Abacus Trust
Responsible Entity
Abacus Funds Management Limited
ABN 66 007 415 590

Abacus Group Holdings Limited
ABN 31 080 604 619

30 September 2004

Company Announcements Office
Australian Stock Exchange

ABACUS PROPERTY GROUP (ABP)
Annual Report 2004 and Notice of Annual General Meeting

Please find attached a copy of the Annual Reports 2004 for the Abacus Property Group together with the Notice of the Annual General Meeting to be held on Wednesday 10 November 2004 at 10.00 am.

Yours faithfully,

David J Bastian
Managing Director

Level 34 Australia Square, 264-278 George Street, Sydney NSW 2000
T: 02 9253 8600 F: 02 9253 8616 W: www.abacusproperty.com.au

ABACUS PROPERTY GROUP

NOTICE OF MEETINGS

ABACUS GROUP HOLDINGS LIMITED
ACN 080 604 619

ABACUS TRUST
ARSN 096 572 128
RESPONSIBLE ENTITY: ABACUS FUNDS MANAGEMENT LIMITED
ACN 007 415 590

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders of Abacus Group Holdings Limited (the Company) will be held in conjunction with a Meeting of Unitholders of the Abacus Trust (the Trust).

Time: 10.00 am

Date: Wednesday, 10 November 2004

Venue: Abbott Tout, Level 42, MLC Centre, 19-29 Martin Place, Sydney NSW

GENERAL

The Abacus Property Group consists of the Abacus Trust and Abacus Group Holdings Limited. An Abacus Property Group stapled security consists of a unit in the Abacus Trust 'stapled' to a share in Abacus Group Holdings Limited.

PROXIES

A security-holder entitled to attend and vote at the meetings is entitled to appoint a proxy. A security-holder entitled to cast two or more votes may appoint two proxies and may specify the proportion, or the number, of votes each proxy is appointed to exercise. A proxy need not be a security-holder of the Abacus Property Group. Proxies must be received by the Abacus Property Group no later than 48 hours before the meeting. A form of proxy is provided with this Notice.

VOTING ENTITLEMENTS

Pursuant to Corporations Regulations 7.11.37 and 7.11.38, the Directors have determined that the shareholding of each security-holder for the purposes of ascertaining the voting entitlements for the meetings will be as it appears in the Abacus Property Group Security Register at 7.00pm (EST) on Monday 8 November 2004.

ORDINARY BUSINESS OF THE COMPANY

1. **To receive and consider the Company's annual financial report.**

   Receipt and consideration of the annual financial report and directors' report, together with the auditor's report, for the year ended 30 June 2004.

2. **To consider and, if thought fit, pass the following resolutions as ordinary resolutions:**

2.1 **To re-elect Dr Frank Wolf as a director**

Frank Wolf retires by rotation in accordance with the Constitution of the Company and, being eligible, offers himself for re-election.

Frank Wolf PhD, BA Hons Deputy Chairman (executive director)

Dr Frank Wolf is the Chairman of FSP Group Pty Limited (a substantial security-holder of the Abacus Property Group) and a director of financial planning groups Financial Services Partners Pty Limited, Vector Financial Services Limited and Kingston Capital Limited as well as of HGL Limited, a diversified publicly listed investment company. Dr Wolf has over 20 years experience in the property and financial services industry. Dr Wolf was appointed a director of the Company on 4 December 1997.

2.2 **To re-elect Mr Len Lloyd as a director**

Len Lloyd retires by rotation in accordance with the Constitution of the Company and, being eligible, offers himself for re-election.

Len Lloyd FAPI, LREA (executive director)

Mr Len Lloyd is a licensed Real Estate Agent and a registered Real Estate Valuer. His experience includes the development, management and funding of commercial, retail and residential property. Mr Lloyd holds the position of Managing Director of Abacus Property Services Pty Limited and is responsible for property administration and development opportunities in the Abacus portfolio. In previous positions, Mr Lloyd held responsibility for the property portfolios of the Advance Bank and St George Bank and provided valuation and lending advice while with the Commonwealth Development Bank. Mr Lloyd was appointed a director of the Company on 29 May 2002.

2.3 **To re-elect Mr Malcolm Irving as a director**

Mr Malcolm Irving retires by rotation in accordance with the Constitution of the Company and, being eligible, offers himself for re-election.

Malcolm Irving AM, FCPA, FSIA, BCom, Hon DLitt
(non-executive director)

Mr Malcolm Irving has over 40 years experience in company management, including 12 years as Managing Director of CIBC Australia Limited. Mr Irving is Chairman of Australian Industry Development Corporation, the Australian River Company Limited, Willis Australia Limited Group and Keycorp Limited. He is also a director of O'Connell Street Associates Pty Ltd Group, ADI Limited and Resimac Limited. Mr Irving's time is comparatively distributed between each of these non-executive roles. Mr Irving is Chairman of the Abacus Property Group Audit Committee and a Member of the Nomination & Remuneration Committee. Mr Irving was appointed a director on 12 September 2002.

SPECIAL BUSINESS OF THE COMPANY AND THE TRUST

3. **To consider and, if thought fit, pass the following resolution as a special resolution of the holders of stapled securities (as members of the Company and unitholders in the Trust):**

   That for the purposes of ASX Listing Rule 7.4, the Constitutions of the Company and the Trust, and the Corporations Act, the issue of 27,000,000 stapled securities at $1.18 per stapled security on 9 August 2004, in a private placement, be ratified and approved.

   VOTING EXCLUSION

   For the purposes of ASX Listing Rule 7.4 approval and relief under ASIC Instrument 98/52, the Company and the Trust will disregard any votes cast on Resolution 3 by any person, or any associates of any such person, who participated in the issue to which Resolution 3 relates. However, the Company and the Trust need not disregard a vote if:

   (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or

   (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Details of the above resolutions are outlined in the Explanatory Memorandum (at right).

OTHER BUSINESS

4. To transact any other business which may be lawfully brought forward before the meetings in conformity with the Constitutions of the Company and the Trust.

BY ORDER OF THE BOARD

Sean O'Donoghue
Secretary

Date: 30 September 2004

EXPLANATORY MEMORANDUM

This Explanatory Memorandum contains further information about Resolution 3 that will be considered at the meetings. You should read this Explanatory Memorandum and the Notice of Meetings carefully and, if necessary, seek your own independent advice on any aspects about which you are not certain.

RESOLUTION 3

Resolution 3 seeks approval and ratification of the issue of 27,000,000 stapled securities at $1.18 per stapled security on 9 August 2004, in a private placement, for the purposes of the Constitutions of the Company and the Trust, the Corporations Act and ASX Listing Rule 7.4.

The 27,000,000 stapled securities were issued with the full 2.8c distribution for the September 2004 quarter.

Proceeds from the issue were used to discharge debt, thereby assisting in reducing gearing to approximately 25% following the settlement of the Santos House acquisition, providing Abacus Property Group with the capacity to pursue future property acquisitions as suitable opportunities arise.

The issue was by way of an institutional placement managed by Patersons Securities Limited and Tricom Equities Limited. The entities that acquired the stapled securities were professional investors within the meaning of section 9 of the Corporations Act. Abacus Property Group, its directors and associates did not participate in the issue.

ASX Listing Rule 7.1 provides that Abacus must not issue or agree to issue more than 15% of its issued capital in any 12 month period without security-holder approval. Further, ASIC instrument 98/52 provides relief under section 601QA(1)(a) and (b) of the Corporations Act so that units in the Trust can be issued without unitholder approval, at a price determined by the responsible entity (namely Abacus Funds Management Limited), provided the issue, together with any issues of units up to one year previously, would not comprise more than 10% of the units of the same class on issue after the issue is included. Since the shares in the Company cannot be issued without a stapled unit, the practical limit for placements by the Abacus Property Group is 10% each year.

The issue of stapled securities referred to in Resolution 3 did not require approval under either ASX Listing Rule 7.1 or ASIC Instrument 98/52. However, the Company and the Trust nonetheless seek approval and ratification for the issue. The effect of the approval and ratification would be that such issues of stapled securities would not be counted in determining whether any further issues of stapled securities would breach the 15% limit under ASX Listing Rule 7.1 or the 10% limit under ASIC Instrument 98/52. In other words, the limits under ASX Listing Rule 7.1 and ASIC Instrument 98/52 would be refreshed to the extent of the approval and Abacus Property Group would not be required to count the issue referred to in Resolution 3 if making an issue of securities in the next 12 months.

ASX Listing Rule 7.1 only requires the approval to be given by an ordinary resolution of stapled security-holders. However, ASIC Instrument 98/52 requires that approval be given by a special resolution where unitholders who hold at least 25% of the total value of all the units entitled to vote on the question vote on the question at the meeting (whether in person or by proxy).

The rights granted by passing this resolution allows Abacus Property Group to issue further securities during the next 12 months, if the circumstances warrant and it is in the interest of security-holders.

ABACUS PROPERTY GROUP PROXY FORM

Abacus Group Holdings Limited ACN 080 604 619
Abacus Trust ARSN 096 572 128

Return by 10.00am
Monday, 8 November 2004

Meeting of members of
Abacus Group Holdings Limited
and Meeting of Unitholders of
Abacus Trust
10:00am Wednesday, 10 November 2004

If you do not plan to attend the meeting, please complete and return this proxy form to appoint a person to attend and vote on your behalf

Appointment of Proxy

I/We being a member(s) of Abacus Group Holdings Limited (AGHL) and unitholder(s) of Abacus Trust (AT) and entitled to attend and vote, hereby appoint:

Proxy's Name (print in full) ☐

or in that person's absence, or if no person is named

the Chairman of the meeting

or failing the person named, or if no person is named, the Chairman of the meetings, as my/our proxy to act generally on my/our behalf and to vote in accordance with the following direction (or if no directions have been given, as the proxy sees fit) at the meetings of AGHL and AT to be held at 10.00am on 10 November 2004 and at any adjournment of the meetings.

Appointing a second Proxy (optional)

I/We wish to appoint a second proxy:

☐ Mark with an 'X' if you wish to appoint a second proxy for the Meetings **AND** ☐ % **OR** ☐ State the percentage of your voting rights or the number of shares for this proxy form.

Directing your Proxy

If you do not wish to direct your proxy how to vote, please place a mark in this box: ☐

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest.

You may instruct your proxy how to vote by marking the appropriate box below. If no direction is given, your proxy may vote as he or she sees fit at the meetings. If the Chairman is appointed as proxy, he will vote in favour of the resolutions unless instructed otherwise.

		For	Against	Abstain
Resolution 1:	To receive and consider annual financial report	☐	☐	☐
Resolution 2.1:	To re-elect Dr Frank Wolf as a director	☐	☐	☐
Resolution 2.2:	To re-elect Mr Len Lloyd as a director	☐	☐	☐
Resolution 2.3:	To re-elect Mr Malcolm Irving as a director	☐	☐	☐
Resolution 3:	To ratify and approve the issue and placement of units/shares on 9/8/04	☐	☐	☐

PLEASE SIGN HERE

The proxy form must be signed in accordance with the instructions below to enable your directions to be implemented.

security-holder 1	security-holder 2	security-holder 3
Individual/sole director and sole company secretary	director	director/company secretary

contact name (please print)	contact daytime telephone

How to complete the Proxy Form

A Security-holder entitled to attend and vote is entitled to appoint a proxy.

1. Appointment of a Proxy

A proxy need not be a Security-holder.

If the person you wish to appoint as your proxy is someone other than the Chairman of the meetings, please write the name of that person. If you leave the box blank, or your named proxy does not attend the meetings, the Chairman of the meetings will automatically be your proxy and vote on your behalf.

2. Appointment of a Second Proxy

A Security-holder entitled to cast two or more votes may appoint a second proxy for the meeting. An additional proxy form may be obtained by telephoning the Abacus Property Group on (02) 9253 8600 or you may copy this form.

To appoint a second proxy you must:

(a) indicate that you wish to appoint a second proxy by marking the box.

(b) on each of the first proxy form and the second proxy form, state the percentage of your voting rights or number of securities applicable to that form.

(c) return both forms together in the same envelope.

3. Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the three boxes opposite each resolution. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on a resolution by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given resolution, your proxy may vote as he or she chooses. If you mark more than one box on a resolution, your vote on that item will be invalid.

4. Authorised Signature(s)

You must sign this form as follows in the spaces provided:

Joint Holding: where the holding is in more than one name, any one of the Security-holders may sign.

Power of Attorney: to sign under Power of Attorney, you must have already lodged a certified copy of the Power of Attorney or the power itself with the Abacus Property Group. If you have not previously lodged this document, you must do so when you return this proxy form.

Companies: where the company has a sole director who is also the sole company secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise this form must be signed by a director jointly with either another director or a company secretary. Please indicate the office held by signing in the appropriate place.

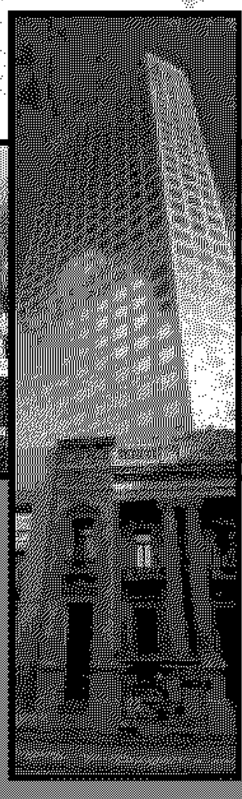
If a representative of the corporation is to attend the meeting, the appropriate "Certificate of Appointment of Corporate Representative" must be lodged at the registered office of the Abacus Property Group by 4 pm (Sydney time) on the day before the meeting. A form of the certificate may be obtained from the Abacus Property Group.

5. Lodgement of a Proxy

This proxy form (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the meeting, that is 10am, Monday 8 November 2004.

Documents may be lodged
by posting, delivery or facsimile ((02) 9253-8616) to the Company Secretary, Abacus Property Group,
Level 34 Australia Square, 264-278 George Street, Sydney, NSW, 2000.

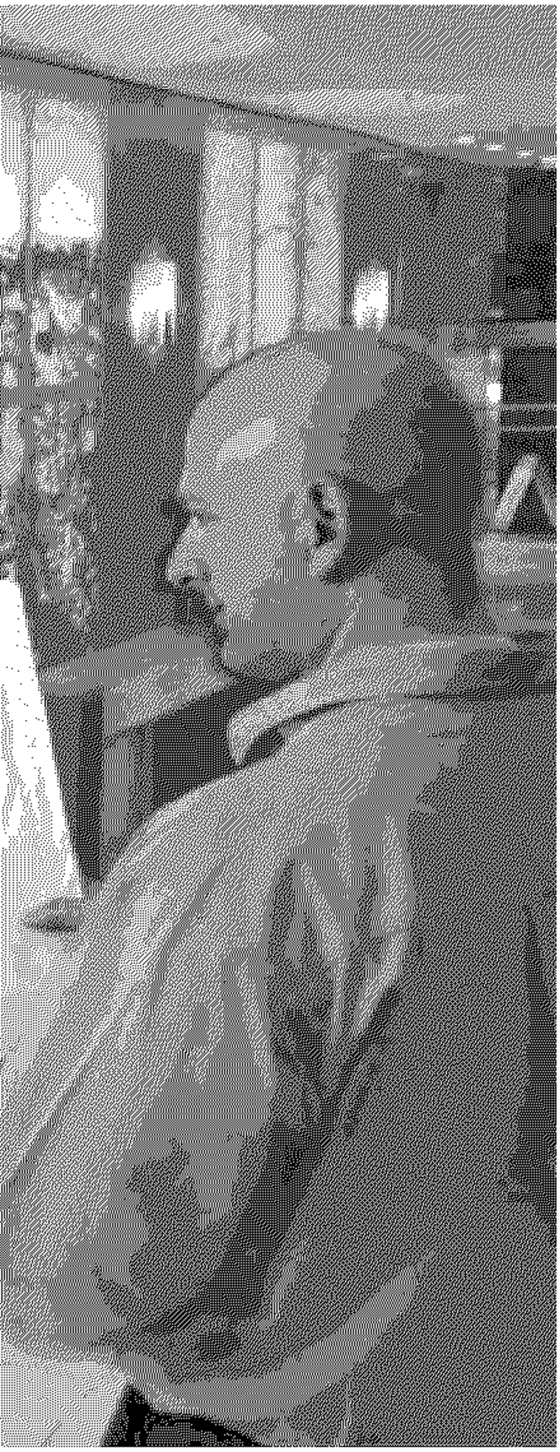
Abacus®
PROPERTY GROUP



Annual Report 2004

Who is Aba

Contents



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Annual General Meeting

10am, Wednesday 10 November
at Abbott Tout, Level 42, MLC Centre
19-29 Martin Place, Sydney

Who is Abacus?

Abacus Property Group is a listed entity which specialises in investing in property-based assets which are actively managed to enhance income and capital growth.

Abacus Property Group is made up of the Abacus Trust and Abacus Group Holdings Limited.

The Abacus Trust holds an investment portfolio of commercial, industrial and retail properties and operates a mortgage lending business. Abacus Group Holdings Limited operates funds and property management businesses and participates in development projects and other property-based investments.

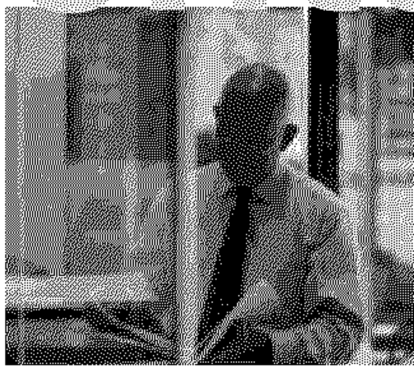
Key

Key achievements

- Profit increased to $34.7 million
  exceeding 2003 record profit of $33.8 million
- Earnings per security 12.8 cents
- Distributions increased 6.9% to 11.23 cents per security
- Retained earnings increased 2.3% to $10.0 million
- Net tangible assets increased 5.3% to $1.00 per security
- Total equity increased 4.2% to $302.7 million
- Gearing reduced 7.3% to 24.3%
- Assets under management increased by over $100 million to $675 million
- Substantially completed divestment of mature assets, taking advantage of the strong market conditions to reposition the property portfolio

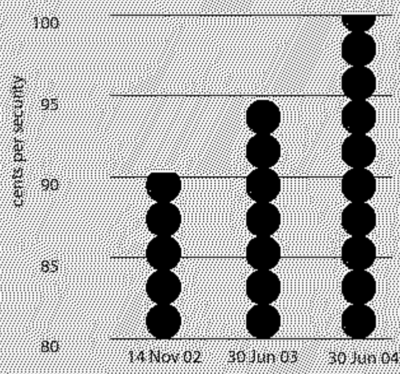
The internalised management structure of the Abacus Property Group ensures all management fees, transaction, joint venture and profit participation income earned by the manager are retained for the benefit of investors. Quarterly payments to investors may be made up of tax-advantaged distributions paid by the Abacus Trust and franked dividends paid by Abacus Group Holdings Limited.

Achievements

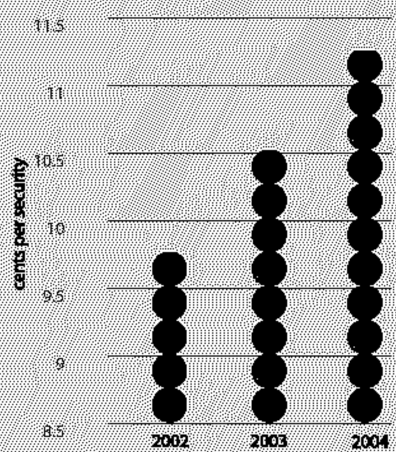


Growth in NTA per security

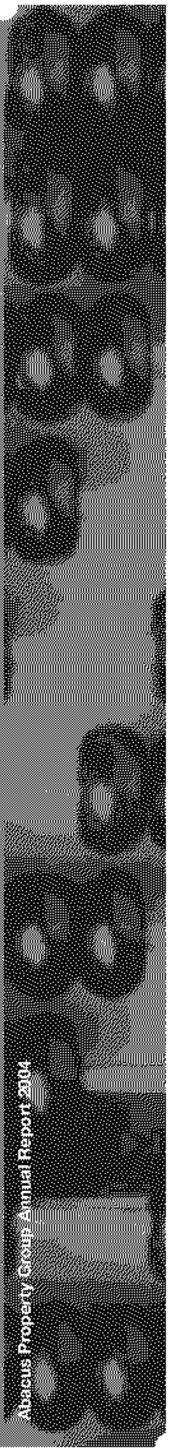
Abacus Property Group listed on the Australian Stock Exchange on 14 November 2002



Distribution growth

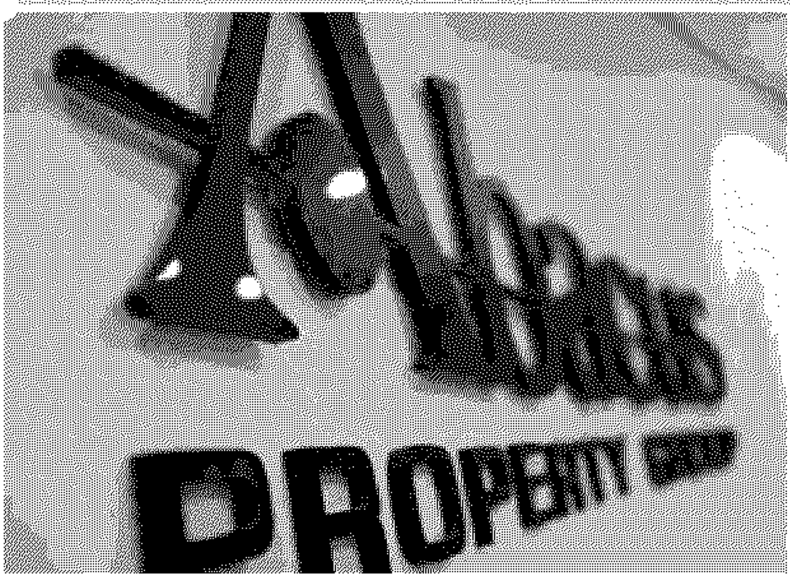


Portfolio



The great strength of the Abacus Property Group is its diversification of property-based income streams, including:

- rental income from properties
- interest and fee income from secured loans
- fee income from funds management
- income and profit participation from development projects and other investments

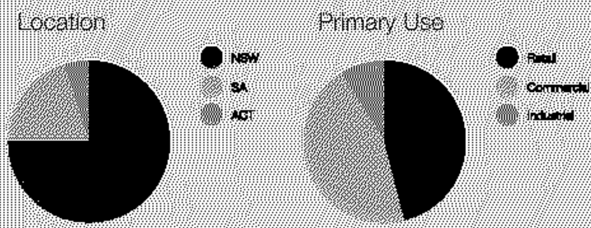


Overview

Property Portfolio

Abacus holds a diversified portfolio of commercial, industrial and retail properties. Acquisitions since balance date have increased the combined value of the portfolio to almost $300 million. Rental income from these properties is the largest contributor to the earnings of the Group.

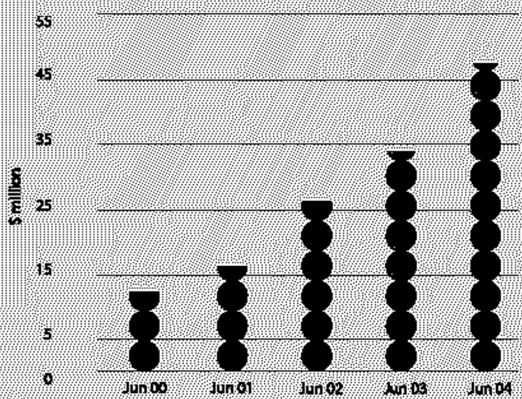
Diversification



Secured Loans

Abacus earns fees and interest income from the provision of mortgage loans. The Abacus Mortgage Fund is the primary vehicle for these loans. Its portfolio grew from $34 million at 30 June 2003 to $46.6 million in total loans at year end.

Total investments

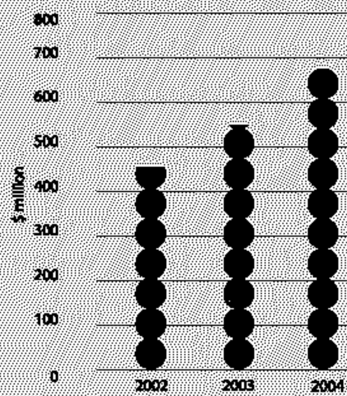


Funds Management

Syndication of investment opportunities leverages the skills and market presence of the Group's property specialists and adds to the earnings of the Group through fee income from the establishment and marketing of the offers, and management and other services.

