

Appendix 4D

Abacus Property Group

(comprising Abacus Group Holdings Limited and its controlled entities, Abacus Trust and its controlled entities, Abacus Income Trust and its controlled entities and Abacus Group Projects Limited and its controlled entities)

The Appendix 4D should be read in conjunction with the interim financial report and the most recent annual financial report.

ABN: 31 080 604 619

Interim Financial Report

For the half year ended 31 December 2009

Results for announcement to the market

(corresponding period half year ended 31 December 2008)

| | Six months to 31 December 2009 | Six months to 31 December 2008 | % change |
|---|-----------------------------------|-----------------------------------|----------|
| Total income | \$60.41 m | \$70.10 m | (14) |
| Underlying profit ⁽¹⁾ | \$30.80 m | \$35.14 m | (12) |
| Pre-tax profit / (loss) | \$21.26 m | \$(54.92) m | 139 |
| Net profit / (loss) attributable to securityholders | \$21.35 m | \$(51.69) m | 141 |
| Basic earnings per stapled security | 1.39 cps | (7.80) cps | 118 |
| Basic underlying earnings per stapled security | 2.01 cps | 5.31 cps | (62) |

- (1) The underlying profit reflects the statutory profit / (loss) as adjusted in order to present a figure which reflects the Directors' assessment of the result for the ongoing business activities of the Group, in accordance with the AICD / Finsia principles for reporting underlying profit. Adjustments have been adjusted for the fair value of investments held at balance date, fair value of derivatives, impairment of the loans as part of the ADIFI restructuring.

Distributions

| | |
|--|----------------------|
| Interim distribution | 1.50 cents |
| This distribution was declared on 4 January 2010 and is being paid on 23 February 2010 | per stapled security |
| Record date for determining entitlement to the distributions | 14 January 2010 |

| | 31 December 2009 | 30 June 2009 |
|----------------------------------|------------------|--------------|
| Net tangible assets per security | \$0.60 | \$0.62 |

Refer to the attached announcement for a detailed discussion of the performance of the Abacus Property Group's results and the above figures for the half year ended 31 December 2009.

| Details of individual and total distribution payments | Amt per stapled security | Total |
|--|--------------------------|----------|
| Final June 2009 distribution paid 7 August 2009 | 0.75 cents | \$11.3 m |
| The distributions were paid in full by Abacus Trust and Abacus Income Trust which do not pay tax, hence there were no franking credits attached. | | |

Details of entities over which control has been gained during the period:

- a. November 2009 – Main St Pakenham Unit Trust
- b. November 2009 – Bay Street Brighton Trust

| Details of associates and joint venture entities | | | | |
|--|--------------------|------------------|----------------------------|------------------|
| | Ownership Interest | | Share of net profit/(loss) | |
| | 31 December 2009 | 31 December 2008 | 31 December 2009 | 31 December 2008 |
| | % | % | \$'000 | \$'000 |
| Abacus Aspley Village Trust | 33 | - | 690 | - |
| Abacus Colemans Road Trust | 50 | - | (74) | - |
| Abacus Diversified Income Fund II | - | 11 | - | (13,619) |
| Abacus Hospitality Fund | - | 9 | - | (2,267) |
| Abacus Miller Street Trust | 30 | 30 | 261 | (1,244) |
| Abacus Storage Fund | 15 | 8 | 88 | 2,037 |
| Abacus Wodonga Land Fund | 15 | - | 393 | - |
| Abacus Wodonga Mortgage Fund | 15 | - | - | - |
| Fordtrans Pty Ltd | 50 | 50 | 2,004 | 7,028 |
| Pakenham Valley Unit Trust | 50 | 50 | 403 | 2,416 |
| Stanright Limited | 40 | 40 | - | 3,903 |
| Other investments | 50 | 50 | 505 | (2,945) |
| | | | 4,270 | (2,139) |
| The above equity accounted net profits and losses are predominantly due to fair value movements in the respective entities in which the Group has co-invested. | | | | |

Distribution Reinvestment Plan (DRP)

The Abacus Property Group DRP allows securityholders to reinvest their distributions into APG securities at a discount to the market price. Information on the terms of the DRP is available from our website www.abacusproperty.com.au.

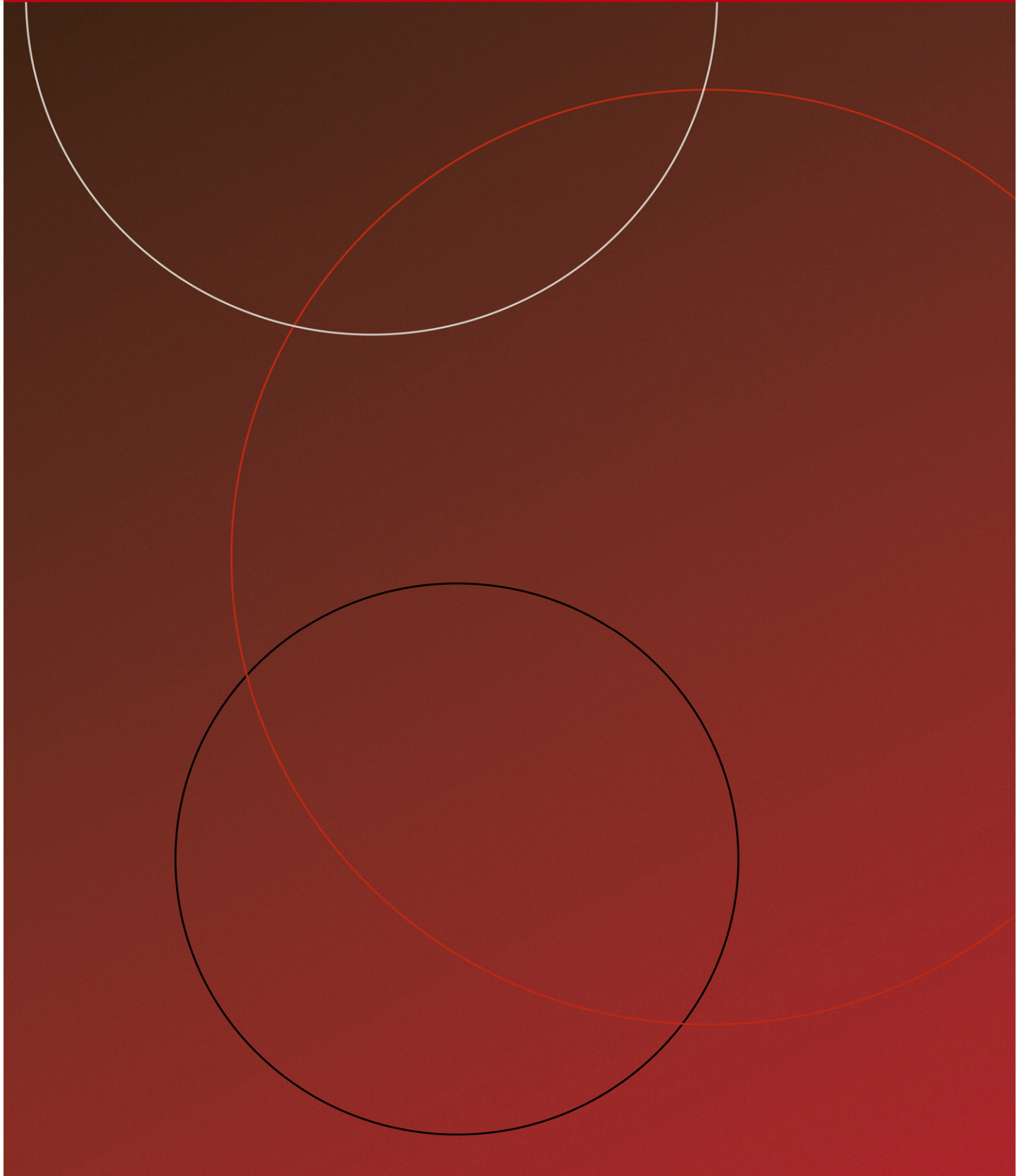
Securityholders wishing to participate in the DRP may lodge their election notice at any time. The record date for determining entitlements to each distribution is also the record date for participation in the DRP for that distribution.

