

Appendix 4D

Results for Announcement to the Market

For the six months ended 31 December 2020

CROMWELL PROPERTY GROUP

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 2020**. The previous corresponding period is the six month period ended 31 December 2019. This report should be read in conjunction with Cromwell Property Group's annual report for the year to 30 June 2020 which is available from Cromwell's website at www.cromwellpropertygroup.com.

3. HIGHLIGHTS OF RESULTS

	Half-year 31 Dec 2020 \$A'M	Half-year 31 Dec 2019 \$A'M	% Change
Revenue and other income	293.8	399.3	(26%)
Operating profit attributable to stapled security holders as assessed by the directors ⁽¹⁾	99.1	134.1	(26%)
Operating profit per stapled security as assessed by the directors ⁽¹⁾⁽²⁾	3.8 cents	5.2 cents	(27%)
Other items (including fair value adjustments)	47.7	93.2	(49%)
Profit after tax attributable to stapled security holders	146.8	227.3	(35%)
Basic earnings per stapled security ⁽²⁾	5.6 cents	8.8 cents	(36%)
Diluted earnings per stapled security ⁽³⁾	5.6 cents	8.7 cents	(36%)
Distributions per stapled security	3.8 cents	3.8 cents	-%

	31 Dec 2020 \$A'M	30 Jun 2020 \$A'M	
Total assets	5,039.0	4,990.5	1%
Net assets	2,614.5	2,589.0	1%
Net tangible assets ("NTA") ⁽⁴⁾	2,606.4	2,573.4	1%
Net debt ⁽⁵⁾	2,062.5	1,975.9	4%
Gearing (%) ⁽⁶⁾	43%	42%	2%
Securities issued (M)	2,617.5	2,612.9	-%
NTA per security	\$1.00	\$0.99	1%
NTA per security (excluding interest rate derivatives)	\$1.00	\$0.99	1%

(1) Operating profit is calculated after adjusting for certain items (including fair value adjustments, realised gains on sale and other items) as set out in the Directors Report of the December 2020 half-year financial report.

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

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

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

(5) Interest bearing liabilities excluding lease liabilities and cash and cash equivalents.

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

4. COMMENTARY ON THE RESULTS

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

5. DISTRIBUTIONS AND DIVIDENDS

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

	Dividend per Security	Distribution per Security	Total per Security	Total \$A'M	Franked amt per Security	Record Date	Payment Date
31 Dec 2020							
Interim distribution	-	1.8750¢	1.8750¢	49.0	-	30/09/20	20/11/20
Interim distribution	-	1.8750¢	1.8750¢	49.1	-	31/12/20	19/02/21
	-	3.7500¢	3.7500¢	98.1	-		
31 Dec 2019							
Interim distribution	-	1.8750¢	1.8750¢	48.7	-	30/09/19	22/11/19
Interim distribution	-	1.8750¢	1.8750¢	48.8	-	31/12/19	21/02/20
	-	3.7500¢	3.7500¢	97.5	-		

6. DISTRIBUTION REINVESTMENT PLAN

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

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

In accordance with Rule 13 of the Plan, the Plan was suspended for the quarters ended 30 September 2020 and 31 December 2020 respectively and relevant distributions were paid to securityholders in cash.

7. INVESTMENTS IN JOINT VENTURES

Refer to Note 7 of the half-year financial report for details of investments in joint ventures and associates.

8. AUDIT REVIEW REPORT

The information contained in this report is unaudited. The financial report for the half-year ended 31 December 2020 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 2020 with the auditors review opinion has been lodged with ASX.

Authorised for lodgement by Lucy Laakso (Company Secretary) and Brett Hinton (Acting Chief Financial Officer).

Brett Hinton
 Acting Chief Financial Officer
 25 February 2021
 Brisbane



CROMWELL
PROPERTY GROUP

Cromwell Property Group Half-Year Financial Report

31 December 2020

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

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

Cromwell Diversified Property Trust
ARSN 102 982 598

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

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DIRECTORY

Board of Directors:

Jane Tongs
Tanya Cox
Lisa Scenna
Gary Weiss AM
Joseph Gersh AM

Secretary:

Lucy Laakso

Share Registry:

Link Market Services Limited
Level 21, 10 Eagle Street
Brisbane QLD 4000

Registered Office:

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Brisbane QLD 4000
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Listing:

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

Auditor:

Deloitte Touche Tohmatsu
Level 23, Riverside Centre
123 Eagle Street
Brisbane QLD 4000

All ASX and media releases as well as company news can be found on our webpage www.cromwellpropertygroup.com

Directors' Report

The Directors of Cromwell Corporation Limited and Cromwell Property Securities Limited as responsible entity for the Cromwell Diversified Property Trust (collectively referred to as "the Directors") present their report together with the consolidated financial statements for the half-year ended 31 December 2020 for both:

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

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

Strategy

The challenges of operating within the backdrop of the global pandemic continue. Our priority is the ongoing safety and wellbeing of our people who are an integral part of our success. The progress this period has been a result of the dedication and resilience of our people who continued to focus on delivery during these challenging times.

DIRECT PROPERTY INVESTMENTS

Cromwell's strategy is to invest in assets that are able to generate strong cashflows throughout the property cycle.

The COVID-19 pandemic continues to demonstrate the strength and resilience of Cromwell's property portfolio both in its ability to generate stable cash flows which is reflected in the resilience of its asset values.

Cromwell's financial results from its Australian property portfolio clearly demonstrate the strength, resilience, and defensive nature of this portfolio with its weighting towards government and government agency tenants. The portfolio's resilient nature has been further strengthened with its now 80% weighting to assets with long WALE's and high occupancy.

During the half year, Cromwell divested \$44 million of active assets. 80% of the portfolio, \$2.4 billion by value, now consists of assets with a combined WALE of 7.4 years and occupancy of 98.5%, with a healthy skew towards government tenants. Cromwell's \$1.0 billion development pipeline includes assets which will generate further core assets to enhance this portfolio positioning.

INDIRECT PROPERTY INVESTMENTS

The Cromwell European REIT (CEREIT) continued to grow during the half year with further acquisitions for its portfolio. The CEREIT continues to benefit from Cromwell's European assets and property management platform.

The Cromwell Polish Retail Fund properties have been impacted by lockdowns associated with the COVID-19 pandemic, however due to these shopping centres being predominantly fresh food and home care needs the impact was less than on major discretionary retail shopping centres. During the half year, a provision of \$2.3 million was raised in respect of tenant receivables for the Polish assets, directly related to the impact of COVID-19 lockdowns during the period. At the half year, all the Polish assets were externally valued resulting in a reduction in value of \$20.5 million, or 2.7%.

Given the on-going economic impact of COVID-19 in Europe, the selling down of the assets in the Cromwell Polish Retail Fund will be delayed until the market stabilises. Most of the assets have proven resilient to COVID-19 given the tenant mix towards grocery, hardware and other home care needs. This means the assets will remain on balance sheet for longer than expected.

The assets in the Cromwell Italy Urban Logistics Fund are all 100% leased to DHL on long leases and were unimpacted by COVID-19 resulting in an increase in valuations of \$3.5 million or 4.2%. The assets were acquired alongside a Korean investor and are expected to seed the launch of a new Cromwell Urban Logistics Fund before the end of the year. Cromwell ended the half year with its share of these assets on balance sheet.

Cromwell continues to maintain an exposure to the retirement living sector through its continued 50% ownership of LDK. Sales of suites at the Seniors Living site in Greenway, ACT, continued during the half year. Stage one of the project at Greenway is now complete and 33 suites settled during the half year. The complex/residence is now 59% occupied with all residents on the integrated LDK retirement model, further establishing this product/innovation in the sector.

FUND AND ASSET MANAGEMENT PLATFORM

Cromwell's fund and asset management platform achieved several key milestones during the period, remaining a key growth pillar to Cromwell's strategy.

Directors' Report

Australian Funds management

During the half year, the Cromwell Direct Property Fund had its first full liquidity event. 90.1% of investors chose to extend the Fund for a second term. In October 2020, investors in another Cromwell retail property fund, Cromwell Property Trust 12, were asked to vote on a rollover proposal for the Fund. 82.8% of eligible investors in Cromwell Property Trust 12 voted to extend the fund for a further five years. Both results were very pleasing and indicate investors recognise the value of Cromwell's disciplined approach to asset selection.

The Australian Funds management business is in a good position to grow its DPF business in the coming year through property acquisitions funded by strong funds flow from retail investors

European Funds management

The European funds management manages €3.7 billion in mandates and has grown by €146 million during the half year. The largest mandate is the Cromwell European REIT, this mandate continued to grow during the half year with \$115 million of acquisitions, ending the half year with a portfolio of 96 assets worth \$3.6 billion.

New Zealand Funds Management

Total AUM at Oyster Group in New Zealand (50% interest) was essentially unchanged at NZ\$1.9 billion.

Their Industrial fund has contracted to purchase three additional industrial properties and expects to open for a second equity raise in the second half of the year.

CAPITAL MANAGEMENT

Cromwell's debt platform is underpinned by a facility secured against selected assets within the Australian property portfolio and has considerable headroom against its covenants. The loan to value ratio covenant is set at 60% versus the actual ratio which stands at 36% at balance date, which means Cromwell has headroom under the covenant of \$1.1 billion. The WALE covenant is set at 3.0 years versus the actual WALE of 6.2 years for the selected assets and interest cover ratio is 2.0 times versus the actual interest cover of 6.4 times. Given the headroom Cromwell enjoys against all its covenants it believes holding the Cromwell Polish Retail Fund assets on its balance sheet until property valuations stabilise will realise the best outcome for securityholders.

KEY RESULTS FOR THE HALF-YEAR

Key outcomes of Cromwell's application of the "Invest to manage" strategy during the half-year ended 31 December 2020 are:

- Statutory profit of \$146.8 million including fair value gains in respect of Cromwell's investment property portfolio of \$37.6 million;
- Operating profit of \$99.1 million, which compared to the prior comparative period (adjusted for development fee revenue received in that period) decreased by 2.9%. This decrease was largely due to the impact of relief granted to tenants of \$3.2 million in the current half-year (statutory profit impact \$3.7 million);
- Gearing level of 43% currently sits outside target range. Cromwell continues to assess capital reallocation strategies to return to its target range of 30% - 40%;
- Gross assets of \$5.0 billion and Assets under management of \$11.6 billion at half-year end.

Key financial metrics

	Cromwell	
	Half-year ended	
	31 Dec 2020	31 Dec 2019
Financial performance		
Total assets under management (\$B)	11.6	11.5
Total statutory cost of relief granted to tenants for the half-year (\$M)	3.7	-
Total revenue and other income for the half-year (\$M)	293.8	399.3
EBITDA for the half-year ⁽¹⁾	151.1	189.1
Statutory profit for the half-year (\$M)	146.8	227.3
Statutory profit per stapled security for the half-year (basic) (cents)	5.59	8.78
Operating profit for the half-year (\$M)	99.1	134.1
Operating profit per stapled security for the half-year (cents)	3.79	5.18
Dividends / distributions for the half-year (\$M)	98.1	97.5
Dividends / distributions per stapled security for the half-year (cents)	3.75	3.75

(1) Earnings before interest, tax, depreciation and amortisation.

Directors' Report

	Cromwell	
	As at	
	31 Dec 2020	30 Jun 2020
Financial position		
Total assets (\$M)	5,039.0	4,990.5
Net assets (\$M)	2,614.5	2,589.0
Net tangible assets (\$M) ⁽²⁾	2,606.4	2,573.4
Net debt (\$M) ⁽³⁾	2,062.5	1,975.9
Gearing (%) ⁽⁴⁾	43%	42%
Stapled securities issued (M)	2,617.5	2,612.9
NTA per stapled security (\$)	\$1.00	\$0.99

(2) Earnings before interest, tax, depreciation and amortisation.

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

(4) Interest bearing liabilities excluding lease liabilities less cash and cash equivalents.

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

Financial performance

Cromwell recorded a statutory profit of \$146.8 million for the half-year ended 31 December 2020 (31 December 2019: \$227.3 million). The Trust recorded a statutory profit of \$137.3 million for the half-year ended 31 December 2020 (31 December 2019: \$174.7 million).

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

Cromwell recorded an operating profit of \$99.1 million for the half-year ended 31 December 2020 compared to \$134.1 million for the previous corresponding half-year.

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

	Cromwell	
	Half-year ended	
	31 Dec 2020 \$M	31 Dec 2019 \$M
Operating profit	99.1	134.1
<i>Reconciliation to profit for the half-year</i>		
Gain on sale of investment properties	5.9	2.9
Loss on disposal of other assets	-	(2.8)
Other transaction costs	(7.8)	(17.2)
Restructure costs	(1.5)	-
Operating lease costs	1.5	1.8
Relating to non-controlling interests	0.7	-
Fair value net gains / (losses):		
Investment properties	37.6	110.1
Derivative financial instruments	3.9	(3.8)
Investments at fair value through profit or loss	(0.5)	1.5
Receivables at fair value through profit or loss	-	18.7
Non-cash property investment income / (expense):		
Straight-line lease income	3.1	5.5
Lease incentive amortisation	(13.7)	(11.8)
Lease cost amortisation	(1.2)	(2.2)
Other non-cash expenses or non-recurring items:		
Amortisation of loan transaction costs	(4.9)	(5.1)
Finance costs attributable to discounted lease incentives	(0.5)	(0.3)
Net exchange gains on foreign currency borrowings	18.4	9.8
Amortisation and depreciation ⁽¹⁾	(4.5)	(3.5)
Relating to equity accounted investments ⁽²⁾	14.1	(4.6)
Net foreign exchange losses	(1.3)	-
Net tax losses utilised ⁽³⁾	(1.6)	(5.8)
Profit for the half-year	146.8	227.3

(1) Comprises depreciation of plant and equipment and right of use assets and amortisation of intangible assets.

(2) Comprises fair value adjustments and other non-operating items 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.

Directors' Report

Operating profit per security

Operating profit 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 as well as the impact of changes in the number of securities on issue.

Operating profit and distributions on a per security basis are shown below.

	Cromwell	
	Half-year ended	
	31 Dec 2020 Cents	31 Dec 2019 Cents
Statutory profit per stapled security	5.59	8.78
Operating profit per stapled security	3.79	5.18
Distributions per stapled security	3.75	3.75

Operating profit per security for the half-year was 3.79 cents (31 December 2019: 5.18 cents). This represents a decrease of approximately 27% over the prior half-year. This prior half-year results included the recognition of a \$32.0 million development fee derived from a joint venture that has been disposed of.