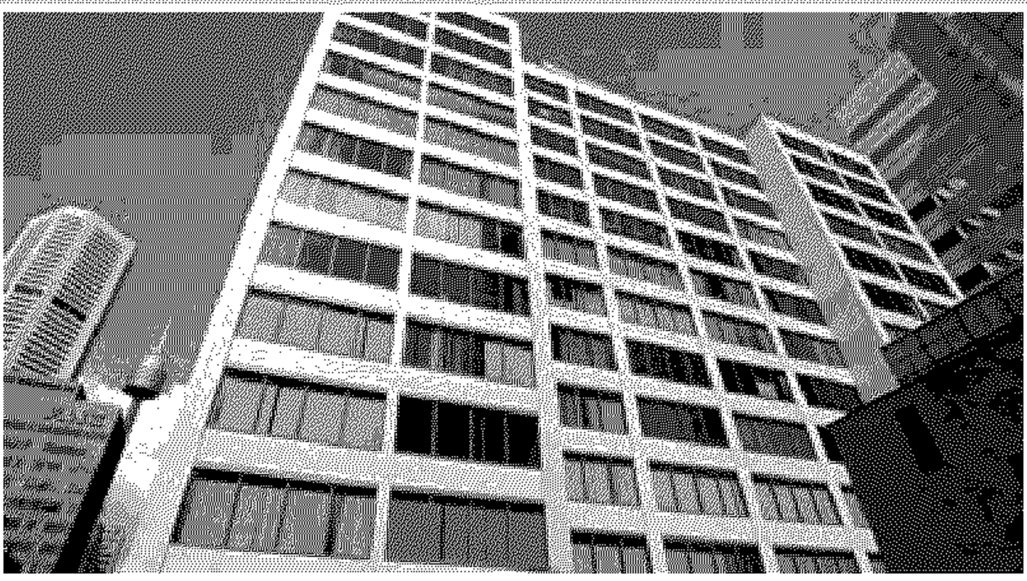
Assets under management, including the assets of the Group and of other trusts managed on behalf of retail and institutional investors, increased to $675 million in the year under review.

Growth in assets under management



Development Projects

Abacus participates in development projects through the active management of properties in the Group portfolio, in syndicates it manages and through interests in joint ventures. A strong pipeline of projects are in train to deliver transaction and development income over the years ahead.



Chairman's R

Chairman's Report

After a record result in 2003, the Abacus Property Group has continued to perform well, demonstrating the value of our integrated business model with diversified income streams and an experienced management team. While the focus of this year was on consolidating the major gains made during 2003, I am pleased to report a net operating profit after tax of $34.7 million, a 2.7% increase over last year. In addition, the Group has increased the level of distribution to security-holders, increased retained earnings and increased net tangible assets per security.

Listed property trusts have had one of the strongest reporting seasons on record, driven largely by corporate activity. Across the sector, UBS Investment Research estimates growth in average distribution per security was 5.6%.

Against these measures, Abacus has performed creditably. Profit increased 2.7% over 2003's record result, to $34.7 million. Distributions increased 6.9% to 11.23 cents per security, up from 10.5 cents in the previous year. As the distribution was paid entirely from current earnings, an increase of 2.3% was added to retained earnings and net tangible assets per security increased 5.3% to $1.00, up from 95 cents.

These results demonstrate the strength of the Abacus diversified business model which provides security-holders with the opportunity to participate in the income and capital growth from a diversified portfolio of property assets and property-based business activities.

Abacus has four core businesses:

- property ownership through a portfolio of retail, industrial and commercial properties providing rental income with the prospect of capital appreciation through active management;
- mortgage loans: advancing funds secured directly or indirectly over real property to generate interest and fee income;
- funds and property management activities generating establishment, management and performance fees; and
- project management, property-based investments and transactions, including development projects and joint venture activities, providing fees, profit participation and investment income.

This diversification of the business allows Abacus to respond quickly to changing market conditions and maintain profitability while it undertakes a variety of strategies to enhance the value of the assets in its portfolio.

Over the past 18 months, the Group has taken advantage of strong market conditions to divest approximately $105 million of mature property assets with a view to reweighting the portfolio to assets which offer greater long-term capital growth potential. With the sale of Navision House and Central Brunswick in the year under review, this divestment program is now substantially complete.

While the excellent conditions for sale of property have limited value acquisition opportunities, particularly in B and C grade office buildings, the Group's corporate structure enables funds to be temporarily redeployed in other areas of the business. Funds released from property sales during the past 18 months have been employed in the growth of the funds management business, mortgage lending and joint venture activities. A review of these activities is provided in the Managing Director's Report, which follows.

The reduction in gearing to 24.3% at balance date left the Group with a strong balance sheet from which to make further acquisitions.

Since balance date, the Group has completed the purchase of Liverpool Plaza Shopping Centre in Sydney's west for $29.8 million and has exchanged contracts to acquire a 50% interest in Santos House, a commercial office tower in Adelaide, for $51 million. Both properties offer excellent prospects for capital growth in the medium term.

Santos House is the pre-eminent office building in Adelaide. The acquisition cost of the property was significantly below replacement value and the

"The Group has increased the level of distribution to security-holders, increased retained earnings and increased net tangible assets per security."

eport

resurgence of the Adelaide leasing market after a long period of over-supply is expected to support a firming of the capitalisation rate over time.

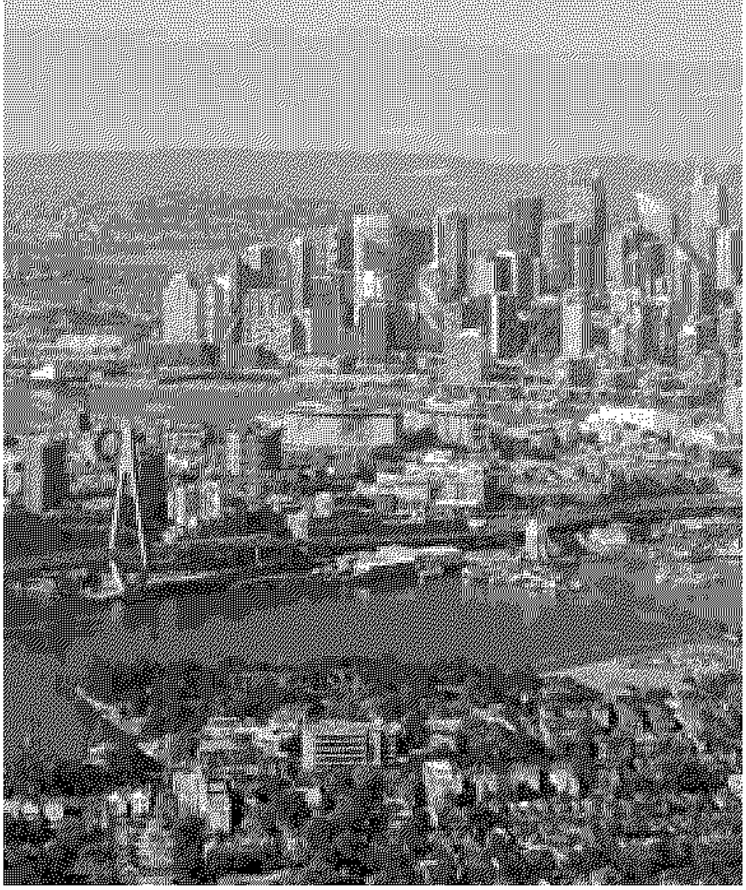
Also since balance date, the Group has completed an institutional placement of 27 million securities at an issue price of $1.18 per security, raising $31.9 million. This capital raising ensures that the level of gearing following settlement of the two new properties provides the Group with the capacity to pursue further property acquisitions as opportunities arise.

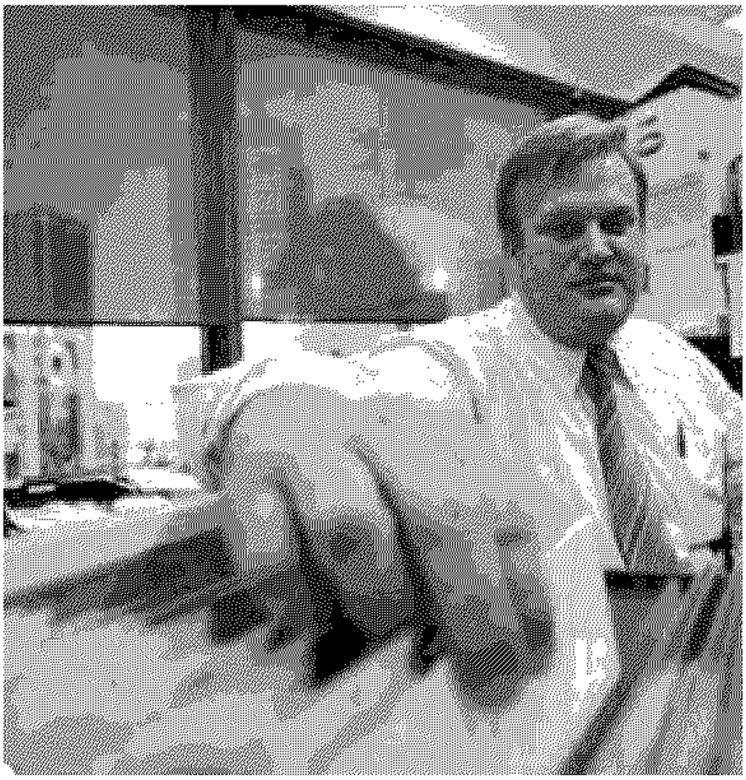
The Group will also raise capital through a Security Purchase Plan (SPP) under which security-holders may apply for up to 4,000 additional securities. Securities issued under the SPP will rank equally with existing Abacus Property Group securities from 1 October 2004.

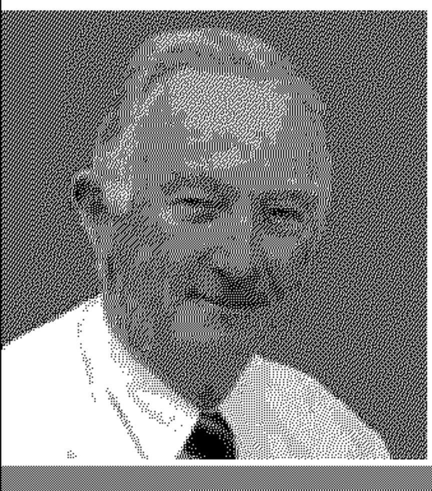
We believe the Abacus Property Group's diversified business model will continue to deliver strong earnings performance. The synergy, flexibility and alignment of interests that arise from combining property ownership with funds management, asset management and property development activities within the one organisation provide a sound platform for growth. I look forward with confidence to the year ahead.

I would like to thank my Board colleagues and the management team for their outstanding efforts during the year. On behalf of the whole Abacus team, I would like to thank you, our investors, for your continued support.

John Thame







Mr John Thame
Chairman

ce Park 431 Glebe Point Road
ate Villawood Industrial Estate
acus Diversified Income Fund
ust Abacus Crows Nest Property
ve Equity Trust Abacus Tribeca
olio Service - Burnie Hospital
project Ashfield Mall Epping
int Road Rydalmere Industrial
al Estate CSIRO Headquarters

Managing Dir

Managing Director's Report

The Group's achievements in 2004 consolidate the significant gains of 2003 and provide a platform for growth in the year ahead. The results demonstrate the benefits of diversification and the value of a pro-active approach to asset management.

Highlights of the 2004 results include a 4% increase in total equity, further reduction in gearing and continued growth in retained earnings. Particularly pleasing is the continued increase in distributions and growth in net tangible assets. Distributions increased 6.9% to 11.23 cents per security, up from 10.5 cents, while net tangible assets per security increased 5.3% to $1.00.

While property rental income decreased as a proportion of overall income during the year owing to the sale of mature assets, the funds released were able to be temporarily redeployed in other areas of the business. This is highlighted by the growth of the funds management business, where total assets under management rose from $550 million to $675 million. The diversified business model thus provides the capacity to sustain the Group's profitability as it reweights the property portfolio during the year ahead to assets which offer more potential for longer-term capital growth.

Property portfolio

During the year, Abacus continued to take advantage of the strength of the property market to sell mature assets where little further value could be added: Central Brunswick Town Square and Convenience Centre in inner Brisbane was sold in November 2003 and Navision House in the Brisbane CBD was sold in June 2004.

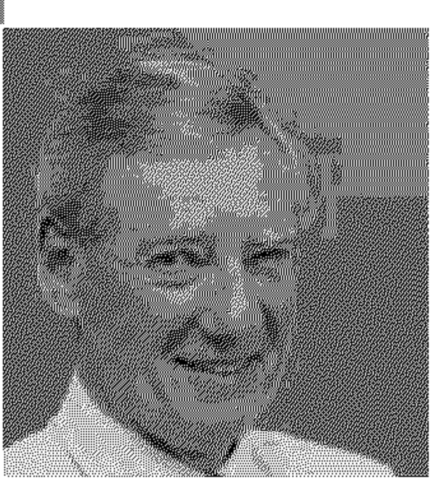
Rental income remains the primary source of earnings for the Group and management is focused on rebuilding the property investment portfolio during the year ahead. This commitment is demonstrated by the acquisition of Liverpool Plaza in Sydney's west for $29.8 million, and a 50% interest in Santos House in Adelaide for $51 million. These additions were settled in August 2004 and September 2004 respectively, and bring the total property portfolio of the Group to approximately $300 million.

Through its experienced team of property professionals, Abacus specialises in the active management of property assets to enhance income and capital growth. Despite difficult leasing conditions, Abacus was able to improve the leasing profile of major assets of the Group, extending the weighted average lease expiry across the total investment property portfolio to 4 years and overall occupancy to 99%.

Significant progress has been achieved on a number of projects within the Group's portfolio during the year:

109 Pitt Street, Sydney

The refurbishment and strata subdivision of the office tower in this Sydney CBD property continues to proceed as planned, with almost 18 floors of the 20 level tower now refurbished and over 50% of the commercial strata units sold. While the amount of competing commercial strata available for sale has increased in recent months and the demand from investors has subsided, we expect the progressive sale of the remaining 5,000 square metres to be completed over the next two to three years.



"The Group's achievements in 2004 consolidate the significant gains of 2003 and provide a platform for growth in the year ahead. The results demonstrate the benefits of diversification and the value of a pro-active approach to asset management."

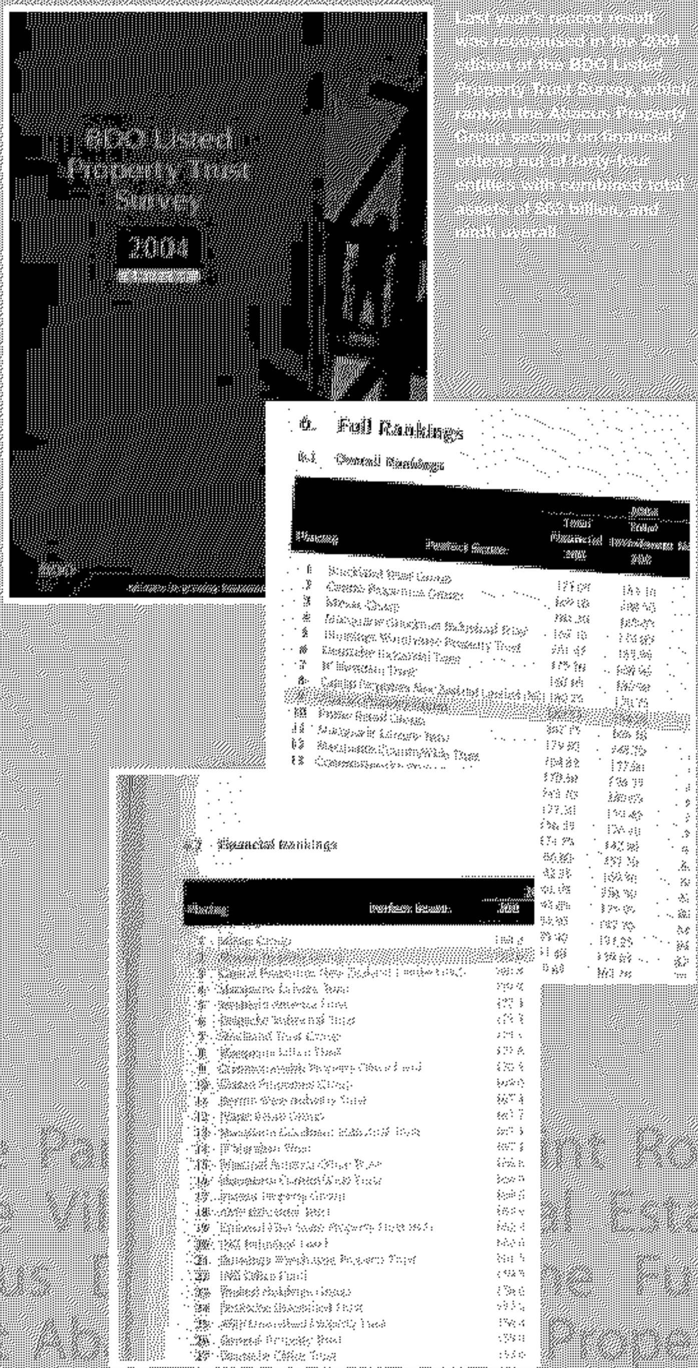
Mr David Bastian
Managing Director

431 Glebe Point Road, Glebe

Abacus has lodged a development application for the conversion of our commercial property at 431 Glebe Point Road in Sydney's inner west to 63 residential apartments to take advantage of its location in a primarily residential area close to the harbour, CBD and lifestyle facilities. The leasing profile of this property has been managed to enable redevelopment work to commence from October 2005.

Ashfield project

Following delays associated with NSW Council elections, a recent response from Ashfield Council on our preferred proposal – to develop land adjacent to Ashfield Mall in partnership with Council – has been disappointing. Abacus has now prepared a second proposal which is entirely contained within land owned by the Group and which meets existing planning criteria. This second proposal includes the development of approximately 200 apartments but does not contain the features which were widely acknowledged by all parties to have offered immense value to Ashfield residents. While Abacus will proceed with a formal application in the year ahead, it is unfortunate that a rare opportunity to deliver major benefits to the local community – including the creation of a large town square and upgraded library and other facilities – will be foregone.



Last year's record result was recognised in the 2004 edition of the BDO Listed Property Trust Survey, which ranked the Abacus Property Group second on financial criteria out of forty-four entities with combined total assets of $62 billion, and ninth overall.

Managing Dir

Managing Director's Report conti

Funds and Property Management

Funds and property management deliver sustainable fee income through the provision of management services and also earn establishment, packaging and performance fees.

During the year, the Group's primary focus was on the growth of the Abacus Diversified Income Fund (ADIF), where it provided working capital to acquire properties ahead of the receipt of funds from investors. Seven additional properties were acquired for ADIF, increasing its total assets from $60 million to approximately $167 million and providing portfolio diversification across commercial, retail and industrial property in Queensland, New South Wales and Victoria.

It is intended to continue to build ADIF's assets over time as equity is raised and opportunities generally in the $5 million to $20 million range arise. Investors' subscriptions under an open-ended offer document continue to be received on a daily basis, allowing for the ongoing repayment of the interim funding advanced by the Abacus Property Group, which stood at $30 million as at 30 June 2004.

Substantial progress has been achieved in the management of properties owned by other trusts managed by Abacus. In particular, the sale of the Target Department Store in the Elizabeth Street Mall realised a 20% increase in the value of that property and a 45% capital gain in just over two years for unitholders in the Abacus Hobart Growth Trust. Development approval has been granted to convert the commercial property owned by the Abacus Crows Nest Property Trust into 116 residential apartments, confirming that redevelopment of the site will be possible on the expiry of the remaining long-term leases.

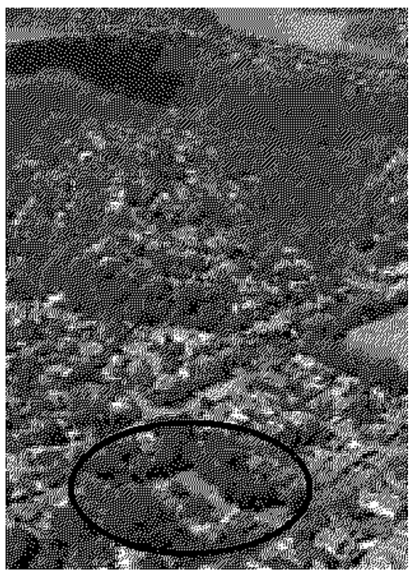
Mortgage Lending

Utilising funds temporarily released through the sale of property assets during the year, the total loans of the Abacus Mortgage Fund (including accrued interest) increased from $34.0 million as at 30 June 2003 to $46.6 million at 30 June 2004. Interest income increased from $5.5 million to $7.4 million over the period. The average loan size as at 30 June 2004 was approximately $1.8 million.

Development projects and other investments

Abacus Property Group has a pipeline of projects in train to deliver transaction and development income over the years ahead. Many projects are undertaken through joint venture arrangements to both leverage our own skills and capital and to benefit from the complementary skills of our partners.

As at 30 June 2004, the Group had a total equity of $17.4 million invested in a wide range of development projects and other property based investments, primarily in Sydney and Melbourne.



ector's Report

Outlook

After a year of consolidation and restructuring, the Group is well-positioned to maintain its momentum and continue to deliver solid investment performance.

At year end, the Group had a strong balance sheet, with gearing reduced to 24.3% and retained earnings increased to $10.0 million. Of this amount, $2.7 million is retained in the Abacus Trust while the balance of $7.3 million is retained by Abacus Group Holdings Limited. The growth in retained earnings supports the Group's objective of producing a reliable and steadily increasing income stream to security-holders.

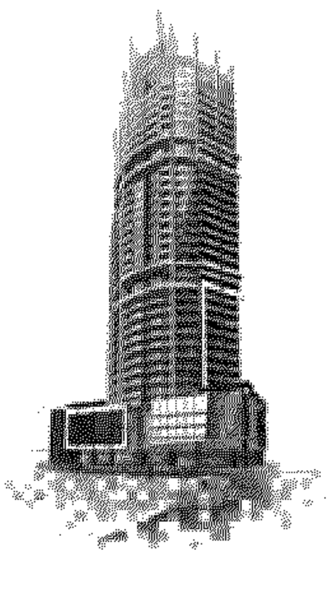
Completion of a $31.9 million capital raising through an institutional placement in August 2004 has ensured that the level of gearing following settlement of Liverpool Plaza and Santos House will enable the Group to pursue further property acquisitions as opportunities arise.

Strong Management Team

The people behind the business are the key to its success. I would like to take this opportunity to thank the Board for its leadership and all members of the Abacus staff for their efforts during the year. The results achieved by the Group reflect the team's expertise, dedication and enthusiasm.

On behalf of the Board and staff, I would like to thank you, our investors, for your continued support. The Group is in a strong position to maintain its momentum and continue delivering strong investment performance.

David Bastian



(Left) development approval was granted in August 2004 for 22 townhouses on a residential estate at North Willoughby on Sydney's lower north shore. Construction is scheduled to commence in October 2004.

(Right) The residential development project at Felix Street in Brisbane is now close to completion. For structuring and facilitating the project, Abacus is participating in the project profits.

2004 Achievements

- Increased distributions by 6.9%
- Increased retained earnings to $10.0 million
- Increased NTA 5.3% to $1.00 per security
- Substantially completed divestment of mature assets taking advantage of the strengthening market to reposition the property portfolio
- Built the assets of the Abacus Diversified Income Fund from approximately $60 million in June 2003 to $167 million at June 2004
- Increased total assets under management to approximately $675 million

Investment

Investment Property Portfolio

The Abacus Property Group holds a diversified portfolio of commercial, industrial and retail properties. Rental income from the investment properties held by the Abacus Trust is the largest contributor to the earnings of the Group.

During the year under review, Abacus continued to take advantage of the very strong property market to substantially complete the program of divestment of mature assets. The sale of Navision House and Central Brunswick Town Square and Convenience Centre assisted in further reducing the gearing of the Group, positioning it to make further acquisitions in keeping with the objective of investing in properties which provide reliable income and potential for capital growth through active management.

Since balance date, the Trust has completed the acquisition of Liverpool Plaza Shopping Centre and exchanged contracts to acquire a 50% interest in Santos House in Adelaide. The acquisition of these two properties brings the total value of the investment property portfolio to $260 million and the total property portfolio of the Group to $300 million.

