

Cromwell Property Group Annual Financial Report 30 June 2011

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

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

Cromwell Diversified Property Trust
ARSN 102 982 598

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

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DIRECTORY

Board of Directors:

Geoffrey Levy (AO)
Robert Pullar
Michelle McKellar
David Usasz
Richard Foster
Marc Wainer
Michael Flax (Alternate for Marc Wainer)
Michael Watters
Geoffrey Cannings (Alternate for Michael Watters)
Paul L Weightman
Daryl J Wilson

Secretary:

Nicole E Riethmuller

Share Registry:

Link Market Services Limited
Level 15, 324 Queen Street
BRISBANE QLD 4000
Tel: 1300 550 841 (+61 2 8280 7124)
Fax: +612 9287 0309
Web: www.linkmarketservices.com.au

Registered Office:

Level 19
200 Mary Street
BRISBANE QLD 4000
Tel: +61 7 3225 7777
Fax: +61 7 3225 7788
Web: www.cromwell.com.au

Listing:

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

Auditor:

Johnston Rorke
Chartered Accountants
Level 30, Central Plaza One
345 Queen Street
BRISBANE QLD 4000
Tel: +61 7 3222 8444
Fax: +61 7 3221 7779
Web: www.jr.com.au

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 year ended 30 June 2011 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
- 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 the Group. The shares of the Company and units of the Trust cannot be traded separately and can only be traded as stapled securities.

1. Directors & Officers

(a) Directors

The persons who were Directors at any time during the financial year and up to the date of this report (unless otherwise stated) were:

(i) Mr Geoffrey Levy (AO) – Chairman

Mr Levy has extensive public company executive and directorship experience and is the former Chief Executive Officer and current Deputy Chairman of Investec Bank (Australia) Ltd. He is currently Chairman of Speciality Fashion Group Limited, Investec Equity Investments Limited and Monash Private Capital. He was appointed an Officer in the Order of Australia in the Queen's Birthday Honours List in June 2005.

(ii) Mr Robert Pullar – Non-Executive Director

Mr Pullar is a Director of the Brisbane based property development company operating in Australia and Asia, Citimark Properties. He was previously a partner with a mid tiered chartered accounting firm, specialising in property investment, taxation and corporate reorganisation. Mr Pullar is a member of the Institute of Chartered Accountants and a Fellow of the Australian Institute of Company Directors. He is Chairman of Cromwell's Nomination & Remuneration Committee, Chairman of Cromwell's Investment Committee, and a member of Cromwell's Audit & Risk Committee.

(iii) Ms Michelle McKellar – Non-Executive Director

Ms McKellar has a wealth of property and portfolio management experience having held a number of senior positions with CB Richard Ellis throughout Asia-Pacific and the Jen Group of Companies overseeing the development and management of a significant retail portfolio. She is a Senior Member of the Property and Land Economy Institute, a member of the Australian Institute of Company Directors and runs her private property companies in Australia and NZ. Ms McKellar is a member of Cromwell's Nomination & Remuneration, Audit & Risk and Investment Committees.

(iv) Mr David Usasz – Non-Executive Director

Mr Usasz had 20 years experience as partner with PricewaterhouseCoopers and has been involved in merger and acquisition advice, accounting and financial consultancy, specialising in corporate re-organisations. He is currently Chairman of Queensland Mining Corporation Limited. He holds a Bachelor of Commerce and is a Fellow of the Institute of Chartered Accountants. Mr Usasz is Chairman of Cromwell's Audit & Risk Committee and a member of Cromwell's Nomination & Remuneration and Investment Committees.

(v) Mr Richard Foster – Non-Executive Director

Mr Foster is a retired licensed real estate agent with substantial experience in the real property industry specialising in large-scale property acquisition for most of his professional life. He has had substantial input to the growth and development of the business and the Group's investment products. Mr Foster is a member of Cromwell's Nomination & Remuneration and Investment Committees.

(vi) Mr Marc Wainer – Non-Executive Director

Mr Wainer has more than 35 years experience in the property industry in South Africa, including founding Investec Property Group, Investec Bank's property division. Marc is Chief Executive Officer and an Executive Director of listed South African property group Redefine Properties which he founded, and a director of Redefine International plc, a listed property investment company which is a substantial securityholder of Cromwell Property Group. He also is a non-executive director of Hyprop Investments Limited, a South African listed retail property fund.

(vii) Mr Michael Watters – Non-Executive Director

Mr Watters was appointed in April 2011, is a registered professional engineer with a BSc Eng. (Civil) Degree and an MBA and has over 25 years experience in the investment banking and real estate industries. He has held directorships of some of South Africa's top rated listed property funds including Sycom Property Fund and Hyprop Investments Limited. He is the CEO of the Redefine International Group.

(viii) Mr Paul Weightman – Chief Executive Officer

Mr Weightman practised as a solicitor for more than 20 years, and holds degrees in commerce and law. He has extensive experience in property development and investment, financial structuring, public listings, mergers and acquisitions, revenue matters and joint ventures. Mr Weightman was Cromwell's Executive Chairman from 1998 until the appointment of Mr Levy in April 2008, and has acted as Chief Executive Officer since that date. He has been a Director of companies in the property, energy and retail sectors. Mr Weightman is a member of Cromwell's Investment Committee.

1. Directors & Officers (continued)

(a) Directors (continued)

(ix) Mr Daryl Wilson – Finance Director

Mr Wilson is a member of the Institute of Chartered Accountants, and joined Cromwell in August 1999 in the role of Chief Financial Officer. He has many years experience in senior finance roles. Mr Wilson has led the development of Cromwell's funds management capabilities, and has primary responsibility for the finance function. He holds a Bachelor of Commerce and a Diploma of Financial Planning. Mr Wilson is a member of Cromwell's Investment Committee.

(x) Mr Michael Flax – Alternate Director

Mr Flax is an alternate director to Mr Marc Wainer.

(xi) Mr Geoffrey Cannings – Alternate Director

Mr Cannings is an alternate director to Mr Michael Watters and was appointed on 1 August 2011.

All Directors of the Company are also Directors of Cromwell Property Securities Limited, the Responsible Entity of the CDPT.

(b) Directorships of other listed entities in last 3 years

Mr. Levy has been a Director of Specialty Fashion Group since 8 April 2005. Mr. Levy was a director of Ten Network Holdings from 3 April 1998 until his resignation from the Board on 25 October 2007 and a director of STW Group Limited from 24 November 1993 until his resignation from the Board on 1 July 2008.

Mr Usasz has been a director of Queensland Mining Corporation Limited since 15 June 2007.

Mr Wainer is a Director of Redefine International plc, a property investment company which is listed on the London Stock Exchange and a Director of Redefine Properties, a property group which is listed on the Johannesburg Stock Exchange.

Mr Watters is a Director of Redefine International plc, a property investment company which is listed on the London Stock Exchange and a Director of Redefine Properties, a property group which is listed on the Johannesburg Stock Exchange.

No other Director has been a director of any other listed company during the 3 years preceding the end of the financial year, and up to the date of this report.

(c) Company secretary

(i) Ms Nicole Riethmuller

Ms Riethmuller has 15 years experience as a corporate lawyer having worked primarily in the financial services industry. Prior to joining Cromwell, Nicole was General Counsel at the Queensland Investment Corporation where she headed the in-house legal team. Before that she was a Senior Associate in the Funds Management team at Minter Ellison lawyers in Sydney. Nicole has also been a lawyer and Assistant Company Secretary at Queensland Sugar Corporation. She has a Bachelor of Laws and a Bachelor of Commerce from the University of Queensland.

(d) Directors' meetings

The number of Directors' meetings (including meetings of committees of the Board) and number of meetings attended by each of the Directors of the Company during the financial year were:

Director	Board		Nomination & Remuneration Committee		Audit & Risk Committee		Investment Committee	
	A	B	A	B	A	B	A	B
Geoffrey Levy	13	16	-	-	-	-	-	-
Robert Pullar	12	16	1	1	10	10	-	-
Michelle McKellar	14	16	1	1	10	10	-	-
David Usasz	15	16	1	1	10	10	-	-
Richard Foster	14	16	1	1	-	-	-	-
Marc Wainer ⁽¹⁾	12	16	-	-	-	-	-	-
Michael Watters	3	3	-	-	-	-	-	-
Paul Weightman	16	16	-	-	-	-	-	-
Daryl Wilson	16	16	-	-	-	-	-	-

A – Number of meetings attended

B – Number of meetings eligible to attend

(1) Includes attendance by alternate director Michael Flax.

2. Principal Activities

The principal activities of the Group and Trust during the financial year consisted of property investment. The principal activities of the Group also includes property management, management of property related managed investment schemes and property development.

There were no significant changes in the nature of the Group's or Trust's principal activities during the financial year.

3. Dividends/ Distributions

Group	Dividend per Security	Distribution per Security	Total per Security	Total \$'000	Franked amt per Security	Record Date	Payment Date
2011							
Interim distribution	-	1.75¢	1.75¢	15,919	-	14/10/10	17/11/10
Interim distribution	-	1.75¢	1.75¢	15,943	-	23/12/10	16/02/11
Interim distribution	-	1.75¢	1.75¢	16,243	-	25/03/11	18/05/11
Final distribution	-	1.75¢	1.75¢	16,883	-	30/06/11	19/08/11 ⁽¹⁾
	-	7.00¢	7.00¢	64,988	-		
2010							
Interim distribution	-	2.00¢	2.00¢	14,062	-	06/10/09	16/11/09
Interim distribution	-	2.00¢	2.00¢	14,242	-	31/12/09	15/02/10
Interim distribution	-	2.00¢	2.00¢	16,157	-	07/04/10	14/05/10
Final distribution	-	2.00¢	2.00¢	16,157	-	30/06/10	31/08/10
	-	8.00¢	8.00¢	60,618	-		
Trust							
Trust	Dividend per Security	Distribution per Security	Total per Security	Total \$'000	Franked amt per Security	Record Date	Payment Date
2011							
Interim distribution	-	1.75¢	1.75¢	15,923	-	14/10/10	17/11/10
Interim distribution	-	1.75¢	1.75¢	15,947	-	23/12/10	16/02/11
Interim distribution	-	1.75¢	1.75¢	16,249	-	25/03/11	18/05/11
Final distribution	-	1.75¢	1.75¢	16,888	-	30/06/11	19/08/11 ⁽¹⁾
	-	7.00¢	7.00¢	65,007	-		
2010							
Interim distribution	-	2.00¢	2.00¢	14,067	-	06/10/09	16/11/09
Interim distribution	-	2.00¢	2.00¢	14,250	-	31/12/09	15/02/10
Interim distribution	-	2.00¢	2.00¢	16,162	-	07/04/10	14/05/10
Final distribution	-	2.00¢	2.00¢	16,162	-	30/06/10	31/08/10
	-	8.00¢	8.00¢	60,641	-		

(1) Expected payment date

4. Review of Operations and Results

(a) Financial performance

The Group recorded a profit after tax of \$88,102,000 for the year ended 30 June 2011 compared with a profit of \$19,053,000 for the previous year. The Trust recorded a profit after tax of \$92,361,000 for the year ended 30 June 2011 compared with a profit of \$26,706,000 for the previous year. The result for the Group and the Trust is reflective of the strong tenancies and high occupancies achieved across all properties combined with an increase in the fair value of investment properties.

4. Review of Operations and Results (continued)

(a) Financial performance (continued)

The statutory accounting profit was impacted by a number of non-cash fair value items. These included:

- An increase in the fair value of the Group's investment properties of \$33,659,000 (2010: decrease of \$32,146,000) which represented an increase of 2.4% in the value of investment properties held at the end of the year;
- Write down of \$3,695,000 (2010: \$6,331,000) relating to the Group's property development activities; and
- A decrease in the fair value of interest rate derivatives of \$1,920,000 (2010: \$1,283,000).

(b) Operating profit

The profit for the year 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's profit from operations. A reconciliation of profit from operations, as assessed by the Directors, to the reported net profit for the year is as follows:

	Group		Trust	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Profit from operations	65,297	64,630	66,112	66,285
<i>Reconciliation to profit for the year</i>				
Loss on sale of investment properties	(195)	(554)	(195)	(554)
Gain on sale of available-for-sale financial assets	-	3,431	-	3,431
Fair value net gains/(write-downs):				
• Investment properties	33,659	(32,146)	33,659	(32,146)
• Interest rate derivatives	(1,920)	(1,283)	(1,920)	(1,283)
• Investments at fair value through profit or loss	604	836	604	836
• Property development inventories	(3,695)	(6,331)	-	-
• Loan receivable	-	1,932	-	-
Non-cash property investment income/(expense):				
• Straight-line lease income	4,883	852	4,883	852
• Lease incentive and lease cost amortisation	(5,773)	(5,411)	(5,773)	(5,411)
Other non-cash expenses:				
• Amortisation of finance costs	(2,042)	(1,861)	(2,770)	(2,484)
• Employee options expense	(333)	(339)	-	-
• Amortisation and depreciation	(542)	(552)	-	-
• Relating to equity accounted investments ⁽¹⁾	(1,594)	(2,643)	(1,594)	(2,506)
• Net tax losses incurred/(utilised) ⁽²⁾	(247)	(1,508)	-	-
Net profit/(loss) attributable to non-controlling interest	-	-	(645)	(314)
Net profit for the year	88,102	19,053	92,361	26,706

(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.

Profit from operations for the year was \$65,297,000 (2010: \$64,630,000). Details of the profit from operations from each of the segments of the group are contained at note 35.

Property investment provided the majority of the Group's profits, with a contribution of \$65,936,000 for the year (2010: \$65,482,000). Net operating income from the property portfolio, after property outgoings costs was \$118,184,000 for the year, an increase of 15% on the previous year. The majority of this increase was attributable to the Qantas Headquarters (203 Coward Street, Mascot, NSW) and the remaining one third of the TGA Complex acquired during the year.

The Group also measures the change in like for like property income, taking into account only properties held in both the current and previous financial years. On this basis, net property income increased by 0.6% in 2011. This is considered a good result given the higher than average lease expiries which occurred in 2011, in particular the Synergy office property and Masters Distribution Centre industrial property. Both these buildings are now fully leased and will generate significantly increased income in the 2012 financial year.

The other key impact on profit from operations was an increase in interest expense to \$45,397,000 (2010: \$38,660,000). This increase occurred partly as a result of the additional borrowings for investment properties acquired during the year, but also due to increases in the margins payable on finance facilities as they were refinanced on expiry. The Group is now substantially hedged against further increases in both variable interest rates and facility margins for the next 3 financial years.

4. Review of Operations and Results (continued)

(c) Earnings per stapled security

	2011 Cents	2010 Cents
Basic/diluted operating earnings per stapled security ⁽¹⁾	7.1	8.5
Basic/diluted earnings per stapled security – statutory profit	9.6	2.5

(1) Based on profit from operations disclosed above.

Basic operating earnings attributable to stapled securityholders were 7.1 cents (2010: 8.5 cents). Distributions paid for the year were 7.0 cents (2010: 8.0 cents), including a June 2011 quarter distribution of 1.75 cents per stapled security to be paid on 19 August 2011.

The fall in operating earnings per security was primarily due to increases in interest rates during the year, combined with lower income from funds management transactions.

(d) Financial position

	Group		Trust	
	2011	2010	2011	2010
Total assets (\$'000)	1,539,428	1,282,828	1,531,741	1,271,529
Net assets (\$'000)	705,160	571,407	699,643	570,464
Net tangible assets ⁽¹⁾ (\$'000)	703,636	570,120	699,643	570,464
Net debt (\$'000) ⁽²⁾	737,037	568,117	742,532	572,553
Gearing (%) ⁽³⁾	49%	48%	50%	49%
Securities issued ('000)	964,737	807,835	965,012	808,110
NTA per security	\$0.73	\$0.71	\$0.73	\$0.70

(1) Net assets less deferred tax asset and intangible assets.

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

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

NTA per security has increased during the year from \$0.71 to \$0.73, primarily as a result of the increases in fair value of the investment properties. In particular, the Qantas and Exhibition Street properties acquired during the year and the existing properties held in the Melbourne CBD contributed positively to this result.

Gearing increased marginally from 48% to 49% due mostly to the group adopting slightly higher loan to value ratios on the assets acquired during the year, which have in turn improved the weighted average lease term of the portfolio.

Stapled securities on issue have increased by 156,902,381 during the year. This occurred through a combination of placements to institutional and other wholesale investors, a rights issue to existing securityholders and the reactivation of the distribution re-investment plan (DRP). The average issue price of all stapled securities during the year was 72.9 cents before transaction costs and 70.3 cents after transaction costs.

(e) Outlook

The outlook remains positive for the Group, despite the sluggish pace of economic recovery.

The Groups' property portfolio is expected to continue to deliver consistent earnings. The performance of the investment property portfolio reflects the quality of the portfolio and the benefits of Cromwell's integrated property management and tenant relationship activities. The portfolio was 99.6% leased at year-end, with a 6.8 year weighted average lease term. Importantly, tenant quality is also exceptional, with 47% of rental income at balance date underpinned by Government or Government owned/funded entities, and a further 42% from listed companies or their subsidiaries.

The Group also expects to see growth in operating earnings in 2012, underpinned by this strong property portfolio and the funds management business, which has the potential to return to a period of significant growth in future years.

The Group aims to continue to grow net tangible assets per security and maintain gearing below 55%.

5. Significant Changes in the State of Affairs

Changes in the state of affairs of the Group during the financial year are set out within the financial report.

There were no significant changes in the state of affairs of the Group during the financial year other than as disclosed in this report and the accompanying financial report.

6. Subsequent Events

Other than as set out in note 40 of the financial report, no matter or circumstance has arisen since 30 June 2011 that has significantly affected or may significantly affect:

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

7. Likely Developments

The Group will continue to pursue activities which increase profitability of the Group, and create value for securityholders. Further information in relation to likely developments, and the impact on the operations of the Group, has not been included in this report as the Directors believe it would result in unreasonable prejudice to the Group.

8. Environmental Regulation

The Directors are not aware of any particular and significant environmental regulation under a law of the Commonwealth, State or Territory relevant to the Group.

9. Directors' Interests

The interests of current Directors in stapled securities of the Group at the date of this report are as follows:

	Stapled Securities	Performance Rights	Options over Securities
Geoffrey Levy	1,119,430	-	-
Robert Pullar	14,000,000	-	-
Michelle McKellar	363,000	-	-
David Usasz	2,225,000	-	-
Richard Foster	5,261,765	-	-
Marc Wainer	-	-	-
Michael Flax	416,666	-	-
Michael Watters	-	-	-
Geoffrey Cannings	-	-	-
Paul L Weightman	15,921,167	4,000,000	-
Daryl J Wilson	1,970,775	1,740,000	-
	41,277,803	5,740,000	-

10. Options and Performance Rights

(a) Securities under option through the Performance Rights Plan

The Group issues in-substance options over stapled securities through the issue of performance rights under the Performance Rights Plan ("PRP"). At the date of this report, performance rights on issue are as follows:

Date granted	Exercise date	Exercise price	Expiry date	Number
16/12/09	16/12/11 – 15/01/12	\$0.20	15/01/12	659,600
08/02/10	07/02/12 – 07/03/12	\$0.00	07/03/12	126,859
23/08/10	21/08/12 – 21/09/12	\$0.00	21/09/12	170,287
23/08/10	21/08/12 – 21/09/12	\$0.10	21/09/12	123,459
23/08/10	21/08/13 – 21/09/13	\$0.00	21/09/13	101,378
23/08/10	21/08/13 – 21/09/13	\$0.10	21/09/13	47,433
23/08/10	21/08/13 – 21/09/13	\$0.20	21/09/13	192,218
07/03/10	01/07/13 – 01/08/13	\$0.00	01/08/13	97,633
26/05/11	01/07/13 – 01/10/13	\$0.50	01/10/13	1,913,333
26/05/11	01/07/14 – 01/10/14	\$0.50	01/10/14	1,913,333
26/05/11	01/07/15 – 01/10/15	\$0.50	01/10/15	1,913,334
				7,258,867

No holder has any right under the performance rights to participate in any other security or interest of the Company or any other entity, except that performance right holders have a matching in-substance option for units in Cromwell Diversified Property Trust as a result of the Group's stapling arrangement.

No other form of option is on issue at the date of this report.

(b) Securities issued on the exercise of performance rights through the Performance Rights Plan

The following stapled securities were issued during the year ended 30 June 2011 on the exercise of performance rights granted under the PRP. No further securities have been issued since that date. No amounts are unpaid on any of the securities.

Date performance rights granted	Issue Price of Securities	No. of Securities Issued
18 September 2007	\$0.00	8,600
		8,600

11. Remuneration Report

The remuneration report is presented for the financial year ending 30 June 2011. The report forms part of the Directors Report and has been prepared and audited in accordance with the requirements of the Corporations Act 2001.

