CROMWELL PROPERTY GROUP

HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2010

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

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

Cromwell Diversified Property Trust
ARSN 102 982 598
Responsible Entity:
Cromwell Property Securities Limited
ABN 11 079 147 809 AFSL: 238052
Level 19, 200 Mary Street
Brisbane QLD 4000

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DIRECTORY

Board of Directors of the company and responsible entity:
Geoffrey Levy (AO)
Robert Pullar
Michelle McKellar
David Usasz
Richard Foster
Marc Wainer
Michael Flax (Alternate for Marc Wainer)
Paul Weightman
Daryl Wilson

Registered Office:
Level 19
200 Mary Street
BRISBANE QLD 4000
Tel: +617 3225 7777
Fax: +617 3225 7788
Web: www.cromwell.com.au

Secretary of the company and responsible entity:
Nicole Riethmuller

Listing:
The company and the trust are stapled and listed on the Australian Securities Exchange (ASX code: CMW)

Share Registry:
Link Market Services Limited
Level 15, 324 Queen Street
BRISBANE QLD 4000
Tel: 1300 550 841
Fax: +612 9287 0309
Web: www.linkmarketservices.com.au

Auditor:
Johnston Rorke
Chartered Accountants
Level 30, Central Plaza One
345 Queen Street
BRISBANE QLD 4000
Tel: +617 3222 8444
Fax: +617 3221 7779
Web: www.jr.com.au

This half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2010 and any public announcements made by Cromwell Corporation Limited and Cromwell Diversified Property Trust during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The directors present their report together with the financial statements for the half-year ended 31 December 2010 for both:

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

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

1. Directors

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

Mr Geoffrey Levy, AO	(Non-Executive Chairman)
Ms Michelle McKellar	(Non-Executive Director)
Mr David Usasz	(Non-Executive Director)
Mr Robert Pullar	(Non-Executive Director)
Mr Richard Foster	(Non-Executive Director)
Mr Marc Wainer	(Non-Executive Director)
Mr Michael Flax	(Alternate Director to Marc Wainer)
Mr Paul Weightman	(Chief Executive Officer)
Mr Daryl Wilson	(Finance Director)

2. Review of operations and results

The Group delivered a profit after tax of $28,916,000 for the half-year ended 31 December 2010 compared with a profit of $4,234,000 for the previous corresponding six month period.

The Trust delivered a profit of $31,044,000 for the half-year ended 31 December 2010 compared with a profit of $8,820,000 for the previous corresponding six month period.

Highlights for the Group for the half-year included:

- Rental income and recoverable outgoings of $67,414,000, increased by $9,184,000 or 16% on the previous corresponding period, primarily as a result of the acquisition of the Qantas Headquarters building during the half-year;
- Finance costs of $23,439,000, increased by $3,043,000 or 15% on the previous corresponding period mainly due to the Group obtaining $142,400,000 of borrowings during the half-year for properties acquired and the impact of higher variable interest rates compared with the previous corresponding period;
- Decrease in the fair value of the Group's investment properties by $4,706,000 which represents a decrease of 0.4% of the fair value of the investment properties held at June 2010;
- An increase in fair value of the interest rate derivatives held by the Group of $4,911,000 primarily due to the effect of increases in underlying long-term variable interest rates since June 2010; and
- Funds management fees of $2,866,000, a decrease of $4,821,000 or 63% on the previous corresponding period mainly due to the successful raising of $91 million of capital for the unlisted Cromwell Riverpark Trust in the previous corresponding half-year.

2. Review of operations and results (continued)

The profit for the period includes a number of items which, in the opinion of the directors, need to be adjusted for in order to allow securityholders to gain a better understanding of the Group and Trust's profit from operations. A reconciliation of profit from operations, for the Group and Trust, as assessed by the directors, to the reported profit for the half-year is as follows:

	Group		**Trust**	
	Half-Year 31 Dec 2010 $'000	Half-Year 31 Dec 2009 $'000	**Half-Year 31 Dec 2010 $'000**	Half-Year 31 Dec 2009 $'000
Profit from operations	**32,867**	33,353	**32,781**	29,240
Reconciliation to profit/(loss) for the half-year:				
Gain/(Loss) on sale of investment properties	**6**	(586)	**6**	(586)
Gain on sale of available-for-sale financial assets	**-**	3,431	**-**	3,431
Fair value net gains/(write-downs):				
• Investment properties	**(4,706)**	(25,006)	**(4,706)**	(25,006)
• Interest rate derivatives	**4,911**	3,756	**4,911**	3,756
• Investments at fair value through profit or loss	**333**	985	**333**	985
• Property development inventories	**(1,770)**	(4,331)	**-**	-
Non-cash property investment income/(expenses):				
• Straight-line lease income	**1,841**	(50)	**1,841**	(50)
• Lease incentive and lease cost amortisation	**(2,766)**	(2,795)	**(2,766)**	(2,795)
Other non-cash expenses:				
• Employee options expense	**(174)**	(112)	**-**	-
• Amortisation and depreciation	**(249)**	(249)	**-**	-
• Amortisation of finance costs	**(925)**	(955)	**(1,290)**	(1,235)
• Relating to equity accounted investments (1)	**(177)**	(2,537)	**(177)**	1,173
Net profit/(loss) attributable to non-controlling interest	**-**	-	**111**	(93)
Net tax losses utilised (2)	**(275)**	(670)	**-**	-
Net profit for the half-year	**28,916**	4,234	**31,044**	8,820

(1) Comprises fair value adjustments included in share of profit/(loss) of equity accounted entities.
(2) Tax expense attributable to a change in the value of deferred tax assets as a result of tax losses available to the Group.

Profits from operations for the Group of $32,867,000 and for the Trust of $32,781,000 are both consistent with the corresponding half year. This represents the stable source of income from the investment properties owned by the Group.

Profit from operations attributable to stapled securityholders of $32,867,000 (2009: $33,353,000) equated to 3.7 cents (December 2009: 4.7 cents) per weighted average stapled security compared with distributions per stapled security for the half-year of 3.5 cents (December 2009: 4.0 cents).

2. Review of operations and results (continued)

Distributions for the current half-year comprised a September quarterly distribution of 1.75 cents paid by CDPT on 16 November 2010 (2009: 2.0 cents paid on 16 November 2009), and a December quarterly distribution of 1.75 cents to be paid by CDPT on 16 February 2010 (2009: 2.0 cents paid on 15 February 2010).

