

Appendix 4D

Results for Announcement to the Market

For the six months ended 31 December 2022

CROMWELL PROPERTY GROUP

The Appendix 4D should be read in conjunction with the half-year financial report of Cromwell Property Group for the half-year ended 31 December 2022.

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 2022**. The previous corresponding period is the six month period ended 31 December 2021. This report should be read in conjunction with Cromwell Property Group's annual report for the year to 30 June 2022 which is available from Cromwell's website at www.cromwellpropertygroup.com.

3. HIGHLIGHTS OF RESULTS

	Half-year 31 Dec 2022 \$A'M	Half-year 31 Dec 2021 \$A'M	% Change
Revenue and other income	193.7	287.0	(33%)
Operating profit attributable to stapled security holders as assessed by the directors ⁽¹⁾	87.1	96.4	(10%)
Operating profit per stapled security as assessed by the directors ^{(1) (2)}	3.3 cents	3.7 cents	(11%)
Other items (including fair value adjustments)	(216.6)	36.1	(700%)
(Loss) / profit after tax attributable to stapled security holders	(129.5)	132.5	(198%)
Basic earnings per stapled security ⁽²⁾	(4.9) cents	5.1 cents	(196%)
Diluted earnings per stapled security ⁽³⁾	(4.9) cents	5.0 cents	(198%)
Distributions per stapled security	2.8 cents	3.3 cents	(15%)
	31 Dec 2022 \$A'M	30 Jun 2022 \$A'M	
Total assets	4,747.0	5,054.2	(6%)
Net assets	2,551.4	2,710.4	(6%)
Net tangible assets ("NTA") ⁽⁴⁾	2,552.5	2,721.2	(6%)
Net debt ⁽⁵⁾	1,921.3	1,879.5	2%
Gearing (%) ⁽⁶⁾	41.8%	39.6%	6%
Securities issued (M)	2,618.9	2,618.9	-%
NTA per security	\$0.97	\$1.04	(7%)
NTA per security (excluding interest rate derivatives)	\$0.95	\$1.02	(7%)

- (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 2022 half-year financial report.
- (2) Earnings per stapled security calculated using weighted average number of stapled securities on issue during the relevant period.
- (3) Earnings per stapled security calculated using weighted average number of stapled securities and potential stapled securities on issue during the period.
- (4) Net assets less deferred tax assets and liabilities, intangible assets and right-of-use assets and associated lease liabilities.
- (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 2022							
Interim distribution	-	1.3750¢	1.3750¢	36.0	-	30/09/22	18/11/22
Interim distribution	-	1.3750¢	1.3750¢	36.0	-	30/12/22	17/02/23
	-	2.7500¢	2.7500¢	72.0	-		
31 Dec 2021							
Interim distribution	-	1.6250¢	1.6250¢	42.5	-	30/09/21	19/11/21
Interim distribution	-	1.6250¢	1.6250¢	42.6	-	31/12/21	18/02/22
	-	3.2500¢	3.2500¢	85.1	-		

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 2022 and 31 December 2022 respectively and relevant distributions were paid to securityholders in cash.

7. INVESTMENTS IN JOINT VENTURES

All investments in joint ventures and associates remain the same as at 30 June 2022 and are disclosed in Note 8 of the half-year financial report, except for Cromwell's 50% interest in LDK which was sold during October 2022 (refer Note 14 of the half-year financial report).

8. AUDIT REVIEW REPORT

The information contained in this report is unaudited. The financial report for the half-year ended 31 December 2022 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 2022 with the auditors review opinion has been lodged with ASX.

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



Michael Wilde
Chief Financial Officer
27 February 2023
Brisbane



Cromwell Property Group Half-Year Financial Report

31 December 2022

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

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

Cromwell Diversified Property Trust
ARSN 102 982 598

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

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DIRECTORY

Board of Directors:

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

Secretary:

Lucy Laakso

Share Registry:

Link Market Services Limited
Level 21, 10 Eagle Street
Brisbane QLD 4000
Tel: 1300 550 841 (+61 2 8280 7100)
Web: www.linkmarketservices.com.au

Registered Office:

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Brisbane QLD 4000
Tel: +61 7 3225 7777
Web: www.cromwellpropertygroup.com

Listing:

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

Auditor:

Deloitte Touche Tohmatsu
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Directors' Report

The Directors of Cromwell Corporation Limited and Cromwell Property Securities Limited as responsible entity for the Cromwell Diversified Property Trust (collectively referred to as "the Directors") present their report together with the consolidated financial statements for the half-year ended 31 December 2022 for both:

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

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

Principal activities

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

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

Key results and metrics

	Cromwell				
	Half year ended				
	31 Dec 2022	31 Dec 2021	31 Dec 2020	31 Dec 2019	31 Dec 2018
Financial performance					
Total assets under management (\$B)	12.0	12.1	11.6	11.9	11.5
Total revenue and other income for the half-year (\$M)	193.7	287.0	293.3	389.6	247.4
Statutory (loss) / profit for the half-year (\$M)	(129.5)	132.5	145.2	227.3	111.1
Statutory (loss) / profit per stapled security for the half-year (basic) (cents)	(4.94)	5.06	5.53	8.78	5.52
Results from operations:					
Funds and asset management	27.2	22.7	22.8	31.1	18.6
Co-investments	26.7	28.4	24.0	25.8	19.4
Investment portfolio	55.6	72.7	75.3	105.7	62.7
Unallocated items	(22.4)	(27.4)	(23.0)	(28.5)	(18.1)
Operating profit for the half-year (\$M)	87.1	96.4	99.1	134.1	82.6
Operating profit per stapled security for the half-year (cents)	3.33	3.68	3.79	5.18	4.10
Dividends / distributions for the half-year (\$M)	72.0	85.1	98.1	97.5	76.5
Dividends / distributions per stapled security for the half-year (cents)	2.75	3.25	3.75	3.75	3.63

Directors' Report

	Cromwell				
	As at				
	31 Dec 2022	30 Jun 2022	30 Jun 2021	30 Jun 2020	30 Jun 2019
Financial position					
Total assets (\$M)	4,747.0	5,054.2	5,008.9	4,984.5	3,695.7
Net assets (\$M)	2,551.4	2,710.4	2,665.3	2,583.4	2,183.0
Net tangible assets (\$M) ⁽¹⁾	2,552.5	2,721.2	2,656.4	2,573.4	2,176.2
Net debt (\$M) ⁽²⁾	1,921.3	1,879.5	2,021.2	1,975.9	1,254.8
Gearing (%) ⁽³⁾	41.8%	39.6%	41.8%	41.6%	35.0%
Look-through gearing (%) ⁽⁴⁾	46.7%	44.8%	46.2%	47.5%	42.3%
Stapled securities issued (M)	2,618.9	2,618.9	2,617.5	2,612.9	2,236.6
NTA per stapled security	\$0.97	\$1.04	\$1.02	\$0.99	\$0.97

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

(2) Borrowings less cash and cash equivalents and restricted cash.

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

(4) Net debt divided by total tangible assets less cash and cash equivalents on a look-through basis.

Financial performance

Statutory profit/(loss)

Cromwell recorded a statutory loss of \$129.5 million for the half-year ended 31 December 2022 (December 2021: statutory profit of \$132.5 million). The Trust recorded a statutory loss of \$134.0 million for the half-year ended 31 December 2022 (December 2021: statutory profit of \$151.6 million).

Operating profit

Statutory profit includes a number of items which are non-cash in nature or occur infrequently and / or relate to realised or unrealised changes in the values of assets and liabilities and in the opinion of the Directors should be adjusted for in order to allow securityholders to gain a better understanding of Cromwell's operating profit. Operating profit is considered by the Directors to reflect the underlying earnings of Cromwell. It is a key metric taken into account in determining distributions. Operating earnings is not a measure which is calculated in accordance with International Financial Reporting Standards ("IFRS") and has not been reviewed by Cromwell's auditor.

Cromwell recorded an operating profit of \$87.1 million for the half-year ended 31 December 2022 compared with \$96.4 million for the previous comparable period.

Directors' Report

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

	Cromwell	
	Half-year ended	
	31 Dec 2022 \$M	31 Dec 2021 \$M
Operating profit	87.1	96.4
<i>Reconciliation to (loss) / profit for the half-year</i>		
Gain on sale of investment properties	2.0	-
Fair value net (losses) / gains – Investment properties	(181.3)	67.2
Fair value net (losses) / gains – Derivative financial instruments	(1.8)	13.1
Lease cost and incentive amortisation and rent straight-lining	(5.7)	(10.6)
Relating to equity accounted investments ⁽¹⁾	(28.4)	(15.0)
Net exchange (loss) / gain on foreign currency borrowings	(1.5)	6.3
Tax expense relating to non-operating items ⁽²⁾	12.5	(15.1)
Other non-cash expenses or non-recurring items ⁽³⁾	(12.4)	(9.8)
(Loss) / profit after tax	(129.5)	132.5

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

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

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

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

Operating profit per security for the half-year was 3.33 cents (December 2021: 3.68 cents). This represents a decrease of approximately 9.5% over the prior corresponding period. Operating profit is analysed within each segment in the following section.

Analysis of segment performance

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

FUNDS AND ASSET MANAGEMENT

Financial highlights in relation to funds and asset management include:

	Total		Australia		Europe		Joint ventures	
	Half-year ended							
	31 Dec 2022 \$M	31 Dec 2021 \$M	31 Dec 2022 \$M	31 Dec 2021 \$M	31 Dec 2022 \$M	31 Dec 2021 \$M	31 Dec 2022 \$M	31 Dec 2021 \$M
Fee and other revenues	45.0	51.0	11.3	22.1	33.7	28.9	-	-
Development income	17.3	9.2	-	-	1.4	1.1	15.9	8.1
Share of operating profit	2.0	1.7	-	-	-	-	2.0	1.7
Expenses attributable	37.1	39.2	6.6	8.4	30.5	30.8	-	-
Operating profit	27.2	22.7	4.7	13.7	4.6	(0.8)	17.9	9.8
	As at							
	31 Dec 2022 \$B	30 Jun 2022 \$B	31 Dec 2022 \$B	30 Jun 2022 \$B	31 Dec 2022 \$B	30 Jun 2022 \$B	31 Dec 2022 \$B	30 Jun 2022 \$B
Assets under management	12.0	12.0	4.5	4.5	6.2	5.9	1.3	1.6

Directors' Report

Australia

Retail funds management

A breakdown of retail funds management results is below:

	Half-year ended	
	31 Dec 2022 \$M	31 Dec 2021 \$M
Recurring fee income	5.2	4.2
Transactional fee income	-	4.3
Performance fee income	-	4.3
Total fee revenue	5.2	12.8
Costs attributable	1.9	2.9
Operating profit	3.3	9.9

Retail funds management profit decreased from \$9.9 million in the prior comparative period to \$3.3 million for the half-year. Cromwell earned no transactional or performance fee income in the current period. This was driven by the increase in official interest rates, a reduction in investment property asset values and the price dislocation between the listed and unlisted property funds. The flow on impact has been an overall reduction in net capital inflows into Cromwell's funds which are currently open for investment. The Cromwell Direct Property Fund, Cromwell's main open fund, received net capital inflows for the current half year of \$16.1 million versus net capital inflows of \$57.1 million for the prior corresponding period. As a result of all these economic conditions and Cromwell's continued focus on careful asset selection, the fund made no property acquisitions during the half-year.