This report outlines the remuneration for Non-Executive Directors, Executive Directors and other Key Management Personnel including the five highest remunerated executives of the Group and the Company. The report is set out under the following headings:

- (a) Remuneration principles
- (b) Details of remuneration
- (c) Performance assessment
- (d) Equity based compensation
- (e) Employment contracts and termination provisions

(a) Remuneration principles

(i) Governance

The Group has appointed a nomination and remuneration committee ("Committee"). The Committee has overall responsibility for the remuneration strategies of the Group. The Committee also advises the Board on remuneration policy and practices. The Committee is chaired by Mr RJ Pullar, a Non-Executive Director. External consultants are appointed to advise the Committee as required.

(ii) Remuneration policy

Cromwell Property Group is committed to a fair and transparent remuneration strategy. It is considered imperative that the remuneration strategy aligns with the Group's overall strategy. The Group aims to deliver increases in operating earnings per security and net tangible asset value per security over the longer term and this is reflected in the remuneration strategy and structure.

Key Management Personnel are rewarded with a mixture of fixed remuneration, short term incentives and long term incentives, designed to allow the Group to retain and motivate key employees.

The Board's policy on the nature and amount of remuneration encompasses the following objectives:

- Fixed pay: Key Management Personnel are remunerated at the market median level of their fixed pay adjusted for factors such as the external market environment and the employee's position, qualifications, period of service and responsibility within the Group.
- Short term incentives: Short term incentives are generally included as part of the remuneration package for those employees that can have a material impact on the key marginal drivers of operating earnings in any given financial year. These include such factors as leasing outcomes and changes in property earnings, interest expense, funds management earnings and changes in the investment property portfolio. The Group does not generally take into account non-financial performance indicators in assessing short term incentives. Short term incentives are available to a number of employees and are generally paid as cash bonuses. For all executives except the Chief Executive Officer, the Chief Executive Officer is responsible for setting key performance indicator targets and assessing annually whether executives' targets have been met. The key performance indicator targets for the Chief Executive Officer are set, revised and reviewed annually by the Committee or the Board.
- Long term incentives: These are considered to be both a retention tool for employees who are considered key to the longer term succession of the Group and a reward for exceptional performance in a financial year. The maximum value of performance rights issued is generally limited to 25% of the annual fixed remuneration of any employee during the period from grant date to vesting date. Long term incentives are offered by way of the issue of performance rights which, if they vest, allow the employee to obtain stapled securities at a discount to market value. This allows employees to align themselves with securityholders by having a financial interest in the long term value of the Group's security price. For any given dollar value, the discount causes the number of the performance rights offered to decrease. The use of the discount is intended to reduce or avoid the need for employees to obtain significant debt funding or sell a substantial number of securities to fund the exercise of performance rights on vesting.

The number of Key Management Personnel participating in the PRP during the year was 9 (2010: 6). The number of performance rights allocated to Key Management Personnel at balance date was 6,842,136 (2010:2,755,958).

The Group had previously established the Cromwell Employee Share Ownership Plan ("ESOP"). All grants that were made under the ESOP have vested or been forfeited, and it is not intended that any further grants will be made by this plan in the future.

11. Remuneration Report (continued)

(a) Remuneration principles (continued)

(iii) External environment

The unemployment rate during the year remained below the 10-year median. This continues to cause labour market constraint which was evident in Brisbane where over 80% of the Groups' employees are based. The Brisbane market continues to remain very competitive, partly as a result of significant competition from the resource sector for employees.

(iv) Non-executive directors remuneration

Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. The Board determines remuneration of Non-Executive Directors within the maximum amount approved by security holders from time to time. This maximum currently stands at \$700,000 per annum in total for fees, to be divided among the Non-Executive Directors in such a proportion and manner as they agree. Non-Executive Directors are paid a fixed remuneration, comprising base fees or salary and superannuation (if applicable). Non-Executive Directors do not receive bonus payments or participate in security-based compensation plans, and are not provided with retirement benefits other than statutory superannuation.

	2011	2010
	\$	\$
Chairman	150,000	150,000
Non-Executive Director	75,000	75,000
Audit & Risk Committee – Chairman	18,000	18,000
Audit & Risk Committee – Member	12,000	12,000
Nomination & Remuneration Committee – Chairman	7,500	7,500
Nomination & Remuneration Committee – Member	5,000	5,000
Investment Committee	-	-

The Non-Executive Directors fees have not changed since the 2008 financial year.

(b) Details of remuneration

Remuneration paid, payable, or otherwise made available, directly or indirectly, to key management personnel is set out below. Other than the key management personnel shown below, there were no other key management personnel of the Company or Group during the year. Key management personnel below include the five highest remunerated Group executives and Company executives.

Key Management Personnel during the year were:

Non-Executive Directors:

Mr GH Levy (AO)	Chairman
Mr RJ Pullar	Director
Ms MA McKellar	Director
Mr DE Usasz	Director
Mr M Wainer	Director
Mr WR Foster	Director
Mr M Flax	Director (Alternate to Mr Wainer)
Mr M Watters	Director
Mr G Cannings	Director (Alternate to Mr Watters – appointed 1 August 2011)

Executive Directors:

Mr PL Weightman	Chief Executive Officer
Mr DJ Wilson	Finance Director

Other Senior Executives:

Mr B Binning	National Leasing Manager
Mr MJ Blake	National Head of Sales
Ms JA Clark	Transactions Manager, Property Licensee, Director of controlled entity
Mr PJ Cowling	Associate Director Transactions
Mr DA Gippel	Group Treasurer, Director of controlled entity
Mr PW Howard	Chief Operating Officer
Ms NE Riethmuller	General Counsel/Company Secretary

11. Remuneration Report (continued)

(b) Details of remuneration (continued)

	Short-term benefits Cash salary and fees \$	Short-term benefits Accrued leave ⁽³⁾ \$	Short-term benefits Cash bonus \$	Short-term benefits Non-cash benefits \$	Post employment Super- annuation \$	Long-term benefits Long service leave ⁽³⁾ \$	Share-based payments Options \$	Total Remuneration \$	% of Remun. that is performance based
2011									
Non-Executive Directors									
GH Levy	137,615	-	-	-	12,385	-	-	150,000	-
RJ Pullar	86,697	-	-	-	7,803	-	-	94,500	-
MA McKellar	91,367	-	-	-	633	-	-	92,000	-
DE Usasz	89,908	-	-	-	8,092	-	-	98,000	-
M Wainer	75,000	-	-	-	-	-	-	75,000	-
WR Foster	73,395	-	-	-	6,605	-	-	80,000	-
M Flax	-	-	-	-	-	-	-	-	-
M Watters ⁽¹⁾	-	-	-	-	-	-	-	-	-
Executive Directors									
PL Weightman	776,901	102,385	200,000	157,900	15,199	17,353	38,459	1,308,197	18%
DJ Wilson	434,801	2,485	120,000	-	15,199	18,037	17,372	607,894	23%
Other key management personnel									
B Binning	250,000	(2,462)	75,000	-	15,199	5,040	42,103	384,880	21%
M Blake	248,068	(2,226)	37,208	-	15,199	7,585	17,873	323,707	14%
JA Clark	171,180	918	-	5,264	14,495	7,007	1,998	200,862	5%
P Cowling ⁽²⁾	275,019	3,566	-	-	15,199	7,755	5,240	306,779	2%
D Gippel	250,000	9,383	65,000	20,289	15,199	9,854	142,853	512,578	14%
P Howard	234,801	(7,443)	-	-	15,199	2,461	10,144	255,162	-
N Riethmuller	257,500	(6,516)	-	-	15,199	2,020	26,710	294,913	-
	3,452,252	100,090	497,208	183,453	171,605	77,112	302,752	4,784,472	

- (1) Mr Watters was appointed on 4 April 2011
(2) Mr Cowling was not considered a KMP in 2010
(3) Comprises movement in leave entitlements

11. Remuneration Report (continued)

(b) Details of remuneration (continued)

	Short-term benefits Cash salary and fees \$	Short-term benefits Accrued leave ⁽²⁾ \$	Short-term benefits Cash bonus \$	Short-term benefits Non-cash benefits \$	Post- employment Super- annuation \$	Long-term benefits Long service leave ⁽²⁾ \$	Share-based payments Options \$	Total Remuneration \$	% of Remun. that is performance based
2010									
Non-Executive Directors									
GH Levy	137,615	-	-	-	12,385	-	-	150,000	-
RJ Pullar	86,697	-	-	-	7,803	-	-	94,500	-
MA McKellar	84,404	-	-	-	7,596	-	-	92,000	-
DE Usasz	89,908	-	-	-	8,092	-	-	98,000	-
M Wainer ⁽¹⁾	31,250	-	-	-	-	-	-	31,250	-
WR Foster	97,416	-	-	-	6,968	-	-	104,384	-
Executive Directors									
PL Weightman	678,356	6,433	150,000	157,900	13,744	10,041	36,482	1,052,956	18%
DJ Wilson	386,256	14,279	100,000	-	13,744	8,440	16,998	539,717	22%
Other key management personnel									
B Binning	208,999	5,627	137,500	-	14,461	2,515	26,728	395,830	41%
MJ Blake	236,254	(909)	63,700	-	14,461	5,366	20,328	339,200	25%
JA Clark	145,999	(119)	-	-	13,218	2,426	6,261	167,785	4%
PW Howard	236,870	7,288	-	-	14,461	1,669	-	260,288	-
DA Gippel	247,202	2,852	60,000	22,564	14,461	8,182	99,935	455,196	35%
NE Riethmuller	250,000	11,538	-	-	14,461	1,068	-	277,067	-
	2,917,226	46,989	511,200	180,464	155,855	39,707	206,732	4,058,173	

(1) Mr Wainer was appointed on 29 January 2010

(2) Comprises movement in leave entitlements

11. Remuneration Report (continued)

(c) Performance assessment

The Group's performance conditions are chosen to support the sustainable operation of the Group. Financial performance metrics are chosen with the aim of supporting or enhancing the operational earnings in any given financial year in a way that does not unduly increase the risk profile of the Group. Short term cash incentives are focused wholly on financial metrics. The remaining performance criteria are intended to facilitate growth such that the Group can outperform its peers in the longer term.

Although the performance criteria may be different for each executive the overriding principles involve assessment of performance according to a traditional balanced scorecard methodology. The balanced scorecard assigns key performance indicators (KPIs) across broad categories. The KPIs are designed to align securityholder interests with Group goals in the short and long term. Individual KPIs are aligned with Group's long term objectives. The balanced scorecard methodology assigns performance and responsibility criteria for all employees across four broad categories. These categories are:

Financial Measures: Includes both the performance of the Group and the employees' business unit. The Group focuses on maintaining individual shareholder alignment by using operating earnings per security as the major short term financial metric. Long term financial metrics also include changes in NTA per security and total securityholder return relative to the S&P/ASX 30-A-REIT Accumulation Index.

Internal Business Measures: Concentrate on improvement of systems and processes to create efficiency and accuracy to support long term business growth. The processes emphasise adherence to governance requirements.

Customer Measures: The Group survey securityholders, tenants, fund investors and other stakeholders to ascertain customer relationship trends and set KPIs for employees to meet the needs identified by those trends, and to coincide with longer term corporate objectives.

Innovation & Learning Measures: Focuses on the growth of individuals, departments and corporate culture to innovate and extend current capabilities throughout the Group.

The weightings of these categories for any individual are set and assessed in consideration of their responsibility and role.

In 2011 there were no non-financial performance conditions in the short term (cash) incentive plans. All short term conditions related to financial metrics occurring within the financial year 2011. The key short term financial measures for 2011 were:

	2011	2010
Operating profit (as assessed by the Directors – see part 4(b) above)	\$ 65,297,000	\$ 64,630,000
Change over previous year	+ 1%	+ 1%
Operating earnings per security (as assessed by the Directors – see part 4(c) above)	7.1 cents	8.5 cents
Change over previous year	(16%)	(12%)
Distributions per security	7.0 cents	8.0 cents
Change over previous year	(13%)	(11%)
Net Tangible Assets per security	\$0.73	\$0.71
Change over previous year	3%	(7%)

The Group has established a Performance Rights Plan. For executives, the ability to exercise the Performance Rights is generally conditional on the executive meeting internal performance hurdles including remaining employed by the Group for a specified period. The Group believes this allows employees to align themselves with securityholders by having a financial interest in the long term value of the Group's security price, which acts to maximise Total Securityholder Returns ("TSR").

TSR over 1, 3 and 5 years relative to benchmark indices is shown below:

Total Securityholder Returns (annualised)	1 Year	3 Year	5 Year
TSR – Group	9%	8%	4%
TSR - S&P/ASX 300 A-REIT accumulation index	6%	(10%)	(10%)
Group performance against S&P/ASX 300 A-REIT accumulation index	3%	18%	14%
TSR – All Ord's	12%	0%	3%
Group performance against All Ord's	(3%)	8%	1%

11. Remuneration Report (continued)

(c) Performance assessment (continued)

Details of remuneration: cash bonuses and performance rights

For each cash bonus and grant of performance rights included in the tables in section (b) above, the percentage of the available bonus or grant that was paid, or that vested, in the year, and the percentage that was forfeited because the person did not meet the service and performance criteria is set out below. No part of the bonus is payable in future years. The performance rights are subject to vesting conditions as outlined above. No performance rights will vest if the conditions are not satisfied, hence the minimum value of performance rights yet to vest is \$nil. The maximum value of the performance rights yet to vest has been determined as the amount of the grant date fair value of the performance rights that is yet to be expensed at balance date.

Name	Cash Bonus Paid %	Cash Bonus Forfeited %	Financial Year Options Granted	Options Vested in 2011 %	Options Forfeited in 2011 %	Financial Years Options may vest	Maximum value of grant to vest \$
PL Weightman	80%	20%	2008/2011	16%	16%	2014/15/16	488,828
DJ Wilson	80%	20%	2008/2011	17%	17%	2014/15/16	212,640
B Binning	75%	25%	2008/2010	-	-	2012	22,808
MJ Blake	53%	47%	2008/2011	-	-	2014	25,343
JA Clark	-	-	2008	-	-	-	-
P Cowling	-	-	2008	-	-	-	-
PW Howard	-	-	2011	-	-	2014	25,457
DA Gippel	43%	57%	2008/2010	-	-	2012	63,037
NE Riethmuller	-	-	2011	-	-	2012	35,784

(d) Equity based compensation

Details of the PRP are set out in part (a)(ii) of the remuneration report.

All Executive Directors and employees of the Group are considered for participation in the PRP subject to a minimum period of service and level of remuneration, which may be waived by the Committee. Grants to Executive Directors are subject to security holder approval.

Consideration for granting performance rights, grant periods, vesting and exercise dates, exercise periods and exercise prices are determined by the Board or Committee in each case. Performance rights carry no voting rights. When exercised, each performance right is convertible into one stapled security.

The terms and conditions of each grant of performance rights under the PRP affecting remuneration for Key Management Personnel in the current or future reporting periods are included in the table below:

Grant Date	Expiry Date	Exercise Price	No of Performance Rights Granted	Assessed Value per Right at Grant Date
18/09/2007	19/01/2011	\$1.21	2,439,300	10.6¢
18/09/2007	19/01/2011	\$1.21	92,100	15.0¢
06/12/2007	07/04/2011	\$1.21	1,624,400	8.9¢
16/12/2009	15/01/2012	\$0.20	659,600	41.5¢
08/02/2010	07/03/2012	-	126,859	59.1¢
23/08/2010	21/09/2013	\$0.20	192,218	37.0¢
23/08/2010	21/09/2013	\$0.10	123,459	50.6¢
26/05/2011	01/10/2013	\$0.50	1,913,333	13.9¢
26/05/2011	01/10/2014	\$0.50	1,913,333	12.6¢
26/05/2011	01/10/2015	\$0.50	1,913,334	11.5¢

11. Remuneration Report (continued)

(d) Equity based compensation (continued)

Details of changes during the 2011 year in performance rights on issue to Key Management Personnel under the PRP are set out below.

	Opening balance	Granted during year	Exercised during the year	Forfeited during the year	Lapsed during year	Closing balance
2011						
PL Weightman	738,733	4,000,000	-	(369,366)	(369,367)	4,000,000
DJ Wilson	344,200	1,740,000	-	(172,100)	(172,100)	1,740,000
DA Gippel	915,933	-	-	-	(256,333)	659,600
B Binning	326,992	-	-	-	(200,133)	126,859
M J Blake	338,000	95,894	-	-	(338,000)	95,894
JA Clark	92,100	-	-	-	(92,100)	-
P Cowling	227,800	-	-	-	(227,800)	-
P Howard	-	96,324	-	-	-	96,324
N Reithmuller	-	123,459	-	-	-	123,459
	2,983,758	6,055,677	-	(541,466)	(1,655,833)	6,842,136

The assessed fair value at grant date of performance rights granted is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables in part (c) of the remuneration report. Fair value at grant date for performance rights with no market based vesting conditions are determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the performance right, the security price at grant date, expected price volatility of the underlying securities, the expected dividend/distribution yield and the risk-free interest rate for the term of the performance right.

A total of 6,583,432 performance rights were granted during 2011 (2010: 786,459) of which 6,055,677 (2010: 786,459) were issued to Key Management Personnel. The model inputs for Performance Rights granted during the 2011 year are disclosed in note 31.

Plan rules contain a restriction on removing the "at risk" aspect of the instruments granted to executives. Plan participants may not enter into any transaction designed to remove the "at risk" aspect of an instrument before it vests without explicit approval from the Board.

At 30 June 2011 no performance rights on issue had vested.

11. Remuneration Report (continued)

(d) Equity-based compensation (continued)

Further details relating to performance rights are set out below.

Name	Remuneration consisting of performance rights ⁽¹⁾	Value at grant date ⁽²⁾ \$	Value at exercise date ⁽³⁾ \$	Value at forfeit date ⁽⁴⁾ \$
PL Weightman	3%	506,533	-	-
DJ Wilson	3%	220,342	-	-
B Binning	11%	-	-	-
MJ Blake	6%	35,542	-	-
JA Clark	1%	-	-	-
P Cowling	2%	-	-	-
DA Gippel	28%	-	-	-
PW Howard	4%	35,601	-	-
NE Riethmuller	9%	62,495	-	-

- (1) The percentage of total remuneration consisting of performance rights, based on the value of performance rights expensed during the year.
- (2) The value of performance rights granted during the year as part of remuneration calculated at grant date in accordance with AASB 2 *Share-based Payment*.
- (3) The value at exercise date of performance rights that were granted as part of remuneration and were exercised during the year, being the intrinsic value of the performance rights at that date.
- (4) The value at lapse date of performance rights that were granted as part of remuneration and were forfeited during the year because a vesting condition was not satisfied.

(e) Employment contracts and termination provisions

(i) Employment contracts

PL Weightman

Remuneration and other terms of employment for the Chief Executive Officer are formalised in an employment agreement. The Company may terminate the agreement without notice for gross misconduct; otherwise, the Company may terminate the agreement on six months notice, or payment of entitlements for this period in lieu of notice. Mr Weightman may terminate the agreement at any time with six months notice. Other major provisions of the agreement are as follows:

- Term of agreement – Commencing 1 July 2006, no fixed termination date.
- Base salary, inclusive of superannuation, for the 2011 year of \$950,000, thereafter to be reviewed annually by the remuneration committee.
- Performance cash bonus of up to \$250,000 with targets to be reviewed annually by the remuneration committee.

The performance bonus payable to Mr Weightman for the 2011 year depended on performance criteria being met. The criteria were assessed as being met in part during the financial year, with 80% of the performance bonus amount being paid.

DJ Wilson

Remuneration and other terms of employment for the Finance Director are formalised in an employment agreement. The Company may terminate the agreement without notice for gross misconduct; otherwise, the Company may terminate the agreement on six months notice, or payment of entitlements for this period in lieu of notice. Mr Wilson may terminate the agreement at any time with six months notice. Other major provisions of the agreement are as follows:

- Term of agreement – commencing 1 July 2006, no fixed termination date.
- Base salary, inclusive of superannuation, for the 2011 year of \$450,000, to be reviewed annually by the remuneration committee.
- Performance cash bonus of up to \$150,000 with targets to be reviewed annually by the remuneration committee.

The performance bonus payable to Mr Wilson for the 2011 year depended on certain criteria being met. The criteria were assessed as being met in part during the financial year, with 80% of the performance bonus amount being paid.

All other executives

Remuneration and other terms of employment for other executives are contained under standard employment contracts. There are no termination payments due under the contracts other than statutory entitlements for accrued leave. Remuneration is reviewed annually.

11. Remuneration Report (continued)

(e) Employment contracts and termination provisions (continued)

(ii) Termination provisions

There are no fixed term conditions in executive employment contracts. Minimum termination periods for executives are outlined below and adhered to in all cases except in the case of serious breaches of the employment contract.

	Notice Period Employee	Notice Period Group
CEO, Finance Director,	6 months	6 months
Group Treasurer	3 months	6 months
All other executives	1-2 months	1-2 months

On termination, a portion of short term incentives may also be paid at the discretion of the CEO, or the Board in the case of termination of the CEO. In addition, other statutory entitlements such as accrued leave may be taken as termination benefits.