Abacus Property Group
ABN 31 080 604 619



Financial Report

For the half-year ended 31 December 2009



HALF-YEAR FINANCIAL REPORT**31 DECEMBER 2009****Directory****Responsible Entity:**

Abacus Funds Management Limited
ABN 66 007 415 590
Level 34, Australia Square
264-278 George Street
SYDNEY NSW 2000
Tel: (02) 9253 8600
Fax: (02) 9253 8616
Website: www.abacusproperty.com.au

Directors of Responsible Entity:

John Thame, Chairman
Frank Wolf, Managing Director
William Bartlett
David Bastian
Dennis Bluth
Malcolm Irving
Len Lloyd

Custodian:

Perpetual Trustee Company Limited
Level 12 Angel Place
123 Pitt Street
SYDNEY NSW 2000

Auditor:

Ernst & Young
Ernst & Young Centre
680 George Street
SYDNEY NSW 2000

Compliance Plan Auditor:

Ernst & Young
Ernst & Young Centre
680 George Street
SYDNEY NSW 2000

Directors of Abacus Group Holdings Limited:

John Thame, Chairman
Frank Wolf, Managing Director
William Bartlett
David Bastian
Dennis Bluth
Malcolm Irving
Len Lloyd

Share Registry:

Registries Limited
Level 7, 207 Kent St
SYDNEY NSW 2000
Tel: (02) 9290 9600
Fax: (02) 9279 0664

Company Secretary:

Ellis Varejes

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It is recommended that this Half-Year Financial Report should be read in conjunction with the Half-Year Financial Report of Abacus Trust, Abacus Group Projects Limited and Abacus Income Trust as at 31 December 2009 and Abacus Property Group's 30 June 2009 Annual Financial Report. It is also recommended that the report be considered together with any public announcements made by the Abacus Property Group in accordance with its continuous disclosure obligations arising under the Corporations Act 2001.

DIRECTORS' REPORT**31 December 2009**

The Directors present their report together with the consolidated financial reports of Abacus Group Holdings Limited and the auditor's report thereon.

Abacus Group Holdings Limited has been identified as the parent entity of the group referred to as the Abacus Property Group ("APG" or the "Group"). The consolidated financial reports of the Group for the half-year ended 31 December 2009 comprises the consolidated financial reports of Abacus Group Holdings Limited ("AGHL") and its controlled entities, Abacus Trust ("AT") and its controlled entities, Abacus Group Projects Limited ("AGPL") and its controlled entities and Abacus Income Trust ("AIT") and its controlled entities.

DIRECTORS

The Directors of AGHL in office during the half-year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

| | |
|------------------|--------------------------|
| John Thame | Chairman (Non-executive) |
| Frank Wolf | Managing Director |
| William Bartlett | Non-executive Director |
| David Bastian | Non-executive Director |
| Dennis Bluth | Non-executive Director |
| Malcolm Irving | Non-executive Director |
| Len Lloyd | Executive Director |

PRINCIPAL ACTIVITIES

The Group operates predominantly in Australia and its principal activities during the course of the half-year ended 31 December 2009 included:

- principal investment in commercial, retail and industrial properties;
- property funds management;
- property finance; and
- participation in property joint ventures and developments.

REVIEW AND RESULTS OF OPERATIONS

The Group earned a net profit attributable to members of \$21.3 million for the half-year ended 31 December 2009 (December 2008: \$51.7 million loss). This profit has been calculated in accordance with Australian Accounting Standards and includes certain significant items that need adjustment to enable securityholders to obtain an understanding of the Group's underlying profit of \$30.8 million (December 2008: \$35.1 million).

The underlying profit reflects the statutory profit / loss as adjusted in order to present a figure which reflects the Directors' assessment of the result for the ongoing business activities of the Group, in accordance with the AICD / Finsia principles for reporting Underlying Profit.

DIRECTORS' REPORT

31 December 2009

REVIEW AND RESULTS OF OPERATIONS (continued)

| | 31 Dec 2009 | 31 Dec 2008 |
|---|--------------------|--------------------|
| | \$'000 | \$'000 |
| Statutory net profit / (loss) attributable to securityholders | 21,346 | (51,688) |
| Certain significant items: | | |
| Net loss in fair value of investments held at balance date | 10,884 | 14,756 |
| Net (gain) / loss in fair value of derivatives | (6,175) | 72,075 |
| Net gain in fair value of investment properties and derivatives included in equity accounted profits from associates and joint ventures | (158) | - |
| Debt forgiveness of loan as part of the restructuring of ADIFII | 4,900 | - |
| Underlying profit | 30,797 | 35,143 |
| Basic underlying earnings per stapled security (cents) | 2.01 cps | 5.31 cps |

As at 31 December 2009, the Group had a \$782.6 million interest in 60 properties.

In December 2009, The Group raised \$91.4 million in a placement to institutional securityholders.

DISTRIBUTIONS

An interim distribution of 1.5 cents per stapled security was declared on 4 January 2010 which will be paid on 23 February 2010. Distributions are paid on a semi-annual basis.

SIGNIFICANT EVENTS AFTER BALANCE DATE

On 5 February 2010 the Group offered a security purchase plan to its securityholders. Eligible securityholders can apply to purchase securities in the Group up to a value of \$15,000. The issue price is the lesser of \$0.40 per security and a 2.5% discount to the 5-day volume weighted average price of the Group's securities traded on the Australian Stock Exchange over the period ending on 26 February 2010.

ROUNDING

The amounts contained in this report and in the annual financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the group under ASIC Class Order 98/100. The group is an entity to which the Class Order applies.

AUDITOR'S INDEPENDENCE DECLARATION

We have obtained an independence declaration from our auditor, Ernst & Young, and such declaration is set out on page 4.

Signed in accordance with a resolution of the directors.
Abacus Group Holdings Limited (ABN 31 080 604 619)



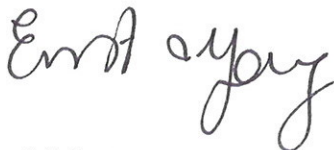
John Thame
Chairman
Sydney, 17 February 2010



Frank Wolf
Managing Director

Auditor's Independence Declaration to the Directors of Abacus Group Holdings Limited

In relation to our review of the financial report of Abacus Group Holdings Limited for the half-year ended 31 December 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive script.

Ernst & Young

A handwritten signature in black ink that reads 'K. Zdrilic' in a cursive script.