Total assets under management at half-year end was \$1.5 billion (June 2022: \$1.6 billion).

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

Wholesale funds management

A breakdown of wholesale funds management results is below:

	Half-year ended	
	31 Dec 2022 \$M	31 Dec 2021 \$M
Recurring fee income	0.5	0.5
Total fee revenue	0.5	0.5
Operating profit	0.5	0.5

During the half-year wholesale funds management activities related to the management of the Northpoint tower and the project at 475 Victoria Avenue, Chatswood NSW. Operating profit remained steady at \$0.5 million (December 2021: \$0.5 million). As of the end of December 2022, Cromwell no longer undertakes any management activities at the Northpoint tower.

Property management

A breakdown of property management results is below:

	Half-year ended	
	31 Dec 2022 \$M	31 Dec 2021 \$M
Recurring fee income	5.6	8.8
Costs attributable	4.7	5.5
Operating profit	0.9	3.3

Property management profit was \$0.9 million (December 2021: \$3.3 million), which reflects the level of activity in respect of the portfolio managed by the retail funds management business.

Directors' Report

Europe

A breakdown of European funds management results is below:

	Half-year ended	
	31 Dec 2022 \$M	31 Dec 2021 \$M
<i>Fee and other revenue</i>		
Recurring fee income	27.8	26.8
Transactional fee income	2.1	2.0
Performance fee income	3.8	0.1
Development income	1.4	1.1
Total fee and other revenue	35.1	30.0
<i>Costs attributable</i>		
Employee benefits expense:		
Performance fee-related	0.6	-
Other	23.4	25.0
Other operational costs	6.5	5.8
Total costs attributable	30.5	30.8
Operating (loss) / profit	4.6	(0.8)

The business generated an operating profit of \$4.6 million (December 2021: operating loss of \$0.8 million) for the half-year. This was the result of a combination of higher recurring fee income, performance fee income and a reduction in employee costs.

At 31 December 2022 the European funds management business had €3.9 billion (\$6.2 billion) assets under management (June 2022: €3.9 billion, \$5.9 billion). The business continues to focus its activities towards growing its platform of fee generating mandates, with an emphasis upon securing stable revenue sources.

During the current half year, three non-discretionary mandates have been entered into with a combined potential investment capacity of €1.9 billion. Details are outlined below.

Nordics mandate

- Investment capacity of €300 million
- Investing in logistics and light industrial assets across Sweden, Denmark and Finland
- 5 acquisitions (incorporating 8 assets) were completed in the half year totalling €50 million
- 6th acquisition is in exclusivity

German mandate

- Investment capacity of €625 million
- Investing in logistics assets across Germany
- Mandate signed in December 2022 with a portfolio of assets for just over €90 million under contract in Hamburg

Pan-European mandate

- Investment capacity of €1.0 billion
- Investing in logistics assets across Europe with a focus on the United Kingdom, Netherlands, Germany and France but also looking for value add opportunities in Poland, Italy and the Nordics
- Assets acquired in the current half year include two assets in the United Kingdom for €100 million and a €90 million asset in the Netherlands

The CEREIT continued to reposition its portfolio during the half year and was a net seller of assets, disposing of €38.2 million and acquiring €15.8 million.

Directors' Report

Joint ventures

LDK

In October 2022, Cromwell sold its 50% interest in LDK to Anglican Community Services for \$20.0 million versus a carrying amount of \$12.0 million. The gain on disposal of Cromwell's 50% interest reflected the future development profit from stage two of the site at Tuggeranong and has been included in operating profit for the half year.

The development loans provided to LDK have remained in place and continue to attract interest. These loans are expected to be repaid on 28 February 2023.

During the half-year Cromwell recorded \$8.2 million finance income in respect of development-related loans made to LDK. The loans have been utilised by LDK to construct the village at Greenway and acquire the Landings retirement village.

Phoenix – Australia

Phoenix Portfolios Pty Ltd experienced a similar decrease in activity during the half-year as the rest of Cromwell's Australian funds management platform.

Cromwell recognised a share of operating profit of \$0.4 million for the half-year (December 2021: \$0.8 million).

Oyster – New Zealand

Oyster Property Group's assets under management remained steady at NZD\$2.0 billion at half-year end (June 2022: NZD\$2.1 billion).

Cromwell recognised a share of operating profit of \$0.4 million for the half-year (December 2021: \$0.9 million).

CO-INVESTMENTS

Financial highlights in relation to Co-investments include:

	Total		CPRF		CIULF		CEREIT		Other investments	
	Half-year ended									
	31 Dec 2022 \$M	31 Dec 2021 \$M	31 Dec 2022 \$M	31 Dec 2021 \$M	31 Dec 2022 \$M	31 Dec 2021 \$M	31 Dec 2022 \$M	31 Dec 2021 \$M	31 Dec 2022 \$M	31 Dec 2021 \$M
Net operating income	18.6	20.1	16.9	18.3	1.7	1.9	-	-	-	-
Share of operating profit	21.5	23.3	1.4	1.7	-	-	20.1	21.6	-	-
Distribution income	0.8	1.3	-	-	-	-	-	-	0.8	1.3
Operating profit	26.7	28.4	5.1	9.0	1.1	1.1	19.7	17.0	0.8	1.3
Net fair value (losses) / gains	(68.0)	6.1	(68.1)	0.8	0.1	5.3	-	-	-	-

CPRF

The 100% owned Cromwell Polish Retail Fund (CPRF) portfolio consists of six catchment-dominating shopping centres and hypermarkets as well as a seventh shopping centre held jointly with Unibail Rodamco Westfield (URW). The assets are located throughout Poland.

While there were no further impacts of COVID-19 on the performance of the CPRF retail properties, the ongoing war in neighbouring Ukraine did negatively affect the portfolio. A Russian owned sports equipment retail chain, that was a tenant in five of the centres, with an overall leased space of 7,580 sqm was sanctioned in April 2022 and ceased trading. Following a complex six-month legal process all tenant space was finally vacated. One tenancy of 1,335 sqm has been leased during the half-year while negotiations for the remaining four tenancies are at an advanced stage. Energy prices in Poland have increased significantly as a result of the war with the energy consumer price index standing at 156%. This has contributed to significant inflation which is currently running at 16.6% in Poland and is particularly impacting retail tenants.

Directors' Report

Positively, both footfall and turnover in the centres have improved when compared with the prior corresponding period and are now returning to pre-pandemic levels with an associated increase in leasing activity. During the half-year a total of 3,713 sqm was renewed and 3,379 sqm previously vacant space was leased up. Overall occupancy has increased to 92.0% (30 June: 90.6%) with a weighted average lease expiry (WALE) of 4.5 years (30 June: 4.1 years).

All properties in the portfolio were independently valued at 31 December 2022. Valuations of the six fully owned properties decreased by €43.1 million (\$68.1 million) or 9.8% compared with 30 June 2022 as a result of an average increase in discount rates of 42 basis points and an average decrease in exit yields by 11 basis points as well as an increase in non-recoverable property expenses. The valuation of the property held jointly with URW decreased by €2.3 million (\$3.6 million).

As announced, as market conditions are no longer favourable for a fund for which CPRF was warehoused as the seed portfolio, Cromwell is looking to exit the CPRF investment as soon as the retail property market in Poland returns to reasonable transactional activity to allow for the disposal.

CIULF

The Cromwell Italy Urban Logistics Fund (CIULF) portfolio contains seven logistics assets in Italy. The portfolio is fully let to and occupied by one tenant, global logistics company DHL with a WALE of 8.2 years (June 2022: 8.8 years). All seven of the properties were independently valued at 31 December 2022 with valuations remaining unchanged compared with 30 June 2022. The increase in the carrying amount to \$94.4 million is largely due to a foreign currency gain.

As announced, Cromwell intends to fully or partially exit the investment in CIULF.

CEREIT

Cromwell continues to manage and sponsor CEREIT, a SGX-listed real estate investment trust. At 31 December 2022 Cromwell owned 27.8% of CEREIT (June 2022: 27.8%), while CEREIT itself had 113 properties with a fair value of €2.5 billion (June 2022: 116 properties with a fair value of €2.6 billion) located across Europe. Occupancy has remained steady at 96.0% (June 2022: 95.4%). External valuations as at 31 December 2022 were conducted for 112 properties representing approximately 99% of CEREIT's portfolio by value resulting in net fair value losses of €64.2 million (June 2022: external valuations were conducted for 113 properties representing approximately 97% of CEREIT's portfolio by value resulting in net fair value gains of €11.2 million).

During the half-year Cromwell recognised operating profit of \$20.1 million (December 2021: \$21.6 million) and received \$19.8 million in distributions (December 2021: \$14.1 million).

OTHER INVESTMENTS

Cromwell currently has co-investments in Australian and European real estate investment mandates which are accounted for as investments at fair value through profit or loss. Cromwell receives distributions from these investments which also support the funds management business.

Directors' Report

INVESTMENT PORTFOLIO

Cromwell continues to be dedicated to driving the performance of the property portfolio through leasing and asset management initiatives while also remaining focused on its strategy to simplify the Group structure by disposing of non-core assets and moving the Group to be a global capital light real estate fund manager. Following the disposal of four non-core investment properties for total proceeds of \$167.5 million during the second half of the prior financial year, Cromwell announced during the current half-year the disposal of the non-core investment property at 84 Crown Street, Wollongong for \$53.0 million which represents a 3.9% premium to book value. Settlement occurred after the end of the half-year on 21 February 2023.

Investment portfolio performance and key metrics

	Half-year ended	
	31 Dec 2022	31 Dec 2021
<i>Portfolio performance</i>		
Rental income and recoverable outgoings ⁽¹⁾	100.1	107.3
Property expenses ⁽²⁾	(18.8)	(20.6)
Net operating income	81.3	86.7
Investment property revaluation (loss) / gain	(113.3)	61.1

⁽¹⁾ Rental income and recoverable outgoings excluding lease incentive amortisation and rent straight-lining.