Dividends / distributions

The table below shows details of Cromwell's and the Trust's quarterly dividends and distributions paid during the half-year:

	Dividend per security	Distribution per security	Total per security	Total \$M	Franked amount per security	Record date	Payment date
2020							
Interim distribution	-	1.8750¢	1.8750¢	49.0	-	30-Sep-20	20-Nov-20
Interim distribution	-	1.8750¢	1.8750¢	49.1	-	31-Dec-20	19-Feb-21
		3.7500¢	3.7500¢	98.1	-		
2019							
Interim distribution	-	1.8750¢	1.8750¢	48.7	-	30-Sep-19	22-Nov-19
Interim distribution	-	1.8750¢	1.8750¢	48.8	-	31-Dec-19	21-Feb-20
		3.7500¢	3.7500¢	97.5	-		

Analysis of segment performance

The contribution to operating profit of each of the 3 segments of Cromwell and the reconciliation to total operating profit is set out below:

	Half-year ended		Half-year ended	
	31 Dec 2020 %	31 Dec 2020 \$M	31 Dec 2019 %	31 Dec 2019 \$M
Direct property investment (i)	63.2%	77.1	65.0%	105.7
Indirect property investment (ii)	18.5%	22.6	15.9%	25.8
Funds and asset management (iii)	18.3%	22.3	19.1%	31.1
Total segment profit	100.0%	122.0	100.0%	162.6
Finance income		2.0		2.9
Management and administration costs		(19.5)		(21.1)
Income tax expense		(5.4)		(10.3)
Operating profit		99.1		134.1

Directors' Report

(i) Direct property investment

Summary information at 31 December 2020 about the direct property investment portfolio is included below:

Portfolio ⁽¹⁾	Portfolio (%)	Carrying amount (\$M)	Like for Like NOI Growth (%)	WALE (years)	Occupancy (%)	Capitalisation rate (%)	Discount rate (%)	Fair value adjustment (\$M)
31 December 2020								
Core	80%	2,400.0	4.5%	7.4 yrs	98.5%	5.3%	6.1%	52.7
Core+	19%	580.3	8.5%	2.8 yrs	87.7%	6.5%	6.8%	(15.9)
Active	1%	18.3	(167.7%)	-	-	7.3%	7.8%	(0.1)
Total	100%	2,998.6	3.6%	6.3 yrs	93.6%	5.5%	6.3%	36.7
30 June 2020								
Core	78%	2,347.4	4.2%	7.5 yrs	99.2%	5.4%	6.4%	92.2
Core+	20%	596.0	8.3%	3.0 yrs	96.4%	6.5%	6.7%	14.7
Active / held for sale	2%	62.3	(3.6%)	0.3 yrs	38.0%	7.3%	7.8%	(23.5)
Total	100%	3,005.7	5.4%	6.2 yrs	90.9%	5.6%	6.5%	83.4

(1) Includes 100% owned assets and assets classified as held for sale

(2) Like for like NOI growth comparative is for the prior corresponding period.

Impact of COVID-19

As a component of the governmental response to COVID-19 in Australia, a commercial Code of Conduct was developed and legislated in each State and Territory requiring landlords to provide rent relief to relevant qualifying tenants. The Code of Conduct required landlords to provide relief for a period of up to six months to relevant qualifying tenants in the form of rent waivers and rent payment deferral. These measures have been extended by relevant State governments.

The tenant mix in Cromwell's Australian property portfolio is weighed to Government and ASX-listed tenants which has proven resilient in the current economic conditions. As a result tenant rent collections from the Direct property portfolio have been relatively unimpacted by the onset of the COVID-19 pandemic. Only a small amount of rent has been waived (\$0.9 million) or deferred (\$8.1 million) during the half-year.

Valuations

The same high-quality tenant characteristics that led to net property income remaining robust played a significant role in valuations of the Direct property portfolio remaining relatively unimpacted by the onset of the COVID-19 pandemic and resilient considering the circumstances. Valuers indicated that, as a result of the COVID-19 pandemic, there is valuation uncertainty as at 31 December 2020 due to there being limited transactional evidence available for the period since the pandemic began, as well as uncertainty surrounding future market rent levels compared with pre-pandemic levels. Valuations for the direct portfolio increased by \$36.7 million during the half-year (31 December 2019: \$115.5 million), net of property improvements, leasing incentives and lease costs.

	Cromwell	
	Half-year ended	
	31 Dec 2020 \$M	31 Dec 2019 \$M
Change in valuations, net of property improvements, lease costs and incentives	46.6	140.3
Non-cash adjustments for straight-lining of rentals and lease amortisation	(9.9)	(8.6)
Acquisition transaction costs	-	(16.2)
Increase in fair value of investment properties	36.7	115.5

Core Portfolio

This component of the portfolio is composed of properties that have a long-term WALE with near full occupancy which have an expectation of low incentive and CAPEX expenditures going forward. The Core portfolio consists of 10 assets and represents 80% of Cromwell's total direct portfolio by value. Net fair value increases of \$52.7 million were primarily the result of the value of strong tenant covenants at 2-24 Rawson Place, Haymarket NSW and 203 Coward Street, Mascot NSW, whilst valuations in respect of the remainder of the portfolio remained robust.

Core + Portfolio

This component of the portfolio is generally composed of properties that have a medium-term WALE with material leasing upside opportunities going forward. The Core + portfolio consists of 6 assets and represents 19% of Cromwell's total direct portfolio by value. Net fair value decreases of \$15.9 million were primarily in relation to the upcoming vacancy at TGA Complex, ACT.

Directors' Report

Active Portfolio

This component of the portfolio is composed of properties that are vacant (or near vacant) and or are actively being marketed or repositioned. Information in respect of the properties that compose this segment of the portfolio is below:

- 19 National Circuit, ACT - currently vacant. Cromwell is in the process of finalising development approval to increase the usable space and gross lettable area of the property; and
- Tuggeranong Office Park, ACT – vacant land. Cromwell is in the process of identifying opportunities for the realisation or use of the property.

(ii) Indirect property investment

CPRF

The CPRF portfolio contains six catchment-dominating shopping centres, plus a significant interest in a seventh (Ursynów – see further below), in Poland. The portfolio is currently being repositioned into a saleable fund and will be offered to capital partners as soon as current economic conditions allow.

The portfolio was independently valued as at 31 December 2020 and summary information is included below:

Property	Portfolio (%)	Carrying amount (\$M)	WALE (years)	Occupancy (%)	Capitalisation rate (%)	Fair value adjustment (\$M)
At 31 December 2020						
Janki, Warszawa	50%	361.5	5.3 yrs	91.7%	5.8%	(1.2)
Korona, Wrocław	19%	138.2	5.0 yrs	98.8%	6.9%	1.1
Ster, Szczecin	13%	92.5	3.2 yrs	88.1%	7.4%	(0.3)
Rondo, Bydgoszcz	12%	86.8	4.2 yrs	97.3%	7.2%	(0.8)
Tulipan Łódź	3%	24.8	5.6 yrs	100.0%	7.3%	(0.3)
Kometa, Toruń	3%	22.3	6.2 yrs	100.0%	7.3%	(0.2)
Total	100%	726.1	4.9 yrs	94.8%	6.5%	(1.7)
At 30 June 2020						
Janki, Warszawa	50%	372.3	4.4 yrs	91.2%	5.8%	(34.9)
Korona, Wrocław	19%	141.2	5.2 yrs	99.5%	6.8%	(14.7)
Ster, Szczecin	13%	94.9	3.3 yrs	88.8%	7.3%	(10.9)
Rondo, Bydgoszcz	12%	89.8	5.0 yrs	96.9%	7.0%	(3.5)
Tulipan Łódź	3%	25.4	6.1 yrs	100.0%	7.3%	(1.1)
Kometa, Toruń	3%	23.0	6.7 yrs	100.0%	7.3%	(0.8)
Total	100%	746.6	4.7 yrs	94.8%	6.4%	(65.9)

Impact of COVID-19

In the 6 months to 31 December 2020, Poland was subject to second and third periods of lockdown – Lockdown II from 7 November 2020 to 29 November 2020 and Lockdown III which commenced on 29 December 2020 and concluded on 1 February 2021, affecting approximately 63% of the net operating income from these properties. Supermarkets and pharmacies remained open. As a result, a conservative expected credit loss provision of €1.4m (\$2.3m) has been made at 31 December 2020 in relation to relevant tenant receivables as a result of the current uncertain legislative situation regarding these lockdowns.

Valuations

Cromwell's six 100% owned Polish retail properties warehoused within the Cromwell Polish Retail Fund were independently valued at 31 December 2020 resulting in a \$1.7 million decrease in fair value (31 December 2019: \$5.4 million decrease), net of property improvements, leasing incentives and lease costs and foreign exchange movements.

	Cromwell	
	Half-year ended	
	31 Dec 2020 \$M	31 Dec 2019 \$M
Change in valuations, net of property improvements, lease costs and incentives and foreign exchange differences	17.3	(0.7)
Non-cash adjustments for straight-lining of rentals and lease amortisation	(2.0)	-
Foreign exchange differences	(17.0)	(0.1)
Acquisition transaction costs	-	(4.6)
Increase in fair value of investment properties	(1.7)	(5.4)

Directors' Report

Valuers noted that, as a result of the COVID-19 pandemic, there is valuation uncertainty as at 31 December 2020 due to there being limited transactional evidence available for the period since the outbreak of COVID-19 and uncertainty whether market rent levels have reduced compared with pre COVID-19 levels.

URSYNÓW

Cromwell and the Trust own an 87.8% interest in CH Ursynów sp. z o.o., (Ursynów), an entity that owns a retail asset in Poland, the remaining equity is owned by Unibail-Rodamco Westfield B.V. (URW). The investment property that underpins the joint venture was independently valued at 31 December 2020 resulting in a \$0.3 million decrease.

CROMWELL ITALY URBAN LOGISTICS FUND (ULF)

On 8 October 2020, Cromwell (85% share), in partnership with Korean real estate investment manager, IGIS Asset Management (15% share), announced the settlement of seven logistics assets in Northern Italy for \$83.3 million (€51.0 million). The properties are held in the ULF, an Italian Real Estate Investment Fund ("a REIF"), which is a closed ended alternative investment fund reserved for professional investors.

The portfolio is currently fully let to and occupied by just one tenant, logistics giant DHL. The portfolio is currently being repositioned into a saleable fund and will be offered to capital partners as soon as current economic conditions allow.

The portfolio was independently valued as at 31 December 2020 and summary information is included below:

Property	Portfolio (%)	Carrying amount (\$M)	WALE (years)	Occupancy (%)	Capitalisation rate (%)	Fair value adjustment (\$M)
At 31 December 2020						
Carugate	43%	37.3	11.0 yrs	100%	5.0%	(0.7)
Campegine	18%	15.9	12.0 yrs	100%	5.0%	1.6
Torri di Quartesolo	10%	8.7	9.0 yrs	100%	5.0%	1.2
Verona	10%	8.6	9.0 yrs	100%	5.3%	0.3
Bologna Interporto	9%	8.1	9.0 yrs	100%	5.0%	0.6
Campogalliano	5%	4.7	9.0 yrs	100%	5.5%	(0.2)
San Mauro Torinese	5%	3.5	6.0 yrs	100%	5.5%	(0.2)
Total	100%	86.8	10.2 yrs	100%	5.1%	2.6

Impact of COVID-19

As a result of the COVID-19 pandemic the Italian government has issued various decrees with the intention of mitigating the spread and impact of COVID-19. It is anticipated that the latest government restrictions will not directly impact DHL's business and activities in Italy. This is due to the following reasons: -

- Current restrictions are less stringent compared to those in place during the first half of 2020;
- All seven DHL assets remain open and fully operational;

Risk mitigation is offered by the diversification of the different DHL business units which occupy our assets.

Valuations

Cromwell's seven Italian logistics properties warehoused within the ULF were independently valued at 31 December 2020 resulting in a \$2.6 million increase, net of acquisition costs and foreign exchange movements.

	Cromwell	
	Half-year ended	
	31 Dec 2020 \$M	31 Dec 2019 \$M
Change in valuations, net of property improvements, lease costs and incentives and foreign exchange differences	7.6	-
Foreign exchange differences	(2.0)	-
Acquisition transaction costs	(3.0)	-
Increase in fair value of investment properties	2.6	-

CEREIT

Cromwell owned 30.7% (30 June 2020: 30.7%) of CEREIT at the end of the half-year. Cromwell accounts for its holding in CEREIT as an equity accounted investment. The share of operating profit recorded for the half-year ended 31 December 2020 was \$22.5 million (31 December 2019: \$22.8 million).

Directors' Report

At 31 December 2020 CEREIT had 96 properties with a fair value of €2.2 billion (30 June 2020: 94 properties with a fair value of €2.1 billion) located in Denmark, Netherlands, Italy, Finland, Germany, Poland and France. CEREIT's property and tenant portfolios have been relatively unimpacted by COVID-19. Occupancy has remained stable at 93.2% and the COVID-19 pandemic has had an imperceptible impact on tenant collections. External valuations as at 31 December 2020 were conducted for 39 properties representing approximately 58% of CEREIT's portfolio resulting in net fair value gains of €33.5 million.

CO-INVESTMENTS

Cromwell currently has co-investments in European real estate investment mandates which are accounted for as investments at fair value through profit or loss. Cromwell receives distributions from its co-investments which also support the funds management business. Cromwell may also, from time to time, warehouse assets to use as seed portfolios for new funds or mandates. During the half-year the balance of co-investments held by Cromwell remained steady at \$12.9 million.

(iii) Funds and asset management

Retail Funds management - Australia

Retail funds management profit increased from \$3.8 million in the prior comparative period to \$10.5 million for the half-year ended 31 December 2020. This is primarily due to Cromwell receiving \$11.4 million in performance fees during the period, the most significant being \$9.7 million in respect of the performance and extension of Cromwell Property Trust 12, compared to \$1.3 million for the prior comparative period.

Total retail funds under management remained steady since 30 June 2020, being \$2.2 billion.

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

Direct property funds

The tenant population is weighted towards government, ASX-listed and other larger entities that were either not materially impacted by the pandemic or not eligible for relief. This resulted in only small amounts of rent being waived or deferred during the period. The same high-quality tenant characteristics that have led to Cromwell's own net property income remaining robust have also played a significant role in valuations of the retail funds management property portfolio being relatively unimpacted by the onset of the COVID-19 pandemic.

Further information at 31 December 2020 about the composition of the Direct property funds are below:

Fund	Operating profit		Distributions per security (cents)	Net tangible assets		Tenant relief provided	
	Total (\$'000)	Per security (cents)		Total (\$'000)	Per security (\$)	Rent waived (\$'000)	Rent deferred (\$'000)
31 December 2020							
Cromwell Direct Property Fund	15,013	5.7	3.6	313,642	\$1.21	225	178
Cromwell Property Trust 12	3,398	4.5	66.5	72,040	\$0.95	6	-
Cromwell Riverpark Trust	6,914	7.6	6.0	187,639	\$2.06	32	-
Cromwell Ipswich City Heart Trust	3,502	6.7	5.8	79,040	\$1.51	7	-

On 1 July 2020, the first full Liquidity event for the Cromwell Direct Property Fund commenced. On 3 August 2020, due to less than 10% of redemptions being requested under the Liquidity event, Cromwell Funds Management Limited announced the extension of Cromwell Direct Property Fund for a second term to July 2025.

