Abacus Hospitality Fund

DISCLOSURE OF INFORMATION

The Australian Securities and Investments Commission has developed eight specific disclosure principles on unlisted property trusts to assist retail investors to compare risks across schemes.

The following information on the Abacus Hospitality Fund (the **Fund**) is based on the offer document dated 27 March 2008 (closed on 26 April 2009) and the 30 June 2011 full year financial report. These are available through the Fund page on the Abacus Property Group website at www.abacusproperty.com.au.

1. Gearing ratio

The gearing ratio indicates the extent to which a scheme's assets are funded by interest bearing liabilities.

Gearing enhances the potential for capital gain if the Fund's properties increase in value. However, it may also increase any capital loss in the event that the value of the properties fall compared to an investment which has no borrowings. A higher gearing ratio implies a greater level of risk.

	ACTUAL AS AT 30 JUNE 2011	PRO FORMA AS AT 30 JUNE 2011
Gearing ratio	0.94	0.40

The actual gearing ratio at 30 June 2011 includes the bank debt borrowed by the Fund, a loan from Abacus Finance (AFPL Loan) and the Abacus Working Capital Facility (the Facility). The Facility is bridging finance provided by Abacus Property Group to the Fund. The pro forma gearing ratio assumes that the equity is fully subscribed and the Facility is repaid. The Facility had an outstanding balance of $87.5m as at 30 June 2011.

The pro forma calculation is more relevant to investors because the Facility has the same priority of repayment as equity, there are no loan to value or other covenants and there are only limited circumstances when the loan must be repaid - for example, if Abacus Funds Management Limited ceases to be the responsible entity of Abacus Hospitality Trust.

2. Interest cover

Interest cover measures the ability of the scheme to service interest on debt from earnings. An interest cover of 1 indicates the scheme's cash earnings just cover its interest obligations. A lower interest cover implies more risk.

	ACTUAL AS AT 30 JUNE 2011	PRO FORMA AS AT 30 JUNE 2011
Interest cover	2.22	2.51

The actual interest cover at 30 June 2011 includes the benefit of $11m of debt forgiveness accounted during the year. The difference between the actual interest cover as at 30 June 2011 and the pro forma interest cover is the assumption in the pro forma that the Facility is fully replaced by securityholder equity and that the income from debt forgiveness is excluded.

The pro forma calculation is more relevant to investors because the Facility may be repaid only from proceeds of security subscriptions by investors[1] and the interest rate charged on the Facility is the same as the distributions on issued securities. If necessary, Abacus may defer the payment of interest on the Facility to support the forecast cash distribution. Further, the Fund's bank does not include the interest on the Facility in the calculation of Interest Cover for lending purposes.

[1] There is no open offer document so subscriptions are not currently anticipated

3. Scheme borrowing

Borrowing maturity and credit facility expiry profiles indicate when a scheme will have to renew borrowing or credit facilities.

The Fund's facilities include bank loans of $78.3m, AFPL loan of $10m and the Abacus Working Capital Facility of $150m, the expiry profile of which is as follows:

AS AT 30 JUNE 2011	TOTAL FACILITY LIMIT	AMOUNT DRAWN	AMOUNT UNDRAWN
Due within one year	-	-	-
Due within two years	-	-	-
Due within three years	$88,261,000	$76,072,000	$12,189,000
Due within four years	-	-	-
Due within five years	$150,000,000	$87,478,000	$62,522,000
Due after five years	-	-	-

A lender has no obligation to roll over a loan at the end of the loan term. There is no guarantee that future loan funds will be secured, or be secured at competitive interest rates at the time that the Fund's debt facilities are to be refinanced.

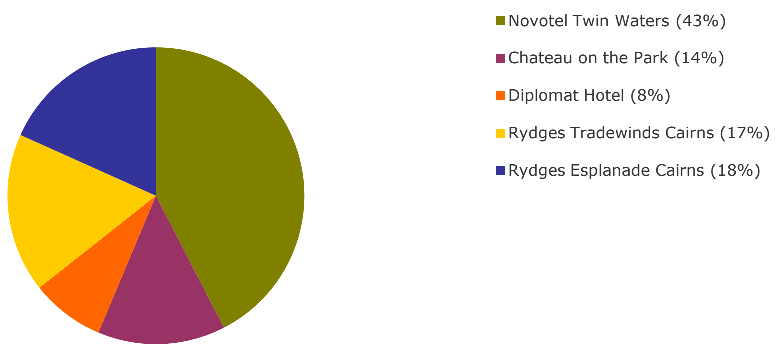
At 30 June 2011, 67.9% of the Fund's total bank debt facilities were covered by interest rate swap arrangements at an average effective fixed interest rate (including bank margin) of 8.21%. The average term to maturity of the bank debt is 3 years and the average term to maturity of the swaps is 5.6 years.