⁽²⁾ Property expenses excluding lease cost amortisation.

	As at		
	31 Dec 2022	30 Jun 2022	31 Dec 2021
<i>Key metrics</i>			
Investment portfolio value (\$M)	2,813.8	2,973.7	3,101.6
Weighted average capitalisation rate (%)	5.4	5.2	5.3
Total lettable area (sqm)	279,966	279,966	322,136
Occupancy (%)	94.4	95.6	93.0
Weighted average lease expiry (years)	5.6	5.9	5.9

Net operating income from the investment portfolio decreased by 6.3% compared with the prior corresponding period largely because of the disposal of four non-core investment properties during the 2022 financial year. On a like-for-like basis, net operating income increased by 2.7% with weighted average rent increases as a result of annual rent increases or rent reviews of 4.5%.

Leasing highlights for the period include:

- New lease at Cromwell's Sydney CBD asset 207 Kent Street of 1,244 sqm to Australia Post and renewal of 1,022 sqm leased to Betchoice Corporation;
- New lease at 243 Northbourne Avenue in the ACT over 413 sqm to Animal Health Australia;
- Lease renewals of 432 sqm with Lendlease and 798 sqm with Bureau of Meteorology at 700 Collins Street, Melbourne.

The value of the properties in Cromwell's investment portfolio decreased during the half-year on a like-for-like basis by \$38.1 million or 1.31% as a result of an expansion of capitalisation rates, on a weighted average basis, by 26 basis points from 5.17% to 5.43%. All states in which Cromwell's investment properties are located were equally affected by the general expansion of capitalisation rates as a result of rising interest rates and macroeconomic uncertainty.

Major individual valuation movements included decreases in fair value of 400 George St in QLD by \$24.0 million, 700 Collins St in Victoria by \$21.0 million, 203 Coward St in NSW by \$20.0 million and 2 – 24 Rawson Pl in NSW by \$15.0 million all due to an expansion in capitalisation rates by 25 basis points while HQ North in QLD decreased by \$16.0 million as result of a 37.5 basis points capitalisation rate expansion.

Capital management

As at 31 December 2022 Cromwell's gearing was at 41.8% compared with the 30 June 2022 gearing level of 39.6%. The increase followed the fair value decrease of investment properties in Cromwell's Australian investment portfolio by 3.7% and in Cromwell's CPRF co-investment portfolio by 6.6%. While slightly outside Cromwell's stated target range of 30% - 40% through the cycle, already contracted and announced transactions to be completed in the second half of the year, being the sale of the Wollongong investment property and the repayment of all of Cromwell's loan to the LDK joint venture will reduce gearing back to within its preferred range.

Directors' Report

While total borrowings decreased during the half year by \$120.7 million (5.5%), interest expense in relation to borrowings for the half-year increased to \$36.1 million (December 2021: \$26.8 million). The increase in interest expense is due to the significant and sharp rise in interest rates set by the various central banks with the biggest impact being from the rapid increase in the EURIBOR rate. The average interest rate for the current half-year increased to 3.45% compared with 2.28% for the prior comparative period.

The net fair value loss in relation to derivative financial instruments of \$1.8 million (December 2021: gain of \$13.1 million) primarily arose as a result of the revaluation of interest rate swap and cap contracts, which resulted in the recognition of a net loss of \$1.8 million for the half-year (December 2021: net gain of \$13.7 million) in respect of these instruments. The remaining part of the fair value movement in the prior year of derivative financial instruments related to the conversion feature in the convertible bond. The convertible bond was repaid in September 2022. Cromwell has hedged future interest rates through various types of interest rate derivatives (predominately interest rate caps) with 58% of borrowings at half-year end hedged or fixed to minimise the risk of changes in interest rates in the future (June 2022: 51%). During the half year Cromwell entered into \$309 million of new interest rate hedges via three forward starting interest rate caps, each with a notional amount of \$103 million. The premium paid was \$5.1 million. Two of the three \$103 million interest rate caps commence in July 2023 and mature in July 2025. The remaining \$103 million interest rate cap commenced in December 2022 and matures in July 2024. Weighted average hedge term at 31 December 2022 was 2.2 years (30 June 2022: 2.1 years).

Debt

Cromwell's debt platform is underpinned by its bilateral facilities secured against selected assets of Cromwell's Australian investment portfolio. The facilities continue to have headroom to cover further falls in property valuations should they arise or any further increases in variable interest rates.

Cromwell continues to fund its co-investments in CPRF and CIULF via a Euro revolving credit facility. The facility continues to have headroom to cover further falls in asset values should they arise or any further increases in variable interest rates.

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

Other debt highlights during the half-year include:

- Complete repayment of \$205.0 million Euro denominated convertible bonds;
- Extension of \$200 million of debt within Cromwell's bilateral facilities for a further three years from June 2024 to June 2027 while also increasing the facility limit by \$50 million;
- Extension of €215.0 million (\$338.2 million) of Cromwell's Euro denominated revolving facility by one year to September 2024;
- Five months short-term extension and reduction by €17.2 million (\$27.0 million) of one of the two Polish secured Euro facilities to assist the extended disposal process of the Polish retail portfolio.

These extensions of debt facilities evidence the continued confidence of debt providers in Cromwell's business and the quality of Cromwell's investment property portfolio.

Liquidity

At 31 December 2022 Cromwell had \$126.5 million of cash (June 2022: \$286.0 million) and undrawn and available bank facilities totalling \$217.5 million (June 2022: \$360.9 million). Subsequent to balance date, \$50.0 million of undrawn bank facilities were cancelled, reducing total liquidity to \$294.0 million.

Equity

No additional stapled securities were issued during the half-year. Securities required to meet the exercise of employee performance rights are now acquired on market.

Net tangible assets (NTA) per security has decreased during the half-year from \$1.04 to \$0.97, primarily as a result of an overall decrease in property valuations.

Directors' Report

Strategy

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

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

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

Outlook

High inflation and high interest costs, along with valuation declines on real estate, have seen investors cautious of deploying or investing capital. This has led to an overall reduction in transactional volumes in all regions in which Cromwell operates. For the remainder of FY23, Cromwell will remain focused on executing on its strategy to simplify the business and strengthen the balance sheet through the sale of non-core assets. Cromwell also remains committed to growing its funds management platforms.

The macroeconomic conditions in Australia, coupled with Cromwell's careful approach to asset selection for its retail investor funds, has resulted in minimal growth in AUM in the current half-year. While these conditions are expected to continue in the near term, Cromwell will be looking to redeploy the capital realised from the sale of non-core assets into complementary funds management business opportunities.

Despite both the macroeconomic conditions and geopolitical situation in Europe, Cromwell's European platform has three new non-discretionary mandates with potential investment capacity. Cromwell will be working actively with its mandate partners to identify suitable assets for each mandate and to grow AUM over the remainder of the year.

A distribution of 1.375cps is expected to be paid for the March 2023 quarter.

Directors' Report

Directors

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

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

Company Secretary

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

Company Secretary	Date of Appointment
Ms Lucy Laakso	10 August 2015

Subsequent events

Other than as disclosed in note 16, no matter or circumstance has arisen since 31 December 2022 that has significantly affected or may significantly affect:

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

Rounding of amounts

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

Auditor's independence declaration

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

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



Dr Gary Weiss AM
Chair
26 February 2023
Sydney



Jonathan Callaghan
Managing Director / Chief Executive Officer

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

26 February 2023

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.

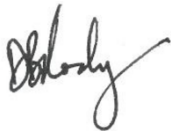
As lead audit partner for the review of the consolidated half year financial report of Cromwell Property Group (the stapled entity which comprises Cromwell Corporation Limited, Cromwell Diversified Property Trust and the entities they controlled at the end of the half-year or from time to time during the half-year) and Cromwell Diversified Property Trust for the half year ended 31 December 2022, 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 2022

	Notes	Cromwell		Trust	
		Half-year ended		Half-year ended	
		31 Dec 2022 \$M	31 Dec 2021 \$M	31 Dec 2022 \$M	31 Dec 2021 \$M
Revenue	5(a)	184.0	190.2	140.1	141.9
Other income					
Fair value net gains from:					
Investment properties	7(f)	-	67.2	-	67.2
Derivative financial instruments		-	13.1	-	13.1
Share of profit of equity accounted investments	8(e)	-	10.0	-	17.3
Net foreign currency gains		-	6.5	0.6	5.5
Gain on sale of investment properties		2.0	-	2.0	-
Gain on sale of interest in joint venture held for sale		7.7	-	-	-
Other income		-	-	1.0	-
Total revenue and other income		193.7	287.0	143.7	245.0
Expenses					
Property expenses and outgoings		33.8	33.1	37.7	37.7
Funds management costs		3.8	3.8	-	-
Employee benefits expense	6(a)	39.9	40.0	-	-
Administrative and other expenses	6(b)	19.2	24.3	14.3	14.6
Finance costs	6(c)	40.8	31.9	40.6	31.7
Fair value net losses from:					
Investment properties	7(f)	181.3	-	181.3	-
Derivative financial instruments		1.8	-	1.8	-
Investments at fair value through profit or loss		1.1	1.8	1.0	-
Share of loss of equity accounted investments	8(e)	4.9	-	6.7	-
Net foreign currency losses		2.5	-	-	-
Impairment of equity accounted investments	8(e)	1.9	-	1.9	0.1
Other transaction costs		1.5	0.7	1.4	0.6
Total expenses		332.5	135.6	286.7	84.7
(Loss) / profit before income tax		(138.8)	151.4	(143.0)	160.3
Income tax (benefit) / expense		(9.3)	18.9	(9.0)	8.7
(Loss) / profit after tax		(129.5)	132.5	(134.0)	151.6
<i>(Loss) / profit after tax is attributable to securityholders:</i>					
Attributable to the Company		4.5	(18.7)	-	-
Attributable to the Trust		(134.0)	151.2	(134.0)	151.2
Attributable to non-controlling interests		-	-	-	0.4
Total (loss) / profit after tax attributable to securityholders		(129.5)	132.5	(134.0)	151.6
Earnings per security					
Basic earnings per stapled security (cents)	3(b)	(4.94¢)	5.06¢	(5.11¢)	5.77¢
Diluted earnings per stapled security (cents)	3(b)	(4.93¢)	5.04¢	(5.10¢)	5.75¢