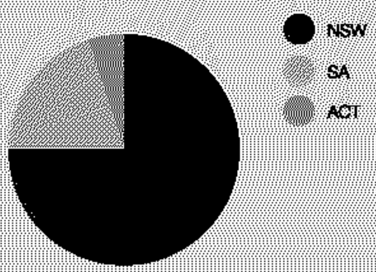
Property Sales	Valuation $ million
Central Brunswick, Brisbane Sold November 2003 for $20.25 M	20.0
Navision House, Brisbane Sold June 2004 for $23.7 M	18.7

Abacus Trust Investment Property Portfolio

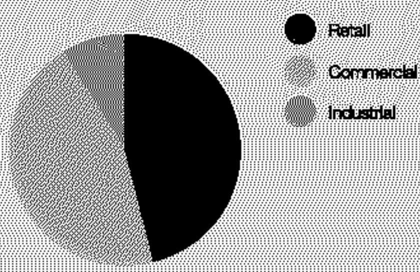
Property	State	Primary use	Current Valuation $ million
Ashfield Mall, Ashfield	NSW	retail	89.0
Epping Office Park, Epping	NSW	commercial	40.0
10-12 Pike Street, Rydalmere	NSW	industrial	16.0
431 Glebe Point Road, Glebe	NSW	commercial	12.5
Villawood Industrial Estate	NSW	industrial	7.5
CSIRO Headquarters, Canberra	ACT	commercial	14.0
Liverpool Plaza, Liverpool Acquired August 2004	NSW	retail	29.8
Santos House (50% interest) Settlement scheduled September 2004	SA	commercial	51.0

Diversification

Location



Primary Use

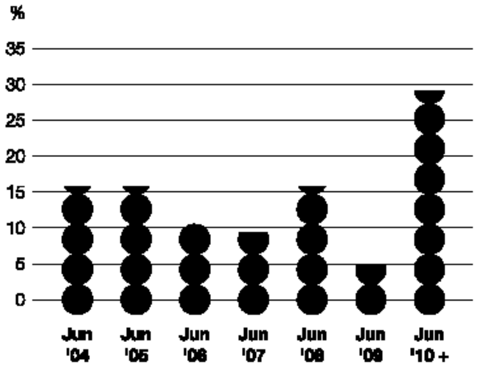


Property

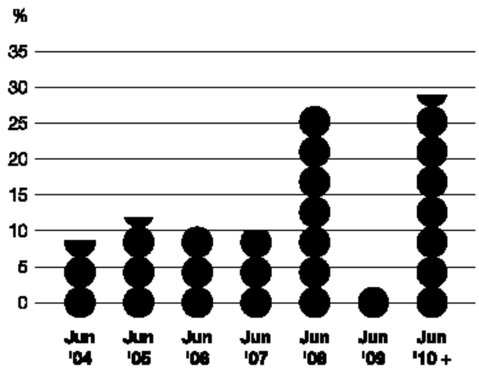
Lease Expiry Profile

Weighted average lease expiry by income: 3.7 years
Weighted average lease expiry by area: 4.0 years

% of Income



% of Area



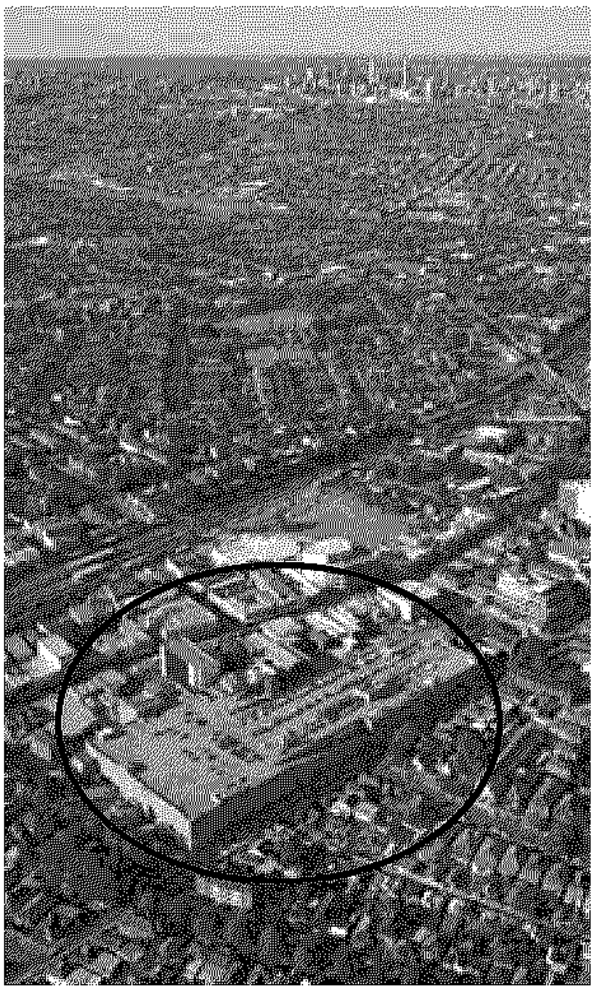
Occupancy

Up from 97% to 99%.

Ashfield Mall, Ashfield

Ashfield Mall is a sub-regional shopping centre in the residential suburb of Ashfield, located less than 10 kilometres south-west of the Sydney CBD. The fully enclosed four level building offers vehicle access off three street frontages and is close to the railway station and bus interchange. The surrounding area includes some of the most densely populated suburbs of Sydney.

Property Details		
Building date	1983, refurbished 1987, 1993 and 1997	
Gross Lettable Area	25,850 m²	
Car Parking	1,000 spaces, 650 undercover	
Valuation Details		
Valuation	$89.0 million	
Valuer	FPD Savills	
Valuation date	30 June 2003	
Capitalisation rate	8.25%	
Leasing Details		
Lease profile	Anchor tenants include Coles, Kmart, Target and Franklins supported by over 60 specialty retailers	
Occupancy	99%	
Lease Expiry	2004/05	8%
	2005/06	2%
	2006/2007+	89%



rtfolio

Investment

Investment Property Portfolio continued

Epping Office Park, 240 -244 Beecroft Road and 4 Ray Road, Epping

Epping Office Park is a high quality office complex approximately 20 kilometres north-west of the Sydney CBD. The property comprises four separate buildings in an attractive landscaped environment. Typical floor areas range from 963 m² to 1,300 m². Facilities include an in-ground swimming pool, tennis court, squash courts and a café.

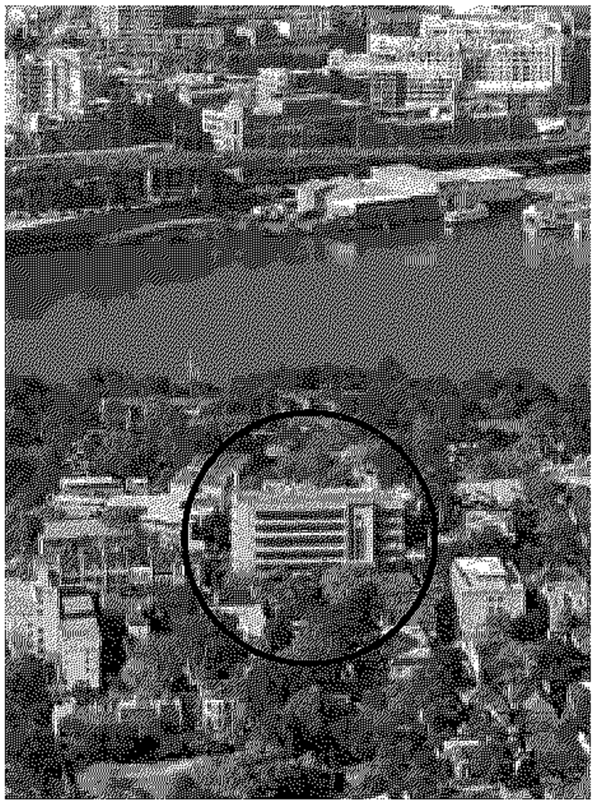
Property Details		
Building date	Progressive, from 1983 to 1990	
Site Area	13,389 m²	
Net Lettable Area	12,350 m²	
Car Parking	381 spaces	
Valuation Details		
Valuation	$40.0 million	
Valuer	Colliers International	
Valuation date	1 December 2003	
Capitalisation rate	8.75%	
Leasing Details		
Lease profile	Major tenants include AMP, Carter Holt Harvey, NAB, NEC Australia, Associated Planners, Arrow Communications, Wrigleys, and CWA Caroma	
Occupancy	98%	
Lease Expiry	2004/05	8%
	2005/06	23%
	2006/2007+	67%

431 Glebe Point Road, Glebe

This six storey office building is located close to the harbour and lifestyle facilities in a primarily residential area approximately three kilometres west of the Sydney CBD. Typical floor areas range from 644 m² to 1,401 m².

A development application has been lodged to convert the building to quality residential apartments. Negotiations with planning authorities are proceeding, with development approval anticipated by June 2005. Accordingly, leases within the property are either short-term or contain redevelopment clauses allowing early termination at no penalty.

Property Details		
Building date	Initial construction circa 1950 as a warehouse, converted to commercial approximately 1980	
Net Lettable Area	5,415 m²	
Car Parking	52 spaces	
Valuation Details		
Valuation	$12.5 million	
Valuer	Urbis JHD	
Valuation date	31 December 2003	
Capitalisation rate	9.50%	
Leasing Details		
Lease profile	Tenants include Carlson Wagonlit Australia, Ipex Pty Limited and Interiors Australia	
Occupancy	100%	
Lease Expiry	All leases expire or have demolition clauses which apply from October 2005	
	2004/05	44%
	2005/06	31%
	2006/2007+	25%



Property

10-12 Pike Street, Rydalmere

This industrial estate comprises two older style detached buildings and is located on the Parramatta River, two kilometres east of the Parramatta CBD and 21 kilometres west of the Sydney CBD.

Property Details

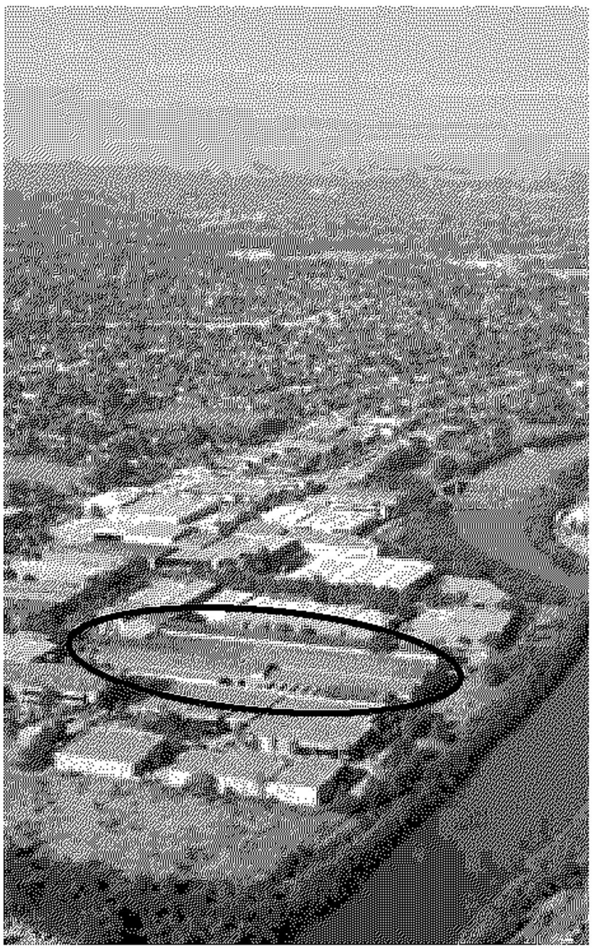
Building date	Approximately 1960
Site Area	3.8 ha
Gross Lettable Area	18,103 m²
Car Parking	16 undercover spaces, with extensive open on-grade spaces provided within the grounds

Valuation Details

Valuation	$16.0 million
Valuer	FPD Savills
Valuation date	31 December 2003
Capitalisation rate	9.77%

Leasing Details

Lease profile	Waco Kwikform Limited
Occupancy	100%
Lease Expiry	June 2008 with one 5 year option



Villawood Industrial Estate, 66 Christina Road, Villawood

Villawood is an established industrial precinct in the south-western suburbs of Sydney, 25 kilometres from the CBD and with good access to Sydney's major road arteries. The property includes two industrial buildings made up of five factory units.

The property has approximately 3,000 square metres of unimproved land fronting Christina Road which may be developed. The property lease profile has been maintained on a short-term basis in order to allow for the future redevelopment of the property.

Property Details

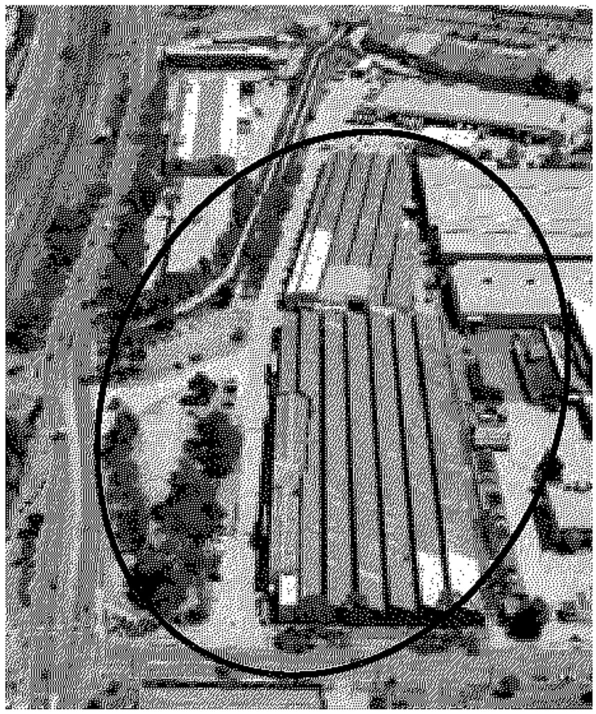
Building date	1952
Site Area	3.5 ha
Gross Lettable Area	18,477 m²
Car Parking	Open on-grade parking provided

Valuation Details

Valuation	$7.5 million
Valuer	Knight Frank
Valuation date	31 January 2002
Capitalisation rate	12.0%

Leasing Details

Lease profile	BF Goodrich P/L, Primac Pastoral P/L and Australian Wool Network P/L	
Occupancy	100%	
Lease Expiry	2004/05	0%
	2005/06	18%
	2006/2007+	82%



Portfolio

Investment

Investment Property Portfolio continued

CSIRO Headquarters, Limestone Avenue, Campbell, ACT

CSIRO's head office and related administration and conference facilities occupy an elevated site two kilometres to the east of the Canberra CBD.
The improvements consist of a five-level office building with attached single level conference centre and a two-level administration building plus a bitumen-sealed carpark. Surrounding development includes residential housing, retirement villages, a high school and the Australian War Memorial.

Property Details

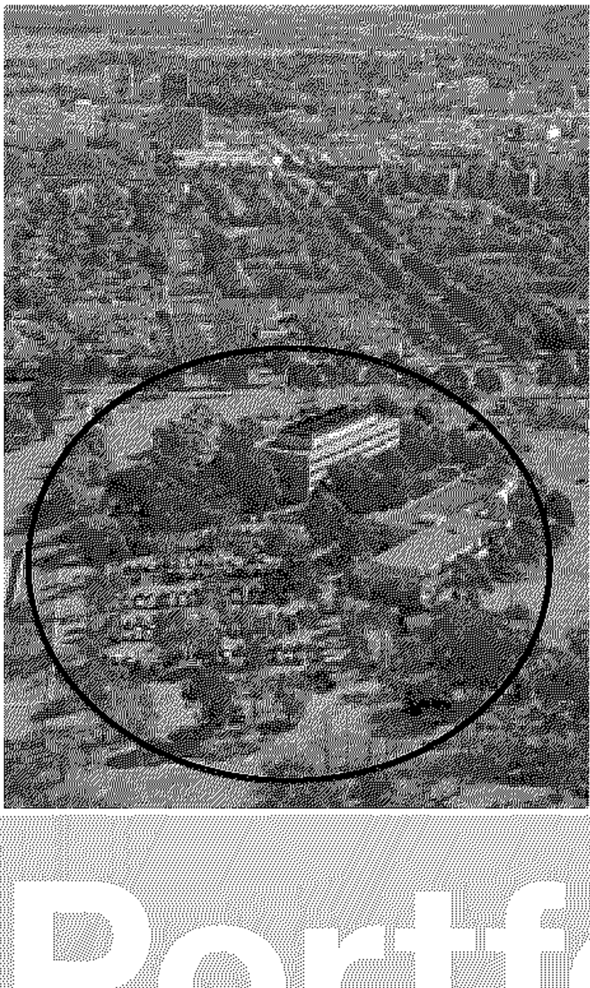
Building date	1970 & 1983
Site Area	4 ha
Net Lettable Area	7,215 m²
Car Parking	350 spaces

Valuation Details

Valuation	$14.0 million
Valuer	FPD Savills
Valuation date	31 December 2003
Capitalisation rate	9.70%

Leasing Details

Lease profile	CSIRO
Occupancy	100%
Lease Expiry	June 2012 with four 10 year options



Liverpool Plaza, Sydney (Settled August 2004)

Liverpool Plaza is a neighbourhood shopping centre centrally located in the Liverpool CBD.
The fully enclosed centre comprises ground floor retail, mezzanine level offices and an open rooftop carpark. Occupants include a supermarket and 40 specialty retailers.

Property Details

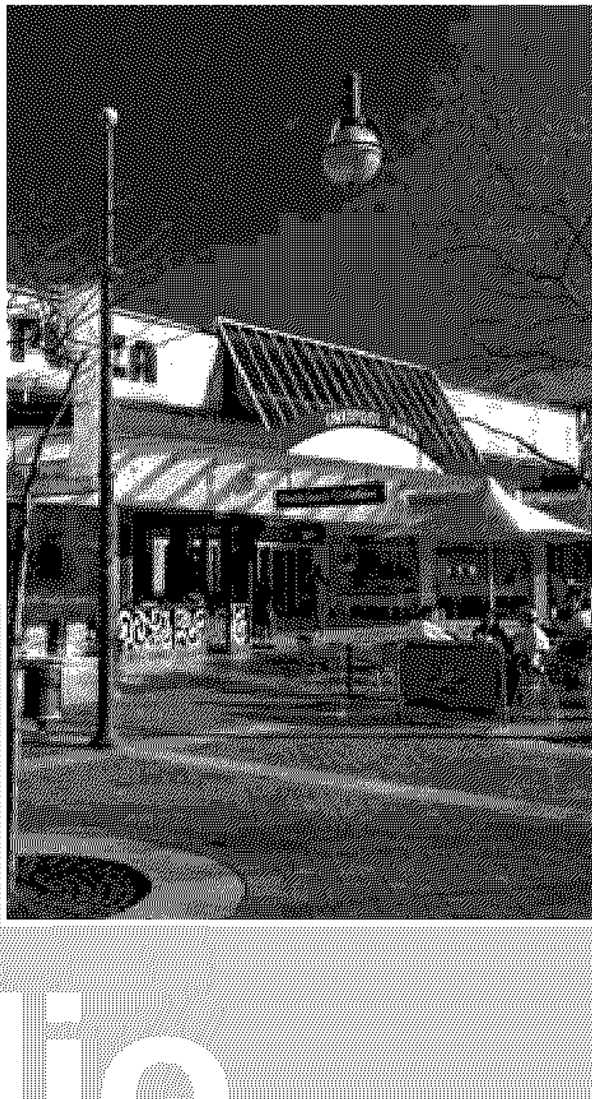
Building date	1983, upgraded 1989 and 1991
Net Lettable Area	6,332 m²
Car Parking	250 spaces

Valuation Details

Valuation	$29.8 million
Valuer	Urbis JHD
Valuation date	28 May 2004
Capitalisation rate	8.50%

Leasing Details

Lease profile	Major tenants include Franklins, St George, NAB, ANZ, NIB, Medicare, McDonalds and Gloria Jeans	
Occupancy	100%	
Lease Expiry	2004/05	17%
	2005/06	8%
	2006/2007+	75%

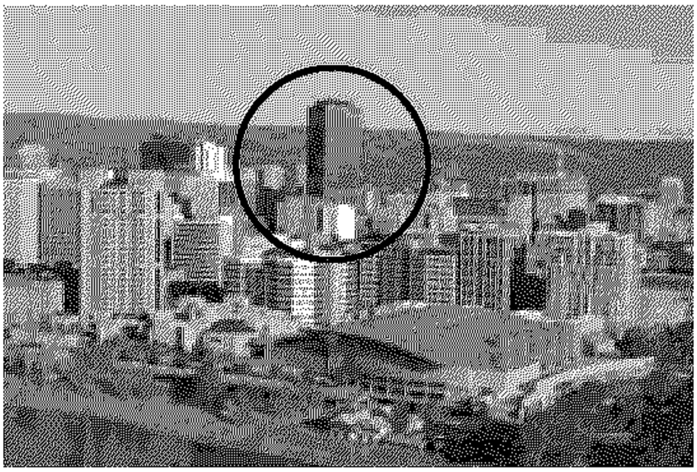


Portfolio

Property

Santos House, Adelaide (To be settled September 2004)

Santos House is a 31 level, premium grade office tower and is widely regarded as the pre-eminent commercial asset in Adelaide. Occupying a prime location in the central CBD and with four street frontages, the property includes two adjacent small office buildings and various pedestrian thoroughfares.



Property Details

Building date	Approximately 1989	
Net Lettable Area	31,678 m²	
Car Parking	60 spaces	

Valuation Details

Valuation	$51.0 million (50% ownership)
Valuer	CB Richard Ellis
Valuation date	1 July 2004
Capitalisation rate	8.0%

Leasing Details

Lease profile	Major tenants include Santos, Price Waterhouse Coopers, Kelly & Co, Ernst & Young, ASX	
Occupancy	99%	
Lease Expiry	2004/05	6%
	2005/06	15%
	2006/2007+	76%

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Funds

Funds Management

Through Abacus Funds Management Limited, the Abacus Property Group manages a number of trusts and syndicates on behalf of retail and other clients in addition to the management of its own portfolio.

The establishment of new syndicates leverages off the skills and market presence of the Group's property specialists to identify and package investment opportunities which offer a more leveraged property exposure for private investors. Fee income from the establishment and marketing of the offers, and management and other services, add to the earnings of the Group.

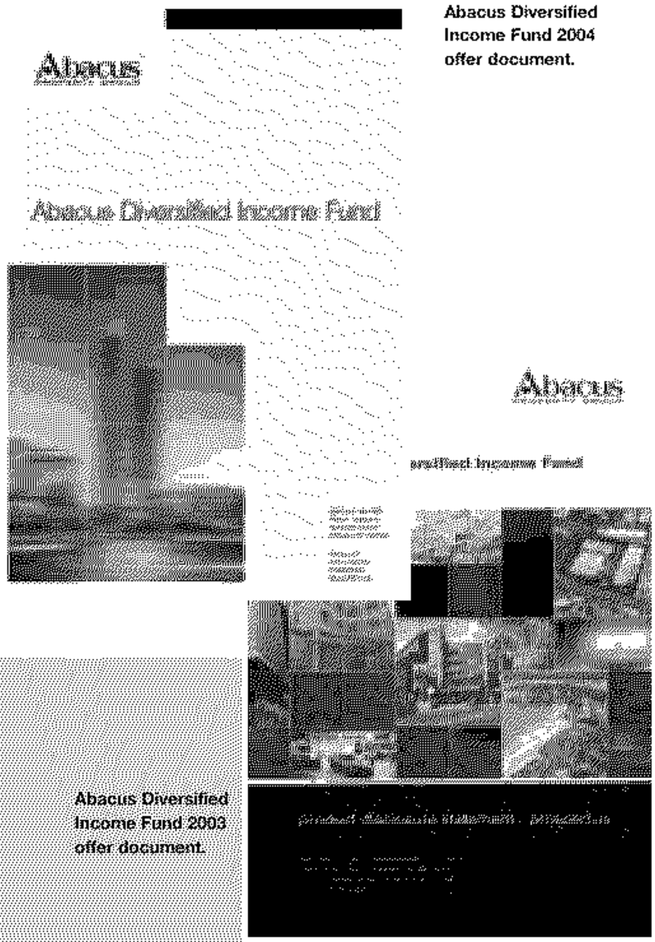
The major activity of the year under review has been the growth of the Abacus Diversified Income Fund.

Abacus Diversified Income Fund

The Abacus Diversified Income Fund was launched in June 2003 with an initial portfolio of $60 million in direct property, secured loans and interests in development projects. During the year, a further seven property assets were acquired for the Fund, providing it with a diversified portfolio of commercial, industrial and retail property assets in NSW, Queensland and Victoria.

