cromwell and the Trust have assessed the nature of their joint arrangements and determined to have interests in two joint ventures, Phoenix Portfolios Pty Ltd ("Phoenix") and Cromwell Partners Trust ("CPA"), but no interests in joints operations.

Phoenix was previously classified as an investment in an associate and accounted for using the equity method. It has been determined it falls within the meaning of a joint venture under AASB 11. CPA is a new investment during the interim period and it has also been determined to be a joint venture under the new standard.

1. Basis of Preparation of Half-Year Financial Report (continued)

Change in accounting policy: consolidated financial statements and joint arrangements (continued)

As required under AASB 11, the change in policy has been applied retrospectively as of 1 January 2012. From this date interests in joint ventures have been accounted for using the equity method. Hence, Cromwell's accounting for its interests in joint ventures was not affected by the adoption of the new standard since Cromwell had previously applied the equity method in accounting for the interest in Phoenix.

Change in accounting policy: employee benefits

The relevant section of the revised standard has changed the accounting for Cromwell's annual leave obligations. As Cromwell does not expect all annual leave to be taken within 12 months of the respective service being provided, annual leave obligations are now classified as long-term employee benefits in their entirety. This has resulted in a change to the measurement of the provision for annual leave obligations. The provision is now measured on a discounted cash flow basis. The impact of this change was immaterial.

Change in accounting policy: fair value measurement

AASB 13 *Fair Value Measurement* aims to improve consistency and reduce complexity by providing a definition of fair value and a single source of fair value measurement and disclosure requirements for use across Australian Accounting Standards. The standard does not extend the use of fair value accounting but provides guidance on how it should be applied where its use is already required or permitted by other Australian Accounting Standards.

There has been no material change to the valuation of financial assets, financial liabilities or investment properties as a result of the transition to AASB 13.

Application of new Class Order 13/1050

Cromwell is of a kind referred to in Class Order 13/1050, issued by the Australian Securities and Investments Commission during the interim period, relating to combined and consolidated financial statements prepared by stapled security issuers. The consolidated financial statements of Cromwell are presented in accordance with this Class Order.

Critical accounting estimates

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

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

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

Estimates of fair value of investment properties

Cromwell has investment properties with a carrying amount of approximately $2,205,550,000 (June 2013: $2,396,000,000) representing estimated fair value at balance date. These investment properties represent a significant proportion of the total assets of Cromwell and the Trust.

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

1. Basis of Preparation of Half-Year Financial Report (continued)

Estimates of fair value of investment properties (continued)

The best evidence of fair value is considered to be current prices in an active market for similar properties. Where sufficient market information is not available, or to supplement this information, management considers other relevant information including:

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

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

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

	% Value of Portfolio by Sector		Weighted Average Cap Rate		Weighted Average Lease Term		Occupancy	
	31 Dec 2013	30 Jun 2013	**31 Dec 2013**	30 Jun 2013	**31 Dec 2013**	30 Jun 2013	**31 Dec 2013**	30 Jun 2013
Commercial *	**99%**	93%	**8.28%**	8.44%	**6.2yrs**	6.2yrs	**96.0%**	96.0%
Industrial	**-**	4%	**-**	9.27%	**-**	5.4yrs	**-**	97.5%
Retail/Entertainment	**1%**	3%	**8.75%**	10.04%	**8.0yrs**	5.3yrs	**100.0%**	93.3%
Total	**100%**	100%	**8.29%**	8.51%	**6.2yrs**	6.1yrs	**96.0%**	96.1%

* The key factors for Commercial properties takes into account the 50% ownership interest Cromwell has in the Northpoint building (see note 8).

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

Estimates of fair value of interest rate derivatives

The fair value of interest rate derivatives has been determined using pricing models. Refer to note 13 for details.

2. Segment Information

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

Property Investment
The ownership of properties located throughout Australia.