Comparison of the Group's and Trust's net asset position and gearing at 31 December 2010 and 30 June 2010 is summarised below:

	Group		Trust	
	31 Dec 2010 $'000	30 Jun 2010 $'000	**31 Dec 2010 $'000**	30 Jun 2010 $'000
Total Assets	**1,490,077**	1,282,828	**1,482,185**	1,271,529
Net Assets	**641,379**	571,407	**635,667**	564,396
Net Tangible Assets (NTA)	**640,312**	570,120	**635,667**	564,396
Net Debt (1)	**764,019**	568,117	**768,710**	572,553
Gearing (2)	**53%**	48%	**53%**	49%
Stapled Securities Issued (number)	**910,986**	807,835	**911,261**	808,110
NTA per security	**$0.70**	$0.71	**$0.70**	$0.70

(1) Borrowings less cash and cash equivalents
(2) Net debt/Total assets less cash and cash equivalents

Net debt has increased due to the additional borrowings of $142,400,000 relating to the acquisition of the Qantas Headquarters, 321 Exhibition Street and one third of TGA properties during the half-year. Repayments of $17,293,000 were mostly funded by the sale of an investment property during the half-year.

NTA per security has decreased by $0.01 during the half-year.

Stapled securities on issue have increased by 103,151,017. This is due to a placement of 72,000,000 stapled securities at $0.75 per security in July 2010, a rights issue resulting in the issue of 29,791,306 stapled securities at $0.72 per security in August to October 2010 and 1,359,711 stapled securities issued through the reactivation of the distribution re-investment plan (DRP).

3. Rounding of amounts

The Group is of the type referred to in Class Order 98/0100 (as amended) issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' report and financial report. Amounts in the Directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order, except where noted.

4. Auditor's independence declaration

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

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

P.L. Weightman
Director

Dated this 21st day of February 2011

JOHNSTON RORKE
CHARTERED ACCOUNTANTS

Level 30, Central Plaza One
345 Queen Street Brisbane Q 4000
GPO Box 1144 Brisbane Q 4001
Ph 07 3222 8444 / Fax 07 3222 8496
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Email jr@jr.com.au

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

Dear Sirs,

Auditor's Independence Declaration

As lead auditor for the review of the financial reports of Cromwell Corporation Limited and Cromwell Diversified Property Trust for the half-year ended 31 December 2010, I declare that, to the best of my knowledge and belief, there have been:

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

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

JOHNSTON RORKE
Chartered Accountants

R.C.N. WALKER
Partner

Brisbane, Queensland
21 February 2011

	Notes	Group 31 Dec 2010 $'000	Group 31 Dec 2009 $'000	Trust 31 Dec 2010 $'000	Trust 31 Dec 2009 $'000
Revenue and other income					
Rental income and recoverable outgoings		**67,414**	58,230	**67,497**	58,529
Funds management fees		**2,866**	7,687	**-**	-
Distributions		**174**	286	**174**	286
Interest		**2,875**	2,376	**3,018**	2,264
Share of profits of equity accounted entities	8	**311**	1,057	**309**	1,052
Gain on sale of available-for-sale financial assets		**-**	3,431	**-**	3,431
Gain on sale of investment property	4	**6**		**6**	-
Fair value net gain from:					
• Interest rate derivatives		**4,911**	3,756	**4,911**	3,756
• Investments at fair value through profit or loss		**333**	985	**333**	985
Other income		**1**	397	**1**	-
Total revenue and other income		**78,891**	78,205	**76,249**	70,303
Expenses					
Property expenses and outgoings		**10,352**	9,425	**11,891**	10,633
Property development costs		**409**	1,944	**-**	-
Management and administration costs		**902**	483	**4,915**	4,489
Funds management costs		**90**	3,199	**-**	-
Employee benefits expense		**5,979**	5,344	**-**	-
Finance costs	3	**23,439**	20,396	**23,804**	20,676
Loss on sale of investment property	4	**-**	586	**-**	586
Fair value net loss from:					
• Investment properties	7	**4,706**	25,006	**4,706**	25,006
Decrease in recoverable amount:					
• Property development inventories		**1,770**	4,331	**-**	-
Other expenses		**2,025**	2,300	**-**	-
Total expenses		**49,672**	73,014	**45,316**	61,390
Profit before income tax		**29,219**	5,191	**30,933**	8,913
Income tax expense		**(303)**	(957)	**-**	-
Profit for the half-year		**28,916**	4,234	**30,933**	8,913
Other comprehensive income for the half-year, net of tax		**-**	-	**-**	-
Total comprehensive income for the half-year		**28,916**	4,234	**30,933**	8,913
Profit/(loss) for the half-year is attributable to:					
Company shareholders		**(2,128)**	(4,586)	**-**	-
Trust unitholders		**31,044**	8,820	**31,044**	8,820
Non-controlling interests		**-**	-	**(111)**	93
Profit for the half-year		**28,916**	4,234	**30,933**	8,913
Total comprehensive income/(loss) for the half-year is attributable to:					
Company shareholders		**(2,128)**	(4,586)	**-**	-
Trust unitholders		**31,044**	8,820	**31,044**	8,820
Non-controlling interests		**-**	-	**(111)**	93
Total comprehensive income for the half-year		**28,916**	4,234	**30,933**	8,913
Basic/diluted earnings/(loss) per company share/unit (cents)		(0.01)¢	(0.65)¢	3.5¢	1.7¢
Basic/diluted earnings/(loss) per stapled security (cents)		3.2¢	0.6¢		