Cromwell Property Trust 12's initial term expired on 31 October 2020. In December 2020 unitholders were asked to vote on a rollover proposal for the Trust. The vote was successful and the term of Cromwell Property 12 has been extended for a further five years to 31 October 2025. On 14 December 2020 the Trust completed the sale of one of the Trust's two assets, the Rand Distribution Centre. Following settlement, unitholders who were on the Trust's register at 14 December 2020 received a Special Distribution of \$0.6184 per unit.

Directors' Report

Property securities funds

Information at 31 December 2020 about the composition of the Property securities funds are below:

Fund	Statutory profit / (loss)		Distributions per security (cents)	Net assets		Annual return performance ⁽¹⁾	
	Total (\$'000)	Per security (cents)		Total (\$'000)	Per security (\$)	Fund performance (%)	Relevant benchmark (%)
31 December 2020							
Cromwell Phoenix Property Securities Fund	52,936	23	2	277,090	\$1.21	23.3%	21.6%
Cromwell Phoenix Opportunities Funds	11,593	66	-	44,482	\$2.52	35.3%	20.3%

(1) Calculated after fees and costs.

The Cromwell Phoenix Property Securities Fund continued its strong recovery after being heavily impacted by market sell-off as a result of the COVID-19 pandemic. The fund remains liquid and outperformed its benchmark for the half-year.

Cromwell Phoenix Opportunities Fund performed extremely well during the period and exceeded its own benchmark for the half-year.

Oyster – New Zealand

Oyster Property Group's assets under management decreased slightly to NZD\$1.9 billion at 31 December 2020 (30 June 2020: NZD\$2.0 billion).

Cromwell recognised a share of profit of \$0.6 million (2019: \$0.5 million) and received a dividend of \$1.8 million during the half-year (2019: \$nil).

Wholesale funds management

Wholesale funds management profit decreased to \$7.0 million (2019: \$26.9 million) due to a slowdown in transactional revenues during the period.

LDK

Cromwell holds a 50% interest in the LDK Healthcare Unit Trust (LDK), a joint venture conducting a Seniors living business created in 2018. During 2018, Cromwell and LDK commenced a project to repurpose the Cromwell-owned property Tuggeranong Office Park in the ACT into a Seniors living village. The first stage of the project is now complete. Since opening 124 of the 210 (59%) completed suites have been sold, of which 79 (64%) have settled (during the period to 31 December 2020 27 suites were sold and 33 settled).

LDK also operates one of Sydney's premium Seniors villages, The Landings at Turrumurra (The Landings) which continues to operate profitably.

Cromwell recognised a share of statutory profit of \$11.0 million for the period, of which \$4.9 million was considered to be operating in nature. Cromwell recorded \$0.7 million in project management fees in respect of development services provided to LDK. Further, Cromwell and the Trust recorded \$0.5 million finance income for the period in respect of development-related loans made to LDK. This revenue stream is forecast to rise significantly going forward due to the restructuring of the development finance arrangements provided to the LDK joint venture to fund its growth strategies.

European funds management

The European business continues to execute the strategy of securing longer-term and more secure revenue sources.

The European funds management business generated an operating profit of \$1.6 million (2019: \$26.2 million) for the period.

During the half-year the European business traded almost €360 million of real estate assets (2019: €623 million). The resulting acquisition and disposal fees amounted to \$2.6 million (2019: \$8.8 million) out of total funds management fees of \$30.7 million (2019: \$69.9 million). The European funds management business received no performance fees (promotes) during the half-year (2019: \$26.8 million).

As at 31 December 2020 the European funds management business had €3.7 billion (\$5.9 billion) assets under management (30 June 2020: €3.5 billion (\$5.8 billion)).

Directors' Report

The movement in assets under management (AUM) for the European business for half-year to 31 December 2020 was as follows:

	CEREIT €M	Korean Mandate €M	CPRF €M	ULF €M	EDF €M	Other Mandates €M	Total AUM €M
Balance at 30 June 2020	2,075	91	559	-	153	660	3,538
Acquisitions	69	-	-	51	-	120	240
Disposals	-	-	-	-	(15)	(106)	(121)
Revaluations / other	36	-	(1)	4	(6)	(6)	27
Balance at 31 December 2020	2,180	91	558	55	132	668	3,684
Percentage of AUM	59%	2%	15%	2%	2%	20%	100%

The European business continues to broaden its focus from Private Equity Funds and Mandates towards longer term, more secure revenue sources. Following further acquisitions by CEREIT and the transfer of CPRF and ULF assets into CDPT for future fund creation, the European business now has 78% (30 June 2020: 78%) of its AUM in long-term mandates.

The remaining AUM, making up 22% of total AUM at balance date, is held in 16 mandates ranging in size from €3.2 million to €90.5 million with various expected end dates between March 2021 and March 2024. Mandates with AUM valued at €17 million are expected to expire over the course of the next 12 months, with disposals on expiry generating disposal fees and performance fees for Cromwell. Growth in CEREIT and new funds or mandates are expected to offset the value of the expiring mandates.

Finance costs

Interest expense in relation to borrowings for the half-year increased slightly to \$29.8 million (2019: \$26.5 million). The increase in interest expense is in line with increased borrowings used to acquire the investment property portfolio in Italy which has been accretive to earnings. The average interest rate for the current half-year ended 31 December 2020 decreased to 2.66% compared to 3.14% for the prior comparative period.

The net fair value gain in relation to derivative financial instruments of \$3.9 million (2019: loss of \$3.8 million) primarily arose as a result of the revaluation of interest rate swap and cap contracts, which resulted in the recognition of net gains of \$2.8 million for the half-year (2019: \$nil). Cromwell has hedged future interest rates through various types of interest rate derivatives (predominately interest rate caps) with 88% of its borrowings at 31 December 2020 hedged or fixed to minimise the risk of changes in interest rates in the future (30 June 2020: 67%). All hedging contracts expire between April 2021 and April 2025.

Financial position

	Cromwell		Trust	
	As at		As at	
	31 Dec 2020	30 Jun 2020	31 Dec 2020	30 Jun 2020
Total assets (\$M)	5,039.0	4,990.5	4,880.7	4,834.0
Net assets (\$M)	2,614.5	2,589.0	2,511.6	2,494.7
Net tangible assets (\$M) ⁽¹⁾	2,606.4	2,573.4	2,518.3	2,495.8
Net debt (\$M) ⁽²⁾	2,062.5	1,975.9	2,120.8	2,044.5
Gearing (%) ⁽³⁾	43%	42%	44%	43%
Stapled securities issued (M)	2,617.5	2,612.9	2,617.5	2,612.9
NTA per stapled security	\$1.00	\$0.99	\$0.96	\$0.96

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

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

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

Investment property

For the half-year ended 31 December 2020 Cromwell's approach to property valuations was substantially consistent with prior periods, being in accordance with the established Valuations policy, but with an added emphasis in relation to the impact of COVID-19 upon inputs relevant to the valuation model for each property. At balance date the valuations for 29 of Cromwell's investment properties are based on independent external valuations representing 99% of the value of the portfolio. The weighted average capitalisation rate (WACR) across the portfolio remained steady at 5.7%.

Directors' Report

Debt

Net debt (excluding operating lease liabilities) increased by \$86.6 million due to total borrowings increasing by \$48.3 million whilst cash and cash equivalents decreased by \$39.5 million (note: the acquisition of the Italian investment property portfolio was funded from cash on hand and proceeds from additional borrowings). Gearing increased from 42% to 43% during the half-year. Notwithstanding the current low interest rate environment, this places Cromwell's gearing outside its target range of between 30% - 40% through the cycle range. It is expected that Cromwell's gearing will oscillate around this range depending upon investment deployment.

Cromwell's main loan facility (bilateral loan facility) is secured against selected Core and Core+ investment properties in the Australian portfolio. This facility's performance against loan covenants at balance date demonstrates the ability of Cromwell to carry higher gearing levels without impacting the ongoing operations of the business.

Covenant	Actual	Limit	Headroom
Loan to value	36%	60%	\$1.1 billion
WALE	6.2 yrs	3.0 yrs	3.2 years
Interest cover	6.4 times	2.0 times	\$60.4 million

Cromwell's Euro / GBP revolving credit facility has a look-through gearing covenant of 65.0% versus balance date actual look-through gearing of 49.3%.

All other loan facilities are asset level financing with no reference to group level gearing.

Liquidity

As at 31 December 2020 Cromwell had \$150.3 million of cash (30 June 2020: \$194.1 million) and undrawn bank facilities totalling \$460.2 million (30 June 2020: \$472.9 million).

Equity

An additional 4.6 million stapled securities were issued during the half-year at an average issue price of \$0.30, composed entirely of securities issued following the exercise of performance rights.

Net tangible assets (NTA) per security has increased during the half-year from \$0.99 to \$1.00, primarily as a result of an overall increase in property valuations attributable to the direct investment property portfolio and properties held in equity accounted investment valuations.

Outlook

Cromwell expects the economic and social impacts of COVID-19 to continue to cause uncertainty and dislocation in all the markets in which it operates in for the remainder of 2021. However, the progressive roll out of the COVID-19 vaccination programs in all countries that Cromwell operates in provides confidence that the pandemic impacts are becoming manageable and by the end of calendar year 2021 we believe that business conditions will stabilise.

While real estate transactions in Europe and Australia have been subdued over the last six months, Cromwell still enjoys strong support from its capital partners and retail investor base. The extension of both the Cromwell Direct Property Fund and Cromwell Property Trust 12 show the benefits of Cromwell's disciplined approach to asset selection for retail investors. The Cromwell European REIT has continued to benefit from our European platform which can source off market real estate deals in a dislocated market. This demonstrates the value of Cromwell's vertically integrated property and asset management capabilities in both Europe and Australia which allows us to better understand the financial challenges of our tenants and provide more tailored solutions.

While the Cromwell Polish Retail Fund assets will likely remain on the balance sheet for the foreseeable future, they have proved resilient due to their high weighting to essential shopping. The assets in the Cromwell Italy Urban Logistics Fund are expected to seed the launch of a new Cromwell Urban Logistics Fund before the end of the year.

Gearing still remains above Cromwell's target range at 42% (target range 40%) but Cromwell has a strong balance sheet with sufficient liquidity and ample loan covenant headroom to maintain operations well into the future and to continue to invest into our direct and indirect portfolio and our fund and asset management platform.

Distributions

Given the ongoing uncertainty, suppressed transactional activity in Europe and current market conditions Cromwell provides updated distribution guidance for FY21 of 7.00cps. This is 0.50cps (7%) below previous guidance. Any further alteration in the current economic conditions of Cromwell and our tenants, the continuing changing landscape of the COVID-19 pandemic, the effectiveness of vaccines and responses by various governments may impact on the final level of distributions for FY21.

Directors' Report

Cromwell will also be undertaking a review of its key performance measure, Operating Profit, during the second half of FY21. The key performance measure of Operating Profit has been used by the Board of Cromwell to set distribution levels. Distributions need to be set at levels either equal to or below the operating cash flows of Cromwell in order to be sustainable over the long term. Over recent years, there has been a divergence between the cash flows generated from Cromwell's operations and the Operating Profit key performance metric owing to the timing difference between the recognition of income and the cash collection of that income. There has been no significant change to the methodology of the calculation of Operating Profit since Cromwell stapled in 2007 because Cromwell believes a consistent approach to measuring performance is critical to good corporate governance. However, given the divergence now being seen, Cromwell believes it is appropriate to make an adjustment to the calculation methodology of its key performance measure which is used to set distributions to ensure it better reflects the underlying cash flows from operations of the business.

Directors' Report

Directors

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

Directors		Date of Appointment
Ms Jane Tongs	Non-executive Chair	26 November 2014 (Chair since 18 November 2020)
Ms Tanya Cox	Non-executive Director	21 October 2019
Ms Lisa Scenna	Non-executive Director	21 October 2019
Dr Gary Weiss AM	Non-executive Director	18 September 2020
Mr Joseph Gersh AM	Non-executive Director	18 September 2020
Mr Leon Blitz	Non-executive Chair	28 June 2017 (retired 18 November 2020)
Mr Andrew Fay	Non-executive Director	15 October 2018 (retired 18 November 2020)
Mr John Humphrey	Non-executive Director	8 September 2020 (retired 18 November 2020)
Mr Paul Weightman	Managing Director / Chief Executive Officer	6 August 1998 (retired 31 December 2020)

Company Secretary

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

Company Secretary	Date of Appointment
Ms Lucy Laakso	10 August 2015

Subsequent events

Other than as disclosed in note 14, no matter or circumstance has arisen since 31 December 2020 that has significantly affected or may significantly affect:

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

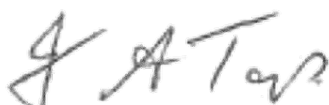
Rounding of amounts

Cromwell is an entity of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that instrument amounts in the Directors' report have been rounded off to the nearest one hundred thousand dollars, or in certain cases to the nearest dollar, unless otherwise indicated.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* (Cth) accompanies this report on page 16.

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



Jane Tongs

Chair

Dated this 25th day of February 2021

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

25 February 2021

Dear Directors

Auditor's Independence Declaration

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

As lead audit partner for the review of the consolidated half year financial report of Cromwell Property Group (the stapled entity which comprises Cromwell Corporation Limited, Cromwell Diversified Property Trust and the entities they controlled at the end of the half-year or from time to time during the half-year) and Cromwell Diversified Property Trust for the half year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely



DELOITTE TOUCHE TOHMATSU



David Rodgers

Partner

Chartered Accountants

Consolidated Statements of Profit or Loss

For the half-year ended 31 December 2020

	Notes	Cromwell		Trust	
		Half-year ended		Half-year ended	
		31 Dec 2020 \$M	31 Dec 2019 \$M	31 Dec 2020 \$M	31 Dec 2019 \$M
Continuing operations					
Revenue					
Rental income and recoverable outgoings		133.4	119.2	133.6	118.8
Funds management fees		46.6	78.3	-	-
Development sales and fees		-	32.0	-	-
Finance income		2.5	2.9	3.4	4.9
Distributions		1.8	1.4	-	-
Other revenue		0.2	0.2	-	0.1
Total revenue	5(a)	184.5	234.0	137.0	123.8
Other income					
Fair value net gains from:					
Investment properties	6(b)	37.6	110.1	37.6	110.1
Derivative financial instruments		3.9	-	3.9	-
Investments at fair value through profit or loss		-	1.5	-	-
Receivables at fair value through profit or loss		-	18.7	-	-
Share of profit of equity accounted investments	7(e), (f)	44.0	22.4	30.5	22.3
Net foreign currency gains		17.9	9.7	16.1	9.7
Gain on sale of investment property	6(f)	5.9	2.9	5.9	2.9
Total revenue and other income		293.8	399.3	231.0	268.8
Expenses					
Property expenses and outgoings		31.5	25.0	36.7	28.0
Funds management costs		3.9	1.4	-	-
Finance costs	9(c)	35.4	32.0	35.1	31.6
Employee benefits expense		40.1	47.6	-	-
Administration and overhead costs		16.8	22.5	14.5	10.3
Other transaction costs		7.8	17.2	1.2	17.2
Amortisation and depreciation		4.5	3.5	-	-
Fair value net loss from:					
Investments at fair value through profit or loss		0.5	-	-	-
Derivative financial instruments		-	3.8	-	3.8
Loss on disposal of other assets		-	2.8	-	2.6
Net foreign currency losses		-	-	-	2.1
Total expenses		140.5	155.8	87.5	95.6
Profit before income tax		153.3	243.5	143.5	173.2
Income tax expense / (benefit)		6.5	16.2	6.2	(1.5)
Profit for the half-year from continuing operations		146.8	227.3	137.3	174.7
<i>Profit / (loss) for the half-year is attributable to:</i>					
Company shareholders		9.1	54.5	-	-
Trust unitholders		137.0	172.8	137.0	172.8
Non-controlling interests		0.7	-	0.3	1.9
Profit for the half-year from continuing operations		146.8	227.3	137.3	174.7
Earnings per security					
Basic earnings per company share/trust unit (cents)	4(b)	0.35¢	2.10¢	5.24¢	6.67¢
Diluted earnings per company share/trust unit (cents)	4(b)	0.35¢	2.10¢	5.22¢	6.64¢
Basic earnings per stapled security (cents)	4(c)	5.59¢	8.78¢		
Diluted earnings per stapled security (cents)	4(c)	5.57¢	8.75¢		

The above consolidated statements of profit or loss should be read in conjunction with the accompanying notes.