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

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

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

2. Segment Information (continued)

Half-year 31 December 2013 Segment results	Property Investment $'000	Funds Management $'000	Property Development $'000	Consolidated $'000
Segment revenue and other income				
Property income - external customers	136,614	-	-	136,614
Property income – intersegmental	517	-	-	517
Funds management income - external customers	-	4,004	-	4,004
Funds management income – intersegmental	-	6,347	-	6,347
Property management income - external customers	-	1,534	-	1,534
Property management income – intersegmental	-	3,470	-	3,470
Profit of equity accounted entity (before adjustments)	286	126	-	412
Distributions	488	-	-	488
Interest	1,518	801	-	2,319
Other income	15	130	-	145
Total segment revenue and other income	139,438	16,412	-	155,850
Segment expenses				
Property expenses and outgoings	21,788	-	-	21,788
Funds management costs	-	628	-	628
Property development costs	-	-	58	58
Finance costs	37,016	-	-	37,016
Intersegmental costs	9,818	458	59	10,335
Employee benefits expense	-	8,293	-	8,293
Administration and overhead costs	642	3,146	-	3,788
Total segment expenses	69,264	12,525	117	81,906
Income tax expense	-	734	-	734
Segment profit/(loss) (1)	70,174	3,153	(117)	73,210
Reconciliation to reported profit/(loss)				
Gain on sale of investment properties	3,146	-	-	3,146
Loss on disposal of other assets	-	(23)	-	(23)
Fair value adjustments/write downs:				
• Investment properties	16,615	-	-	16,615
• Interest rate derivatives	6,024	-	-	6,024
• Investments at fair value through profit or loss	11	-	-	11
Other property investment income/(expense):				
• Straight-line lease income	2,291	-	-	2,291
• Lease incentive and lease cost amortisation	(5,902)	-	-	(5,902)
Other income/(expenses):				
• Amortisation of finance costs	(1,344)	-	-	(1,344)
• Amortisation and depreciation	-	(356)	-	(356)
• Relating to equity accounted investments	(7,656)	-	-	(7,656)
• Net tax losses utilised	-	694	-	694
Total adjustments	13,185	315	-	13,500
Profit/(loss) for the half-year	83,359	3,468	(117)	86,710

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

2. Segment Information (continued)

Half-year 31 December 2012 **Segment results**	**Property Investment** **$'000**	**Funds Management** **$'000**	**Property Development** **$'000**	**Consolidated** **$'000**
Segment revenue and other income				
Property income - external customers	100,452	-	-	100,452
Property income – intersegmental	443	-	-	443
Funds management income - external customers	-	1,289	-	1,289
Funds management income – intersegmental	-	4,888	-	4,888
Property management income - external customers	-	2,268	-	2,268
Property management income – intersegmental	-	2,800	-	2,800
Profit of equity accounted entity before adjustments	111	39	-	150
Distributions	51	-	-	51
Interest	1,526	285	-	1,811
Other income	72	110	-	182
Total segment revenue and other income	102,655	11,679	-	114,334
Segment expenses				
Property expenses and outgoings	15,320	-	-	15,320
Funds management costs	-	261	-	261
Property development costs	-	-	151	151
Finance costs	33,810	-	-	33,810
Intersegmental costs	7,688	385	58	8,131
Employee benefits expense	-	7,316	-	7,316
Administration and overhead costs	522	2,908	-	3,430
Total segment expenses	57,340	10,870	209	68,419
Income tax expense	-	297	-	297
Segment profit/(loss) (1)	45,315	512	(209)	45,618
Reconciliation to reported profit/(loss)				
Fair value adjustments/write downs)				
• Investment properties	(11,529)	-	-	(11,529)
• Interest rate derivatives	(2,297)	-	-	(2,297)
• Investments at fair value through profit or loss	(263)	-	-	(263)
Other property investment income/(expense):				
• Straight-line lease income	3,436	-	-	3,436
• Lease incentive and lease cost amortisation	(4,373)	-	-	(4,373)
Other income/(expenses):				
• Amortisation of finance costs	(1,245)	-	-	(1,245)
• Amortisation and depreciation	-	(233)	-	(233)
• Relating to equity accounted investments	481	-	-	481
• Net tax losses utilised	-	476	-	476
Merger transaction costs	(574)	-	-	(574)
Total adjustments	(16,364)	243	-	(16,121)
Profit/(loss) for the half-year	28,951	755	(209)	29,497

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

	Cromwell		Trust	
	Half-year 31 Dec 2013 $'000	Half-year 31 Dec 2012 $'000	**Half-year 31 Dec 2013 $'000**	Half-year 31 Dec 2012 $'000
3. Finance Costs				
Interest expense	**37,016**	33,810	**37,016**	33,868
Amortisation of loan establishment costs	**1,344**	1,245	**1,344**	1,245
Finance costs	**38,360**	35,055	**38,360**	35,113

4. Dividends/Distributions

Distributions paid/payable by Cromwell

2013 Half Year Date Paid	2012 Half Year Date Paid	**2013 Cents***	2012 Cents*	**2013 $'000**	2012 $'000
13 November 2013	14 November 2012	**1.8750¢**	1.8125¢	**32,234**	21,243
12 February 2014	13 February 2013	**1.8750¢**	1.8125¢	**32,278**	22,874
		3.7500¢	3.6250¢	**64,512**	44,117

* Cents per stapled security

A distribution of $31,061,000 provided for at 30 June 2013 was paid during the current period.

No dividends were paid by the company during the current or previous corresponding period.

