

Abacus Wodonga Land Fund Abacus Wodonga Mortgage Fund

DISCLOSURE OF INFORMATION

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

Under a product disclosure statement dated 29 June 2005, investors subscribed \$10 million to the Abacus Wodonga Land Fund (**AWLF**) and \$10 million to the Abacus Wodonga Mortgage Fund (**AWMF**). For every \$1.00 subscribed, investors received one 50 cent unit in each fund. Hence, the AWLF and AWMF have exactly the same investors. On 30 June 2010 the units in AWMF were redeemed and investors were issued with additional units in AWLF. At 30 June 2010 the AWMF had no assets and no liabilities.

The following information on the funds is based on the 30 June 2010 annual financial report which are available through the Wodonga page on the Abacus website at www.abacusproperty.com.au.

ABACUS WODONGA LAND FUND

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 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 risk.

	ACTUAL AS AT 30 JUNE 2010
Gearing ratio	0.75

The actual gearing ratio at 30 June 2010 includes bank debt and borrowings provided by Abacus Finance Pty Limited

2. Interest cover

Interest cover measures the ability of the scheme to service interest on debt from earnings. Interest cover is not an appropriate measure for most development projects, and as such there is no interest cover covenant in AWLF's banking facilities. Interest on borrowings is being capitalised - that is, it is being added to total borrowings.

3. Scheme borrowing

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

The AWLF's facilities include a bank facility of \$11,439,000 and the Abacus Finance facility of \$30,000,000.

AT 30 JUNE 2010	TOTAL FACILITY LIMIT	AMOUNT DRAWN	AMOUNT UNDRAWN
Due within one year	-	-	-
Due within two years	\$11,439,000	\$11,439,000	-
Due within three years	-	-	-
Due within four years	-	-	-
Due within five years	\$30,000,000	\$32,480,000	-
Due after five years	-	-	-

The bank loan was originally repayable in June 2010 but the repayment date was extended by the bank to 31 July 2011. The bank loan facility had a maximum limit of \$32 million when the facility was first taken out and has been re-paid to its current drawn balance from the proceeds of sale of land. The AWLF is unable to re-draw under the bank facility other than for interest capitalisation. 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 AWLF's debt facilities are to be refinanced. On 28 July 2010 the AWLF extended the terms of its bank facility to a drawn balance of \$17,938,000 with an expiry on 30 June 2012.

At 30 June 2010 the bank loan had a loan covenant test which required AWLF to settle at least 18 land sales each quarter.

The AWLF has entered into a ten year extendable interest rate swap for \$20,000,000 at an effective interest rate (including bank margin) of 9.55% per annum for the year ended 30 June 2010.

The Abacus Finance Facility was drawn to \$32,480,000 at 30 June 2010. In December 2009 the repayment date of this loan was extended to May 2015. It has a fixed rate of interest of 10% pa. Abacus agreed a temporary drawn balance in excess of the facility limit while the bank loan was refinanced. On 28 July 2010 \$6.6 million of proceeds from the bank refinance were used to reduce the balance of the Abacus Finance Facility loan to below the \$30 million limit.

The AWMF loan to AWLF was repaid on 30 June 2010 as part of the restructure of the two funds.

4. Portfolio diversification

The AWLF originally owned 173 hectares of land 3 kilometres from the centre of Wodonga in Victoria. Since August 2008 land has been sold for commercial use, residential housing and public open space. The project, known as White Box Rise, is a mixed use development comprising over 1,100 residential lots, school, aquatic centre, retirement village and shopping complex. While the AWLF owns a single property, the land value is spread across a number of possible uses. At 30 June 2010 154 residential lots had been settled with 54 lots were developed and available for sale. Subsequent lots will be developed in line with demand.

The AWLF does not invest in unlisted property securities.

5. Valuation policy

The property is valued at the lower of cost (including acquisition costs, such as stamp duty, GST, legal and professional fees, and development costs, including capitalised finance costs) and net realisable value in accordance with accounting standards. At 30 June 2010 the carrying value of the property was \$54.8 million.

6. Related party transactions

Abacus's policy on related party transactions is that transactions are required to be at arm's length or the financial benefit must be approved by securityholders.

Appropriate disclosure to unitholders is an essential element of Abacus'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 unitholders held to approve related party transactions. The Abacus compliance framework requires appropriate review of all controls applying to a fund at least annually.

The AWLF has loan facilities provided by Abacus Finance Pty Limited and, prior to 30 June 2010, AWMF. The terms of these loans were amended in December 2009 through an investor update, a copy of which is available from the Wodonga page on the Abacus website.

The AWLF pays management and other fees to Abacus Funds Management Limited. Details of all fees are set out in Section 8 of the PDS dated 29 June 2005.

7. Distribution practices

As a development project, the AWLF's income is from the sale of property. Proceeds due to AWLF from the sale of property are being applied to the repayment of debt. No distributions have been paid and none are currently forecast until borrowings have been reduced.

8. Withdrawal arrangements

The Fund does not have any withdrawal arrangements.

ABACUS WODONGA MORTGAGE FUND

The AWMF is a 'contributory mortgage scheme' as defined by ASIC Regulatory Guide 45.

1. Liquidity

This benchmark does not apply to the AWMF because it is a contributory mortgage scheme.

2. Scheme borrowing

The AWMF has no borrowings.

3. Fund portfolio

The AWMF had one loan valued at \$10 million. The loan was to the AWLF and was secured by a third mortgage over the development property at Wodonga in northern Victoria. The interest rate was 12% pa until 31 December 2009, paid six-monthly. From 1 January 2010 interest on this loan was suspended. The loan expiry date was 31 May 2015. On 30 June 2010 the loan was repaid through a restructure of the AWLF and AWMF.

4. Related party transactions

Abacus's policy on related party transactions is that transactions are required to be at arm's length or the financial benefit must be approved by unitholders.

Appropriate disclosure to unitholders is an essential element of Abacus's arrangements to manage conflicts of interest. This disclosure may be made through the scheme's product disclosure statement, annual report and/or the explanatory memorandum of any meeting of unitholders held to approve related party transactions.

The AWMF loaned the AWLF \$10 million under the terms and conditions set out in the PDS dated 29 June 2005 as amended by the investor update in December 2009. The unitholders of both funds are identical.

All expenses of the AWMF are paid by the AWLF.

On 30 June 2010 the units in AWMF were redeemed and investors were issued with additional units in AWLF. Each 50c unit in the AWMF was exchanged for 1.85 units in the AWLF valued at that time at 27c each. The loan from AWMF to AWLF was repaid so that at 30 June 2010 the AWMF had no assets and no liabilities.

5. Valuation policy

The recoverability of the loan to AWLF is assessed half yearly by the Fund's Board and its auditors, and to date no impairment has been necessary. At 30 June 2010 the loan was repaid in full.

6. Lending principles – loan to valuation ratios

As above.

7. Distribution practices

The AWMF paid six-monthly distributions to unitholders of 3 cents per six months until 31 December 2009. From 1 January 2010 distributions were suspended.

8. Withdrawal arrangements

The AWMF has no withdrawal arrangements. However, the loan must be repaid by 31 May 2015. At 30 June 2010 the units in the AWMF were redeemed.

10 November 2010

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 Wodonga page on the Abacus website.

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