K. Zdrilic
Partner
17 February 2010

ABACUS PROPERTY GROUP

CONSOLIDATED INCOME STATEMENT

HALF-YEAR ENDED 31 DECEMBER 2009

| | | 31 Dec 2009 | 31 Dec 2008 |
|--|-------|----------------|-----------------|
| | Notes | \$'000 | \$'000 |
| REVENUE | | | |
| Rental income | | 35,464 | 44,633 |
| Finance income | 4(a) | 11,554 | 6,467 |
| Funds management income | 4(b) | 6,560 | 17,944 |
| Share of (losses) / profit from equity accounted investments | 9(b) | 4,270 | (2,139) |
| Net change in fair value of investments derecognised during the period | 4(c) | 1,800 | 2,120 |
| Income from distributions | | 761 | 1,072 |
| Total Revenue and Other Income | | 60,409 | 70,097 |
| Property expenses & outgoings | | (5,933) | (5,810) |
| Depreciation and amortisation expense | | (1,081) | (1,168) |
| Net change in fair value of derivatives | | 6,175 | (72,075) |
| Net change in fair value of investments held at balance date | | (10,884) | (14,756) |
| Finance costs | 5 | (16,399) | (25,185) |
| Administrative and other expenses | | (11,024) | (6,029) |
| PROFIT / (LOSS) BEFORE TAX | | 21,263 | (54,926) |
| Income tax benefit / (expense) | | 196 | 2,894 |
| NET PROFIT / (LOSS) AFTER TAX | | 21,459 | (52,032) |
| less: net (profit) / loss attributable to non-controlling interests | | | |
| AT members | | (21,126) | 62,305 |
| AGPL members | | 1,587 | 3,778 |
| AIT members | | (5,593) | (3,681) |
| External | | (113) | 344 |
| NET PROFIT / (LOSS) ATTRIBUTABLE TO MEMBERS OF AGHL | | (3,786) | 10,714 |
| Net profit / (loss) attributable to members of the Group analysed by amounts attributable to: | | | |
| AGHL members | | (3,786) | 10,714 |
| AT members | | 21,126 | (62,305) |
| AGPL members | | (1,587) | (3,778) |
| AIT members | | 5,593 | 3,681 |
| NET PROFIT / (LOSS) AFTER TAX ATTRIBUTABLE TO MEMBERS OF THE GROUP | | 21,346 | (51,688) |
| | | | |
| Basic earnings / (loss) per stapled security (cents)¹ | 12 | 1.39 | (7.80) |
| Diluted earnings / (loss) per stapled security (cents)¹ | 12 | 1.39 | (7.80) |
| | | | |
| Basic earnings / (loss) per parent share (cents) | | 0.35 | 0.17 |
| Diluted earnings / (loss) per parent share (cents) | | 0.35 | 0.17 |

1. Prior period weighted average number of securities and EPSs have been adjusted in accordance with AASB 133 "Earnings per Share" ("AASB 133"). The weighted average number of securities on issue for the current period, prior to the Equity Raisings, have also been adjusted as required by AASB 133.

ABACUS PROPERTY GROUP

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME HALF-YEAR ENDED 31 DECEMBER 2009

| | 31 Dec 2009 | 31 Dec 2008 |
|---|---------------|-----------------|
| | \$'000 | \$'000 |
| NET PROFIT / (LOSS) AFTER TAX | 21,459 | (52,032) |
| OTHER COMPREHENSIVE INCOME | | |
| Revaluation of assets, net of tax | 948 | 3,387 |
| Foreign exchange translation adjustments, net of tax | 140 | 1,117 |
| TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD | 22,547 | (47,528) |
| Total comprehensive income / (loss) attributable to: | | |
| Members of the APG Group | 22,434 | (47,184) |
| External non-controlling interest | 113 | (344) |
| TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD | 22,547 | (47,528) |

| | 31 Dec 2009 | 31 Dec 2008 |
|--|---------------|-----------------|
| | \$'000 | \$'000 |
| Total comprehensive income / (loss) attributable to members of the Group analysed by amounts attributable to: | | |
| AGHL members | (2,968) | 14,737 |
| AT members | 21,126 | (62,305) |
| AGPL members | (1,317) | (3,297) |
| AIT members | 5,593 | 3,681 |
| TOTAL COMPREHENSIVE INCOME / (LOSS) AFTER TAX ATTRIBUTABLE TO MEMBERS OF THE GROUP | 22,434 | (47,184) |

ABACUS PROPERTY GROUP

CONSOLIDATED STATEMENT OF DISTRIBUTION

HALF-YEAR ENDED 31 DECEMBER 2009

| | | 31 Dec 2009 | 31 Dec 2008 |
|--|----------|------------------|----------------|
| | Notes | \$'000 | \$'000 |
| STATEMENT OF DISTRIBUTION | | | |
| Net profit/(loss) attributable to stapled security holders | | 21,345 | (51,687) |
| Transfer from / (to) retained earnings | | (10,023) | 74,364 |
| Distributions paid and payable | 6 | 11,322 | 22,677 |
| Distribution per stapled security (cents per security) | 6 | 0.75 | 3.50 |
| Weighted average number of securities ('000) | | 1,533,860 | 662,368 |

ABACUS PROPERTY GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

HALF-YEAR ENDED 31 DECEMBER 2009

| | | 31 Dec 2009 | 30 Jun 2009 |
|---|-------|------------------|------------------|
| | Notes | \$'000 | \$'000 |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | | 19,694 | 9,124 |
| Trade and other receivables | | 13,146 | 22,093 |
| Inventory | | - | 5,264 |
| Investment properties | 7 | 31,335 | 44,289 |
| Property loans and other financial assets | 8 | 80,834 | 106,144 |
| Other | | 1,445 | 1,391 |
| TOTAL CURRENT ASSETS | | 146,454 | 188,305 |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | 33,184 | 32,276 |
| Inventory | | 28,452 | - |
| Investment properties | 7 | 718,060 | 708,550 |
| Property loans and other financial assets | 8 | 402,306 | 337,396 |
| Equity accounted investments | 9 | 127,463 | 127,469 |
| Deferred tax assets | | 11,192 | 11,329 |
| Intangible assets and goodwill | | 38,237 | 38,225 |
| Other | | 2,787 | 2,243 |
| TOTAL NON-CURRENT ASSETS | | 1,361,681 | 1,257,488 |
| TOTAL ASSETS | | 1,508,135 | 1,445,793 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 14,503 | 13,272 |
| Interest-bearing loans and borrowings | 10 | 2,515 | 61,829 |
| Derivatives at fair value | | 1,308 | - |
| Other | | 776 | 2,832 |
| TOTAL CURRENT LIABILITIES | | 19,102 | 77,933 |
| NON-CURRENT LIABILITIES | | | |
| Trade and other payables | | 6,151 | 9,676 |
| Interest-bearing loans and borrowings | 10 | 356,403 | 329,555 |
| Derivatives at fair value | | 21,214 | 37,035 |
| Deferred tax liabilities | | - | 355 |
| Other | | 5,843 | 1,512 |
| TOTAL NON-CURRENT LIABILITIES | | 389,611 | 378,133 |
| TOTAL LIABILITIES | | 408,713 | 456,066 |
| NET ASSETS | | 1,099,422 | 989,727 |
| TOTAL EQUITY | | 1,099,422 | 989,727 |

