



**CROMWELL**  
PROPERTY GROUP

# **Cromwell Direct Property Fund**

ARSN 165 011 905

## **Half-Year Financial Report**

**31 December 2016**

Responsible entity:  
Cromwell Funds Management Limited  
ABN 63 114 782 777 AFSL 333214  
Level 19, 200 Mary Street  
Brisbane QLD 4000

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## DIRECTORY

### *Responsible Entity:*

Cromwell Funds Management Limited  
ABN 63 114 782 777  
AFSL 333214  
Level 19, 200 Mary Street  
Brisbane QLD 4000  
Tel: +61 7 3225 7777  
Fax: +61 7 3225 7788  
Email: [invest@cromwell.com.au](mailto:invest@cromwell.com.au)  
Web: [www.cromwell.com.au](http://www.cromwell.com.au)

### *Custodian:*

Cromwell BT Pty Ltd  
Level 19, 200 Mary Street  
Brisbane QLD 4000  
Tel: +61 7 3225 7777  
Fax: +61 7 3225 7788  
Web: [www.cromwell.com.au](http://www.cromwell.com.au)

### *Auditors:*

Pitcher Partners  
Level 38, Central Plaza One  
345 Queen Street  
Brisbane QLD 4000  
Tel: +61 7 3222 8444  
Fax: +61 7 3221 7779  
Web: [www.pitcher.com.au](http://www.pitcher.com.au)

# Directors' Report

The Directors of Cromwell Funds Management Limited, the responsible entity of Cromwell Direct Property Fund, present their report together with the consolidated financial statements for Cromwell Direct Property Fund and the entities it controlled (the "Fund") at the end of the half-year ended 31 December 2016.

## The responsible entity and its Directors

Cromwell Funds Management Limited has been the responsible entity of the Fund since its registration. Cromwell Funds Management Limited is part of Cromwell Property Group, a global real estate investment manager with \$9.8 billion of assets under management. The responsible entity undertakes management and administrative duties for the Fund and monitors the Custodian, Perpetual Limited, which holds the Fund's assets on behalf of the unitholders.

The responsible entity's Directors are as follows:

Ms M McKellar	Non-executive Director
Ms J Tongs	Non-executive Director
Mr P Weightman	Managing Director and Chief Executive Officer

## Review of operations and results

### Financial performance

The Fund recorded a statutory profit of \$7,318,000 for the half-year ended 31 December 2016 (2015: statutory profit of \$5,466,000) and paid distributions of \$3,298,000 (2015: \$2,059,000).

The statutory profit includes a number of items which are non-cash in nature, occur infrequently and/or relate to realised or unrealised changes in the values of assets and liabilities. In the opinion of the Directors of the responsible entity, these items need to be adjusted for in order to allow unitholders to gain a better understanding of the Fund's underlying profit from operations. Profit from operations is considered by the Directors to reflect the underlying earnings of the Fund. It is a key metric taken into account in determining distributions for the Trust.

The following table shows the Fund's performance against its benchmark index since the Fund's inception:

	1 year	2 year (annualised)	3 year (annualised)	Since inception (annualised)
Fund performance (after fees and costs)	8.6%	10.8%	11.8%	11.8%
PCA/IPD Australian Pooled Property Fund Index – Unlisted Retail	19.5%	28.8%	23.5%	22.2%
Excess return (after fees and costs)	(10.9%)	(18.0%)	(11.7%)	(10.4%)

The Fund's lower performance compared with the benchmark was influenced by the Fund only holding one completed investment property until June 2016. As a result, the Fund recorded no valuation gain in relation to its investment properties whereas the index profited from significant valuation increases across the unlisted property fund sector in Australia during the comparison periods shown above. The Fund also held lower (or no) gearing throughout the Funds history.

The Masters lease (guaranteed by Woolworths Limited) is one of 21 leasehold assets that Woolworths have announced will form part of their sale to the Home Consortium. Home Consortium plans to repurpose the site into multi-tenanted large format centres.