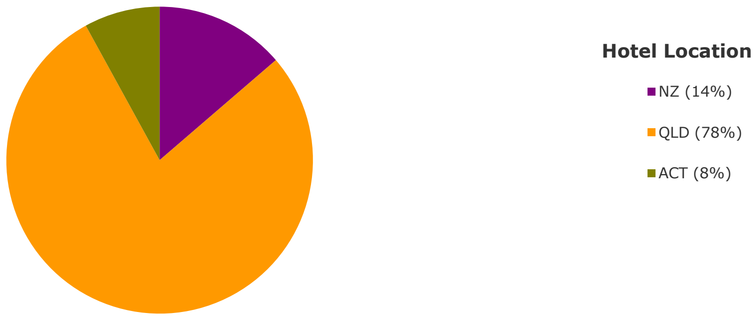
If the Fund were to be wound up, amounts owing to external lenders and other creditors of a scheme rank before an investor's interest in the scheme, while any amount owing on the Facility would rank proportionately with securityholders on any return of capital. The Facility is to be repaid by March 2016.

4. Portfolio diversification

The Fund's investment strategy is to hold hotel properties in Australia and New Zealand as described on page 8 of the offer document dated 27 March 2008. The Fund does not invest in any unlisted property schemes.

As at 30 June 2011, the Fund owned five hotel properties recorded in the accounts at $156m.





The Fund operates four of the properties, with day-to-day management undertaken at three of them by specialist hotel operating companies. Chateau on the Park is managed internally. The Diplomat Hotel in Canberra is leased to Bonsor Holding Pty Limited and constituted approximately 10% of the portfolio EBITDA in the 2011 financial year.

5. Valuation policy

All properties owned by the Fund are to be valued (whether by internal or external valuation) at least once every 12 months. The Fund obtains independent valuations of each property at least every 24 months, staggered over that period with the aim of valuing approximately a quarter of the property portfolio every 6 months. An internal valuation must be completed for each property 12 months after the external valuation.

All external property valuations must:

- Be undertaken by a valuer licensed under the law of the state or territory in which the property is located to practise as a valuer who has at least five years of continuous experience in valuation and who has no pecuniary interest that could conflict with their valuation.
- Follow the principles set out in the guidelines established by The Australian Property Institute and when appropriate include a discounted cashflow analysis for income producing properties. All relevant methodologies and analysis of comparable sales should be included.
- If the relevant valuation is not required to satisfy the requirements of any of Abacus' financiers (in which case the valuer must be acceptable to the financier) the valuer must be a member of The Australian Property Institute.

This valuation policy does not limit the requirements of the Fund's financiers for valuations. Where external valuations are required more frequently by the Fund's financiers additional valuations are not required by this valuation policy.

Details of the valuations of the Fund's properties are set out in the table below.

PROPERTY	INDEPENDENT VALUATION AUD$	DATE OF VALUATION	CAPITALISATION RATE
Novotel Twin Waters Resort Sunshine Coast, QLD	$66.0 million	December 2010	8.75%
Rydges Tradewinds Cairns, QLD	$27.0 million	December 2010	9.16%
Rydges Esplanade Cairns, QLD	$28.4 million	June 2011	9.48%
Diplomat Hotel, Canberra ACT	$12.5 million	December 2010	9.50%
Chateau on the Park, Christchurch NZ	NZ$28 million	December 2010	8.32%

6. Related party transactions

Abacus Property Group's policy on related party transactions is that transactions are required to be on arm’s length terms as envisaged by the Corporations Act or the financial benefit must be approved by securityholders.

Appropriate disclosure to securityholders is an essential element of Abacus Property Group’s arrangements to manage conflicts of interest. This disclosure may be made through the scheme's offer document, annual report and/or the explanatory memorandum of any meeting of securityholders held to approve related party transactions. The Abacus Property Group compliance framework requires appropriate review at least annually of all controls applying to a fund.

The Fund’s working capital facility is a loan provided by Abacus Finance Pty Limited. The terms of the loan are set out in Section 10.1.2 of the offer document dated 27 March 2008.

The Fund pays management and other fees to Abacus Funds Management Limited. Details of all fees are set out in Section 8 of the offer document dated 27 March 2008 and note 19 of the June 2011 financial statements.

7. Distribution practices

The Fund pays quarterly distributions to securityholders. Distributions for the period ending 30 June 2011 were 6.25 cents per security per annum.

The source of current and forecast distributions is realised income comprising operating income from the hotel properties owned and operated by the Fund and rental income from the Diplomat Hotel and income support from Abacus by way of deferral of interest on the Abacus Working Capital Facility.

8. Withdrawal arrangements

The Fund offers a limited liquidity facility pursuant to which Abacus or its nominee will acquire up to $500,000 of securities from securityholders each quarter. The liquidity facility price is 95% of the offer price of Fund securities under the offer document current at the time. If there is no current offer document, the liquidity facility price will be set by Abacus and will be no less than 95% of the net asset value of the Fund securities.

Abacus has suspended the liquidity facility as the number of securities acquired results in Abacus having voting power of more than 19.999% in the Fund.

Full details of the liquidity facility are set out in Section 10.3 of the offer document dated 27 March 2008.

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4 November 2011

Prepared by Abacus Funds Management Limited ACN 007 415 590 AFSL 227819

Abacus intends to update these disclosures on a six-monthly basis through the Fund page on the Abacus Property Group website.

Investors are entitled to a hard copy of this information on request. Please call 1800 253 860 or email enquiries@abacusproperty.com.au.