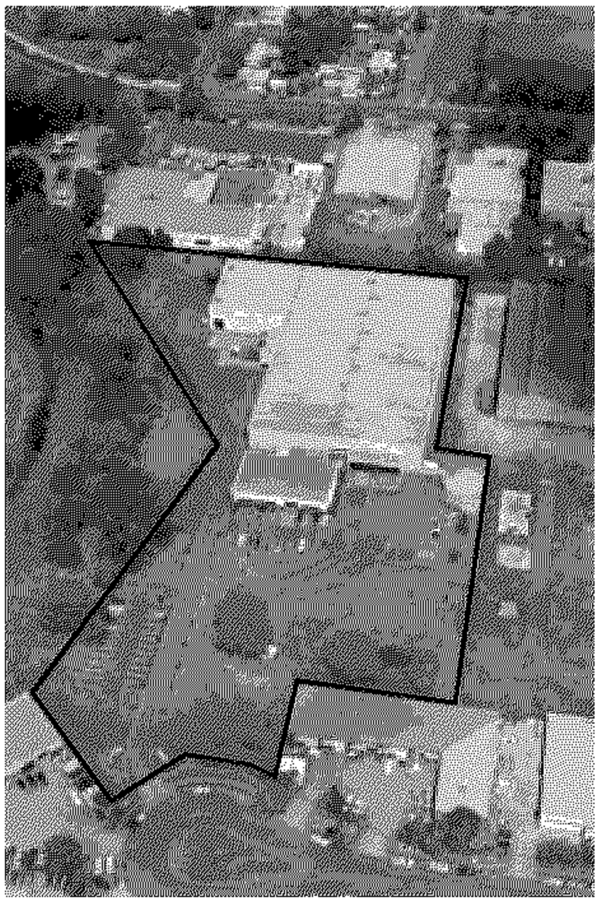
These acquisitions were funded by ongoing capital raisings, including under a new offer document issued in April 2004, and temporary funding provided by the Abacus Property Group. As at the date of this report, over $70 million in equity has been raised.

Abacus proposes to acquire additional assets for the portfolio during the year ahead, generally in the range of $5 to $20 million.



Abacus Diversified Income Fund 2004 offer document.

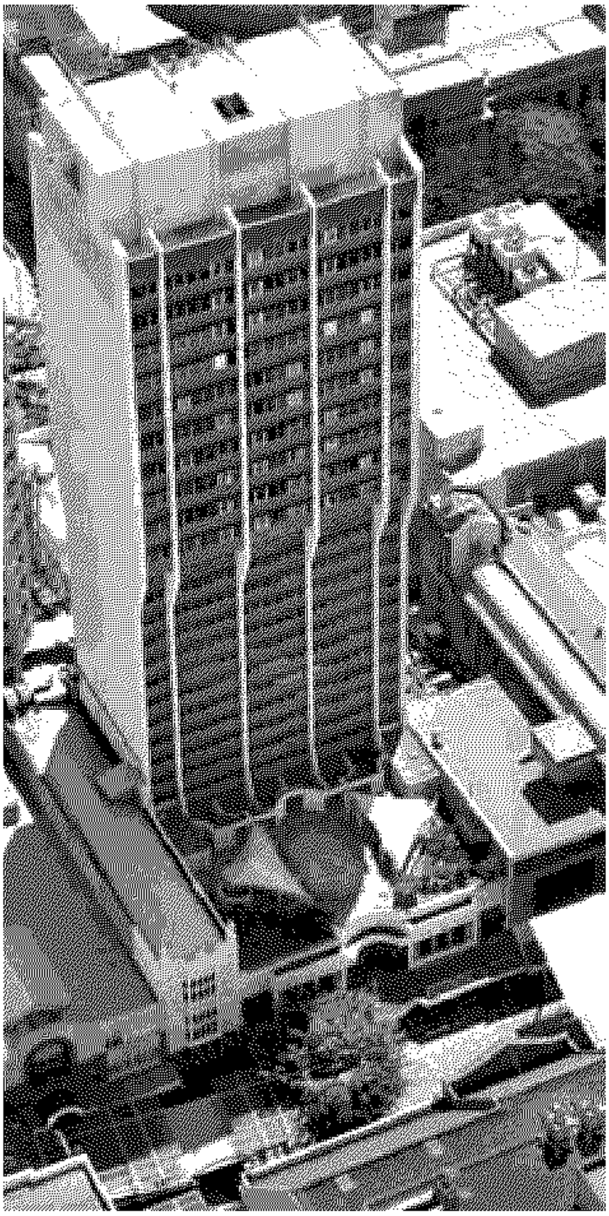
Abacus Diversified Income Fund 2003 offer document.



31-33 Windorah Avenue, Stafford Queensland

Abacus Funds Management Limited holds Australian Financial Services Licence 227819.

Management



Property trusts provide investors with regular, tax-advantaged income and participation in long-term capital growth. Current products under management include:

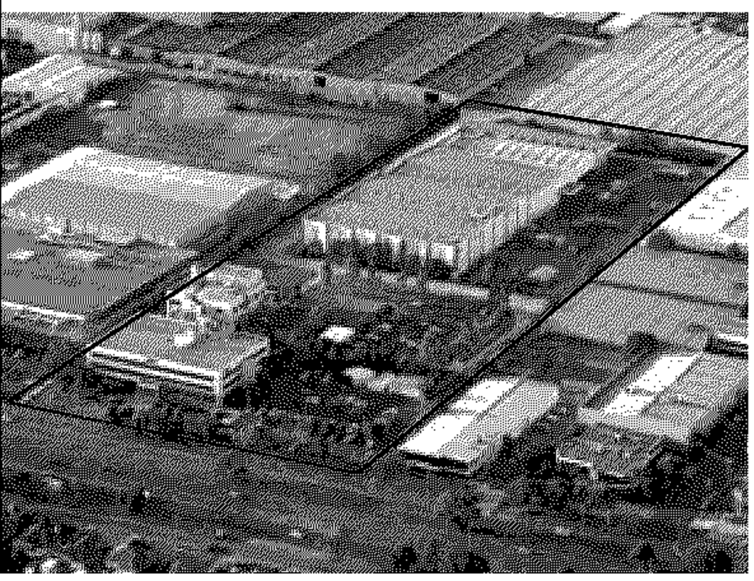
- Abacus Crows Nest Property Trust
- Abacus Mariners Cove Equity Trust
- Abacus Hobart Growth Trust
- Abacus Diversified Income Fund

Mezzanine funding syndicates are unit trusts which pool investors' funds to provide mezzanine funding in anticipation of above average returns. Products under management include:

- Abacus Tribeca Investment
- Abacus Portfolio Service – Burnie Hospital

Development syndicates offer high net worth investors opportunities to invest in development projects with the prospect of high returns while bearing certain development risks.

Lennon's Plaza
66 Queen Street, Brisbane, Queensland



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ve Equity Trust Abacus Tribeca
olio Service - Burnie Hospital
project Ashfield Mall Epping
d Rydalmere Industrial
l Estate CSIRO Headquarters

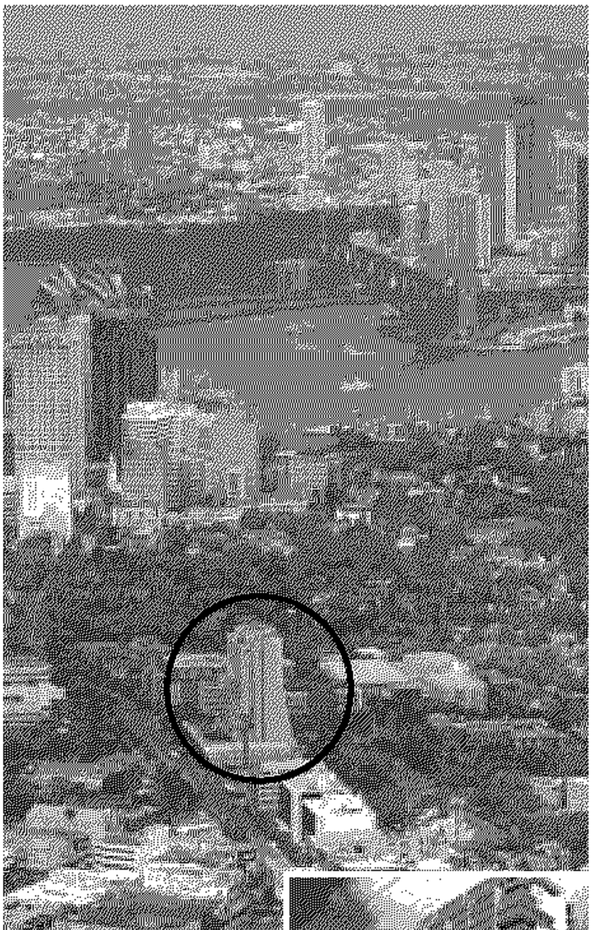
Funds

Funds Management continued

Abacus Crows Nest Property Trust

The Abacus Crows Nest Property Trust owns a commercial property at 200-220 Pacific Highway Crows Nest which provides a mix of office, retail and hotel accommodation across two buildings with a total lettable area of 12,400 m^2 and basement parking for 189 cars. Purchased during 2000 for $23.75 million, the property was valued at $27.6 million in July 2003.

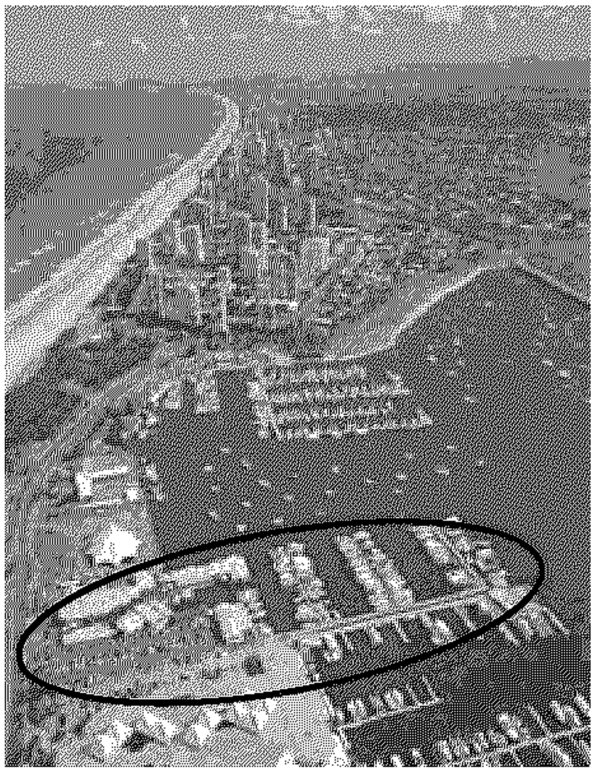
The property enjoys spectacular harbour views and is close to North Sydney, the vibrant Crows Nest shopping centre and many lifestyle amenities. During the year, development approval was granted to convert the property to 116 prestige two and three bedroom residential apartments.



Abacus Mariners Cove Equity Trust

The Abacus Mariners Cove Equity Trust owns a 50% interest with Ariadne Australia Limited in 'Mariners Cove', a commercial, restaurant and marina complex with tourist accommodation located amid popular tourist attractions and resorts 3 kilometres north of Surfers Paradise on the Gold Coast. Mariners Cove occupies almost 4 hectares of land and seabed and offers around 4,255 m^2 of net lettable area, parking for 220 cars and a 96 berth marina with comprehensive fuel and shop facilities.

Since acquisition, the joint venture has undertaken a $1.5 million refurbishment program and obtained liquor and gaming licences, attracting new tenants and increasing occupancy to 100%. Following the June 2003 registration of an Indigenous Land Use Agreement with the traditional owners of the Gold Coast over the land and waters adjoining Mariners Cove that are owned by the State Government, negotiations with the State Government have commenced on redevelopment plans which may include adjacent land.

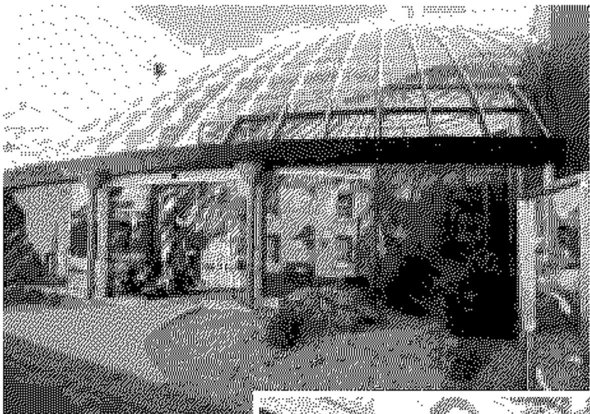


Management

Abacus Hobart Growth Trust

During the year, the Abacus Hobart Growth Trust sold the Target Department Store in the Elizabeth Street Mall, providing a 45% capital gain to unitholders on their investment in just over two years.

The remaining assets of the Trust are options to acquire two commercial properties in the Hobart CBD. These options give the Trust the right to purchase the six storey office building at 99 Bathurst Street in 2010 and the commercial complex at 79-85 Melville Street in 2013 on the payment of $1.00 each. The combined value of the two properties in January 2002 was $24 million.



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Equity Trust Abacus Tribeca
Service - Burnie Hospital
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l Estate CSIRO Headquarters

Property Developments

The Abacus Property Group engages in development projects through the development of properties in the Group portfolio and through interests in joint ventures.

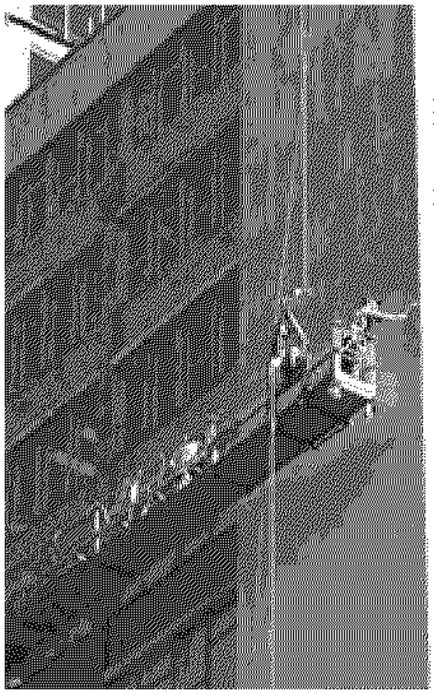
Abacus Group Holdings Limited Development Property Portfolio

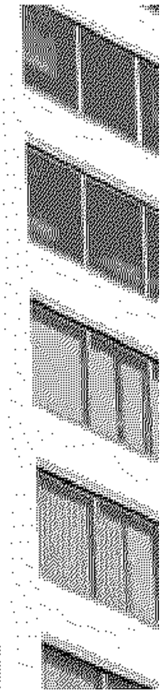
Property	State	Primary use	Valuation $ million
109 Pitt Street, Sydney	NSW	commercial	25.7
4-8 Jacobs Street, Bankstown	NSW	commercial	4.75
244, 252-256 Liverpool Road, Ashfield	NSW	retail	7.4

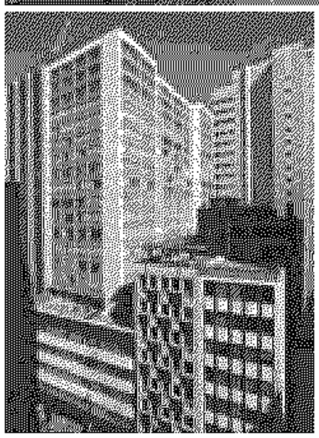
109 Pitt Street, Sydney

Following the sale of the retail arcade and the leasehold interest in the basement carpark and completion of major works in 2003, the focus of 2004 was the progressive refurbishment of the interior of the tower, its strata subdivision and sale.

At year end, almost 18 floors of the 20 level tower have been fully refurbished and over 50% of the strata units sold. While the pace of sales has slowed in recent months owing to the increased amount of competing commercial strata available for sale and easing demand from investors, we anticipate that the remaining 5,000 square metres of office space will be sold progressively over the next two to three years.







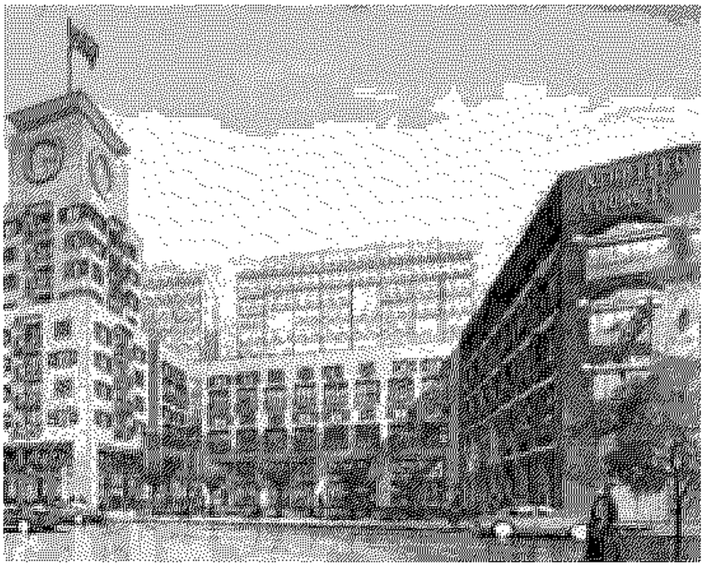
The 109 Pitt Street office tower has undergone an extensive refurbishment

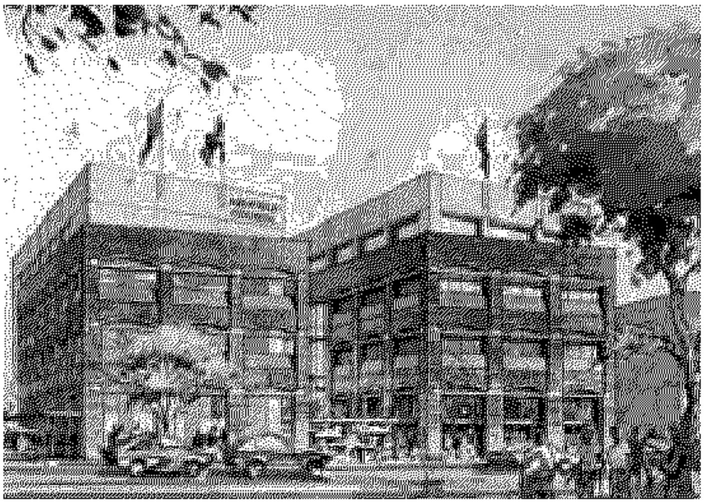
Development

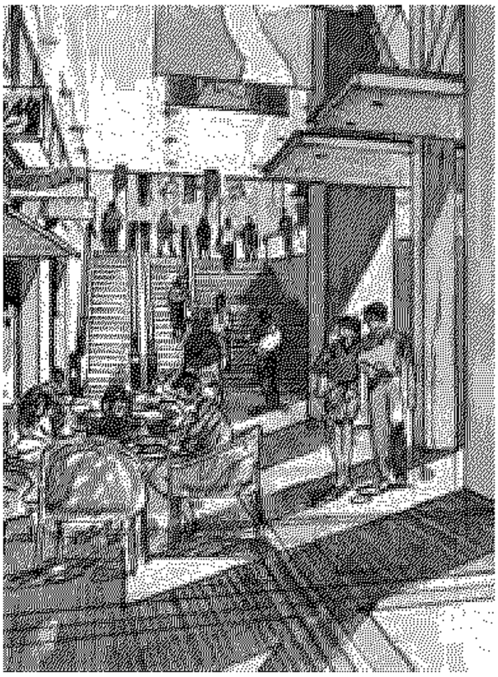
Ashfield Project

Abacus has been working with Ashfield Council on a proposal to refurbish Ashfield Mall and develop approximately 200 residential apartments and commercial accommodation. Highlights of the preferred proposal, which would include land owned by Council, are the creation of a large, landscaped town square framed by cafés and retail shops to enliven the centre of Ashfield, and a new library and other upgraded community facilities. Although widely acknowledged as offering significant benefits to the whole community, this proposal has not gained the support of Council owing to its adherence to anti-development precepts.

Abacus has now prepared a second proposal which is entirely contained within land owned by the Group. This proposal also provides 200 apartments and does not require any concession from Council. We anticipate lodging formal plans to progress this proposal early in 2005.







ce Park 431 Glebe Point Road
ate Villawood Industrial Estate
acus Diversified Income Fund
ust Abacus Crows Nest Property
ve Equity Trust Abacus Tribeca
olio Service - Burnie Hospital
project Ashfield Mall Epping
oint Road Rydalmere Industrial
al Estate CSIRO Headquarters

Property

Property Developments continued

Joint venture activities

Abacus has structured a number of development projects to leverage our own strengths and benefit from the complementary skills of our partners. Our policy is not to take a significant equity position in any one project, but to participate as sponsor, partner, facilitator, financier or promoter.

During the year ended 30 June 2004, Abacus concluded its interests in projects at Mascot, Bondi and Sunbury and received income from ongoing projects at Hornsby and Brisbane.

New interests acquired through joint ventures during the year have strengthened and extended the pipeline of projects to deliver fee income and profit participation over the medium term.

Willoughby

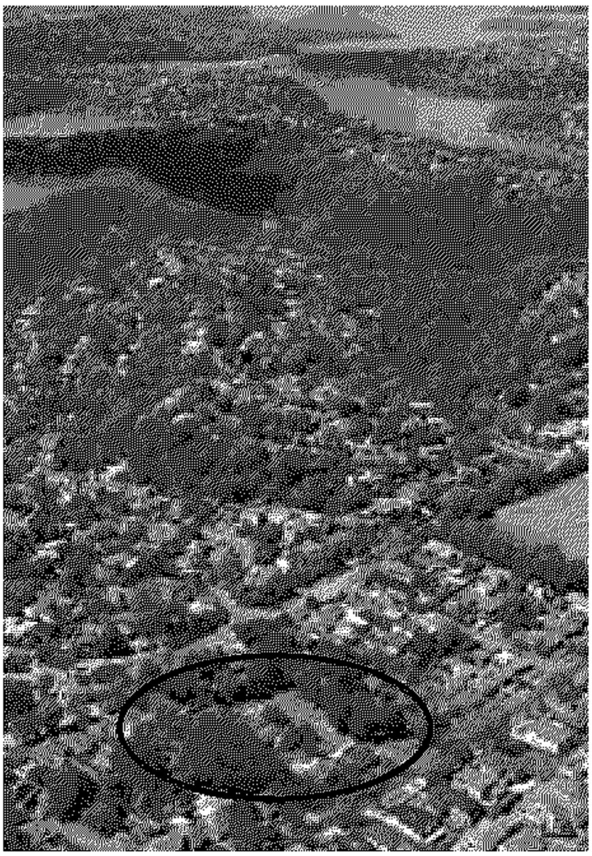
Development approval was granted in August 2004 for 22 houses in a community estate on this 12,430 square metre site at North Willoughby on Sydney's lower north shore. Construction is scheduled to commence in October 2004.

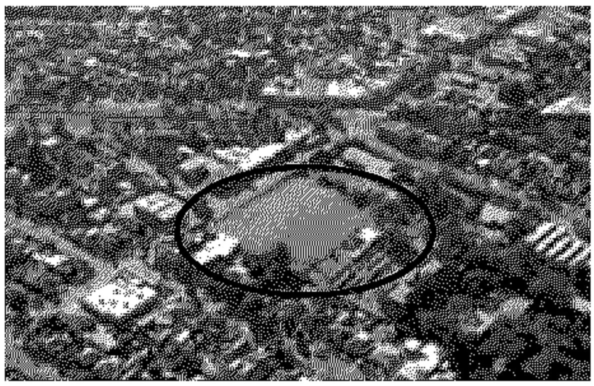
Highett

A development application will be lodged this year for a mixed development on vacant land at 284 Highett Road, Highett in Melbourne's south-eastern suburbs. If approved, the development will comprise a neighbourhood shopping centre at ground level, including a supermarket of 3,840 square metres, 140 residential apartments over three floors and basement parking for over 500 cars.

Pakenham

Three sites totalling over 65 hectares are being acquired in Melbourne's growth corridor, primarily for residential subdivision. 90 lots at 1 McGregor Street will be available for sale during the next 12 months, with 600 lots at "Devonia Park", 115 Cardinia Road expected to be released over a period of 5-6 years. The site at 11-15 Main Street will be a mixed-use development of retail and commercial space and medium density residential. These properties are being acquired on deferred terms to minimise holding costs.