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

	Notes	Group 31 Dec 2010 $'000	Group 30 Jun 2010 $'000	Trust 31 Dec 2010 $'000	Trust 30 Jun 2010 $'000
Current assets					
Cash and cash equivalents		**40,378**	98,469	**35,052**	93,033
Trade and other receivables	6	**9,216**	17,988	**3,291**	2,508
Current tax assets		**660**	389	**-**	-
Derivative financial instruments		**3,098**	1,353	**3,098**	1,353
Other current assets		**3,187**	2,266	**2,888**	1,413
Total current assets		**56,539**	120,465	**44,329**	98,307
Non-current assets					
Trade and other receivables	6	**19,800**	30,000	**31,510**	48,360
Inventories		**5,107**	4,925	**-**	-
Investment properties	7	**1,395,710**	1,064,100	**1,395,710**	1,064,100
Investments at fair value through profit or loss		**3,849**	3,987	**3,849**	3,987
Investments in jointly controlled entity and associates	8	**6,816**	56,802	**6,787**	56,775
Property, plant and equipment		**1,189**	1,262	**-**	-
Deferred tax assets		**534**	791	**-**	-
Intangible assets		**533**	496	**-**	-
Total non-current assets		**1,433,538**	1,162,363	**1,437,856**	1,173,222
Total assets		**1,490,077**	1,282,828	**1,482,185**	1,271,529
Current liabilities					
Trade and other payables		**17,972**	11,933	**18,279**	9,073
Borrowings	9	**550,338**	29,232	**549,703**	29,232
Dividend/distributions payable		**15,942**	16,157	**15,947**	16,162
Derivative financial instruments		**193**	3,626	**193**	3,626
Provisions		**1,445**	6,022	**-**	-
Other current liabilities		**8,337**	6,618	**8,337**	6,618
Total current liabilities		**594,227**	73,588	**592,459**	64,711
Non-current liabilities					
Borrowings	9	**254,059**	637,354	**254,059**	636,354
Provisions		**412**	479	**-**	-
Total non-current liabilities		**254,471**	637,833	**254,059**	636,354
Total liabilities		**848,698**	711,421	**846,518**	701,065
Net assets		**641,379**	571,407	**635,667**	570,464
Equity attributable to shareholders					
Contributed equity		**54,795**	49,197	**-**	-
Reserves		**3,769**	3,595	**-**	-
Retained earnings/(Accumulated losses)		**(48,149)**	(46,021)	**-**	-
Total equity attributable to shareholders		**10,415**	6,771	**-**	-
Equity attributable to unitholders					
Contributed equity		**666,529**	599,384	**666,805**	599,660
Retained earnings/(Accumulated losses)		**(35,565)**	(34,748)	**(36,091)**	(35,264)
Total equity attributable to unitholders		**630,964**	564,636	**630,714**	564,396
Total equity attributable to securityholders		**641,379**	571,407	**-**	-
Non-controlling interests		**-**	-	**4,953**	6,068
Total equity		**641,379**	571,407	**635,667**	570,464

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

CROMWELL PROPERTY GROUP
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

		Attributable to Equity Holders of the Company						
Group	**Notes**	**Contributed Equity**	**Accumulated Losses**	**Available-for- Sale Reserve**	**Share Based Payments Reserve**	**Total (Company)**	**Non-controlling Interest (Trust)**	**Total Equity**
		$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance at 1 July 2010		**49,197**	**(46,021)**	**2,340**	**1,255**	**6,771**	**564,636**	**571,407**
Total comprehensive income/(loss) for the half-year		**-**	**(2,128)**	**-**	**-**	**(2,128)**	**31,044**	**28,916**
Transactions with equity holders in their capacity as equity holders:								
• Contributions of equity, net of transaction costs	10	**5,598**	**-**	**-**	**-**	**5,598**	**67,145**	**72,743**
• Dividends/distributions paid/declared	5	**-**	**-**	**-**	**-**	**-**	**(31,861)**	**(31,861)**
• Employee share options		**-**	**-**	**-**	**174**	**174**	**-**	**174**
Balance at 31 December 2010		**54,795**	**(48,149)**	**2,340**	**1,429**	**10,415**	**630,964**	**641,379**
Balance at 1 July 2009		43,688	(38,371)	2,340	916	8,573	531,020	539,593
Total comprehensive income/(loss) for the half-year		-	(4,586)	-	-	(4,586)	8,820	4,234
Transactions with equity holders in their capacity as equity holders:								
• Contributions of equity, net of transaction costs	10	5,506	-	-	-	5,506	67,466	72,972
• Dividends/distributions paid/declared	5	-	-	-	-	-	(28,306)	(28,306)
• Employee share options		-	-	-	112	112	-	112
Balance at 31 December 2009		49,194	(42,957)	2,340	1,028	9,605	579,000	588,605

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

CROMWELL PROPERTY GROUP
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

Trust	Notes	Attributable to Equity Holders of CDPT: Contributed Equity $'000	Accumulated Losses $'000	Total (Trust) $'000	Non-controlling Interests $'000	Total Equity $'000
Balance at 1 July 2010		**599,660**	**(35,264)**	**564,396**	**6,068**	**570,464**
Total comprehensive income/(loss) for the half-year		**-**	**31,044**	**31,044**	**(111)**	**30,933**
Transactions with equity holders in their capacity as equity holders:						
• Contributions of equity, net of transaction costs	10	**67,145**	**-**	**67,145**	**2,520**	**69,665**
• Distributions paid/declared	5	**-**	**(31,871)**	**(31,871)**	**(273)**	**(32,144)**
• De-recognition on deconsolidation		**-**	**-**	**-**	**(3,251)**	**(3,251)**
Balance at 31 December 2009		**666,805**	**(36,091)**	**630,714**	**4,953**	**635,667**
Balance at 1 July 2009		532,129	(1,329)	530,800	6,188	536,988
Total comprehensive income/(loss) for the half-year		-	8,820	8,820	93	8,913
Transactions with equity holders in their capacity as equity holders:						
• Contributions of equity, net of transaction costs	10	67,466	-	67,466	1	67,467
• Distributions paid/declared	5	-	(28,316)	(28,316)	(193)	(28,509)
Balance at 31 December 2009		599,595	(20,825)	578,770	6,089	584,859