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 2022

	Cromwell		Trust	
	Half-year ended		Half-year ended	
	31 Dec 2022 \$M	31 Dec 2021 \$M	31 Dec 2022 \$M	31 Dec 2021 \$M
(Loss) / profit after tax	(129.5)	132.5	(134.0)	151.6
Other comprehensive income / (loss)				
<i>Items that may be reclassified to profit or loss</i>				
Exchange differences on translation of foreign operations	42.3	(14.4)	41.1	(14.1)
Income tax relating to this item	-	-	-	-
Other comprehensive income / (loss), net of tax	42.3	(14.4)	41.1	(14.1)
Total other comprehensive (loss) / income	(87.2)	118.1	(92.9)	137.5
<i>Total other comprehensive (loss) / income is attributable to securityholders:</i>				
Attributable to the Company	5.7	(19.0)	-	-
Attributable to the Trust	(92.9)	137.1	(92.9)	137.1
Attributable to non-controlling interests	-	-	-	0.4
Total other comprehensive (loss) / income	(87.2)	118.1	(92.9)	137.5

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

Consolidated Balance Sheets

As at 31 December 2022

	Notes	Cromwell		Trust	
		As at		As at	
		31 Dec 2022 \$M	30 Jun 2022 \$M	31 Dec 2022 \$M	30 Jun 2022 \$M
Current assets					
Cash and cash equivalents		126.5	286.0	75.0	212.8
Receivables	10(b)	190.3	38.2	119.4	16.9
Derivative financial instruments		20.4	13.3	20.4	13.3
Current tax assets		2.8	2.4	0.1	-
Investment property held for sale	7(c), 14	53.0	-	53.0	-
Disposal group held for sale	14	-	160.4	-	105.7
Other current assets		10.9	7.0	3.3	2.3
Total current assets		403.9	507.3	271.2	351.0
Non-current assets					
Investment properties	7(e)	3,539.2	3,740.0	3,539.2	3,740.0
Equity accounted investments	8(a)	669.9	670.7	638.7	641.5
Investments at fair value through profit or loss	9	23.1	23.3	19.5	20.4
Inventories	7(d)	16.0	15.3	-	-
Derivative financial instruments		38.7	42.6	38.7	42.6
Receivables	10(b)	33.7	28.5	98.1	114.9
Property, plant and equipment		22.0	25.2	-	-
Intangible assets		0.3	0.5	-	-
Deferred tax assets		0.2	0.8	0.2	0.8
Total non-current assets		4,343.1	4,546.9	4,334.4	4,560.2
Total assets		4,747.0	5,054.2	4,605.6	4,911.2
Current liabilities					
Trade and other payables		57.3	73.3	42.3	53.3
Unearned income		21.4	16.3	20.2	15.1
Dividends / distributions payable		36.0	42.6	36.0	42.6
Interest bearing liabilities	11(a)	35.2	211.7	30.2	206.2
Provisions		4.8	4.7	-	-
Current tax liabilities		3.1	2.3	1.9	1.8
Total current liabilities		157.8	350.9	130.6	319.0
Non-current liabilities					
Interest bearing liabilities	11(a)	2,036.0	1,980.0	2,023.2	1,964.7
Provisions		0.6	0.7	-	-
Deferred tax liabilities		1.2	12.2	1.0	12.1
Total non-current liabilities		2,037.8	1,992.9	2,024.2	1,976.8
Total liabilities		2,195.6	2,343.8	2,154.8	2,295.8
Net assets		2,551.4	2,710.4	2,450.8	2,615.4
Equity attributable to securityholders					
Contributed equity	12(b)	2,280.5	2,280.1	2,073.1	2,072.8
Reserves		10.6	(31.5)	(15.5)	(56.6)
Retained earnings		260.3	461.8	393.2	599.2
Equity attributable to securityholders		2,551.4	2,710.4	2,450.8	2,615.4
<i>Comprising</i>					
Total equity attributable to the Company		100.6	95.0	-	-
Total equity attributable to the CDPT		2,450.8	2,615.4	2,450.8	2,615.4
Total Equity attributable to securityholders		2,551.4	2,710.4	2,450.8	2,615.4

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 2022

Cromwell		Attributable to Equity Holders of Cromwell			
		Contributed equity \$M	Reserves \$M	Retained earnings \$M	Total \$M
31 December 2022	Notes				
Balance as at 1 July 2022		2,280.1	(31.5)	461.8	2,710.4
Loss for the half-year		-	-	(129.5)	(129.5)
Other comprehensive income		-	42.3	-	42.3
Total comprehensive (loss) / income		-	42.3	(129.5)	(87.2)
<i>Transactions with equity holders in their capacity as equity holders:</i>					
Contributions of equity, net of equity issue costs	12(b)	0.4	-	-	0.4
Dividends / distributions paid / payable	4	-	-	(72.0)	(72.0)
Employee performance rights		-	0.3	-	0.3
Acquisition of treasury securities		-	(1.3)	-	(1.3)
Issue of treasury securities		-	0.8	-	0.8
Total transactions with equity holders		0.4	(0.2)	(72.0)	(71.8)
Balance as at 31 December 2022		2,280.5	10.6	260.3	2,551.4

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

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 2022

Trust		Notes	Attributable to Equity Holders of the CDPT				Non-controlling interests \$M	Total equity \$M
			Contributed equity \$M	Reserve \$M	Retained earnings \$M	Total \$M		
31 December 2022								
Balance at 1 July 2022			2,072.8	(56.6)	599.2	2,615.4	-	2,615.4
Loss for the half-year			-	-	(134.0)	(134.0)	-	(134.0)
Other comprehensive income			-	41.1	-	41.1	-	41.1
Total comprehensive (loss) / income			-	41.1	(134.0)	(92.9)	-	(92.9)
<i>Transactions with equity holders in their capacity as equity holders:</i>								
Contributions of equity, net of equity issue costs		12(b)	0.3	-	-	0.3	-	0.3
Distributions paid / payable		4	-	-	(72.0)	(72.0)	-	(72.0)
Total transactions with equity holders			0.3	-	(72.0)	(71.7)	-	(71.7)
Balance as at 31 December 2022			2,073.1	(15.5)	393.2	2,450.8	-	2,450.8

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

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 2022

	Cromwell		Trust	
	Half-year		Half-year	
	31 Dec 2022 \$M	31 Dec 2021 \$M	31 Dec 2022 \$M	31 Dec 2021 \$M
Cash flows from operating activities				
Receipts in the course of operations	189.3	209.5	143.5	157.5
Payments in the course of operations	(123.6)	(125.8)	(65.0)	(60.0)
Distributions received	20.7	18.0	20.2	13.9
Interest received	9.7	5.1	9.5	4.6
Finance costs paid	(38.8)	(26.6)	(38.8)	(26.6)
Income tax (paid) / refunded	(2.1)	(2.3)	(2.0)	0.5
Net cash provided by operating activities	55.2	77.9	67.4	89.9
Cash flows from investing activities				
Proceeds from sale of investment properties	2.0	-	2.0	-
Payments for investment properties	(12.5)	(16.6)	(12.5)	(16.6)
Payments for equity accounted investments	(3.8)	-	(3.8)	-
Net proceeds from sale of equity accounted investments	19.7	-	-	-
Payments for investments at fair value through profit or loss	(1.0)	(20.0)	-	(20.0)
Payments for intangible assets	(0.1)	(0.1)	-	-
Payments for property, plant and equipment	(0.5)	(0.3)	-	-
Proceeds from vendor finance loan	-	27.0	-	27.0
Repayment of loans to related entities	6.6	21.0	29.3	23.9
Loans to related entities	(5.6)	(41.6)	(3.8)	(46.6)
Payments for other transaction costs	(1.6)	(0.3)	(1.4)	(0.2)
Net cash provided by / (used in) investing activities	3.2	(30.9)	9.8	(32.5)
Cash flows from financing activities				
Proceeds from borrowings	111.5	69.8	111.5	69.8
Repayment of borrowings	(244.8)	(64.0)	(244.8)	(64.0)
Payments for lease liabilities	(3.3)	(1.9)	(0.2)	(0.2)
Payment of loan transaction costs	(1.4)	(0.4)	(1.4)	(0.4)
Payments for derivative financial instruments	(4.8)	-	(4.8)	-
Proceeds from issue of stapled securities	0.4	0.3	0.3	0.3
Payments for treasury shares	(1.3)	-	-	-
Payment of dividends / distributions	(78.6)	(85.1)	(78.6)	(85.1)
Net cash used in financing activities	(222.3)	(81.3)	(218.0)	(79.6)
Net decrease in cash and cash equivalents	(163.9)	(34.3)	(140.8)	(22.2)
Cash and cash equivalents at 1 July	286.0	142.3	212.8	83.7
Effects of exchange rate changes on cash and cash equivalents	4.4	(2.2)	3.0	(1.7)
Cash and cash equivalents at 31 December	126.5	105.8	75.0	59.8

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 2022

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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 2022

ABOUT THIS REPORT

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

1. Basis of preparation

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

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

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by Cromwell 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 annual report for the year ended 30 June 2022. These accounting policies are consistent with applicable Australian accounting standards and with international financial reporting standards.

This interim financial report has been prepared on a going concern basis. At 31 December 2022 Cromwell's and the Trust's current assets exceeded current liabilities by \$246.1 million and \$140.6 million respectively (30 June 2022: \$156.4 million and \$32.0 million). In addition, at 31 December 2022, Cromwell and the Trust had a total of \$217.5 million of undrawn but available bank debt facilities (30 June 2022: \$360.9 million) and current assets include \$126.5 million and \$75.0 million of cash respectively (30 June 2022: \$286.0 million and \$212.8 million).

Rounding of amounts

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

Presentation changes and 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. 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
Investment property	7
Equity accounted investments	8
Receivables	10

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

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

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

Notes to the Financial Statements

For the half-year ended 31 December 2022

RESULTS

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

2. Operating segment information

a) Overview

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

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

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

b) Segment assets and liabilities

31 December 2022	Funds and asset management \$M	Co-investments \$M	Investment portfolio \$M	Cromwell \$M
Segment assets	301.2	1,483.9	2,961.9	4,747.0
Segment liabilities	41.7	608.9	1,545.0	2,195.6
Segment net assets	259.5	875.0	1,416.9	2,551.4

30 June 2022	Funds and asset management \$M	Co-investments \$M	Investment portfolio \$M	Cromwell \$M
Segment assets	335.2	1,520.7	3,198.3	5,054.2
Segment liabilities	48.8	834.2	1,460.8	2,343.8
Segment net assets	286.4	686.5	1,737.5	2,710.4

Notes to the Financial Statements

For the half-year ended 31 December 2022

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 2022	Funds and asset management \$M	Co- investments \$M	Investment portfolio \$M	Cromwell \$M
Segment revenue				
Rental income and recoverable outgoings	-	37.7	100.1	137.8
Operating profit of equity accounted investments	2.0	21.5	-	23.5
Development income ⁽¹⁾	17.3	-	-	17.3
Funds and asset management fees	45.0	-	-	45.0
Distributions	-	0.8	-	0.8
Total segment revenue	64.3	60.0	100.1	224.4
Segment expenses				
Property expenses	-	19.1	18.8	37.9
Funds and asset management direct costs	32.6	2.4	-	35.0
Other expenses	4.5	1.3	0.7	6.5
Total segment expenses	37.1	22.8	19.5	79.4
EBITDA	27.2	37.2	80.6	145.0
Finance costs	-	10.5	25.0	35.5
Segment profit after finance costs	27.2	26.7	55.6	109.5
Unallocated items				
Finance income				1.8
Corporate costs ⁽²⁾				(21.0)
Income tax expense				(3.2)
Segment profit				87.1

(1) Includes finance income attributable to development loans, fee revenue, and the gain on sale of development related joint venture. Refer to note 2(e) for further details.