12. Trust Disclosures

Fees to Responsible Entity

Total amounts paid/payable to the Responsible Entity or its associates during the year were \$14,107,206 (2010: \$11,120,974).

Units held by Responsible Entity

Cromwell Corporation Limited, the parent company of the Responsible Entity, held 275,106 (2010: 275,106) units in the Trust throughout the year. Pursuant to Australian Securities & Investments Commission relief, the units are not stapled to shares in Cromwell Corporation Limited.

The Responsible Entity held 1,517,000 (2010: 1,517,000) units in the Cromwell Mary Street Planned Investment, a subsidiary of the Trust, throughout the year. The holding represents approximately 8% (2010: 8%) of the issued units in the Cromwell Mary Street Planned Investment.

Issued Units

Units issued in the Trust during the year are set out in note 23 in the accompanying financial report. There were 965,012,421 (2010: 808,110,040) issued units in the Trust at balance date.

Value of Scheme Assets

The total carrying value of the Trust's assets as at balance date was approximately \$1,531,741,000 (2010: \$1,271,529,000). Net assets attributable to unitholders of the Trust were \$694,180,000 (2010: \$564,396,000) equating to \$0.73 per unit (2010: \$0.70 per unit).

The Trust's assets are valued in accordance with policies stated in note 1 of the financial statements.

13. Indemnifying Officers or Auditor

Subject to the following, no indemnity or insurance premium was paid during the financial year for a person who is or has been an officer of the Group.

The constitution of the Company provides that to the extent permitted by law, a person who is or has been an officer of the Company is indemnified against certain liabilities and costs incurred by them in their capacity as an officer of the Company.

Further, the Company has entered into a Deed of access, insurance and indemnity with each of the Directors and the company secretary. Under the deed, the Company agrees to, amongst other things:

- indemnify the officer to the extent permitted by law against certain liabilities and legal costs incurred by the officer as an officer of the Company and its subsidiaries;
- maintain and pay the premium on an insurance policy in respect of the officer; and
- provide the officer with access to board papers and other documents provided or available to the officer as an officer of the Company and its subsidiaries.

The Group has paid premiums for Directors and officers' liability insurance with respect to the Directors, company secretary and senior management as permitted under the Corporations Act 2001. The terms of the policy prohibit disclosure of the nature of the liabilities covered and the premiums payable under the policy.

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an auditor of the Company or any of its controlled entities.

14. Rounding of Amounts to Nearest Thousand Dollars

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

15. Auditor

Johnston Rorke continues in office in accordance with section 327 of the Corporations Act 2001.

The Company may decide to employ Johnston Rorke on assignments additional to their statutory duties where the auditor's expertise and experience with the Company and/or the Group are important.

The Directors have considered the position and, in accordance with advice received from the Audit & Risk Committee, are satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 as none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants* and all non-audit services have been reviewed by the Audit & Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor.

Details of the amounts paid or payable to the auditor and its related parties for non-audit services provided to the Group are set out below:

	2011	2010
	\$	\$
Non-audit services		
Tax compliance services	-	-
Other – review of pro forma balance sheets and forecasts	76,000	-
Total remuneration for non-audit services	76,000	-

The auditor receives remuneration for audit and other services relating to other entities for which Cromwell Property Securities Limited, a controlled entity, acts as responsible entity. The remuneration is disclosed in the relevant entity's financial reports and totalled \$78,000 (2010: \$128,000).

Auditor's independence declaration

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

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



P.L. Weightman
Director
Dated this 18th day of August 2011

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 audit of the financial reports of Cromwell Corporation Limited and Cromwell Diversified Property Trust for the year ended 30 June 2011, 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 audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

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

JOHNSTON RORKE
Chartered Accountants



R.C.N. WALKER
Partner

Brisbane, Queensland
18 August 2011

CROMWELL PROPERTY GROUP
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

		Group		Trust	
	Notes	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Revenue and other income					
Rental income and recoverable outgoings		138,494	117,262	138,499	117,974
Funds management fees		3,964	9,283	-	-
Distributions		255	429	255	428
Interest		4,984	6,265	5,192	6,152
Other revenue		16	524	4	127
Share of profits of equity accounted entities	14 (d)	-	3,882	-	3,858
Gain on sale of available-for-sale financial assets		-	3,431	-	3,431
Increase in recoverable amount:					
• Loans receivable		-	1,932	-	-
Fair value net gain from:					
• Investment properties	12	33,659	-	33,659	-
• Investments at fair value through profit or loss		604	836	604	836
Total revenue and other income		181,976	143,844	178,213	132,806
Expenses					
Property expenses and outgoings		21,198	19,260	24,241	21,663
Property development costs		819	3,487	-	-
Management and administration costs		1,568	1,736	9,942	8,988
Funds management costs		141	3,274	-	-
Employee benefits expense	5	11,680	11,102	-	-
Finance costs	5	47,439	40,529	48,167	41,152
Share of losses of equity accounted entities	14 (d)	713	-	742	-
Loss on sale of investment properties	5	195	554	195	554
Fair value net loss from:					
• Interest rate derivatives		1,920	1,283	1,920	1,283
• Investment properties	12	-	32,146	-	32,146
Decrease in recoverable amount:					
• Property development inventories/provision		3,695	6,331	-	-
Other expenses		4,428	3,945	-	-
Total expenses		93,796	123,647	85,207	105,786
Profit before income tax		88,180	20,197	93,006	27,020
Income tax expense	6	78	1,144	-	-
Profit		88,102	19,053	93,006	27,020
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		88,102	19,053	93,006	27,020
Profit/(loss) is attributable to:					
Company shareholders		(4,259)	(7,650)	-	-
Trust unitholders		92,361	26,703	92,361	26,706
Non-controlling interests		-	-	645	314
Profit		88,102	19,053	93,006	27,020
Total comprehensive income/(loss) is attributable to					
Company shareholders		(4,259)	(7,650)	-	-
Trust unitholders		92,361	26,703	92,361	26,706
Non-controlling interests		-	-	645	314
Total comprehensive income		88,102	19,053	93,006	27,020
Basic earnings/(loss) per company share/trust unit (cents)	28	(0.5¢)	(1.0¢)	10.1¢	3.5¢
Diluted earnings/(loss) per company share/trust unit (cents)	28	(0.5¢)	(1.0¢)	10.0¢	3.5¢
Basic/diluted earnings/(loss) per stapled security (cents)	28	9.6¢	2.5¢		

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

CROMWELL PROPERTY GROUP
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2011

		Group		Trust	
	Notes	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Current Assets					
Cash and cash equivalents	7	46,572	98,469	40,805	93,033
Trade and other receivables	8	9,918	17,988	4,411	2,508
Current tax assets		240	389	-	-
Derivative financial instruments	9	1,285	1,353	1,285	1,353
Other current assets	11	1,437	2,266	789	1,413
Total current assets		59,452	120,465	47,290	98,307
Non-Current Assets					
Trade and other receivables	8	19,800	30,000	29,988	48,360
Inventories	10	3,000	4,925	-	-
Investment properties	12	1,444,850	1,064,100	1,444,850	1,064,100
Investments at fair value through profit or loss	13	4,177	3,987	4,177	3,987
Investments in jointly controlled entity and associates	14	5,492	56,802	5,436	56,775
Property, plant and equipment	15	1,133	1,262	-	-
Deferred tax assets	16	921	791	-	-
Intangible assets	17	603	496	-	-
Total non-current assets		1,479,976	1,162,363	1,484,451	1,173,222
Total assets		1,539,428	1,282,828	1,531,741	1,271,529
Current Liabilities					
Trade and other payables	18	21,431	11,933	21,358	9,073
Borrowings	19	3,321	29,232	3,321	29,232
Dividends/distributions payable	20	16,883	16,157	16,888	16,162
Derivative financial instruments	9	3,430	3,626	3,430	3,626
Provisions	21	1,253	6,022	-	-
Other current liabilities	22	7,085	6,618	7,085	6,618
Total current liabilities		53,403	73,588	52,082	64,711
Non-Current Liabilities					
Borrowings	19	780,288	637,354	780,016	636,354
Provisions	21	577	479	-	-
Total non-current liabilities		780,865	637,833	780,016	636,354
Total liabilities		834,268	711,421	832,098	701,065
Net assets		705,160	571,407	699,643	570,464
Equity					
Contributed equity	23	57,073	49,197	702,090	599,660
Reserves	24	3,928	3,595	-	-
Retained earnings/(accumulated losses)	25	(50,280)	(46,021)	(7,910)	(35,264)
Equity attributable to shareholders/unitholders		10,721	6,771	694,180	564,396
Non-controlling interests					
Trust unitholders	26	694,439	564,636	-	-
Non-controlling interests	26	-	-	5,463	6,068
Total equity		705,160	571,407	699,643	570,464

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

CROMWELL PROPERTY GROUP
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

Group	Notes	Attributable to Equity Holders of the Company				Total	Non-controlling Interest (Trust)	Total Equity
		Contributed Equity	Accumulated Losses	Available-for-Sale Reserve	Share Based Payments Reserve			
		\$'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)		-	(4,259)	-	-	(4,259)	92,361	88,102
Transactions with equity holders in their capacity as equity holders:								
• Contributions of equity, net of transaction costs	23	7,876	-	-	-	7,876	102,430	110,306
• Dividends/distributions paid/payable	27	-	-	-	-	-	(64,988)	(64,988)
• Employee share options	23/24	-	-	-	333	333	-	333
Total transactions with equity holders		7,876	-	-	333	8,209	37,442	45,651
Balance at 30 June 2011		57,073	(50,280)	2,340	1,588	10,721	694,439	705,160
Balance at 1 July 2009		43,688	(38,371)	2,340	916	8,573	531,020	539,593
Total comprehensive income/(loss)		-	(7,650)	-	-	(7,650)	26,703	19,053
Transactions with equity holders in their capacity as equity holders:								
• Contributions of equity, net of transaction costs	23	5,459	-	-	-	5,459	67,531	72,990
• Dividends/distributions paid/payable	27	-	-	-	-	-	(60,618)	(60,618)
• Employee share options	23/24	50	-	-	339	389	-	389
Total transactions with equity holders		5,509	-	-	339	5,848	6,913	12,761
Balance at 30 June 2010		49,197	(46,021)	2,340	1,255	6,771	564,636	571,407

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

CROMWELL PROPERTY GROUP
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

Trust	Notes	Attributable to Equity Holders of CDPT			Non-controlling Interests \$'000	Total Equity \$'000
		Contributed Equity	Accumulated Losses	Total (CDPT)		
		\$'000	\$'000	\$'000		
Balance at 1 July 2010		599,660	(35,264)	564,396	6,068	570,464
Total comprehensive income for the year		-	92,361	92,361	645	93,006
Transactions with equity holders in their capacity as equity holders:						
• Contributions of equity, net of transaction costs	23	102,430	-	102,430	2,520	104,950
• Distributions paid/declared	27	-	(65,007)	(65,007)	(519)	(65,526)
• De-recognition on deconsolidation		-	-	-	(3,251)	(3,251)
Total transactions with equity holders		102,430	(65,007)	37,423	(1,250)	36,173
Balance at 30 June 2011		702,090	(7,910)	694,180	5,463	699,643
Balance at 1 July 2010		532,129	(1,329)	530,800	6,188	536,988
Total comprehensive income for the year		-	26,706	26,706	314	27,020
Transactions with equity holders in their capacity as equity holders:						
• Contributions of equity, net of transaction costs	23	67,531	-	67,531	23	67,554
• Distributions paid/declared	27	-	(60,641)	(60,641)	(457)	(61,098)
Balance at 30 June 2010		599,660	(35,264)	564,396	6,068	570,464

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

CROMWELL PROPERTY GROUP
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011

		Group		Trust	
	Notes	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Cash Flows From Operating Activities					
Receipts in the course of operations		160,303	147,974	151,553	132,826
Payments in the course of operations		(53,682)	(56,159)	(44,714)	(41,088)
Distributions received		989	7,226	989	7,225
Interest received		4,142	4,646	4,116	4,649
Finance costs paid		(43,516)	(39,133)	(43,516)	(39,141)
Income tax paid		(60)	(521)	-	-
Net cash provided by operating activities	29	68,176	64,033	68,428	64,471
Cash Flows From Investing Activities					
Payments for investment properties		(298,889)	(11,051)	(298,889)	(11,081)
Proceeds from sale of investment properties		33,540	21,574	33,540	21,574
Payments for property, plant and equipment		(127)	(253)	-	-
Payments for controlled entity, net of cash acquired	37	(12,132)	(226)	(12,132)	-
Payments of property development provision		(6,435)	(8,217)	-	-
Proceeds from sale of available-for-sale financial assets		-	6,978	-	6,978
Payments for investments at fair value through profit or loss		(4,593)	(2,599)	(4,593)	(2,599)
Proceeds from sale of investments at fair value through profit or loss		1,757	2,367	1,757	2,367
Payments for software and other intangible assets		(393)	(288)	-	-
Loans to related entities		(500)	(26,926)	-	(33,736)
Repayment of loans by related entities		17,724	26,476	18,372	31,976
Loans to other persons		-	(131)	-	-
Repayment of loans by other persons		270	1,791	-	-
Net cash provided by/(used in) investing activities		(269,778)	9,495	(261,945)	15,479
Cash Flows From Financing Activities					
Proceeds from borrowings		142,400	-	142,400	-
Repayment of borrowings		(36,398)	(56,988)	(36,398)	(56,989)
Payment of loan transaction costs		(3,994)	(1,143)	(3,994)	(1,114)
Proceeds from issue of treasury shares/securities		-	50	-	-
Proceeds from issue of units – controlled entity		2,519	-	2,519	23
Proceeds from issue of stapled securities/units		110,844	73,324	102,504	67,847
Equity issue transaction costs		(4,114)	(342)	(3,653)	(316)
Payment of dividends/distributions		(60,684)	(55,007)	(61,221)	(55,486)
Payment for derivative financial instruments		(868)	(1,606)	(868)	(1,606)
Net cash provided by/(used in) financing activities		149,705	(41,712)	141,289	(47,641)
Net (decrease)/increase in cash and cash equivalents		(51,897)	31,816	(52,228)	32,309
Cash and cash equivalents at 1 July		98,469	66,653	93,033	60,724
Cash and cash equivalents at 30 June	7	46,572	98,469	40,805	93,033

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

1. Summary of Significant Accounting Policies

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.

The Group was established for the purpose of facilitating a joint quotation of the Company and the Trust on the Australian Securities Exchange. The constitutions of the Trust and the Company ensure that, for so long as the two entities remain jointly quoted, the number of units in the Trust and the number of shares in the Company shall be equal and the unitholders and shareholders are identical. Both the Responsible Entity of the Trust and the Company must at all times act in the best interests of the Group.

To account for the stapling, Australian Accounting Standards require an acquirer (Cromwell Corporation Limited) to be identified and an acquisition to be recognised. The net assets and net profit of the acquiree (the Trust and its controlled entities) are recognised as minority interest as they are not owned by the acquirer in the stapling arrangement.

The stapling arrangement will cease upon the earliest of either the winding up of the Company or the Trust.

The financial statements relate to the Group and the Trust as defined above. As a result of changes to the Corporations Act 2001 separate financial statements of Cromwell Corporation Limited and Cromwell Diversified Property Trust as individual entities (parent entities) are no longer presented. Limited financial information for Cromwell Corporation Limited and Cromwell Diversified Property Trust, as individual entities, is disclosed in note 33 and has been prepared on the same basis as the consolidated financial statements.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

Compliance with IFRS

The financial report complies with the International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board.

Historical cost convention

The financial report is prepared on the historical cost basis except for the following:

- investment properties are measured at fair value
- derivative financial instruments are measured at fair value
- investments at fair value through profit or loss are measured at fair value.

The methods used to measure fair values are discussed further below.

Functional and presentation currency

The financial report is presented in Australian dollars, which is the functional currency of the Group and Trust.

(b) Principles of consolidation

Stapling

The stapling of the Company and the Trust was approved at separate meetings of the respective shareholders and unitholders on 6 December 2006. Following approval of the stapling, shares in the Company and units in the Trust were stapled to one another and are quoted as a single security on the Australian Securities Exchange.

Australian Accounting Standards require an acquirer to be identified and an in-substance acquisition to be recognised. In relation to the stapling of the Company and the Trust, the Company is identified as having acquired control over the assets of the Trust. To recognise the in-substance acquisition, the following accounting principles have been applied:

- (1) no goodwill is recognised on acquisition of the Trust because no direct ownership interest was acquired by the Company in the Trust;
- (2) the equity issued by the Company to unitholders to give effect to the transaction is recognised at the dollar value of the consideration payable by the unitholders. This is because the issue of shares by the Company was administrative in nature rather than for the purposes of the Company acquiring an ownership interest in the Trust; and
- (3) the issued units of the Trust are not owned by the Company and are presented as non-controlling interests in the Group notwithstanding that the unitholders are also the shareholders by virtue of the stapling arrangement. Accordingly, the equity in the net assets of the Trust and the profit/(loss) arising from these net assets have been separately identified in the statement of comprehensive income and statement of financial position.

1. Summary of Significant Accounting Policies (continued)

(b) Principles of consolidation (continued)

The Trust's contributed equity and retained earnings/accumulated losses are shown as a non-controlling interest in this Financial Report in accordance with AASB Interpretation 1002 *Post-Date-of-Transition Stapling Arrangements* and AASB 3 *Business Combinations*. Even though the interests of the equity holders of the identified acquiree (the Trust) are treated as non-controlling interests the equity holders of the acquiree are also equity holders in the acquirer (the Company) by virtue of the stapling arrangement.

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries as at 30 June 2011 and the results of all subsidiaries for the year then ended.

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity, so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The acquisition method of accounting is used to account for the business combinations by the Group (refer to note 1(n)).

Inter-entity transactions, balances and unrealised gains on transactions between the Group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the statement of comprehensive income and statement of financial position respectively.

Investments in subsidiaries are accounted for at cost in the individual financial statements of the Company. A list of subsidiaries appears in note 34 to the consolidated financial statements.

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a holding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the Group's financial statements using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends or distributions receivable from associates are recognised in the Group's financial statements as a reduction of the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Joint venture entities

The interest in a joint venture entity is accounted for in the Group's financial statements using the equity method. Under the equity method, the share of the profits or losses of the joint venture entity is recognised in profit or loss, and the share of movements in reserves is recognised in reserves.

Profits or losses on transactions establishing the joint venture entity and transactions with the joint venture are eliminated to the extent of the Group's ownership interest until such time as they are realised by the joint venture entity on consumption or sale, unless they relate to an unrealised loss that provides evidence of the impairment of an asset transferred.

Jointly controlled assets

The proportionate interests in the assets, liabilities and expenses of a joint venture activity have been incorporated in the financial statements under the appropriate headings.

1. Summary of Significant Accounting Policies (continued)

(c) Revenue recognition

Rental revenue

Rental revenue from investment property is recognised on a straight-line basis over the lease term. Rental revenue not received at reporting date is reflected in the statement of financial position as a receivable or if paid in advance, as rent in advance (unearned income). Lease incentives granted are considered an integral part of the total rental revenue and are recognised as a reduction in rental income over the term of the lease, on a straight-line basis. Contingent rents based on the future amount of a factor that changes other than with the passage of time, including turnover rents and CPI linked rental increases, are only recognised when contractually due.

Funds management revenue

Acquisition and capital raising fee revenue is recognised at settlement of the relevant property or proportionately as the equity interests are issued/sold to external investors as appropriate. Management fee revenue is recognised on a proportional basis over time as services are performed.

Other

Property development sales revenue is recognised on settlement of the relevant property.

Interest revenue is recognised as it accrues using the effective interest method.

Gain or loss on disposal of assets is calculated as the difference between the carrying amount of the asset at the date of disposal and the net proceeds from disposal and is included in the profit or loss in the year of disposal. Where revenue is obtained from the sale of properties, it is recognised when the significant risks and rewards have transferred to the buyer, which is normally when legal title passes to the buyer.

(d) Income tax

Under current income tax legislation the Trust is not liable to pay tax provided its taxable income and taxable realised capital gains are distributed to unitholders. The liability for capital gains tax that may arise if the properties were sold is not accounted for in this report.

The Group's income tax expense for the period is the tax payable on the current period's taxable income adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation

The Company and its wholly-owned entities (this excludes the Trust and its controlled entities) have formed a tax-consolidated group with effect from 1 July 2003 and are, therefore, taxed as a single entity from that date. The head entity within the tax-consolidated group is Cromwell Corporation Limited.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group, using the 'separate taxpayer within group' approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities or assets and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax-consolidated group and are recognised as amounts payable (receivable) to (from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts referred to in the following section. Any difference between these amounts is recognised by the Company as an equity contribution or distribution.