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

	Notes	Group 31 Dec 2010 $'000	Group 31 Dec 2009 $'000	Trust 31 Dec 2010 $'000	Trust 31 Dec 2009 $'000
Cash Flows From Operating Activities					
Cash receipts in the course of operations		**83,160**	76,024	**76,577**	66,648
Cash payments in the course of operations		**(22,151)**	(28,204)	**(16,375)**	(20,986)
Distributions received		**607**	3,608	**607**	3,606
Interest received		**1,727**	1,639	**1,871**	1,529
Finance costs paid		**(20,800)**	(20,255)	**(20,800)**	(20,255)
Income tax paid		**(282)**	(459)	**-**	-
Net cash provided by operating activities		**42,261**	32,353	**41,880**	30,542
Cash Flows From Investing Activities					
Payments for investment properties		**(277,989)**	(8,947)	**(277,989)**	(8,947)
Proceeds from sale of investment properties	4	**15,754**	18,192	**15,754**	18,192
Payments for property, plant and equipment		**(49)**	(164)	**-**	-
Payments for available-for-sale financial assets		**-**	(180)	**-**	-
Proceeds from sale of available-for-sale financial assets		**-**	41	**-**	11
Payments for investments at fair value through profit or loss		**(4,537)**	(2,228)	**(4,537)**	(2,228)
Proceeds from sale of investments at fair value through profit or loss		**1,757**	2,208	**1,757**	2,208
Payments for controlled entity, net of cash acquired		**(12,132)**	-	**(12,132)**	-
Payments for property development provision		**(6,435)**	-	**-**	-
Payments for software and other intangible assets		**(164)**	(100)	**-**	-
Loan to related entity		**(500)**	(26,476)	**-**	(28,176)
Repayment of loan by related entity		**17,661**	26,476	**16,850**	33,976
Loans to other persons		**-**	(93)	**-**	-
Net cash (used in)/provided by investing activities		**(266,634)**	8,729	**(260,297)**	15,036
Cash Flows From Financing Activities					
Proceeds from borrowings		**142,400**	-	**142,400**	-
Repayment of borrowings		**(17,292)**	(50,227)	**(17,292)**	(50,207)
Payment of loan transaction costs		**(1,195)**	(1,103)	**(1,195)**	(1,103)
Payment for derivative financial instruments		**(783)**	-	**(783)**	-
Proceeds from issue of stapled securities		**76,398**	73,325	**70,715**	67,848
Proceeds from issue of units – controlled entity		**2,520**	-	**2,520**	-
Proceeds from issue of treasury shares/securities		**-**	50	**-**	-
Equity issue transaction costs		**(3,690)**	(403)	**(3,570)**	(382)
Payment of distributions		**(32,076)**	(24,608)	**(32,359)**	(24,798)
Net cash (used in)/ provided by financing activities		**166,282**	(2,966)	**160,436**	(8,642)
Net(decrease)/ increase in cash and cash equivalents		**(58,091)**	38,116	**(57,981)**	36,936
Cash and cash equivalents at the beginning of the half-year		**98,469**	66,653	**93,033**	60,724
Cash and cash equivalents at the end of the half-year		**40,378**	104,769	**35,052**	97,660

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

1. Basis of Preparation of Half-Year Financial Report

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

This general purpose financial report for the interim half-year reporting period ended 31 December 2010 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

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 2010 and any public announcements made by Cromwell Property Group during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The Group and the Trust are of the type referred to in ASIC Class Order 98/0100 and in accordance with that Class Order, amounts in the financial reports have been rounded to the nearest thousand dollars, unless otherwise stated.

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Critical accounting estimates

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

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

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

Estimates of fair value of investment properties

The Group and Trust have investment properties with carrying amounts of $1,395,760,000 (June 2010: $1,064,100,000) representing estimated fair value at balance date. In addition, the carrying amount of the Group's and Trust's investments in associates of $6,787,000 (June 2010: $56,775,000) also reflects underlying investment properties of an associate carried at fair value. These investment properties represent a very high proportion of the total assets of the Group and the Trust.

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

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

The best evidence of fair value is considered to be current prices in an active market for similar properties, however in some circumstances, including during periods of economic instability or volatility, sufficient market information may not be available. Where sufficient market information is not available, or to supplement this information, management considers other relevant information including:

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

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

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

	% Value of Portfolio by Sector		Weighted Average Cap Rate		Weighted Average Lease Term		Occupancy	
	31 Dec 2010	30 Jun 2010	**31 Dec 2010**	30 Jun 2010	**31 Dec 2010**	30 Jun 2010	**31 Dec 2010**	30 Jun 2010
Commercial	**86%**	85%	**8.23%**	8.47%	**6.1yrs**	5.1yrs	97.1%	94.8%
Industrial	**11%**	11%	**9.04%**	9.58%	**5.2yrs**	2.8yrs	100.0%	100.0%
Retail/Entertainment	**3%**	4%	**8.98%**	9.27	**4.8yrs**	4.3yrs	100.0%	100.0%
Total	**100%**	100%	**8.31%**	8.62%	**6.0yrs**	4.8yrs	97.4%	95.6%

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

Estimates of fair value of interest rate derivatives

The fair value of interest rate derivatives has been determined using a pricing model based on discounted cash flow analysis and incorporating assumptions supported by market data at balance date including market expectations of future interest rates and discount rates, and taking into account estimates prepared by external counterparties. Whilst certain derivatives may not be quoted on an active market, management have determined a value for those derivatives using market data adjusted for any specific features of the derivatives. All counterparties to interest rate derivatives are Australian financial institutions.

2. Segment Information

Reportable segments of the Group

The Group has the following reportable segments which are regularly reviewed by the chief executive officer in order to make decisions about resource allocation and to assess the performance of the Group.

Property Investment

The ownership of properties located throughout Australia.

Funds Management

The establishment and management of external funds, and the CDPT.

Property Development

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

Reportable segments of the Trust

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

2. Segment Information (continued)

Group	Property Investment $'000	Funds Management $'000	Property Development $'000	Group $'000
31 Dec 2010				
Segment revenue and other income				
Sales - external customers	67,848	2,866	-	70,714
Sales – intersegmental	364	5,894	-	6,258
Profit of equity accounted entities (before adjustments)	486	3	-	489
Distributions	174	-	-	174
Interest	2,513	362	-	2,875
Other income	1	-	-	1
Total segment revenue and other income	71,386	9,125	-	80,511
Segment expenses				
Property expenses and outgoings	(9,861)	-	-	(9,861)
Property development costs	-	-	(409)	(409)
Management and administration costs	(553)	(349)	-	(902)
Intersegmental costs	(5,894)	(364)	-	(6,258)
Funds management costs	-	(90)	-	(90)
Employee benefits expense	-	(5,066)	(740)	(5,806)
Finance costs	(22,514)	-	-	(22,514)
Other	-	(1,549)	(226)	(1,775)
Total segment expenses	(38,822)	(7,418)	(1,375)	(47,615)
Income tax expense	-	29	-	29
Segment profit/(loss) (1)	32,564	1,678	(1,375)	32,867
Reconciliation to reported profit/(loss)				
Gain on sale of investment property	6	-	-	6
Fair value adjustments/write downs:				
• Investment properties	(4,706)	-	-	(4,706)
• Interest rate derivatives	4,911	-	-	4,911
• Investments at fair value through profit or loss	333	-	-	333
• Property development inventories	-	-	(1,770)	(1,770)
Non-cash property investment income/(expense):				
• Straight-line lease income	1,841	-	-	1,841
• Lease incentive and lease cost amortisation	(2,766)	-	-	(2,766)
Other non-cash expenses:				
• Employee options expense	-	(151)	(23)	(174)
• Amortisation and depreciation	-	(217)	(32)	(249)
• Amortisation of finance costs	(925)	-	-	(925)
• Relating to equity accounted investments	(177)	-	-	(177)
• Net tax losses utilised	-	(275)	-	(275)
Total adjustments	(1,483)	(643)	(1,825)	(3,951)
Profit/(loss) for the half-year	31,081	1,035	(3,200)	28,916

(1) Segment profit/(loss) for the half-year is based on income and expenses adjusted for unrealised fair value adjustments and write downs, gains or losses on sale of investments and non-cash income and expenses. The adjusting items may vary from time to time based on changes to accounting standards and management's assessment as to the nature of the item.