Whilst management have met with Home Consortium representatives, no formal approach regarding consents, sublease or assignment have been received. Masters lease obligations continue to be guaranteed by Woolworths.

The Fund recorded a profit from operations for the half-year of \$3,266,000 (2015: \$1,742,000). Profit from operations is not calculated in accordance with International Financial Reporting Standards ("IFRS") and has not been audited or reviewed by the Fund's auditor. A reconciliation of profit from operations for the Fund, as assessed by the Directors, to the reported profit for the year is as follows:

	Half-year ended	
	2016 \$'000	2015 \$'000
<b>Profit from operations</b>	<b>3,266</b>	1,742
<i>Reconciliation to profit for the year</i>		
Fair value net gain / (write-downs):		
Investment properties	<b>413</b>	(1,264)
Investments at fair value through profit or loss (net of acquisition costs)	<b>3,539</b>	4,988
Non-cash property investment income / (expense):		
Straight-line lease income	<b>151</b>	-
Amortisation of lease incentives and lease costs	<b>(33)</b>	-
Amortisation of finance costs	<b>(18)</b>	-
<b>Profit for the year</b>	<b>7,318</b>	5,466

Profit from operations per unit for the year was 3.5 cents (2015: 2.4 cents). Distributions paid/payable per unit for the year were on average 3.5 cents (2015: 2.8 cents).

# Directors' Report

	Half-year ended	
	2016 Cents	2015 Cents
Profit from operations per unit <sup>(1)</sup>	3.5	2.5
Profit per unit	7.8	7.7
Distribution per unit	3.5	2.8

(1) Based upon profit from operation disclosed page 3.

## Financial position

	As at	
	31 December 2016	30 June 2016
Total assets (\$'000)	128,399	104,040
Net assets (\$'000)	118,611	97,388
Net debt (\$'000) <sup>(1)</sup>	(1,814)	-
Gearing (%) <sup>(2)</sup>	-	-
Units issued ('000)	101,491	86,711
NTA per unit	1.17	\$1.12

(1) Borrowings less cash and cash equivalents.

(2) Net debt divided by total tangible assets less cash and cash equivalents. Cash held by the Fund at the end of the half-year exceeded borrowings. Gearing is therefore considered to be nil.

NTA per unit is a key measure of the underlying value of the Fund's assets. This was \$1.17 per unit compared to \$1.12 at the end of the last financial year. The increase reflects the valuation increase of the Fund's investments in unlisted property trusts.

## Subsequent events

No matter or circumstance has arisen since 31 December 2016 that has significantly affected or may significantly affect:

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

## Rounding of amounts

The Fund is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that instrument amounts in the Directors' report and financial report have been rounded off to the nearest thousand dollars, or in certain cases to the nearest dollar.

## Auditor's independence declaration

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

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



P Weightman  
Director

22 February 2017



**PITCHER PARTNERS**  
ACCOUNTANTS • AUDITORS • ADVISORS

Level 38  
345 Queen Street  
Brisbane  
Queensland 4000

Postal Address:  
GPO Box 1144  
Brisbane  
Queensland 4001

Tel: 07 3222 8444  
Fax: 07 3221 7779

www.pitcher.com.au  
info@pitcherpartners.com.au

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COLE WILKINSON  
SIMON CHUN

The Directors  
Cromwell Funds Management Limited  
As Responsible Entity for Cromwell Direct Property Fund  
Level 19  
200 Mary Street  
BRISBANE QLD 4000

Dear Directors

**Auditor's Independence Declaration**

As lead auditor for the review of the financial report of Cromwell Direct Property Fund for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Cromwell Direct Property Fund and the entities it controlled during the period.