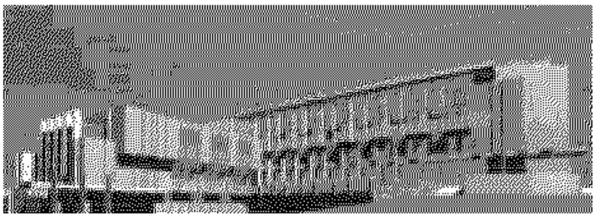


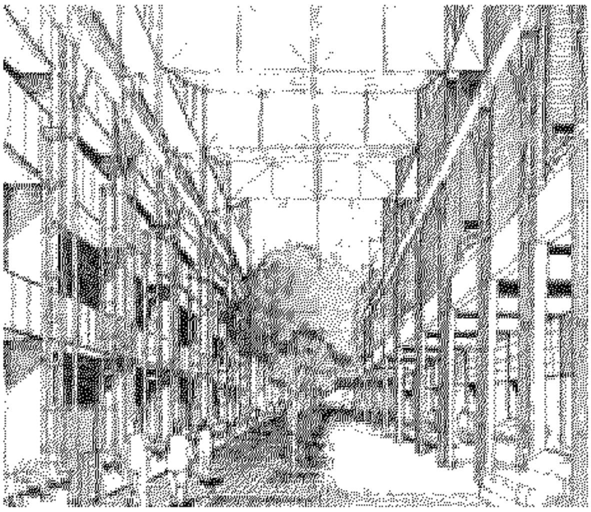


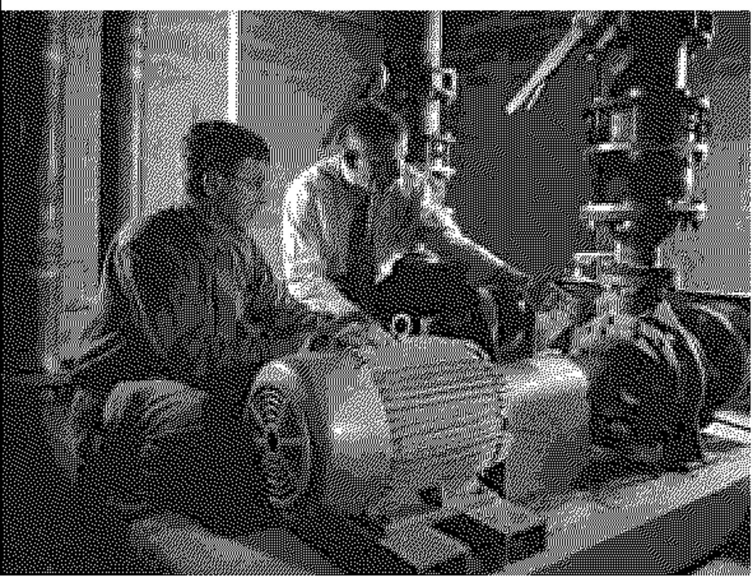
Development

Mornington

Four redevelopment projects have been acquired in close proximity to the beach and other lifestyle facilities in Melbourne's Mornington Peninsula. They will provide a mix of residential, motel and parking facilities, with completion anticipated over the next 3-4 years.







Qualified

Experienced and Qualified Management

While the Abacus Property Group has the legal structure of a separate company and trust, it is effectively managed as a single business with the Board of Abacus Group Holdings Limited by the Board of Abacus Funds Management Limited (as responsible entity of the Abacus Trust).

The experienced Boards are supported by a dedicated team of highly qualified staff, including experienced valuers and property management specialists as well as finance, legal, marketing, accounting and administration professionals.

MR JOHN THAME, Chairman

Mr John Thame has over 30 years experience in the retail financial services industry in senior management positions. His 26-year career with Advance Bank included 10 years as Managing Director of Advance Bank until the Bank's merger with St George in 1997. Mr Thame is Deputy Chairman of St George Bank Limited and director of AWB Limited, Reckon Limited and Village Building Co. Ltd.

DR FRANK WOLF, Deputy Chairman (Executive)

Dr Frank Wolf is the Chairman of FSP Group Pty Limited and a director of financial planning groups Financial Services Partners Pty Limited, Vector Financial Services Limited and Kingston Capital Limited as well as of HGL Limited, a diversified publicly listed investment company. Dr Wolf has over 20 years experience in the property and financial services industry and has been instrumental in over $2 billion worth of property-related transactions, corporate acqusitions and divestments.

MR DAVID BASTIAN, Managing Director

Mr David Bastian has 40 years experience in the financial services industry, in particular in the packaging of commercial, retail and residential property projects. He was Managing Director of Canberra Building Society for 20 years, Managing Director of Pembroke Financial Planners Limited for 3 years, and executive director of Godfrey Pembroke Financial Services Limited for 4 years. Mr Bastian is also a director of FSP Group Pty Limited, Vector Financial Services Limited and Kingston Capital Limited.

Mr John Thame | Dr Frank Wolf | Mr David Bastian | Mr Dennis Bluth | Mr Phillip Green | Mr Malcolm Irving

Ltd Group, ADI Limited and Resimac Limited.

MR DENNIS BLUTH

Mr Dennis Bluth holds Bachelor of Arts, Bachelor of Law and Master of Law degrees and has practised as a solicitor for over 25 years, principally in the area of property law. Mr Bluth is a partner with Abbott Tout Solicitors of Sydney, Canberra and Brisbane and is a member of a number of Law Society and Law Council Committees. He was formerly a director of Godfrey Pembroke Financial Services Limited.

MR PHILLIP GREEN

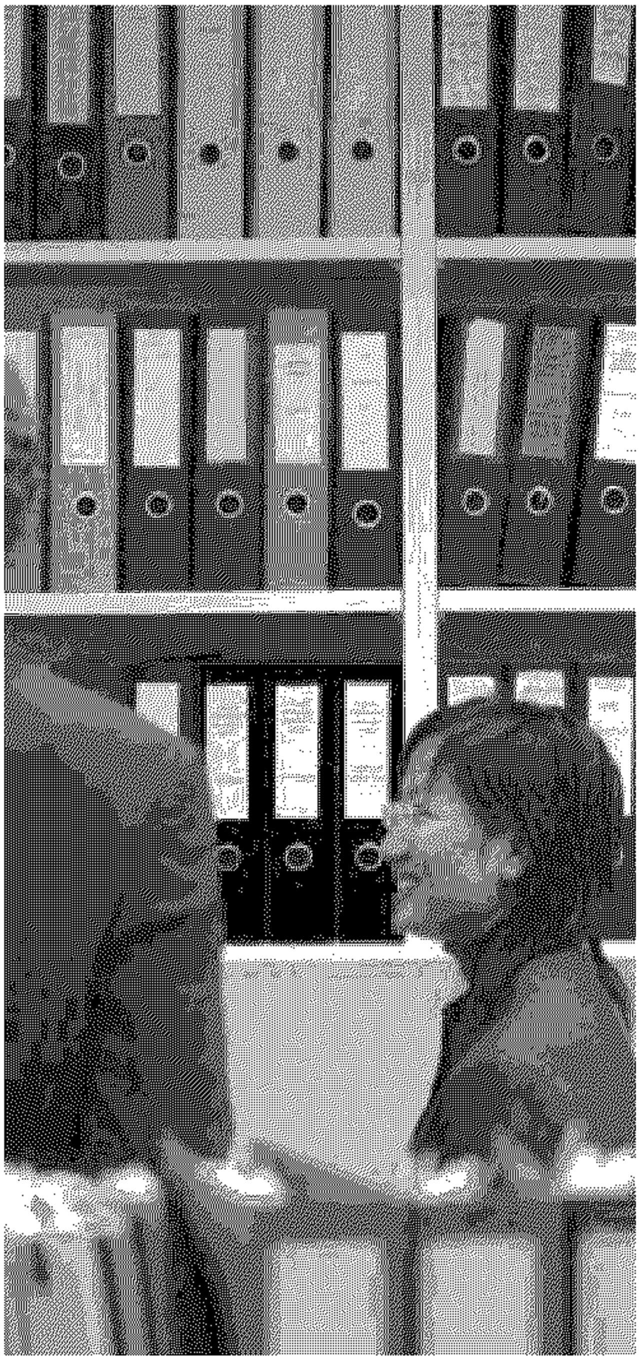
Mr Phillip Green holds Bachelor of Commerce and Bachelor of Law degrees and qualified as a Chartered Accountant. He is the Managing Director of Babcock & Brown Pty Limited, a merchant banking group, and is also a member of the Group's international board. Mr Green has over 25 years experience in corporate finance, specialising in taxation and structured domestic and international corporate acquisitions. He is also a director of Tourism Asset Holdings Limited, MTM Funds Management Limited, FSP Group Pty Limited and Prime Infrastructure Management Limited.

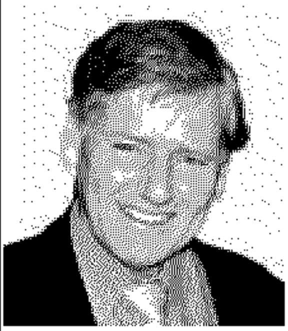
MR MALCOLM IRVING, AM

Mr Malcolm Irving has over 40 years experience in company management, including 12 years as Managing Director of CIBC Australian Limited. Mr Irving is Chairman of Australian Industry Development Corporation, the Australian River Company Limited, Willis Australia Limited Group and Keycorp Limited. He is also a director of O'Connell Street Associates Pty

MR LEN LLOYD, Executive Director

Mr Len Lloyd is a licensed Real Estate Agent and a registered Real Estate Valuer. His experience includes the development, management and funding of commercial, retail and residential property. Mr Lloyd holds the position of Managing Director, Abacus Property Services Pty Limited, responsible for property administration and development opportunities in the Abacus portfolio. In previous positions, Mr Lloyd held responsibility for the property portfolios of the Advance Bank and St George Bank and provided valuation and lending advice while with the Commonwealth Development Bank.





Mr Len Lloyd

Financial Information

The following financial information for the year ended 30 June 2004 is separated into three sets of financial statements:

Concise Financial Report of the Abacus Property Group

Consisting of the combined financial reports of Abacus Group Holdings Limited (ABN 31 080 604 619) and its controlled entities and the Abacus Trust (ABN 27 921 263 285) and its controlled entities.

For the year ended 30 June 2004

This concise report has been derived from the full financial report for the year ended 30 June 2004.

A copy of the full financial report, including the auditor's report on the full financial report, is available and will be sent to any member without charge, on request, by telephoning (02) 9253 8600. Alternatively, the full financial report may be accessed by visiting the Abacus website at www.abacusproperty.com.au.

The concise report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investment activities of the Abacus Property Group, consisting of Abacus Group Holdings Limited and its controlled entities and the Abacus Trust and its controlled entities, as the full financial report.

Directors' Report

The Directors present their report together with the combined financial report of the Abacus Property Group (the Group) for the year ended 30 June 2004 and the auditor's report thereon.

The combined financial report of the Abacus Property Group comprises the aggregated financial reports of the Abacus Trust and its controlled entities and Abacus Group Holdings Limited and its controlled entities.

Directors

The Directors of Abacus Group Holdings Limited and Abacus Funds Management Limited, the Responsible Entity of the Abacus Trust, at any time during the financial year and until the date of this report are:

John Thame	Chairman
Frank Wolf	Deputy Chairman (Executive)
David Bastian	Managing Director
Dennis Bluth	Non-executive Director
Phillip Green	Non-executive Director
Malcolm Irving	Non-executive Director
Len Lloyd	Executive Director (Abacus Group Holdings Limited)

Principal Activities

The principal activities of the Group during the course of the financial year were:

- investment in commercial, retail and industrial properties;
- funds management and property syndication;
- property and project management;
- mortgage lending; and
- participation in property development activities

Corporate Structure

Abacus Group Holdings Limited is a company incorporated and domiciled in Australia. Abacus Trust is an Australian registered managed investment scheme. Abacus Funds Management Limited, the Responsible Entity of Abacus Trust, is incorporated and domiciled in Australia.

The registered office and principal place of business of Abacus Group Holdings Limited and of Abacus Funds Management Limited is located at Level 34 Australia Square, 264-278 George Street, Sydney NSW 2000.

Operating Profit

The Group earned an after tax profit of $34.7 million for the year ended 30 June 2004. The full year distribution of 11.23 cents per stapled security (including a one-off distribution of 0.2 cents) reflects a 6.9% increase on the 10.25 cents paid during the year ended 30 June 2003. This distribution was paid in full by the Abacus Trust. The Group has retained earnings of $10 million.

Earnings per Stapled Security

	Year Ended 30 June 2004 cents	Year Ended 30 June 2003 cents
Basic and diluted earnings per stapled security	12.84	13.90

Distributions

Distributions were paid to stapled security-holders as follows:

	Cents	$'000
Interim distribution paid 12 November 2003	2.63	7,099
Interim distribution paid 12 February 2004	2.80	7,571
Interim distribution paid 12 May 2004	2.80	7,572
Final distribution paid 11 August 2004	3.00	8,117
Total	**11.23**	**30,359**

Review of Operations

Group Overview

The Abacus Property Group is a listed entity consisting of the Abacus Trust and Abacus Group Holdings Limited and their subsidiaries. The Group operates wholly within Australia and is an investor in commercial, industrial and retail properties and other property-related securities.

The Abacus Trust holds an investment portfolio of commercial, industrial and retail properties and mortgage loans. Abacus Group Holdings Limited, through its subsidiaries, is a property-based funds manager (with approximately $675 million of assets under management) and participates in property management and joint venture activities.

Operating Results for the Period

A summary of combined revenue and profits is as follows:

	Year ended 30 June 2004	
	Revenue $'000	Profit $'000
Business segments		
Property rental and sales	96,166	20,446
Other property-based investments	20,972	17,817
Funds and property management	5,036	4,007
	122,174	42,270
Combined entity adjustments	807	(7,545)
Combined entity revenue and operating profit	**122,981**	**34,725**

Directors' Report continued

The Group earned an after tax profit of $34.7 million in the year ended 30 June 2004. This is a 2.7% increase on the record profit achieved in the year ended 30 June 2003. The full year distribution of 11.23 cents per security represents an increase of 6.9% on the 10.5 cents per security paid in the previous year. This distribution was paid in full by the Abacus Trust.

During the year under review, the Abacus Trust sold the following investment properties:

- Central Brunswick Town Square and Convenience Centre on 28 November 2003 for $20.3 million
- Navision House on 29 June 2004 for $23.7 million

Funds released from the sale of the properties have been temporarily employed in the growth of the funds management business, mortgage lending and joint venture activities.

The Abacus Mortgage Fund increased the size of its mortgage book (including interest accrued) from $34 million at 30 June 2003 to $46.6 million at 30 June 2004. Interest income increased from $5.5 million in the year ended 30 June 2003 to $7.4 million for the year ended 30 June 2004. In addition, the Abacus Trust advanced funds to Abacus Group Holdings Limited to support the growth of its funds and property management activities, where assets under management have grown to approximately $675 million as at 30 June 2004.

Abacus Group Holdings Limited has continued the sale of the commercial office strata in 109 Pitt Street Sydney in tandem with the progressive refurbishment of the building. During the year ended 30 June 2004, sales of $27.7 million were achieved, while a further $5.5 million was spent on refurbishment. Profit from joint venture activities during the year amounted to $4.3 million.

During the year, Abacus Funds Management Limited in its role of responsible entity/manager, acquired seven additional properties for the Abacus Diversified Income Fund, increasing its assets from approximately $60 million to approximately $170 million.

Review of Financial Condition

Capital structure

No stapled securities were issued during the year under review.

The gearing ratio, calculated as a percentage of total interest bearing liabilities over total assets of the Group, was reduced to 24.3% at 30 June 2004 compared to 26.2% at 30 June 2003.

Existing loan facilities total approximately $126 million, of which approximately $101 million was drawn as at 30 June 2004. The Group manages interest rate exposure on debt facilities through the use of interest rate swap contracts. At year end, approximately $93.8 million or 93% of interest commitments were hedged.

Significant Changes

The following significant changes in the state of affairs of the combined entity occurred during the financial year:

- Total equity increased by $12.2 million, from $290.6 million in the year ended 30 June 2003 to $302.7 million in the year ended 30 June 2004.
- Revaluations of properties during the year resulted in a net increase (after adjustment for sales) of $11.9 million.
- The Abacus Diversified Income Fund, launched in June 2003, increased its assets to approximately $170 million compared to $60 million in June 2003.
- Total assets under management increased to approximately $675 million as at 30 June 2004.

Significant Events after the Balance Date

Since balance date, the Group has settled the acquisition of the Liverpool Plaza Shopping Centre in Sydney's west for $29.8 million on 16 August 2004 and has exchanged contracts to acquire a 50% interest in Santos House, a commercial office tower in Adelaide, for $51 million.

The Group has also completed an institutional placement of 27 million securities at an issue price of $1.18 per security, raising $31.9 million. These securities, allotted on 9 August 2004, will ensure that the level of gearing following settlement of the Liverpool Plaza and Santos House acquisitions will leave the Group with the capacity to pursue further property acquisitions as opportunities arise.

There have been no other significant events since balance date which may affect either the combined entity's operations or results of those operations or the combined entity's state of affairs, that have not been disclosed already in this report.

Likely Developments and Expected Results

The Directors have excluded from this report any other information on the likely developments in the operations of the Group and the expected results of those operations in future financial years which are not of a material nature and would not in the Directors' view be likely to result in unreasonable prejudice to the operation of the Group.

Environmental Regulation and Performance

The Group's environmental responsibilities, such as waste removal and water treatment, have been managed in compliance with all applicable regulations and licence requirements and in accordance with best industry standards. No breaches of requirements or additional environmental issues have been discovered nor brought to the Board's attention.

Stapled Security Options

No options were granted over any stapled securities in the Group during the financial year, nor are there options outstanding as at the date of this report.

Directors' Report continued

Information on Directors

The Directors of Abacus Group Holdings Limited and Abacus Funds Management Limited, the Responsible Entity of the Abacus Trust, at any time during the financial year and until the date of this report, are as set out below, with qualifications, experience and special responsibilities.

John Thame AIBF, FCPA	Chairman (non-executive) Member of Audit Committee Chairman of Nomination & Remuneration Committee Mr John Thame has over 30 years experience in the retail financial services industry in senior management positions. His 26-year career with Advance Bank included 10 years as Managing Director until the Bank's merger with St George Bank Limited in 1997. Mr Thame is Deputy Chairman of St George Bank Limited and a director of AWB Limited, Reckon Limited and Village Building Co Ltd.
Frank Wolf PhD, BA Hons	Deputy Chairman (executive) Dr Frank Wolf is the Chairman of FSP Group Pty Limited and a Director of financial planning groups Financial Services Partners Pty Limited, Vector Financial Services Limited and Kingston Capital Limited as well as of HGL Limited, a diversified publicly listed investment company. Dr Wolf has over 20 years experience in the property and financial services industry.
David Bastian CPA	Managing Director Mr David Bastian has almost 40 years experience in the financial services industry, in particular in the packaging of commercial, retail and residential property projects. He was Managing Director of the Canberra Building Society for 20 years and an Executive Director of Godfrey Pembroke Financial Services Pty Limited for 7 years. Mr Bastian is also a director of FSP Group Pty Limited and financial planning groups Vector Financial Services Limited and Kingston Capital Limited.
Dennis Bluth LLM, LLB, BA	Non-executive director Chairman of Credit Committee Chairman of Due Diligence Committee Member of Audit Committee Member of Nomination & Remuneration Committee Mr Dennis Bluth holds Bachelor of Arts, Bachelor of Law and Masters of Law degrees and has practised as a solicitor for over 25 years, principally in the area of property law. Mr Bluth is a partner with Abbott Tout Solicitors of Sydney, Canberra and Brisbane and is a member of a number of Law Society and Law Council Committees. He was formerly a director of Godfrey Pembroke Financial Services Limited.

Phillip Green LLB, BCom	Non-executive director Mr Phillip Green holds Bachelor of Commerce and Bachelor of Law degrees and qualified as a Chartered Accountant. He is the Managing Director of Babcock & Brown Pty Limited, a merchant banking group and is also a member of the group's international board. Mr Green has over 25 years experience in corporate finance specialising in taxation and structured domestic and international corporate acquisitions. He is also a director of Tourism Asset Holdings Limited, MTM Funds Management Limited, FSP Group Pty Limited and Prime Infrastructure Management Limited.
Malcolm Irving AM, FCPA, FSIA, BCom, Hon DLitt	Non-executive director Chairman of Audit Committee Member of Nomination & Remuneration Committee Mr Malcolm Irving has over 40 years experience in company management, including 12 years as Managing Director of CIBC Australia Limited. Mr Irving is Chairman of Australian Industry Development Corporation, the Australian River Company Limited, Willis Australia Limited Group and Keycorp Limited. He is also a director of O'Connell Street Associates Pty Ltd Group, ADI Limited and Resimac Limited.
Len Lloyd FAPI, LREA	Executive director (Abacus Group Holdings Limited) Mr Len Lloyd is a licensed Real Estate Agent and a registered Real Estate Valuer. His experience includes the development, management and funding of commercial, retail and residential property. Mr Lloyd holds the position of Managing Director of Abacus Property Services Pty Limited and is responsible for property administration and development opportunities in the Abacus portfolio. In previous positions, Mr Lloyd held responsibility for the property portfolios of the Advance Bank and St George Bank and provided valuation and lending advice while with the Commonwealth Development Bank.

Directors' Report continued

Directors were in office from the beginning of the financial year until the date of this report unless otherwise stated.

As at the date of this report, the relevant interests of the Directors and specified executives in the stapled securities of Abacus Property Group were as follows:

Directors

John Thame	35,000
Frank Wolf	6,806,046
David Bastian	7,040,000
Phillip Green	9,366,930
Malcolm Irving	20,000

Specified executives

John L'Estrange	Nil
Robert Hill	388,530
Peter Strain	10,000
Kim Kitchen	13,492
Claire Bibby	4,500

The Directors are not party to any contract under which the Directors may be entitled to a benefit or that confers a right to call for or deliver interests in the Group.

Directors' Benefits

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit, other than a benefit disclosed in the financial statements as emoluments or the fixed salary of a full-time employee of the Group or a related corporate by reason of a contract made by the Group or a related body corporate with the Director or with a firm of which he is a member, or with an entity in which he has a substantial financial interest.

Indemnification and Insurance of Directors and Officers

The Manager of the Group, Abacus Funds Management Limited, has paid an insurance premium in respect of a contract insuring its Directors and full time executive officers and secretary. The terms of this policy prohibit disclosure of the nature of the risks insured or the premium paid.

Directors' and Executives' Emoluments

Remuneration Policy

The Board of Directors assesses the appropriateness of the nature and amount of emoluments of Directors and officers on an annual basis by reference to relevant employment market conditions with the overall objective of ensuring maximum benefit from the retention of a high quality Board and executive team.

Details of the nature and amount of each element of the emolument of each Director and each of the five principal executive officers (other than executive Directors) receiving the highest emoluments for the financial year are as follows:

Emoluments of Directors

	Base fee including superannuation $	Other benefits $	Other $	Total $
J Thame (non-executive)	71,663	–	7,087	78,750
F Wolf (executive)	525,000	350,000	–	875,000
D Bastian (executive)	461,498	250,000	11,002	722,500
D Bluth (non-executive)	33,251	–	3,289	36,540
P Green (non-executive)	28,665	–	2,835	31,500
M Irving (non-executive)	31,500	–	–	31,500
L Lloyd (executive)	150,000	20,000	60,000	230,000

Emoluments of specified executives:

	Base salary $	Cash bonus $	Superannuation $	Total $
J L'Estrange	194,293	50,000	11,002	255,295
R Hill	193,748	–	11,002	204,750
P Strain	153,435	20,000	11,002	184,437
K Kitchen	146,498	25,000	11,002	182,500
C Bibby	146,498	15,000	11,002	172,500

Employees

The Abacus Property Group employed 41 employees (including Directors) as at 30 June 2004 (2003: 41 employees). This includes 7 employees whose salary is fully recoverable from specific properties managed by the Group.

Directors' Meetings

The number of meetings of Directors of Abacus Funds Management Limited, Manager of the Abacus Property Group (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director were as follows:

	Board	Audit Committee	Due Diligence Committee [1]	Nomination & Remuneration Committee	Credit Committee
Number of meetings held:	13	6	4	1	1
Number of meetings attended:					
J Thame	13	6	1	1	–
F Wolf	13	–	4	–	1
D Bastian	13	–	4	–	1
D Bluth	11	6	3	1	1
P Green	11	–	–	–	–
M Irving	11	6	2	1	–
L Lloyd [2]	13	–	–	–	–

Notes:

1. Membership to the Due Diligence Committee changes in relation to projects. The directors attended all meetings of the committee in which they have been appointed as members.
2. Mr Len Lloyd is a director of Abacus Group Holdings Limited only. Meetings of Abacus Group Holdings Limited and Abacus Funds Management Limited were held simultaneously.

Directors' Report continued

Register of Security-Holders

The register of security-holders has, during the year ended 30 June 2004, been properly drawn up and maintained so as to give a true account of the security-holders of the Group.

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 98/0100. The Group is an entity to which the Class Order applies.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of the Group support and adhere to the principles of corporate governance. The Group's Corporate Governance Statement is contained in the following section of the annual report.

Signed in accordance with a resolution of the Directors.

Abacus Funds Management Limited
(ABN 66 007 415 590)

Abacus Group Holdings Limited
(ABN 31 080 604 619)

John Thame
Chairman

David J Bastian
Managing Director

Sydney, 15 September 2004

Discussion and Analysis of the Combined Financial Statements

Combined Statements of Financial Performance and Distribution

Net profit after tax and before asset revaluation increased by 2.7% from $33.8 million last year to $34.7 million in the year under review. Earnings per stapled security after amortisation and after tax (but before revaluation) decreased from 13.90 cents to 12.84 cents per stapled security. Distribution paid to investors during the year increased by 6.9% from 10.5 to 11.23 cents per stapled security and included a one off payment of 0.2 cents per stapled security.