Consolidated Statements of Other Comprehensive Income

For the half-year ended 31 December 2020

	Cromwell		Trust	
	Half-year ended		Half-year ended	
	31 Dec 2020 \$M	31 Dec 2019 \$M	31 Dec 2020 \$M	31 Dec 2019 \$M
Profit for the half-year	146.8	227.3	137.3	174.7
Other comprehensive income				
<i>Items that may be reclassified to profit or loss</i>				
Exchange differences on translation of foreign operations	(31.6)	(23.2)	(29.7)	(21.7)
Income tax relating to this item	-	-	-	-
Other comprehensive income, net of tax	(31.6)	(23.2)	(28.9)	(21.7)
Total comprehensive income	115.2	204.1	107.6	153.0
<i>Total comprehensive income is attributable to:</i>				
Company shareholders	9.2	53.0	-	-
Trust unitholders	107.3	151.1	107.3	151.1
Non-controlling interests	(1.3)	-	0.3	1.9
Total comprehensive income	115.2	204.1	107.6	153.0

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

Consolidated Balance Sheets

As at 31 December 2020

	Notes	Cromwell		Trust	
		As at		As at	
		31 Dec 2020 \$M	30 Jun 2020 \$M	31 Dec 2020 \$M	30 Jun 2020 \$M
Current assets					
Cash and cash equivalents		150.3	194.1	84.5	117.8
Receivables	12(b)	89.6	50.3	60.0	30.9
Inventories		15.0	15.4	-	-
Current tax assets		1.7	1.6	0.6	0.7
Other current assets		11.3	8.7	3.1	3.0
		267.9	270.1	148.2	152.4
Investment properties classified as held for sale	6(b)	-	44.0	-	44.0
Equity accounted investments classified as held for sale	7(a)	46.6	49.8	46.6	47.3
Total current assets		314.5	363.9	194.8	243.7
Non-current assets					
Investment properties	6(b)	3,811.5	3,708.3	3,811.5	3,708.3
Equity accounted investments	7(a)	671.1	668.2	625.8	633.7
Receivables	12(b)	189.9	201.0	243.6	246.7
Investments at fair value through profit or loss	8	10.7	12.9	-	-
Derivative financial instruments		5.0	-	5.0	-
Property, plant and equipment		20.7	20.3	-	-
Intangible assets		7.8	7.6	-	-
Deferred tax assets		7.8	8.3	-	1.6
Total non-current assets		4,724.5	4,626.6	4,685.9	4,590.3
Total assets		5,039.0	4,990.5	4,880.7	4,834.0
Current liabilities					
Trade and other payables		91.1	111.1	66.9	85.6
Dividends / distributions payable		49.1	49.0	49.1	49.0
Unearned income		15.6	13.9	15.4	13.6
Derivative financial instruments		9.9	13.1	9.9	13.1
Provisions		8.6	6.8	3.1	-
Interest bearing liabilities	9(a)	3.3	3.7	0.4	0.4
Current tax liability		2.2	4.9	0.9	-
Total current liabilities		179.8	202.5	145.7	161.7
Non-current liabilities					
Interest bearing liabilities	9(a)	2,231.4	2,187.5	2,211.1	2,168.2
Derivative financial instruments		5.4	6.2	5.4	6.2
Provisions		0.9	0.8	-	-
Deferred tax liabilities		7.0	4.5	6.9	3.2
Total non-current liabilities		2,244.7	2,199.0	2,223.4	2,177.6
Total liabilities		2,424.5	2,401.5	2,369.1	2,339.3
Net assets		2,614.5	2,589.0	2,511.6	2,494.7
Equity					
Contributed equity	10(a)	207.3	207.1	2,072.5	2,071.4
Reserves		29.0	28.1	0.3	30.0
Retained earnings / (accumulated losses)		(161.5)	(170.6)	423.9	385.0
Equity attributable to shareholders / unitholders		74.8	64.6	2,496.7	2,486.4
Non-controlling interests					
Trust unitholders		2,534.7	2,524.4	-	-
Non-controlling interests		5.0	-	14.9	8.3
Total equity		2,614.5	2,589.0	2,511.6	2,494.7

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

Consolidated Statements of Changes in Equity

For the half-year ended 31 December 2020

Cromwell		Attributable to Equity Holders of the Company				Non-controlling interests		Total equity \$M
		Contributed equity \$M	Other reserves \$M	Accumulated losses \$M	Total \$M	Trust \$M	Other \$M	
31 December 2020	Notes							
Balance at 1 July 2020		207.1	28.1	(170.6)	64.6	2,524.4	-	2,589.0
Profit for the half-year		-	-	9.1	9.1	137.0	0.7	146.8
Other comprehensive income		-	0.1	-	0.1	(29.7)	(2.0)	(31.6)
Total comprehensive income		-	0.1	9.1	9.2	107.3	(1.3)	115.2
<i>Transactions with equity holders in their capacity as equity holders:</i>								
Contributions of equity, net of equity issue costs	10	0.2	-	-	0.2	1.1	-	1.3
Non-controlling interests arising due to the acquisition of subsidiary		-	-	-	-	-	6.3	6.3
Dividends / distributions paid / payable	3	-	-	-	-	(98.1)	-	(98.1)
Employee performance rights		-	0.8	-	0.8	-	-	0.8
Total transactions with equity holders		0.2	0.8	-	1.0	(97.0)	6.3	(89.7)
Balance as at 31 December 2020		207.3	29.0	(161.5)	74.8	2,534.7	5.0	2,614.5

31 December 2019		Attributable to Equity Holders of the Company				Non-controlling interests		Total equity \$M
		Contributed equity \$M	Other reserves \$M	Accumulated losses \$M	Total \$M	Trust \$M	Other \$M	
	Notes							
Balance at 1 July 2019		138.4	29.4	(199.7)	(31.9)	2,214.9	-	2,183.0
Profit for the half-year		-	-	54.5	54.5	172.8	-	227.3
Other comprehensive income		-	(1.5)	-	(1.5)	(21.7)	-	(23.2)
Total comprehensive income		-	(1.5)	54.5	53.0	151.1	-	204.1
<i>Transactions with equity holders in their capacity as equity holders:</i>								
Contributions of equity, net of equity issue costs	10	67.3	-	-	67.3	346.5	-	413.8
Dividends / distributions paid / payable	3	-	-	-	-	(97.5)	-	(97.5)
Employee performance rights		-	1.4	-	1.4	-	-	1.4
Total transactions with equity holders		67.3	1.4	-	68.7	249.0	-	317.7
Balance as at 31 December 2019		205.7	29.3	(145.2)	89.8	2,615.0	-	2,704.8

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

Consolidated Statements of Changes in Equity

For the half-year ended 31 December 2020

Trust	Notes	Attributable to Equity Holders of the CDPT				Non-controlling interests \$M	Total equity \$M
		Contributed equity \$M	Other reserves \$M	Retained earnings \$M	Total \$M		
31 December 2020							
Balance at 1 July 2020		2,071.4	30.0	385.0	2,486.4	8.3	2,494.7
Profit for the half-year		-	-	137.0	137.0	0.3	137.3
Other comprehensive income		-	(29.7)	-	(29.7)	-	(29.7)
Total comprehensive income		-	(29.7)	137.0	107.3	0.3	107.6
<i>Transactions with equity holders in their capacity as equity holders:</i>							
Contributions of equity, net of equity issue costs	10	1.1	-	-	1.1	-	1.1
Non-controlling interests arising due to the acquisition of subsidiary		-	-	-	-	6.7	6.7
Distributions paid / payable	3	-	-	(98.1)	(98.1)	(0.4)	(98.5)
Total transactions with equity holders		1.1	-	(98.1)	(97.0)	6.3	(90.7)
Balance as at 31 December 2020		2,072.5	0.3	423.9	2,496.7	14.9	2,511.6

Trust	Notes	Attributable to Equity Holders of the CDPT				Non-controlling interests \$M	Total equity \$M
		Contributed equity \$M	Other reserves \$M	Retained earnings \$M	Total \$M		
31 December 2019							
Balance at 1 July 2019		1,719.0	29.4	428.5	2,176.9	6.9	2,183.8
Profit for the half-year		-	-	172.8	172.8	1.9	174.7
Other comprehensive income		-	(21.7)	-	(21.7)	-	(21.7)
Total comprehensive income		-	(21.7)	172.8	151.1	1.9	153.0
<i>Transactions with equity holders in their capacity as equity holders:</i>							
Contributions of equity, net of equity issue costs	10	346.5	-	-	346.5	-	346.5
Distributions paid / payable	3	-	-	(97.5)	(97.5)	-	(97.5)
Total transactions with equity holders		346.5	-	(97.5)	249.0	-	249.0
Balance as at 31 December 2019		2,065.5	7.7	503.8	2,577.0	8.8	2,585.8

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

Consolidated Statements of Cash Flows

For the half-year ended 31 December 2020

	Cromwell		Trust	
	Half-year ended		Half-year ended	
	31 Dec 2020 \$M	31 Dec 2019 \$M	31 Dec 2020 \$M	31 Dec 2019 \$M
Cash flows from operating activities				
Receipts in the course of operations	186.7	206.3	154.2	137.2
Payments in the course of operations	(95.3)	(93.0)	(58.8)	(54.9)
Distributions received	25.9	28.4	21.8	26.9
Finance costs paid	(29.6)	(25.7)	(29.6)	(25.7)
Finance income received	0.8	1.8	1.6	10.2
Income tax (paid) / refunded	(5.3)	(2.2)	0.2	(1.0)
Net cash provided by operating activities	83.2	115.6	89.4	92.7
Cash flows from investing activities				
Proceeds from sale of investment properties	23.0	35.0	23.0	35.0
Payments for investment properties	(108.3)	(1,302.5)	(108.3)	(1,302.5)
Proceeds from sale of equity accounted investments	2.5	201.8	-	181.0
Payments for equity accounted investments	-	(50.1)	-	(50.1)
Receipt of capital return distributions from investments at fair value through profit or loss	2.1	1.0	-	-
Proceeds from sale of investments at fair value through profit or loss	-	3.4	-	-
Payments for investments at fair value through profit or loss	(0.6)	-	-	-
Repayment of loans to related entities and directors	13.0	7.9	7.9	61.0
Loans to related entities and directors	(8.6)	(108.0)	(6.5)	(90.1)
Payments for property, plant and equipment	(0.7)	(0.5)	-	-
Payments for intangible assets	(2.1)	(2.9)	-	-
Payments for other transaction costs	(7.8)	(2.0)	(1.2)	(2.0)
Net cash used in investing activities	(87.5)	(1,216.9)	(85.1)	(1,167.7)
Cash flows from financing activities				
Proceeds from interest bearing liabilities	72.7	1,576.8	72.7	1,576.8
Repayment of interest bearing liabilities	(5.0)	(705.7)	(5.0)	(705.7)
Payment of loan transaction costs	(1.3)	(1.9)	(1.3)	(1.9)
Payments for derivative financial instruments	(4.9)	-	(4.9)	-
Proceeds from issue of stapled securities	1.3	411.5	1.1	343.3
Payment of equity issue transaction costs	-	(9.6)	-	(8.0)
Payment of dividends / distributions	(98.0)	(78.1)	(98.0)	(78.1)
Net cash (used in) / provided by financing activities	(35.2)	1,193.0	(35.4)	1,126.4
Net (decrease) / increase in cash and cash equivalents	(39.5)	91.7	(31.1)	51.4
Cash and cash equivalents at beginning of period	194.1	101.6	117.8	47.7
Effects of exchange rate changes on cash and cash equivalents	(4.3)	(6.5)	(2.2)	(5.4)
Cash and cash equivalents at end of period	150.3	186.8	84.5	93.7

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

Notes to the Financial Statements

For the half-year ended 31 December 2020

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

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

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For the half-year ended 31 December 2020

ABOUT THIS REPORT

This section provides an overview of Cromwell's accounting policies that relate to the preparation of the financial report as a whole and do not relate to specific items. Accounting policies for specific items in the Consolidated balance sheets or Consolidated statements of profit or loss have been included in the relevant note.

1. Basis of preparation

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 Corporations (Stapled Group Reports) Instrument 2015/838 relating to combining accounts under stapling and for the purpose of fulfilling the requirements of the Australian Securities Exchange.

The interim half-year financial report for the period ended 31 December 2020 is a general purpose financial report which has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* (Cth). 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 2020 and any public announcements made by Cromwell Property Group during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* (Cth).

The accounting policies adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in Cromwell's and the Trust's 2020 annual report for the year ended 30 June 2020. These accounting policies are consistent with applicable Australian accounting standards and with international financial reporting standards

Rounding of amounts

Cromwell and the Trust are entities of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that instrument amounts in the financial report have been rounded off to the nearest one hundred thousand dollars, or in certain cases to the nearest dollar unless otherwise specified.

Comparatives

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

a) Critical accounting estimates and judgements

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

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

Area of estimation	Note
Revenue	5
Fair value of investment property	6
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Receivables	12

Provision for additional liability Cromwell Polish Retail Fund (CPRF)

In addition to the above, a provision to recognise an estimated additional pre-acquisition liability in relation to the CPRF of \$3.1 million has been recognised at balance date. In arriving at the quantum and timing of the provision all information in relation to the possible financial outcomes has been critically assessed in conjunction with relevant external experts.

Notes to the Financial Statements

For the half-year ended 31 December 2020

b) Impacts of COVID-19 upon financial statement preparation

COVID-19, a respiratory illness, was declared a world-wide pandemic by the World Health Organisation in March 2020. Immediately following the global outbreak of COVID-19, Cromwell enacted its Business Continuity Plan ("BCP") and transitioned its global workforce to remote work arrangements with many of Cromwell's tenants, clients, suppliers and banking counterparties also enacting similar arrangements. These actions, coupled with Cromwell's prior investment in systems, processes and people has ensured there has been no material interruption to the operation of any of Cromwell's business segments due to COVID-19.