PITCHER PARTNERS

N BATTERS  
Partner

Brisbane, Queensland  
22 February 2016

# Consolidated Statement of Comprehensive Income

For the half-year ended 31 December 2016

	Notes	Half-year ended	
		31 December 2016 \$'000	31 December 2015 \$'000
<b>Revenue and other income</b>			
Rental income and recoverable outgoings		3,297	860
Distribution income		1,414	952
Interest		86	276
Fair value gain from investments in unlisted property schemes		3,539	4,988
Fair value gain from investment properties	3	413	-
<b>Total revenue and other income</b>		<b>8,749</b>	<b>7,076</b>
<b>Expenses</b>			
Property expenses and outgoings		792	162
Management and administration costs		304	121
Finance Costs	5(b)	335	-
Fair value loss from investment properties		-	1,327
<b>Total expenses</b>		<b>1,431</b>	<b>1,610</b>
<b>Profit for the half-year</b>		<b>7,318</b>	<b>5,466</b>
Other comprehensive income for the half-year		-	-
<b>Total comprehensive income for the half-year</b>		<b>7,318</b>	<b>5,466</b>

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

# Consolidated Balance Sheet

As at 31 December 2016

	Notes	As at	
		31 December 2016 \$'000	30 June 2016 \$'000
<b>Current assets</b>			
Cash and cash equivalents		8,706	4,680
Receivables		327	992
Other current assets		200	8
<b>Total current assets</b>		<b>9,233</b>	5,680
<b>Non-current assets</b>			
Investment property	3	73,000	72,600
Investments in unlisted property schemes	4	46,166	25,760
<b>Total non-current assets</b>		<b>119,166</b>	98,360
<b>Total assets</b>		<b>128,399</b>	104,040
<b>Current liabilities</b>			
Payables		2,015	6,122
Distribution payable		584	434
Rent in advance		297	96
<b>Total current liabilities</b>		<b>2,896</b>	6,652
<b>Non-current liabilities</b>			
Borrowings	5	6,892	-
<b>Total non-current liabilities</b>		<b>6,892</b>	-
<b>Total liabilities</b>		<b>9,788</b>	6,652
<b>Net assets</b>		<b>118,611</b>	97,388
<b>Equity</b>			
Contributed equity	6	111,220	94,017
Retained earnings		7,391	3,371
<b>Total equity</b>		<b>118,611</b>	97,388

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

# Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2016

		Contributed equity \$'000	Retained earnings \$'000	Total \$'000
<b>31 December 2016</b>				
Balance at 1 July 2016		<b>94,017</b>	<b>3,371</b>	<b>97,388</b>
Total comprehensive income for the half-year		-	<b>7,318</b>	<b>7,318</b>
<i>Transactions with unitholders in their capacity as unitholders:</i>				
Units issued				
For cash	6	<b>19,480</b>	-	<b>19,480</b>
Reinvestment of distributions	6	<b>269</b>	-	<b>269</b>
Units redeemed	6	<b>(2,546)</b>	-	<b>(2,546)</b>
Distributions paid / payable	2	-	<b>(3,298)</b>	<b>(3,298)</b>
Total transactions with unitholders		<b>17,203</b>	<b>(3,298)</b>	<b>13,905</b>
<b>Balance at 31 December 2016</b>		<b>111,220</b>	<b>7,391</b>	<b>118,611</b>

		Contributed equity \$'000	Retained earnings \$'000	Total \$'000
31 December 2015				
Balance at 1 July 2015		70,501	1,347	71,848
Total comprehensive income for the half-year		-	5,466	5,466
<i>Transactions with unitholders in their capacity as unitholders:</i>				
Units issued				
For cash	6	9,836	-	9,836
Reinvestment of distributions	6	148	-	148
Units redeemed	6	(1,245)	-	(1,245)
Distributions paid / payable	2	-	(2,059)	(2,059)
Total transactions with unitholders		8,739	(2,059)	6,680
<b>Balance at 31 December 2015</b>		<b>79,240</b>	<b>4,754</b>	<b>83,994</b>