2. Segment Information (continued)

Group	Property Investment $'000	Funds Management $'000	Property Development $'000	Group $'000
31 Dec 2009				
Segment revenue and other income				
Sales - external customers	60,768	7,687	-	68,455
Sales – intersegmental	304	5,213	-	5,517
Profit of equity accounted entities (before adjustments)	3,588	5	-	3,593
Distributions	286	-	-	286
Interest	1,886	490	-	2,376
Other income	-	397	-	397
Total segment revenue and other income	66,832	13,792	-	80,624
Segment expenses				
Property expenses and outgoings	(9,118)	-	-	(9,118)
Property development costs	-	-	(1,944)	(1,944)
Management and administration costs	(483)	-	-	(483)
Intersegmental costs	(5,213)	(304)	-	(5,517)
Funds management costs	-	(3,199)	-	(3,199)
Employee benefits expense	-	(4,565)	(667)	(5,232)
Finance costs	(19,441)	-	-	(19,441)
Other	-	(1,790)	(261)	(2,051)
Total segment expenses	(34,255)	(9,858)	(2,872)	(46,985)
Income tax expense	-	(286)	-	(286)
Segment profit/(loss) (1)	32,577	3,648	(2,872)	33,353
Reconciliation to reported profit/(loss)				
Loss on sale of investment properties	(586)	-	-	(586)
Gain on sale of available-for-sale financial assets	3,431	-	-	3,431
Fair value adjustments/write downs:				
• Investment properties	(25,006)	-	-	(25,006)
• Interest rate derivatives	3,756	-	-	3,756
• Investments at fair value through profit or loss	985	-	-	985
• Property development inventories	-	-	(4,331)	(4,331)
Non-cash property investment income/(expense):				
• Straight-line lease income	(50)	-	-	(50)
• Lease incentive and lease cost amortisation	(2,795)	-	-	(2,795)
Other non-cash expenses:				
• Employee options expense	-	(98)	(14)	(112)
• Amortisation and depreciation	-	(217)	(32)	(249)
• Amortisation of finance costs	(955)	-	-	(955)
• Relating to equity accounted investments	(2,537)	-	-	(2,537)
• Net tax losses utilised	-	(670)	-	(670)
Total adjustments	(23,757)	(985)	(4,377)	(29,119)
Profit/(loss) for the half-year	8,820	2,663	(7,249)	4,234

(1) Segment profit/(loss) for the half-year is based on income and expenses adjusted for unrealised fair value adjustments and write downs, gains or losses on sale of investments and non-cash income and expenses. The adjusting items may vary from time to time based on changes to accounting standards and management's assessment as to the nature of the item.

	Group		Trust	
	Half-year 31 Dec 2010 $'000	Half-year 31 Dec 2009 $'000	**Half-year 31 Dec 2010 $'000**	Half-year 31 Dec 2009 $'000
3. Finance Costs				
Total interest	**25,128**	19,441	**25,128**	19,441
Less: interest capitalised	**(2,614)**	-	**(2,614)**	-
Interest expense	**22,514**	19,441	**22,514**	19,441
Amortisation of loan establishment costs	**925**	955	**1,290**	1,235
Finance costs	**23,439**	20,396	**23,804**	20,676

4. Profit/(loss) for the Half-Year

Profit/(loss) for the half-year includes the following items:

	Group 2010	Group 2009	Trust 2010	Trust 2009
Amortisation and depreciation	**249**	249	**-**	-
Premises rental – minimum lease payments	**96**	91	**-**	-
Net loss on sale of investment properties				
• Net proceeds from sale of investment properties	**15,754**	18,192	**15,754**	18,192
• Carrying value of investment properties sold	**(15,748)**	(18,778)	**(15,748)**	(18,778)
Net loss on sale of investment properties	**6**	(586)	**6**	(586)

5. Dividends/Distributions

Distributions paid/payable by the Group

2010 Half Year Date Paid	2009 Half Year Date Paid	2010 Cents*	2009 Cents*	2010 $'000	2009 $'000
17 November 2010	16 November 2009	**1.75¢**	2.00¢	**15,919**	14,062
16 February 2011	15 February 2010	**1.75¢**	2.00¢	**15,942**	14,244
		3.50¢	4.00¢	**31,861**	28,306

* Cents per stapled security

A distribution of $16,157,000 provided for at 30 June 2010 was paid during the current period.

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

Distributions paid/payable by the Trust

2010 Half Year Date Paid	2009 Half Year Date Paid	2010 Cents*	2009 Cents*	2010 $'000	2009 $'000
17 November 2010	16 November 2009	**1.75¢**	2.00¢	**15,924**	14,066
16 February 2011	15 February 2010	**1.75¢**	2.00¢	**15,947**	14,250
		3.50¢	4.00¢	**31,871**	28,316

* Cents per unit

A distribution of $16,162,000 provided for at 30 June 2010 was paid during the current period.

	Group		Trust	
	31 Dec 2010 $'000	30 Jun 2010 $'000	**31 Dec 2010 $'000**	30 Jun 2010 $'000
6. Trade and Other Receivables				
Current assets				
Trade debtors	**2,159**	5,004	**1,231**	1,139
Other receivables – associates	**2,722**	1,628	**2,060**	1,369
Loans:				
▪ Associate – CPF	**4,062**	11,024	**-**	-
▪ Associate – Phoenix Portfolios Pty Ltd	**-**	62	**-**	-
▪ Other entities	**273**	270	**-**	-
Trade and other receivables - current	**9,216**	17,988	**3,291**	2,508
Non-current assets				
Loans:				
▪ Associate – CPF	**19,800**	30,000	**19,800**	30,000
▪ Amounts due from Cromwell Corporation Limited	**-**	-	**11,710**	18,360
Trade and other receivables – non-current	**19,800**	30,000	**31,510**	48,360

	Group	Trust

	31 Dec 2010 $'000	30 Jun 2010 $'000	31 Dec 2010 $'000	30 Jun 2010 $'000
7. Investment Properties				
Investment properties – at fair value	**1,395,760**	1,064,100	**1,395,760**	1,064,100

