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

Abacus Group Holdings Limited
ABN 31 080 604 619

19 October 2005

Company Announcements Office
Australian Stock Exchange

Date of Annual General Meeting

ABACUS PROPERTY GROUP (ABP)

The date of the Annual General Meeting of the Abacus Property Group has been changed to Thursday, 24 November 2005.

The revised Notice of Annual General Meeting and Proxy Form are enclosed with the other documents sent to Abacus Property Group security-holders.

Yours faithfully,

Sean O'Donoghue
Company Secretary

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

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

Abacus Group Holdings Limited
ABN 31 080 604 619

30 September 2005

Dear Security-holder,

On behalf of the Abacus Property Group, I have pleasure in inviting you to our Annual General Meeting to be held at 10 am on Thursday 24 November 2005. The Meeting provides you with the opportunity to meet your directors and ask questions about the performance of the Group, which posted another strong result in 2005. The enclosed Notice of Meeting sets out the items of business.

If you are unable to attend the meeting, you are encouraged to complete the enclosed proxy form and return it in the envelope provided by Tuesday 22 November. If you are attending the meeting, please bring your proxy form with you to assist in registration.

Also enclosed, if you requested it, is a copy of the 2005 Annual Report. Both the concise Annual Report and the full financial accounts can also be viewed or downloaded from the Abacus Property Group website at www.abacusproperty.com.au or you may contact Abacus as set out below to request a printed copy be sent to you.

In order to ensure that our accounting treatment of assets and liabilities under the new International Financial Reporting Standards (which apply from 1 January 2005) is unaffected, the constitution of the Abacus Trust has been amended in accordance with ASIC Class Order 05/566. The removal of the fixed termination clause will ensure that unitholders' funds will continue to be treated as equity (as opposed to debt).

In addition, I am pleased to advise that the Abacus Property Group is reinstating the Distribution Reinvestment Plan (DRP). The DRP provides you with the opportunity to reinvest all or part of your quarterly distributions in additional Abacus Property Group securities at a discount to the market price. Details of the DRP are provided in the enclosed booklet. To apply to participate, just complete and return the Plan Instruction Form. If you wish to participate in the DRP for the December quarter distribution, you should ensure that your Plan Instruction Form is returned before 31 December 2005.

Yours faithfully,

David J Bastian
Managing Director

Abacus Property Group Notice of Meeting

ABACUS GROUP HOLDINGS LIMITED

ACN 080 604 619

ABACUS TRUST

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

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.

Notice is given that the Annual General Meeting of members 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 (Sydney time)

Date: Thursday, 24 November 2005

Venue: Abbott Tout, Level 42, MLC Centre,
19 Martin Place, Sydney NSW 2000

ORDINARY BUSINESS

1. To receive and consider the Annual Financial Report and other reports

Receipt and consideration of the Annual Financial Report and Directors' Report, together with the Auditor's Report for the year ended 30 June 2005.

2. To adopt the Remuneration Report for the year ended 30 June 2005

"That the Remuneration Report for the year ended 30 June 2005 be adopted."

Under section 250R(3) of the Corporations Act, the vote on this resolution is advisory only and does not bind the directors, the Company or the Trust.

3. To consider and, if thought fit, pass the following resolutions as ordinary resolutions of the holders of stapled securities (as members of the Company and unitholders in the Trust)

3.1 To re-elect Mr John Thame as a Director

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

3.2 To re-elect Mr Dennis Bluth as a Director

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

Each resolution is separate and distinct.

SPECIAL BUSINESS

4. To consider and, if thought fit, pass the following resolution as an ordinary resolution of the holders of stapled securities (as members of the Company and unitholders in the Trust) to increase Group Directors' Fees

"That the maximum aggregate sum of Group Directors' Fees that may be paid by the Company in each financial year of the Company to its non-executive directors for their ordinary services as directors of the Company and its wholly-owned subsidiaries be increased by $235,000 to a maximum sum of $400,000."

VOTING EXCLUSION

The Company and the Trust will disregard any votes cast on resolution 4 by the directors and any of their associates. 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.

BY ORDER OF THE BOARDS

Sean O'Donoghue
Secretary

Date: 30 September 2005

Notice of Meeting

BACKGROUND INFORMATION

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. The Abacus Property Group must receive proxies no later than 48 hours before the meetings. A form of proxy is provided with this Notice.