Retained earnings increased 2.3% from $9.8 million to $10.0 million which, with the increase in the asset revaluation reserve of $11.9 million, resulted in an increase in the net tangible asset backing of 5 cents to $1.00 per stapled security.

Total revenue from ordinary activities was $118.7 million compared to $140.7 million in the prior year. The decrease in revenue from ordinary activities arose primarily from the decrease in property sales of $25.6 million when compared to the previous period. However, this was offset by increases in revenue from investment and funds management income.

Income from property rental decreased from $30.0 million last year to $22.8 million in the current year. This was due to the sale of 101 Pirie Street, Adelaide, 60 Albert Road, Melbourne, CUB Office, Brisbane and the 109 Pitt Street, Sydney retail/carpark strata during the prior year and the sale of Central Brunswick, Brisbane, Navision House, Brisbane and 109 Pitt Street commercial strata this year.

Rental income remains the primary source of earnings for the Group and management is focused on the Board's objective of rebuilding the property investment portfolio during the year ahead. This commitment is demonstrated by the recent purchase of Liverpool Plaza in Sydney's west for $29.8 million and the exchange of contracts on Santos House Adelaide for a 50% interest at $51 million.

Associated entity income this year of $4.3 million includes proceeds from projects at Mascot, Bondi and Hornsby in Sydney, Felix Apartments in Brisbane and Sunbury in Melbourne.

Interest and fee income earned from investment in loans to borrowers outside the Group increased from $7.4 million to $13.5 million.

Income from management fees, which includes property and funds management and other consulting fees, contributed $5.0 million compared to $3.5 million in the prior year. The prior year result includes income from the responsible entity (Abacus Funds Management Limited) acquired on 1 October 2002 for a period of nine months only.

Borrowing costs reduced from $10.7 million to $8.2 million due to the decrease in loans following the sale of properties.

Salaries, employment benefits and other expenses increased from $11.9 million to $12.7 million in line with forecasts.

Combined Statement of Financial Position

Total assets of the Group increased marginally from $414.2 million to $416.1 million. The sale of investment properties with a total carrying value of $64.7 million was offset by increases in the asset revaluation reserve, capital advanced for the refurbishment of 109 Pitt Street, Sydney, other general capital expenditures and an increase in funds invested in mortgage loans and joint venture activities.

Bank borrowings were reduced by $7.3 million from $108.5 million to $101.2 million in the year, reducing gearing from 26.2% to 24.3% at 30 June 2004.

Combined Statement of Cash Flows

Net cash decreased by $4.8 million from $29.2 million to $24.4 million in the current year.

The inflow from operating activities was down $9.3 million on last year due primarily to a decrease in rental income, which was down by $6.4 million due to the sale of properties.

Cash flows from investing activities were down $6.4 million on last year. Proceeds from the sale of Central Brunswick, Brisbane, Navision House, Brisbane and the 109 Pitt Street, Sydney commercial strata units was offset by an increase in funding for mortgage loans and the growth of the Group's fund management activities.

Cash flows used in financing activities increased by $15.5 million with distributions up $6.5 million.

Combined Statements of Financial Performance and Distribution

Year ended 30 June 2004

	Notes	AGGREGATED June 2004 $'000	June 2003 $'000
Statement of Financial Performance			
Revenues from ordinary activities	2	118,690	140,745
Share of net profits of joint ventures accounted for using the equity method	2	4,291	781
Depreciation and amortisation expenses		(2,014)	(1,660)
Carrying amount of investment properties disposed		(64,747)	(79,888)
Borrowing costs expense		(8,159)	(10,737)
Salaries and employee benefits expense		(4,721)	(3,207)
Bad and doubtful debts		(449)	(271)
Other expenses from ordinary activities		(7,973)	(8,678)
Profit from ordinary activities before income tax expense		**34,918**	**37,085**
Income tax expense relating to ordinary activities		(193)	(3,277)
Net profit attributable to stapled security-holders of the Group		34,725	33,808
Decrease in retained earnings on sale of investment properties previously revalued at a decrement		(4,139)	–
Net increase in asset revaluation reserve		11,936	9,317
Total revenues, expenses, and valuation adjustments attributable to stapled security-holders of the Group and recognised directly in equity		7,797	9,317
Total changes in equity other than those resulting from transactions with stapled security-holders as owners		**42,522**	**43,125**
Basic and diluted earnings per stapled security (cents)		12.84	13.90
Statement of Distribution			
Net operating profit from ordinary activities		34,725	33,808
Net transfer of undistributed income (to)/from members' funds		(4,366)	(7,908)
Distributions paid and payable	3 (b)	30,359	25,900
Distribution per stapled security (cents per unit)		11.23	10.50

Combined Statement of Financial Position

Year ended 30 June 2004

		AGGREGATED	
		June 2004	June 2003
	Notes	$'000	$'000
Current assets			
Cash assets		24,367	29,166
Receivables		28,389	17,810
Investment properties	4	20,921	37,013
Other financial assets		55,440	31,137
Other		1,062	1,035
Total current assets		**130,179**	**116,161**
Non-current assets			
Plant and equipment		171	177
Investment properties	4	198,605	224,881
Investments accounted for using the equity method		8,778	4,504
Other financial assets		45,726	34,114
Deferred tax assets		206	172
Intangible assets		32,394	34,169
Other		–	17
Total non-current assets		**285,880**	**298,034**
Total assets		**416,059**	**414,195**
Current liabilities			
Payables		3,396	4,274
Interest-bearing liabilities		98,135	40,975
Current tax liabilities		(123)	3,223
Provisions		8,410	7,314
Total current liabilities		**109,818**	**55,786**
Non-current liabilities			
Interest-bearing liabilities		3,100	67,500
Provisions		397	328
Total non-current liabilities		**3,497**	**67,828**
Total liabilities		**113,315**	**123,614**
Net assets		**302,744**	**290,581**
Equity			
Contributed equity		266,334	266,334
Asset revaluation reserve		26,398	14,462
Retained earnings	5	10,012	9,785
Total equity		**302,744**	**290,581**

Combined Statement of Cash Flows

Year ended 30 June 2004

	Notes	AGGREGATED June 2004 $'000	June 2003 $'000
Cash flows from operating activities			
Income receipts		32,372	42,035
Interest received		10,302	7,599
Distributions received		380	–
Income tax expense paid		(3,574)	(954)
Audit fees		(120)	(70)
Responsible entity fees paid		–	(283)
Custodian's fee paid		(54)	(63)
Borrowing costs		(7,824)	(10,574)
Merger and listing costs		–	(628)
Operating payments		(9,114)	(5,378)
Net cash flows from operating activities		**22,368**	**31,684**
Cash flows from investing activities			
Payments for investments		(145,882)	(65,344)
Proceeds from settlement of investments		110,896	22,720
Purchase of controlled entities		–	(4,308)
Purchase of investment properties		(13,775)	(16,500)
Disposal of investment properties		56,206	77,290
Net cash flows from investing activities		**7,445**	**13,858**
Cash flows from financing activities			
Proceeds from issue of stapled securities		–	68,972
Payment of establishment fees		–	(3,798)
Repayment of borrowings		(40,004)	(61,481)
Proceeds from borrowings		34,733	–
Distributions paid		(29,341)	(22,785)
Net cash flows used in financing activities		**(34,612)**	**(19,092)**
Net increase/(decrease) in cash held		**(4,799)**	**26,450**
Add opening cash brought forward		29,166	2,716
Closing cash carried forward		**24,367**	**29,166**

Notes to the Concise Financial Statements
30 June 2004

1. Basis of Preparation of the Financial Report

The concise 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 Group as the full financial report.

The financial report should be read in conjunction with the Annual Financial Report of Abacus Trust and of Abacus Group Holdings Limited as at 30 June 2004. It is also recommended that the financial report be considered together with any public announcements made by Abacus Property Group during the year ended 30 June 2004 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

Basis of accounting

The financial report is a general–purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001 including applicable Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views).

The financial report has been prepared in accordance with the historical cost convention except for investment properties and investments in listed securities which are carried at fair value, and for investments in joint ventures which are equity accounted.

Accounting policies are consistent with those of the prior year unless otherwise stated.

Principles of aggregation

The combined financial statements include the aggregated financial statements of Abacus Trust and its controlled entities and Abacus Group Holdings Limited and its controlled entities, referred to collectively throughout these financial statements as the "Abacus Property Group" or "Group".

Information from the financial statements of subsidiaries is included from the date the parent company obtains control until such time as control ceases. Where there is a loss of control of a subsidiary, the combined financial statements include the results for that part of the reporting period during which the parent company has control. Subsidiary acquisitions are accounted for using the purchase method of accounting.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Notes to the Concise Financial Statements

30 June 2004

2. Revenue from ordinary activities

	AGGREGATED	
	June 2004 $'000	June 2003 $'000
Revenues from operating activities		
Property rental income	22,847	30,038
Interest income from investments	12,897	6,984
Fee income from investments	636	458
Revenue from sale of investment properties	73,318	98,863
Property management fees	575	128
Fund management fees	1,442	734
Consulting and other fees	3,020	2,589
Total revenues from operating activities	114,735	139,794
Revenues from non-operating activities		
Distributions from other entities	3,148	–
Bank interest	807	951
Total revenues from non-operating activities	3,955	951
Total revenues from ordinary activities	118,690	140,745
Share of net profit of joint ventures accounted for using the equity method		
Share of joint venture profits	4,291	781
Gains		
Net gains on disposal of investment properties	6,999	15,565

3. Distributions Paid or Provided for on Stapled Securities

	AGGREGATED	
	June 2004 $'000	June 2003 $'000
(a) Distributions proposed and recognised as a liability		
Distribution (3.00c per stapled security) (2003: 2.63c)	8,117	7,099
(b) Distributions paid during the year		
(i) Current year interim		
Distribution (8.23c per stapled security) (2003: 7.88c)	22,242	18,801
	30,359	25,900
(ii) Previous year final		
Distribution (2.63c per stapled security) (2003: 2.63c)	7,099	4,143

The distributions were paid from the Abacus Trust (which does not pay tax provided it distributes all its taxable income) hence, there were no franking credits attached.

(c) Franking credit balance

The amount of franking credits available for the subsequent financial year are:

– franking account balance as at the end of the financial year at 30%	5,708	2,132
– franking credits that will arise from the payment of income tax payable as at the end of the financial year	–	3,212
	5,708	5,344

Notes to the Concise Financial Statements
30 June 2004

4. Investment Properties

Property	Acquisition date	Cost including all additions $'000	Independent valuation date	Independent valuation $'000	Aggregated value [a] June 2004 $'000	Aggregated value [a] June 2003 $'000
(a) Current asset						
109 Pitt Street, Sydney, NSW (i) (b)	22/6/99	20,921			20,921	37,013
Current asset – Investment properties					**20,921**	**37,013**
(b) Non-current assets						
10 Market Street, Brisbane, QLD (i)	22/4/02	–	–	–	–	20,059
66 Christina Road, Villawood, NSW (ii)	28/5/02	8,094	31/1/02	7,500	8,094	8,028
CSIRO, Limestone Ave, Campbell, ACT (iii)	21/6/02	12,685	31/12/03	14,000	14,000	12,685
Central Brunswick, Fortitude Valley, QLD (iv)	27/2/98	–	–	–	–	20,000
4 Ray Road, Epping, NSW (v)	30/4/97	27,184	1/12/03	40,000	40,339	35,242
431 Glebe Point Road, Glebe, NSW (iv)	23/9/97	10,561	31/12/03	12,500	12,538	11,074
Ashfield Mall, Ashfield, NSW (iii)	15/9/97	69,717	30/6/03	89,000	89,055	89,000
10-12 Pike Street, Rydalmere, NSW (iii)	1/10/98	14,271	31/12/03	16,000	16,009	14,900
Properties owned by Abacus Trust and its controlled entities					180,035	210,988
244 Liverpool Road, Ashfield, NSW (i)	26/3/98	2,507			2,507	2,507
252 Liverpool Road, Ashfield, NSW (i)	2/3/00	1,107			1,107	1,107
254 Liverpool Road, Ashfield, NSW (i)	31/8/01	2,662			2,662	2,662
256 Liverpool Road, Ashfield, NSW (i)	29/9/98	820			820	820
Independent valuation, 244-256 Liverpool Road			31/12/03	7,400	304	1,201
Project development costs		458			458	449
					7,858	8,746
Hornsby Crescent, Hornsby (c)		5,557			5,557	–
4-8 Jacobs Street, Bankstown (iii)	2/12/02	5,155	26/9/02	4,765	5,155	5,147
Properties owned by AGHL and its controlled entities					18,570	13,893
Non-current – Investment properties					198,605	224,881
Total investment properties					**219,526**	**261,894**

(i) As valued by Landmark White
(ii) As valued by Knight Frank
(iii) As valued by FPD Savills (NSW) Pty Limited
(iv) As valued by Urbis Property Consultants
(v) As valued by Colliers International Consultancy and Valuation Pty Ltd

4. Investment Properties continued

Notes:

(a) The aggregated value at 30 June 2004 includes capital expenditures after the last valuation date.

(b) The property at 109 Pitt Street is currently under refurbishment and has been subdivided into strata titles. The retail component and the leasehold interest in the car park were sold during the year ended 30 June 2003 while the sale of the commercial units is still in progress.

(c) This reflects the 50% interest in the Hornsby joint venture, a residential project under construction. Capitalised interest at year end amounted to $404,000 at a weighted average interest rate of 13.9% per annum.

(d) The investment properties are used as security over the bank loans (see notes 17 and 19).

	Aggregated value	
	June 2004	**June 2003**
	$'000	**$'000**
Reconciliations		
Reconciliation of the carrying amounts of investment properties at the beginning and end of the current and previous financial year:		
Investment properties		
Carrying amount at beginning	261,894	300,854
Additions	14,582	31,611
Net revaluation increments	7,797	9,317
Disposals	(64,747)	(79,888)
Value at year end	**219,526**	**261,894**

5. Additional Information

Reconciliation of retained earnings		
Balance at the beginning of year	9,785	(162)
Net profit attributable to stapled security-holders	34,725	33,808
Capital profits	(4,139)	2,039
Total available for appropriation	40,371	35,685
Distributions provided for or paid	(30,359)	(25,900)
Balance at end of year	**10,012**	**9,785**

Notes to the Concise Financial Statements
30 June 2004

6. Segment Information

Business segments

	Property Rental & Sales		Other property-based investments		Funds Management		Total	
	June 2004 $'000	June 2003 $'000	June 2004 $'000	June 2003 $'000	June 2004 $'000	June 2003 $'000	June 2004 $'000	June 2003 $'000
Segment revenue:								
Revenues from customers outside the Group	96,166	128,901	20,972	8,223	5,036	3,451	122,174	140,575
Interest revenue							807	951
Total aggregated revenue							122,981	141,526
Segment results:								
Segment result	20,446	36,642	17,817	7,103	4,007	3,126	42,270	46,871
Interest income							807	951
Income tax							(193)	(3,277)
Borrowing costs							(8,159)	(10,737)
Group net profit							34,725	33,808
Segment assets:								
Segment assets	255,314	229,027	126,480	142,313	34,059	42,683	415,853	414,023
Unallocated assets							206	172
							416,059	414,195
Segment liabilities:								
Segment liabilities	1,500	22,775	307	394	2,279	1,724	4,086	24,893
Interest-bearing loans							101,235	88,400
Tax liabilities							(123)	3,224
Unallocated liabilities							8,117	7,097
							113,315	123,614

7. Subsequent Events

Since balance date, the Group has settled the acquisition of the Liverpool Plaza Shopping Centre in Sydney's west for $29.8 million on 16 August 2004 and has exchanged contracts to acquire a 50% interest in Santos House, a commercial office tower in Adelaide, for $51 million. Funding for these acquisitions is being provided through the Group's cash and drawings on its loan facilities.

The Group has also completed an institutional placement of 27 million securities at an issue price of $1.18 per security, raising $31.9 million. These securities, allotted on 9 August 2004, will ensure that the level of gearing following settlement of the Liverpool Plaza and Santos House acquisitions will leave the Group with the capacity to pursue further property acquisitions as opportunities arise.

Since 30 June 2004, there has not been any other matter or circumstance not otherwise dealt with in the financial report that has significantly affected or may significantly affect the combined entity.

Directors' Declaration

In accordance with a resolution of the Directors of Abacus Funds Management Limited, Responsible Entity of the Abacus Trust, and the Directors of Abacus Group Holdings Limited, we state that, in the opinion of the Directors:

a) the concise financial report of the Group for the year ended 30 June 2004 is in accordance with Accounting Standard AASB 1039 "Concise Financial Reports"; and

b) the financial statements and specific disclosures included in this concise financial report have been derived from the full financial report for the year ended 30 June 2004.

On behalf of the Board:

John Thame	**David J Bastian**
Chairman	Managing Director

Sydney, 15 September 2004

Independent Audit Report

ERNST & YOUNG

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Independent audit report to stapled security-holders of Abacus Property Group

Scope

The concise financial report and directors' responsibility

The concise financial report comprises the statement of financial position, statement of financial performance, statement of cash flows and accompanying notes to the financial statements for the Abacus Property Group (the aggregated entity) for the year ended 30 June 2004. The aggregated entity comprises Abacus Group Holdings Limited and Abacus Trust and the entities they controlled during the year .

The directors of Abacus Group Holdings Limited and Abacus Funds Management Limited, the Responsible Entity for Abacus Trust, are responsible for preparing a concise financial report that complies with Accounting Standard AASB 1039 "Concise Financial Reports", in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the concise financial report.

Audit approach

We conducted an independent audit on the concise financial report in order to express an opinion on it to the stapled security-holders of the aggregated entity. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the concise financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the concise financial report is presented fairly in accordance with Accounting Standard AASB 1039 "Concise Financial Reports". We formed our audit opinion on the basis of these procedures, which included:

- testing that the information in the concise financial report is consistent with the full financial report, and
- examining, on a test basis, information to provide evidence supporting the amounts, discussion and analysis, and other disclosures in the concise financial report that were not directly derived from the full financial report.

We have also performed an independent audit of the full financial report of the aggregated entity for the year ended 30 June 2004. Our audit report on the full financial report was signed on 20 September 2004, and was not subject to any qualification. For a better understanding of our approach to the audit of the full financial report, this report should be read in conjunction with our audit report on the full financial report.

Independence

We are independent of the aggregated entity, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit opinion

In our opinion, the concise financial report of Abacus Property Group complies with Accounting Standard AASB 1039 "Concise Financial Reports".

Ernst & Young

Mark O'Sullivan
Partner

Sydney
21 September 2004

Concise Financial Report of Abacus Group Holdings Limited

The consolidated financial report of Abacus Group Holdings Limited (ABN 31 080 604 619) and its controlled entities

For the year ended 30 June 2004

This concise report has been derived from the full financial report for the year ended 30 June 2004. A copy of the full financial report, including the auditor's report on the full financial report, is available and will be sent to any member without charge, on request, by telephoning (02) 9253 8600. Alternatively, the full financial report may be accessed by visiting the Abacus website at www.abacusproperty.com.au.

The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investment activities of Abacus Group Holdings Limited and its controlled entities as the full financial report.

Directors' Report

The Directors of Abacus Group Holdings Limited submit their report for the Company for the year ended 30 June 2004.

Directors

The Directors of Abacus Group Holdings Limited at any time during the financial year and until the date of this report are:

John Thame	Chairman
Frank Wolf	Deputy Chairman (Executive)
David Bastian	Managing Director
Dennis Bluth	Non-executive Director
Phillip Green	Non-executive Director
Malcolm Irving	Non-executive Director
Len Lloyd	Executive Director

Principal Activities

The principal activities of Abacus Group Holdings Limited during the year were:

- funds management and property syndication
- property and project management
- participation in property development activities.

Dividends

There were no dividends paid by Abacus Group Holdings Limited during the year. Distributions to members were funded by the Abacus Trust.

Review of Operations

Overview

Abacus Group Holdings Limited is stapled to the Abacus Trust to form the Abacus Property Group (Group). The Group operates wholly within Australia and is an investor in commercial, industrial and retail properties and other property-related investments.

Abacus Group Holdings Limited operates funds management and property management businesses and participates in property refurbishment and development to add value to the assets within its portfolio. Abacus Group Holdings Limited also participates in joint venture projects with a number of experienced partners in NSW, Queensland and Victoria.

Review of Operations continued

Operating Results for the Period

A summary of combined revenue and profits is as follows:

	Year ended 30 June 2004	
	Revenue $'000	Profit $'000
Business Segments		
Property rental and sales	32,275	1,481
Other property-based investments	13,139	10,984
Funds management	6,170	5,141
	51,584	17,606
Combined entity adjustments	274	(18,255)
Combined entity operating revenue and profit	51,858	(649)

Abacus Group Holdings Limited has continued the sale of the commercial office strata in 109 Pitt Street Sydney in tandem with the progressive refurbishment of the building. During the year ended 30 June 2004, sales of $27.7 million were achieved, while a further $5.5 million was spent on refurbishment. Profit from joint venture activities during the year amounted to $4.3 million.

During the year, Abacus Funds Management Limited, in its role as responsible entity/manager, acquired seven additional properties for the Abacus Diversified Income Fund, increasing the gross assets under management from approximately $60 million to approximately $170 million.

Abacus Funds Management Limited currently manages assets of approximately $675 million for the Abacus group.

Review of Financial Condition

No shares were issued during the year under review.

Existing bank loan facilities total approximately $25.2 million, of which approximately $17.2 million was drawn as at 30 June 2004. The Company manages interest rate exposure on debt facilities through the use of interest rate swap contracts. At year end, approximately $11.1 million or 64.4% of interest commitments were hedged.

Directors' Report continued

Significant Changes in the State of Affairs

The following significant changes in the state of affairs of the Company occurred during the financial year:

- Total equity decreased by $1.5 million, from $17.1 million in the year ended 30 June 2003 to $15.6 million in the year ended 30 June 2004 due mainly to a decrement of $0.9 million in the revaluation of four Liverpool Road properties.
- Retained earnings increased from $7.0 million to $7.3 million.
- The Abacus Diversified Income Fund increased its gross assets under management to approximately $170 million from $60 million in June 2003.
- Total assets under management increased by over $100 million to approximately $675 million as at 30 June 2004.

Significant Events after the Balance Date

On 9 August 2004, the Group completed an institutional placement of 27 million securities at an issue price of $1.18 per security, raising $31.9 million of which $1.4 million was received by Abacus Group Holdings Limited.

There have been no other significant events that occurred after balance date that may affect either the Company's operations or results of those operations or its state of affairs that have not been disclosed already in this report.

Likely Developments and Expected Results

The Directors have excluded from this report any other information on the likely developments in the operations of the Company and the expected results of those operations in future financial years, as the Directors believe that it would be likely to result in unreasonable prejudice to the operations of the Company.

Environmental Regulation and Performance

Environmental responsibilities, such as waste removal and water treatment, have been managed in compliance with all applicable regulations and licence requirements and in accordance with industry standards. No breaches of requirements or additional environmental issues have been discovered nor brought to the Board's attention.

Indemnification and Insurance of Directors and Officers

The manager, Abacus Funds Management Limited, has paid an insurance premium in respect of a contract insuring its Directors and full time executive officers and secretary. The terms of this policy prohibit disclosure of the nature of the risks insured or the premium paid.

Information on Directors

The Directors of Abacus Group Holdings Limited and Abacus Funds Management Limited, the Responsible Entity of the Abacus Trust, at any time during the financial year and until the date of this report are as set out below, with qualifications, experience and special responsibilities.

John Thame AIBF, FCPA	Chairman (non-executive) Member of Audit Committee Chairman of Nomination & Remuneration Committee Mr John Thame has over 30 years experience in the retail financial services industry in senior management positions. His 26-year career with Advance Bank included 10 years as Managing Director until the Bank's merger with St George Bank Limited in 1997. Mr Thame is Deputy Chairman of St George Bank Limited and a director of AWB Limited, Reckon Limited and Village Building Co Ltd.
Frank Wolf PhD, BA Hons	Deputy Chairman (executive) Dr Frank Wolf is the Chairman of FSP Group Pty Limited and a Director of financial planning groups Financial Services Partners Pty Limited, Vector Financial Services Limited and Kingston Capital Limited as well as of HGL Limited, a diversified publicly listed investment company. Dr Wolf has over 20 years experience in the property and financial services industry.
David Bastian CPA	Managing Director Mr David Bastian has almost 40 years experience in the financial services industry, in particular in the packaging of commercial, retail and residential property projects. He was Managing Director of the Canberra Building Society for 20 years and an Executive Director of Godfrey Pembroke Financial Services Pty Limited for seven years. Mr Bastian is also a director of FSP Group Pty Limited and financial planning groups Vector Financial Services Limited and Kingston Capital Limited.
Dennis Bluth LLM, LLB, BA	Non-executive director Chairman of Credit Committee Chairman of Due Diligence Committee Member of Audit Committee Member of Nomination & Remuneration Committee Mr Dennis Bluth holds Bachelor of Arts, Bachelor of Law and Masters of Law degrees and has practised as a solicitor for over 25 years, principally in the area of property law. Mr Bluth is a partner with Abbott Tout Solicitors of Sydney, Canberra and Brisbane and is a member of a number of Law Society and Law Council Committees. He was formerly a director of Godfrey Pembroke Financial Services Limited.