However, COVID-19 itself, as well as measures to slow the spread of the virus, have had a significant impact on global economies and equity, debt and other financial markets. Cromwell has considered the impact of COVID-19 and other market volatility in preparing these financial statements. Whilst the specific areas of judgement noted previously did not change materially, the impact of COVID-19 has resulted in the wider application of judgement within those identified areas. Given the dynamic and evolving nature of the COVID-19 pandemic, changes to the estimates and outcomes that have been applied in the measurement of Cromwell's assets and liabilities may arise in the future.

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

- **Rental income and recoverable outgoings** – notwithstanding Cromwell's and Trust's tenant population being heavily weighted towards government, ASX-listed entities and other robust tenants, given recent rental market volatility, management engaged with all tenants in Australia, Poland and Italy in order to achieve the best possible commercial outcomes for all parties. This process resulted in tenants in Australia being provided with appropriate rent relief in the form of rental waivers (\$0.9 million) and deferred payment plans (resulting in the deferred collection of \$8.1 million for periods ranging from 3 months to 24 months), coupled with lease extensions (costs, including amortisation of \$0.5 million to 31 December 2020). For further information refer to note 5(b).
- **Investment properties** - management reviewed the appropriateness of inputs into investment property valuations. This process included a comprehensive review and update of relevant cash flow information taking into account the impacts of COVID-19. At balance date the adopted valuations for 29 of Cromwell's investment properties are based on independent external valuations representing 99% of the value of the portfolio. Disclosures with respect to Cromwell's investment properties are provided in note 6.
- **Interest in associates and joint ventures and investments in subsidiaries** - Cromwell's investments in associates and joint ventures were assessed for indicators of impairment. Where indicators of impairment were identified Cromwell tested the carrying amount by comparing the investment's recoverable amount with its carrying value. No investments were found to be impaired. Disclosures with respect to Cromwell's equity accounted interests is provided in note 7.
- **Receivables, loan assets, and amounts due from subsidiaries** - in response to COVID-19 management has undertaken a review of its relevant tenant receivable and loan asset portfolios, loans to subsidiaries and other financial asset exposures. This process involved a thorough examination of all receivable balances to assess the extent of expected credit losses that should be recognised. Details of the negligible impacts in relation to tenants of the Polish portfolio are provided in note 5(b).

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

There are no material changes to Cromwell's or the Trust's financial performance and financial position as a result of the adoption of any new and amended Australian accounting standards and interpretations effective for annual reporting periods beginning on or after 1 July 2020.

d) New accounting standards and interpretations and amendments thereto issued but not yet effective

There are no new Australian accounting standards or interpretations or amendments thereto that are issued but not yet effective that are expected to have a material impact upon the financial performance and financial position of Cromwell or the Trust now or in the future.

Notes to the Financial Statements

For the half-year ended 31 December 2020

RESULTS

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

2. Operating segment information

a) Overview

Operating segments are distinct business activities from which an entity earns revenues and incurs expenses and the results of which are regularly reviewed by the chief operating decision maker (CODM). Cromwell has three operating segments which are regularly reviewed by the Chief Executive Officer (CEO), Cromwell's CODM, in order to make decisions about resource allocation and to assess the performance of Cromwell. Segment profit / (loss), also referred to as operating profit, is considered to reflect the underlying earnings of Cromwell and is a key metric taken into account in determining distributions for Cromwell.

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

Cromwell's operating segments:	Business activity
Direct property investment	The ownership of investment properties located throughout Australia. This includes investment properties held by the Trust.
Indirect property investment	Cromwell's investments in the Polish and Italian investment property portfolios and equity accounted investments in CEREIT and other European collective investment vehicles. This segment also includes Cromwell's share of the results of the Development segment of the LDK Seniors living joint venture.
Funds and asset management	Funds management represents activities in relation to the establishment and management of external funds for retail investors and wholesale funds. Asset management includes property and facility management, leasing and project management. This segment also includes Cromwell's share of the results of the Direct seniors living segment of the LDK Seniors living joint venture. At 31 December 2020, Cromwell managed a number of external retail funds with combined assets under management of \$2.1 billion (30 June 2020: \$2.2 billion) and external wholesale funds in Cromwell's European business, with combined assets under management of \$5.9 billion (30 June 2020: \$5.8 billion).

b) Accounting policy

Segment allocation

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

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

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

EBITDA

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

Segment profit / (loss)

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

Notes to the Financial Statements

For the half-year ended 31 December 2020

c) Segment results

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

31 December 2020	Direct property investment \$M	Indirect property investment \$M	Funds and asset management \$M	Cromwell \$M
Segment revenue				
Rental income and recoverable outgoings	111.0	33.1	-	144.1
Operating profit of equity accounted investments	-	23.6	6.3	29.9
Development revenue	-	0.5	1.1	1.6
Funds and asset management fees	-	-	52.2	52.2
Distributions	-	1.8	-	1.8
Total segment revenue	111.0	59.0	59.6	229.6
Segment expenses				
Property expenses	18.5	17.1	-	35.6
Funds and asset management direct costs	-	2.5	32.9	35.4
Other expenses	0.8	1.9	4.4	7.1
Total segment expenses	19.3	21.5	37.3	78.1
EBITDA	91.7	37.5	22.3	151.5
Finance costs	14.6	14.9	-	29.5
Segment profit after finance costs	77.1	22.6	22.3	122.0
Unallocated items				
Finance income				2.0
Corporate costs ⁽¹⁾				(19.5)
Income tax expense				(5.4)
Segment profit				99.1

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

31 December 2019	Direct Property investment \$M	Indirect property investment \$M	Funds and asset management \$M	Cromwell \$M
Segment revenue				
Rental income and recoverable outgoings	114.1	11.5	-	125.6
Operating profit of equity accounted investments	-	26.0	0.9	26.9
Development sales and fees	32.0	-	-	32.0
Funds and asset management fees	-	-	82.1	82.1
Distributions	-	1.4	-	1.4
Total segment revenue	146.1	38.9	83.0	268.0
Segment expenses				
Property expenses	20.8	5.7	-	26.5
Funds and asset management direct costs	-	0.7	42.4	43.1
Other expenses	0.7	2.1	6.5	9.3
Total segment expenses	21.5	8.5	48.9	78.9
EBITDA	124.6	30.4	34.1	189.1
Finance costs	18.9	4.6	3.0	26.5
Segment profit after finance costs	105.7	25.8	31.1	162.6
Unallocated items				
Finance income				2.9
Corporate costs ⁽¹⁾				(21.1)
Income tax expense				(10.3)
Segment profit				134.1

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

Notes to the Financial Statements

For the half-year ended 31 December 2020

A reconciliation of total segment profit to statutory profit as per Consolidated statement of profit or loss is provided in section (d) below:

d) Reconciliation of segment profit to statutory profit

	Cromwell	
	Half-year ended	
	31 Dec 2020 \$M	31 Dec 2019 \$M
Segment profit	99.1	134.1
<i>Reconciliation to profit for the half-year</i>		
Gain on sale of investment properties	5.9	2.9
Loss on disposal of other assets	-	(2.8)
Other transaction costs	(7.8)	(17.2)
Restructure costs	(1.5)	-
Operating lease costs	1.5	1.8
Relating to non-controlling interests	0.7	-
Fair value net gains / (losses):		
Investment properties	37.6	110.1
Derivative financial instruments	3.9	(3.8)
Investments at fair value through profit or loss	(0.5)	1.5
Receivables at fair value through profit or loss	-	18.7
Non-cash property investment income / (expense):		
Straight-line lease income	3.1	5.5
Lease incentive amortisation	(13.7)	(11.8)
Lease cost amortisation	(1.2)	(2.2)
Other non-cash expenses or non-recurring items:		
Amortisation of loan transaction costs	(4.9)	(5.1)
Finance costs attributable to discounted lease incentives	(0.5)	(0.3)
Net exchange loss on foreign currency borrowings	18.4	9.8
Amortisation and depreciation ⁽¹⁾	(4.5)	(3.5)
Relating to equity accounted investments ⁽²⁾	14.1	(4.6)
Net foreign exchange losses	(1.3)	-
Net tax losses utilised ⁽³⁾	(1.6)	(5.8)
Profit for the half-year	146.8	227.3

(1) Comprises depreciation of plant and equipment and right of use assets and amortisation of intangible assets.

(2) Comprises fair value adjustments and other non-operating items 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.

e) Reconciliation of total segment revenue to total revenue

Total segment revenue reconciles to total revenue as shown in the Consolidated Statement of profit or loss as follows:

	2020 \$M	2019 \$M
Total segment revenue	229.6	268.0
<i>Reconciliation to total revenue:</i>		
Non-cash property investment income / (expense):		
Straight-line lease income	3.1	5.5
Lease incentive amortisation	(13.7)	(11.8)
Relating to equity accounted investments	(29.9)	(26.9)
Finance income	2.0	2.9
Inter-segmental management fee revenue	(6.6)	(3.7)
Total revenue	184.5	234.0

Notes to the Financial Statements

For the half-year ended 31 December 2020

f) Segment assets and liabilities

31 December 2020	Direct property investment \$M	Indirect property investment \$M	Funds and asset management \$M	Cromwell \$M
Segment assets	3,101.5	1,744.3	193.2	5,039.0
Segment liabilities	1,231.4	1,136.5	56.6	2,424.5
Segment net assets	1,870.1	607.8	136.6	2,614.5

30 June 2020	Direct property investment \$M	Indirect property investment \$M	Funds and asset management \$M	Cromwell \$M
Segment assets	3,120.9	1,692.7	176.9	4,990.5
Segment liabilities	1,237.0	1,120.4	44.1	2,401.5
Segment net assets	1,883.9	572.3	132.8	2,589.0

3. Distributions

a) Overview

Cromwell's objective is to generate sustainable returns for our securityholders, including stable annual distributions. When determining distribution rates Cromwell's Board considers a number of factors, including forecast earnings, anticipated capital and lease incentive expenditure requirements over the next three to five years and expected economic conditions. Cromwell aims to return 85 – 95% of profit of Cromwell's three segments (operating profit) which excludes unrealised fair value adjustments and other non-cash income and expenses (refer to note 2).

b) Distributions

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

Date paid for the half-year		Half-year ended		Half-year ended	
31 Dec 2020	31 Dec 2019	31 Dec 2020 cents	31 Dec 2019 cents	31 Dec 2020 \$M	31 Dec 2019 \$M
20 November 2020	22 November 2019	1.8750¢	1.8750¢	49.0	48.7
19 February 2021	21 February 2020	1.8750¢	1.8750¢	49.1	48.8
Total		3.7500¢	3.7500¢	98.1	97.5

4. Earnings per security

a) Overview

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

Below in (b) earnings per share of the Company, the parent entity of Cromwell, and its controlled entities ("CCL") and earnings per unit of the Trust are presented as required by accounting standards. As both measures do not provide an EPS measure for the Cromwell group as a whole, (c) provides earnings per stapled security information.

Notes to the Financial Statements

For the half-year ended 31 December 2020

b) Earnings per share / unit

	Company		Trust	
	Half-year ended		Half-year ended	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Basic earnings per company share / trust unit (cents)	0.35	2.10	5.24	6.67
Diluted earnings per company share / trust unit (cents)	0.35	2.10	5.22	6.64
<i>Earnings used to calculate basic and diluted earnings per company share / trust unit:</i>				
Profit for the half-year (\$M)	146.8	227.3	137.3	174.7
Less: Profit attributable to non-controlling interests (\$M)	(137.7)	(172.8)	(0.3)	(1.9)
Profit / (loss) attributable to ordinary equity holders of Company / Trust (\$M)	9.1	54.5	137.0	172.8

c) Earnings per stapled security

	Cromwell	
	Half-year ended	
	31 Dec 2020	31 Dec 2019
Basic earnings per stapled security (cents)	5.59	8.78
Diluted earnings per stapled security (cents)	5.57	8.75
<i>Earnings used to calculate basic and diluted earnings per stapled security:</i>		
Profit for the half-year attributable to ordinary stapled securityholders of Cromwell (\$M)	146.1	227.3
<i>Weighted average number of stapled securities used in calculating earnings per company share / trust unit / stapled security:</i>		
Weighted average number of securities used in calculating basic earnings per company share / trust unit / stapled security (number)	2,614,791,170	2,589,906,707
Adjustment for calculation of diluted earnings per company share / trust unit:		
Performance rights (number)	7,399,253	9,087,386
Weighted average number of ordinary securities and potential ordinary securities used in calculating earnings per company share / trust unit / stapled security (number)	2,622,190,423	2,598,994,093

Notes to the Financial Statements

For the half-year ended 31 December 2020

5. Revenue

a) Overview

Cromwell recognises revenue from the transfer of goods and services over time and at a point in time in respect of relevant non-lease elements of rental income and recoverable outgoings, funds management fees and development sales and fees. Cromwell also recognises lease revenue from tenant customers and revenue items from other sources, including interest and distribution income.

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

	Cromwell		Trust	
	Half-year ended		Half-year ended	
	31 Dec 2020 \$M	31 Dec 2019 \$M	31 Dec 2020 \$M	31 Dec 2019 \$M
Rental income – lease component	108.8	99.4	109.1	99.6
Recoverable outgoings – non-lease components	24.6	19.8	24.5	19.2
Rental income and recoverable outgoings	133.4	119.2	133.6	118.8
<i>Other revenue from contracts with customers:</i>				
Funds management fees	46.6	78.3	-	-
Development sales and fees	-	32.0	-	-
Total revenue	180.0	229.5	133.6	118.8
<i>Other revenue items recognised:</i>				
Interest	2.5	2.9	3.4	4.9
Distributions	1.8	1.4	-	-
Other revenue	0.2	0.2	-	0.1
Total other revenue	4.5	4.5	3.4	5.0
Total revenue	184.5	234.0	137.0	123.8

b) Critical accounting estimates and judgements

Impact of COVID-19

Australia - collections were relatively unimpacted by the government relief measures imposed to combat COVID-19 due to most of the tenant population being heavily skewed towards government and other tenants in markets not materially impacted by the pandemic. However, tenant relief measures introduced (and granted) differed slightly between jurisdictions and included rent waivers and deferred payment plans (sometimes coupled with lease term extensions). Whilst almost all of these lease renegotiations have been completed, certain estimates have been made to reflect the most likely outcome of any outstanding negotiations using all available pertinent information currently available.

Poland – In the 6 months to 31 December 2020, Poland was subject to a second and third round of lockdowns. During these periods rent and service charges were invoiced but generally remain outstanding owing to the uncertain legal situation regarding lockdown laws. As a result, Cromwell and the Trust have chosen to conservatively recognise an expected credit loss provision at 31 December 2020 of €1.4m (\$2.3m) at balance date.