Voting Entitlements

In accordance with Corporations Regulations 7.11.37, the directors have determined that the security holding 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 (Sydney time) on Tuesday 22 November 2005.

EXPLANATORY NOTES

RESOLUTION 1: Receive and consider the Annual Financial Report and other reports (ordinary resolution)

As required by section 317 of the Corporations Act, the Annual Financial Report and other reports for the most recent financial year will be laid before the meetings. Security-holders will have the opportunity to raise questions on the reports themselves and on the performance of the Abacus Property Group generally.

The Boards unanimously recommend that security-holders vote in favour of resolution 1.

RESOLUTION 2: Adoption of Remuneration Report (ordinary resolution)

The Remuneration Report forms part of the Directors' Report, set out in the 2005 Abacus Property Group Annual Report. The Remuneration Report:

- explains the Boards' policy in relation to the nature and amount of remuneration paid to directors, the secretary and senior managers of the Abacus Property Group;
- discusses the relationship between such policy and the Abacus Property Group's performance, including details of the performance for the last four financial years;
- provides a detailed summary of performance conditions, explaining why they were chosen and how performance is measured against them;
- sets out prescribed remuneration details for each director and the five highest paid senior managers;
- makes clear that the basis for remunerating non-executive directors is distinct from the basis for remunerating executives, including executive directors.

The chair of the meetings will allow a reasonable opportunity for security-holders as a whole at the meetings to ask questions about, or make comments on, the Remuneration Report.

The Boards unanimously recommend that security-holders vote in favour of resolution 2.

RESOLUTION 3: Election of directors (ordinary resolution)

Information about directors who have been nominated for election:

3.1 Mr John Thame AIBF, FCPA

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

Mr Thame was appointed non-executive Chairman of the Abacus Property Group on 25 October 2002. He is a member of the Nomination & Remuneration Committee and a member of the Audit Committee.

Mr 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 Chairman of St George Bank, Chairman of Reckon Limited and a director of The Village Building Co Limited. Mr Thame was a director of AWB Limited until March 2005 and Trust Company of Australia Limited until July 2003. He has held no other listed company directorships during the past three financial years, other than as disclosed.

Mr Thame was last elected at the 2002 meetings. If re-elected, Mr Thame will continue as a director and Chairman and be subject to retirement by rotation under the Company's constitution.

The Boards (in the absence of Mr Thame) unanimously recommend that security-holders vote in favour of resolution 3.1.

3.2 Mr Dennis Bluth LLM, BA, FAPI

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

Mr Bluth was appointed a non-executive director of the Abacus Property Group on 25 October 2002. He is Chairman of the Credit Committee, Chairman of the Due Diligence Committee, a member of the Audit Committee and a member of the Nomination & Remuneration Committee.

Mr Bluth holds a 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 became a Fellow of the Australian Property Institute in 2004. 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. His position as a partner of Abbott Tout involves significant time commitments. He was formerly a director of Godfrey Pembroke Financial Services Limited. He has held no other listed company directorships during the past three financial years, other than as disclosed.

Mr Bluth was last elected at the 2003 meetings. If re-elected, Mr Bluth will continue as a director and be subject to retirement by rotation under the Company's constitution.

The Boards (in the absence of Mr Bluth) unanimously recommend that security-holders vote in favour of resolution 3.2.

RESOLUTION 4: Approval of Group Directors' Fees (ordinary resolution)

Under the constitution of the Company:

(a) the shareholders may, at any time, by ordinary resolution, approve a fixed sum that may be paid in each financial year of the Company as 'Group Directors' Fees'; and

(b) 'Group Directors' Fees' means the remuneration of non-executive directors of the Company for their ordinary services as directors (whether or not executive or other paid work is undertaken) of the Company and, if applicable, any of its wholly-owned subsidiaries; and

(c) the directors determine how much of the approved amount will be paid out as remuneration for the ordinary services of non-executive directors and the division of that amount among the non-executive directors is determined by the directors (or in default of determination, equally).