Directors' Report continued

Phillip Green LLB, BCom	Non-executive director Mr Phillip Green holds Bachelor of Commerce and Bachelor of Law degrees and qualified as a Chartered Accountant. He is the Managing Director of Babcock & Brown Pty Limited, a merchant banking group and is also a member of the group's international board. Mr Green has over 25 years experience in corporate finance specialising in taxation and structured domestic and international corporate acquisitions. He is also a director of Tourism Asset Holdings Limited, MTM Funds Management Limited, FSP Group Pty Limited and Prime Infrastructure Management Limited.
Malcolm Irving AM, FCPA, FSIA, BCom, Hon DLitt	Non-executive director Chairman of Audit Committee Member of Nomination & Remuneration Committee Mr Malcolm Irving has over 40 years experience in company management, including 12 years as Managing Director of CIBC Australia Limited. Mr Irving is Chairman of Australian Industry Development Corporation, the Australian River Company Limited, Willis Australia Limited Group and Keycorp Limited. He is also a director of O'Connell Street Associates Pty Ltd Group, ADI Limited and Resimac Limited.
Len Lloyd FAPI, LREA	Executive director (Abacus Group Holdings Limited) Mr Len Lloyd is a licensed Real Estate Agent and a registered Real Estate Valuer. His experience includes the development, management and funding of commercial, retail and residential property. Mr Lloyd holds the position of Managing Director of Abacus Property Services Pty Limited and is responsible for property administration and development opportunities in the Abacus portfolio. In previous positions Mr Lloyd held responsibility for the property portfolios of the Advance Bank and St George Bank and provided valuation and lending advice while with the Commonwealth Development Bank.

Directors were in office from the beginning of the financial year until the date of this report unless otherwise stated.

As at the date of this report, the relevant interests of the Directors and specified executives in the shares of Abacus Group Holdings Limited were as follows:

Directors	
John Thame	35,000
Frank Wolf	6,806,046
David Bastian	7,040,000
Phillip Green	9,366,930
Malcolm Irving	20,000

The Directors are not party to any contract under which the Directors may be entitled to a benefit or that confers a right to call for or deliver interests in the Company.

Employees

The Abacus Property Group employed 41 employees (including Directors) as at 30 June 2004 (2003: 41 employees). This includes 7 employees whose salary is fully recoverable from specific properties managed by the Group.

Employees

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 consolidated entity under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the Directors.

Abacus Group Holdings Limited
(ABN 31 080 604 619)

John Thame
Chairman

David J Bastian
Managing Director

Sydney, 15 September 2004

Discussion and Analysis of the Consolidated Financial Statements

Statement of Financial Performance

A major commitment of the Company in the year under review was its focus and funding of the growth of its funds management business in which assets increased by over $100 million to approximately $675 million. The cost of this interim loan funding and the allocation of resources was a major factor in the overall net loss after tax of $0.6 million compared to last year's profit of $5.7 million.

Rental receipts at $2.9 million were down $2.0 million due to the refurbishment of previously leased office accommodation, which is now being sold as strata units at the 109 Pitt Street, Sydney property.

Interest income from mortgage loans increased from $1.5 million to $5.5 million due primarily to the funding of the growth of the Abacus Diversified Income Fund.

The majority of revenue in both the current and prior years related to the sale of strata units in 109 Pitt Street, Sydney. Last year sales included the sale of the carpark, retail and commercial strata. This year sales related solely to commercial strata.

Management and due diligence fees increased from $4.6 million to $6.2 million. Comparisons with last year are difficult because Abacus Funds Management Limited was included for only nine months from 1 October 2002. The main contributors to this year's increase are the fees charged to Abacus Diversified Income Fund of $3.1 million and the charge to Abacus Trust based on a cost recovery basis of $1.3 million.

Distributions from other entities during the current year was $3.1 million, primarily from Abacus Hobart Growth Trust, which included $2.7 million on the sale of the Target store.

Share of joint venture profits this year of $4.3 million includes proceeds from projects at Mascot, Bondi and Hornsby in Sydney, Felix Apartments in Brisbane and Sunbury in Melbourne.

Borrowing cost expense increased from $11.0 million to $18.3 million due primarily to the funding by Abacus Trust of Abacus Group Holdings Limited.

Depreciation and amortisation expenses, salaries and employee benefits expenses and other expenses from ordinary activities have in the main only increased due to the inclusion of Abacus Funds Management Limited for nine months last year compared to twelve months this year.

Statement of Financial Position

Total assets grew $23.6 million from $143.3 million to $166.9 million in the current year.

Receivables increased $14.1 million due to the inclusion of $13.9 million of exchanged contracts for Pitt Street commercial strata sales (last year $10.3 million), joint venture receivables (Hobart and Sunbury) $9.2 million (last year $0.8 million) and the inclusion of the Hornsby joint venture pre-sales receivables recognised at $1.7 million.

Investment properties (current) decreased $16.1 million reflecting the sale of Pitt Street commercial strata units.

Other financial assets current and non-current reflect the growth of the Abacus Finance Pty Limited loan portfolio.

Investment properties non-current reflects the inclusion in the consolidated figures of the Hornsby joint venture residential development costs of $5.5 million.

The growth in the investments accounted for using the equity method of $4.2 million reflects the increase of investments in joint ventures in residential development sites during the year to secure future revenue streams.

Total liabilities increased $25.1 million from $126.2 million to $151.3 million.

Interest bearing liabilities increased $28.5 million from $119.7 million to $148.2 million with the increase in Abacus Trust borrowings contributing $28.7 million.

Total equity decreased $1.5 million from $17.1 million to $15.6 million. The trading loss for the year was $0.6 million while the decrease in the valuation of the Liverpool Road Ashfield properties contributed the balance of $0.9 million.

Statement of Cash Flows

Cash flow decreased $4.7 million for the year.

Operating activities required $9.6 million (last year $15.9 million). Income receipts were down $5.2 million due to a decrease in Pitt Street commercial rental income and a lower level of strata unit sales. Interest received from Abacus Finance Pty Limited loans exceeded last year by $3.5 million.

Investment activities required $25.2 million (last year $40.4 million) to invest in joint ventures and to provide funds to grow the loan portfolio of Abacus Finance Pty Limited.

Cash flows from financing activities provided $10.9 million for the year (last year $30.0 million) arising from the decrease in bank borrowings and increase in advances from the Abacus Trust.

Statement of Financial Performance

Year ended 30 June 2004

	Notes	CONSOLIDATED June 2004 $'000	June 2003 $'000
Revenues from ordinary activities	2	47,567	49,317
Share of net profits of associates and joint ventures accounted for using the equity method	2	4,291	781
Depreciation and amortisation expenses		(1,870)	(1,397)
Carrying amount of investment properties disposed		(23,250)	(21,938)
Borrowing costs expense		(18,336)	(10,963)
Bad and doubtful debts		–	(4)
Salaries and employee benefits expense		(4,608)	(2,904)
Other expenses from ordinary activities		(4,250)	(3,923)
Profit from ordinary activities before income tax expense		**(456)**	**8,969**
Company income tax expense		(193)	(3,277)
Net profit attributable to members of Abacus Group Holdings Limited		**(649)**	**5,692**
(Decrease)/increase in asset revaluation reserve		(897)	2,259
Total revenues, expenses, and valuation adjustments attributable to members and recognised directly in equity		**(897)**	**2,259**
Total changes in equity other than those resulting from transactions with members as owners		**(1,546)**	**7,951**
Basic and diluted earnings per share (cents)		(0.24)	2.34

Statement of Financial Position
As at 30 June 2004

	Notes	CONSOLIDATED June 2004 $'000	June 2003 $'000
Current assets			
Cash assets		961	5,646
Receivables		25,827	11,717
Investment properties		20,921	37,013
Other financial assets		18,115	7,850
Other		277	202
Total current assets		**66,101**	**62,428**
Non-current assets			
Property, plant and equipment		171	177
Investment properties		18,570	13,893
Investments accounted for using the equity method		8,778	4,504
Other financial assets		40,672	27,925
Deferred tax assets		206	172
Intangible assets		32,394	34,169
Other		–	18
Total non-current assets		**100,791**	**80,858**
Total assets		**166,892**	**143,286**
Current liabilities			
Payables		2,500	2,664
Current tax liabilities		(123)	3,223
Interest bearing liabilities		14,135	16,975
Provisions		293	215
Total current liabilities		**16,805**	**23,077**
Non-current liabilities			
Interest bearing liabilities		134,110	102,755
Provisions		397	328
Total non-current liabilities		**134,507**	**103,083**
Total liabilities		**151,312**	**126,160**
Net assets		**15,580**	**17,126**
Equity			
Contributed equity		6,662	6,662
Asset revaluation reserve		1,653	3,460
Retained earnings	3	7,265	7,004
Total equity		**15,580**	**17,126**

Statement of Cash Flows

Year ended 30 June 2004

	Notes	CONSOLIDATED June 2004 $'000	June 2003 $'000
Cash flows from operating activities			
Income receipts		18,527	23,738
Interest received		4,119	599
Distributions received		380	–
Income tax expense paid		(3,574)	(953)
Borrowing costs		(740)	(1,521)
Merger and listing costs		–	(628)
Operating payments		(9,076)	(5,320)
Net cash flows from/(used in) operating activities		**9,636**	**15,915**
Cash flows from investing activities			
Payments for investments		(107,158)	(38,248)
Proceeds from sale of investments		80,882	823
Purchase of controlled entities		–	(4,825)
Purchase of investment properties		(12,743)	(14,601)
Disposal of investment properties		13,779	16,470
Net cash flows used in investing activities		**(25,240)**	**(40,381)**
Cash flows from financing activities			
Proceeds from issue of shares		–	4,134
Payment of establishment fees		–	(218)
Repayments of borrowings		(128,180)	(6,080)
Proceeds from borrowings		139,099	32,223
Net cash flows from financing activities		**10,919**	**30,059**
Net increase/(decrease) in cash held		**(4,685)**	**5,593**
Add opening cash brought forward		5,646	53
Closing cash carried forward		**961**	**5,646**

Notes to the Concise Financial Statements

30 June 2004

1. Basis of Preparation of the Financial Report

The concise 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 Company as the full financial report.

The financial report should be read in conjunction with the Annual Financial Report of Abacus Group Holdings Limited as at 30 June 2003. It is also recommended that the financial report be considered together with any public announcements made by Abacus Property Group during the year ended 30 June 2004 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

Basis of accounting

The financial report is a general–purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, including applicable Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views).

The financial report has been prepared in accordance with the historical cost convention except for investment properties and investments in listed securities which are carried at fair value, and for investments in joint ventures which are equity accounted.

Changes in accounting policies

Accounting policies are consistent with those of the prior year unless otherwise stated.

Principles of consolidation

The consolidated financial statements include the financial statements of Abacus Group Holdings Limited and its controlled entities, referred to collectively throughout these financial statements as the "consolidated entity" or "Company".

Information from the financial statements of subsidiaries is included from the date the parent company obtains control until such time as control ceases. Where there is a loss of control of a subsidiary, the combined financial statements include the results for that part of the reporting period during which the parent company has control. Subsidiary acquisitions are accounted for using the purchase method of accounting.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Notes to the Concise Financial Statements

30 June 2004

2. Revenue from Ordinary Activities

	CONSOLIDATED	
	June 2004 $'000	June 2003 $'000
Revenues from operating activities		
Revenue from rental receipts	2,907	4,864
Interest income from investments	5,550	1,473
Fee income from investments	150	150
Revenue from sale of investment properties	29,368	38,043
Property management fees	721	128
Fund management fees	2,429	734
Fees and other income	3,020	3,719
Total revenues from operating activities	44,145	49,111
Revenues from non-operating activities		
Distributions from other entities	3,148	–
Bank interest	274	206
Total revenues from non-operating activities	3,422	206
Total revenues from ordinary activities	**47,567**	**49,317**
Share of net profits of joint ventures accounted for using the equity method		
Share of joint venture profits	4,291	781
Gains		
Net gains on disposal of investment properties	5,106	15,565

3. Additional Information

	June 2004 $'000	June 2003 $'000
Balance at the beginning of year	7,004	(162)
Net profit attributable to members of AGHL	(649)	5,692
Revaluation reserve – realised	910	1,474
Balance at end of year	7,265	7,004

4. Segment Information

Business segments

	Property Rental & Sales		Other property-based investments		Funds Management		Total	
	June 2004 $'000	June 2003 $'000	June 2004 $'000	June 2003 $'000	June 2004 $'000	June 2003 $'000	June 2004 $'000	June 2003 $'000
Segment revenue:								
Revenues from customers outside the consolidated entity	32,275	42,907	13,139	2,404	6,170	4,581	51,584	49,892
Interest revenue							274	206
Total revenue							51,858	50,098
Segment results:								
Segment result	1,481	16,673	10,984	2,312	5,141	741	17,606	19,726
Interest income							274	206
Income tax							(193)	(3,277)
Borrowing costs							(18,336)	(10,963)
Total results							(649)	5,692
Segment assets	53,029	59,709	79,598	40,721	34,059	42,684	166,686	143,114
Unallocated assets							206	172
Total assets							166,892	143,286
Segment liabilities	39,932	90,643	61,990	30,569	32,278	1,724	134,200	122,936
Interest-bearing liabilities							17,234	–
Tax liabilities							(122)	3,224
Total liabilities							151,312	126,160

5. Subsequent Events

On 9 August 2004 the Group has also completed an institutional placement of 27 million securities at an issue price of $1.18 per security, raising $31.9 million, of which the Company was allocated $0.05 per share amounting to $1.4 million.

Since 30 June 2004 there has not been any other matter or circumstance not otherwise dealt with in the financial report that has significantly affected or may significantly affect the Company.

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 concise financial report of the consolidated entity for the year ended 30 June 2004 is in accordance with Accounting Standard AASB 1039 "Concise Financial Reports"; and

b) the financial statements and specific disclosures included in this concise financial report have been derived from the full financial report for the year ended 30 June 2004.

On behalf of the Board:

John Thame	David J Bastian
Chairman	Managing Director

Sydney, 15 September 2004

Independent Audit Report

ERNST & YOUNG

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Independent audit report to members of Abacus Group Holdings Limited

Scope

The concise financial report and directors' responsibility

The concise financial report comprises the statement of financial position, statement of financial performance, statement of cash flows and accompanying notes to the financial statements for the consolidated entity for the year ended 30 June 2004. The consolidated entity comprises both Abacus Group Holdings Limited (the company) and the entities it controlled during the year.

The directors of the company are responsible for preparing a concise financial report that complies with Accounting Standard AASB 1039 "Concise Financial Reports", in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the concise financial report.

Audit approach

We conducted an independent audit on the concise financial report in order to express an opinion on it to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the concise financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the concise financial report is presented fairly in accordance with Accounting Standard AASB 1039 "Concise Financial Reports". We formed our audit opinion on the basis of these procedures, which included:

- testing that the information in the concise financial report is consistent with the full financial report, and
- examining, on a test basis, information to provide evidence supporting the amounts, discussion and analysis, and other disclosures in the concise financial report that were not directly derived from the full financial report.

We have also performed an independent audit of the full financial report of the company for the year ended 30 June 2004. Our audit report on the full financial report was signed on 20 September 2004, and was not subject to any qualification. For a better understanding of our approach to the audit of the full financial report, this report should be read in conjunction with our audit report on the full financial report.

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit opinion

In our opinion, the concise financial report of Abacus Group Holdings Limited complies with Accounting Standard AASB 1039 "Concise Financial Reports".

Ernst & Young

Mark O'Sullivan
Partner

Sydney
21 September 2004

Concise Financial Report of the Abacus Trust

Consisting of the financial report of the Abacus Trust (ABN 27 921 263 285) and its controlled entities.

For the year ended 30 June 2004

This concise report has been derived from the full financial report for the year ended 30 June 2004.

A copy of the full financial report, including the auditor's report on the full financial report, is available and will be sent to any member without charge, on request, by telephoning (02) 9253 8600. Alternatively, the full financial report may be accessed by visiting the Abacus website at www.abacusproperty.com.au.

The concise report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investment activities of the Abacus Trust and its controlled entities, as the full financial report.

Directors' Report

The Directors of Abacus Funds Management Limited (Abacus), Responsible Entity of the Abacus Trust, (the Trust) submit their report for the Trust for the year ended 30 June 2004.

Directors

The Directors of Abacus Funds Management Limited, the Responsible Entity of the Abacus Trust, at any time during the financial year and until the date of this report are:

John Thame	Chairman
Frank Wolf	Deputy Chairman (Executive)
David Bastian	Managing Director
Dennis Bluth	Non-executive Director
Phillip Green	Non-executive Director
Malcolm Irving	Non-executive Director

Principal Activities

The principal activities of the Trust during the course of the financial year were:

- investment in commercial, retail and industrial properties; and
- mortgage lending

Trust Information

Abacus Trust is an Australian registered scheme. Abacus Funds Management Limited, the Responsible Entity of Abacus Trust, is incorporated and domiciled in Australia.

The registered office and principal place of business of Abacus Trust and Abacus Funds Management Limited is located at Level 34 Australia Square, 264-278 George Street, Sydney NSW 2000.

At balance date Abacus Trust had nil employees (2003: nil).

Earnings per Unit

	Year Ended 30 June 2004 cents	Year Ended 30 June 2003 cents
Basic earnings per unit	13.08	11.56

Distributions

Distributions were paid to unitholders as follows:

	Cents	$'000
Interim distribution paid 12 November 2003	2.63	7,099
Interim distribution paid 12 February 2004	2.80	7,571
Interim distribution paid 12 May 2004	2.80	7,572
Final distribution paid 11 August 2004	3.00	8,117
Total	**11.23**	**30,359**

Directors' Report continued

Review of Operations

Overview

Abacus Trust is stapled to Abacus Group Holdings Limited to form the Abacus Property Group (Group). The Group operates wholly within Australia and is an investor in commercial, industrial and retail properties and other property-related investments.

The Trust holds an investment portfolio of commercial, industrial and retail properties and operates a mortgage lending business.

Operating Results for the Period

The Trust earned a net profit of $35.4 million in the year ended 30 June 2004 (2003: $28.12 million). This is a 25.8% increase on the profit achieved in the year ended 30 June 2003. The full year distribution of 11.23 cents per unit reflects an increase of 6.9% on the 10.5 cents per unit paid by the Abacus Property Group in the previous year. This distribution was paid in full by the Abacus Trust.

During the year under review, the Abacus Trust sold the following investment properties:

- Central Brunswick Town Square and Convenience Centre on 28 November 2003 for $20.3 million
- Navision House on 29 June 2004 for $23.7 million.

Funds released from the sale of the properties have been temporarily employed in the growth of the Group's funds management business, mortgage lending and joint venture activities.

The Abacus Mortgage Fund increased the size of its mortgage book (including interest accrued) from $34 million at 30 June 2003 to $46.6 million at 30 June 2004. Interest income increased from $5.5 million in the year ended 30 June 2003 to $7.4 million in the year ended 30 June 2004. In addition, the Abacus Trust advanced funds to Abacus Group Holdings Limited to support the growth of its funds and property management activities, where assets under management have grown to approximately $675 million. As at 30 June 2004, the Abacus Trust had advanced $30 million to fund the development of funds management initiatives within the Group.

Review of Financial Condition

Capital structure

No units were issued during the year under review.

The gearing ratio, calculated as a percentage of total interest bearing liabilities over total assets of the Trust was reduced to 22.1% at 30 June 2004 compared to 26.2% at 30 June 2003.

Existing loan facilities total approximately $100.9 million, of which $84 million was drawn as at 30 June 2004. The Trust manages interest rate exposure on debt facilities through the use of interest rate swap contracts. At year end, approximately $82.8 million or 98.5% of interest commitments were hedged.

Significant Changes in the State of Affairs

The following significant changes in the state of affairs of the Trust occurred during the financial year:

- Total equity increased by $13.7 million, from $273.5 million in the year ended 30 June 2003 to $287.2 million in the year ended 30 June 2004.
- Properties at Central Brunswick, Fortitude Valley, Brisbane and Navision House at 10 Market Street, Brisbane were sold for a total of $44.0 million.
- Revaluations of properties during the year resulted in a net increase (after adjustment for sales) of $13.7 million.

Significant Events after Balance Date

Since balance date, the Trust has settled the acquisition of the Liverpool Plaza Shopping Centre in Sydney's west for $29.8 million on 16 August 2004 and has exchanged contracts to acquire a 50% interest in Santos House, a commercial office tower in Adelaide, for $51 million. Funding for these acquisitions is being provided through the Trust's cash and drawings on its loan facilities.

Abacus Property Group has also completed an institutional placement of 27 million securities at an issue price of $1.18 per security, raising $31.9 million of which $30.5 million was received by the Abacus Trust. These securities, allotted on 9 August 2004, will ensure that the level of gearing following settlement of the Liverpool Plaza and Santos House acquisitions will leave the Trust with the capacity to pursue further property acquisitions as opportunities arise.

There have been no other significant events since balance date which may affect either the Trust's operations or results of those operations or its state of affairs, that have not been disclosed already in this report.

Likely Developments and Expected Results

The Directors have excluded from this report any other information on the likely developments in the operations of the Trust and the expected results of those operations in future financial years, as the Directors believe that it would be likely to result in unreasonable prejudice to the operation of the Trust.

Environmental Regulation and Performance

The Trust's environmental responsibilities, such as waste removal and water treatment, have been managed in compliance with all applicable regulations and licence requirements and in accordance with best industry standards. No breaches of requirements or additional environmental issues have been discovered nor brought to the Board's attention.

Indemnification and Insurance of Directors and Officers

The Responsible Entity, Abacus Funds Management Limited, has paid an insurance premium in respect of a contract insuring its Directors and full time executive officer and secretary. The terms of this policy prohibit disclosure of the nature of the risks insured or the premium paid.

Other Disclosures

Disclosures regarding information on Directors are detailed in the Directors' Report of the Abacus Property Group.

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 98/0100. The Trust is an entity to which the Class Order applies.

Signed in accordance with a resolution of the Directors.

Abacus Funds Management Limited
(ABN 66 007 415 590)

John Thame
Chairman

David J Bastian
Managing Director

Sydney, 15 September 2004

Discussion and analysis of the consolidated financial statements

Statement of Financial Performance and Distribution

The Trust earned a net profit for the year of $35.4 million (last year $28.1), which represented an increase of 25.8%. Distributions paid/payable to investors increased from $25.9 million (at 10.5 cents per security) to $30.4 million (at 11.23 cents per security) an increase of 17.2%.

Revenues from ordinary activities were down $12.6 million from $102.1 million to $89.5 million. The shortfall was made up of rental receipts down $5.2 million, investment income up $9.5 million and sale of property revenue down $16.9 million.

While revenue from rental receipts decreased $5.2 million following the sale of properties during the past two years, rental income remains the primary source of earnings for the Group and management is focused on the board's objective of rebuilding the property portfolio during the year ahead. This commitment is demonstrated by the recent settlement of Liverpool Plaza in Sydney's west for $29.8 million and the exchange of contracts for a 50% interest in Santos House in Adelaide for $51 million.

Income from investments was $24.6 million (last year $15.1 million) with the Abacus Mortgage Fund contributing $7.4 million (last year $5.5 million) while loans to Abacus Group Holdings Limited and Abacus Finance Pty Limited contributed $17.3 million (last year $9.6 million).

Revenue from the sale of investment properties this year was $44.0 million and comprised Central Brunswick $20.3 million and Navision House $23.7 million. Last year's sales of $60.8 million included Pirie Street, Adelaide $14.3 million, 60 Albert Road, South Melbourne $32.3 million and CUB Office, Brisbane $14.2 million.

Borrowing costs decreased from $9.4 million to $7.1 million due primarily to a decrease in borrowings following the sale of properties. Other expenses from ordinary activities also decreased from $6.2 million to $5.0 million as a result of the sale of properties.

Statement of Financial Position

Total assets increased from $370.6 million to $380.2.

Receivables and other financial assets increased $40.7 million. Loans to Abacus Group Holdings Limited increased $29.1 million while other Abacus Mortgage Fund loans increased $12.6 million.

Investment properties decreased $31.0 million from $211.0 million to $180.0 million due to the sale of Central Brunswick and Navision House, offset in part by asset revaluations of $8.7 million and plant purchases.