ABACUS PROPERTY GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

HALF-YEAR ENDED 31 DECEMBER 2009

| | Notes | 31 Dec 2009 \$'000 | 30 Jun 2009 \$'000 |
|--|-------|-----------------------|-----------------------|
| Equity attributable to members of AGHL: | | | |
| Contributed equity | | 50,753 | 45,734 |
| Reserves | | 3,686 | 2,868 |
| Retained earnings | | 9,014 | 13,020 |
| Total equity attributable to members of AGHL: | | 63,453 | 61,622 |
| Equity attributable to unitholders of AT: | | | |
| Contributed equity | | 818,834 | 745,141 |
| Retained earnings / (accumulated losses) | | (42,512) | (53,713) |
| Total equity attributable to unitholders of AT: | | 776,322 | 691,428 |
| Equity attributable to members of AGPL: | | | |
| Contributed equity | | 9,250 | 8,392 |
| Reserves | | (130) | (400) |
| Retained earnings / (accumulated losses) | | (4,748) | (3,144) |
| Total equity attributable to members of AGPL: | | 4,372 | 4,848 |
| Equity attributable to unitholders of AIT: | | | |
| Contributed equity | | 207,367 | 188,230 |
| Retained earnings | | 33,386 | 29,190 |
| Total equity attributable to unitholders of AIT: | | 240,753 | 217,420 |
| Equity attributable to external non-controlling interest: | | | |
| Contributed equity | | 14,409 | 14,493 |
| Retained earnings / (accumulated losses) | | 113 | (84) |
| Total equity attributable to external non-controlling interest: | | 14,522 | 14,409 |
| TOTAL EQUITY | | 1,099,422 | 989,727 |
| EQUITY | | | |
| Contributed equity | 11 | 1,086,204 | 987,497 |
| Reserves | | 3,556 | 2,468 |
| Retained earnings | | (4,860) | (14,647) |
| Total stapled security holders' interest in equity | | 1,084,900 | 975,318 |
| Total external non-controlling interest | | 14,522 | 14,409 |
| TOTAL EQUITY | | 1,099,422 | 989,727 |

ABACUS PROPERTY GROUP

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

HALF-YEAR ENDED 31 DECEMBER 2009

| | Attributable to the stapled security holder | | | | | External | Total |
|--|---|---------------------------|------------------------------|--------------------------|-------------------|--------------------------|------------------|
| | Issued capital | Asset revaluation reserve | Foreign currency translation | Employee equity benefits | Retained earnings | Non-controlling interest | Total Equity |
| CONSOLIDATED | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| At 1 July 2009 | 987,497 | 1,048 | (4,028) | 5,448 | (14,647) | 14,409 | 989,727 |
| Other comprehensive income | - | 948 | 140 | - | - | - | 1,088 |
| Net profit for the period | - | - | - | - | 21,346 | 113 | 21,459 |
| Total comprehensive income for the period | - | 948 | 140 | - | 21,346 | 113 | 22,547 |
| Distribution reinvestment plan | 4,670 | - | - | - | - | - | 4,670 |
| Securities issued | 91,372 | - | - | - | - | - | 91,372 |
| Treasury units | 4,720 | - | - | - | - | - | 4,720 |
| Issue costs | (2,055) | - | - | - | - | - | (2,055) |
| Distribution to unitholders | - | - | - | - | (11,559) | - | (11,559) |
| At 31 December 2009 | 1,086,204 | 1,996 | (3,888) | 5,448 | (4,860) | 14,522 | 1,099,422 |

| | Attributable to the stapled security holder | | | | | External | Total |
|--|---|---------------------------|------------------------------|--------------------------|-------------------|--------------------------|----------------|
| | Issued capital | Asset revaluation reserve | Foreign currency translation | Employee equity benefits | Retained earnings | Non-controlling interest | Total Equity |
| CONSOLIDATED | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| At 1 July 2008 | 771,502 | - | (3,559) | 3,906 | 134,842 | 18,308 | 924,999 |
| Other comprehensive income | - | 3,387 | 1,117 | - | - | - | 4,504 |
| Net loss for the period | - | - | - | - | (51,688) | (344) | (52,032) |
| Total comprehensive income / (expense) for the period | - | 3,387 | 1,117 | - | (51,688) | (344) | (47,528) |
| Distribution reinvestment plan | 5,353 | - | - | - | - | - | 5,353 |
| Securities issued | - | - | - | - | - | 8,461 | 8,461 |
| Acquisition of interest in Abacus Wollongong Trust | - | - | - | - | - | (126) | (126) |
| Sale of interest U-Stow-It Holdings | - | - | - | - | - | (14,898) | (14,898) |
| Distribution to unitholders | - | - | - | - | (23,143) | - | (23,143) |
| Share based payments | - | - | - | 500 | - | - | 500 |
| At 31 December 2008 | 776,855 | 3,387 | (2,442) | 4,406 | 60,011 | 11,401 | 853,618 |

ABACUS PROPERTY GROUP

CONSOLIDATED STATEMENT OF CASH FLOW

HALF-YEAR ENDED 31 DECEMBER 2009

| | 31 Dec 2009 | 31 Dec 2008 |
|---|-----------------|-----------------|
| | \$'000 | \$'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Income receipts | 63,431 | 77,675 |
| Interest received | 251 | 8,929 |
| Distributions received | 2,516 | 2,741 |
| Income tax paid | 134 | (79) |
| Borrowing costs paid | (15,018) | (26,348) |
| Operating payments | (21,557) | (26,738) |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | 29,757 | 36,180 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Payments for investments and funds advanced | (91,797) | (77,184) |
| Proceeds from sale and settlement of investments and funds repaid | 33,775 | 58,346 |
| Purchase of property, plant and equipment | (104) | (202) |
| Disposal of controlled entities | - | (1,186) |
| Purchase of investment properties | (62,505) | (48,837) |
| Disposal of investment properties | 55,283 | 43,118 |
| Payment for other investments | (1,101) | (3,420) |
| NET CASH FLOWS USED IN INVESTING ACTIVITIES | (66,449) | (29,365) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from issue of stapled securities | 96,092 | - |
| Payment of issue costs | (2,226) | - |
| Repayment of borrowings | (153,208) | (76,920) |
| Proceeds from borrowings | 113,476 | 71,432 |
| Distributions paid | (6,890) | (40,010) |
| NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES | 47,244 | (45,498) |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | 10,552 | (38,683) |
| Net foreign exchange differences | 17 | 356 |
| Cash and cash equivalents at beginning of period | 9,124 | 46,777 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | 19,693 | 8,450 |

NOTES TO THE FINANCIAL STATEMENTS**31 DECEMBER 2009****1. CORPORATE INFORMATION**

Abacus Property Group ("APG" or the "Group") is comprised of Abacus Group Holdings Limited ("AGHL"), Abacus Trust ("AT"), Abacus Group Projects Limited ("AGPL") and Abacus Income Trust ("AIT"). Shares in AGHL and AGPL and units in AT and AIT have been stapled together so that neither can be dealt with without the other. The securities trade as one security on the Australian Stock Exchange (the "ASX") under the code ABP.

The financial report of the Group for the half-year ended 31 December 2009 was authorised for issue in accordance with a resolution of the directors on 17 February 2010.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the Annual Financial Report of Abacus Property Group for the year ended 30 June 2009. It is also recommended that the half-year financial report be considered together with any public announcements made by the Abacus Property Group during the half-year ended 31 December 2009 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

Changes in accounting policy

From 1 January 2009, the Group has adopted the following Standards and Interpretations mandatory for annual periods beginning on or after 1 January 2009. Adoption of these standards and interpretations did not have any effect on the financial position or performance of the Group.