1. Summary of Significant Accounting Policies (continued)

(d) Income tax (continued)

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised. Any subsequent period adjustment to deferred tax assets arising from unused tax losses, as a result of revised assessments of the probability of recoverability, is recognised by the head entity only.

Nature of tax funding arrangements and tax sharing arrangements

The head entity, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement, which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to/from the head entity equal to the current tax liability (asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-entity receivable (payable) equal in amount to the tax liability (asset) assumed. The inter-entity receivable (payable) are at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

The head entity, in conjunction with other members of the tax-consolidated group, has also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement, as payment of any amounts under the tax sharing agreement is considered remote.

(e) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(f) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment of receivables. Receivables relating to operating leases of investment properties are due on the first day of each month, payable in advance. Other receivables are usually due for settlement no more than 90 days from the date of recognition.

Collectibility of trade and other receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of trade and other receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term trade and other receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in profit or loss.

(g) Inventories

Development properties held for resale are stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed borrowing costs and other holding charges are expensed as incurred.

1. Summary of Significant Accounting Policies (continued)

(h) Investment properties

Investment property is property which is held either to earn income or for capital appreciation or both. Investment property also includes properties that are under construction for future use as investment properties. Initially, investment property is measured at cost including transaction costs. The investment property is subsequently measured at fair value, with any change therein recognised in profit or loss. As part of the process of determining fair value, an external, independent valuer, having an appropriate recognised professional qualification and recent experience in the location and category of property being valued, values individual properties at least every two years on a rotation basis or on a more regular basis if considered appropriate and as determined by management in accordance with the valuation policy of the Group. In addition, the Group has utilised internal valuation processes for determining fair value at balance date.

These valuation processes are taken into consideration when determining the fair value of the investment properties. The fair value is based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arms length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The valuations are prepared by considering the capitalisation of net income and the discounting of future cash flows to their present value. These methods incorporate assumptions of future rental income and costs, appropriate capitalisation and discount rates and also consider market evidence of transaction prices for similar investment properties.

Valuations reflect, where appropriate:

- the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting of vacant accommodation and the market's general perception of their credit-worthiness;
- the allocation of maintenance and other operating cost responsibilities between lessor and lessee; and
- the remaining economic life of the property.

Further information on assumptions underlying management's assessment of fair value is contained in note 2.

(i) Investments and other financial assets

The Group classifies its investments as either financial assets at fair value through profit or loss or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading which are acquired principally for the purpose of selling in the short term with the intention of making a profit. Derivatives are also categorised as held for trading unless they are designated as hedges. Financial assets at fair value through profit or loss also includes financial assets which upon initial recognition are designated as such.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance date.

Regular purchases and sales of investments are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category, including interest and dividend income, are presented in profit or loss in the period in which they arise. Changes in the fair value of securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains or losses from investment securities.

1. Summary of Significant Accounting Policies (continued)

(i) Investments and other financial assets (continued)

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss – is reclassified from equity and recognised in profit or loss as a reclassification adjustment. Impairment losses recognised in profit or loss on equity instruments classified as available for sale are not reversed through profit or loss.

(j) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight line method to allocate cost of assets, net of their residual values, over their estimated useful lives, as follows:

Class	Rate
Plant and equipment	10-67%
Furniture and fittings	18%
Leased plant and equipment	8-37%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(l)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(k) Intangible assets

Software assets have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of software over its estimated useful lives of 3 years on average.

(l) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

At each reporting date, and whenever events or changes in circumstances occur, the Group assesses whether there is any indication that any other asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Assets other than goodwill that suffer an impairment are reviewed for possible reversal of the impairment at each reporting date.

1. Summary of Significant Accounting Policies (continued)

(m) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The carrying value less impairment provision of trade and other receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(n) Business combinations

The acquisition method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired are recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(o) Lease incentives

Lessees may be offered incentives as an inducement to enter into non-cancellable operating leases. These incentives may take various forms including up front cash payments, rent free periods, or a contribution to certain lessee costs such as fit out costs or relocation costs. They are recognised as an asset in the statement of financial position as a component of the carrying amount of investment property and amortised over the lease period as a reduction of rental income.

(p) Initial direct leasing costs

Initial direct leasing costs incurred by the Group in negotiating and arranging operating leases are recognised as an asset in the statement of financial position as a component of the carrying amount of investment property and are amortised as an expense on a straight line basis over the lease term.

(q) Repairs and maintenance

Repairs and maintenance costs and minor renewals are charged as expenses when incurred.

1. Summary of Significant Accounting Policies (continued)

(r) Derivative financial instruments

The Group is exposed to changes in interest rates and uses interest rate derivatives to hedge these risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value at balance date. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

The Group enters into interest rate swap agreements that are used to convert certain variable interest rate borrowings to fixed interest rates. The derivatives are entered into with the objective of hedging the risk of adverse interest rate fluctuations. While the Group has determined that these arrangements are economically effective, they have not satisfied the documentation, designation and effectiveness tests required by accounting standards. As a result, they do not qualify for hedge accounting and gains or losses arising from changes in fair value are recognised immediately in profit or loss.

(s) Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost. These amounts represent liabilities for goods and services provided to the Group prior to the end of the year and which are unpaid. The amounts are usually unsecured and paid within 30-60 days of recognition.

(t) Borrowings and borrowing costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest rate method. Under this method fees, costs, discounts and premiums directly related to the financial liability are spread over its expected life. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

Borrowing costs incurred for the construction of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed. Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset the amount of borrowing costs capitalised is the actual borrowing costs incurred on that borrowing net of any interest earned on those borrowings. Where funds are borrowed generally the capitalisation rate used to determine the amount of borrowing costs to capitalise is the weighted average interest rate applicable to the Group's outstanding borrowings during the year.

(u) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less any cumulative amortisation.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations. Where guarantees in relation to loans or other payables of subsidiaries or associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

(v) Provisions

Provisions are recognised when:

- the Group has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Provisions are not recognised for future operating losses.

(w) Employee benefits

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

1. Summary of Significant Accounting Policies (continued)

(w) Employee benefits (continued)

Superannuation

Contributions are made by the Group to defined contribution superannuation funds. Contributions are charged as expenses as they become payable.

Security-based payments

The fair value of options and performance rights granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options or performance rights.

The fair value at grant date is determined using a pricing model that takes into account the exercise price, the term, the security price at grant date and expected price volatility of the underlying security, the expected distribution yield and the risk-free interest rate for the term.

The fair value of the options or performance rights granted is adjusted to reflect the probability of market vesting conditions being met, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options or performance rights that are expected to become exercisable. At each balance date, the entity revises its estimate of the number of options or performance rights that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in profit or loss with a corresponding adjustment to equity.

Bonus plans

The Group recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

(x) Leases (as lessee)

Leases of assets where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in liabilities. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The depreciable assets acquired under finance leases are depreciated over the estimated useful life of the asset. Where there is no reasonable certainty that the lessee will obtain ownership, the asset is depreciated over the shorter of the lease term and the asset's useful life.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(y) Leasehold improvements

The cost of improvements to or on leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvement to the Group, whichever is the shorter. The amortisation rate for leasehold improvements is set out in note 1(j).

(z) Contributed equity

Ordinary shares and units are classified as equity. Incremental costs directly attributable to the issue of new shares, units or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the securityholders as treasury shares until the securities are cancelled or reissued. Where such ordinary securities are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to securityholders.

(aa) Dividends/distributions

Provision is made for the amount of any dividend/distribution declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the financial year but not distributed at balance date.

1. Summary of Significant Accounting Policies (continued)

(ab) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing profit/(loss) attributable to equity holders of the Company/CDPT, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(ac) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

(ad) Comparatives

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

(ae) Rounding of amounts

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

(af) New accounting standards and interpretations

Relevant accounting standards and interpretations that have recently been issued or amended but are not yet effective and have not been adopted for the year are as follows:

Standard/Interpretation	Application date of standard	Application date for the Group
AASB 124 <i>Related Party Disclosures</i> – revised and consequential amendments to other accounting standards resulting from its issue	1 Jan 2011	1 Jul 2011
AASB 9 <i>Financial Instruments</i> – revised and consequential amendments to other accounting standards resulting from its issue	1 Jan 2013	1 Jul 2013
AASB 2010-4 <i>Amendments to Australian Accounting Standards Arising from the Annual Improvements Project</i>	1 Jan 2011	1 Jul 2011
AASB 2010-5 <i>Amendments to Australian Accounting Standards</i>	1 Jan 2011	1 Jul 2011
AASB 2010-6 <i>Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets</i>	1 Jan 2011	1 Jul 2011
AASB 2010-8 <i>Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets</i>	1 Jan 2012	1 Jul 2012
IFRS 10 <i>Consolidated Financial Statements</i>	1 Jan 2013	1 Jul 2013
IFRS 11 <i>Joint Arrangements</i>	1 Jan 2013	1 Jul 2013
IFRS 12 <i>Disclosure of Interests in Other Entities</i>	1 Jan 2013	1 Jul 2013
IFRS 13 <i>Fair Value Measurement</i>	1 Jan 2013	1 Jul 2013

The Directors anticipate that the adoption of these Standards and Interpretations in future years may have the following impacts:

1. Summary of Significant Accounting Policies (continued)

(af) New accounting standards and interpretations (continued)

AASB 124 – These amendments apply retrospectively and clarify and simplify the definition of a related party. When the amendments are applied the Group will need to disclose any transactions between its subsidiaries and associates. No significant changes are anticipated on any amounts recognised in the financial statements.

AASB 9 – This revised standard provides guidance on the classification and measurement of financial assets, which is the first phase of a multi-phase project to replace AASB 139 *Financial Instruments: Recognition and Measurement*. Under the new guidance, a financial asset is to be measured at amortised cost only if it is held within a business model whose objective is to collect contractual cash flows and the contractual terms of the asset give rise on specified dates to cash flows that are payments solely of principal and interest (on the principal amount outstanding). All other financial assets are to be measured at fair value. Changes in the fair value of investments in equity securities that are not part of a trading activity may be reported directly in equity, but upon realisation those accumulated changes in value are not recycled to the income statement. Changes in the fair value of all other financial assets carried at fair value are reported in the income statement. The Group is yet to assess the impact of the new standard.

AASB 2010-4 and AASB2010-5 – These amendments introduce various changes to IFRSs. The Directors have not yet assessed the impact of the amendments, if any.

AASB 2010-6 – These amendments increase the disclosure requirements for transactions involving transfers of financial assets under AASB 7 *Financial Instruments: Disclosures*. It requires enhanced disclosures for where an asset is transferred but not derecognised, plus, the introduction of new disclosures for assets that are derecognised but the entity continues to have an exposure to the asset after sale. The amendments are only expected to affect disclosures in the financial report in future periods as no comparative information is required.

AASB 2010-8 – This amendment to AASB 112 *Income Taxes* provides a rebuttable presumption that the recovery of the carrying amount of an investment property carried at fair value in accordance with AASB140 *Investment Property*, will be through sale. As the Group's investment properties are held by the Trust and the Trust is not liable to pay tax provided its taxable income and taxable realised capital gains are distributed to unitholders, no significant changes are anticipated on any amounts recognised in the financial statements.

IFRS 10, IFRS 11, IFRS 12, – These new and revised standards are a suite of five standards dealing with consolidation, joint venture arrangements and related disclosures. The main features are –

- IFRS 10 – Introduces a new control model and replaces parts of IAS 27 *Consolidated and Separate Financial Statements*. The new model broadens the situations when an entity is considered to be controlled and is likely to lead to more entities being consolidated.
- IFRS 11 – Replaces IAS31 *Interests in Joint Ventures* and uses the principle of control from IFRS 10 to define joint control. It also removes the option to account for jointly controlled entities using proportionate consolidation.
- IFRS 12 – Requires disclosure of information pertaining to an entity's interests in subsidiaries, joint arrangement, associates and structures entities, including significant judgements and assumptions.

The Group is yet to assess the impact of these new standards.

IFRS 13 – The new standard replaces the fair value measurement guidance contained in the various standards. It provides guidance on how to determine fair value by defining fair value and providing a framework for measurement, but does not change when an entity is required to determine fair value. It also expands the disclosures required when fair value is used. The Group is yet to assess the impact of this new standard, if any.

2. 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 has investment properties with a carrying amount of approximately \$1,444,850,000 (2010: \$1,064,100,000) representing estimated fair value at balance date. In addition, the carrying amount of the Group's investments in jointly controlled entity/associate of approximately \$5,492,000 (2010: \$56,802,000) and the Trust's investments in jointly controlled entity/associate of approximately \$5,436,000 (2010: \$56,775,000) also reflect underlying investment properties of the jointly controlled entity/associate carried at fair value. These investment properties represent a significant proportion of the total assets of the Group and 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.

The best evidence of fair value is considered to be current prices in an active market for similar properties, however global economic and financial turmoil in recent years has had an impact on many classes of real estate, including commercial real estate in Australia. The most significant impact has been a reduction in the availability of capital (debt and equity) for real estate assets. This reduction in available capital has led to falls in asset values and a relatively low level of transactions in most markets, although in recent times there has been more stability in pricing and increases in transactional levels. Where sufficient market information is not available, or to supplement this information, management considers other relevant information including:

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

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

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

	% Value of Portfolio by Sector		Weighted Average Cap Rate		Weighted Average Lease Term		Occupancy	
	2011	2010	2011	2010	2011	2010	2011	2010
Commercial	90%	85%	8.09%	8.47%	7.1yrs	5.1yrs	99.6%	94.8%
Industrial	8%	11%	8.97%	9.58%	4.9yrs	2.8yrs	100.0%	100.0%
Retail/Entertainment	2%	4%	8.98%	9.27%	4.5yrs	4.3yrs	98.0%	100.0%
Total	100%	100%	8.18%	8.62%	6.8yrs	4.8yrs	99.6%	95.6%

2. Critical accounting estimates (continued)

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.

The property at 203 Coward Street, Mascot, NSW has been valued at \$170,000,000 at 30 June 2011, by way of an internal valuation. Prior to balance date the Group and the tenant had agreed terms to extend the lease by an additional 12 years to expire in 2032, and complete a refurbishment of the property. At balance date the agreement remained non-binding and conditional, however the parties have been working co-operatively for some time to complete all necessary steps and were substantially advanced in this process. At balance date the Directors considered that there was a very high likelihood the agreement will be concluded within a short period of time, and the valuation adopted reflects that key assumption. In arriving at the internal valuation a number of factors have been taken into account, including a valuation prepared by an independent valuer which assumes the extended lease is executed and has commenced. There is a risk that if an agreement is ultimately not concluded, the valuation of the property would reduce. In the event this was to occur, it is expected the valuation would reduce to an amount within a range of \$152,600,000 to \$163,800,000. The most recent prior independent valuation was completed on acquisition of the property in August 2010, prior to discussions commencing, and was for an amount of \$143,500,000.

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.

3. Capital Risk Management

The Group's capital management strategy seeks to maximise securityholder value through optimising the level and use of capital resources and the mix of debt and equity funding.

The Group's capital management objectives are to:

- ensure that Group entities comply with capital and dividend/distribution requirements of their constitutions and/or trust deeds;
- ensure sufficient capital resources to support the Group's operational requirements;
- continue to support the Group's creditworthiness;
- comply with capital requirements of relevant regulatory authorities; and
- safeguard the Group's ability to continue as a going concern.

The Group monitors the adequacy of its capital requirements, cost of capital and gearing (i.e. debt/equity mix) as part of its overall strategic plan. The Group's capital structure is continuously reviewed to ensure:

- sufficient funds and financing facilities are available, on a cost effective basis, to implement the Group's strategies; and
- dividends/distributions to members are made within the stated policy.

The Group is able to alter its capital mix by:

- issuing new stapled securities;
- activating its dividend/distribution reinvestment plan;
- adjusting the amount of dividends/distributions paid to members;
- activating its security buyback program; and
- selling assets to reduce borrowings.

The Group also protects its equity in assets by taking out insurance cover with creditworthy insurers.

Certain entities within the Group hold Australian Financial Services Licences (AFSL) and act as responsible entity for managed investment schemes managed by the Group. The AFSL require these entities to maintain net tangible assets of approximately \$5 million. As such these entities are restricted from paying dividends to the parent entity that would breach their licence conditions and hold cash as part of their required minimum net tangible assets (see Note 29(c)). The entities monitor their net tangible assets on an ongoing basis to ensure they continue to meet their licence requirements. The entities complied with their AFSL requirements during 2011 and 2010.

3. Capital Risk Management (continued)

One of the key ways the Group monitors capital adequacies is on the basis of the gearing ratio. The ratio is calculated as net debt divided by adjusted assets. Net debt is calculated as total borrowings less cash and cash equivalents and restricted cash. Adjusted assets are calculated as total assets less cash and cash equivalents, restricted cash and intangible assets. The gearing ratios for both the Group and the Trust at each balance date were as follows:

	Group		Trust	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Total borrowings	783,609	666,586	783,337	665,586
Less: cash and cash equivalents	46,572	98,469	40,805	93,033
Net debt	737,037	568,117	742,532	572,553
Total assets	1,539,428	1,282,826	1,531,741	1,271,529
Less: intangible assets and deferred tax assets	1,524	1,285	-	-
Less: cash and cash equivalents	46,572	98,469	40,805	93,033
Adjusted assets	1,491,332	1,183,072	1,490,936	1,178,496
Gearing ratio	49%	48%	50%	49%

4. Financial Risk Management

The Group's activities expose it to a variety of financial risks; credit risk, liquidity risk and market risk (interest rate risk and price risk). The overall risk management program focuses on managing these risks and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as interest rate derivatives to hedge certain risk exposures. The Group seeks to deal only with creditworthy counterparties. Liquidity risk is monitored through the use of future rolling cash flow forecasts.

The Group's management of treasury activities is centralised and governed by policies approved by the Directors who monitor the operating compliance and performance as required. The Group has policies for overall risk management as well as policies covering specific areas such as identifying risk exposure, analysing and deciding upon strategies, performance measurement, the segregation of duties and other controls around the treasury and cash management functions.

The Group and the Trust hold the following financial instruments:

	Group		Trust	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Financial Assets				
Cash and cash equivalents ⁽¹⁾	46,572	98,469	40,805	93,033
Trade and other receivables ⁽¹⁾	29,718	47,988	34,399	50,868
Derivative financial instruments ⁽²⁾	1,285	1,353	1,285	1,353
Investments at fair value through profit and loss ⁽³⁾	4,177	3,987	4,177	3,987
Total financial assets	81,752	151,797	80,666	149,241
Financial Liabilities				
Trade and other payables ⁽⁴⁾	21,431	11,924	21,358	9,073
Derivative financial instruments ⁽²⁾	3,430	3,626	3,430	3,626
Borrowings ⁽⁴⁾	783,609	666,586	783,337	665,586
Dividends/distributions payable ⁽⁴⁾	16,883	16,167	16,888	16,162
Total financial liabilities	825,353	698,303	825,013	694,447

- (1) Loans and receivables
- (2) At fair value – held for trading
- (3) At fair value – designated
- (4) At amortised cost

4. Financial Risk Management (continued)

(a) Credit Risk

Credit risk is the risk that a counterparty will default on its contractual obligations under a financial instrument and result in a financial loss to the Group. The Group has exposure to credit risk on all financial assets included in the statement of financial position except investments at fair value through profit or loss.

The Group manages this risk by:

- establishing credit limits for customers and managing exposure to individual entities;
- monitoring the credit quality of all financial assets in order to identify any potential adverse changes in credit quality;
- derivative counterparties and cash transactions, when utilised, are transacted with high credit quality financial institutions;
- providing loans to associates where the Group is comfortable with the underlying exposure;
- regularly monitoring loans and receivables on an ongoing basis; and
- regularly monitoring the performance of associates on an ongoing basis.

The maximum exposure to credit risk at balance date is the carrying amount of financial assets recognised in the statement of financial position of the Group. The Group holds no significant collateral as security. There are no significant financial assets that have had renegotiated terms that would otherwise have been past due or impaired.

Cash is held with Australian financial institutions. Interest rate derivative counterparties are all Australian financial institutions.

The ageing analysis of receivables past due at balance date but not impaired is as follows:

	Group		Trust	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
1 to 3 months*	2,139	1,267	2,439	1,267
3 to 6 months*	266	352	266	352
Over 6 months*	2,147	625	2,147	625
	4,552	2,244	4,852	2,244

* Of the amounts above \$3,114,000 (2010: \$1,369,000) for the Group and \$2,133,000 (2010: \$1,369,000) for the Trust relates to the Cromwell Property Fund (refer note 8).

(b) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash reserves and finance facilities to meet the ongoing operational requirements of the business. It is the Group's policy to maintain sufficient funds in cash and cash equivalents to meet expected near term operational requirements. The Group prepares and monitors rolling forecasts of liquidity requirements on the basis of expected cash flow. The Group monitors the maturity profile of borrowings and puts in place strategies designed to ensure that all maturing borrowings are refinanced in the required timeframes.