Total liabilities decreased $4.1 million from $97.1 million to $93.0 million which is a direct reflection of the $4.4 million decrease in the interest bearing liabilities brought about by the property sales and the repayment of bank debt.

Unitholders' funds increased $13.7 million from $273.5 million to $287.2 million. The asset revaluation increments on investment properties amounted to $8.7 million, while the Central Brunswick devaluation of $5.0 million was written back on disposal.

The retained earnings account showed little movement during the year. The profit was $35.4 million from which $30.4 million was distributed to investors. The loss of $5.0 million on the sale of Central Brunswick was transferred from retained earnings to the credit of the asset revaluation reserve.

Statement of Cash Flow

Net cash flows from operating activities were $12.7 million (last year $15.8 million). The sale of properties reduced rental income receipts and borrowing costs were reduced following the repayment of bank debt.

Net cash flows from investment activities were $20.9 million (last year $22.0 million). Net cash proceeds from the sale of investment properties amounted to $42.2 million (last year $60.8 million) and the net cash movement in mortgage investments amounted to $20.5 million (last year $37.4 million) reflecting an increase in the receipt of loan repayments.

Cash assets held at 30 June 2004 of $23.4 million will be used to finance the future acquisition of property and investment assets.

Statement of Financial Performance and Distribution
Year ended 30 June 2004

	Notes	CONSOLIDATED June 2004 $'000	June 2003 $'000
Statement of Financial Performance			
Revenues from ordinary activities	2	89,510	102,141
Depreciation and amortisation expenses		(144)	(263)
Carrying amount of investment properties disposed		(41,497)	(57,950)
Borrowing costs expense		(7,077)	(9,357)
Bad and doubtful debts		(449)	(267)
Other expenses from ordinary activities		(4,969)	(6,189)
Profit from ordinary activities before income tax expense		**35,374**	**28,115**
Net profit attributable to unitholders of Abacus Trust		**35,374**	**28,115**
Increase in asset revaluation reserve		13,743	7,058
Total revenues, expenses, and valuation adjustments attributable to unitholders and recognised directly in unitholders' funds		**13,743**	**7,058**
Total changes in equity other than those resulting from transactions with unitholders as owners		**49,117**	**35,173**
Basic and diluted earnings per unit (cents)		13.08	11.56
Statement of Distribution			
Net operating profit from ordinary activities		35,374	28,115
Net transfer of undistributed income (to)/from unitholders' funds		(5,015)	(2,215)
Distributions paid and payable		30,359	25,900
Distribution per unit (cents per unit)		**11.23**	**10.50**

Statement of Financial Position

As at 30 June 2004

	Notes	CONSOLIDATED June 2004 $'000	June 2003 $'000
Current assets			
Cash assets		23,407	23,520
Receivables		2,561	15,676
Other financial assets		39,637	23,287
Other		785	834
Total current assets		**66,390**	**63,317**
Non-current assets			
Investment properties		180,035	210,988
Other financial assets		133,752	96,261
Total non-current assets		**313,787**	**307,249**
Total assets		**380,177**	**370,566**
Current liabilities			
Payables		896	1,612
Interest bearing liabilities		84,000	24,000
Provisions		8,117	7,099
Total current liabilities		**93,013**	**32,711**
Non-current liabilities			
Interest bearing liabilities		–	64,400
Total non-current liabilities		**–**	**64,400**
Total liabilities		**93,013**	**97,111**
Net assets		**287,164**	**273,455**
Unitholders' funds			
Contributed equity		259,672	259,672
Asset revaluation reserve		24,745	11,002
Retained earnings	3	2,747	2,781
Total unitholders' funds		**287,164**	**273,455**

Statement of Cash Flow

Year ended 30 June 2004

	CONSOLIDATED	
	June 2004 $'000	June 2003 $'000
Cash flows from operating activities		
Income receipts	14,978	19,930
Interest received	6,183	7,000
Audit fees paid	(39)	(39)
Responsible entity fees paid	(987)	(1,230)
Custody fees paid	(54)	(63)
Borrowing costs	(7,084)	(9,053)
Operating payments	(265)	(776)
Net cash flows from operating activities	**12,732**	**15,769**
Cash flows from investing activities		
Payments for investments	(175,690)	(59,319)
Proceeds from settlement of investments	155,190	21,897
Purchase of controlled entities	–	517
Intercompany payments	–	–
Purchase of investment properties	(1,032)	(1,898)
Disposal of investment properties	42,428	60,820
Net cash flows from investing activities	**20,896**	**22,017**
Cash flows from financing activities		
Proceeds from issue of units	–	64,837
Payment of establishment fees	–	(3,580)
Repayments of borrowings	(37,000)	(55,401)
Proceeds from borrowings	32,600	–
Distributions paid	(29,341)	(22,785)
Net cash flows from/(used in) financing activities	**(33,741)**	**(16,929)**
Net increase/(decrease) in cash held	**(113)**	**20,857**
Add opening cash brought forward	23,520	2,663
Closing cash carried forward	**23,407**	**23,520**

Notes to the Concise Financial Statements
30 June 2004

1. Basis of Preparation of the Concise Financial Report

The concise 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 Trust as the full financial report.

The financial report should be read in conjunction with the Annual Financial Report of Abacus Trust as at 30 June 2003. It is also recommended that the financial report be considered together with any public announcements made by Abacus Property Group during the year ended 30 June 2004 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

Basis of accounting

The financial report is a general-purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001 including applicable Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views).

The financial report has been prepared in accordance with the historical cost convention except for investment properties which are carried at fair value.

Changes in accounting policies

Accounting policies are consistent with those of the prior year unless otherwise stated.

Principles of consolidation

The consolidated financial statements include the financial statements of Abacus Trust and its controlled entities referred to collectively throughout these financial statements as the "consolidated entity" or the "Trust".

Information from the financial statements of subsidiaries is included from the date the parent company obtains control until such time as control ceases. Where there is a loss of control of a subsidiary, the consolidated financial statements include the results for that part of the reporting period during which the parent company has control. Subsidiary acquisitions are accounted for using the purchase method of accounting.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

2. Revenue from Ordinary Activities

	CONSOLIDATED	
	June 2004 $'000	June 2003 $'000
Revenues from operating activities		
Revenue from rental receipts	19,940	25,174
Interest income from investments	24,601	15,094
Fee income from investments	486	308
Revenue from sale of investment properties	43,950	60,820
Total revenues from operating activities	88,977	101,396
Revenues from non-operating activities		
Distributions from other entities	–	–
Bank interest	533	745
Total revenues from non-operating activities	533	745
Total revenues from ordinary activities	**89,510**	**102,141**
Gains		
Net gains on disposal of investment properties	1,893	–

3. Additional Information

	June 2004 $'000	June 2003 $'000
Reconciliation of retained earnings		
Balance at the beginning of year	2,781	–
Net profit attributable to unitholders	35,374	28,115
Capital profits	(5,049)	566
Total available for appropriation	33,106	28,681
Distributions provided for or paid	(30,359)	(25,900)
Balance at end of year	**2,747**	**2,781**

Notes to the Concise Financial Statements
30 June 2004

4. Segment Information

Business segments

	Property Rental & Sales		Other property-related investments		Consolidated	
	June 2004 $'000	June 2003 $'000	June 2004 $'000	June 2003 $'000	June 2004 $'000	June 2003 $'000
Segment revenue:						
Revenues from customers outside the consolidated entity	63,890	85,994	25,087	15,402	88,977	101,396
Interest revenue					533	745
Total revenue					89,510	102,141
Segment results:						
Segment result	17,831	22,513	24,087	14,214	41,918	36,727
Interest income					533	745
Borrowing costs					(7,077)	(9,357)
Total results					35,374	28,115
Segment assets:						
Segment assets	206,785	238,449	173,392	132,117	380,177	370,566
Segment liabilities:						
Segment liabilities	882	1,262	14	350	896	1,612
Interest-bearing loans					84,000	88,400
Unallocated liabilities					8,117	7,099
Total liabilities					93,013	97,111

5. Subsequent Events

Since balance date the Group has settled the acquisition of the Liverpool Plaza Shopping Centre in Sydney's west for $29.8 million on 16 August 2004 and has exchanged contracts to acquire a 50% interest in Santos House, a commercial office tower in Adelaide, for $51 million. Funding for these acquisitions is being provided through the Group's cash and drawings on its loan facilities.

The Group has also completed an institutional placement of 27 million securities at an issue price of $1.18 per security, raising $31.9 million of which $1.13 is allocated per unit in the Abacus Trust and $0.05 per share in Abacus Group Holdings Limited. These securities, allotted on 9 August 2004, will ensure that the level of gearing following settlement of the Liverpool Plaza and Santos House acquisitions will leave the Group with the capacity to pursue further property acquisitions as opportunities arise.

Since 30 June 2004 there has not been any other matter or circumstance not otherwise dealt with in the financial report that has significantly affected or may significantly affect the combined entity.

Directors' Declaration

In accordance with a resolution of the Directors of Abacus Funds Management Limited, Responsible Entity of Abacus Trust, we state that in the opinion of the Directors:

a) the concise financial report of the consolidated entity for the year ended 30 June 2004 is accordance with Accounting Standard AASB 1039 "Concise Financial Reports"; and

b) the financial statements and specific disclosures included in this concise financial report have been derived from the full financial report for the year ended 30 June 2004.

On behalf of the Board:

John Thame
Chairman

David J Bastian
Managing Director

Sydney, 15 September 2004

Independent Audit Report

ERNST & YOUNG

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Australia

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Sydney NSW 2001

Tel 61 2 9248 5555
Fax 61 2 9262 6565
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Exchange 10172

Independent audit report to unitholders of Abacus Trust

Scope

The concise financial report and directors' responsibility

The concise financial report comprises the statement of financial position, statement of financial performance, statement of cash flows and accompanying notes to the financial statements for the consolidated entity for the year ended 30 June 2004. The consolidated entity comprises both Abacus Trust (the Trust) and the entities it controlled during the year.

The directors of Abacus Funds Management Limited, the Responsible Entity of the Trust, are responsible for preparing a concise financial report that complies with Accounting Standard AASB 1039 "Concise Financial Reports", in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the concise financial report.

Audit approach

We conducted an independent audit on the concise financial report in order to express an opinion on it to the unitholders of the Trust. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the concise financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the concise financial report is presented fairly in accordance with Accounting Standard AASB 1039 "Concise Financial Reports". We formed our audit opinion on the basis of these procedures, which included:

- testing that the information in the concise financial report is consistent with the full financial report, and
- examining, on a test basis, information to provide evidence supporting the amounts, discussion and analysis, and other disclosures in the concise financial report that were not directly derived from the full financial report.

We have also performed an independent audit of the full financial report of the Trust for the year ended 30 June 2004. Our audit report on the full financial report was signed on 20 September 2004, and was not subject to any qualification. For a better understanding of our approach to the audit of the full financial report, this report should be read in conjunction with our audit report on the full financial report.

Independence

We are independent of the Trust, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit opinion

In our opinion, the concise financial report of Abacus Trust complies with Accounting Standard AASB 1039 "Concise Financial Reports".

Ernst & Young

Mark O'Sullivan
Partner

Sydney
21 September 2004

Corporate Governance Report

Abacus Property Group is made up of the Abacus Trust and Abacus Group Holdings Limited. The responsible entity of the Abacus Trust is Abacus Funds Management Limited, which is a subsidiary of Abacus Group Holdings Limited. Corporate governance of the Group is the responsibility of the boards of Abacus Group Holdings Limited and Abacus Funds Management Limited.

Relevant information is available through a dedicated corporate governance information section on the Group's website at www.abacusproperty.com.au under 'About Abacus'.

Principle 1: Solid foundations for management and oversight

During the year, the board adopted a formal charter detailing its functions and responsibilities. Primary responsibilities are the provision of strategic guidance for the Group and the effective oversight of management. Particular functions include:

- Provide the overall corporate and business strategic direction of the Group
- Determine key policies and procedures governing the operations of the Group
- Review the annual progress and performance of the Group
- Approve the annual budget
- Approve all acquisitions, disposals and expenditures in excess of delegated limits
- Approve offer documents following due diligence process
- Oversee risk management issues
- Appoint and approve the terms and conditions of the employment of senior officers.

A copy of the board's charter has been posted to the Abacus Property Group website.

Corporate Governance Report continued

Principle 2: Board structure

Name				Appointment date AFML	AGHL
John Thame	chairman	non-executive	independent	11/09/02	11/09/02
Dennis Bluth		non-executive		26/09/96	09/09/02
Phillip Green		non-executive		25/05/00	12/09/02
Malcolm Irving		non-executive	independent	12/09/02	12/09/02
Frank Wolf	deputy chairman	executive		13/12/90	04/12/97
David Bastian	managing director	executive		02/05/95	04/12/97
Len Lloyd		executive		–	29/05/02

Mr Lloyd is a director of Abacus Group Holdings Limited only.
Details of the experience of each director are set out earlier in this Annual Report.

An independent director is one who is not:

- a current executive or a previous executive;
- a nominee of a major shareholder;
- involved in material contractual relationships with the Group; or
- an adviser to the Group for fees or some other benefit.

Abacus acknowledges the importance of having independent directors as determined by objective criteria. However, given the nature of the Group's business and current stage of the Group's development, the current structure of the board provides the necessary skills and experience to ensure it has a proper understanding of, and competence to deal with, the current and emerging issues of the business to optimise the financial performance of Abacus and returns to security-holders.

Directors may seek independent legal advice on any matter connected with the performance of their duties. In such cases, the Group will reimburse the reasonable costs of such advice.

The Group's nomination and remuneration committee is responsible to ensure the board maintains an appropriate size and composition to effectively discharge its responsibilities and duties. Membership of the committee comprises three external directors:

John Thame (chairman)	independent
Malcolm Irving	independent
Dennis Bluth	

There was one meeting of the nomination and remuneration committee with all members attending.

A copy of the charter of the nomination and remuneration committee has been posted to the Abacus Property Group website. The procedure for the selection and appointment of new directors to the board is contained in the board charter, also posted to the website.

Principle 3: Ethical and responsible decision-making

The Group's commitment to ethical practices and internal standards for professional conduct is set out in a formal code of conduct. The code stipulates requirements relating to client service, confidentiality of information, company assets, disclosure of potential conflicts of interest and compliance with laws and regulations, specifically including 'insider trading' provisions.

New employees are made aware of the code of conduct as part of their initial compliance induction. All employees sign an annual declaration that they have complied with the code.

During the year, the board adopted a policy limiting trading in Abacus Property Group securities by directors to the six-week period commencing two business days after half-year and full-year results are announced.

A copy of the code of conduct and the trading policy have been posted to the Abacus Property Group website.

Principle 4: Integrity in financial reporting

To safeguard the integrity of its financial reporting, the Group has put in place a structure of review and authorisation of the presentation of the Group's financial position. This structure includes the review and consideration of the accounts by the audit committee following the provision of a written statement by the Managing Director and the Chief Financial officer that the financial reports present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards.

The audit committee comprises three external directors, two of whom are independent:

Malcolm Irving (chairman)	independent
John Thame	independent
Dennis Bluth	

The audit committee met six times during the year, with all members attending.

The primary function of the audit committee is to ensure that an effective framework exists through the establishment and maintenance of adequate internal controls to safeguard the Group's assets and to ensure the integrity and reliability of financial and management reporting systems. The committee meets with external auditors and reviews the adequacy, scope and quality of the annual statutory audit and half-yearly statutory audit review.

Procedures for the selection and appointment of the external auditor are currently being developed. The current auditor of the Group has a policy of rotation of audit engagement partners which conforms with the Corporations Act.

The charter of the audit committee has been posted to the Abacus Property Group website.

Principle 5: Disclosure

The Group is committed to the continuous disclosure of material information concerning the Group's operations to the market and during the year it established a policy and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements. Primary responsibility for ensuring that the Group complies with its disclosure obligations is held by the Managing Director.

The Group's disclosure policy has been posted to the Abacus Property Group website.

Principle 6: Communication with security-holders

The Abacus Property Group website at www.abacusproperty.com.au provides general information on the Group's operations.
All announcements made to the market are posted to the website after they have been lodged with the ASX, including financial statements, notices of meetings and briefings to analysts or media, in order to promote the broad distribution of this information to investors.

In addition, the Group publishes a newsletter from time to time which updates investors and their advisers on the current activities of the Group and alerts them to any forthcoming opportunities.

The external auditor attends the annual general meetings of the Group and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

The Group's shareholder communication policy has been posted to the Abacus Property Group website.

Corporate Governance Report continued

Principle 7: Risk management

Abacus Property Group has in place a number of processes intended to identify and manage areas of significant business risk. These include:

- a comprehensive risk management business plan;
- maintenance of board and other committees relevant to the business of the Group;
- detailed and regular budgetary, financial and management reporting;
- audits (including financial and compliance audits);
- compliance procedures, manuals and policies;
- comprehensive insurance programs;
- retention of specialised staff and external advisers.

The Managing Director and Chief Financial Officer have provided a written statement to the board that their statement on the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board, and that this system is operating efficiently and effectively in all material respects.

Compliance

The Group's high quality compliance regime is managed by a professional compliance manager and overseen by an independent compliance committee. The primary role of this committee is to ensure that management follows written processes developed to ensure compliance with the Corporations Act, trust constitutions and other relevant parameters and that those processes are adequate for ongoing compliance with the law and to protect the interests of security-holders. It reports to the board semi-annually or as required.

The compliance committee includes two external members (who are not directors of the board):

Phillip Leslie (chairman)	External Member
James Beecher	External Member
David Bastian	

This committee met four times during the year.

In addition to the work of the compliance manager and compliance committee, the Group's compliance program is audited annually by an external auditor, currently Deloitte Touche Tohmatsu.

Review of lending proposals

New secured lending proposals which may be taken up by the Abacus Mortgage Fund or by a trust under Abacus management are evaluated by the credit committee against key investment criteria as part of a rigorous due diligence process. The committee reviews the feasibility analysis of the project and independent valuations of the property and proposed improvements, and assesses other relevant factors such as the experience and financial capacity of the borrower, project risk, local planning policies and market trends.

The credit committee includes one external member (who is not a director):

Dennis Bluth (chairman)	
Frank Wolf	
David Bastian	
David Brodie	External member

Due Diligence

Abacus has a standing due diligence committee to manage the due diligence process of each transaction that involves the issue of a disclosure document. The due diligence committee comprises at least three members, currently:

Dennis Bluth (chairman)
Frank Wolf
David Bastian

Additional members, such as other board members, representatives of external advisers or independent experts, may be appointed for particular projects. During the year under review, there were four due diligence committee meetings, with Mr Bluth attending three meetings and Dr Wolf and Mr Bastian attending all four meetings. In addition, Mr Thame attended one meeting and Mr Irving attended two meetings in relation to the Abacus Diversified Income Fund offer document.

The objectives of the due diligence committee are:

- to take all reasonable steps to ensure compliance with the law, particularly the Corporations Act and, to the extent relevant, the Trade Practices Act, applicable State Fair Trading Acts and taxation and stamp duty legislation;
- to obtain and verify information to be included in the disclosure document; and
- to overview the comprehensive due diligence system implemented in connection with the preparation of the disclosure document.

The Group's business risk management policy and procedures has been posted to the Abacus Property Group website.

Principle 8: Board and management effectiveness

The Group is committed to ensuring that directors and key executives are equipped with the knowledge and information they need to discharge their responsibilities effectively.

Management supplies the board with information in a form, timeframe and quality to enable it to make informed decisions. Directors are entitled to request additional information and have open access to the company secretary and senior staff. Directors are also able to seek independent professional advice, if necessary, at the Group's expense.

Performance evaluation guidelines for the board and individual directors are annexed to the board charter, which has been posted to the Abacus Property Group website. As the new board charter was introduced toward the end of the financial year, the first performance evaluation of the board and directors will be conducted during the year ending 30 June 2005.

Principle 9: Remuneration

The aim of the Abacus Property Group's remuneration policy is to attract and retain talented and motivated directors and employees so as to encourage enhanced performance of the Group. The policy is overseen by the nomination and remuneration committee which comprises three non-executive directors:

John Thame (chairman)
Dennis Bluth
Malcolm Irving

A copy of the charter of the nomination and remuneration committee has been posted to the Abacus Property Group website.

The remuneration of each director and the five most senior officers is set out earlier in this Annual Report. Non-executive directors are paid fees for their service and do not participate in other benefits which may be offered other than those which are statutory requirements.

Abacus Property Group does not provide incentives as a percentage of base pay to any director or member of staff, nor is any equity provided. Salary increases and bonus payments are determined by the nomination and remuneration committee on an annual basis.

In the year ahead, the board intends to examine alternate remuneration policies, which may include the establishment of specific performance targets and key results indicators relevant to the contribution of individual staff to corporate performance.

Principle 10: Recognise the legitimate interests of stakeholders

The Abacus Property Group is committed to meeting its obligations to non-shareholder stakeholders such as employees, clients, suppliers and the community as a whole. The code of conduct discussed under Principle 3 sets standards of honesty, integrity and ethical conduct to guide the personal behaviour of staff.

A copy of the code of conduct has been posted to the Abacus Property Group website.

ASX Additional Information

Abacus Property Group is made up of the Abacus Trust and Abacus Group Holdings Limited. The responsible entity of the Abacus Trust is Abacus Funds Management Limited. The following information is current as at 31 August 2004.

Number of holders of ordinary fully paid stapled securities	5,604
Voting rights attached to ordinary fully paid stapled securities	one vote per stapled security
Number of holders holding less than a marketable parcel of ordinary fully paid stapled securities	414
Secretary, Abacus Funds Management Limited Secretary, Abacus Group Holdings Limited	Robert Hill
Registered office Abacus Funds Management Limited Abacus Group Holdings Limited	Level 34, Australia Square 264-278 George Street Sydney NSW 2000 (02) 9253 8600
Registry	Computershare Investor Services Pty Ltd GPO Box 704 Sydney NSW 1115 1300 855 080
Other stock exchanges on which Abacus Property Group securities are quoted	none
Number and class of restricted securities or securities subject to voluntary escrow that are on issue	none
There is no current on-market buy-back	
From 1 July 2003 until the end of the reporting period on 30 June 2004, the Group used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives.	

Substantial Security-holder Notifications

Security-holders	Number of Securities
Tower Trust Limited	38,980,850
UBS Nominees Pty Ltd	16,589,987

Securities Register

Number of Securities	Number of Security-holders
1 – 1000	40
1001 – 5000	287
5001 – 10000	884
10001 – 100000	4,223
100001 – over	170

Top 20 Largest Security-holdings

Security-holders		Number of Securities	% of issued Securities
1	Tower Trust Limited	38,952,442	13.10
2	RBC Global Services Australia Nominees Pty Ltd <BKCUST A/C>	30,618,459	10.29
3	ANZ Nominees Limited	14,153,207	4.76
4	Queensland Investment Corporation c/– National Nominees Limited	8,141,932	2.74
5	RBC Global Services Australia Nominees Pty Ltd <MLCI A/C>	7,242,630	2.44
6	Tricom Nominees Pty Ltd <LPG A/C>	6,002,711	2.02
7	Avanteos Investments Limited <FSP Super Fund A/C>	5,253,694	1.77
8	Permanent Trustee Australia Limited <MMC0007 A/C>	5,045,436	1.70
9	Assetinsure Pty Ltd	4,683,465	1.57
10	J P Morgan Nominees Australia Limited	3,536,735	1.19
11	Craig Securities (No. 2) Pty Limited	3,300,000	1.11
12	Kendall Securities (No. 2) Pty Limited	3,300,000	1.11
13	Pluteus (No. 164) Pty Limited	2,726,646	0.92
14	F M Wolf Pty Limited	2,196,600	0.74
15	Westpac Custodian Nominees Limited	2,087,677	0.70
16	Castlecrag Investments (No. 2) Pty Limited	1,882,800	0.63
17	FSP Group Pty Limited	1,307,231	0.44
18	Avanteos Investments Limited <Avanteos Super Fund No 2 A/C>	1,263,590	0.42
19	Avanteos Investments Limited <FSP IDPS A/C>	1,071,126	0.36
20	Redwick Pty Limited	900,000	0.30

Corporate Directory

Abacus Funds Management Limited

ABN 66 007 415 590

Abacus Group Holdings Limited

ABN 31 080 604 619

Registered Office

Level 34 Australia Square
264-178 George Street
Sydney NSW 2000
Tel: 02 9253 8600
Fax: 02 9253 8616
Email: enquiries@abacusproperty.com.au

Registry

Computershare Investor Services Pty Ltd
GPO Box 7045
Sydney NSW 1115
Tel: 1300 855 080
Fax: 02 8234 5050

Auditor

Ernst & Young
321 Kent Street
Sydney NSW 2000

Compliance Plan Auditor

Deloitte Touche Tohmatsu
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Sydney NSW 2000

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