- AASB 8 Operating Segments
- AASB 101 Revised Presentation of Financial Statements
- AASB 123 Revised Borrowing Costs

The following amending standards have also been adopted from 1 January 2009:

- AASB 2007-3 Amendment to Australian Accounting Standards arising from AASB 8;
- AASB 2007-8 Amendment to Australian Accounting Standards arising from AASB 101; and
- AASB 2008-7 Amendment to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate.

The Group has not elected to early adopt any new standards or amendments.

Basis of preparation

The half-year financial report has been prepared in accordance with the requirements of the Corporations Act 2001, AASB 134 "Interim Financial Reporting" and other mandatory professional requirements.

The half-year financial report has been prepared on a historical cost basis, except for investment properties, property and derivative financial instruments which have been measured at fair value, interest in joint ventures and associates which are accounted for using the equity method, and certain investments measured at net fair value. The carrying values of recognised assets and liabilities that are covered by interest rate swap arrangements, are adjusted to record changes in the fair values attributable to the risks that are being covered by derivative financial instruments.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the Group under ASIC Class Order 98/100. The Group is an entity to which the class order applies.

NOTES TO THE FINANCIAL STATEMENTS**31 DECEMBER 2009****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Basis of preparation (continued)*****Accounting policy – financial assets and liabilities at fair value through profit and loss***

A financial asset or financial liability at fair value through profit or loss is also a financial asset or financial liability that upon initial recognition is designated by the entity as at fair value through profit or loss. APG uses this designation where doing so results in more relevant information, because it is a group of financial assets and liabilities which is managed and its performance is evaluated on a fair value basis, in accordance with APG's documented risk management and investment strategy, and information about the instruments is provided internally on that basis to the entity's key management personnel and the Board.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2009

3. SEGMENT INFORMATION

The Group predominately operates in Australia. Following are the Group's operating segments, which are regularly reviewed by the Group's management to make decisions about resources allocation and to assess performance:

- (a) Property: the segment is responsible for the investment in and ownership of commercial, retail and industrial properties. This segment also includes the equity accounting of material co-investments in property trusts not engaged in development and construction projects;
- (b) Funds Management: the segment includes development, origination and fund management revenues and expenses in addition to discharging the Group's responsible entity obligations;
- (c) Property Finance: provides mezzanine mortgage lending and related property financing solutions; and
- (d) Joint Venture and Developments: the segment is responsible for the Group's investment in joint venture development and construction projects, which includes revenue from debt and equity investments in joint ventures. This segment also is responsible for the Group's investment in property securities.

Segment revenue, segment expenses and segment result do not include transactions between operating segments.

| | Property | Funds Management | Property Finance | Joint Ventures/ Developments | Total |
|--|---------------|---------------------|---------------------|---------------------------------|---------------|
| Half - year ended 31 Dec 2009 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Revenue | | | | | |
| Revenue from external customers | 36,126 | 6,556 | 7,243 | 4,162 | 54,087 |
| Equity accounted investments | 2,746 | 518 | - | 1,006 | 4,270 |
| Net change in fair value of investments derecognised during the period | 1,044 | - | - | 756 | 1,800 |
| Unallocated revenue | - | - | - | - | 252 |
| Total consolidated revenue | 39,916 | 7,074 | 7,243 | 5,924 | 60,409 |
| Direct costs | (7,014) | | - | (965) | (7,979) |
| Allocated costs | (4,413) | (3,433) | (981) | (981) | (9,808) |
| Unallocated expenses | - | - | - | - | (251) |
| Segment result before fair value adjustments | 28,489 | 3,641 | 6,262 | 3,978 | 42,371 |
| Net change in fair value of investments held at balance date | (11,894) | - | - | 1,010 | (10,884) |
| Segment result after fair value adjustments | 16,595 | 3,641 | 6,262 | 4,988 | 31,487 |
| Finance costs / net change in fair value of derivatives | | | | | (10,224) |
| Profit before tax and non-controlling interest | | | | | 21,263 |
| Income tax expense | | | | | 196 |
| Net profit for the period | | | | | 21,459 |
| less non-controlling interest | | | | | (113) |
| Net profit for the period attributable to members of the Group | | | | | 21,346 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2009

3. SEGMENT INFORMATION (continued)

| | Property | Funds Management | Property Finance | Joint Ventures/ Developments | Total |
|--|---------------|---------------------|---------------------|---------------------------------|-----------------|
| Half - year ended 31 Dec 2008 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Revenue | | | | | |
| Revenue from external customers | 45,295 | 17,944 | 5,062 | 1,071 | 69,372 |
| Equity accounted investments | 5,784 | (10,273) | - | 2,350 | (2,139) |
| Net change in fair value of investments derecognised during the period | 103 | 3,338 | - | (1,321) | 2,120 |
| Unallocated revenue | - | - | - | - | 744 |
| Total consolidated revenue | 51,182 | 11,009 | 5,062 | 2,100 | 70,097 |
| Direct costs | (6,978) | - | - | - | (6,978) |
| Allocated costs | (2,452) | (1,745) | (546) | (543) | (5,285) |
| Unallocated expenses | - | - | - | - | (744) |
| Segment result before fair value adjustments | 41,752 | 9,264 | 4,516 | 1,557 | 57,090 |
| Net change in fair value of investments held at balance date | (17,112) | - | - | 2,356 | (14,756) |
| Segment result after fair value adjustments | 24,640 | 9,264 | 4,516 | 3,913 | 42,334 |
| Finance costs / loss on derivatives | | | | | (97,260) |
| Loss before tax and non-controlling interest | | | | | (54,926) |
| Income tax benefit | | | | | 2,894 |
| Net loss for the period | | | | | (52,032) |
| less non-controlling interest | | | | | 344 |
| Net profit for the period attributable to members of the Group | | | | | (51,688) |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2009

4. REVENUE

| | 31 Dec 2009 | 31 Dec 2008 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| (a) Finance income | | |
| Interest and fee income on secured loans | 10,594 | 8,895 |
| Provision for doubtful debts | 709 | (3,172) |
| Bank interest | 251 | 744 |
| Total finance income | 11,554 | 6,467 |
| (b) Funds Management Income | | |
| Asset management fees | 2,868 | 3,472 |
| Property management fees | 434 | 523 |
| Consulting and other income | 557 | 6,382 |
| Interest on loans to funds management entities | 7,601 | 7,567 |
| Debt forgiveness of loan as part of the restructuring of ADIFII | (4,900) | - |
| Total funds management income | 6,560 | 17,944 |
| (c) Net change in fair value of investments derecognised | | |
| Net change in fair value of investment properties derecognised during the period | 1,044 | 2,431 |
| Net change in fair value of other investments derecognised during the period | 756 | (311) |
| Total net change in fair value of investments derecognised | 1,800 | 2,120 |

5. EXPENSES

| | 31 Dec 2009 | 31 Dec 2008 |
|-------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Finance costs | | |
| Interest on loans | 15,594 | 24,281 |
| Amortisation of finance costs | 805 | 904 |
| Total finance costs | 16,399 | 25,185 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2009

6. DISTRIBUTIONS PAID AND PROPOSED

| | 31 Dec 2009 | 31 Dec 2008 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| (a) Distributions paid during the period | | |
| June 2009 quarter: 0.75 cents per stapled security (2008: 3.50 cents) | 11,322 | 22,637 |
| September 2009 quarter: Nil (2008: 3.50 cents) | - | 22,677 |
| | 11,322 | 45,314 |
| (b) Distributions proposed and not recognised as a liability* | | |
| December 2009 half 1.50 cents per stapled security (2008: 1.75 cents) | 22,843 | 11,387 |

Distributions were paid from Abacus Trust and Abacus Income Trust (which do not pay tax provided they distribute all their taxable income) hence, there were no franking credits attached.

