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1 November 2002

The Directors
Abacus Funds Management Limited as
Responsible Entity for the Abacus Trust
Level 34, Australia Square
264-278 George St
SYDNEY NSW 2000

The Directors
Abacus Group Holdings Limited
Level 34, Australia Square
264-278 George St
SYDNEY NSW 2000

Dear Directors

INDEPENDENT REVIEW REPORT

1. INTRODUCTION

The directors of Abacus Funds Management Limited and Abacus Group Holdings Limited have requested that Ernst & Young report on the pro forma combined statement of financial position of the Abacus Property Group as at 30 June 2002 as set out in their letter to the Australian Stock Exchange ('ASX') dated 1 November 2002 ('the Letter'). This report has been prepared solely to enable the Directors of APG to meet their obligations under Chapter 1 of the ASX Listing Rules. Included in the Letter is an actual statement of financial position for the Abacus Property Group as at 30 June 2002 extracted from the Prospectus. Ernst & Young has previously issued an Independent Accountants Report (the 'IAR') dated 14 October 2002 on the actual statement of financial position, which is included in the Prospectus. This independent review report and the Letter should be read in conjunction with the Prospectus and corresponding IAR.

2. SCOPE OF REPORT

We have performed an independent review of the pro forma combined statement of financial position of Abacus Property Group as set out in the Letter. The directors of Abacus Funds Management Limited and Abacus Group Holdings Limited are responsible for the pro forma combined statement of financial position. The purpose of the pro forma combined statement of financial position is to show the financial effects on the Abacus Property Group as if the following pro forma transactions, as described in the Letter, had taken place as at 30 June 2002:

1. Capital raising:
   - The prospectus dated 10 December 2001 was closed on 23 August 2002. In the period from 1 July 2002 to 23 August 2002, $27.2 million (net of issue costs) was raised and 27 million securities were issued;
   - The prospectus dated 15 October 2002 was closed on 31 October 2002. This prospectus raised $38.5 million (net of issue costs) and 37 million securities will be issued;
2. The Abacus Property Group acquired the property at 101 Pirie Street in Adelaide for $13.3 million (less $5.2 million in debt) during August 2002 through the issue of 8,263,933 securities;
3. The Abacus Property Group acquired all the shares of Abacus Funds Management Limited (the responsible entity of the Abacus Trust and manager of Abacus Group Holdings Limited) effective from 1 October 2002 for total consideration of $38.5 million comprising $7 million cash and $31.5 million securities;
4. The revaluation of properties in the Abacus Property Group portfolio in September 2002 resulted in a net increase in investment properties of approximately $4 million;
5. Realised profit from the sale of retail strata lots in the 109 Pitt Street property amounted to $8.7 million ($6.1 millions net of tax) during the quarter ended 30 September 2002;
6. An amount of $5.3 million has been spent on the refurbishment of 109 Pitt Street, Sydney in the four month period from 1 July 2002 to 31 October 2002; and
7. An amount of $36.4 million of capital raised has been used to repay current interest bearing liabilities.

We have reviewed the pro forma combined statement of financial position in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the pro forma combined statement of financial position is not presented fairly in accordance with the measurement and recognition requirements, but not all the disclosure requirements, of applicable Accounting Standards and other mandatory professional reporting requirements in Australia, as if the pro forma transactions set out above had taken place as at 30 June 2002.

Our review also considered whether the pro forma transactions formed a reasonable basis for the preparation of the pro forma combined statement of financial position.

Our review has been conducted in accordance with Australian Auditing Standard AUS 902 "Review of Financial Reports" and was limited to enquiries of the Directors and personnel of Abacus Funds Management Limited and Abacus Group Holdings Limited, analytical review procedures applied to the financial data, the performance of limited verification procedures, and comparison for consistency in application of accounting standards and policies.

These review procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and accordingly, we do not express an audit opinion on the pro forma combined statement of financial position of the Abacus Property Group as at 30 June 2002.

3. STATEMENT

Based on the scope of our review, which is not an audit, nothing has come to our attention that would require any modification to the pro forma combined statement of financial position of Abacus Property Group, as set out in the Letter, in order for it to present fairly the financial position of the Abacus Property Group as at 30 June 2002, in accordance with the recognition and measurement requirements of applicable Australian Accounting Standards and other mandatory professional reporting requirements in Australia, as if the pro-forma transactions as set out in the Letter had taken place.

4. SUBSEQUENT EVENTS

To the best of our knowledge and belief, and based on the work we have performed as described in the scope paragraph above, there have been no material transactions or events subsequent to 30 June 2002, other than those included in the Letter, which would require comment on, or adjustment to, the financial information referred to in our report or that would cause such information included in this report to be misleading.

5. DISCLOSURES

Ernst & Young does not have any pecuniary interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased opinion in relation to this matter. Ernst & Young is the ongoing auditor of the Abacus Property Group and will receive a professional fee for the preparation of this report.

The directors have agreed to indemnify and hold harmless Ernst & Young and its employees from any claims arising out of the misstatement or omission in any material or information supplied by the directors.

Consent for the inclusion of the Independent Review Report in the Letter in the form and context in which it appears has been given. At the date of this report consent has not been withdrawn.

Yours faithfully

Ernst & Young

Ernst & Young

Mark O'Sullivan

Mark O'Sullivan
Partner

Abacus Property Group actual combined and pro forma combined statements of financial position

	ACTUAL As at 30 June 2002 $'000	PRO FORMA As at 30 June 2002 $'000
Current Assets		
Cash assets	2,716	36,866
Receivables	6,385	8,710
Other	1,388	1,388
Other financial assets	14,416	14,416
Total Current Assets	24,905	61,380
Non-Current Assets		
Investment Properties	300,854	317,049
Investments accounted for using the equity method	1,501	1,501
Intangible Assets (Goodwill)	-	35,763
Other	12	182
Other financial assets	10,611	10,611
Total Non-Current Assets	312,978	365,106
Total Assets	337,883	426,486
Current Liabilities		
Payables	3,135	3,655
Provisions	4,144	7,870
Interest bearing liabilities	49,625	13,220
Total Current Liabilities	56,904	24,745
Non-Current Liabilities		
Interest bearing liabilities	115,155	120,331
Total Non-Current Liabilities	115,155	120,331
Total Liabilities	172,059	145,076
Net Assets	165,824	281,410
Equity		
Contributed equity	160,840	266,340
Asset revaluation reserve	5,145	9,145
Accumulated profits (losses)	(161)	5,925
Total security-holders' equity	165,824	281,410
Issued stapled securities (in units)	164,897,175	270,419,551
NTA per stapled security (in dollars)	1.0056	0.9084
Gearing (net borrowings/total assets)	48.8%	31.3%

The financial statements of the Abacus Trust and Abacus Group Holdings for the year ended 30 June 2002 have been audited by Ernst & Young.