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

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

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

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

Notes to the Financial Statements

For the half-year ended 31 December 2022

d) Reconciliation of segment profit to statutory (loss) / profit

	Cromwell	
	Half-year ended	
	31 Dec 2022 \$M	31 Dec 2021 \$M
Segment profit	87.1	96.4
<i>Reconciliation to (loss) / profit for the half-year</i>		
Gain on sale of investment properties	2.0	-
Fair value net (losses) / gains - Investment properties	(181.3)	67.2
Fair value net (losses) / gains - Derivative financial instruments	(1.8)	13.1
Lease cost and incentive amortisation and rent straight-lining	(5.7)	(10.6)
Relating to equity accounted investments ⁽¹⁾	(28.4)	(15.0)
Net exchange (loss) / gain on foreign currency borrowings	(1.5)	6.3
Tax expense relating to non-operating items ⁽²⁾	12.5	(15.1)
Other non-cash expenses or non-recurring items ⁽³⁾	(12.4)	(9.8)
(Loss) / profit after tax for the half-year	(129.5)	132.5

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

(2) Comprises tax expense attributable to changes in deferred tax liabilities derecognised as a result of decreases in the carrying value of investments.

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

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

e) Reconciliation of total segment revenue to total revenue

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

	Cromwell	
	Half-year ended	
	31 Dec 2022 \$M	31 Dec 2021 \$M
Total segment revenue	224.4	230.5
<i>Reconciliation to total revenue:</i>		
Finance income	1.8	0.6
Straight-line lease income	6.9	3.5
Inter-segmental management fee revenue	(6.2)	(6.5)
Lease incentive amortisation	(11.7)	(12.9)
Gain on sale of equity accounted investments ⁽¹⁾	(7.7)	-
Operating profit from equity accounted investments	(23.5)	(25.0)
Total revenue	184.0	190.2

(1) The gain on sale of the LDK joint venture equity interest is presented to the Chief Operating Decision Maker as development income. This is consistent with CMW's overall view of the LDK project which has been internally shown and reported as a development project. For this half year financial report, the gain in all other places where it is presented has been classified and disclosed in accordance with the requirements of IFRS.

f) Accounting policy

Segment allocation

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

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

EBITDA

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

Notes to the Financial Statements

For the half-year ended 31 December 2022

Segment profit

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

3. Earnings per security

a) Overview

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

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

	Cromwell		Company		Trust	
	Half-year ended		Half-year ended		Half-year ended	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Basic earnings per security (cents)	(4.94)	5.06	0.17	(0.71)	(5.11)	5.77
Diluted earnings per security (cents)	(4.93)	5.04	0.17	(0.71)	(5.10)	5.75
<i>Earnings used to calculate basic and diluted earnings per security:</i>						
(Loss) / profit for the half-year attributable to securityholders (\$M)	(129.5)	132.5	4.5	(18.7)	(134.0)	151.2
<i>Weighted average number of securities used in calculating basic and diluted earnings per security:</i>						
Weighted average number of securities used in calculating basic earnings per security (number)	2,618.9	2,617.6	2,618.9	2,617.6	2,618.9	2,617.6
Effect of performance rights on issue (number)	7.1	9.9	7.1	9.9	7.1	9.9
Weighted average number of securities used in calculating diluted earnings per security (number)	2,626.0	2,627.5	2,626.0	2,627.5	2,626.0	2,627.5

Notes to the Financial Statements

For the half-year ended 31 December 2022

4. Distributions

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

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

Date paid for the half-year		Half-year ended		Half-year ended	
31 Dec 2022	31 Dec 2021	31 Dec 2022 cents	31 Dec 2021 cents	31 Dec 2022 \$M	31 Dec 2021 \$M
18 November 2022	19 November 2021	1.375¢	1.625¢	36.0	42.5
17 February 2023	18 February 2022	1.375¢	1.625¢	36.0	42.6
Total		2.750¢	3.250¢	72.0	85.1

5. Revenue

a) Overview

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

	Cromwell		Trust	
	Half-year ended		Half-year ended	
	31 Dec 2022 \$M	31 Dec 2021 \$M	31 Dec 2022 \$M	31 Dec 2021 \$M
Rental income – lease components	107.9	110.6	107.5	111.1
Recoverable outgoings – non-lease components	25.2	24.0	24.1	23.3
Rental income and recoverable outgoings	133.1	134.6	131.6	134.4
<i>Other revenue from contracts with customers:</i>				
Funds and asset management fees	40.0	45.6	-	-
Total rental income, recoverable outgoings and funds and asset management fees	173.1	180.2	131.6	134.4
<i>Other revenue items recognised:</i>				
Interest	10.0	8.6	7.8	7.4
Distributions	0.8	1.3	0.5	0.1
Other revenue	0.1	0.1	0.2	-
Total other revenue	10.9	10.0	8.5	7.5
Total revenue	184.0	190.2	140.1	141.9

Notes to the Financial Statements

For the half-year ended 31 December 2022

b) Disaggregation of revenue from contracts with customers

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

	Cromwell		Trust	
	Half-year ended		Half-year ended	
	31 Dec 2022 \$M	31 Dec 2021 \$M	31 Dec 2022 \$M	31 Dec 2021 \$M
<i>Rental income and recoverable outgoings – non-lease components:</i>				
Recoverable outgoings ⁽¹⁾	13.9	15.4	13.9	15.4
Cost recoveries ⁽²⁾	11.3	8.6	10.2	7.9
Total rental income and recoverable outgoings – non-lease components	25.2	24.0	24.1	23.3
<i>Funds and asset management fees:</i>				
Funds and asset management fees ⁽¹⁾	27.2	25.9	-	-
Performance fees ⁽²⁾	3.8	4.3	-	-
Asset acquisition and sale fees ⁽²⁾	2.1	6.3	-	-
Project management fees ⁽¹⁾	2.1	1.6	-	-
Leasing fees ⁽²⁾	2.4	5.2	-	-
Property management fees ⁽¹⁾	2.4	2.3	-	-
Total funds and asset management fees	40.0	45.6	-	-
Total revenue from contracts with customers	65.2	69.6	24.1	23.3
<i>Timing of recognition of revenue items</i>				
Recognised over time	45.6	45.2	13.9	15.4
Recognised at point in time	19.6	24.4	10.2	7.9
Total revenue from contracts with customers	65.2	69.6	24.1	23.3

(1) Revenue recognised over time.

(2) Revenue recognised at point in time.

c) Critical accounting estimates and judgements

Poland – Poland was not subject to any COVID-19 lockdowns during the half-year. Cromwell and the Trust have chosen to recognise an expected credit loss provision at 31 December 2022 of €1.2 million (\$1.8 million) at balance date (30 June 2022: €1.2 million, \$1.8 million).

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

Notes to the Financial Statements

For the half-year ended 31 December 2022

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

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

a) Employee benefits expense

	Cromwell		Trust	
	Half-year ended		Half-year ended	
	31 Dec 2022 \$M	31 Dec 2021 \$M	31 Dec 2022 \$M	31 Dec 2021 \$M
Salaries and wages, including bonuses and on-costs	34.1	34.7	-	-
Directors fees	1.0	0.8	-	-
Contributions to defined contribution superannuation plans	2.2	2.1	-	-
Security-based payments	0.3	0.3	-	-
Restructure costs	0.5	0.6	-	-
Other employee benefits expense	1.8	1.5	-	-
Total employee benefits expense	39.9	40.0	-	-

b) Administrative and other expenses

	Cromwell		Trust	
	Half-year ended		Half-year ended	
	31 Dec 2022 \$M	31 Dec 2021 \$M	31 Dec 2022 \$M	31 Dec 2021 \$M
Administrative and overhead costs	12.2	18.0	0.5	1.6
Audit, taxation and other professional fees	2.9	3.0	2.0	1.8
Fund administration costs	-	-	11.8	11.1
Amortisation and depreciation	3.8	3.0	-	-
Other	0.3	0.3	-	0.1
Total administrative and other expenses	19.2	24.3	14.3	14.6

c) Finance costs

	Cromwell		Trust	
	Half-year ended		Half-year ended	
	31 Dec 2022 \$M	31 Dec 2021 \$M	31 Dec 2022 \$M	31 Dec 2021 \$M
Interest on borrowings	36.1	26.8	36.1	26.8
Interest on lease liabilities	0.3	0.3	0.1	0.1
Amortisation of loan transaction costs	4.4	4.7	4.4	4.7
Net exchange losses relating to finance costs	-	0.1	-	0.1
Total finance costs	40.8	31.9	40.6	31.7

Notes to the Financial Statements

For the half-year ended 31 December 2022

OPERATING ASSETS

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

7. Investment properties

a) Overview

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

b) Movements in investment properties

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

	Cromwell		Trust	
	Half-year ended		Half-year ended	
	31 Dec 2022 \$M	31 Dec 2021 \$M	31 Dec 2022 \$M	31 Dec 2021 \$M
Balance at 1 July	3,740.0	3,863.5	3,740.0	3,863.5
Acquisitions	-	-	-	-
Capital works:				
Construction costs	-	0.3	-	0.3
Finance costs capitalised	-	0.3	-	0.3
Property improvements	6.1	6.9	6.1	6.9
Lifecycle	0.9	0.9	0.9	0.9
Disposals	-	-	-	(10.0)
Reclassified to:				
Held for sale	(53.0)	(19.0)	(53.0)	(19.0)
Inventory	-	(10.0)	-	-
Straight-line lease income	6.9	3.5	6.9	3.5
Lease costs and incentive costs	5.2	8.3	5.2	8.3
Amortisation ⁽¹⁾	(12.6)	(14.2)	(12.6)	(14.2)
Net (loss) / gain from fair value adjustments	(181.3)	67.2	(181.3)	67.2
Foreign exchange differences	27.0	(7.7)	27.0	(7.7)
Balance at 31 December	3,539.2	3,900.0	3,539.2	3,900.0

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

c) Investment properties sold / reclassified as held for sale

During the current period the Trust signed a contract for the sale of 84 Crown Street, Wollongong, NSW for a price of \$53.0 million, which has subsequently settled on 21 February 2023. As a result, the property has been classified as held for sale.