*The interim distribution of 1.50 cents per stapled security was declared on 4 January 2010. The distribution being paid on 23 February 2010 will be approximately \$22.8 million. No provision for the distribution has been recognised in the balance sheet at 31 December 2009 as the distribution had not been declared by the end of the half-year.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2009

7. INVESTMENT PROPERTIES

| | 31 Dec 2009 | 30 Jun 2009 |
|----------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Current | | |
| Retail | 10,200 | - |
| Commercial | 4,885 | 26,391 |
| Industrial | 11,972 | 13,640 |
| Other | 4,278 | 4,258 |
| Total current | 31,335 | 44,289 |

The current investment properties represent six (6) properties which are either subject to a sales contract or an active sales campaign. All properties are expected to be sold by 31 December 2010.

| | 31 Dec 2009 | 30 Jun 2009 |
|------------------------------------|----------------|----------------|
| | \$'000 | \$'000 |
| Non - Current | | |
| Retail | 259,628 | 266,843 |
| Commercial | 322,522 | 283,450 |
| Industrial | 109,100 | 131,233 |
| Storage | 3,500 | 3,807 |
| Other | 23,310 | 23,217 |
| Total non-current | 718,060 | 708,550 |
| Total investment properties | 749,395 | 752,839 |

Reconciliation

A reconciliation of the carrying amount of investment properties at the beginning and end of the half-year is as follows:

| | 31 Dec 2009 | 30 Jun 2009 |
|--|----------------|----------------|
| | \$'000 | \$'000 |
| Carrying amount at beginning of the financial period | 752,839 | 932,440 |
| Additions and capital expenditure | 62,067 | 49,462 |
| Fair value adjustments for properties held at balance date | (11,890) | (107,517) |
| Effect of movements in foreign exchange | 213 | 218 |
| Disposals | (53,834) | (121,764) |
| Carrying amount at end of the financial period | 749,395 | 752,839 |

Investment properties are carried at the Directors' determination of fair value and are based on independent valuations. The determination of fair value includes reference to the original acquisition cost together with capital expenditure since acquisition and either the latest full independent valuation, latest independent update or directors' valuation. Total acquisition costs include incidental costs of acquisition such as property taxes on acquisition, legal and professional fees and other acquisition related costs.

Independent valuations of each investment property are conducted annually either in December or June of each year. The key underlying assumptions, on a portfolio basis, contained within the independent and director valuations above are as follows:

NOTES TO THE FINANCIAL STATEMENTS**31 DECEMBER 2009****7. INVESTMENT PROPERTIES (continued)**

- A weighted average capitalisation rate for each category is as follows;
 - Retail - 8.01% (30 June 2009: 7.97%)
 - Commercial – 8.50% (30 June 2009: 8.62%)
 - Industrial – 9.20% (30 June 2009: 9.02%)
 - Other – 8.60% (30 June 2009: 7.98%)
- The current occupancy rate for the portfolio is 96% (30 June 2009: 90%) which is not expected to materially change during the period relevant to the valuations (based on a conservative 50% tenant retention rate):
- A weighted average rent review for the 12 months to 31 December 2010 of 3.7% (to 30 June 2010 of 3.6%) (excludes market reviews and assumes CPI reviews of 3%).

The independent and director valuations are based on common valuation methodologies including capitalisation and discounted cash flow approaches, which have regard to recent market sales evidence. Accordingly, the directors' valuations at 31 December 2009 have regards to market sales evidence in adopting a market valuation for each property including the key assumptions outlined.

Some of the investment properties are used as security for secured bank debt.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2009

8. PROPERTY LOANS AND OTHER FINANCIAL ASSETS

| | 31 Dec 2009 | 30 Jun 2009 |
|---|----------------|----------------|
| | \$'000 | \$'000 |
| (a) Current | | |
| Secured loans - amortised cost ⁽ⁱ⁾ | 40,617 | 51,221 |
| Interim funding to related funds - amortised cost ⁽ⁱⁱ⁾ | 30,250 | 51,634 |
| Interest receivable on secured loans - amortised cost | 5,303 | 9,273 |
| Interest receivable on interim funding to related funds | 19 | 845 |
| Provision for doubtful debts ^(iv) | (1,547) | (13,016) |
| Investments in securities - listed (fair value) | 6,192 | 6,187 |
| | 80,834 | 106,144 |
| (b) Non - current | | |
| Secured loans - amortised at cost ⁽ⁱ⁾ | 141,542 | 166,789 |
| Interim funding to related funds - amortised cost ⁽ⁱⁱ⁾ | 183,911 | 155,999 |
| Interest receivable on secured loans - amortised cost | 13,278 | 5,682 |
| Interest receivable on interim funding to related funds | 10,144 | 4,122 |
| Provision for impairment on loan in relation to Restructuring of ADIFII ^(iv) | - | (11,000) |
| Investment in securities - unlisted (fair value) | 15,181 | 15,804 |
| Other financial assets (fair value) ⁽ⁱⁱⁱ⁾ | 38,250 | - |
| | 402,306 | 337,396 |

- (i) Mortgages are secured by real property assets. Funds are advanced on a stand alone basis or in conjunction with a joint venture equity investment. The current facilities are scheduled to mature on or before 31 December 2010 and the non-current facilities will mature between 1 January 2011 and 30 June 2018.
- (ii) Interim funding is provided to other entities outside the Group managed by the responsible entity AFML to enable acquisition of properties ahead of receipt of funds from investors. The loans are unsecured and the rates of interest equal the rate of the respective fund's distribution. These loans rank equally with other unsecured liabilities and unitholders in the event of winding up.
- (iii) Abacus enter into loans and receivables with associated options that provide for a variety of outcomes including repayment of principal and interest, satisfaction through obtaining interests in equity or property or combinations thereof. At the end of the period, the maximum exposure to credit risk in relation to these instruments was \$38 million (30 June 2009 \$18 million). The value of the instruments has not changed since inception. These assets are measured at fair value through the profit and loss.
- (iv) The movement in the provision reflects the writing off of loans that had been fully provided for in previous periods.

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

| | | 31 Dec 2009 | 30 Jun 2009 |
|------------------------------|-------|----------------|----------------|
| | Note | \$'000 | \$'000 |
| Investment in associates | 9(i) | 24,567 | 23,687 |
| Investment in joint ventures | 9(ii) | 102,896 | 103,782 |
| | | 127,463 | 127,469 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2009

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

(a) Details of Associates and Joint Venture

(i) Associates

| | | 31 Dec 2009 | 30 Jun 2009 | 31 Dec 2009 \$'000 | 30 Jun 2009 \$'000 |
|---|-----------------------------|----------------|----------------|-----------------------|-----------------------|
| | Principal Activity | % | % | | |
| Stanright Limited ⁽¹⁾ | Property investment | 40 | 40 | 4,857 | 5,108 |
| Abacus Storage Fund ⁽²⁾ | Storage facility investment | 15 | 15 | 15,147 | 14,584 |
| Abacus Miller Street Trust ⁽³⁾ | Property investment | 30 | 30 | 1,788 | 1,622 |
| Abacus Wodonga Land Fund ⁽²⁾ | Property development | 15 | 15 | 1,127 | 725 |
| Abacus Wodonga Mortgage Fund ⁽²⁾ | Property development | 15 | 15 | 1,648 | 1,648 |
| | | | | 24,567 | 23,687 |