Distributions paid/payable by the Trust

2013 Half Year Date Paid	2012 Half Year Date Paid	**2013 Cents***	2012 Cents*	**2013 $'000**	2012 $'000
13 November 2013	14 November 2012	**1.8750¢**	1.8125¢	**32,239**	21,248
12 February 2014	13 February 2013	**1.8750¢**	1.8125¢	**32,283**	22,879
		3.7500¢	3.6250¢	**64,522**	44,127

* Cents per unit

A distribution of $31,066,000 provided for at 30 June 2013 was paid during the current period.

	Cromwell	Trust

	31 Dec 2013 $'000	30 Jun 2013 $'000	**31 Dec 2013 $'000**	30 Jun 2013 $'000
5. Trade and Other Receivables				
Current assets				
Trade debtors	**7,930**	7,940	**5,009**	6,816
Provision for impairment of trade debtors	**(196)**	-	**(196)**	-
Trade and other receivables – current	**7,734**	7,940	**4,813**	6,816
Non-current assets				
Loan:				
▪ Related party – Cromwell Property Trust 12	**33,089**	-	**33,089**	-
Trade and other receivables – non-current	**33,089**	-	**33,089**	-

Loan to Cromwell Property Trust 12

The Cromwell Property Trust 12 ("C12"), ARSN 166 216 995, an unlisted multi-property trust was constituted on 20 June 2013 and registered on 22 October 2013. Cromwell Funds Management Limited ("CFM"), a subsidiary of the Company, has acted as responsible entity since C12's inception. C12 was established to acquire and hold three properties and has a fixed term until 2020.

CFM issued a PDS on 29 October 2013 in order to raise up to $76,000,000 from investors in C12.

Cromwell and the Trust have provided a loan facility of $50,000,000 to C12, which is unsecured, to enable the acquisition of the buildings and provide funding for initial construction, of which $33,089,000 had been drawn at balance date. The loan is repayable by 30 September 2015. While the loan is drawn down Cromwell and the Trust will earn a return equivalent to the C12 distribution rate of 7.75%.

6. Investment Properties

	Cromwell		Trust	
	31 Dec 2013 $'000	30 Jun 2013 $'000	**31 Dec 2013 $'000**	30 Jun 2013 $'000
Investment properties – at fair value	**2,205,550**	2,396,000	**2,205,550**	2,396,000