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

Notes to the Financial Statements

For the half-year ended 31 December 2020

c) Disaggregation of revenue from contracts with customers

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

	Cromwell		Trust	
	Half-year ended		Half-year ended	
	31 Dec 2020 \$M	31 Dec 2019 \$M	31 Dec 2020 \$M	31 Dec 2019 \$M
<i>Rental income and recoverable outgoings – non-lease components:</i>				
Recoverable outgoings ⁽¹⁾	17.9	14.2	18.0	14.2
Cost recoveries ⁽²⁾	6.7	5.6	6.5	5.0
Total rental income and recoverable outgoings – non-lease components	24.6	19.8	24.5	19.2
<i>Funds Management fees:</i>				
Fund and asset management fees ⁽¹⁾	17.4	23.1	-	-
Performance fees ⁽²⁾	11.4	30.8	-	-
Fund administration and other fees ⁽¹⁾	8.7	9.0	-	-
Asset acquisition and sale fees ⁽²⁾	2.7	9.2	-	-
Leasing fees ⁽²⁾	2.4	3.6	-	-
Project management fees ⁽¹⁾	2.4	0.8	-	-
Property management fees ⁽¹⁾	1.6	1.8	-	-
Total funds management fees	46.6	78.3	-	-
<i>Development sales and fees:</i>				
Development management fees ⁽²⁾	-	32.0	-	-
Total revenue from contracts with customers	71.2	130.1	24.5	19.2
<i>Timing of recognition of revenue items</i>				
Recognised over time	48.0	48.9	18.0	14.2
Recognised at point in time	23.2	81.2	6.5	5.0
Total revenue from contracts with customers	71.2	130.1	24.5	19.2

(1) Revenue item recognised over time.

(2) Revenue item recognised at point in time.

Notes to the Financial Statements

For the half-year ended 31 December 2020

OPERATING ASSETS

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

6. Investment properties

a) Overview

Investment properties are properties (land, building or both) held solely for the purpose of earning rental income and / or for capital appreciation. Cromwell's investment property portfolio comprises 31 commercial properties of which 15 properties are predominantly office use, 8 being retail properties and 7 being logistics centres with the remaining property being vacant land.

This note provides further details on Cromwell's investment property portfolio, including details of individual properties, details of sales and acquisitions as well as details on the fair value measurement of the properties.

b) Details of Cromwell's and the Trust's investment properties

	Portfolio	Title	Independent valuation		Carrying amount		Fair value adjustment	
			Date	Amount \$M	As at		Half-year ended	
					31-Dec 2020 \$M	30-Jun 2020 \$M	31 Dec 2020 \$M	31 Dec 2019 \$M
Australia								
200 Mary Street, QLD	Core+	(1)	Dec 2020	90.0	90.0	96.0	(5.3)	20.0
400 George Street, QLD	Core	(1)	Dec 2020	533.0	533.0	525.0	9.1	(15.2)
HQ North, QLD	Core	(1)	Dec 2020	235.5	235.5	242.0	(4.7)	9.4
203 Coward Street, NSW	Core	(1)	Dec 2020	540.0	540.0	520.0	18.3	30.8
207 Kent Street, NSW	Core+	(2)	Dec 2020	301.0	301.0	297.0	4.8	5.7
2-24 Rawson Place, NSW	Core	(1)	Dec 2020	315.0	315.0	300.0	14.9	40.0
475 Victoria Avenue, NSW ⁽⁴⁾	Core+	(1)	Dec 2020	120.0	120.0	120.2	(1.6)	4.9
2-6 Station Street, NSW	Core	(1)	Dec 2020	51.5	51.5	51.0	0.4	0.5
84 Crown Street, NSW	Core	(1)	Dec 2020	42.0	42.0	37.5	4.2	0.5
117 Bull Street, NSW	Core	(1)	Dec 2020	30.5	30.5	29.3	1.2	1.0
Regent Cinema Centre, NSW	Core+	(1)	Dec 2020	12.8	12.8	12.5	-	4.2
Soward Way, ACT	Core	(2)	Dec 2020	298.2	298.2	290.0	7.4	(0.5)
TGA Complex, ACT	Core+	(2)	Dec 2020	26.5	26.5	40.5	(13.9)	(5.1)
243 Northbourne Avenue, ACT	Core+	(2)	Dec 2020	30.0	30.0	29.8	0.1	0.3
19 National Circuit, ACT	Active	(2)	Dec 2020	10.0	10.0	10.0	(0.1)	0.2
Tuggeranong Office Park, ACT	Active	(2)	May 2019	7.5	8.3	8.3	-	-
700 Collins Street, VIC	Core	(1)	Dec 2020	338.0	338.0	337.0	1.9	31.3
Village Cinemas, VIC	Core	(1)	Jun 2020	16.3	16.3	15.6	-	-
Total - Australia				2,997.8	2,998.6	2,961.7	36.7	128.0
Poland								
Janki, Warszawa	Poland	(1)	Dec 2020	361.5	361.5	372.3	(1.2)	(3.1)
Korona, Wrocław	Poland	(3)	Dec 2020	136.1	138.2	141.2	1.1	(0.9)
Ster, Szczecin	Poland	(3)	Dec 2020	89.6	92.5	94.9	(0.3)	(0.6)
Rondo, Bydgoszcz	Poland	(1)	Dec 2020	86.8	86.8	89.8	(0.8)	(0.5)
Tulipan Łódź	Poland	(1)	Dec 2020	24.8	24.8	25.4	(0.3)	(0.1)
Kometa, Toruń	Poland	(3)	Dec 2020	20.9	22.3	23.0	(0.2)	(0.2)
Total - Poland				719.7	726.1	746.6	(1.7)	(5.4)
Italy								
Carugate	Italy	(1)	Dec 2020	37.3	37.3	-	(0.7)	-
Campegine	Italy	(1)	Dec 2020	15.9	15.9	-	1.6	-
Torri di Quartesolo	Italy	(1)	Dec 2020	8.7	8.7	-	1.2	-
Verona	Italy	(1)	Dec 2020	8.6	8.6	-	0.3	-
Bologna Interporto	Italy	(1)	Dec 2020	8.1	8.1	-	0.6	-
Campogalliano	Italy	(1)	Dec 2020	4.7	4.7	-	(0.2)	-
San Mauro Torinese	Italy	(1)	Dec 2020	3.5	3.5	-	(0.2)	-
Total - Italy				86.8	86.8	-	2.6	-
Total investment properties				3,804.3	3,811.5	3,708.3	37.6	122.6
Held for sale								
13 Keltie Street, ACT	Sold	(2)	N/A	-	-	14.0	-	(0.4)
Wakefield Street, SA	Sold	(1)	N/A	-	-	30.0	-	(12.1)
Total - Held for sale				-	-	44.0	-	(12.5)
Total - all investment property				3,804.3	3,811.5	3,752.3	37.6	110.1

Title: (1) Freehold, (2) Leasehold, (3) Carrying value includes right of use assets. (4) 50% ownership interest.

Notes to the Financial Statements

For the half-year ended 31 December 2020

c) Critical accounting estimates (fair value measurement)

Cromwell's investment properties, with an aggregate carrying amount of \$3,811.5 million (June 2020: \$3,752.3 million), are measured using the fair value model as described in AASB 140 *Investment Property*. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Property valuations

At balance date the adopted valuations for 29 of Cromwell's investment properties are based on independent external valuations representing 99% of the value of the portfolio. The balance of the portfolio is subject to internal valuations having regard to previous external valuations and comparable sales evidence, or, in the case of investment properties held for sale, with reference to the relevant sale price.

All property valuations utilise a combination of valuation models based on discounted cash flow ("DCF") models and income capitalisation models supported by recent market sales evidence.

Impact of COVID-19 on property valuations

For the half-year ended 31 December 2020 Cromwell's approach to property valuations was substantially consistent with prior years, being in accordance with the established Valuations policy, but with an added emphasis in relation to the impact of COVID-19 upon inputs relevant to the valuation model for each property. Whilst recent sales data is currently scarce due to a contraction of transactional activity, information in relation to the various inputs to the valuation models, most particularly capitalisation and discount rates, each of which can be adjusted to reflect COVID-19 has become more readily available. Further, underlying net property income data, including forecast data in relation to tenant occupancies and recoveries has become more reliable as the COVID-19 crisis has progressed and the underlying market dynamic has become less opaque.

It should be noted that external valuers have specified in their reports that their valuations at 31 December 2020 were performed in an unusual market context, notably the absence of transactions initiated after the outbreak of the pandemic and difficulties associated with estimating the outlook for changes in the investment property market given the nature of the recent health crisis, and they were working within the context of valuation uncertainty.

Notes to the Financial Statements

For the half-year ended 31 December 2020

Significant unobservable inputs associated with the valuations of Cromwell's investment properties are as follows:

	Capitalisation rate (%)		Discount rate (%)		Annual net property income (\$M)		WALE (years)		Occupancy (%)		Terminal yield (%)	
	Range	Weighted average	Range	Weighted average	Range	Weighted average	Range	Weighted average	Range	Weighted average	Range	Weighted average
31 December 2020												
Core	5.0 – 7.0	5.3	6.0 – 8.0	6.1	1.4 – 30.1	20.9	3.9 – 14.2	7.4	94.0 – 100.0	98.5	5.3 – 7.8	5.9
Core +	5.8 – 10.0	6.5	6.5 – 8.5	6.8	1.2 – 17.2	13.4	1.5 – 8.3	2.8	78.7 – 100.0	87.7	5.6 – 10.3	6.5
Active	N/A – 7.3	7.3	N/A – 7.8	7.8	(0.6) – 0.0	(0.3)	N/A	N/A	N/A	N/A	0.0 – 7.5	7.5
Poland	5.8 – 7.4	6.5	⁽²⁾ N/A	N/A	1.7 – 17.9	12.3	3.2 – 6.2	4.9	88.1 – 100.0	94.8	N/A	N/A
Italy	5.0 – 5.5	5.1	5.2 – 5.9	5.4	0.2 – 1.7	1.0	6.0 – 12.0	10.2	100.0 – 100.0	100.0	N/A	N/A
Portfolio	0.0 – 10.0	5.7	0.0 – 8.5	5.1	(0.6) – 17.9	17.6	1.5 – 14.2	6.1	78.7 – 100.0	94.5	0.0 – 10.3	6.0
30 June 2020												
Core	5.0 – 7.0	5.4	6.3 – 8.0	6.4	1.3 – 30.0	20.2	4.4 – 12.2	7.5	96.6 – 100.0	99.2	5.3 – 7.3	5.7
Core +	5.8 – 8.8	6.5	6.0 – 8.0	6.7	1.1 – 16.3	12.3	2.0 – 8.2	3.0	86.3 – 100.0	96.4	6.3 – 9.0	7.0
Active / HFS. ⁽¹⁾	0.0 – 7.3	7.3	0.0 – 7.8	7.8	0.0 – 11.4	5.4	0.2 – 2.1	0.3	0.0 – 100.0	38.0	0.0 – 7.5	7.5
Poland	5.8 – 7.3	6.4	⁽²⁾ N/A	⁽²⁾ N/A	1.1 – 8.8	6.3	3.3 – 6.7	4.7	88.8 – 100.0	94.8	⁽²⁾ N/A	⁽²⁾ N/A
Portfolio	0.0 – 8.8	5.7	⁽³⁾ 0.0 – 8.0	⁽³⁾ 5.2	0.0 – 30.0	15.9	0.0 – 12.2	5.9	0.0 – 100.0	92.3	⁽³⁾ 0.0 – 9.0	⁽³⁾ 6.0

(1) The unobservable inputs are not applied to Active / Held for sale (HFS) assets where this is not considered an appropriate method of valuation for the particular asset.

(2) No equivalent metric in Polish valuation methodology.

(3) Australian portfolio only.

Notes to the Financial Statements

For the half-year ended 31 December 2020

d) Movements in investment properties

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

	Cromwell		Trust	
	Half-year ended		Half-year ended	
	31 Dec 2020 \$M	31 Dec 2019 \$M	31 Dec 2020 \$M	31 Dec 2019 \$M
Balance at 1 July	3,752.3	2,520.9	3,752.3	2,520.9
Acquisitions ⁽¹⁾	89.0	1,275.9	89.0	1,275.9
Capital works:				
Construction costs	0.8	-	0.8	-
Finance costs capitalised	0.6	-	0.6	-
Property improvements	3.4	7.7	3.4	7.7
Lifecycle	0.4	2.6	0.4	2.6
Disposals	(44.0)	(32.0)	(44.0)	(32.0)
Straight-line lease income	3.1	5.5	3.1	5.5
Lease costs and lease incentive costs	2.3	50.1	2.3	50.1
Amortisation ⁽²⁾	(15.0)	(14.0)	(15.0)	(14.0)
Net gain from fair value adjustments	37.6	110.1	37.6	110.1
Foreign exchange differences	(19.0)	(0.1)	(19.0)	(0.1)
Balance at 31 December	3,811.5	3,926.7	3,811.5	3,926.7

(1) The prior period comparative includes right-of-use assets acquired as a component of the Polish portfolio.

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

e) Investment properties acquired – Cromwell Italy Urban Logistics Fund (ULF)

On 8 October 2020, Cromwell, in partnership with Korean real estate investment manager, IGIS Asset Management, completed the settlement of seven logistics assets in Northern Italy for \$83.1 million (€51.0 million).

The properties are held in ULF, an Italian Real Estate Investment Fund (“a REIF”), which is a closed ended alternative investment fund reserved for professional investors governed by the Regulations of the Fund filed with the Luxembourg Commission de Surveillance du Secteur Financier and the Bank of Italy.

f) Investment properties sold

Details of investment properties sold during the period are as follows:

	Gross sale price \$M	Carrying amount at 30 June 2020 \$M	Last independent valuation \$M	Gain on sale recognised \$M
13 Keltie Street, ACT	20.0	14.0	14.0	5.9
Wakefield Street, SA	30.0	30.0	30.0	-
Total investment properties sold	50.0	44.0	44.0	5.9

Details of investment properties sold during the prior half-year are as follows:

	Gross sale price \$M	Carrying amount at 30 June 2019 \$M	Last independent valuation \$M	Gain on sale recognised \$M
11 Farrer Place, NSW	35.0	32.0	30.2	2.9

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7. Equity accounted investments

a) Overview

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

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

	Cromwell				Trust			
	As at				As at			
	31 December 2020		30 June 2020		31 December 2020		30 June 2020	
	%	\$M	%	\$M	%	\$M	%	\$M
Equity accounted investments								
CEREIT	30.7	637.0	30.7	645.4	30.1	625.3	30.1	633.2
LDK	50.0	17.7	50.0	6.7	-	-	-	-
Others		16.4		16.1	50.0	0.5		0.5
Equity accounted investments		671.1		668.2		625.8		633.7
Held for sale								
Ursynów	87.8	46.6	94.1	47.3	87.8	46.6	94.1	47.3
Other	-	-	28.3	2.5	-	-	-	-
Total – Held for sale		46.6		49.8		46.6		47.3
Total – all equity accounted investments		717.7		718.0		672.4		681.0

b) Details of associate

Cromwell European Real Estate Investment Trust

Cromwell European Real Estate Investment Trust ("CEREIT") is a Singapore-based real estate investment trust established with the principal investment strategy of investing, directly or indirectly, in a diversified portfolio of income-producing real estate assets in Europe. Cromwell and the Trust owned 30.7% and 30.1% (30 June 2020: 30.7% and 30.1%) of CEREIT respectively at the end of the half-year. CEREIT is managed by a subsidiary of Cromwell, Cromwell EREIT Management Pte. Ltd., which operates strictly within the listing rules imposed by the Singapore Stock Exchange and which has its own independent Board. As such, Cromwell and the Trust are considered able to exert significant influence, but not control, over the entity and therefore the investment has been classified as an equity-accounted investment.

c) Details of joint ventures

LDK Healthcare Unit Trust (LDK)

During a prior financial year, Cromwell acquired 50% of the units in LDK, a senior living operation. The remaining 50% of the units in LDK are held by a single investor, Aspire LDK Unit Trust (Aspire). A unit holder agreement between Cromwell and Aspire limits the power of the trustee of LDK to management of ongoing operations of LDK. All decisions about relevant activities of LDK require unanimous consent of the two unitholders. It has therefore been determined that joint control of the arrangement exists between Cromwell and Aspire. The arrangement is therefore classified as a joint venture. Whilst ultimately both parties have rights to the net assets of the arrangement through the establishment of the separate LDK vehicle, Cromwell currently recognises 100% of joint venture accounting profits up to a certain contractual level by virtue of the operation of the Supplemental Deed between the joint venture partners.