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



# Consolidated Statement of Cash Flows

For the half-year ended 31 December 2016

	Half-year ended	
	31 December 2016 \$'000	31 December 2015 \$'000
<b>Cash flow from operating activities</b>		
Receipts in the course of operations	4,654	2,063
Payments in the course of operations	(1,692)	(2,581)
Distributions received	1,305	1,428
Interest received	87	325
Finance costs paid	(313)	-
<b>Net cash provided by operating activities</b>	<b>4,041</b>	1,235
<b>Cash flows from investing activities</b>		
Payments for investment properties	(4,077)	(45,291)
Receipt of capital return distribution	-	9,388
Payments for investments in unlisted property schemes	(16,867)	(659)
<b>Net cash used in investing activities</b>	<b>(20,944)</b>	(36,562)
<b>Cash flows from financing activities</b>		
Proceeds from bank borrowings	17,000	-
Payment of bank borrowings	(10,000)	-
Payment of loan transaction costs	(126)	-
Proceeds from issue of units	19,480	9,836
Payment for units redeemed	(2,546)	(1,245)
Payment of distributions	(2,879)	(1,826)
<b>Net cash provided by financing activities</b>	<b>20,929</b>	6,765
<b>Net cash increase / (decrease) in cash and cash equivalents</b>	<b>4,026</b>	(28,562)
Cash and cash equivalents at 1 July	4,680	42,548
<b>Cash and cash equivalents at 31 December</b>	<b>8,706</b>	13,986

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

# Notes to the Financial Statements

For the half-year ended 31 December 2016

## 1 Basis of preparation

This consolidated general purpose financial report of Cromwell Direct Property Fund and the entities it controlled (the "Fund") for the half-year reporting period ended 31 December 2016 has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The financial report is designed to provide an update on the Fund's financial performance and financial position since the last annual financial report was issued. This financial report therefore does not include all the notes normally included in an annual financial report and needs to be read in conjunction with the annual report for the year ended 30 June 2016. The Fund is a for-profit entity for the purpose of preparing the financial statements.

The accounting policies adopted are consistent with those of the previous financial year and corresponding half-year reporting period.

### *Rounding of amounts*

The Fund of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that instrument amounts in the Directors' report and financial report have been rounded off to the nearest thousand dollars, or in certain cases to the nearest dollar.

### *New and amended standards adopted by the Fund*

The Fund has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

### *Continuous disclosure*

Continuous updates on the Fund's performance and events significant to the Fund are provided on Cromwell's webpage at <http://www.cromwell.com.au/investment/opportunity/123/direct-property-fund>.

## 2 Distributions

### (a) Overview

The Fund's distribution policy is to distribute an amount which is no more than 100% of expected profits available for distribution over the medium term. Profits available for distribution exclude fair value gains or losses.

### (b) Distributions paid / payable

Distributions rates per unit since inception of the Fund were as follows:

From inception:	7.00 cents
1 July 2015 to 30 April 2016:	7.25 cents
1 May 2016 to 31 July 2015:	4.75 cents
1 August 2015 to 30 June 2016:	6.00 cents
Since 1 July 2016:	7.00 cents

Total distributions paid / payable during the half-year were as follows:

	Half-year ended	
	31 December 2016 \$'000	31 December 2015 \$'000
<b>Distributions paid / payable</b>	<b>3,298</b>	<b>2,059</b>

## 3 Investment property

	Independent valuation date	Independent valuation		Carrying amount		Fair value adjustment	
		As at		As at		For the half-year ended	
		31-Dec 2016 \$'000	30-Jun 2016 \$'000	31-Dec 2016 \$'000	30-Jun 2016 \$'000	31-Dec 2016 \$'000	31-Dec 2015 \$'000
64 Allara Street, ACT	Dec-16	16,900	17,200	16,900	17,200	(285)	(1,327)
Masters Parafield, SA	Mar-16	27,600	27,600	27,600	27,600	98	-
Bunnings Playford, SA	Sep-16	28,500	27,800	28,500	27,800	600	-
<b>Total investment property</b>		<b>73,000</b>	72,600	<b>73,000</b>	72,600	<b>413</b>	(1,327)