(a) Details of investment properties

Property	Title	Acquisition Date	Acquisition Price $'000	Latest Independent Valuation Date	Fair Value		Fair Value Adjustment	
					31 Dec 2013 $'000	30 June 2013 $'000	**31 Dec 2013 $'000**	31 Dec 2012 $'000
200 Mary Street, QLD	Freehold	Jun 2001	29,250	Jun 2013	**81,000**	81,000	**(1,363)**	(233)
Terrace Office Park, QLD	Freehold	Jun 1999	13,600	Dec 2013	**23,500**	26,500	**(2,792)**	(471)
Oracle Building, ACT	Leasehold	Nov 2001	23,550	Jun 2013	**29,400**	29,100	**23**	104
NQX Distribution Centre, QLD	Freehold	Feb 2003	17,778	SOLD	**-**	25,375	**-**	(1,101)
Henry Waymouth Centre, SA	Freehold	Apr 2003	30,420	Dec 2013	**41,500**	42,300	**(1,071)**	(5,990)
Brooklyn Woolstore, VIC	Freehold	Jun 2004	34,000	SOLD	**-**	36,100	**-**	871
Village Cinemas, VIC	Freehold	Jun 2004	8,900	Dec 2013	**14,000**	13,900	**96**	700
Vodafone Call Centre, TAS	Freehold	Jun 2004	15,900	Dec 2013	**14,300**	15,000	**(665)**	(281)
Regent Cinema Centre, NSW	Freehold	Jun 2004	9,900	Dec 2013	**14,300**	13,500	**716**	100
Gillman Woolstore, SA	Freehold	Jun 2004	10,900	SOLD	**-**	16,700	**-**	259
700 Collins Street, VIC	Freehold	Dec 2004	133,000	Dec 2013	**172,250**	172,000	**366**	(728)
19 National Circuit, ACT	Leasehold	July 2005	35,530	Jun 2013	**31,000**	31,000	**85**	41
380 La Trobe St, VIC	Freehold	Dec 2005	88,000	SOLD	**-**	114,500	**-**	681
101 Grenfell Street, SA	Freehold	Jan 2006	30,375	SOLD	**-**	-	**-**	(701)
475 Victoria Avenue, NSW	Freehold	Mar 2006	102,650	Jun 2013	**135,000**	135,000	**(67)**	762
Synergy, QLD	Freehold	Nov 2008	85,727	Dec 2013	**72,000**	73,500	**(836)**	1,017
Tuggeranong Office Park, ACT	Leasehold	Jun 2008	166,025	Jun 2013	**150,000**	155,000	**(5,185)**	(3,061)
TGA Complex, ACT	Leasehold	Jul 2010	75,000	Jun 2013	**68,000**	69,000	**(930)**	(1,202)
321 Exhibition Street, VIC	Freehold	Jul 2010	90,200	Dec 2013	**190,000**	180,500	**9,168**	4,124
203 Coward Street, NSW	Freehold	Aug 2010	143,891	Dec 2013	**320,000**	275,000	**8,338**	(813)
HQ North, QLD	Freehold	Dec 2011	186,000	Jun 2013	**200,000**	200,000	**(640)**	(495)
Bundall Corporate Centre, QLD	Freehold	Jan 2012	63,483	Dec 2013	**70,000**	68,500	**(760)**	1,244
HomeBase, NSW	Freehold	Oct 2012	39,212	SOLD	**-**	36,800	**-**	(911)
43 Bridge Street, NSW	Freehold	Oct 2012	34,975	Dec 2013	**31,600**	31,750	**(282)**	(3,290)
13 Keltie Street, ACT	Leasehold	Oct 2012	74,206	Jun 2013	**61,000**	62,500	**(1,700)**	(1,261)
28-54 Percival Rd, NSW	Freehold	Oct 2012	20,279	SOLD	**-**	19,000	**-**	(669)
Sturton Road, SA	Freehold	Oct 2012	2,700	Dec 2013	**2,100**	2,475	**(375)**	(225)
147-163 Charlotte Street, QLD	Freehold	May 2013	30,000	May 2013	**29,000**	29,000	**(71)**	-
146-160 Mary Street, QLD	Freehold	May 2013	35,000	May 2013	**36,000**	36,000	**(1)**	-
4-6 Bligh Street, NSW	Freehold	June 2013	53,000	Dec 2013	**56,000**	53,000	**2,942**	-
117 Bull Street, NSW	Freehold	June 2013	13,800	June 2013	**14,300**	13,800	**477**	-
11 Farrer Place, NSW	Freehold	June 2013	22,600	June 2013	**23,000**	22,600	**394**	-
207 Kent Street, NSW	Leasehold	June 2013	133,025	June 2013	**137,000**	133,000	**4,130**	-
84 Crown Street, NSW	Freehold	June 2013	23,900	June 2013	**24,700**	23,900	**793**	-
2-24 Rawson Place, NSW	Freehold	June 2013	130,000	Dec 2013	**135,000**	130,000	**4,968**	-
2-6 Station Street, NSW	Freehold	June 2013	28,700	June 2013	**29,600**	28,700	**857**	-
			2,035,476		**2,205,550**	2,396,000	**16,615**	(11,529)

6. Investment Properties (continued)

(b) Valuation basis

Independent valuations of properties were carried out by qualified valuers with relevant experience in the types of property being valued. Independent valuations are mostly carried out at least annually but no later than every two years. The value of investment properties is measured on a fair value basis, being the amount that would be received to sell the property in an orderly transaction between market participants at measurement date, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases. In assessing the value of the investment properties, the independent valuers have considered both discounted cash flow, and capitalisation methodologies. In addition, Cromwell has utilised similar internal valuation processes for determining fair value where independent valuations are not obtained. Further information on assumptions underlying management's assessment of fair value is contained in note 1.

(c) Movement in investment properties

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

	Cromwell		Trust	
	Half-Year 31 Dec 2013 $'000	**Half-Year 31 Dec 2012 $'000**	**Half-Year 31 Dec 2013 $'000**	**Half-Year 31 Dec 2012 $'000**
Balance at 1 July	**2,396,000**	1,724,400	**2,396,000**	1,724,400
Purchases				
▪ Cromwell Property Fund – properties acquired	**-**	171,372	**-**	171,372
Capital works				
▪ Property improvements	**36,136**	42,500	**36,136**	42,500
▪ Lifecycle	**3,448**	2,650	**3,448**	2,650
Disposals	**(250,015)**	-	**(250,015)**	-
Straight-lining of rental income	**2,291**	3,436	**2,291**	3,436
Lease costs and incentives	**6,977**	10,194	**6,977**	10,194
Amortisation of leasing costs and incentives	**(5,902)**	(4,373)	**(5,902)**	(4,373)
Net gain/(loss) from fair value adjustments	**16,615**	(11,529)	**16,615**	(11,529)
Balance at 31 December	**2,205,550**	1,938,650	**2,205,550**	1,938,650

7. Investments at Fair Value Through Profit or Loss

	Cromwell		Trust	
	31 Dec 2013 $'000	30 Jun 2013 $'000	**31 Dec 2013 $'000**	30 Jun 2013 $'000
Unlisted equity securities at fair value	**9,959**	7,153	**9,959**	7,153
Listed equity securities at fair value	**381**	315	**381**	315
Investments at fair value through profit or loss	**10,340**	7,468	**10,340**	7,468

8. Equity Accounted Investments

At balance date Cromwell had two equity accounted investments, Phoenix Portfolios Pty Ltd ("Phoenix") and Cromwell Partners Trust ("CPA"). These are jointly controlled entities and have been categorised as being joint ventures in accordance with AASB 11.