The current weighted average debt maturity of the Group and Trust is 2.9 years (2010: 1.9 years).

Contractual maturity of financial liabilities (borrowings and payables) of the Group and the Trust, including interest thereon, are as follows:

	Group		Trust	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Due within one year	97,409	98,461	97,340	95,605
Due between one and five years	893,119	679,484	892,832	679,484
Due after five years	1,066	2,470	1,066	2,470
	991,594	780,415	991,238	777,559

4. Financial Risk Management (continued)

(c) Market Risk

(i) Price risk

The Group and Trust are exposed to equity securities price risk. This arises from investments held by the Group and Trust classified on the balance sheet as investments at fair value through profit and loss. The Group and Trust are not exposed to commodity price risk. The majority of the Group's and Trust's equity investments are publicly traded and are included in the ASX All Ordinaries index.

Group and Trust sensitivity

Based on the financial instruments held at balance date, had the ASX All Ordinaries index increased/decreased by 20% (2010: 20%) with all other variables held constant and all the Group's and Trust's equity instruments moved in correlation with the index, the impact on the Group's and Trust's profit and equity for the year would have been \$835,000 (2010: \$794,000) higher/lower. Since balance date the Group has sold most of its equity securities.

(ii) Interest rate risk

The Group's interest-rate risk primarily arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Group to fair value interest-rate risk. The Group's policy is to effectively maintain hedging arrangements on not less than 50% of its borrowings. At balance date 97% (2010: 75%) of the Group's borrowings were effectively hedged.

The Group manages its cash flow interest-rate risk by using interest rate derivatives. Such interest rate derivatives have the economic effect of converting borrowings from floating rates to fixed or a limited range of rates. Generally, the Group raises long term borrowings at floating rates and hedges a portion of them into fixed or capped rates. Under the interest-rate derivatives, the Group agrees with other counter parties to exchange, at specified intervals (usually 30 days), the difference between contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

The fixed or limited interest rates range between 4.75% and 5.95% (2010: 4.75% and 5.95%) and the variable rates are generally based on the 30 day bank bill swap bid rate which at balance date was 4.96% (2010: 4.80%). At balance date, the notional principal amounts and periods of expiry of the interest rate swap contracts are detailed as follows:

Group and Trust	2011	2010
	\$'000	\$'000
Less than 1 year	-	184,661
1-2 years	500,000	200,000
2-3 years	144,200	-
3-4 years	-	-
4-5 years	31,730	-
Greater than 5 years	86,450	118,180
	762,380	502,841

The Group's interest rate derivatives do not meet the accounting requirements to qualify for hedge accounting treatment. Gains or losses arising from changes in fair value have been reflected in the profit or loss.

Information on borrowings and the maturity profile of borrowings including interest thereon is set out in Note 19.

Group sensitivity

At balance date, if interest rates for all relevant time periods had changed by +/- 100 basis points (1%) from the year end rates with all other variables held constant, profit would have been \$21,096,000 higher/lower (2010 – change of 100 bps: \$6,579,000 higher/lower), mainly as a result of increase/decrease in the fair value of interest rate derivatives. Equity would have been \$21,096,000 higher/lower (2010: \$6,579,000 higher/lower) mainly as a result of an increase/decrease in the fair value of interest rate derivatives.

Trust sensitivity

At balance date, if interest rates for all relevant time periods had changed by +/- 100 basis points (1%) from the year end rates with all other variables held constant, profit would have been \$21,038,000 higher/lower (2010 – change of 100 bps: \$6,525,000 higher/lower), mainly as a result of increase/decrease in the fair value of interest rate derivatives. Equity would have been \$21,038,000 higher/lower (2010: \$6,525,000 higher/lower) mainly as a result of an increase/decrease in the fair value of interest rate derivatives.

4. Financial Risk Management (continued)

(d) Fair Value Estimation

The table below analyses financial instruments carried at fair value, by the source of measurement inputs. The results are the same for both the Group and the Trust. The different levels have been defined as follows:

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

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

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

Group and Trust	2011		2010	
	Level 1 \$'000	Level 2 \$'000	Level 1 \$'000	Level 2 \$'000
Financial Assets				
Derivative financial instruments	-	1,285	-	1,353
Investments at fair value through profit or loss	-	4,177	3,987	-
	-	5,462	3,987	1,353
Financial Liabilities				
Derivative financial instruments	-	3,430	-	3,626
	-	3,430	-	3,626

The carrying value of loans and receivables and financial liabilities at amortised cost are assumed to approximate their fair value due to either their short term nature or their terms and conditions including interest receivable/payable at variable rates.

5. Expenses

	Group		Trust	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Premises rental – minimum lease payments	170	178	-	-
Loss on Sale of Investment Properties:				
Net proceeds from sale of investment properties	33,540	21,574	33,540	21,574
Carrying value of investment properties sold and other costs of sale	(33,735)	(22,128)	(33,735)	(22,128)
Loss on sale of investment properties	(195)	(554)	(195)	(554)
Employee Benefits Expense:				
Wages and salaries including on costs	10,746	9,837	-	-
Contributions to defined contribution superannuation plans	623	652	-	-
Equity settled share-based payments	333	339	-	-
Increase/(decrease) in liability for long service and annual leave	(22)	274	-	-
Employee benefits expense	11,680	11,102	-	-

5. Expenses (continued)

	Group		Trust	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Finance Costs:				
Total interest	50,725	38,660	50,725	38,668
Less: interest capitalised	(5,328)	-	(5,328)	-
Interest expense	45,397	38,660	45,397	38,668
Amortisation of loan transaction costs	2,042	1,869	2,770	2,484
Finance costs	47,439	40,529	48,167	41,152
Depreciation/Amortisation:				
Depreciation of plant and equipment	256	260	-	-
Amortisation of intangibles	286	291	-	-
Depreciation/Amortisation	542	551	-	-

6. Income Tax

(a) Income tax expense

Current tax	-	494	-	-
Deferred tax	(156)	(15)	-	-
Prior year tax losses written off	247	652	-	-
Adjustment in relation to prior periods	(13)	13	-	-
Income tax expense	78	1,144	-	-

(b) Numerical reconciliation of income tax expense to prima facie tax

Profit/(loss) before income tax	88,180	20,197	-	-
Tax at the Australian tax rate of 30% (2010: 30%)	26,454	6,059	-	-
<i>Tax effect of amounts which are not deductible/ (taxable) in calculating taxable income:</i>				
Non-taxable trust income	(27,708)	(8,011)	-	-
Non-deductible expenses	117	121	-	-
Loan write off	(932)	-	-	-
Non-deductible property development costs/impairment	2,083	1,166	-	-
Assessable income for tax	(170)	1,143	-	-
Losses written off (note 16)	247	653	-	-
Adjustment in relation to prior periods	(13)	13	-	-
Income tax expense	78	1,144	-	-

6. Income Tax (continued)

	Group		Trust	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000

(c) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

Tax losses	18,518	16,213	-	-
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The tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of tax losses (both revenue and capital) because it is not probable that future taxable profit will be available against which the consolidated entity can utilise the benefits from the deferred tax assets. All unused tax losses were incurred by Australian entities.

(d) Tax consolidation

Refer note 1(d) for details regarding the relevance of the tax consolidation system to the consolidated entity, the tax funding arrangements and other information.

No amounts were recognised during the year (2010: \$nil) as tax consolidation contributions by, or distributions to, equity participants.

7. Cash and Cash Equivalents

	Group		Trust	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Cash at bank	46,572	33,469	40,805	28,033
Deposits	-	65,000	-	65,000
Cash and cash equivalents	46,572	98,469	40,805	93,033

Cash at bank is held with Australian financial institutions earns variable interest at market rates with a weighted average of 5.3% at balance date (2010: 4.57%) for the Group and 5.33% (2010: 4.52%) for the Trust. Deposits held with Australian financial institutions at 30 June 2010 earned variable interest at market rates with a weighted average of 6.01%.

8. Trade and Other Receivables

	Group		Trust	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Current Assets				
Trade debtors	2,396	5,004	2,108	1,139
Other receivables – jointly controlled entity/associates	3,460	1,628	2,303	1,369
Loans:				
▪ Associate – CPF	4,062	11,024	-	-
▪ Associate – Phoenix Portfolios Pty Ltd	-	62	-	-
▪ Other entities	-	270	-	-
Trade and other receivables – current	9,918	17,988	4,411	2,508
Non-Current Assets				
Loans:				
▪ Amounts due from Cromwell Corporation Limited	-	-	10,188	18,360
▪ Associate – CPF	19,800	30,000	19,800	30,000
Trade and other receivables – non-current	19,800	30,000	29,988	48,360

Trade debtors mainly comprises of amounts owing by tenants of the Group's and Trust's investment properties and recoverable costs owing by external managed investment schemes. These amounts are usually non-interest bearing, unsecured and generally payable on no more than 30 day terms.

Other receivables – jointly controlled entity/associates mainly comprises interest owing by the Cromwell Property Fund ("CPF") on its loan facilities (refer below).

Refer to note 32(d) for details on the loan to Cromwell Corporation Limited.

(a) Loans – associates

Cromwell Property Fund

In 2008 the Group and Trust provided CPF with a \$30,000,000 loan facility. During the current year the Group and Trust received repayments of \$10,200,000 (2010: \$nil) from CPF under the facility. The loan is unsecured, repayable in cash on 30 June 2012 and earns interest at a floating rate plus margin of 2.30% (2010: 0.7%, capped at 8.00%), which was 7.17% (2010: 5.43%) at balance date.

A subsidiary of the Company also provided loans of \$15,052,000 to CPF during the 2008 year. During the current year the Group received repayments of \$7,462,000 (2010: \$4,478,000) and made further advances of \$500,000 (2010: \$450,000). The loans are unsecured, at call, repayable in cash, with no fixed repayment terms and earn interest at a variable rate (BBSW) plus a margin of 1.50%, which was 6.37% (2010: 6.23%) at balance date.

Phoenix Portfolios Pty Ltd

During the 2009 year the Group provided a loan of \$62,000 to Phoenix Portfolios Pty Ltd. The loan was repaid in full in 2011.

(b) Past due but not impaired receivables

At balance date, the Group had \$4,552,000 (2010: \$2,244,000) and the Trust had \$4,852,000 (2010: \$2,244,000) of trade and other receivables which were past due but not impaired. These consist of \$1,437,000 (2010: \$875,000) for the Group and \$1,501,000 (2010: \$875,000) for the Trust which relate to a number of tenants for whom there is no recent history of default and of \$3,144,000 (2010: \$1,369,000) for the Group and \$2,133,000 (2010: \$1,369,000) for the Trust relating to CPF.

(c) Impaired receivables

At 30 June 2011 the Group and the Trust had no impaired receivables.

9. Derivative Financial Instruments

	Group		Trust	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Current assets				
Interest rate derivatives – at fair value	1,285	1,353	1,285	1,353
Current liabilities				
Interest rate derivatives – at fair value	3,430	3,626	3,430	3,626

10. Inventories

Non-current

Land held for development and resale	3,000	4,925	-	-
Inventories	3,000	4,925	-	-

Movement in inventories

Balance at 1 July	4,925	-	-	-
Land acquired (see note 37)	-	4,800	-	-
Project costs capitalised	-	125	-	-
Write down to net realisable value	(1,925)	-	-	-
Balance at 30 June	3,000	4,925	-	-

During the 2010 financial year the Group acquired land located at Maidstone Street, Altona, VIC from CPF and terminated the related development agreement. The Group's property development obligation in respect of the remaining development agreement with CPF is set out in note 21.

11. Other Current Assets

	Group		Trust	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Prepayments	1,437	2,266	789	1,413

12. Investment Properties

	Group		Trust	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Investment properties at fair value	1,444,850	1,064,100	1,444,850	1,064,100
(a) Movement in investment properties				
Balance at 1 July	1,064,100	1,117,175	1,064,100	1,117,175
Additions at cost				
• Acquisition price	234,090	-	234,090	-
• TGA Complex, ACT (refer note 37)	75,000	-	75,000	-
• Transaction costs	13,315	-	13,315	-
• Improvements	43,432	3,542	43,432	3,542
Disposals	(33,735)	(22,128)	(33,735)	(22,128)
Straight-lining rentals	4,883	852	4,883	852
Lease costs and incentives	15,879	2,216	15,879	2,216
Amortisation of lease costs and incentives	(5,773)	(5,411)	(5,773)	(5,411)
Net gain/(loss) from fair value adjustments	33,659	(32,146)	33,659	(32,146)
Balance at 30 June	1,444,850	1,064,100	1,444,850	1,064,100
(b) Amounts recognised in profit and loss for investment properties				
Rental and outgoings from investment properties	138,494	117,262	138,499	117,974
Direct operating expense from properties that generated rental income	(21,198)	(19,260)	(24,241)	(21,663)
	117,296	98,002	114,258	96,311
(c) Assets pledged as security				
Borrowings (refer Note 19) are secured by fixed and floating charges over each investment property plus charges over any building document, lease document, performance bond and bank guarantee in addition to a real property mortgage over each property.				
(d) Leases as a lessor				
The investment properties are generally leased to tenants on long term operating leases with rentals payable monthly. Minimum lease payments under the non-cancellable operating leases of the investment properties not recognised in the financial statements are receivable as follows:				
Within one year	134,100	96,247	137,392	96,247
Later than one year but not later than five years	476,507	305,681	479,799	305,681
Later than five years	257,750	100,066	257,750	100,066
	868,357	501,994	874,941	501,994
(e) 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 has utilised similar internal valuation processes for determining fair value where independent valuations are not obtained. Further information on assumptions underlying management's assessment of fair value is contained in note 2.

12. Investment Properties (continued)

(f) Details of investment properties

	Title	Acquisition Date (1)	Acquisition Price (1)	Most recent independent valuation date	Independent valuation amount		Carrying amount		Fair value adjustment	
					2011	2010	2011	2010	2011	2010
			\$'000		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
200 Mary St, QLD	Freehold	Jun 2001	29,250	Jun 2011	88,000	85,500	88,000	85,500	1,190	(5,108)
Terrace Office Park, QLD	Freehold	Jun 1999	13,600	Dec 2010	28,000	28,100	28,500	27,500	(314)	(5,351)
Oracle Building, ACT	Leasehold	Nov 2001	23,550	Jun 2011	33,000	34,000	33,000	34,000	(1,860)	(183)
Scrivener Buildings, ACT	Leasehold	Jun 2000	10,750	SOLD	-	10,000	-	10,000	(590)	(960)
NQX Distribution Centre, QLD	Freehold	Feb 2003	17,778	Jun 2011	26,000	25,750	26,000	25,750	42	2,513
Henry Waymouth Centre, SA	Freehold	Apr 2003	30,420	Dec 2010	34,250	35,000	34,250	33,500	633	(4,752)
Brooklyn Woolstore, VIC	Freehold	Jun 2004	34,000	Dec 2010	36,250	35,550	36,500	37,000	(290)	(220)
Village Cinemas, VIC	Freehold	Jun 2004	8,900	Dec 2010	11,500	11,000	11,700	11,000	677	1,200
Vodafone Call Centre, TAS	Freehold	Jun 2004	15,900	Dec 2010	15,850	16,400	16,100	16,400	(564)	3,102
Village Cinema Centre, TAS	Freehold	Jun 2004	16,000	SOLD	-	15,600	-	15,750	-	2,765
Regent Cinema Centre, NSW	Freehold	Jun 2004	9,900	Dec 2010	13,050	12,700	13,400	12,700	713	1,799
78 Mallard Way, WA	Freehold	Jun 2004	7,600	SOLD	-	8,400	-	8,400	88	(1,577)
Elders Woolstore, SA	Freehold	Jun 2004	10,900	Dec 2010	14,100	13,900	14,300	13,900	475	(184)
Village Cinemas, TAS	Leasehold	Jun 2004	3,500	SOLD	-	-	-	-	-	329
700 Collins Street, VIC	Freehold	Dec 2004	133,000	Dec 2010	168,000	156,000	172,000	160,000	10,629	(1,382)
Masters Distribution Centre, VIC	Freehold	Feb 2005	41,000	Dec 2010	38,800	33,500	38,800	32,000	(2,065)	(5,526)
19 National Circuit, ACT	Leasehold	July 2005	35,530	Jun 2011	36,000	36,000	36,000	36,000	(251)	2,234
380 La Trobe St, VIC	Freehold	Dec 2005	88,000	Jun 2011	103,000	94,500	103,000	94,500	8,262	(8,068)
101 Grenfell St, SA	Freehold	Jan 2006	30,375	Dec 2010	41,000	37,200	41,000	37,200	3,425	136
475 Victoria Av, NSW	Freehold	Mar 2006	102,650	Jun 2011	126,500	127,500	126,500	127,500	(4,961)	(5,529)
Synergy, QLD	Freehold	Nov 2008	85,727	Dec 2010	68,000	82,000	71,500	78,000	(9,730)	(4,720)
Tuggeranong Office Park, ACT	Leasehold	Jun 2008	166,025	Jun 2011	172,750	167,500	172,750	167,500	5,217	(2,664)
TGA Complex, ACT ⁽²⁾	Leasehold	Jul 2010	75,000	Jun 2011	73,750	-	73,750	-	(1,256)	-
321 Exhibition Street, Melbourne, VIC	Leasehold	Jul 2010	90,200	Jun 2011	137,800	-	137,800	-	7,781	-
203 Coward Street, Mascot, NSW ⁽³⁾	Leasehold	Aug 2010	143,891	Aug 2010	143,500	-	170,000	-	16,408	-
Total investment properties			1,223,446		1,409,100	1,066,100	1,444,850	1,064,100	33,659	(32,146)

(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 transactions 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 37).

(3) Refer note 2 for further information on the valuation of the 203 Coward Street, Mascot, NSW investment property.

13. Investments at Fair Value Through Profit or Loss

	Group		Trust	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Unlisted equity securities at fair value	4,177	-	4,177	-
Listed equity securities at fair value	-	3,987	-	3,987
Investments at fair value through profit or loss	4,177	3,987	4,177	3,987

These investments are designated at fair value through profit or loss. Gains and losses are shown in profit or loss.

14. 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.

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

The Group and the 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 year.

(a) Investments

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

Group	Ownership Interest		2011	2010
	2011	2010		
	%	%	\$'000	\$'000
Investments accounted for using the equity method:				
TGA – jointly controlled entity	-	67	-	49,872
CPF – associate	18	18	5,436	6,903
Phoenix – associate	50	50	56	27
			5,492	56,802

Trust	Ownership Interest		2011	2010
	2011	2010		
	%	%	\$'000	\$'000
Investments accounted for using the equity method:				
TGA – jointly controlled entity	-	67	-	49,872
CPF – associate	18	18	5,436	6,903
			5,436	56,775

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

TGA

The Group and Trust held a 67% interest in TGA at the beginning of the 2011 year. During the year the Group and Trust acquired the remaining 33% holding in TGA through a unit sale deed approved by security holders. Details of the purchase consideration for the one-third interest in TGA are set out in note 37. As a result of the purchase the results, assets and liabilities of TGA are consolidated in the financial statements of the Group and of the Trust from the date of acquisition of the remaining interest.

CPF

At balance date the Group held 18% (2010: 18%) of the issued units of CPF. The Group is considered to have significant influence over CPF due to it being the single largest investor in the CPF, with the next largest investor holding 1.3% (2010: 1.3%) of the issued units of CPF.

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

Group	Phoenix \$'000	CPF \$'000	TGA \$'000	Total \$'000
2011				
Balance at 1 July 2010	27	6,903	49,872	56,802
Share of profit/(loss) ⁽¹⁾	29	(967)	225	(713)
Distributions received	-	(500)	(206)	(706)
Carrying value derecognised ⁽²⁾	-	-	(49,891)	(49,891)
Balance at 30 June 2011	56	5,436	-	5,492
2010				
Balance at 1 July 2009	3	6,442	51,850	58,295
Share of profit/(loss) ⁽¹⁾	24	636	3,222	3,882
Distributions received	-	(175)	(5,200)	(5,375)
Balance at 30 June 2010	27	6,903	49,872	56,802
Trust		CPF \$'000	TGA \$'000	Total \$'000
2011				
Balance at 1 July 2010		6,903	49,872	56,775
Share of profit/(loss) ⁽¹⁾		(967)	225	(742)
Distributions received		(500)	(206)	(706)
Carrying value derecognised ⁽²⁾		-	(49,891)	(49,891)
Balance at 30 June 2011		5,436	-	5,436
2010				
Balance at 1 July 2009		6,442	51,850	58,292
Share of profit/(loss) ⁽¹⁾		636	3,222	3,858
Distributions received		(175)	(5,200)	(5,375)
Balance at 30 June 2010		6,903	49,872	56,775

(1) Share of profit/(loss) includes fair value gain/(loss) on investment properties and interest rate derivatives where applicable.

(2) 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.