(a) Details of investment properties

Property	Title	Acquisition Date (1)	Acquisition Price (1) $'000	Latest Independent Valuation Date	Fair Value 31 Dec 2010 $'000	Fair Value 30 June 2010 $'000	Fair Value Adjustment 31 Dec 2010 $'000	Fair Value Adjustment 31 Dec 2009 $'000
NQX Distribution Centre, QLD	Freehold	Feb 2003	17,778	Jun 2010	**26,000**	25,750	**18**	(709)
Henry Waymouth Centre, SA	Freehold	Apr 2003	30,420	Dec 2010	**34,250**	33,500	**726**	(3,251)
Brooklyn Woolstore, VIC	Freehold	Jun 2004	34,000	Dec 2010	**36,250**	37,000	**(656)**	(1,730)
Village Cinemas, VIC	Freehold	Jun 2004	8,900	Dec 2010	**11,500**	11,000	**477**	1,200
Vodafone Call Centre, TAS	Freehold	Jun 2004	15,900	Dec 2010	**15,850**	16,400	**(778)**	3,503
Village Cinema Centre, TAS	Freehold	Jun 2004	16,000	SOLD	**-**	15,750	**-**	2,606
Village Cinemas, TAS	Freehold	Jun 2004	-	-	**-**	-	**-**	330
Regent Cinema Centre, NSW	Freehold	Jun 2004	9,900	Dec 2010	**13,050**	12,700	**354**	1,796
78 Mallard Way, WA	Freehold	Jun 2004	7,600	Dec 2010	**8,500**	8,400	**89**	(1,552)
Elders Woolstore, SA	Freehold	Jun 2004	10,900	Dec 2010	**14,100**	13,900	**236**	(194)
700 Collins Street, VIC	Freehold	Dec 2004	133,000	Dec 2010	**168,000**	160,000	**7,307**	(5,989)
Kmart Distribution Centre, VIC	Freehold	Feb 2005	41,000	Dec 2010	**36,815**	32,000	**(1,439)**	(4,024)
19 National Circuit, ACT	Leasehold	July 2005	35,530	Jun 2010	**36,000**	36,000	**(194)**	61
AWB Building, VIC	Freehold	Dec 2005	88,000	Jun 2010	**97,000**	94,500	**2,560**	(3,662)
101 Grenfell Street, SA	Freehold	Jan 2006	30,375	Dec 2010	**41,000**	37,200	**3,583**	176
475 Victoria Avenue, NSW	Freehold	Mar 2006	102,650	Jun 2010	**127,500**	127,500	**293**	(3,984)
Synergy, QLD	Freehold	Nov 2008	85,727	Dec 2010	**68,000**	78,000	**(10,010)**	(418)
200 Mary Street, QLD	Freehold	Jun 2001	29,250	Dec 2010	**81,500**	85,500	**(4,345)**	(4,465)
Terrace Office Park, QLD	Freehold	Jun 1999	13,600	Dec 2010	**28,000**	27,500	**(14)**	(4,591)
Sun Microsystems Building, ACT	Leasehold	Nov 2001	23,550	Jun 2010	**34,000**	34,000	**(649)**	24
Scrivener Building, ACT	Leasehold	Jun 2000	10,750	Jun 2010	**9,500**	10,000	**(590)**	10
Tuggeranong Office Park, ACT	Leasehold	Jun 2008	166,025	Jun 2010	**166,000**	167,500	**(1,522)**	(143)
203 Coward Street, Mascot	Leasehold	Aug 2010	143,891	May 2010	**152,000**	-	**(235)**	-
TGA Complex, ACT(2)	Leasehold	Jul 2010	75,000	Mar 2010	**75,000**	-	**83**	-
321 Exhibition Street,VIC	Freehold	Jul 2010	90,200	Mar 2010	**115,895**	-	**-**	-
			1,219,946		**1,395,710**	1,064,100	**(4,706)**	(25,006)

(1) Comprises original acquisition date and price for Cromwell Diversified Property Trust or the relevant Syndicate which was mostly prior to the merger and stapling transaction in December 2006.
(2) TGA was acquired in a business combination transaction through the acquisition of a subsidiary of Cromwell Property Fund when the building was valued at $75m (see note 8).

(b) Valuation basis

Independent valuations of properties were carried out by qualified valuers with relevant experience in the types of property being valued. Independent valuations are mostly carried out at least annually but no later than every two years. The value of investment properties is measured on a fair value basis, being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases. In assessing the value of the investment properties, the independent valuers have considered both discounted cash flow, and capitalisation methodologies. In addition, the Group and the Trust have utilised similar internal valuation processes for determining fair value where independent valuations are not obtained.

7. Investment Properties (continued)

(c) Movement in investment properties

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

	Group		Trust	
	Half-Year 31 Dec 2010 $'000	Half-Year 31 Dec 2009 $'000	**Half-Year 31 Dec 2010 $'000**	Half-Year 31 Dec 2009 $'000
Carrying value at beginning of half-year	**1,064,100**	1,117,175	**1,064,100**	1,117,175
Acquisitions at cost:				
- Acquisition price	**234,090**	-	**234,090**	-
- TGA Complex, ACT	**75,000**	-	**75,000**	-
- Transaction costs	**13,253**	-	**13,253**	-
- Improvements	**25,436**	2,167	**25,436**	2,167
Disposals	**(15,748)**	(18,778)	**(15,748)**	(18,778)
Straight-lining rentals	**1,841**	(50)	**1,841**	(50)
Lease costs and incentives	**5,210**	1,487	**5,210**	1,487
Amortisation of leasing costs and incentives	**(2,766)**	(2,795)	**(2,766)**	(2,795)
Net gain/(loss) from fair value adjustments	**(4,706)**	(25,006)	**(4,706)**	(25,006)
Carrying value at end of half-year	**1,395,710**	1,074,200	**1,395,710**	1,074,200

8. Investments in Jointly Controlled Entity and Associates

The Group has investments in two associates, Cromwell Property Fund ("CPF") and Phoenix Portfolios Pty Ltd ("Phoenix"). The Trust only has an investment in CPF. These entities were formed in Australia and their principal activities are property investment (CPF) and investment management (Phoenix). The reporting dates of the associates are the same as for the Group and Trust. The proportion of voting power held equates to the proportion of ownership interest held.

CPF does not recognise income tax expense or liabilities given its nature.

The Group and Trust previously held an investment in a jointly controlled entity, Cromwell TGA Planned Investment ("TGA"). The remaining units of TGA not owned by the Group and Trust were acquired during the current half year.