Phoenix was formed in Australia and it's principal activity is investment management. The reporting date of Phoenix is the same as for Cromwell. During the prior corresponding period additional non-voting equity was issued to a third party which reduced Cromwell's ownership interest from 50% to 45% whilst preserving Cromwell's 50% ownership of issued capital to which voting rights attach.

CPA was formed in Australia in November 2013. It is an entity jointly controlled by the Trust and Redefine Global (PTY) Limited with each investor owning 50% equity and having 50% of the voting rights. It's principal activity is the ownership of the Northpoint building located at 100 Miller Street, North Sydney, which was acquired in December 2013.

Cromwell Property Fund ("CPF") was previously an equity accounted investment until its acquisition on 4 October 2012.

8. Equity Accounted Investments (continued)

(a) Equity accounting information

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

Cromwell	Ownership Interest			
	31 Dec 2013 %	30 Jun 2013 %	**31 Dec 2013 $'000**	30 Jun 2013 $'000
Investments accounted for using the equity method:				
Phoenix	**45**	45	**226**	100
Cromwell Partners Trust	**50**	-	**70,261**	-
			70,487	100

(b) Movement in consolidated carrying amount of equity accounted investments

Cromwell	Phoenix $'000	CPA $'000	CPF $'000	Total $'000
Half-year 31 December 2013				
Carrying value at 1 July 2013	**100**	**-**	**-**	**100**
Cost of initial investment	**-**	**77,632**	**-**	**77,632**
Share of profit/(loss) (1)	**126**	**(7,371)**	**-**	**(7,245)**
Carrying value 31 December 2013	**226**	**70,261**	**-**	**70,487**
Half-year 31 December 2012				
Carrying value at 1 July 2012	47	-	4,705	4,752
Share of profit/(loss) (1)	38	-	593	631
Carrying value derecognised (2)	-	-	(5,298)	(5,298)
Carrying value 31 December 2012	85	-	-	85

Trust	CPA $'000	CPF $'000	Total $'000
Half-year 31 December 2013			
Carrying value at 1 July 2013	**-**	**-**	**-**
Cost of initial investment	**77,632**	**-**	**77,632**
Share of profit/(loss) (1)	**(7,371)**	**-**	**(7,371)**
Carrying value at 31 December 2013	**70,261**	**-**	**70,261**
Half-year 31 December 2012			
Carrying value at 1 July 2012	-	4,705	4,705
Share of profit/(loss) (1)	-	593	593
Carrying value derecognised (2)	-	(5,298)	(5,298)
Carrying value at 31 December 2012	-	-	-

(1) Share of profit/(loss) includes fair value gain/(loss) on investment properties and interest rate derivatives where applicable.
(2) The carrying value of CPF was derecognised following the acquisition of the remaining units of CPF in October 2012, resulting in CPF being fully consolidated by Cromwell and the Trust.

	Cromwell		Trust	
	31 Dec 2013 $'000	30 Jun 2013 $'000	**31 Dec 2013 $'000**	30 Jun 2013 $'000

9. Trade and Other Payables

Trade payables and accruals	**21,405**	11,662	**19,907**	11,818
Lease incentives payable	**10,623**	12,782	**10,623**	12,782
Tenant security deposits	**1,035**	1,020	**1,035**	1,020
Other payables	**3,168**	2,550	**2,384**	1,410
Trade and other payables	**36,231**	28,014	**33,949**	27,030

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

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

10. Borrowings

Current				
Loans – financial institutions - secured	**3,095**	-	**3,095**	-
Borrowings - current	**3,095**	-	**3,095**	-
Non-current				
Loans – financial institutions - secured	**1,111,814**	1,237,578	**1,111,814**	1,237,578
Unamortised transaction costs	**(3,662)**	(4,858)	**(3,662)**	(4,858)
Borrowings – non-current	**1,108,152**	1,232,720	**1,108,152**	1,232,720
Total				
Loans – financial institutions - secured	**1,114,909**	1,237,578	**1,114,909**	1,237,578
Unamortised transaction costs	**(3,662)**	(4,858)	**(3,662)**	(4,858)
Total borrowings	**1,111,247**	1,232,720	**1,111,247**	1,232,720

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

Details of borrowings of Cromwell at balance date are set out below:

Facility	**Note**	**Secured**	**Maturity Date**	**Facility Dec 2013 $'000**	**Utilised Dec 2013 $'000**	Facility Jun 2013 $'000	Utilised Jun 2013 $'000
Syndicated Facility	(i)	Yes	Jan 2016	**244,310**	**244,310**	352,467	352,467
Tuggeranong (Tranche 1)	(ii)	Yes	June 2015	**100,595**	**100,595**	100,595	100,595
Multi Property (Tranche 1)	(iii)	Yes	July 2015	**132,719**	**132,719**	132,719	132,719
Multi Property (Tranche 2)	(iii)	Yes	July 2015	**100,000**	**98,653**	100,000	98,653
Mascot (Tranche 1)	(iv)	Yes	Mar 2015	**62,400**	**62,400**	62,400	62,400
Mascot (Tranche 2)	(iv)	Yes	Mar 2015	**83,750**	**80,040**	83,750	58,762
Mascot (Tranche 3)	(iv)	Yes	Mar 2015	**-**	**-**	47,720	-
HQ North (Tranche 1)	(v)	Yes	Mar 2015	**106,506**	**106,506**	106,506	106,506
Bundall Corporate Centre	(vi)	Yes	Jan 2015	**34,916**	**34,916**	34,916	34,916
Cromwell Property Fund	(vii)	Yes	June 2015	**54,770**	**54,770**	90,560	90,560
NSW Portfolio	(viii)	Yes	Jan 2016	**200,000**	**200,000**	200,000	200,000
Total facilities				**1,119,966**	**1,114,909**	1,311,633	1,237,578

10. Borrowings (continued)

(i) Syndicated Facility

The Syndicate finance facility is secured by first registered mortgages over a pool of investment properties held by the Trust and a registered floating charge over the assets of the Trust. Interest is payable monthly in arrears at variable rates based on the 30 day BBSY rate which was 2.68% at balance date plus a loan margin. Repayments of $108,157,000 were made during the period (2012: $nil).

(ii) Tuggeranong

The loan is secured by a first registered mortgage over Tuggeranong Office Park. The loan matures in June 2015. The loan bears interest at a variable rate based on the 30 day BBSY rate plus a loan margin.

(iii) Multi Property

The loan is secured by first registered mortgage over the Synergy, Mary Street, TGA and Exhibition Street investment properties. The facility limit is $232,719,000 (June 2013: $232,719,000) and has 2 remaining tranches (previously 3).

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

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

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

(iv) Mascot

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

Tranche 1, $62,400,000, was fully drawn at balance date. Tranche 2, $83,750,000, will provide funding for additional committed capital expenditure. This facility was drawn down to $80,040,000 at balance date (June 2013: $58,762,000).

During the period the maturity date of the loan was extended until March 2015.

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

During the period the Tranche 3 facility was cancelled as it was no longer required.

(v) HQ North

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

During the period the maturity date of the loan was extended until March 2015.

(vi) Bundall Corporate Centre

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

(vii) Cromwell Property Fund

The loan is secured by first registered mortgages over the investment properties of Cromwell Property Fund ("CPF") and a registered floating charge over the assets of CPF. The loan bears interest at a variable rate based on a margin over the 30 day BBSY. Repayments of $35,790,000 were made during the period (2012: $4,890,000).

(viii) NSW Portfolio

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

Unused Finance Facilities

At 31 December 2013 Cromwell had $5,057,000 in unused finance facilities (June 2013: $74,055,000).

Interest Rate Swaps

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

11. Contributed Equity

(a) Equity attributable to shareholders/unitholders

	Cromwell		Company		CDPT	
	31 Dec 2013 $'000	30 Jun 2013 $'000	**31 Dec 2013 $'000**	30 Jun 2013 $'000	**31 Dec 2013 $'000**	30 Jun 2013 $'000
Contributed equity	**1,366,530**	1,360,755	**103,846**	103,323	**1,262,959**	1,257,707