(ii) Joint Ventures ⁽⁴⁾

| | | ownership interest | | carrying value | |
|--------------------------------------|----------------------|--------------------|----------------|-----------------------|-----------------------|
| | | 31 Dec 2009 | 30 Jun 2009 | 31 Dec 2009 \$'000 | 30 Jun 2009 \$'000 |
| | Principal Activity | % | % | | |
| Abacus Aspley Village Trust | Property investment | 33 | 33 | 19,332 | 19,332 |
| Abacus Rosebery Property Trust | Property development | 50 | 50 | 200 | 200 |
| Fordtrans Pty Ltd | Property investment | 50 | 50 | 59,889 | 59,041 |
| Hampton Residential Retirement Trust | Property development | 50 | 50 | 4,885 | 4,893 |
| Jigsaw Trust | Childcare operator | 50 | 50 | 9,013 | 7,263 |
| Pakenham Valley Unit Trust | Property development | 50 | 50 | 5,135 | 5,360 |
| The Abacus Colemans Road Trust | Property development | 50 | 50 | 1,409 | 1,483 |
| The Bay Street Brighton Unit Trust | Property development | - | 50 | - | 3,173 |
| The Main Street Pakenham Unit Trust | Property development | - | 50 | - | - |
| The Mount Druitt Unit Trust | Property investment | 50 | 50 | 936 | 934 |
| The Tulip Unit Trust | Property development | 50 | 50 | 1,897 | 1,903 |
| Willoughby Development Trust | Property development | 50 | 50 | 200 | 200 |
| | | | | 102,896 | 103,782 |

(1) A subsidiary of Abacus Group Holdings Limited, the London Trust, has a 40% interest in Stanright Limited, a UK company which holds a 50% interest in Grant Thornton House in the UK.

(2) The subsidiaries of Abacus Group Holdings Limited act as the Responsible Entities of these Funds.

(3) Abacus Trust has a 30% interest in the Abacus Miller Street Holdings Trust which owns 50 Miller Street in North Sydney.

(4) The joint venture entities acquire and develop (generally to the subdivision stage) commercial and residential properties intended for resale.

(5) There were no impairment losses or contingent liabilities relating to the investment in the associates and joint ventures other than the debt forgiveness on the working capital facility owed by ADIFIL.

(b) Extract from associates and joint ventures' profit & loss statements

| | 31 Dec 2009 \$'000 | 31 Dec 2008 \$'000 |
|-------------------------------------|-----------------------|-----------------------|
| Revenue | 49,412 | 135,362 |
| Expenses | (35,769) | (183,927) |
| Net profit / (loss) | 13,643 | (48,565) |
| Share of net profit / (loss) | 4,270 | (2,139) |

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2009
9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)
(c) Extract from associates and joint ventures' balance sheets

| | 31 Dec 2009 | 30 Jun 2009 |
|----------------------------|--------------------|--------------------|
| | \$'000 | \$'000 |
| Current assets | 39,600 | 42,065 |
| Non-current assets | 837,927 | 829,662 |
| | 877,527 | 871,727 |
| Current liabilities | (206,851) | (124,490) |
| Non-current liabilities | (293,553) | (394,064) |
| | (500,404) | (518,554) |
| Net assets | 377,123 | 353,173 |
| Share of net assets | 127,463 | 127,469 |

10. INTEREST BEARING LOANS AND BORROWINGS

| | 31 Dec 2009 | 30 Jun 2009 |
|---|--------------------|--------------------|
| | \$'000 | \$'000 |
| (a) Current | | |
| Bank loans - A\$ | 2,000 | 62,000 |
| Loan from related parties | 710 | 510 |
| Less: Unamortised borrowing costs | (1,508) | (681) |
| | 1,202 | 61,829 |
| (b) Non-current | | |
| Bank loans - A\$ | 358,625 | 330,219 |
| Less: Unamortised borrowing costs | (909) | (664) |
| | 357,716 | 329,555 |
| (c) Maturity profile of current and non-current interest bearing loans | | |
| Due within one year | 2,000 | 62,510 |
| Due between one and five years | 358,625 | 324,234 |
| Due after five years | - | 5,985 |
| | 360,625 | 392,729 |

The Group maintains a range of interest-bearing loans and borrowings. The sources of funding are spread over a number of counterparties and the terms of the instruments are negotiated to achieve a balance between capital availability and cost of debt.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2009

10. INTEREST BEARING LOANS AND BORROWINGS (continued)

Bank loans – A\$ are provided by several banks at interest rates that include both fixed and floating arrangements. The loans are denominated in Australian dollars and the term to maturity varies from December 2010 to November 2016. The effective fixed interest rate of borrowings which are covered by fixed rate swaps (including bank margins) was 8.36% at half-year end (30 June 2009 8.06%), while interest on floating rate borrowings are paid quarterly based on existing swap and yield rates quoted on the rate reset date.

The bank loans are secured by a charge over the investment properties and certain property, plant and equipment. Approximately 83.0% (30 June 2009: 76.3%) of available bank debt facilities were subject to fixed rate arrangements with a weighted average term to maturity of 4.28 years (30 June 2009: 4.69 years). APG's effective interest rate (for all debt both hedged and unhedged) as at 31 December 2009 was 7.96% (30 June 2009: 7.31%).

(d) Financing facilities available

At reporting date, the following financing facilities had been negotiated and were available:

| | 31 Dec 2009 | 30 Jun 2009 |
|---|--------------------|--------------------|
| | \$'000 | \$'000 |
| Total facilities - bank loans | 658,034 | 612,442 |
| Facilities used at reporting date - bank loans | (360,625) | (392,219) |
| Facilities unused at reporting date - bank loans | 297,409 | 220,223 |

These facilities comprise fixed and floating rate secured facilities.

The Group's debt facilities are secured first mortgage facilities – they are collateralised by the Group's real estate assets. Full utilisation of available facilities would require additional real estate assets to collateralise draw downs. Facility readily available at reporting date based upon (a) existing secured property assets and (b) a targeted Group Gearing ratio (Total Debt – Cash / Total Assets – Cash) of between 30% to 35% is \$120 million. Cash on hand at reporting date is \$19.7 million.

During the half year ended 31 December 2009, the Group has extended the contractual maturity date of the Working Capital Facility, which is part of the Club Facility, from May 2010 to February 2011 (the same date as the Core facility). The Club Facility is a secured, limited recourse debt agreement with ANZ (as lead arranger), CBA and St George Bank. Under the agreement certain properties owned by AT, AIT, AGPL and AGHL form a common security pool, which is collateral for this loan facility.