During the prior financial year, the Trust disposed of the following properties: Village Cinema, Geelong, VIC for \$19.0 million (net of required capital expenditure); 200 Mary Street, QLD for \$108.5 million; Regent Cinema, Albury, NSW for \$18.5 million; and the TGA Complex, ACT for \$21.5 million.

d) Investment property sold / reclassified as inventory

During the prior financial year Cromwell reclassified the investment property at 19 National Circuit, Barton, ACT as an inventory asset. This is due to its intended redevelopment for future sale. To facilitate this ownership, the asset was transferred from the Trust to the Cromwell Development Trust (a subsidiary of Cromwell Corporation Limited) for a contract price of \$10.0 million. Costs totalling \$0.7 million (30 June 2022: \$5.3 million) were incurred, with the Inventory carrying amount at 31 December 2022 totalling \$16.0 million (30 June 2022: \$15.3 million).

Notes to the Financial Statements

For the half-year ended 31 December 2022

e) Details of Cromwell's investment property portfolio

	Ownership	Title	Asset class	Independent valuation		Carrying amount	
				Date	Amount \$M	31 Dec 2022 \$M	30 Jun 2022 \$M
Australia							
400 George Street, Brisbane QLD	100%	Freehold	Office	Dec 2022	518.0	518.0	542.0
HQ North, Fortitude Valley QLD	100%	Freehold	Office	Dec 2022	225.0	225.0	241.0
203 Coward Street, Mascot NSW	100%	Freehold	Office	Dec 2022	540.0	540.0	560.0
2-24 Rawson Place, Sydney NSW	100%	Freehold	Office	Jun 2022	305.0	305.0	320.0
207 Kent Street, Sydney NSW	100%	Freehold	Office	Dec 2022	308.5	308.5	317.0
475 Victoria Avenue, Chatswood NSW	50%	Freehold	Office	Dec 2022	137.0	137.0	135.5
2-6 Station Street, Penrith NSW	100%	Freehold	Office	Dec 2022	54.5	54.5	57.5
84 Crown Street, Wollongong NSW ⁽¹⁾	100%	Freehold	Office	N/A	-	-	51.0
117 Bull Street, Newcastle NSW	100%	Freehold	Office	Dec 2022	33.0	33.0	33.0
243 Northbourne Avenue, Lyneham ACT	100%	Leasehold	Office	Jun 2022	35.5	35.5	35.7
Soward Way, Greenway ACT	100%	Leasehold	Office	Jun 2022	317.0	317.0	319.7
Tuggeranong Office Park, Tuggeranong ACT	100%	Leasehold	Land	May 2019	7.5	8.3	8.3
700 Collins Street, Melbourne VIC	100%	Freehold	Office	Dec 2022	332.0	332.0	353.0
					2,813.0	2,813.8	2,973.7
Poland							
Janki, Janki, Warszawa	100%	Freehold	Retail	Dec 2022	312.0	312.0	341.4
Korona, Psie Pole, Wrocław	100%	Leasehold	Retail	Dec 2022	117.2	117.2	124.0
Ster, Pogodno, Szczecin	100%	Leasehold	Retail	Dec 2022	74.9	74.9	80.4
Rondo, Wilczak, Bydgoszcz	100%	Freehold	Retail	Dec 2022	82.3	82.3	83.7
Tulipan, Widzew, Łódź	100%	Freehold	Retail	Dec 2022	20.9	20.9	20.8
Kometa, Koniuchy, Toruń	100%	Leasehold	Retail	Dec 2022	17.8	17.8	19.0
					625.1	625.1	669.3
Italy							
Carugate, Milan	100%	Freehold	Logistics	Dec 2022	40.4	40.4	38.9
Campegine, Reggio Emilia	100%	Freehold	Logistics	Dec 2022	17.7	17.7	17.2
Torri di Quartesolo, Vicenza	100%	Freehold	Logistics	Dec 2022	9.3	9.3	9.1
Verona, Verona	100%	Freehold	Logistics	Dec 2022	9.2	9.2	8.6
Bologna Interporto, Bologna	100%	Freehold	Logistics	Dec 2022	9.0	9.0	8.8
Campogalliano, Modena	100%	Freehold	Logistics	Dec 2022	5.0	5.0	4.8
San Mauro Torinese, Turin	100%	Freehold	Logistics	Dec 2022	3.8	3.8	3.7
					94.4	94.4	91.1
Total – investment property portfolio					3,532.5	3,533.3	3,734.1
Add: Right-of-use assets – Polish leasehold properties					-	5.9	5.9
Total – investment properties					3,532.5	3,539.2	3,740.0

(1) Reclassified as held for sale during the period.

f) Critical accounting estimates - Revaluation of investment property portfolio

Cromwell's investment properties, with an aggregate carrying amount of \$3,539.2 million (June 2022: \$3,740.0 million) represent a significant balance on Cromwell's and the Trust's Balance sheets. Investment properties are measured at fair value using valuation methods that utilise inputs based upon estimates. All property valuations utilise valuation models based on discounted cash flow ("DCF") models or income capitalisation models (or a combination of both) supported by recent market sales evidence.

At balance date the adopted valuations for 21 of Cromwell's investment properties are based on independent external valuations representing 81% 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.

For the half-year ended 31 December 2022 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 and other global economic impacts upon inputs relevant to the valuation model for each property.

Notes to the Financial Statements

For the half-year ended 31 December 2022

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

	Cromwell	
	Half-year ended	
	31 Dec 2022 \$M	31 Dec 2021 \$M
Australia	(113.3)	61.1
Poland	(68.1)	0.8
Italy	0.1	5.3
Total revaluation (loss) / gain	(181.3)	67.2

Valuation inputs

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

	Net property income (\$M)		Capitalisation rate (%)		Discount rate (%)		Terminal yield (%)	
	Range	Weighted average	Range	Weighted average	Range	Weighted average	Range	Weighted average
31 December 2022								
Australia ⁽¹⁾	2.1 – 30.8	20.7	4.9 - 7.0	5.4	5.8 - 7.5	6.1	5.5 - 7.3	6.0
Poland ⁽²⁾	1.3 - 19.8	13.1	N/A	N/A	8.3 - 9.8	8.9	6.5 - 8.1	7.1
Italy ⁽²⁾	0.1 - 1.1	0.7	N/A	N/A	6.0 - 6.5	6.1	4.5 - 5.5	4.7
Portfolio	0.1 - 30.8	18.8	4.9 - 7.0	5.4	5.8 - 9.8	6.6	4.5 - 8.1	6.1
30 June 2022								
Australia ⁽¹⁾	1.9 - 32.4	20.7	4.6 - 6.8	5.2	5.3 - 7.5	5.9	5.0 - 7.3	5.6
Poland ⁽²⁾	1.7 - 22.5	15.1	N/A	N/A	7.8 - 9.7	8.5	6.4 - 8.0	7.0
Italy ⁽²⁾	0.1 - 1.2	0.8	N/A	N/A	5.2 - 5.8	5.3	4.3 - 5.0	4.5
Portfolio	0.1 - 32.4	19.2	4.6 - 6.8	5.2	5.2 - 9.7	6.4	4.3 - 8.0	5.8

- (1) DCF models / income capitalisation models (and unobservable inputs therein) are not applied in certain cases (e.g. H.F.S. assets, vacant assets, etc) where this is not considered an appropriate method of valuation for the particular asset.
(2) No equivalent metric in the Polish and Italian valuation methodologies utilised.

Sensitivity analysis

Significant judgement is required when assessing the fair value of investment property, especially in the current global economic environment. Owing to this significant judgement, a sensitivity analysis is included below. The sensitivity analysis shows the impact on the carrying values of directly held investment properties of an increase or decrease of 0.50% on the capitalisation rate, discount rate and terminal yields as at 31 December 2022.

	Cromwell	
	31 December 2022 \$M	31 December 2022 \$M
	0.50%	(0.50%)
Australia	(308.0)	290.1
Poland	(42.2)	48.8
Italy	(9.3)	10.2
Total	(359.5)	349.1

Notes to the Financial Statements

For the half-year ended 31 December 2022

8. Equity accounted investments

a) Overview

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

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

	Cromwell				Trust			
	31 December 2022		30 June 2022		31 December 2022		30 June 2022	
	%	\$M	%	\$M	%	\$M	%	\$M
Equity accounted investments								
CEREIT	27.8	593.7	27.8	600.0	27.4	584.5	27.4	590.7
Ursynów	50.0	54.2	50.0	50.8	50.0	54.2	50.0	50.8
Others		22.0		19.9		-		-
Total - equity accounted investments		669.9		670.7		638.7		641.5

b) Details of associate

Cromwell European Real Estate Investment Trust

Cromwell and the Trust have an investment in CEREIT with a carrying amount of \$593.7 million (June 2022: \$600.0 million) and \$584.5 million (June 2022: \$590.7 million) respectively. CEREIT is a real estate investment trust (REIT) listed on the mainboard of the Singapore Exchange (SGX) managed by Cromwell through its 100% owned subsidiary Cromwell EREIT Management Pte. Ltd. (the "Manager"). CEREIT invests in commercial property, mainly office and urban logistics, in western and central Europe with a current portfolio of 113 properties located in 10 European countries with an aggregate portfolio value of €2.5 billion (\$3.9 billion). The Manager of CEREIT has its own majority independent board of directors acting solely in the interest of all CEREIT unitholders. As such, Cromwell and the Trust does not control CEREIT, however has significant influence by virtue of their unitholdings.

c) Details of joint ventures

Ursynów

Cromwell and the Trust have an investment in Ursynów with a carrying amount of \$54.2 million (June 2022: \$50.8 million). Ursynów forms part of the Cromwell Polish Retail Fund (CPRF). Ursynów is a Polish company limited by shares that owns a single retail asset in Warsaw, Poland. Cromwell and the Trust hold 50% of the voting rights of the company. The other 50% is held by joint venture partner, Unibail Rodamco Westfield (URW). The company is governed by a supervisory board that decides on all relevant activities of the company. Both investors have equal participation rights in the supervisory board and all decisions require unanimous consent, indicating joint control.

During the current period Cromwell and the Trust invested a further €2.4 million (\$3.8 million) into the joint venture which was disproportionate to Cromwell and the Trust's joint venture partner as a result of a pre-existing arrangement. The disproportionate contribution by Cromwell and the Trust has resulted in the recognition of an impairment to the investment of €1.2 million (\$1.9 million) due to Cromwell and the Trust's ownership percentage remaining unchanged at 50%.