Movements in ordinary shares/ordinary units

		Cromwell			Company		CDPT	
December 2013								
Date	**Details**	**Number of Securities**	**Issue Price**	**$'000**	**Issue Price**	**$'000**	**Issue Price**	**$'000**
1 July 13	Opening balance	**1,713,721,456**		**1,360,755**		**103,323**		**1,257,707**
1 Aug 13	Exercise of performance rights	**153,194**	**-**	**-**	**-**	**-**	**-**	**-**
1 Aug 13	Exercise of performance rights	**60,292**	**20.0¢**	**12**	**1.6¢**	**1**	**18.4¢**	**11**
15 Aug 13	Dividend reinvestment plan	**3,064,282**	**97.9¢**	**2,999**	**8.0¢**	**245**	**89.9¢**	**2,754**
4 Sep 13	Exercise of performance rights	**580,000**	**50.0¢**	**290**	**4.7¢**	**27**	**45.3¢**	**263**
4 Sep 13	Exercise of performance rights	**95,894**	**20.0¢**	**19**	**1.9¢**	**2**	**18.1¢**	**17**
4 Sep 13	Exercise of performance rights	**47,433**	**10.0¢**	**5**	**0.9¢**	**1**	**9.1¢**	**4**
4 Sep 13	Exercise of performance rights	**101,378**	**-**	**-**	**-**	**-**	**-**	**-**
19 Sep 13	Exercise of performance rights	**1,333,333**	**50.0¢**	**666**	**4.7¢**	**62**	**45.3¢**	**604**
13 Nov 13	Dividend reinvestment plan	**2,325,881**	**96.2¢**	**2,237**	**9.0¢**	**209**	**87.2¢**	**2,028**
	Transaction costs			**(453)**		**(24)**		**(429)**
		1,721,483,143		**1,366,530**		**103,846**		**1,262,959**
December 2012								
1 July 12	Opening balance	1,169,688,943		894,058		66,344		827,989
16 Aug 12	Dividend reinvestment plan	2,880,765	69.9¢	2,013	5.3¢	152	64.6¢	1,861
20 Sep 12	Exercise of performance rights	170,287	-	-	-	-	-	-
20 Sep 12	Exercise of performance rights	123,459	10.0¢	11	0.8¢	1	9.2¢	10
4 Oct 12	CPF Acquisition	32,339,260	75.0¢	24,255	5.7¢	1,829	69.3¢	22,426
8 Oct 12	Placement	16,911,765	68.0¢	11,500	5.1¢	867	62.9¢	10,633
14 Nov 12	Dividend reinvestment plan	3,424,554	80.0¢	2,741	6.0¢	207	74.0¢	2,534
14 Dec 12	Placement	50,955,414	78.5¢	40,000	5.9¢	3,016	72.6¢	36,984
14 Dec 12	Placement	131,210,191	78.5¢	103,000	5.9¢	7,766	72.6¢	95,234
	Transaction costs			(4,074)		(220)		(3,854)
		1,407,704,638		1,073,504		79,962		993,817

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

The Company/CDPT has established a dividend/distribution reinvestment plan under which holders of stapled securities may elect to have all of their dividend/distribution entitlement satisfied by the issue of new stapled ordinary securities rather than being paid in cash. Stapled securities are issued under the plan at a discount to the market price as determined by the Directors before each dividend/distribution.

11. Contributed Equity (continued)

(b) Stapled securities

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

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

	Dec 2013 Company Number	**Dec 2013 CDPT Number**	Jun 2013 Company Number	Jun 2013 CDPT Number
Ordinary shares / ordinary units	**1,721,483,143**	**1,721,758,249**	1,713,721,456	1,713,966,562
Unstapled units (held by the Company)	**-**	**(275,106)**	-	(275,106)
	1,721,483,143	**1,721,483,143**	1,713,721,456	1,713,721,456

12. Non-controlling Interests

	Cromwell		**Trust**	
	31 Dec 2013 $'000	30 Jun 2013 $'000	**31 Dec 2013 $'000**	30 Jun 2013 $'000
Non-controlling interests	**1,165,087**	1,141,028	**4,761**	4,732

Movements in non-controlling interests

	Cromwell		**Trust**	
	Half-Year 31 Dec 2013 $'000	Half-Year 31 Dec 2012 $'000	**Half-Year 31 Dec 2013 $'000**	Half-Year 31 Dec 2012 $'000
Balance at 1 July	**1,141,028**	769,678	**4,732**	5,320
Units issued by subsidiary	**5,252**	165,828	**-**	-
Profit/(loss) for the year	**83,319**	29,031	**130**	286
Distributions paid/payable	**(64,512)**	(44,117)	**(101)**	(251)
Balance at 31 December	**1,165,087**	920,420	**4,761**	5,355

13. Fair Value Measurement of Financial Instruments

Cromwell and the Trust measures and recognises the following financial assets and financial liabilities at fair value:

- Investments at fair value through profit or loss; and,
- Derivative financial instruments.