The aggregate maximum sum that presently may be paid to directors as a whole (other than executive directors) as remuneration for their ordinary services is $165,000 per financial year. The current sum of $165,000 was set in October 2002, prior to the Abacus Property Group listing on the Australian Stock Exchange in November 2002. It is proposed that this maximum aggregate sum be increased by $235,000 to $400,000 per financial year.

The Boards' policy is to remunerate non-executive directors at market rates for comparable companies for the time commitment and responsibilities involved. Where considered appropriate, external advice on market rates is taken.

The proposed increase in Group Directors' Fees will provide scope for additional directors to join the Boards at appropriate times and allow greater flexibility with respect to individual non-executive directors' remuneration.

It will also allow remuneration over time to reflect market movements, increasing workloads and changing responsibilities. The Boards consider it essential that they have the resources available to attract and retain the highest quality candidates for Board and Board committee positions.

The Boards unanimously recommend that security-holders vote in favour of resolution 4.

Questions and Comments by Security-holders at the Meetings

In accordance with the Corporations Act 2001, the chair of the meetings will allow a reasonable opportunity for security-holders as a whole at the meetings to ask questions about or make comments on the management of the Abacus Property Group.

Similarly, a reasonable opportunity will be given to security-holders as a whole at the meetings to ask the Abacus Property Group's external auditor, Ernst & Young, questions relevant to:

(a) the conduct of the audit;

(b) the preparation and content of the auditor's report;

(c) the accounting policies adopted by the Abacus Property Group in relation to the preparation of its financial statements; and

(d) the independence of the auditor in relation to the conduct of the audit.

Any security-holder may also submit to the Company a written question directed to Ernst & Young if the question is relevant to the content of Ernst & Young's audit report or the conduct of its audit of the Abacus Property Group Financial Report for the year ended 30 June 2005.

Relevant written questions for Ernst & Young must be received by the Company no later than 5.00pm Thursday, 17 November 2005. A list of those relevant written questions will be made available to security-holders attending the meetings at or before the start of the meetings. Ernst & Young will either answer the questions at the meetings or table written answers to them at the meetings. If written answers are tabled at the meetings, they will be made available to security-holders as soon as practicable after the meetings.

Please send any written questions for Ernst & Young by post, delivery or facsimile ((02) 9253 8616) to the Company Secretary, Abacus Property Group, Level 34 Australia Square, 264-278 George Street, Sydney NSW 2000 or to Computershare at the address on the enclosed reply envelope by no later than 5.00pm Thursday, 17 November 2005.

Abacus Property Group Proxy Form

ABACUS GROUP HOLDINGS LIMITED
ACN 080 604 619

ABACUS TRUST
ARSN 096 572 128

RESPONSIBLE ENTITY:
ABACUS FUNDS MANAGEMENT LIMITED
ACN 007 415 590

APPOINTING YOUR 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 individual's/body corporate's absence, or if no individual/body corporate is named

the Chairman of the meetings

or failing the individual/body corporate named, or if no individual/body corporate 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 directions (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 Thursday 24 November 2005 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 securities for this proxy form**

IMPORTANT: IF THE CHAIRMAN IS YOUR PROXY

☐ **If the Chairman of the meetings is your nominated proxy, or may be appointed by default, and you have not directed your proxy how to vote on resolution 4, please mark with an 'X' in this box.**

By marking this box, you acknowledge that the Chairman of the meetings may exercise your proxy vote even if he has an interest in the outcome of item 4 and that votes cast by him, other than as a proxy, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the meetings will not cast your votes on item 4. The Chairman of the meetings intends to vote undirected proxies in favour of all resolutions.

DIRECTING YOUR PROXY – please mark **X** to indicate your directions

		FOR	AGAINST	ABSTAIN*
Resolution 1	To receive and consider the Annual Financial Report			
Resolution 2	To adopt the Remuneration Report for the year ended 30 June 2005			
Resolution 3.1	To re-elect Mr John Thame as a Director			
Resolution 3.2	To re-elect Mr Dennis Bluth as a Director			
Resolution 4	To approve an increase in Group Directors' Fees			

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll on that item and your votes will not be counted in computing the required majority on a poll on that item.

PROXY FORM MUST BE RETURNED BY 10AM TUESDAY 22 NOVEMBER 2005.