Oyster

Oyster is a New Zealand based retail property fund syndicator that provides fund and property management services throughout New Zealand. Oyster is jointly owned by Cromwell and six original Oyster shareholders. Oyster is classified as a joint venture as the Board of Oyster comprises three representatives appointed by the six investors and three representatives from Cromwell with no deciding or "chair's" vote. A shareholder agreement between Cromwell and the six investors outlines how Oyster will be managed. The investment in Oyster is included in Others in the table in section (a) above.

Notes to the Financial Statements

For the half-year ended 31 December 2020

d) Details of equity accounted investments classified as held for sale

Ursynów

On 6 November 2019, Cromwell completed the acquisition of all third-party investor interests in the Cromwell Polish Retail Fund (CPRF). A material asset acquired as an outcome of this transaction was CPRF's interest in CH Ursynów sp. z o.o. (Ursynów), an entity that owns a retail asset in Poland. The remaining equity is owned by Unibail-Rodamco Westfield B.V. (URW). At acquisition a 94.1% interest was acquired. Due to contributions by URW during the period this share had decreased to 87.8% at 31 December 2020.

A shareholder agreement between Cromwell and URW limits the power of the manager (a subsidiary of URW) to management of the ongoing operations of Ursynów. All decisions about relevant activities of Ursynów require the unanimous consent of the two shareholders. It has therefore been determined that joint control of the arrangement exists between Cromwell and URW. Both parties have rights to the net assets of the arrangement through the establishment of a separate Ursynów vehicle. The arrangement is therefore classified as a joint venture.

Notes to the Financial Statements

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

	As at 31 December 2020					As at 30 June 2020					
	\$M					\$M					
	CEREIT	Ursynów	LDK	Other	Total	CEREIT	Ursynów	CPA	LDK	Other	Total
<i>Summarised balance sheets:</i>											
Total assets	3,589.7	177.5	540.2	36.4	4,343.8	3,716.0	183.1	-	521.3	94.6	4,515.0
Total liabilities	1,512.7	124.4	522.5	39.0	2,198.6	1,612.0	132.7	-	508.0	74.1	2,326.8
Net assets	2,077.0	53.1	17.7	(2.6)	2,145.2	2,104.0	50.4	-	13.3	20.5	2,188.2
<i>Carrying amount of investment:</i>											
Cromwell's share of equity (%)	30.7	87.8	50.0	-	-	30.7	94.1	-	50.0	-	-
Cromwell's share of net assets	637.0	46.6	(1) 17.7	9.8	711.1	645.4	47.3	-	6.7	12.0	711.4
Goodwill	-	-	-	6.6	6.6	-	-	-	-	6.6	6.6
Carrying amount at period end	637.0	46.6	17.7	16.4	717.7	645.4	47.3	-	6.7	18.6	718.0
<i>Movement in carrying amounts:</i>											
	Period ending 31 December 2020					Period ending 31 December 2019					
Opening balance at 1 July	645.4	47.3	6.7	18.6	718.0	641.4	-	150.4	-	22.7	814.5
Investment – net of loans from investees	-	-	-	-	-	8.2	49.4	-	-	0.5	58.1
Disposals	-	-	-	(2.5)	(2.5)	(18.6)	-	(151.2)	-	-	(169.8)
Share of profit / (loss)	30.4	0.6	11.0	2.0	44.0	22.8	(0.7)	0.8	-	(0.5)	22.4
Less: dividends / distributions received	(22.2)	-	-	(1.8)	(24.0)	-	-	-	-	(0.4)	(0.4)
Foreign exchange difference	(16.6)	(1.3)	-	0.1	(17.8)	(16.4)	-	-	-	-	(16.4)
Carrying amount at 31 December	637.0	46.6	17.7	16.4	717.7	637.4	48.7	-	-	22.3	708.4

(1) Cromwell currently recognises 100% of the profit of the LDK Healthcare Unit Trust joint venture by virtue of the operation of the Supplemental Deed between the joint venture partners.

f) Summarised financial information for joint ventures and equity accounted investments owned by the Trust

	As at 31 December 2020				As at 30 June 2020				
	\$M				\$M				
	CEREIT	Ursynów	Other	Total	CEREIT	Ursynów	CPA	Other	Total
<i>Summarised balance sheets:</i>									
Total assets	3,589.7	177.5	1.0	3,768.2	3,716.0	183.1	-	0.5	3,899.6
Total liabilities	1,512.7	124.4	-	1,637.1	1,612.0	132.7	-	-	1,744.7
Net assets	2,077.0	53.1	1.0	2,131.1	2,104.0	50.4	-	0.5	2,154.9
<i>Carrying amount of investment:</i>									
Trust's share of equity (%)	30.1	87.8	50.0	-	30.1	94.1	-	-	-
Trust's share of net assets	625.3	46.6	0.5	672.4	633.2	47.3	-	0.5	681.0
Carrying amount at period end	625.3	46.6	0.5	672.4	633.2	47.3	-	0.5	681.0
<i>Movement in carrying amounts:</i>									
	Period ending 31 December 2020				Period ending 31 December 2019				
Opening balance at 1 July	633.2	47.3	0.5	681.0	626.3	-	148.4	-	774.7
Investment – net of loans to investees	-	-	-	-	-	49.4	-	0.5	49.9
Disposals	-	-	-	-	-	-	(149.2)	-	(149.2)
Share of profit / (loss)	29.9	0.6	-	30.5	22.3	(0.7)	0.8	-	22.4
Less: dividends / distributions received	(21.7)	-	-	(21.7)	-	-	-	-	-
Foreign exchange difference	(16.1)	(1.3)	-	(17.4)	(17.0)	-	-	-	(17.0)
Carrying amount at 31 December	625.3	46.6	0.5	672.4	631.6	48.7	-	0.5	680.8

Notes to the Financial Statements

For the half-year ended 31 December 2020

Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Relevant judgements and assumptions regarding the investment in Cromwell European Real Estate Investment Trust (CEREIT) is detailed below.

Cromwell European Real Estate Investment Trust

Cromwell's investment in CEREIT was assessed for indicators of impairment. This process included investigations by management in relation to salient components of the CEREIT operations and financial metrics and an analysis of movements in the CEREIT's price on the Singapore Exchange (SGX). Whilst the CEREIT share price on the SGX was below that of the weighted average price at which Cromwell and the Trust acquired their investments due to current market sentiment, the diminution in price was not considered to be either significant or prolonged. Hence, no indicators of impairment were identified and no impairment was recognised as a result.

8. Investments at fair value through profit or loss

Overview

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

	Cromwell		Trust	
	As at		As at	
	31 Dec 2020 \$M	30 Jun 2020 \$M	31 Dec 2020 \$M	30 Jun 2020 \$M
Investment in wholesale funds	10.7	12.9	-	-
Total investments at fair value through profit or loss	10.7	12.9	-	-

Notes to the Financial Statements

For the half-year ended 31 December 2020

FINANCE AND CAPITAL STRUCTURE

This section of the half-year financial report provides further information on Cromwell's interest bearing liabilities and associated costs, Cromwell's contributed equity as well as fair value disclosures in relation to financial instruments.

Capital is defined as the combination of securityholders' equity, reserves and net debt (borrowings less cash). The Board of Directors is responsible for Cromwell's capital management strategy. Capital management is an integral part of Cromwell's risk management framework and seeks to safeguard Cromwell's ability to continue as a going concern while maximising securityholder value through optimising the level and use of capital resources and the mix of debt and equity funding. Cromwell's preferred portfolio gearing range is 30% - 40%.

9. Interest bearing liabilities

a) Overview

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

	Cromwell		Trust	
	As at		As at	
	31 Dec 2020 \$M	30 Jun 2020 \$M	31 Dec 2020 \$M	30 Jun 2020 \$M
Current				
<i>Unsecured</i>				
Lease liabilities	3.3	3.7	0.4	0.4
Total current	3.3	3.7	0.4	0.4
Non-current				
<i>Secured</i>				
Loans – financial institutions	1,516.4	1,458.8	1,508.9	1,451.2
<i>Unsecured</i>				
Loans – financial institutions	358.9	368.2	358.9	368.2
Convertible bonds	352.8	360.2	352.8	360.2
Lease liabilities	18.6	17.6	5.8	5.9
Unamortised transaction costs	(15.3)	(17.3)	(15.3)	(17.3)
Total non-current	2,231.4	2,187.5	2,211.1	2,168.2
Total				
Secured loans – financial institutions	1,516.4	1,458.8	1,508.9	1,451.2
Unsecured loans – financial institutions	358.9	368.2	358.9	368.2
Unsecured convertible bonds	352.8	360.2	352.8	360.2
Lease liabilities	21.9	21.3	6.2	6.3
Unamortised transaction costs	(15.3)	(17.3)	(15.3)	(17.3)
Total interest bearing liabilities	2,234.7	2,191.2	2,211.5	2,168.6

Notes to the Financial Statements

For the year ended 30 June 2020

b) Details of interest bearing liabilities

	Note	Secured	Maturity Date	Underlying Currency	Interest rate (excluding relevant bank margin) %	Facility \$M	1 July 2020 \$M	Amounts Drawn / Additions \$M	Amounts Repaid \$M	Foreign exchange and other movements \$M	31 Dec 2020 \$M
31 December 2020											
Polish Euro facility 1		Yes	Mar-22	EUR	3-month EURIBOR	164.2	168.4	-	-	(4.2)	164.2
Euro facility		Yes	May-22	EUR	EURIBOR	7.4	7.6	-	-	(0.2)	7.4
Euro / GBP facility		No	Sep-22	EUR/GBP	EURIBOR/LIBOR	358.9	368.2	-	-	(9.3)	358.9
Italian Euro facility 1	(ii)	Yes	Oct-22	EUR	EURIBOR	6.3	-	6.4	-	(0.1)	6.3
Polish Euro facility 2		Yes	Feb-23	EUR	3-month EURIBOR	178.0	182.6	-	-	(4.6)	178.0
Secured bilateral loan facility	(i)	Yes	Jun-23	AUD	BBSY	950.0	768.0	16.0	(5.0)	(150.0)	629.0
Secured bilateral loan facility	(i)	Yes	Mar-24	AUD	BBSY	50.0	-	-	-	-	-
Secured bilateral loan facility	(i)	Yes	Jun-24	AUD	BBSY	200.0	200.0	-	-	-	200.0
Secured bilateral loan facility	(i)	Yes	Mar-25	AUD	BBSY	50.0	-	-	-	-	-
Convertible bond - 2025	(iii)	No	Mar-25	EUR	2.5% fixed	352.8	360.2	-	-	(7.4)	352.8
Secured loan facilities		Yes	May-25	AUD	TBC	113.1	72.2	1.7	-	-	73.9
Secured bilateral loan facility	(i)	Yes	Jun-25	AUD	BBSY	150.0	-	-	-	150.0	150.0
Italian Euro facility 2	(ii)	Yes	Oct-25	EUR	EURIBOR	47.6	-	48.6	-	(1.0)	47.6
Secured bilateral loan facility	(i)	Yes	Jun-26	AUD	BBSY	60.0	60.0	-	-	-	60.0
Lease liabilities	(iv)	No	Various	Various	Various	21.9	21.3	3.7	(1.2)	(1.9)	21.9
Total						2,710.2	2,208.5	76.4	(6.2)	(28.7)	2,250.0

	Note	Secured	Maturity Date	Underlying Currency	Interest rate (excluding relevant bank margin) %	Facility \$M	1 July 2019 \$M	Amount(s) Drawn \$M	Amount(s) Repaid \$M	Foreign exchange and other movements \$M	30 June 2020 \$M
30 June 2020											
Polish Euro facility 1		Yes	Mar-22	EUR	3-month EURIBOR	168.4	-	183.3	(16.4)	1.5	168.4
Euro facility		Yes	May-22	EUR	EURIBOR	7.6	7.6	-	-	-	7.6
Euro / GBP facility		No	Sep-22	EUR/GBP	EURIBOR/LIBOR	368.2	-	461.7	(90.0)	(3.5)	368.2
Polish Euro facility 2		Yes	Feb-23	EUR	3-month EURIBOR	182.6	-	188.2	(6.9)	1.3	182.6
Secured bilateral loan facility	(i)	Yes	Jun-23	AUD	BBSY	1,100.0	663.9	1,145.0	(1,040.9)	-	768.0
Secured bilateral loan facility	(i)	Yes	Mar-24	AUD	BBSY	50.0	-	-	-	-	-
Secured bilateral loan facility	(i)	Yes	Jun-24	AUD	BBSY	200.0	200.0	-	-	-	200.0
Secured bilateral loan facility	(i)	Yes	Mar-25	AUD	BBSY	50.0	-	-	-	-	-
Convertible bond - 2020		No	Feb-20	EUR	2.0% fixed	88.0	88.0	-	(88.7)	0.7	-
Convertible bond - 2025	(iii)	No	Mar-25	EUR	2.5% fixed	360.2	353.3	-	-	6.9	360.2
Secured loan facilities		Yes	May-25	AUD	TBC	113.1	-	72.2	-	-	72.2
Secured bilateral loan facility	(i)	Yes	Jun-26	AUD	BBSY	60.0	60.0	-	-	-	60.0
Lease liabilities	(iv)	No	Various	Various	Various	21.3	15.4	11.1	(4.0)	(1.2)	21.3
Total						2,769.4	1,388.2	2,061.5	(1,246.9)	5.7	2,208.5

Note: All principal amounts outstanding are due at the expiration of the relevant facility.