(a) Fair value hierarchy

Recognised fair value measurements

The table below analyses the financial instruments carried at fair value by the source of measurement inputs. The different levels have been defined as follows:

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

The table below presents Cromwell's and the Trust's financial assets and financial liabilities measured and recognised at fair value at 31 December 2013 and 30 June 2013:

	Dec 2013			June 2013		
	Level 1	**Level 2**	**Total**	Level 1	Level 2	Total
	$'000	**$'000**	**$'000**	$'000	$'000	$'000
Financial Assets						
Investments at fair value through profit or loss:						
• Listed equity securities	**381**	**-**	**381**	315	-	315
• Unlisted equity securities	**-**	**9,959**	**9,959**	-	7,153	7,153
Total financial assets	**381**	**9,959**	**10,340**	315	7,153	7,468
Financial Liabilities						
Derivative financial instruments	**-**	**29,484**	**29,484**	-	35,508	35,508
Total financial liabilities	**-**	**29,484**	**29,484**	-	35,508	35,508

(b) Valuation techniques used to derive level 2 and level 3 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 where it is available 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. Level 2 financial instruments held by Cromwell and the Trust include unlisted equity securities for which a publically reported net asset value is available and "Vanilla" fixed to floating interest rate swap derivatives (over-the-counter derivatives).

The fair value of held for trading unlisted equity securities is determined based upon the reported net asset value at the end of the period.

The fair value of interest rate derivatives has been determined using a pricing model 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. All counterparties to interest rate derivatives are Australian financial institutions.

If one or more of the significant inputs is not based upon observable market data the financial instrument is included in Level 3.

(c) Fair values of other financial instruments

The carrying amounts of trade and other receivables, other current assets, trade and other payables and distributions payable are assumed to approximate their fair values due to their short-term nature.

The fair value of non-current borrowings disclosed in note 10 is estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Trust for similar financial instruments. The fair value of these borrowings is not materially different from the carrying value.

13. Fair Value Measurement of Financial Instruments (continued)

(d) Transfers between levels 2 and 3 and changes in valuation techniques

There were no transfers between the levels of the fair value hierarchy in the half-year to 31 December 2013.

There were no changes made to any of the valuation techniques applied at 31 December 2013 or 30 June 2013.

14. Contingent Liabilities

As disclosed in Cromwell and the Trust's 30 June 2013 annual reports the directors are not aware of any material contingent liabilities and the directors are not aware of any material changes in contingent liabilities of Cromwell or the Trust since the last annual report.

15. Commitments

(a) Capital expenditure commitments

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

	Cromwell		Trust	
	31 Dec 2013 $'000	30 Jun 2013 $'000	**31 Dec 2013 $'000**	30 Jun 2013 $'000
Within one year	**5,853**	40,437	**5,853**	40,437
	5,853	40,437	**5,853**	40,437

(b) Cromwell Property Trust ("C12")

Cromwell and the Trust have provided a loan facility of $50,000,000 to C12 (refer note 5) of which $33,089,000 was drawn and $16,911,000 is yet to be drawn by C12 at balance date.

Cromwell and the Trust have also entered into a unit subscription agreement with C12. Under the terms of the loan facility and the subscription agreement any loan principal outstanding at 30 September 2015 will be effectively converted into units in C12. The terms of the subscription agreement allow for C12 to call on Cromwell and the Trust to subscribe for any remaining unissued units in C12 at 30 September 2015 up to $50,000,000.

It is expected that the C12 equity raising will be fully subscribed and the C12 loan will be fully repaid no later than June 2014. As a result, Cromwell and the Trust are not expected to be required to subscribe for any additional units in C12 under the subscription agreement.

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

(a) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

(b) give a true and fair view of Cromwell and the Trust's financial positions as at 31 December 2013 and of their performance, as represented by the results of their operations and their cash flows, for the half-year ended on that date.

In the Directors' opinion:

(a) the financial statements and notes are in accordance with the *Corporations Act 2001*; and

(b) 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.

P.L. Weightman
Director

19 February 2014

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WARWICK FACE
NIGEL BATTERS

Independent Auditor's Review Report

To the Security holders of Cromwell Property Group and
To the Unitholders of Cromwell Diversified Property Trust

Report on the Half-Year Financial Report

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

We have reviewed the accompanying half-year financial report of Cromwell and the Trust, which comprise the consolidated statements of financial position as at 31 December 2013, the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements 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 for both Cromwell Corporation Limited and Cromwell Property Securities Limited as responsible entity for the Cromwell Diversified Property Trust.

Directors' Responsibility for the Half-Year Financial Report
The directors of Cromwell Corporation Limited and the directors of Cromwell Property Securities Limited as responsible entity for the Cromwell Diversified Property Trust (collectively referred to as "the directors") are responsible for the preparation of the half-year financial reports 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 is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, 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 Cromwell and the Trust's financial positions as at 31 December 2013 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*. As the auditor of Cromwell Corporation Limited and Cromwell Diversified Property Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

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

Conclusion
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 reports of Cromwell and the Trust are not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of Cromwell and the Trust's financial position as at 31 December 2013 and of their performance for the half-year ended on that date; and
(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Pitcher Partners.

PITCHER PARTNERS

N BATTERS
Partner
Brisbane, Queensland
19 February 2014