During the prior period Cromwell and its joint venture partner contributed loans of €17.0 million (\$26.8 million) each, which the joint venture used to repay an external debt facility that fell due. The loan balance receivable from Ursynów at 31 December 2022 was €17.6 million (\$27.7 million).

Notes to the Financial Statements

For the half-year ended 31 December 2022

Other joint ventures and associates

Other equity accounted investments include Cromwell's investment in Oyster Property Funds Limited (Oyster) (50% interest, June 2022: 50%), a New Zealand based fund and property manager which is jointly owned with six other shareholders, and Phoenix portfolio's (45% interest, June 2022: 45%), an Australian based equity fund manager. An investment in VAC Car Park Co. Pty Ltd (CARVAC) (50% interest, June 2022: 50%), an Australian based company which operates the car park in Cromwell's Victoria Avenue Chatswood investment property.

In Europe, Cromwell has investments in Stirling Development Agency Limited (SDA) (50% interest, June 2022: 50%) a UK based property developer; Redhouse Holdings Limited (Redhouse) (50% interest, June 2022: 50%) a UK based property developer; and Dasos Cromwell RE Management Company Sarl (Dasos) (50% interest, June 2022: 50%) a Luxembourg based property investment manager.

d) Critical accounting estimates and judgements

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

Cromwell European Real Estate Investment Trust

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

Cromwell's investment in CEREIT was assessed for indicators of impairment as at 31 December 2022. The CEREIT unit price (€1.50) on the Singapore Exchange (SGX) was 37.9% below the carrying value per unit, and the fair value of the investment using the quoted market price on the SGX per unit would be \$368.8 million, which is \$224.9 million below the carrying value. Given this position has been significant and prolonged, Cromwell has considered whether the value of the investment is impaired and assessed whether the recoverable amount (being the higher of value in use or fair value less costs of disposal) exceeds the carrying amount of the investment.

Cromwell's assessment of the value of the investment in CEREIT has been based on the fair value less costs of disposal methodology. The fair value of CEREIT has been measured by considering the value of the investment that Cromwell holds in CEREIT in its entirety which reflects the premium that an external buyer of CEREIT (as a whole) would pay for the significant influence that Cromwell has due to the combination of the scale of the holding and acting as manager of the vehicle. In addition, as at 31 December 2022, the balance sheet of CEREIT contains no goodwill or other intangible assets, and 112 of 113 investment properties were independently revalued at 31 December 2022.

Based on Cromwell's assessment of the fair value of CEREIT as at 31 December 2022 no impairment is required.

Ursynów

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

Notes to the Financial Statements

For the half-year ended 31 December 2022

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

	As at 31 December 2022				As at 30 June 2022				
	\$M				\$M				
	CEREIT ⁽¹⁾	Ursynów ⁽²⁾	Other	Total	CEREIT ⁽¹⁾	Ursynów ⁽²⁾	LDK	Other	Total
<i>Summarised balance sheets:</i>									
Total assets	4,072.8	177.4	43.9	4,294.1	4,026.9	166.7	-	45.7	4,239.3
Total liabilities	1,936.6	69.0	10.8	2,016.4	1,867.9	65.2	-	14.9	1,948.0
Net assets	2,136.2	108.4	33.1	2,277.7	2,159.0	101.5	-	30.8	2,291.3
<i>Carrying amount of investment:</i>									
Cromwell's share of equity (%)	27.8	50.0	-	-	27.8	50.0	-	-	-
Cromwell's share of net assets	593.7	54.2	15.4	663.3	600.0	50.8	-	13.3	664.1
Goodwill	-	-	6.6	6.6	-	-	-	6.6	6.6
Carrying amount	593.7	54.2	22.0	669.9	600.0	50.8	-	19.9	670.7
<i>Movement in carrying amounts:</i>									
	Period ending 31 December 2022				Period ending 31 December 2021				
Opening balance at 1 July	600.0	50.8	19.9	670.7	620.7	51.5	21.4	18.9	712.5
Additional investment	-	3.8	-	3.8	0.1	-	-	-	0.1
Disposals	-	-	-	-	-	-	-	-	-
Share of (loss) / profit	(6.6)	(0.2)	1.9	(4.9)	16.4	1.1	(9.4)	1.9	10.0
Less: dividends / distributions received	(19.8)	-	-	(19.8)	(14.1)	-	-	(2.6)	(16.7)
Transferred to held for sale	-	-	-	-	-	-	(12.0)	-	(12.0)
Impairment	-	(1.9)	-	(1.9)	-	-	-	-	-
Foreign exchange difference	20.1	1.7	0.2	22.0	(5.8)	(0.6)	-	0.2	(6.2)
Carrying amount at 31 December	593.7	54.2	22.0	669.9	617.3	52.0	-	18.4	687.7

(1) At half-year end Cromwell owned 27.8% of CEREIT, the Trust owned 27.4% (June 2022: 27.8% and 27.4% respectively).

(2) At half-year end Cromwell and the Trust owned 50.0% of Ursynów (June 2022: 50.0%).

Notes to the Financial Statements

For the half-year ended 31 December 2022

9. Investments at fair value through profit or loss

This note provides an overview and detailed financial information of Cromwell's investments in Cromwell unlisted funds and investments in wholesale funds (including co-investments in European wholesale funds managed by Cromwell) that are classified as financial assets at fair value through profit or loss. Cromwell holds less than 20% of the issued capital in these investments. 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.

	Cromwell		Trust	
	31 Dec 2022 \$M	30 Jun 2022 \$M	31 Dec 2022 \$M	30 Jun 2022 \$M
Investment in Cromwell unlisted fund	19.5	20.4	19.5	20.4
Investment in wholesale funds	3.6	2.9	-	-
Total investments at fair value through profit or loss	23.1	23.3	19.5	20.4

10. Receivables

a) Overview

This note provides further information about material financial assets that are incidental to Cromwell's and the Trust's trading activities, being current and non-current receivables.

b) Receivables

	Cromwell		Trust	
	31 Dec 2022 \$M	30 Jun 2022 \$M	31 Dec 2022 \$M	30 Jun 2022 \$M
<i>Current</i>				
Trade and other receivables at amortised cost	48.6	34.5	22.1	16.9
Loans at amortised cost – LDK	140.1	-	97.3	-
Loans at amortised cost - other	1.6	3.7	-	-
Total receivables – current	190.3	38.2	119.4	16.9
<i>Non-current</i>				
Loans at amortised cost – joint venture partners	27.7	25.4	27.7	25.4
Loans at amortised cost – inter-group	-	-	70.4	89.5
Loans at amortised cost – other	6.0	3.1	-	-
Total receivables – non-current	33.7	28.5	98.1	114.9

Loans – LDK and joint venture partners

LDK

As at 30 June 2022, Cromwell and the Trust classified the loan portfolio provided to LDK as part of a disposal group held for sale. The terms of these loans were amended under a Deed of Variation as a condition precedent to the sale of the 50% equity interest Cromwell owned in October 2022. The Deed of Variation amended all of the loans to be repayable by no later than June 2023 and also provided that no further drawdowns were available post the completion of the sale during October 2022. Details of the loan portfolio outstanding at 31 December 2022 are as follows:

i) Working capital loan

Cromwell and the Trust have provided LDK with a 'Working capital loan' facility. The loan facility has a current balance outstanding of \$2.2 million (30 June 2022: \$6.3 million) with an interest rate of 12% applicable. The amount outstanding relates only to principal amounts with \$0.03 million interest accrued included in trade and other receivables.

Notes to the Financial Statements

For the half-year ended 31 December 2022

ii) “Waterfall” loans

Cromwell and the Trust have provided a number of “Waterfall” loan facilities to LDK. The facilities are secured by second ranking mortgages over the investment properties owned by LDK. The balance receivable at period end was \$137.9 million (30 June 2022: \$137.9 million). The amount outstanding relates only to principal amounts with \$4.3 million interest accrued included in trade and other receivables.

Ursynów

In December 2020, Cromwell and the Trust contributed a loan of \$26.8 million (€17.0 million) to Ursynów, which the joint venture used to repay an external debt facility that fell due. This balance receivable at period end was \$27.7 million (30 June 2022: \$25.4 million).

Loans - inter-group

The Trust has provided a loan facility to the Company of €100.0 million (\$157.3 million). The balance receivable at period end was €44.7 million (\$70.4 million) (30 June 2022: €54.8 million (\$83.3 million)). The facility is unsecured and expires in February 2029.

The Trust has also provided a different loan facility to the Company of \$30.0 million in relation to the transfer of the development property at 19 National Circuit, ACT. The facility is unsecured and expires in September 2026. The balance receivable at period end was \$0.0 million (30 June 2022: \$6.1 million).

c) Critical accounting estimates and judgements

As a result of COVID-19 and other global economic impacts Cromwell has undertaken a comprehensive review of tenant receivables. All tenant receivables not considered to be recoverable have been fully provided for.

Notes to the Financial Statements

For the half-year ended 31 December 2022

FINANCE AND CAPITAL STRUCTURE

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

11. Interest bearing liabilities

a) Overview

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

	Cromwell				Trust			
	31 Dec 2022		30 Jun 2022		31 Dec 2022		30 Jun 2022	
	Limit \$M	Drawn \$M	Limit \$M	Drawn \$M	Limit \$M	Drawn \$M	Limit \$M	Drawn \$M
Current								
<i>Unsecured</i>								
Convertible bond	-	-	205.0	205.0	-	-	205.0	205.0
Lease liabilities	-	5.4	-	5.9	-	0.4	-	0.4
<i>Secured</i>								
Euro facility	15.7	13.3	-	-	15.7	13.3	-	-
Polish Euro facilities	16.5	16.5	-	-	16.5	16.5	-	-
Italian Euro facility	-	-	0.8	0.8	-	-	0.8	0.8
Total current	32.2	35.2	205.8	211.7	32.2	30.2	205.8	206.2
Non-current								
<i>Unsecured</i>								
Euro facility	338.2	278.5	341.9	283.4	338.2	278.5	341.9	283.4
Lease liabilities	-	18.0	-	20.3	-	5.2	-	5.0
<i>Secured</i>								
Bilateral loan facilities ⁽¹⁾	1,610.0	1,380.5	1,560.0	1,293.5	1,610.0	1,380.5	1,560.0	1,293.5
Development loan facility – AUD	113.1	82.8	113.1	77.2	113.1	82.8	113.1	77.2
Polish Euro facilities	236.7	236.7	270.7	270.7	236.7	236.7	270.7	270.7
Italian Euro facilities	46.9	46.9	45.3	45.3	46.9	46.9	45.3	45.3
Unamortised transaction costs	-	(7.4)	-	(10.4)	-	(7.4)	-	(10.4)
Total non-current	2,344.9	2,036.0	2,331.0	1,980.0	2,344.9	2,023.2	2,331.0	1,964.7
Total interest bearing liabilities	2,377.1	2,071.2	2,536.8	2,191.7	2,377.1	2,053.4	2,536.8	2,170.9