(a) Equity accounting information

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

Group	Ownership Interest			
	31 Dec 2010 %	30 Jun 2010 %	**31 Dec 2010 $'000**	30 Jun 2010 $'000
Investments accounted for using the equity method:				
TGA – jointly controlled entity	**-**	67	**-**	49,872
CPF – associate	**18**	18	**6,787**	6,903
Phoenix – associate	**50**	50	**29**	27
			6,816	56,802

8. Investments in Jointly Controlled Entity and Associates (continued)

(a) Equity accounting information (continued)

Trust	Ownership Interest			
	31 Dec 2010 %	30 Jun 2010 %	**31 Dec 2010 $'000**	30 Jun 2010 $'000
Investments accounted for using the equity method:				
TGA – jointly controlled entity	**-**	67	**-**	49,872
CPF – associate	**18**	18	**6,787**	6,903
			6,787	56,775

(b) Movement in consolidated carrying amount of investment in jointly controlled entity and associates

Group	Phoenix $,000	CPF $'000	TGA $'000	Total $'000
Half-year 31 December 2010				
Carrying value at beginning of half-year	**27**	**6,903**	**49,872**	**56,802**
Share of profit	**2**	**84**	**225**	**311**
Distributions received	**-**	**(200)**	**(206)**	**(406)**
Carrying value derecognised (1)	**-**	**-**	**(49,891)**	**(49,891)**
Carrying value at end of half-year	**29**	**6,787**	**-**	**6,816**
Half-year 31 December 2009				
Carrying value at beginning of half-year	3	6,442	51,850	58,292
Share of profit	5	278	774	1,052
Distributions received	-	(176)	(2,050)	(2,226)
Carrying value at end of half-year	8	6,544	50,574	57,118

Trust	CPF $'000	TGA $'000	Total $'000
Half-year 31 December 2010			
Carrying value at beginning of half-year	**6,903**	**49,872**	**56,775**
Share of profit	**84**	**225**	**309**
Distributions received	**(200)**	**(206)**	**(406)**
Carrying value derecognised (1)	**-**	**(49,891)**	**(49,891)**
Carrying value at end of half-year	**6,787**	**-**	**6,787**
Half-year 31 December 2009			
Carrying value at beginning of half-year	6,442	51,850	58,292
Share of profit	278	774	1,052
Distributions received	(176)	(2,050)	(2,226)
Carrying value at end of half-year	6,544	50,574	57,118

(1) The carrying amount of TGA was derecognised following the acquisition of the remaining units of TGA, resulting in TGA being fully consolidated by the Group and Trust.

	Group		Trust	
	31 Dec 2010 $'000	30 Jun 2010 $'000	**31 Dec 2010 $'000**	30 Jun 2010 $'000
9. Borrowings				
Current				
Loans – financial institutions	**551,300**	29,266	**551,300**	29,266
Unamortised transaction costs	**(962)**	(34)	**(1,597)**	(34)
Borrowings - current	**550,338**	29,232	**549,703**	29,232
Non-current				
Loans – financial institutions	**255,297**	639,250	**255,297**	639,250
Unamortised transaction costs	**(1,238)**	(1,896)	**(1,238)**	(2,896)
Borrowings – non-current	**254,059**	637,354	**254,059**	636,354

Details of borrowings of the Group at balance date are set out below:

Facility	Note	Secured	Maturity Date	Facility Dec 2010 $'000	Utilised Dec 2010 $'000	Facility Jun 2010 $'000	Utilised Jun 2010 $'000
Bank Loan – Syndicate Finance	(i)	Yes	Nov 2011*	**415,260**	**415,260**	430,893	430,893
Bank loan – Tuggeranong (Tranche 1)	(ii)	Yes	June 2015	**107,916**	**107,916**	107,916	107,916
Bank loan – Tuggeranong (Tranche 2)	(ii)	Yes	June 2013	**8,302**	**8,302**	9,961	9,961
Bank loan – Synergy	(iii)	Yes	July 2011*	**46,800**	**46,800**	46,800	46,800
Bank loan – TGA	(iv)	Yes	Mar 2011*	**38,919**	**38,919**	25,946	25,946
Bank loan – Mary Street	(v)	Yes	Aug 2011*	**47,000**	**47,000**	47,000	47,000
Bank loan - Mascot	(vi)	Yes	Aug 2013	**85,000**	**62,400**	-	-
Bank loan – Exhibition St	(vii)	Yes	July 2013	**80,000**	**80,000**	-	-
Total facilities				**829,197**	**806,597**	668,516	668,516

* Terms agreed to refinance or extend since balance date (refer note 14)

(i) Bank Loan – Syndicate Finance

The Syndicate finance facility of $415,260,000 (June 2010: $430,893,000) is secured by first registered mortgages over the majority of the investment properties held by the Group and a registered floating charge over the assets of the CDPT. Interest is payable monthly in arrears at variable rates based on a margin over the 30 day BBSY rate. An amount of $415,260,000 (June 2010: $367,925,000) was effectively fixed at balance date through interest rate swap arrangements which expire between July 2011 and September 2017 (June 2010: expired between July 2009 and September 2017). Repayments of $15,633,000 (December 2009: $17,786,000) were made during the half-year from the net proceeds of the sale of investment properties.

(ii) Bank Loan – Tuggeranong

The Group has a $116,218,000 (June 2010: $117,877,000) loan in relation to its investment in Tuggeranong Office Park. The loan is secured by a first registered mortgage over the investment property and a registered floating charge over the assets of Tuggeranong Trust, a controlled entity of CDPT. The first tranche of the loan matures in June 2015. The second tranche matures in June 2013 with $830,000 repayable each quarter until June 2013. The loan bears interest at a variable rate based on a margin over the 30 day BBSY. Repayments of $1,659,000 (December 2009: $1,660,000) were made during the half-year.

9. Borrowings (continued)

(iii) Bank Loan – Synergy

The Group has a $46,800,000 (June 2010: $46,800,000) loan in relation to its Synergy investment property repayable in July 2011. The loan is secured by a registered floating charge over the assets of CDPT specific to the Synergy investment property. The loan bears interest at a variable rate based on a margin over the 30 day BBSY rate.

(iv) Bank Loan – TGA

The Group has a $38,919,000 (June 2010: $25,946,000) loan in relation to its investment in Cromwell TGA Planned Investment ("TGA"). The loan is secured by a first registered mortgage over the TGA property and a registered floating charge over the assets of TGA. During the half year the Group acquired the remaining one third of TGA it did not already own (refer note 8) and assumed $12,973,000 of additional borrowings associated with the TGA Complex. The loan bears interest at a variable rate based on a margin over the 30 day BBSY rate.