Notes to the Financial Statements

For the half-year ended 31 December 2020

i) Secured bilateral loan facilities

Secured Bilateral Loan Facilities (SBLF) can be held with multiple providers. All SBLFs are contracted under a Common Terms Deed (CTD) and are secured pari passu by first registered mortgages over a select pool of investment properties held by the Cromwell Security Trust. Each provider individually contracts its commitment amount and expiry date and fee structure. Cromwell is able to repay and refinance individual providers.

ii) Italian loan facility

During the period, Cromwell and the Trust entered into a new secured facility in relation to the investment into the Cromwell Italy Urban Logistics Fund (ULF – also see note 6(e)). The facility is composed of two tranches with differing expiry dates and was drawn to \$53.9 million in aggregate.

iii) Convertible bond - 2025

In 2018, Cromwell issued 2,300 convertible bonds with a face value of €100,000 each, amounting to a total gross face value of €230.0 million (\$370.0 million on date of issue). The bonds bear an interest rate of 2.5%. The bonds are convertible into stapled securities of Cromwell at the option of the holder from 40 days after issue date up to seven business days prior to the final maturity date on 29 March 2025, at which point all remaining bonds are mandatorily redeemed by Cromwell. The conversion price is \$1.141 at year end (30 June 2020: \$1.153) per stapled security, subject to adjustments such as consolidation or subdivision of stapled securities, bonus issues or any issues at less than the prevailing market price of Cromwell's stapled securities, other than issues upon exercise of performance rights issued to Cromwell's employees. The fixed conversion translation rate is \$1.5936 per Euro. Any conversion may be settled in cash, stapled securities of Cromwell or a combination thereof at the discretion of Cromwell.

iv) Operating lease liabilities

Cromwell recognises lease liabilities and related right-of-use assets in respect of various premises, property, plant and equipment and motor vehicle leases. The leases have varying terms and are subject to varying rates of interest.

Below is a maturity table of minimum lease payments in relation to operating leases in existence at the reporting date.

	Cromwell		Trust	
	As at		As at	
	31 Dec 2020 \$M	30 Jun 2020 \$M	31 Dec 2020 \$M	30 Jun 2020 \$M
Within one year	3.3	4.1	0.4	0.4
Later than one year but not later than five years	10.9	10.3	1.6	1.7
Greater than five years	7.7	6.9	4.2	4.2
Total operating lease commitments	21.9	21.3	6.2	6.3

c) Finance costs

	Cromwell		Trust	
	Half-year ended		Half-year ended	
	31 Dec 2020 \$M	31 Dec 2019 \$M	31 Dec 2020 \$M	31 Dec 2019 \$M
Interest on borrowings	29.8	26.5	29.7	26.4
Interest on lease liabilities	0.3	5.1	0.2	5.0
Amortisation of loan transaction costs	4.9	0.5	4.9	0.3
Net exchange gains / (losses) on foreign currency borrowings	0.4	(0.1)	0.3	(0.1)
Total finance costs	35.4	32.0	35.1	31.6

Notes to the Financial Statements

For the half-year ended 31 December 2020

10. Contributed equity

a) Overview

The shares of Cromwell Corporation Limited (the "Company") and the units of Cromwell Diversified Property Trust (the "CDPT") are combined and issued as stapled securities. The shares of the Company and units of the CDPT cannot be traded separately and can only be traded as stapled securities.

Below is a summary of contributed equity of the Company and the CDPT separately and for Cromwell's combined stapled securities. The basis of allocation of the issue price of stapled securities to Company shares and CDPT units post stapling is determined by agreement between the Company and the CDPT as set out in the Stapling Deed.

	Cromwell stapled securities		Company shares		CDPT units	
	As at		As at		As at	
	31 Dec 2020 \$M	30 Jun 2020 \$M	31 Dec 2020 \$M	30 Jun 2020 \$M	31 Dec 2020 \$M	30 Jun 2020 \$M
Contributed equity	2,279.8	2,278.5	207.3	207.1	2,072.5	2,071.4

b) Movements in contributed equity

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

	Number of securities	Cromwell stapled securities		Company shares		CDPT units	
		Issue price	\$M	Issue price	\$M	Issue price	\$M
Opening balance 1 July 2019	2,236,642,691		1,857.4		138.4		1,719.0
Exercise of performance rights	4,920,055	39.7¢	1.9	6.3¢	0.3	33.4	1.6
Distribution reinvestment plan ⁽¹⁾	10,629,286	125.9¢	13.4	21.0¢	2.2	104.9¢	11.2
Security placement and SPP	354,381,191	115.0¢	407.6	18.6¢	65.9	96.4¢	341.7
Equity issue costs	-	-	(9.1)	-	(1.1)	-	(8.0)
Balance at 31 December 2019	2,606,573,223		2,271.2		205.7		2,065.5
Distribution reinvestment plan ⁽¹⁾	6,298,377	121.4¢	7.6	22.4¢	1.4	99.0¢	6.2
Equity issue costs	-	-	(0.3)	-	-	-	(0.3)
Balance at 30 June 2020	2,612,871,600		2,278.5		207.1		2,071.4
Exercise of performance rights	4,599,075	29.9¢	1.3	5.2¢	0.2	24.7¢	1.1
Balance at 31 December 2020	2,617,470,675		2,279.8		207.3		2,072.5

(1) The Company / CDPT has established a dividend/distribution reinvestment plan under which holders of stapled securities may elect to have all of their dividend/distribution entitlement satisfied by the issue of new stapled ordinary securities rather than being paid in cash. Stapled securities are issued under the plan at a discount to the market price as determined by the Directors before each dividend / distribution. The plan has been suspended since the payment of the December 2019 in February 2020.

11. Fair value disclosures – financial instruments

a) Fair value hierarchy

This note provides an update on the fair value measurements of financial instruments since the last annual financial report, including estimates and judgements made to determine the fair value of financial instruments.

Cromwell uses a number of methods to determine the fair value of its financial instruments as described in AASB 13 *Fair Value Measurement*. The methods comprise the following:

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

Notes to the Financial Statements

For the half-year ended 31 December 2020

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

Cromwell	As at 31 December 2020			As at 30 June 2020		
	Level 2 \$M	Level 3 \$M	Total \$M	Level 2 \$M	Level 3 \$M	Total \$M
Financial assets at fair value						
Receivables						
Loans at fair value through profit or loss – associate	-	0.7	0.7	-	159.9	159.9
Investments at fair value through profit or loss						
Unlisted equity securities	-	10.7	10.7	-	12.9	12.9
Derivative financial instruments						
Interest rate caps	5.0	-	5.0	-	-	-
Total financial assets at fair value	5.0	11.4	16.4	-	172.8	172.8
Financial liabilities at fair value						
Derivative financial instruments						
Interest rate swaps	11.3	-	11.3	14.0	-	14.0
Conversion feature	4.0	-	4.0	5.3	-	5.3
Total financial liabilities at fair value	15.3	-	15.3	19.3	-	19.3
Trust						
	As at 31 December 2020			As at 30 June 2020		
	Level 2 \$M	Level 3 \$M	Total \$M	Level 2 \$M	Level 3 \$M	Total \$M
Financial assets at fair value						
Derivative financial instruments						
Interest rate caps	5.0	-	5.0	-	-	-
Total financial assets at fair value	5.0	-	5.0	-	-	-
Financial liabilities at fair value						
Derivative financial instruments						
Interest rate swaps	11.3	-	11.3	14.0	-	14.0
Conversion feature	4.0	-	4.0	5.3	-	5.3
Total financial liabilities at fair value	15.3	-	15.3	19.3	-	19.3

There were no transfers between the levels of the fair value hierarchy during the reporting period.

b) Disclosed fair values

The fair values of investments at fair value through profit or loss (Levels 2 and 3) and derivative financial instruments (Level 2) are disclosed in the Balance sheet.

The carrying amounts of receivables, other current assets and payables are assumed to approximate their fair values due to their short-term nature. The fair value of non-current borrowings (other than the convertible bond) is estimated by discounting the future contractual cash flows at the current market interest rates that are available to Cromwell for similar financial instruments. The fair value of these borrowings is not materially different from the carrying value due to their relatively short-term nature.

The convertible bonds are traded on the Singapore Exchange (SGX). At balance date the fair value of issued convertible bonds was €227.4 million (\$362.8 million) (June 2020: €222.5 million (\$364.1 million)) compared to a carrying amount of €221.2 million (\$352.8 million) (June 2020: €220.1 million (\$360.2 million)).

i) Valuation techniques used to derive Level 1 fair values

The fair value of financial assets traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

ii) Valuation techniques used to derive Level 2 fair values

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data, assessed for the impact of COVID-19 where it is applicable and rely as little as

Notes to the Financial Statements

For the half-year ended 31 December 2020

possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Fair value of investments at fair value through profit or loss

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

Fair value of interest rate swaps and caps

Level 2 financial assets and financial liabilities held by Cromwell include "Vanilla" fixed to floating interest rate swap and interest rate cap (over-the-counter derivatives). The fair value of these 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 and counterparty or own credit risk. All counterparties to interest rate derivatives are Australian and European financial institutions.

Fair value of conversion feature – convertible bond

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

iii) Valuation techniques used to derive Level 3 fair values

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

A reconciliation from the opening balances to the closing balances for fair value measurements in Level 3 of the fair value hierarchy is below:

Investments at fair value through profit or loss	Cromwell	
	Half-year ended	
	31 Dec 2020 \$M	31 Dec 2019 \$M
Opening balance as at 1 July	12.9	134.4
Additions	0.7	63.9
Disposals	(2.1)	(3.3)
Fair value loss	(0.5)	18.7
Foreign exchange difference	(0.3)	(0.2)
Balance at 31 December	10.7	213.5

Notes to the Financial Statements

For the half-year ended 31 December 2020

OTHER ITEMS

This section of the half-year financial report provides information about receivables, unrecognised items and subsequent events.

12. Receivables

a) Overview

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

b) Receivables

	Cromwell		Trust	
	As at		As at	
	31 Dec 2020 \$M	30 Jun 2020 \$M	31 Dec 2020 \$M	30 Jun 2020 \$M
<i>Current</i>				
Contract assets at amortised cost	1.5	2.0	1.1	1.5
Trade and other receivables at amortised cost	53.7	47.8	31.9	29.4
Loans at amortised cost	27.0	-	27.0	-
Loans at amortised cost – associates and related parties	7.4	0.5	-	-
Receivables – current	89.6	50.3	60.0	30.9
<i>Non-current</i>				
Loans at amortised cost – related parties	189.2	41.3	243.6	128.6
Loans at fair value through profit or loss – associate	0.7	159.7	-	118.1
Receivables – non-current	189.9	201.0	243.6	246.7

Non-current loans – LDK joint venture

Previously, Cromwell and the Trust provided a number of loan facilities to LDK Healthcare Unit Trust and several of its subsidiaries in order to assist in the development of the LDK business. These facilities were \$240.8 million in aggregate and were not fully secured. The balance drawn at 30 June 2020 was \$158.8 million (including accrued interest).

During the half-year these loan facilities were cancelled and the loan balances fully repaid and effectively replaced by new loan facilities of \$173.0 million in aggregate. The new facilities are subject to interest at relevant commercial rates, are secured by second ranking mortgages over the investment properties owned by LDK and were drawn to \$149.5 million at 31 December 2020.

c) Critical accounting estimates and judgements

Response to COVID-19

As a result of COVID-19 Cromwell has undertaken a comprehensive review of the tenant receivables schedule. Any and all tenant receivables not considered to be recoverable have been fully provided for and are not included in the tenant receivables balance at half-year end.

Details of the impacts on tenants and related receivables in relation to the Polish portfolio are provided in note 5(b).

Cromwell has also undertaken a review of its loan asset portfolio (including loans carried at fair value and loans carried at amortised cost). This process involved a thorough examination of all loan receivable balances with counterparties to assess the extent of expected credit losses that should be recognised. However, no indicators of impairment were identified and no impairment was recognised as a result.

13. Unrecognised items

a) Overview

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

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b) Capital expenditure commitments

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

	Cromwell		Trust	
	As at		As at	
	31 Dec 2020 \$M	30 Jun 2020 \$M	31 Dec 2020 \$M	30 Jun 2020 \$M
Investment property	3.2	5.3	3.2	5.3

c) Contingent liabilities

As disclosed in Cromwell and the Trust's 30 June 2020 annual report the Directors were 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.

14. Subsequent events

Other than those disclosed below, no matter or circumstance has arisen since 31 December 2020 that has significantly affected or may significantly affect:

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

Provision of lending facility

On 16 February 2021 Cromwell entered in an agreement with Oyster Property Group Limited (Oyster – see note 7(c)) for the provision of a loan facility of NZD\$17.1 million in aggregate. The facility is secured and expires in October 2021. Amounts drawn incur interest at a rate commensurate with the commercial terms of the agreement. To date no amounts have been drawn down by the borrower.

Additions to Secured bilateral loan facility

On 17 February 2021 Cromwell and the Trust added two new facilities to the Secured Bilateral Loan Facility in accordance the Common Terms Deed Poll. The two revolving facilities each incur interest at the BBSY bid rate plus a margin and are for the amounts and terms below:

- Facility A - \$20. million expiring in February 2026; and,
- Facility B - \$80. million expiring in February 2028.

To date the facilities remain undrawn.

Directors' Declaration

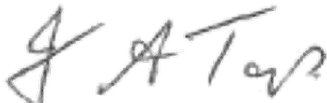
In the opinion of the Directors of Cromwell Corporation Limited and Cromwell Property Securities Limited as Responsible Entity for the Cromwell Diversified Property Trust (collectively referred to as "the Directors"):

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

- i) complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001*; and
- ii) giving a true and fair view of Cromwell's and the Trust's financial position as at 31 December 2020 and of their performance, for the half-year ended on that date; and

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

This report is made pursuant to section 303(5) of the *Corporations Act 2001* (Cth).



Jane Tongs

Chair

25 February 2021

Sydney

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

Report on the Half-Year Financial Report

Conclusion

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

- a) Cromwell Property Group ("the Group") which comprises the consolidated balance sheet as at 31 December 2020, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' declaration as set out on pages 17 to 49 of the consolidated entity Cromwell Property Group, being the consolidated stapled entity. The consolidated stapled entity comprises Cromwell Corporation Limited ("the Company"), Cromwell Diversified Property Trust and the entities they controlled at the end of the half-year or from time to time during the half-year; and
- b) Cromwell Diversified Property Trust ("the Trust") which comprises the consolidated balance sheet as at 31 December 2020, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, and the Directors' declaration as set out on pages 17 to 49 of Cromwell Property Securities Limited, as Responsible Entity of the Trust. The consolidated entity comprises Cromwell Diversified Property Trust and the entities it controlled at the end of the half-year or from time to time during the half-year.

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

- (a) giving a true and fair view of the Group's and the Trust's financial position as at 31 December 2020 and of their performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

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

Directors' Responsibility for the Half-Year Financial Report

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

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

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's and the Trust's financial position as at 31 December 2020 and their performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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



DELOITTE TOUCHE TOHMATSU



David Rodgers

Partner

Chartered Accountants

Brisbane, 25 February 2021