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

(c) Share of assets and liabilities of jointly controlled entity and associates

	2011			2010		
	Phoenix \$'000	CPF \$'000	TGA \$'000	Phoenix \$'000	CPF \$'000	TGA \$'000
Assets						
Current assets	70	656	-	66	20,202	124
Non-current assets						
Investment properties	-	29,485	-	-	40,924	50,000
Other	3	-	-	4	4,788	-
Total non-current assets	3	29,485	-	4	45,712	50,000
Total assets	73	30,141	-	70	65,914	50,124
Liabilities						
Current liabilities						
Borrowings	-	(23,617)	-	(33)	(57,859)	-
Other	(17)	(1,088)	-	(10)	(1,152)	(252)
Total current liabilities	(17)	(24,705)	-	(43)	(59,011)	(252)
Total liabilities	(17)	(24,705)	-	(43)	(59,011)	(252)
Net assets	56	5,436	-	27	6,903	49,872

(d) Share of revenues, expenses and results of jointly controlled entity and associates

Revenue ⁽¹⁾	158	4,156	352	148	7,777	5,303
Expenses ⁽¹⁾	(129)	(5,123)	(127)	(124)	(7,141)	(2,081)
Share of profit/(loss)	29	(967)	225	24	636	3,222

(1) Includes share of fair value adjustment to investment properties and interest rate derivatives where applicable.

(e) Assets pledged as security

Borrowings (refer note 19) are secured by a registered floating charge over the investments.

15. Property, Plant and Equipment

	Group		Trust	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Furniture and fittings at cost	1,453	1,450	-	-
Accumulated depreciation	(714)	(634)	-	-
	739	816	-	-
Plant and equipment at cost	1,509	1,385	-	-
Accumulated depreciation	(1,115)	(939)	-	-
	394	446	-	-
Property, plant and equipment	1,133	1,262	-	-

15. Property, Plant and Equipment (continued)

(a) Movement in property, plant and equipment

Reconciliations of the carrying amounts of each class of property, plant and equipment are set out below.

Group	Furniture and fittings	Plant and Equipment		Total
	\$'000	Owned \$'000	Under Lease \$'000	\$'000
Balance at 1 July 2010	816	446	-	1,262
Additions	3	124	-	127
Depreciation	(80)	(176)	-	(256)
Balance at 30 June 2011	739	394	-	1,133
Balance at 1 July 2009	750	378	144	1,272
Additions	11	242	-	253
Transfers	144	-	(144)	-
Disposals	-	(3)	-	(3)
Depreciation	(89)	(171)	-	(260)
Balance at 30 June 2010	816	446	-	1,262

16. Deferred Tax Assets

	Group		Trust	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Deferred tax assets	921	791	-	-
<i>Deferred tax assets and liabilities are attributable to the following:</i>				
Interests in managed investment schemes	(1,895)	(1,898)	-	-
Payables	34	33	-	-
Employee benefits	404	402	-	-
Provisions	196	26	-	-
Other accruals and sundry items	265	64	-	-
Tax losses recognised	1,917	2,164	-	-
	921	791	-	-
<i>Movements</i>				
Balance at 1 July	791	1,721	-	-
Reduction in current tax liability on use of tax losses previously recognised	-	(276)	-	-
(Debit)/credit to profit or loss	156	15	-	-
Losses recognised/(written off)	(247)	(653)	-	-
Adjustments in relation to prior periods	221	(16)	-	-
Balance at 30 June	921	791	-	-

The benefit of temporary differences and prior year tax losses recognised as a deferred tax asset was based on projected earnings over a limited period that the Directors considered to be probable. Projected earnings are re-assessed at each reporting date. There remains a significant amount of tax losses that have not been recognised as a deferred tax asset (refer note 6).

17. Intangible Assets

	Group		Trust	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Software – at cost	2,174	1,781	-	-
Accumulated amortisation	(1,571)	(1,285)	-	-
Intangible assets	603	496	-	-

Amortisation of software is included in amortisation expense in profit or loss.

Reconciliations of the carrying amounts of software are set out below:

Balance at 1 July	496	514	-	-
Additions	393	288	-	-
Disposals	-	(15)	-	-
Amortisation	(286)	(291)	-	-
Balance at 30 June	603	496	-	-

18. Trade and Other Payables

Trade payables and accruals	8,453	7,012	7,478	2,816
Lease incentives payable	10,815	2,986	10,815	2,986
Tenant security deposits	158	171	158	171
Amounts payable to Cromwell Corporation Limited and it's subsidiaries (refer note 32(d))	-	-	1,554	114
Other payables	2,005	1,764	1,353	2,986
Trade and other payables	21,431	11,933	21,358	9,073

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

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

19. Borrowings

Current

Secured

Loans – financial institutions	3,321	29,266	3,321	29,266
Unamortised transaction costs	-	(34)	-	(34)
Borrowings – current	3,321	29,232	3,321	29,232

Non-Current

Secured

Loans – financial institutions	784,171	639,250	784,171	639,250
Unamortised transaction costs	(3,883)	(1,896)	(4,155)	(2,896)
Borrowings – non-current	780,288	637,354	780,016	636,354

Total

Secured

Loans – financial institutions	787,492	668,516	787,492	668,516
Unamortised transaction costs	(3,883)	(1,930)	(4,155)	(2,930)
Total borrowings	783,609	666,586	783,337	665,586

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

19. Borrowings (continued)

(a) Borrowing details

Borrowings of the Group and Trust are the same and details at balance date are set out below:

Facility	Note	Secured	Maturity Date	Facility 2011 \$'000	Utilised 2011 \$'000	Facility 2010 \$'000	Utilised 2010 \$'000
Bank Loan – Syndicate Finance	(i)	Yes	May 2014	397,815	397,815	430,893	430,893
Bank loan – Tuggeranong (Tranche 1)	(ii)	Yes	June 2015	107,917	107,917	107,916	107,916
Bank loan – Tuggeranong (Tranche 2)	(ii)	Yes	June 2013	6,641	6,641	9,961	9,961
Bank Loan – Mary/TGA/Synergy	(iii)	Yes	May 2014	132,719	132,719	-	-
Bank loan – Synergy	(iv)			-	-	46,800	46,800
Bank loan – TGA	(v)			-	-	25,946	25,946
Bank loan – Mary Street	(vi)			-	-	47,000	47,000
Bank loan – Mascot	(vii)	Yes	Aug 2013	85,000	62,400	-	-
Bank loan – Exhibition St	(viii)	Yes	July 2013	80,000	80,000	-	-
Total facilities				810,092	787,492	668,516	668,516

(i) Bank Loan – Syndicate Finance

The Syndicate finance facility was successfully refinanced during the 2011 financial year. The loan 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 Trust. Interest is payable monthly in arrears at variable rates based on the 30 day BBSY rate which was 4.96% at balance date plus a loan margin. An amount of \$397,815,000 (2010: \$367,925,000) was effectively fixed at balance date through interest rate swap arrangements which expire between July 2011 and September 2017. Repayments of \$33,078,000 (2010: \$21,107,000) were made during the year from proceeds of the sale of investment properties.

(ii) Bank Loan – Tuggeranong

The Group has a \$114,557,000 (2010: \$117,877,000) loan in relation to its investment in Tuggeranong Office Park secured by a first registered mortgage over the investment property. 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 the 30 day BBSY rate plus a loan margin. An amount of \$107,916,000 (Tranche 1) was effectively fixed at balance date through interest rate swap arrangements which expire in July 2012. Repayments of \$3,321,000 (2010: \$3,321,000) were made during the year.

(iii) Bank Loan – Mary Street/Synergy/TGA

Three of the Group's facilities were refinanced with one financial institution and combined into one facility during 2011. This was achieved through the combination of the Synergy (\$46,800,000), Mary Street (\$47,000,000) and the TGA (\$38,919,000) loans. The loan is secured by a first registered mortgage over the respective investment properties. The loan bears interest at a variable rate based on the 30 day BBSY rate plus a loan margin. The loan was effectively partially fixed at balance date through interest rate swap arrangements to July 2012.

(iv) Bank Loan – Synergy

This facility was refinanced during the year – refer point (iii).

(v) Bank Loan – TGA

This facility was refinanced during the year – refer point (iii). The Group had a \$38,919,000 (2010: \$25,946,000) loan in relation to its investment in Cromwell TGA Planned Investment. During the current year the Group acquired the remaining one third of TGA it did not already own (refer note 14) and assumed \$12,973,000 of additional borrowings associated with the TGA Complex.

(vi) Bank Loan – Mary Street

This facility was refinanced during the year – refer point (iii).

19. Borrowings (continued)

(vii) Bank Loan – Mascot

The acquisition of the investment property known as Qantas Headquarters (203 Coward Street, Mascot, NSW) was completed on 20 August 2010. This was partially funded through a new debt facility for \$85,000,000, with \$62,400,000 of this facility was drawn at balance date. The loan is secured by a registered floating charge over that property and bears interest at a variable rate based on the 30 day BBSY rate plus a loan margin. The loan was effectively 100% fixed at balance date through interest rate swap arrangements to Sept 2013.

(viii) Bank Loan – Exhibition St

The acquisition of the investment property known as Exhibition Street, VIC was completed on 20 July 2010. This was partially funded through a new debt facility for \$80,000,000. The loan is secured by a registered floating charge over that property and bears interest at a variable rate based on the 30 day BBSY rate plus a loan margin. The loan was effectively 100% fixed at balance date through interest rate swap arrangements to Aug 2013.

(b) Maturity Profile

Maturity profile of the principal amounts of current and non-current borrowings together with estimated interest thereon:

	Group		Trust	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Due within one year	58,244	69,182	58,244	69,182
Due between one and five years	888,554	674,203	888,266	674,203
Due after five years	-	-	-	-
	946,798	743,385	946,510	743,385

(c) Unused Finance Facilities

At balance date the Group had unused finance facilities totalling \$22,600,000 (2010: \$nil).

(d) Interest Rate Risk

Interest rate Derivatives

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

The Group's exposure to interest rates is provided in note 4.

20. Dividends/Distributions Payable

	Group		Trust	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Dividends/distributions payable	16,883	16,157	16,888	16,162

Distributions payable relate to June quarter distributions declared in June and payable in August of each year.

21. Provisions

	Group		Trust	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Current				
Employee benefits	825	929	-	-
Property development	428	5,093	-	-
	1,253	6,022	-	-
Non-Current				
Employee benefits	477	379	-	-
Make good	100	100	-	-
Provisions	577	479	-	-

Movement in provisions

	Property Development		Make Good	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July	5,093	6,979	100	100
Additional provision recognised	1,770	6,331	-	-
Payments during year	(6,435)	(8,217)	-	-
Balance at 30 June	428	5,093	100	100

Property development obligations

The Group entered into development agreements with CPF in respect of three properties leased from CPF. Under the development agreements the Group can develop the land on the basis that CPF would fully recover its cost. During the current year the Group assessed the recoverable amount of the properties held by CPF at less than CPF's cost and provided for the difference through an increase in the provision of \$1,770,000 (2010: \$6,331,000). During the year the Group paid \$6,435,000 (2010: \$8,217,000) to the CPF following the termination of the development agreement over one of the properties leased from CPF.

Make good

The Group's operating leases of its premises requires the asset to be returned to the lessor in a lease stipulated condition. The operating lease payments do not include an element for the refurbishment costs. A provision for refurbishment costs (make good obligations) is recognised over the period of the lease, measured at each reporting date as the expected cost of returning the asset to its agreed condition.

22. Other Current Liabilities

	Group		Trust	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Unearned income	7,085	6,618	7,085	6,618

Unearned income primarily comprises rent paid in advance.

23. Contributed Equity

(a) Equity attributable to shareholders/unitholders

	Group		Company		CDPT	
	2011	2010	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Contributed equity	758,888	648,582	57,073	49,197	702,090	599,660

Effective 1 July 1998, the corporations legislation in place abolished the concepts of authorised capital and par value shares. Accordingly, the Company does not have authorised capital or par value in respect of its issued shares.

Movements in ordinary shares/ordinary units

Date	Details	Group			Company		CDPT	
		Number of Securities	Issue Price	\$'000	Issue Price	\$'000	Issue Price	\$'000
01 July 09	Opening balance	702,943,059		575,541		43,688		532,129
24 Dec 09	Placement	104,750,000	70¢	73,325	5.2¢	5,477	64.8¢	67,847
	Transaction costs	-	-	(334)	-	(18)	-	(316)
30 June 10	Exercise of options	141,875	35¢	50	35¢	50	-	-
30 June 10	Closing balance	807,834,934		648,582		49,197		599,660
21 July 10	Placement	69,333,333	75¢	52,000	5.6¢	3,884	69.4¢	48,116
21 July 10	Placement	2,666,667	75¢	2,000	5.6¢	149	69.4¢	1,851
23 Aug 10	Placement	4,750,000	72¢	3,420	5.4¢	256	66.6¢	3,164
23 Aug 10	Rights issue	14,301,708	72¢	10,297	5.4¢	769	66.6¢	9,528
02 Sept 10	Placement	2,581,836	72¢	1,859	5.4¢	139	66.6¢	1,720
20 Sept 10	Placement	800,000	72¢	576	5.4¢	43	66.6¢	533
14 Oct 10	Placement	7,357,762	72¢	5,298	5.1¢	376	66.9¢	4,922
17 Nov 10	Dividend reinvestment plan	1,359,711	70¢	949	5.1¢	67	64.9¢	882
16 Feb 11	Dividend reinvestment plan	1,800,054	73¢	1,314	5.1¢	92	67.9¢	1,222
04 Mar 11	Placement	35,000,000	71¢	24,748	5.2¢	1,727	65.8¢	23,021
04 Mar 11	Placement	12,130,000	71¢	8,578	5.2¢	599	65.8¢	7,979
08 Mar 11	Placement	2,921,000	71¢	2,065	5.2¢	144	65.8¢	1,921
14 Mar 11	Exercise of options	8,600	-	-	-	-	-	-
18 May 11	Dividend reinvestment plan	1,891,710	70¢	1,316	5.3¢	92	64.7¢	1,224
	Transaction costs	-	-	(4,114)	-	(461)	-	(3,653)
		964,737,315		758,888		57,073		702,090

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

The Company/CDPT has established a dividend/distribution reinvestment plan under which holders of ordinary stapled securities may elect to have all of their dividend/distribution entitlement satisfied by the issue of new ordinary stapled securities rather than being paid in cash. Securities are issued under the plan at a discount to the market price as determined by the Directors before each dividend/distribution. During 2011 all securities were issued at a discount of 3%.

(b) Stapled Securities

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

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

	2011 Company Number	2011 CDPT Number	2010 Company Number	2010 CDPT Number
Ordinary shares / ordinary units	964,737,315	965,012,421	807,834,934	808,110,040
Unstapled units (held by the Company)	-	(275,106)	-	(275,106)
	964,737,315	964,737,315	807,834,934	807,834,934

24. Reserves

	Group		Trust	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Share based payments	1,588	1,255	-	-
Available-for-sale financial assets revaluation reserve	2,340	2,340	-	-
Reserves	3,928	3,595	-	-

Movements in reserves

Share based payments

Balance at 1 July	1,255	916	-	-
Options expensed	333	339	-	-
Balance at 30 June	1,588	1,255	-	-

The share based payments reserve is used to recognise the fair value of options issued for goods and services including employee services.

Available-for-sale financial assets revaluation reserve

Balance at 1 July	2,340	2,340	-	-
Increase/(decrease) in fair value of available-for-sale financial assets	-	-	-	3,431
Transfers to statement of comprehensive income:				
• Realised gain	-	-	-	(3,431)
Balance at 30 June	2,340	2,340	-	-

Changes in the fair value of investments classified as available-for-sale are taken to the available-for-sale financial assets revaluation reserve. Amounts are recognised in profit or loss when the associated assets are disposed/sold or impaired.

For the Group the balance at year end comprises a reserve of a subsidiary attributable to its pre-stapling interest in a Syndicate which continues to be held. For the Group there was no movement in the available-for-sale financial assets revaluation reserve over the last two financial years.

25. Retained Earnings/(Accumulated Losses)

Retained Earnings/(Accumulated Losses)	(50,280)	(46,021)	(7,910)	(35,264)
Movements in retained earnings/(accumulated losses)				
Balance at 1 July	(46,021)	(38,371)	(35,264)	(1,329)
Profit/(loss) for the year	(4,259)	(7,650)	92,361	26,706
Distributions	-	-	(65,007)	(60,641)
Balance at 30 June	(50,280)	(46,021)	(7,910)	(35,264)

26. Non-Controlling Interests

	Group		Trust	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Non-controlling interests	694,439	564,636	5,463	6,068
Movements in non-controlling interests				
Balance at 1 July	564,636	531,020	6,068	6,188
Units issued by subsidiary	102,430	67,531	2,520	23
Profit for the year	92,361	26,703	645	314
Distributions paid/payable	(64,988)	(60,618)	(519)	(457)
De-recognition on deconsolidation	-	-	(3,251)	-
Balance at 30 June	694,439	564,636	5,463	6,068

Application of AASB Interpretation 1002 *Post-Date-of-Transition Stapling Arrangements* and AASB 3 *Business Combinations* requires, for stapling arrangements which do not involve one of the combining entities obtaining an ownership interest in another combining entity, the net assets and profit or loss of the consolidated acquiree to be identified as non-controlling interests. Even though the interests of the equity holders of the identified acquiree (the Trust) are treated as non-controlling interests (as above) the equity holders of the acquiree are also equity holders in the acquirer (the Company) by virtue of the stapling arrangement.

27. Dividends/Distributions

Franking credits

	Group	
	2011	2010
	\$'000	\$'000
Franking credits available for subsequent years based on a tax rate of 30% (2010 – 30%)	1,599	1,303

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise/(decrease) from the payment/(receipt) of the amount of the provision/(receivable) for income tax;
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date, and
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

Dividends paid/payable by the Company

There were no dividends paid or payable by the Company in respect of the 2011 and 2010 financial years.

Distributions paid/payable by the Group

2011 Date Paid	2010 Date Paid	2011 Cents ⁽¹⁾	2010 Cents ⁽¹⁾	2011 \$'000	2010 \$'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¢	15,943	14,242
18 May 2011	14 May 2010	1.75¢	2.00¢	16,243	16,157
19 August 2011⁽²⁾	31 August 2010	1.75¢	2.00¢	16,883	16,157
		7.00¢	8.00¢	64,988	60,618

⁽¹⁾ Cents per stapled security. ⁽²⁾ Expected payment date.

27. Dividends/Distributions (continued)

Distributions paid/payable by the Trust

2011 Date Paid	2010 Date Paid	2011 Cents⁽¹⁾	2010 Cents⁽¹⁾	2011 \$'000	2010 \$'000
17 November 2010	16 November 2009	1.75¢	2.00¢	15,923	14,067
16 February 2011	15 February 2010	1.75¢	2.00¢	15,947	14,250
18 May 2011	14 May 2010	1.75¢	2.00¢	16,249	16,162
19 August 2011⁽²⁾	31 August 2010	1.75¢	2.00¢	16,888	16,162
		7.00¢	8.00¢	65,007	60,641

⁽¹⁾ Cents per unit. ⁽²⁾ Expected payment date.

All distributions from the Group and Trust are unfranked. The determination of the Trust's distributable income excludes unrealised gains/(losses) including fair value adjustments to investment properties and interest rate derivatives.

Dividends/distributions paid in cash, payable at balance date or satisfied by the issue of securities under the reinvestment plan during past two years were as follows:

	Group		Trust	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Paid in cash ⁽¹⁾	60,684	55,007	60,702	55,029
Satisfied by the issue of securities ⁽²⁾	3,579	-	3,579	-
Payable at balance date	16,883	16,157	16,888	16,162
	81,146	71,164	81,169	71,191

⁽¹⁾ Includes June distributions from prior year paid in August.

⁽²⁾ Pursuant to Distribution Reinvestment Plan.

28. Earnings/(loss) per Share

Earnings/(loss) per share/unit	Group		Trust	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Basic earnings/(loss) per share/unit	(0.5¢)	(1.0¢)	10.1¢	3.5¢
Diluted earnings/(loss) per share/unit	(0.5¢)	(1.0¢)	10.0¢	3.5¢
	\$'000	\$'000	\$'000	\$'000
Earnings used to calculate basic and diluted earnings/(loss) per share/unit:				
Profit for the year	88,102	19,053	93,006	27,020
Profit attributable to non-controlling interests	92,361	26,703	645	314
Profit/(loss) attributable to ordinary equity holders of the company/trust used in calculating basic/diluted earnings/(loss) per share/unit	(4,259)	(7,650)	92,361	26,706
	Number of Shares	Number of Shares	Number of Shares	Number of Shares
Weighted average number of ordinary shares/units used in calculating basic earnings/(loss) per share/unit	918,318,875	757,004,542	918,593,981	757,600,451
Effect of dilutive securities:				
- Director and employee share options	1,271,820	309,857	1,271,820	309,857
Weighted average number of ordinary shares/units and potential ordinary shares/units used in calculating diluted earnings/(loss) per share/unit	919,590,695	757,314,399	919,865,801	757,910,308

Options granted under the Performance Rights Plan are considered to be potential ordinary shares/units and have been included in the determination of diluted earnings/(loss) per share/unit to the extent to which they are dilutive. The options have not been included in the determination of basic earnings/(loss) per share/unit. Details relating to the options are set out in Note 31.