The Fund holds three investment properties. 64 Allara Street is a six-level A-grade office building located in the Canberra CBD. The major tenant of the building is CIC Australia. Masters Parafield is a purpose-built retail complex located within the Adelaide Parafield Airport precinct. The major tenant is Masters whose lease obligations are guaranteed by Woolworths Limited. Bunnings Playford is a Bunnings home improvement and hardware store in Northern Adelaide. The Fund completed development of Bunnings store in July 2016.

# Notes to the Financial Statements

For the half-year ended 31 December 2016

## (b) Movements in investment property

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

	Half-year ended	
	31 December 2016 \$'000	31 December 2015 \$'000
Balance at 1 July	72,600	-
<i>Additions at cost:</i>		
Acquisitions	4	25,010
Acquisition transaction costs	-	1,826
Adjustment to construction costs	(644)	18,455
Lease costs and lease incentives	509	-
Straight-lining of rental income	151	63
Amortisation of lease costs and incentives	(33)	-
Net gain/(loss) from fair value adjustments	413	(1,327)
	<b>73,000</b>	44,027

## 4 Investments in unlisted property schemes

### (a) Overview

The Fund's investment portfolio comprises investments in units of unlisted property trusts also managed by the responsible entity, Cromwell Funds Management Limited. These property trusts directly own a number of commercial investment properties. The Fund receives distributions from these trusts on a monthly basis.

### (b) Investment details

As at period end the Fund held the following investments:

	As at	
	31 December 2016 \$'000	30 June 2016 \$'000
Cromwell Riverpark Trust	28,160	9,881
Cromwell Ipswich City Heart Trust	5,241	4,527
Cromwell Property Trust 12	12,765	11,352
<b>Total investments in unlisted property schemes</b>	<b>46,166</b>	25,760

For accounting purposes these investments are classified as investments at fair value through profit or loss. At each period end the fair value of these investments is determined based on the net tangible asset (NTA) value of the respective trust with fair value gains or losses recognised in profit or loss.

On 1 August 2016 the Fund acquired 10,124,000 additional units in the CRT at a consideration of \$1.49 per unit for a total of \$15,085,000 representing 11.2% of CRT's issued units. This increased the Fund's total interest in CRT to 18.59% of CRT's issued units.

## 5 Borrowings

	As at	
	31 December 2016 \$'000	30 June 2016 \$'000
<i>Secured – non-current:</i>		
Bank loan – investment property	7,000	-
Less: unamortised loan transaction costs	(108)	-
<b>Total non-current borrowings</b>	<b>6,892</b>	-
<b>Total borrowings</b>	<b>6,892</b>	-

### (a) Borrowing details

In July 2016 the Fund entered into a new \$35 million secured debt facility. The facility is secured over the properties of the Fund and expires in July 2019. Interest on the facility is payable in arrears at the applicable bank bill rate (BBSY) plus a bank margin. As at the date of this report \$7 million of the facility was drawn down on the facility.

# Notes to the Financial Statements

For the half-year ended 31 December 2016

## (b) Finance costs

	Half-year ended	
	31 December 2016 \$'000	31 December 2015 \$'000
Interest	317	-
Amortisation of loan transaction costs	18	-
<b>Total finance costs</b>	<b>335</b>	<b>-</b>

## 6 Contributed equity

	# '000	\$'000
Balance at 1 July 2015	66,127	70,501
Units issued for cash	8,760	9,836
Distribution reinvestments	132	148
Units redeemed	(1,108)	(1,245)
Balance at 31 December 2015	73,911	79,240
Units issued for cash	13,419	15,493
Distribution reinvestments	168	193
Units redeemed	(787)	(909)
Balance at 30 June 2016	86,711	94,017
Units issued for cash	<b>16,743</b>	<b>19,480</b>
Distribution reinvestments	<b>232</b>	<b>269</b>
Units redeemed	<b>(2,195)</b>	<b>(2,546)</b>
<b>Balance at 31 December 2016</b>	<b>101,491</b>	<b>111,220</b>

## 7 Fair value disclosures – financial instruments

### (a) Overview

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

### (b) Fair value hierarchy

The Fund measures and recognises the following financial instruments at fair value on a recurring basis:

- Investments at fair value through profit or loss.