SIGN

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

Signature of security-holder(s)

Security-holder 1	Security-holder 2	Security-holder 3
Individual/sole director and Sole company secretary	Director	Director/Company Secretary
Contact name (please print)	Daytime telephone number	

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 individual/body corporate you wish to appoint as your proxy is someone other than the Chairman of the meetings, please write the name of that individual/body corporate. 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. A body corporate appointed as a proxy may appoint a representative to exercise the powers that the body corporate may exercise as the security-holder's proxy pursuant to section 250D of the Corporations Act.

2. Appointment of a Second Proxy

A security-holder entitled to cast two or more votes may appoint a second proxy for the meetings. 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. If you do not specify the proportion or number of your voting rights each proxy may exercise, each proxy may exercise half of the votes;

(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 the proxy 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 AGHL and AT. 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, that person must sign this form. 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 a director must sign this form 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 (as an original or photocopy or by fax) at the registered office of the Abacus Property Group by 4 pm (Sydney time) on the day before the meetings. A form of the certificate may be obtained from AGHL and AT.

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.

Documents should be returned to the Registry in the reply paid envelope provided or posted to Computershare Investor Services Pty Limited GPO Box 4195 Sydney NSW 2001.

Abacus Property Group

Distribution Reinvestment Plan

The Distribution Reinvestment Plan allows Abacus Property Group security-holders to reinvest their quarterly income distribution in additional Abacus Property Group securities at a discount.

- Participation in the Plan is optional
- 2% discount applies to securities issued under the Plan
- No costs
- Equal ranking with existing securities
- Quarterly reporting
- An easy and convenient way to increase your holding in APG securities

NEED MORE INFORMATION?

If you have any questions about how the Plan operates, please contact your financial adviser, email **enquiries@abacusproperty.com.au** or call Abacus on **1800 253 860.**

You can download a Plan Instruction Form from the Abacus Property Group website at **www.abacusproperty.com.au**

RULES OF THE DISTRIBUTION REINVESTMENT PLAN

1. Who is eligible to participate?

All security-holders with a registered address in Australia are eligible to participate in the Plan.

2. How to participate in the Plan

If you want to participate in the Plan, you must complete a Plan Instruction Form and return it to the Registry by no later than 5.00 pm on the record date for the distribution in which you wish to participate. The record dates for the Abacus Property Group's distributions are the last day of March, June, September and December in each year.

The Plan Instruction Form is available to download from the Abacus Property Group website at www.abacusproperty.com.au or contact Abacus on 1800 253 860.

3. Levels of participation

You can choose either full participation or partial participation in the Plan.

Full participation

If you choose full participation, all of your distributions will be reinvested in new stapled securities.

Partial participation

If you choose partial participation, you must specify the percentage of your securities to participate in the Plan. The distribution on the specified percentage of your securities participating in the Plan will be reinvested in new stapled securities. The distribution on those stapled securities not participating in the Plan will be paid to you in cash (ie by cheque or direct credit in accordance with your previous instructions).

4. How to vary or terminate your participation

You can vary or terminate your participation in the Plan at any time by completing a Plan Instruction Form and sending it to the Registry. For a request to be effective for a particular distribution, it must be received before 5.00 pm on the relevant record date.

5. Issue price of securities

Stapled securities will be issued under the Plan at a 2% discount to the average price of Abacus Property Group securities, rounded to the nearest whole cent.

The average price will be the volume weighted average price of Abacus Property Group securities traded on the ASX over the 5 business days up to and including the relevant record date.

The issue price of securities under the Plan will be posted to the Abacus Property Group website at www.abacusproperty.com.au.

Where a fractional entitlement to a stapled security would result from the reinvestment, that part of your distribution resulting in the fractional entitlement will be carried forward to be reinvested at the time of your next distribution.

6. No costs

Participating investors do not pay any brokerage, commission, stamp duty or any other costs in relation to the issue of stapled securities under the Plan.

7. Equal ranking

Stapled securities issued under the Plan will rank equally in all respects with existing Abacus Property Group stapled securities from the date of issue.