Earnings/(loss) per stapled security	Group	
	2011 \$'000	2010 \$'000
Basic earnings/(loss) per stapled security	9.6¢	2.5¢
Diluted earnings/(loss) per stapled security	9.6¢	2.5¢
	\$'000	\$'000
Earnings used to calculate basic and diluted earnings/(loss) per stapled security:		
Loss for the year attributable to company shareholders	(4,259)	(7,650)
Profit for the year attributable to trust unitholders	92,361	26,703
Profit attributable to stapled security holders of the Group used in calculating basic/diluted earnings/(loss) per stapled security	88,102	19,053
	Number of Securities	Number of Securities
Weighted average number of stapled securities used in calculating basic earnings/(loss) per stapled security	918,318,875	757,004,542
Effect of dilutive securities:		
- Director and employee share options	1,271,820	309,857
Weighted average number of ordinary stapled securities and potential ordinary stapled securities used in calculating diluted earnings/(loss) per stapled security	919,590,695	757,314,399

Options granted under the Performance Rights Plan are considered to be potential ordinary stapled securities and have been included in the determination of diluted earnings/(loss) per stapled security to the extent to which they are dilutive. The options have not been included in the determination of basic earnings/(loss) per stapled security. Details relating to the options are set out in Note 31.

29. Cash flow Information

	Group		Trust	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
(a) Reconciliation of profit to net cash provided by operating activities				
Net profit/(loss)	88,102	19,053	93,006	27,020
Amortisation and depreciation	542	551	-	-
Amortisation (loan transaction costs)	2,042	1,869	2,770	2,484
Amortisation of lease costs and incentives	5,773	5,411	5,773	5,411
Share of profits of associates (net of distributions)	1,419	1,493	1,448	1,517
(Gain)/loss on sale of available-for-sale financial assets	-	(3,431)	-	-
(Gain)/loss on sale of investment properties	195	554	195	554
Share based payments	333	339	-	-
Fair value net (gain)/loss from:				
• Investment properties	(33,659)	32,146	(33,659)	32,146
• Interest rate derivatives	1,920	1,283	1,920	1,283
• Investments at fair value through profit or loss	(604)	(836)	(604)	(836)
(Increase)/decrease to recoverable amount:				
• Available-for-sale financial assets	-	-	-	(3,431)
• Property development inventories/provisions	3,695	6,331	-	-
• Loans receivable	-	(1,932)	-	-
Straight-line rentals	(4,883)	(852)	(4,883)	(852)
Loss on disposal of property, plant and equipment and intangibles	-	18	-	-
Changes in operating assets and liabilities:				
(Increase)/decrease:				
• Trade and other receivables	776	2,138	(1,903)	298
• Prepayments	829	634	624	699
• Inventories*	-	(125)	-	-
• Tax assets	19	623	-	-
Increase/(decrease):				
• Trade payables and accruals	1,215	61	3,274	(309)
• Provisions (employee benefits/restoration)	(5)	218	-	-
• Unearned revenue	467	(1,513)	467	(1,513)
Net cash provided by operating activities	68,176	64,033	68,428	64,471

* Prior to decrease to recoverable amount.

(b) Finance facilities

Refer to note 19 for details of unused finance facilities.

(c) Cash held as part of minimum net tangible assets

At balance date cash held by controlled entities of the Company of \$1,014,000 (2010: \$1,354,000) was required to be maintained under their Australian Financial Services Licence (AFSL). As such, the cash is effectively restricted in its use as it cannot readily be used to meet expenses and obligations of other Group entities without consideration of the AFSL requirements.

(d) Non cash items

Shares/units issued on reinvestment of distributions	3,579	-	3,579	-
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30. Key Management Personnel Disclosures

(a) Key management personnel compensation

Group and Trust	2011 \$	2010 \$
Short-term employee benefits	4,233,003	3,655,879
Post-employment benefits	171,605	155,855
Other long-term benefits	77,112	39,707
Share-based payments	302,752	206,732
	4,784,472	4,058,173

(b) Equity instrument disclosures relating to key management personnel

(i) Performance rights

The numbers of performance rights over ordinary shares in the Company (and units in the CDPT through the stapling arrangement) held during the financial year by each director of Cromwell Corporation Limited and other key management personnel of the Group, including their personally related parties, are set out below.

Name	Balance at 1 July	Granted during the year as compensation	Exercised during the year	Lapsed during the year	Balance at 30 June Vested	Balance at 30 June Not Vested
2011						
<i>Directors:</i>						
GH Levy	-	-	-	-	-	-
PL Weightman	738,733	4,000,000	-	(738,733)	-	4,000,000
RJ Pullar	-	-	-	-	-	-
MA McKellar	-	-	-	-	-	-
DE Usasz	-	-	-	-	-	-
WR Foster	-	-	-	-	-	-
M Wainer	-	-	-	-	-	-
M Flax	-	-	-	-	-	-
M Watters ⁽¹⁾	-	-	-	-	-	-
DJ Wilson	344,200	1,740,000	-	(344,200)	-	1,740,000
<i>Other key management personnel of the Group:</i>						
NE Riethmuller	-	123,459	-	-	-	123,459
PW Howard	-	96,324	-	-	-	96,324
DA Gippel	915,933	-	-	(256,333)	-	659,600
JA Clarke	92,100	-	-	(92,100)	-	-
MJ Blake	338,000	95,894	-	(338,000)	-	95,894
B Binning	326,992	-	-	(200,133)	-	126,859
PJ Cowling ⁽²⁾	227,800	-	-	(227,800)	-	-
	2,983,758	6,055,677	-	(2,197,299)	-	6,842,136

(1) M Watters became a KMP on 4 April 2011

(2) PJ Cowling became a KMP on 1 July 2010

30. Key Management Personnel Disclosures (continued)

Name	Balance at 1 July	Granted during the year as compensation	Exercised during the year	Lapsed during the year	Balance at 30 June Vested	Balance at 30 June Not Vested
2010						
<i>Directors:</i>						
GH Levy	-	-	-	-	-	-
PL Weightman	738,733	-	-	-	-	738,733
RJ Pullar	-	-	-	-	-	-
MA McKellar	-	-	-	-	-	-
DE Usasz	-	-	-	-	-	-
M Wainer ⁽¹⁾	-	-	-	-	-	-
M Flax ⁽²⁾	-	-	-	-	-	-
DJ Wilson	344,200	-	-	-	-	344,200
WR Foster	-	-	-	-	-	-
<i>Other key management personnel of the Group:</i>						
PW Howard	-	-	-	-	-	-
DA Gippel	460,083	659,600	-	(203,750)	-	915,933
MJ Blake	338,000	-	-	-	-	338,000
B Binning ⁽³⁾	200,133	126,859	-	-	-	326,992
NE Riethmuller	-	-	-	-	-	-
JA Clark	92,100	-	-	-	-	92,100
	2,173,249	786,459	-	(203,750)	-	2,755,958

(1) M Wainer became a KMP on 29 January 2010.

(2) M Flax became a KMP on 29 January 2010.

(3) B Binning became a KMP on 1 July 2009

30. Key Management Personnel Disclosures (continued)

(ii) *Share holdings/unit holdings*

The numbers of shares in the Company and units in the CDPT held during the financial year by each director of Cromwell Corporation Limited and other key management personnel of the Group, including their personally related parties, are set out below.

Ordinary stapled security holdings

Name	Balance at 1 July	On exercise of options	Net purchases (sales)	Balance at 30 June
2011				
<i>Directors:</i>				
GH Levy ⁽¹⁾	370,000	-	749,430	1,119,430
PL Weightman	15,464,167	-	457,000	15,921,167
RJ Pullar	14,000,000	-	-	14,000,000
MA McKellar	330,000	-	33,000	363,000
DE Usasz	1,927,580	-	297,420	2,225,000
WR Foster	5,261,765	-	-	5,261,765
M Wainer ⁽²⁾	-	-	-	-
M Flax ⁽²⁾	-	-	416,666	416,666
M Watters ⁽³⁾	-	-	-	-
DJ Wilson	1,955,744	-	15,031	1,970,775
<i>Other key management personnel of the Group:</i>				
NE Riethmuller	-	-	-	-
PW Howard	-	-	-	-
DA Gippel	547,264	-	-	547,264
JA Clarke	71,032	-	-	71,032
MJ Blake	1,775,612	-	-	1,775,612
B Binning	10,000	-	760	10,760
PJ Cowling	1,675,801	-	-	1,675,801
	43,388,965	-	1,969,307	45,358,272

(1) GH Levy is a director of Investec Equity Investments Limited, which is the manager of Investec Australian Equity Fund, which owned 1,311,610 (2010: 1,213,595) stapled securities in the Cromwell Property Group. GH Levy has indirect beneficial ownership of the shares as a unitholder in the fund.

(2) M Wainer and M Flax became KMPs on 29 January 2010. M Wainer and M Flax are directors of Redefine International Plc which indirectly owns Redefine Australia Investments Limited, which owns 213,833,333 (2010: 104,750,000) stapled securities in the Cromwell Property Group.

(3) M Watters became a KMP on 4 April 2011. M Watters is a director of Redefine International Plc which indirectly owns Redefine Australia Investments Limited, which owns 213,833,333 (2010: 104,750,000) stapled securities in the Cromwell Property Group.

30. Key Management Personnel Disclosures (continued)

Name	Balance at 1 July	On exercise of options	Net purchases (sales)	Balance at 30 June
2010				
<i>Directors:</i>				
GH Levy ⁽¹⁾	370,000	-	-	370,000
PL Weightman	15,464,167	-	-	15,464,167
RJ Pullar	14,000,000	-	-	14,000,000
MA McKellar	300,000	-	30,000	330,000
DE Usasz	1,877,580	-	50,000	1,927,580
M Wainer ⁽²⁾	-	-	-	-
M Flax ⁽²⁾	-	-	-	-
DJ Wilson	2,215,006	-	(259,262)	1,955,744
WR Foster	5,349,598	-	(87,833)	5,261,765
<i>Other key management personnel of the Group:</i>				
PW Howard	-	-	-	-
DA Gippel	547,264	-	-	547,264
MJ Blake	1,775,612	-	-	1,775,612
B Binning	10,000	-	-	10,000
NE Riethmuller	-	-	-	-
JA Clark	71,032	-	-	71,032
	41,980,259	-	(267,095)	41,713,164

No shares or units were received by the above persons as compensation or on the exercise of options or performance rights during the past two years.

At balance date the numbers above for the Directors and other key management personnel represent the number of stapled securities of the Group held.

(c) Loans to key management personnel

No loans were made during the 2011 or 2010 year to key management personnel and no loans were outstanding at the reporting date.

(d) Other transactions with key management personnel

The Group rents an apartment, located at 185 Macquarie Street, Sydney, which is owned by Mr. Paul Weightman, a director of the Company. Total rent paid during 2011 was \$88,400 (2010: \$88,400). The payment of rent is on normal commercial terms and conditions and at market rates.

31. Share Based Payments

(a) Performance Rights Plan

A Performance Rights Plan (PRP) was established in September 2007 by the Company. All full-time and part-time employees who meet minimum service, remuneration and performance requirements, including executive Directors of Cromwell Corporation Limited, are eligible to participate in the PRP at the discretion of the Board. Participation in the PRP by executive Directors is subject to securityholder approval. The PRP is designed to provide long-term incentives for senior managers and executive Directors to continue employment and deliver long-term securityholder returns.

Under the PRP, eligible employees are allocated Performance Rights. Each Performance Right enables the participant to acquire a stapled security in Cromwell Group, at a future date and exercise price, subject to conditions. The number of Performance Rights allocated to each participant is set by the Board or the Remuneration Committee and based on individual circumstances and performance.

The amount of Performance Rights that will vest under the PRP depends on a combination of factors which may include the Group's total securityholder returns (including price growth, dividends and capital returns), internal performance measures and the participant's continued employment. Performance Rights allocated under the PRP generally vest in 3 years. Until Performance Rights have vested, the participant cannot sell or otherwise deal with the Performance Rights except in certain limited circumstances. It is a condition of the PRP that a participant must remain employed by the Group in order for Performance Rights to vest. Any Performance Rights which have not yet vested on a participant leaving employment must be forfeited.

Under AASB 2 "Share based Payment", the rights granted to employees to securities acquired by the plan are treated as options for accounting purposes.

Set out below are summaries of the number of Performance Rights granted and exercised.

Grant Date	Expiry Date	Exercise price	Balance at start of the year	Granted during the year	Lapsed during the year	Exercised during the year	Balance at year end
2011							
18/09/2007	19/01/2011	\$1.21	2,811,434	-	(2,811,434)	-	-
18/09/2007	19/01/2011	\$0.00	8,600	-	-	(8,600)	-
06/12/2007	07/04/2011	\$1.21	1,082,933	-	(1,082,933)	-	-
16/12/2009	15/01/2012	\$0.20	659,600	-	-	-	659,600
08/02/2010	07/03/2012	\$0.00	126,859	-	-	-	126,859
23/08/2010	21/09/2012	\$0.00	-	170,287	-	-	170,287
23/08/2010	21/09/2012	\$0.10	-	123,459	-	-	123,459
23/08/2010	21/09/2013	\$0.00	-	158,283	(56,905)	-	101,378
23/08/2010	21/09/2013	\$0.10	-	47,433	-	-	47,433
23/08/2010	21/09/2013	\$0.20	-	246,337	(54,119)	-	192,218
07/03/2011	01/08/2013	\$0.00	-	97,633	-	-	97,633
26/05/2011	01/10/2013	\$0.50	-	1,913,333	-	-	1,913,333
26/05/2011	01/10/2014	\$0.50	-	1,913,333	-	-	1,913,333
26/05/2011	01/10/2015	\$0.50	-	1,913,334	-	-	1,913,334
			4,689,426	6,583,432	(4,005,391)	(8,600)	7,258,867
Weighted average exercise price			\$1.03	\$0.45	\$1.18	-	\$0.42
2010							
18/09/2007	19/01/2010	\$1.21	289,150	-	(289,150)	-	-
18/09/2007	19/01/2011	\$1.21	2,811,434	-	-	-	2,811,434
18/09/2007	19/01/2011	\$0.00	8,600	-	-	-	8,600
06/12/2007	07/04/2011	\$1.21	1,082,933	-	-	-	1,082,933
16/12/2009	15/01/2012	\$0.20	-	659,600	-	-	659,600
08/02/2010	07/03/2012	\$0.00	-	126,859	-	-	126,859
			4,192,117	786,459	(289,150)	-	4,689,426
Weighted average exercise price			\$1.21	\$0.17	\$1.21	-	\$1.03

At balance date nil Performance Rights (2010: nil) were vested and exercisable. The weighted average remaining contractual life of Performance Rights outstanding at the end of the year was 2.6 years (2010: 0.8 years).

31. Share Based Payments (continued)

(a) Performance Rights Plan (continued)

The assessed fair value of Performance Rights granted is as follows:

Grant Date	Expiry Date	Exercise price	Fair value (cents)	
			Non-market based	Market based
18/09/2007	19/01/2010	\$1.21	14.3¢	9.2¢
18/09/2007	19/01/2011	\$1.21	15.0¢	10.6¢
18/09/2007	19/01/2011	\$0.00	96.9¢	-
06/12/2007	07/04/2011	\$1.21	-	8.9¢
16/12/2009	15/01/2012	\$0.20	41.5¢	-
08/02/2010	07/03/2012	\$0.00	59.1¢	-
23/08/2010	21/09/2012	\$0.00	59.8¢	-
23/08/2010	21/09/2012	\$0.10	50.6¢	-
23/08/2010	21/09/2013	\$0.00	54.2¢	-
23/08/2010	21/09/2013	\$0.10	45.5¢	-
23/08/2010	21/09/2013	\$0.20	37.0¢	-
07/03/2011	01/08/2013	\$0.00	61.5¢	-
26/05/2011	01/10/2013	\$0.50	13.9¢	-
26/05/2011	01/10/2014	\$0.50	12.6¢	-
26/05/2011	01/10/2015	\$0.50	11.5¢	-

Fair Value of Performance Rights Granted

The fair values at grant date for Performance Rights with no market based vesting conditions were determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the security price at grant date and expected price volatility of the underlying security, the expected dividend/distribution yield and the risk-free interest rate for the term of the option. The fair values at grant date for Performance Rights with market based vesting conditions were determined using a Monte Carlo simulation (TSR hurdle) and the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the security price at grant date and expected price volatility of the underlying security, the expected dividend/distribution yield and the risk-free interest rate for the term of the option.

The model inputs for Performance Rights granted during the year ended 30 June 2011 included:

Non-market based vesting conditions									
Exercise price	\$0.00	\$0.10	\$0.00	\$0.10	\$0.20	\$0.00	\$0.50	\$0.50	\$0.50
Grant date	23/08/10	23/08/10	23/08/10	23/08/10	23/08/10	07/03/11	26/05/11	26/05/11	26/05/11
Share price at grant date	\$0.73	\$0.73	\$0.73	\$0.73	\$0.73	\$0.74	\$0.69	\$0.69	\$0.69
Expected price volatility	32%	32%	32%	32%	32%	26%	25%	25%	25%
Expected dividend yield	9.66%	9.66%	9.66%	9.66%	9.66%	9.46%	10.14%	10.14%	10.14%
Risk free interest rate	4.55%	4.55%	4.59%	4.59%	4.59%	5.12%	4.97%	5.09%	5.19%
Expiry date	21/09/12	21/09/12	21/09/13	21/09/13	21/09/13	01/08/13	01/10/13	01/10/14	01/10/15

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

The model inputs for Performance Rights granted during the year ended 30 June 2010 included:

Non-market based vesting conditions		
Exercise price	\$0.20	-
Grant date	16/12/09	08/02/10
Share price at grant date	\$0.74	\$0.735
Expected price volatility	34%	22%
Expected dividend yield	10.81%	10.88%
Risk free interest rate	4.83%	4.79%
Expiry date	15/01/2012	07/03/2012

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

31. Share Based Payments (continued)

(b) Tax Exempt Plan

The Tax Exempt Plan enables eligible employees to acquire up to \$1,000 of stapled securities on-market in a tax effective manner within a 12 month period. Eligibility for the Tax Exempt Plan is approved by the Board having regard to individual circumstances and performance. No Directors or KMP are eligible for the Tax Exempt Plan.

Expenses relating to the plan are recorded in employee benefits expense and all securities are purchased on-market.

(c) Employee Share Ownership Plan

The Employee Share Ownership Plan ("ESOP") was established in 2003 by the Company. No grants were made under the ESOP in the 2011 or 2010 years and it is not intended any further grants will be made by this plan in the future.

Under the ESOP, eligible employees were allocated shares in the Company. The shares were acquired by the eligible employees at the time of allocation, funded by a loan from the Company to the eligible employee. The loan was limited recourse to the shares only and interest was payable on the loan at the rate prescribed by the ATO for fringe benefits tax purposes from time to time. Dividends received on shares allocated to the eligible employee are applied against the outstanding loan balance.

Under AIFRS, the shares held within the ESOP are classified as in-substance options, and accounted for as treasury stock, reducing contributed capital. The Group is required to expense the options over the period from grant date to vesting date. Shares on issue under the ESOP at the time of the Stapling in December 2006 were effectively converted to Stapled Securities, in the same way as other shares issued by the Company.

As a result of the stapling transaction in December 2006 all outstanding options under the ESOP became vested and exercisable. Options not exercised were subject to the same reconstruction as ordinary issued shares. Although vested, any options not exercised at stapling are still subject to the same exercisable timetable as prior to stapling.

Set out below are summaries of options granted and exercised.

Grant Date	Expiry Date	Exercise price	Balance at 1 July	Granted during the year	Exercised during the year	Balance at 30 June
2010						
28/8/2005	30/9/2009	34.8¢	141,875	-	(141,875)	-
			141,875	-	(141,875)	-
Weighted average exercise price (cents)			34.8¢	-	34.8¢	-

No options were granted in 2011 or 2010. The assessed fair value of options granted in 2006 was 10.1 cents.

No options were exercised during 2011 (141,875 options were exercised during 2010). No stapled securities (2010: 141,875 stapled securities) were issued to employees on exercise of the options. The aggregate proceeds received from employees on the exercise of options and recognised as issued capital was \$nil (2010: \$50,000) for the Company and \$nil (2010: \$nil) for the Trust. The fair value of securities issued at the option exercise date in 2010 was \$98,000 (that is the weighted average share price at the date of exercise was \$0.69 per security).