Also as part of the extension of the Working Capital Facility, the Group has transferred out \$70m of the Working Capital Facility to establish a new three year facility maturing in December 2012. This facility is secured against amounts which are not part of the club collateral pool which enables the Group to access additional liquidity including for future acquisition opportunities.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2009

11. CONTRIBUTED EQUITY

| | 31 Dec 2009 \$'000 | 30 Jun 2009 \$'000 |
|---|-----------------------|-----------------------|
| (a) Issued stapled securities | | |
| Stapled securities | 1,086,204 | 1,009,577 |
| - securities financed by APG under the ESLP | - | (22,080) |
| Total contributed equity | 1,086,204 | 987,497 |

(b) Movement in stapled securities on issue

| | Stapled securities | |
|--|--------------------|------------------|
| | Number '000 | Value \$'000 |
| At 30 June 2009 | 1,509,622 | 987,497 |
| - treasury units | - | 4,720 |
| - equity raising | 228,430 | 91,372 |
| - distribution reinvestment plan | 13,245 | 4,670 |
| - less transaction costs | - | (2,055) |
| Securities on issue at 31 December 2009 | 1,751,297 | 1,086,204 |

12. EARNINGS PER STAPLED SECURITY

| | 31 Dec 2009 \$'000 | 31 Dec 2008 \$'000 |
|--|-----------------------|-----------------------|
| Basic and diluted earnings / (loss) per stapled security (cents) | 1.39 | (7.80) |

Reconciliation of earnings used in calculating earnings per stapled security

Basic and diluted earnings per stapled security

| | | |
|----------------------------|---------------|-----------------|
| Net profit / (loss) | 21,346 | (51,688) |
|----------------------------|---------------|-----------------|

Weighted average number of stapled securities:

| | | |
|--|-----------|---------|
| Weighted average number of stapled securities for basic earning per security | 1,533,860 | 662,368 |
|--|-----------|---------|

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2009
13. CAPITAL MANAGEMENT

The Group seeks to manage its capital requirements through a mix of debt and equity funding. It also ensures that Group entities comply with capital and distribution requirements of their constitutions and/or trust deeds, the capital requirements of relevant regulatory authorities and continue to operate as going concerns. The Group also protects its equity in assets by taking out insurance.

The Group assesses the adequacy of its capital requirements, cost of capital and gearing (i.e. debt/equity mix) as part of its broader strategic plan. In addition to tracking actual against budgeted performance, the Group reviews its capital structure to ensure sufficient funds and financing facilities, on a cost effective basis are available to implement the Group's strategy that adequate financing facilities are maintained and distributions to members are made within the stated distribution guidance (i.e. paid out of normalised profits).

The Group actively manages its capital via the following strategies: issuing new stapled securities, activating its distribution reinvestment plan (presently active at 2.5% discount to VWAP but not underwritten), electing to have the dividend reinvestment plan underwritten, adjusting the amount of distributions paid to members, activating a security buyback program, divesting assets, active management of the Group's fixed rate swaps, directly purchasing assets in managed funds or (where practical) recalibrating the timing of transactions and capital expenditure so as to avoid a concentration of net cash outflows.

A summary of the Group's key banking covenants are set out below:

| Covenant | Measure | Key details |
|---|------------------------------------|---|
| Nature of facilities | Secured, non recourse ¹ | The Group has no unsecured facilities |
| ICR | 1.5 | Net rental income / Interest expense (including fixed rate swaps) |
| LVR ² | 50% to 65% | Drawn Loan / Bank accepted valuations |
| Group ICR ^{3,4} | 2.0 | Group EBITDA (excluding fair value P&L) / Total Interest Expense (including fixed rate swaps) |
| Total Gearing ^{3,4} | 45% | (Total Liabilities + Guarantees) / Total Tangible Assets |
| Gearing ratio on a look through basis ⁴ | 60% | Total gearing plus gearing from proportional consolidation of equity accounted investments |

1 - There are no market cap covenants

2 - LVR stepped down from 67.5% to 65.0% under the terms of the Working Capital Facility

3 - Condition of the \$480m CLUB facility and a new \$70m Australian dollar facility

4 - Condition of the \$80m Working Capital Facility component of the \$480m CLUB facility

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2009

14. COMMITMENTS AND CONTINGENCIES

The Group has provided the following guarantees to the Abacus Diversified Income Fund II ("ADIFII" or the "Fund"):

| Unit Type | Cash Distribution Yield Guarantee | Capital Return Guarantee |
|----------------------------------|---|---|
| Existing Units \$1.00 (Class A) | 8.5% pa until 30 June 2011 and based on the actual distributable cash of the Fund thereafter. | \$1.00 per unit at 30 September 2013 if the net assets per Unit are less than \$1.00 at 30 June 2013. |
| Converted Units \$1.00 (Class B) | 8.5% pa until 30 June 2011 and 8.0% pa plus indexation thereafter (indexed in line with inflation in each year after 1 July 2011) over the Fund term (30 June 2016) | \$1.00 per Unit at Fund termination (effective on 30 June 2016). |
| New Units \$0.75 (Class C) | Initially 8.0% pa based on an issue price of \$0.75 per Unit, indexed in line with inflation each year from 1 July 2010, over the Fund term (30 June 2016) | \$0.75 per Unit at Fund termination (effective on 30 June 2016). |

The Underwritten Distributions will be achieved by deferring the interest on the Working Capital Facility or by deferring any of the fees payable to the Group under the constitution of ADIFII (or a combination of these things) or in any other way the Group considers appropriate. Any interest or fee deferral or other funding support may be recovered if the actual cash distribution exceeds the cash required to meet the underwritten distribution at the expiration of the Fund term or on a winding up of the Fund.

The Underwritten Capital Return will apply to all ADIFII units on issue as at 1 July 2013 (Class A) and after 1 July 2016 (Class B and C). At the time the Group will make an offer to acquire each Class A unit for \$1.00, or ensure that each holder of Class B units receives back their \$1.00 initial capital and each holder of Class C units receives back their \$0.75 initial capital. The Underwritten Capital returns can be satisfied at unitholder discretion through either a payment in cash or by the Group issuing stapled securities in APG to an equivalent value based on the 10 day volume weighted average price of APG's stapled securities over the period ending on 30 June 2013 or prior to issuing stapled securities as applicable.

After 30 June 2016 the Group will, if required, set off all or part of the principal of the second secured Working Capital Facility provided to ADIFII in satisfaction of the Group's obligations in respect of the Underwritten Capital Return.

A provision has been made for potential outflow under these guarantees at 31 December 2009.

APG has a series of Funds for which it acts as responsible entity and Manager. Typically, APG provides working capital loans to these Funds to finance seed capital and seeks to make them self-funding through a combination of bank debt and equity. From time to time, APG provides additional funding to these Funds, via these working capital loans, which are used by the Funds for working capital purposes or asset purchases.

Certain of the working capital loans have a right of redraw for amounts previously repaid, which at 31 December 2009, totalled \$24 million.

There has been no other material change to any contingent liabilities or contingent assets.

15. EVENTS AFTER THE BALANCE SHEET DATE

Other than as disclosed already in this report, there has been no matter or circumstance that has arisen since the end of the half-year that has or may affect the Group's operations in future financial years, the results of those operations or the Group's state of affairs in future financial years.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Abacus Group Holdings Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including :
 - (i) giving a true and fair view of the financial position as at 31 December 2009 and the performance for the half-year ended on that date for the consolidated entity; and
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.
- (b) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board



John Thame
Chairman



Frank Wolf
Managing Director

Sydney, 17 February 2010

To the members of Abacus Group Holdings Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Abacus Group Holdings Limited, which comprises the statement of financial position as at 31 December 2009, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Abacus Group Holdings Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

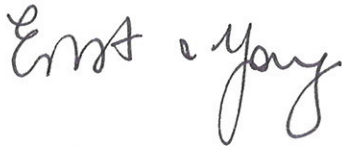
Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is attached to the Directors' Report.

Conclusion

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

- i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script, likely belonging to K. Zdrilic.

K. Zdrilic
Partner
Sydney
17 February 2010