(v) Bank Loan – Mary Street

The Group has a $47,000,000 (June 2010: $47,000,000) facility secured over the 200 Mary Street investment property. The loan has been drawn down in two tranches, Tranche 1 for $20,000,000 and Tranche 2 for $27,000,000 with both tranches repayable by August 2011. The loan bears interest at a variable rate based on a margin over the 30 day BBSY rate.

Interest rate Swaps

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

Finance Facilities

At 31 December 2010 the Group had $22,600,000 in unused finance facilities (June 2010: $nil).

	Company		CDPT	
	31 Dec 2010 Number '000	30 Jun 2010 Number '000	**31 Dec 2010 Number '000**	30 Jun 2010 Number '000

10. Contributed Equity

Stapled securities				
Ordinary shares	**910,986**	807,835	**-**	-
Ordinary units	**-**	-	**911,261**	808,110
	910,986	807,835	**911,261**	808,110

	31 Dec 2010		31 Dec 2009	
	Number '000	**Value $'000**	Number '000	Value $'000
Movement in ordinary shares of the Company during the half-year				
Issue of shares – Placement	**72,000**	**4,034**	104,750	5,477
Issue of shares – Rights issue	**29,791**	**1,582**	-	-
Issue of shares - Distribution reinvestment plan	**1,360**	**67**	-	-
Issue of treasury shares - employees	**-**	**-**	142	50
Less issue transaction costs	**-**	**(85)**	-	(21)
	103,151	**5,598**	104,892	5,506

	31 Dec 2010		31 Dec 2009	
	Number '000	**Value $'000**	Number '000	Value $'000
Movement in ordinary units of CDPT during the half-year				
Issue of units - Placement	**72,000**	**49,966**	104,750	67,848
Issue of units - Rights issue	**29,791**	**19,867**	-	-
Issue of units - Distribution reinvestment plan	**1,360**	**882**	-	-
Issue transaction costs	**-**	**(3,570)**	-	(382)
	103,151	**67,145**	104,750	67,466

11. Contingent Liabilities

As disclosed in the Group and the Trust's 30 June 2010 annual reports the directors are not aware of any material contingent liabilities and the directors are not aware of any material changes in contingent liabilities of the Group or the Trust since the last annual report.

12. Commitments

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

	Group		Trust	
	31 Dec 2010 $'000	30 Jun 2010 $'000	**31 Dec 2010 $'000**	30 Jun 2010 $'000
Within one year	**14,985**	-	**14,985**	-
Later than one year but not later than five years	**22,600**	-	**22,600**	-
	37,585	-	**37,585**	-

13. Business Combinations

On 20 July 2010 the Group and Trust acquired the remaining units in Cromwell TGA Planned Investment ("TGA") from the Cromwell Property Fund (refer to note 8).

Following the acquisition, the Group and Trust fully consolidate the assets and liabilities and performance of TGA, including the TGA Complex which has been valued at $75,000,000 (refer note 7) and additional borrowings of $12,973,000 secured against the TGA Complex (refer note 9). Prior to the acquisition, TGA was a jointly controlled entity (refer note 8).

The Group and the Trust have recognised the fair values of the identifiable assets and liabilities based upon the best available information at the acquisition date. The business combination accounting is as follows:

	Recognised on Acquisition $'000	Already Held $'000	Balance on Consolidation $'000
Investment in associate/controlled entity	25,105	49,891	-
Other assets	-	-	22
Investment Property	-	-	75,000
Other liabilities	-	-	(26)
Borrowings	(12,973)	(25,946)	(38,919)
Net assets	**12,132**	**23,945**	**36,077**

Purchase consideration:	
Cash paid	12,132
Total purchase consideration	**12,132**

The carrying amount of assets and liabilities acquired was equivalent to their fair value.

The cash flows on acquisition were as follows:	
Cash acquired from business combination	-
Cash paid	(12,132)
Payments for controlled entity, net of cash acquired	**(12,132)**

Had the acquisition occurred at the beginning of the reporting period, the consolidated statements of comprehensive income would not have been significantly impacted.

There were no business combinations in the prior half-year.

14. Subsequent Events

(a) Refinance of borrowings

Subsequent to balance date the Group has received credit approved terms to refinance its TGA, Synergy and Mary Street facilities (refer note 9) and expects to finalise the refinancing of these facilities prior to their expiry.

The Group has also received indicative terms for the refinancing of its Syndicate facility (refer note 9) for 3 years, and also expects to complete a refinance of this facility prior to its expiry date.

(b) Sale of Investment Property

On 15 February 2011 the Group and Trust sold its Scrivener Building investment property located in the ACT for $9,500,000. Proceeds from the sale, net of selling costs, have been used to repay borrowings relating to the Syndicate finance facility.

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

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

(b) give a true and fair view of the Group's and the Trust's financial positions as at 31 December 2010 and of their performance, as represented by the results of their operations and their cash flows, for the half-year ended on that date.

In the directors' opinion:

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

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

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

P.L. Weightman
Director

Dated this 21st day of February, 2011

JOHNSTON RORKE
CHARTERED ACCOUNTANTS

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Independent Auditor's Review Report

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

Report on the Half-Year Financial Report

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

We have reviewed the accompanying half-year financial reports of the Group and the Trust, which comprise the consolidated statements of financial position as at 31 December 2010, and the consolidated statements of comprehensive income, consolidated statements of changes in equity, and consolidated statements of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration for both Cromwell Corporation Limited and Cromwell Property Securities Limited as responsible entity for the Cromwell Diversified Property Trust.

Directors' Responsibility for the Half-Year Financial Reports
The directors of Cromwell Corporation Limited and the directors of Cromwell Property Securities Limited as responsible entity for the Cromwell Diversified Property Trust (collectively referred to as "the directors") are responsible for the preparation and fair presentation of the half-year financial reports in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's and Trust's financial positions as at 31 December 2010 and their performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Cromwell Corporation Limited and Cromwell Diversified Property Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial reports.

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

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

Conclusion
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial reports of 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 Trust's financial position as at 31 December 2010 and of their performance for the half-year ended on that date; and
(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

JOHNSTON RORKE
Chartered Accountants

R.C.N. WALKER
Partner
Brisbane, Queensland
21 February 2011

Liability limited by a scheme approved under Professional Standards Legislation