(d) Expenses arising from share based payment transactions

Total expenses arising from share based transactions recognised during the year as part of employee benefits expense were as follows:

	Group		Trust	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Options issued under Performance Rights Plan	333	339	-	-
Expenses arising from share based payments	333	339	-	-

32. Other Related Party Transactions

(a) Parent entity and subsidiaries

Cromwell Corporation Limited is the ultimate parent entity in the Group. Cromwell Diversified Property Trust is the ultimate parent entity in the Trust. Details of subsidiaries for both parent entities are set out in Note 34.

(b) Transactions with jointly controlled entity and associates

Transactions between the Group and its jointly controlled entity and associates also included:

- Loans between the Group and its associates (refer note 8). The Group received interest of \$1,785,335 (2010: \$1,373,153) from Cromwell Property Fund;
- The Group received \$706,000 (2010: \$5,375,000) in distributions from its jointly controlled entity and associate during the year (refer note 14);
- The Group charged Cromwell Property Fund \$868,824 (2010: \$240,328) acquisition, capital raising, finance structuring, registry services and accounting services fees during the year; and
- The Group charged its jointly controlled entity and associates \$221,910 (2010: \$145,249) management fees during the year;
- During the 2011 year the Group and Trust acquired the remaining units in Cromwell TGA Planned Investment from Cromwell Property Fund (refer notes 14 and 37);
- During the 2011 year the Group and Trust acquired the 321 Exhibition Street investment property from Cromwell Property Fund for \$90,200,000. The acquisition was partly funded by way of repayment of \$10,200,000 of the loan receivable from Cromwell Property Fund (refer note 8).

(c) Transactions with managed investment schemes (managed by the consolidated entity)

Cromwell Property Securities Limited ("CPS") is the responsible entity of a number of managed investment schemes. The Group derives a range of benefits from schemes managed by CPS including management and acquisition fees.

(d) Transactions between the Trust and Cromwell Corporation Limited and its subsidiaries (including the Responsible Entity)

	Trust	
	2011	2010
	\$	\$
<i>(i) Amounts paid/payable</i>		
Expense		
• Funds management fees	8,674,483	7,724,054
• Property management fees	3,085,083	2,415,597
• Project management fees	486,986	193,912
• Accounting fees	273,909	251,352
Investment properties		
• Leasing commissions	1,586,745	536,059
Distributions ⁽¹⁾	481,783	424,336
<i>(ii) Amounts received/receivable</i>		
Revenue		
• Interest income	872,163	912,824
• Rental income and recoverable outgoings	5,158,496	5,859,823
Aggregate amount payable to responsible entity and associates at balance date (included in trade and other payables)	1,553,691	113,891
Aggregate amount receivable from the responsible entity and associates at balance date (included in trade and other receivables)	10,789,477	18,759,513

(1) Distributions paid/payable mostly relate to the Responsible Entity's 8% holding in Cromwell Mary Street Planned Investment.

The Responsible Entity holds 1,517,000 (2010: 1,517,000) units in a subsidiary of the Trust, Cromwell Mary Street Planned Investment.

(iii) Loan to Cromwell Corporation Limited

During the year the Trust advanced \$nil (2010: \$9,260,000) to Cromwell Corporation Limited ("CCL") under the loan facility between the Trust and CCL and received repayments of \$8,172,000 (2010: \$7,500,000). The loan is unsecured, repayable on 1 July 2014 and earns interest at variable rates being the 30 day BBSW rate plus a margin of 2.20% (2010: 2%).

33. Parent Entity Disclosures

As at and throughout the financial year ending 30 June 2011 the parent entity of the Group was Cromwell Corporation Limited and the parent entity of the Trust was Cromwell Diversified Property Trust.

(a) Summary financial information

The individual financial statements for the parent entities show the following aggregations.

	Cromwell Corporation Limited		Cromwell Diversified Property Trust	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Results				
Profit/(loss) for the year	(5,961)	(6,990)	59,840	39,326
Total comprehensive income/(loss)	(5,961)	(6,990)	59,840	39,326
Financial position				
Current assets	11,534	16,978	40,015	204,645
Total assets	14,588	20,391	1,303,599	1,207,412
Current liabilities	290	168	44,845	47,884
Total liabilities	10,478	18,529	683,162	684,238
Net Assets	4,110	1,862	620,437	523,174
Total equity				
Contributed equity	57,073	49,197	702,090	599,660
Share based payments reserve	1,588	1,255	-	-
Retained earnings/(accumulated losses)	(54,551)	(48,590)	(81,653)	(76,486)
Total equity	4,110	1,862	620,437	523,174

(b) Commitments for capital expenditure

As at balance date, Cromwell Corporation Limited had no commitments (2010: no commitments) in relation to capital expenditure contracted for but not recognised as liabilities.

As at balance date, Cromwell Diversified Property Trust had commitments of \$54,400,000 (2010: \$24,750,000) in relation to capital expenditure contracted for but not recognised as liabilities.

(c) Guarantees provided

During the years ended 2011 and 2010 neither parent had provided any guarantees to entities it controlled.

(d) Contingent liabilities

Neither parent entity had contingent liabilities at year end (2010: \$nil).

34. Investments in Controlled Entities

The Company's and CDPT's investment in controlled entities are shown below, all of which are domiciled in Australia.

Name	Equity Holding	
	2011 %	2010 %
Cromwell Property Securities Limited	100	100
Cromwell Property Services Pty Ltd	100	100
Marcoola Developments Pty Ltd	100	100
Votrant No. 662 Pty Ltd	100	100
Cromwell Capital Limited	100	100
Cromwell Finance Limited	100	100
Cromwell Operations Pty Ltd	100	100
Cromwell Paclib Nominees Pty Ltd	50	50
Cromwell Funds Management Limited	100	100
Cromwell Altona Trust	100	100

Trust and its controlled entities ⁽¹⁾

Name		
Cromwell CMBS Pty Ltd	100	100
Cromwell Loan Note Pty Ltd	100	100
Cromwell Holding Trust No 1	100	100
Cromwell Holding Trust No 2	100	100
Cromwell Holding Trust No 4	100	100
Terrace Office Park Property Trust/Planned Investment	100	100
Cromwell Mary Street Property Trust/Planned Investment ⁽²⁾	92	92
Cromwell Goulburn Street Property Trust/Planned Investment	100	100
Cromwell Northbourne Planned Investment	100	100
Cromwell Planned Investment #3	-	100
Tuggeranong Head Trust	100	100
Tuggeranong Trust	100	100
Cromwell Phoenix Property Securities Fund	-	83
CDPT Finance Pty Ltd	100	100
EXM Head Trust	100	100
EXM Trust	100	100
Mascot Head Trust	100	100
Mascot Trust	100	100

(1) The Trust and its controlled entities listed above are consolidated as part of the Group as required under accounting standards (refer note 1(b)).

(2) The remaining 8% interest in Cromwell Mary Street Property Trust/Planned investment is held by Cromwell Property Securities Limited.

Cromwell Planned Investment #3

During the year the remaining investment property held by the subsidiary, Scrivener Building, was sold (refer note 12). Following the sale the subsidiary was dissolved and all proceeds paid to the Trust.

Cromwell Phoenix Property Securities Fund

Cromwell Phoenix Property Securities Fund ('the Fund') is an open fund managed by Cromwell Property Securities Limited. As a result of continuing investments into the Fund from external investors throughout the year, the Trust's investment in the Fund fell below 50%. At balance date the Trust held 44% of the issued units of the Fund. Following the Trust's investment falling below 50% the Trust now accounts for its investment in the Fund as an investment at fair value through profit or loss (refer note 13). Cromwell Phoenix Property Securities Fund invests in listed securities and has no borrowings.

35. Segment Information

(a) Description of segments

Reportable Group segments

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

Property Investment

The ownership of properties located throughout Australia.

Funds Management

The establishment and management of external property funds and the Trust.

Property Development

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

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 Trust's properties are leased on a commercial basis incorporating varying lease terms and conditions. These include the lease period, renewal options, periodic rent and, where applicable, indexation based on CPI, fixed and/or market reviews.

(b) Other segment information

(i) Accounting policies

Segment information is prepared in conformity with the accounting policies of the Group as disclosed in note 1 and Accounting Standard AASB 8 *Operating Segments*.

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. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, inventories, investment properties, plant and equipment and other intangible assets, net of related provisions. While most of these assets can be directly attributable to individual segments, the carrying amounts of certain assets used jointly by segments are allocated based on reasonable estimates of usage. Segment liabilities consist primarily of trade and other payables, employee benefits and provisions.

(ii) Inter-segment transactions

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

(iii) Equity-accounted investments

The Group had an investment in an Australian jointly controlled entity (Cromwell TGA Planned Investment) and two Australian associates (Cromwell Property Fund and Phoenix Portfolios Pty Ltd). Cromwell TGA Planned Investment and Cromwell Property Fund are accounted for using the equity method and included in the property investment segment. Phoenix Portfolios Pty Ltd is accounted for using the equity method and included in the funds management segment.

(iv) Major customers

Revenue of approximately \$49,755,000 (2010: \$42,486,000) is derived from a single external customer (Commonwealth of Australia) and is part of the property investment segment.

35. Segment Information (continued)

(c) Operating segments

2011	Property Investment \$'000	Funds Management \$'000	Property Development \$'000	Consolidated \$'000
Segment results				
Segment revenue and other income				
Sales - external customers	138,476	3,964	-	142,440
Sales – intersegmental	709	12,034	-	-
Profit of equity accounted entities (before adjustments)	852	29	-	881
Distributions	255	-	-	255
Interest	4,320	664	-	4,984
Other income	4	12	-	16
Total segment revenue and other income	144,616	16,703	-	148,576
Segment expenses				
Property expenses and outgoings	20,292	-	-	20,292
Property development costs	-	-	819	819
Management and administration costs	957	611	-	1,568
Intersegmental costs	12,034	709	-	-
Funds management commissions	-	141	-	141
Employee benefits expense	-	11,347	-	11,347
Finance costs	45,397	-	-	45,397
Other	-	3,884	-	3,884
Total segment expenses	78,680	16,692	819	83,448
Income tax expense/(benefit)	-	(169)	-	(169)
Segment profit/(loss) ⁽¹⁾	65,936	180	(819)	65,297
Reconciliation to reported profit/(loss)				
Loss on sale of investment properties	(195)	-	-	(195)
Fair value adjustments/write downs:				
• Investment properties	33,659	-	-	33,659
• Interest rate derivatives	(1,920)	-	-	(1,920)
• Investments at fair value through profit and loss	604	-	-	604
• Property development inventories/provision	-	-	(3,695)	(3,695)
• Equity accounted investments	(1,594)	-	-	(1,594)
Other property investment income/(expense):				
• Straight-line lease income	4,883	-	-	4,883
• Lease incentive and lease cost amortisation	(5,773)	-	-	(5,773)
Other expenses:				
• Amortisation of finance costs	(2,042)	-	-	(2,042)
• Employee options expense	-	(333)	-	(333)
• Amortisation and depreciation	-	(542)	-	(542)
• Net tax losses utilised	-	(247)	-	(247)
Total adjustments	27,622	(1,122)	(3,695)	22,805
Profit/(loss)	93,558	(942)	(4,514)	88,102

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

35. Segment Information (continued)

(c) Operating segments (continued)

2011	Property Investment	Funds Management	Property Development	Consolidated
Segment assets and liabilities	\$'000	\$'000	\$'000	\$'000
Total assets	1,521,553	14,860	3,015	1,539,428
Total liabilities	832,364	1,476	428	834,268
Other segment information				
Investments in associates	5,436	56	-	5,492
Acquisitions of non-current segment assets				
Investment properties	365,837	-	-	365,837
Investments at fair value through profit or loss	4,593	-	-	4,593
Property, plant and equipment	-	127	-	127
Intangibles	-	393	-	393
	370,430	520	-	370,950

35. Segment Information (continued)

(c) Operating segments (continued)

2010	Property Investment \$'000	Funds Management \$'000	Property Development \$'000	Consolidated \$'000
Segment results				
Segment revenue and other income				
Sales - external customers	121,180	9,283	-	130,463
Sales – intersegmental	842	10,391	-	-
Profit of equity accounted entities (before adjustments)	6,364	24	-	6,388
Distributions	428	1	-	429
Interest	5,239	1,026	-	6,265
Other income	127	397	-	524
Total segment revenue and other income	134,180	21,122	-	144,069
Segment expenses				
Property expenses and outgoings	18,624	-	-	18,624
Property development costs	-	-	3,487	3,487
Management and administration costs	1,015	-	-	1,015
Intersegmental costs	10,391	842	-	-
Funds management commissions	-	3,274	-	3,274
Employee benefits expense	-	9,390	1,373	10,763
Finance costs	38,668	-	-	38,668
Other	-	3,447	525	3,972
Total segment expenses	68,698	16,953	5,385	79,803
Income tax expense/(benefit)	-	1,249	(1,613)	(364)
Segment profit/(loss) ⁽¹⁾	65,482	2,920	(3,772)	64,630
Reconciliation to reported profit/(loss)				
Loss on sale of investment properties	(554)	-	-	(554)
Gain on sale of available-for-sale financial assets	3,431	-	-	3,431
Fair value adjustments/write downs:				
• Investment properties	(32,146)	-	-	(32,146)
• Interest rate derivatives	(1,283)	-	-	(1,283)
• Investments at fair value through profit and loss	836	-	-	836
• Property development inventories/provision	-	-	(6,331)	(6,331)
• Loan receivable	-	-	1,932	1,932
• Equity accounted investments	(2,643)	-	-	(2,643)
Other property investment income/(expense):				
• Straight-line lease income	852	-	-	852
• Lease incentive and lease cost amortisation	(5,411)	-	-	(5,411)
Other expenses:				
• Amortisation of finance costs	(1,861)	-	-	(1,861)
• Employee options expense	-	(296)	(43)	(339)
• Amortisation and depreciation	-	(482)	(70)	(552)
• Net tax losses utilised	-	(1,508)	-	(1,508)
Total adjustments	(38,779)	(2,286)	(4,512)	(45,577)
Profit/(loss)	26,703	634	(8,284)	19,053

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

35. Segment Information (continued)

(c) Operating segments (continued)

2010	Property Investment	Funds Management	Property Development	Consolidated
Segment assets and liabilities	\$'000	\$'000	\$'000	\$'000
Total assets	1,253,169	24,285	5,374	1,282,828
Total liabilities	701,065	4,862	5,494	711,421
Other segment information				
Investments in jointly controlled entity and associates	56,775	27	-	56,802
Acquisitions of non-current segment assets				
Investment properties	3,542	-	-	3,542
Inventories	-	-	4,925	4,925
Investments at fair value through profit or loss	2,599	-	-	2,599
Property, plant and equipment	-	253	-	253
Intangibles	-	288	-	288
	6,141	541	4,925	11,607

Segment revenue and other income reconciles to total revenue and other income as follows:

	2011 \$'000	2010 \$'000
Total segment revenue and other income	148,576	144,069
Reconciliation to reported revenue and other income		
Straight-line lease income	4,883	852
Lease incentive amortisation	(4,865)	(4,770)
Gain on sale of available-for-sale financial assets	-	3,431
Fair value net gain from investment properties	33,659	-
Fair value net gain from investments at fair value through profit or loss	604	836
Increase in recoverable amount of loans receivable	-	1,932
Share of operating profit of equity accounted entities	(881)	(2,506)
Total revenue and other income	181,976	143,844

36. Commitments for Expenditure

	Group		Trust	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000

(a) Operating leases

Commitments for minimum lease payments in relation to non-cancellable operating leases in existence at the reporting date but not recognised as liabilities are payable as follows:

Within one year	51	59	-	-
Later than one year but not later than five years	101	143	-	-
	152	202	-	-

Operating leases primarily comprised the lease of the Group's premises. The Company has entered into a number of leases with the Trust and its subsidiaries and as such the commitment is no longer recognised on consolidation following stapling. Operating lease commitments of the Company are paid for and recognised as expenses by a controlled entity.

(b) Capital expenditure commitments

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

	Group		Trust	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Within one year	31,800	24,750	31,800	24,750
Later than one year but not later than five years	22,600	-	22,600	-
	54,400	24,750	54,400	24,750

37. Business Combinations

(a) Acquisition of Cromwell TGA Planned Investment

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 14).

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 12) and additional borrowings of \$12,973,000 secured against the TGA Complex (refer note 19). Prior to the acquisition, TGA was a jointly controlled entity (refer note 14).

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.

(b) Acquisition of Cromwell Altona Trust

On 18 March 2010 the Group acquired 100% ownership of the Cromwell Altona Trust ("CAT"), an unlisted trust domiciled in Australia. The primary asset of the trust is land located at Maidstone Street, Altona, VIC. The trust was acquired from Cromwell Property Fund ("CPF"), an associate of the Group.

The consideration transferred was \$245,000 reflecting the fair value of the net assets of CAT at acquisition date. As a result of the acquisition, the Group seeks to benefit from holding the land with the prospect of development and value enhancement and subsequent sale in the foreseeable future.

37. Business Combinations (continued)

(b) Acquisition of Cromwell Altona Trust (continued)

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

	Group \$'000
Purchase consideration:	
Cash paid	245
Total purchase consideration	245
Assets and liabilities acquired:	
Cash	19
Prepayments	129
Inventory (land held for development and resale) – refer note 10	4,800
Trade payables	(225)
Loan payable to the Group – refer note 8(a)	(4,478)
Net assets acquired	245

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	19
Cash paid	(245)
Payments for controlled entity, net of cash acquired	226

Prior to the acquisition, CAT leased the land to the Group under a development agreement whereby the Group could develop the land on the basis CPF would fully recover its costs – see note 21. Under the development agreement the Group leased the property from CPF at a cost of \$800,000 per annum and paid all property outgoings. On acquisition of CAT the lease was terminated. CAT contributed revenue and other income of \$1,000 and a loss of \$48,000 to the Group for the period from 18 March 2010 to 30 June 2010. Had the acquisition occurred at the beginning of the reporting period, the consolidated statement of comprehensive income would have shown a reduction in property development costs of \$626,000 and a corresponding increase in profit.

Included in the net assets acquired was land located at Maidstone Street, Altona, Vic. The fair value of the land of \$4,800,000 was based on an independent valuation performed in November 2009. The Group expects to either develop or sell the land in the future. The land is accounted for by the Group as inventory (refer note 10).

38. Contingent Liabilities

The Directors are not aware of any material contingent liabilities of the Group or the Trust (2010: nil).

39. Auditor's Remuneration

	Group		Trust	
	2011	2010	2011	2010
	\$	\$	\$	\$
During the year the following fees were paid or payable for services provided by the auditor of the Group (Johnston Rorke) and its related entities:				
Audit Services				
<i>Johnston Rorke</i>				
Auditing or reviewing financial reports	248,500	254,000	159,000	161,000
Auditing of controlled entities' AFS licences	4,500	7,000	-	-
Auditing of controlled entities' compliance plans	32,500	32,500	32,000	30,000
	285,500	293,500	191,000	191,000
Other Services				
<i>Johnston Rorke</i>				
Tax compliance services	-	-	-	-
Other – review of pro forma balance sheets and forecasts	76,000	-	-	-
	76,000	-	-	-

40. Subsequent Events

No matter or circumstance has arisen since 30 June 2011 that has significantly affected or may significantly affect the Group's or Trust's operations in future financial years or the results of those operations in future financial years or the Group's or Trust's state of affairs in future financial years.

**CROMWELL PROPERTY GROUP
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"):

- (a) the attached financial statements and notes are in accordance with the Corporations Act 2001, including:
 - (i) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Corporations Regulations 2001*; and
 - (ii) giving a true and fair view of the Group's and the Trust' financial position as at 30 June 2011 and of their performance, for the financial year ended on that date; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note (1)(a); and
- (c) there are reasonable grounds to believe that the Group and the Trust will be able to pay its debts as and when they become due and payable; and

The Directors have been given the declarations by the chief executive officer and chief financial officer for the financial year ended 30 June 2011 required by section 295A of the *Corporations Act 2001*.

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



P.L. Weightman
Director

Dated this 18th day of August 2011

**Independent Auditor's Report
To the Security holders of Cromwell Property Group
To the Unit holders of Cromwell Diversified Property Trust**

Report on the Financial Report

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

We have audited the accompanying financial reports of the Group and the Trust, which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for both Cromwell Corporation Limited and Cromwell Property Securities Limited as responsible entity for the Cromwell Diversified Property Trust.

Directors' Responsibility for the Financial 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") are responsible for the preparation of the financial reports that give 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 financial reports that is free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Opinion

In our opinion:

- (a) the financial reports of the Group and the Trust are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's and Trust's financial position as at 30 June 2011 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the consolidated financial reports also comply with *International Financial Reporting Standards* as disclosed in Note 1(a).

Report on the Remuneration Report

We have audited the Remuneration Report included in part 11 of the directors' report for the year ended 30 June 2011. The directors of Cromwell Corporation Limited are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Cromwell Corporation Limited for the year ended 30 June 2011 complies with Section 300A of the *Corporations Act 2001*.

JOHNSTON RORKE
Chartered Accountants



RCN WALKER
Partner
Brisbane, Queensland
18 August 2011