AASB 13 *Fair Value Measurement* describes a hierarchy of fair value measurements depending on the type of inputs used to determine fair value. The levels of fair value measurement as described in the accounting standard are as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices);

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The classification into different levels provides an indication about the reliability of the inputs used in determining fair value with level 1 measurements using the most reliable inputs and level 3 using the least reliable inputs as they are based on judgements and estimates.

The fair value of the Fund's financial assets at fair value through profit or loss are level 2 fair value measurements. These investments comprise of unlisted equity securities of Cromwell Property Group managed investment trusts which invest in investment property. The Fund uses net assets of these trusts to determine the fair value of the equity securities investments as the value of net assets is predominantly dependent on the fair value of the investment properties they hold.

The Fund held no other financial instruments at fair value in the current or prior year and there were no transfers between levels of the fair value hierarchy during the financial year.

### (c) Fair values of other financial instruments not measured at fair value

The fair values of receivables, other current assets, payables, distributions payable and borrowings are assumed to be not materially different from their carrying amounts.

# Notes to the Financial Statements

For the half-year ended 31 December 2016

## 8 Unrecognised items

### (a) Contingent liabilities

As disclosed in the Fund's 30 June 2016 annual report the Directors are not aware of any material contingent liabilities and the Directors are not aware of any material changes in contingent liabilities of the Fund since the last annual report.

### (b) Commitments

#### *Operating lease commitments*

In 2015 the Fund entered into a long term lease of development land with the Parafield Airport, Main North Road, Parafield in South Australia. A Masters home improvement and hardware store has been constructed on the 3.7 hectares site. The initial lease term is 33 years with an option of a further 49 years should the Parafield Airport extend its head lease with the Commonwealth of Australia.

Minimum lease payments under the non-cancellable operating lease are as follows:

	As at	
	31 December 2016 \$'000	30 June 2016 \$'000
Within one year	321	324
Later than one year but not later than five years	2,135	1,708
Later than five years	10,953	11,487
	<b>13,409</b>	13,519

For further details regarding the lease refer to the Fund's last annual report.

# Directors' Declaration

In the opinion of the Directors of Cromwell Funds Management Limited as responsible entity for Cromwell Direct Property Fund (collectively referred to as "the Directors"):

- (a) the attached financial statements and notes are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*, and
  - (ii) give a true and fair view of the Fund's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors of Cromwell Funds Management Limited.



P.L. Weightman  
Director

22 February 2017



**PITCHER PARTNERS**  
ACCOUNTANTS • AUDITORS • ADVISORS

Level 38  
345 Queen Street  
Brisbane  
Queensland 4000

Postal Address:  
GPO Box 1144  
Brisbane  
Queensland 4001

Tel: 07 3222 8444  
Fax: 07 3221 7779

www.pitcher.com.au  
info@pitcherpartners.com.au

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## INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Cromwell Direct Property Fund,

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Cromwell Direct Property Fund, which comprises the consolidated balance sheet as at 31 December 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and 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.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the Cromwell Funds Management Limited (the responsible entity) 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 Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the fund's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Cromwell Direct Property Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

#### *Independence*

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

#### *Conclusion*

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

- a) giving a true and fair view of the fund's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

*Pitcher Partners*  
PITCHER PARTNERS

*N Batters*

N BATTERS  
Partner

Brisbane, Queensland  
22 February 2016

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