(1) Under the financial undertakings of the Bilateral loan facilities \$104.4 million is currently unavailable to be drawn upon.

b) Maturity profile

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

	Cromwell and Trust	
	31 Dec 2022 \$M	30 Jun 2022 \$M
1 Year	29.8	205.8
2 Years	515.1	571.6
3 Years	555.2	648.2
4 Years	80.0	125.3
5 Years	825.0	575.0
6 Years	50.0	50.0

Notes to the Financial Statements

For the half-year ended 31 December 2022

c) Details of facilities

i) Euro facility

This revolving facility is syndicated and is split into three tranches A, B & C (30 June 2022: A & B). Interest is payable on all tranches in arrears and is calculated as EURIBOR plus a margin. All principal amounts outstanding are due at the expiry of the facilities. During the period tranches A & B were extended with an expiry date in September 2024 and the newly established tranche C was created with an expiry date in September 2023.

ii) Secured bilateral loan facilities

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

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

	31 December 2022		30 June 2022	
	Limit \$M	Drawn \$M	Limit \$M	Drawn \$M
Facilities expiring Jun-24	-	-	200.0	17.5
Facilities expiring Mar-25	50.0	-	50.0	50.0
Facilities expiring Jun-25	575.0	425.5	575.0	521.0
Facilities expiring Feb-26	20.0	20.0	20.0	20.0
Facilities expiring Jun-26	60.0	60.0	60.0	60.0
Facilities expiring Jun-27	825.0	825.0	575.0	575.0
Facilities expiring Feb-28	80.0	50.0	80.0	50.0
Total SBLF's ⁽¹⁾	1,610.0	1,380.5	1,560.0	1,293.5

(1) Under the financial undertakings of the Bilateral loan facilities \$104.4 million is currently unavailable to be drawn upon.

iii) Development loan facility - AUD

This is two secured facilities in relation to the asset enhancement initiative at the property at 475 Victoria Avenue, NSW. Interest is payable both quarterly (Facility A) and monthly (Facility B) in arrears is calculated as BBSY rate plus a loan margin. The facility expires in April 2025.

iv) Polish Euro facilities

These facilities are secured by first registered mortgage over investment property held by CPRF. Interest is payable quarterly in arrears calculated as the 3-month EURIBOR rate plus a margin. During the period one of the existing facilities was extended with a new expiry date in January 2024 with principal repayments of €10.49 million (\$16.5 million) mandated during the 2023 calendar year. The €10.49 million (\$16.5 million) was repaid in January 2023. The other facility expires in June 2024.

v) Italian loan facilities

Cromwell and the Trust entered into a secured facility in relation to the investment into the Cromwell Italy Urban Logistics Fund. Interest is payable quarterly in arrears calculated as the EURIBOR rate plus a loan margin. The facility is composed of two tranches (June 2022: three tranches, third tranche was fully repaid and cancelled in July 2022) with expiry dates in October 2025.

vi) Convertible bond

Cromwell issued 2,300 convertible bonds during the 2018 financial year 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).

In the prior year to 30 June 2022, Cromwell issued a market notice to all bond holders offering to redeem the bonds in cash for 99.75% of the face value. As a result of this process 951 of the 2300 bonds were redeemed, totalling €94.9 million (\$142.0 million).

In July 2022, the Optional Put, which was available to bond holders was exercised by 1,325 of the remaining 1,349 bond holders in exchange for cash equal to 100% of the face value. The convertible bonds of €132.5 million (\$193.4 million) plus any accrued interest was paid to the bond holders by Cromwell on 1 August 2022 utilising cash on hand and existing debt facilities. The remaining 24 bonds were compulsorily acquired by Cromwell for €2.4 million (\$3.5 million) on 9 September 2022 in accordance with the terms and conditions of the bonds.

Notes to the Financial Statements

For the half-year ended 31 December 2022

12. Contributed equity

a) Overview

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

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

	Cromwell stapled securities		Company shares		CDPT units	
	31 Dec 2022 M	30 Jun 2022 M	31 Dec 2022 \$M	30 Jun 2022 \$M	31 Dec 2022 \$M	30 Jun 2022 \$M
Issued capital	2,618.9	2,618.9	207.4	207.3	2,073.1	2,072.8

b) Movements in contributed equity

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

	Number of securities	Cromwell stapled securities		Company shares		CDPT units	
		Issue price	\$M	Issue price	\$M	Issue price	\$M
Opening balance at 1 July 2021	2,617,470,675		2,279.8		207.3		2,072.5
Exercise of performance rights	1,396,024	22.5¢	0.3	4.2¢	-	18.3¢	0.3
Balance at 31 December 2021	2,618,866,699		2,280.1		207.3		2,072.8
Balance at 30 June 2022	2,618,866,699		2,280.1		207.3		2,072.8
Exercise of performance rights ⁽¹⁾	-	35.4¢	0.4	6.4¢	0.1	29.0¢	0.3
Balance at 31 December 2022	2,618,866,699		2,280.5		207.4		2,073.1

(1) During the period the performance rights were exercised by option holders with Cromwell using treasury shares to satisfy its obligations rather than issue new shares.

Notes to the Financial Statements

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OTHER ITEMS

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

13. Fair value disclosures - financial instruments

a) Overview

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

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

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

Cromwell	31 December 2022			30 June 2022		
	Level 2 \$M	Level 3 \$M	Total \$M	Level 2 \$M	Level 3 \$M	Total \$M
Financial assets at fair value						
Investments at fair value through profit or loss						
Unlisted equity securities	19.5	3.6	23.1	20.4	2.9	23.3
Derivative financial instruments						
Interest rate caps	52.4	-	52.4	55.9	-	55.9
Interest rate swaps	6.7	-	6.7	-	-	-
Total financial assets at fair value	78.6	3.6	82.2	76.3	2.9	79.2
Trust	31 December 2022			30 June 2022		
	Level 2 \$M	Level 3 \$M	Total \$M	Level 2 \$M	Level 3 \$M	Total \$M
Financial assets at fair value						
Investments at fair value through profit or loss						
Unlisted equity securities	19.5	-	19.5	20.4	-	20.4
Derivative financial instruments						
Interest rate caps	52.4	-	52.4	55.9	-	55.9
Interest rate swaps	6.7	-	6.7	-	-	-
Total financial assets at fair value	78.6	-	78.6	76.3	-	76.3

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

b) Disclosed fair values

i) Valuation techniques used to derive Level 1 fair values

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

ii) Valuation techniques used to derive Level 2 fair values

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

Notes to the Financial Statements

For the half-year ended 31 December 2022

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 unit price as publicly reported by the underlying unlisted entity, adjusted for inherent risk where appropriate.

Fair value of interest rate swaps and caps

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

iii) Valuation techniques used to derive Level 3 fair values

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

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

	Cromwell	
	Half-year ended	
	31 Dec 2022 \$M	31 Dec 2021 \$M
Investments at fair value through profit or loss		
Opening balance as at 1 July	2.9	8.9
Additions	1.0	0.1
Disposals	-	(0.1)
Fair value loss	(0.2)	(1.8)
Foreign exchange difference	(0.1)	-
Balance at 31 December	3.6	7.1

Fair value of investments at fair value through profit or loss

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

Notes to the Financial Statements

For the half-year ended 31 December 2022

14. Assets held for sale

a) Overview

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

Assets held for sale at reporting date are as follows:

	Cromwell		Trust	
	31 Dec 2022 \$M	30 Jun 2022 \$M	31 Dec 2022 \$M	30 Jun 2022 \$M
Investment property				
84 Crown Street, Wollongong NSW	53.0	-	53.0	-
Disposal group - LDK				
Interest in joint venture	-	12.0	-	-
Loans at amortised cost – joint venture	-	148.4	-	105.7
Total – disposal group	-	160.4	-	105.7
Total – assets held for sale	53.0	160.4	53.0	105.7

84 Crown Street, Wollongong NSW

This investment property has been classified as held for sale as the property is under a contract for sale at balance date and has subsequently settled on 21 February 2023. Refer to note 7(c) for further information.

Disposal group - LDK

During the period the equity interest in the LDK joint venture was sold for a contract price of \$20.0 million which has resulted in Cromwell recording a \$7.7 million gain on disposal after taking into account disposal costs.

As part of the sale transaction the loan portfolio was amended under a Deed of Variation whereby the loans are to be repaid by no later than June 2023 by the LDK joint venture. As a result of this amendment the loan portfolio is not going to be recovered through a single sale transaction but rather is going to be repaid by the borrower and has been reclassified as a current receivable. Refer to note 10 for further information.

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

Notes to the Financial Statements

For the half-year ended 31 December 2022

15. Unrecognised items

a) Overview

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

b) Capital expenditure and co-investment commitments

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

	Cromwell		Trust	
	31 Dec 2022 \$M	30 Jun 2022 \$M	31 Dec 2022 \$M	30 Jun 2022 \$M
Investment property capital expenditure	4.5	1.7	4.5	1.7
Co-investment capital contributions	37.4	2.4	-	2.4
Total capital expenditure and co-investment commitments	41.9	4.1	4.5	4.1

c) Contingent assets and contingent liabilities

The Directors are not aware of any material contingent assets or contingent liabilities of Cromwell or the Trust (June 2022: \$nil).

16. Subsequent events

On 16 February 2023, Cromwell reduced the level of undrawn bank facilities within the Secured Bilateral Loan Facility by \$50.0 million.

On 21 February 2023, the sale contract for 84 Crown Street, Wollongong, NSW has settled with Cromwell receiving \$53.0 million in proceeds which has been applied against debt.

Other than that disclosed above, no matter or circumstance has arisen since 31 December 2022 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.

The financial statements were approved by the Board of Directors and authorised for issue on 26 February 2023.

Directors' Declaration

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

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

- i) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001*; and
- ii) giving a true and fair view of Cromwell's and the Trust's financial position as at 31 December 2022 and of their performance, for the half-year ended on that date; and

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

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



Dr Gary Weiss AM
Chair
26 February 2023
Sydney



Jonathan Callaghan
Managing Director / Chief Executive Officer

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

Report on the Half-Year Financial Report

Conclusion

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

- a) Cromwell Property Group ("the Group") which comprises the consolidated balance sheet as at 31 December 2022, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' declaration as set out on pages 15 to 45 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 2022, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, and the Directors' declaration as set out on pages 15 to 45 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 2022 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.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte organisation.

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 2022 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, 26 February 2023