8. Quarterly distribution statements

Each quarter, Abacus will send you a distribution statement detailing the following:

- the number of stapled securities held at the record date for the distribution;
- the number of stapled securities participating in the Plan;
- the amount of the distribution payment (less withholding tax if applicable);
- the number of stapled securities issued under the Plan;
- the issue price of the stapled securities;
- your new holding of stapled securities (including the stapled securities issued under the Plan);
- any balance payable in cash in respect of partial participation; and
- any amount carried forward to be applied towards the calculation for the next distribution.

9. Taxation

Distributions reinvested under the Plan should be included in your taxable income on the same basis as if those distributions had been received in cash.

The Abacus Property Group does not accept any responsibility for the tax liabilities of investors as a consequence of participation in the Plan.

As individual circumstances and laws vary considerably, you are advised to seek specific tax advice before participating in the Plan.

10. Sale of securities

After each issue of securities under the Plan, the Abacus Property Group will promptly apply to the ASX to have the securities listed, enabling you to trade.

In the case of partial participation in the Plan, unless you notify the Registry to the contrary, a sale of securities will be treated in the first instance as a reduction of the number of securities not participating in the Plan.

11. Cost base of securities

Units in the Abacus Trust and shares in Abacus Group Holdings Limited may only be issued under this Plan in identical numbers, stapled together.

The issue price of a stapled security issued under the Plan will be allocated between the unit in the Abacus Trust and the share in Abacus Group Holdings Limited. A record of allocation will be posted to the Abacus Property Group website.

12. Variation, suspension or cancellation of the Plan

The Abacus Property Group may at any time vary, suspend or cancel the Plan. Investors will be notified in writing of such an action. Should the Plan be suspended or cancelled, all distributions from the Abacus Property Group will be paid in cash (ie. by cheque or direct credit in accordance with your instructions).

The accidental omission to give notice of variation, suspension or cancellation to any investor or the non-receipt of any notice by an investor will not invalidate the variation, suspension or cancellation.

13. Definitions

Abacus Property Group means the Abacus Trust and Abacus Group Holdings Limited, trading on the Australian Stock Exchange as the Abacus Property Group.

ASX means the Australian Stock Exchange.

Business Day means a day other than a Saturday or Sunday or public holiday in Sydney on which trading banks and the ASX in Sydney are generally open for business.

Plan means the Distribution Reinvestment Plan established by these rules.

Plan Instruction Form means the form included with this booklet or available from Abacus by which an eligible investor may apply to participate in the Plan or vary or terminate their participation in the Plan.

Record date means the day the register is closed to determine distribution entitlements, being the last day of March, June, September and December in each year.

Registry means Computershare Investor Services Pty Ltd.

Abacus PROPERTY GROUP

Abacus Property Group
Level 34, Australia Square
264 - 278 George Street
SYDNEY NSW 2000

Telephone: 1800 253 860
Facsimile: 02 9253 8616

Abacus Property Group Distribution Reinvestment Plan Instruction Form

Name(s) of registered holder

Holder Number

Mailing Address

City/Suburb State Postcode

cancels any previous instructions for participation in the Abacus Property Group's Distribution Reinvestment Plan (**Plan**) and agrees to be bound by the terms and conditions of the Plan as amended from time to time, and wants to:

Please tick (✓) appropriate box (and if box 2 is ticked, insert number)

1. ☐ **Elect full participation in the Plan** in respect of all stapled securities which are from time to time registered in the registered holder's name

2. ☐ **Elect partial participation in the Plan** in respect only of that percentage of the registered holder's stapled securities specified below:

   Percentage of participating stapled securities: ____ %

3. ☐ **Cancel** the registered holder's participation in the Plan

Signature(s) of security-holder(s)

If the applicant is a person, that person must sign. If the holding is in more than one name, all security-holders must sign.

security-holder 1 security-holder 2

If the applicant is a company, this form must be signed by a director jointly with either another director or the company secretary. A sole director can sign alone.

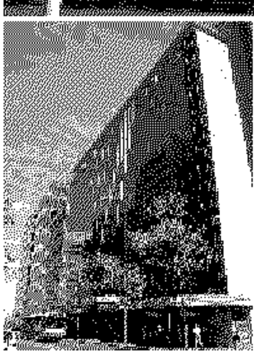
director/sole director director/company secretary

Date:

Return completed form to:
Comptershare Investor Services Pty Ltd
Level 2, 60 Carrington Street, Sydney NSW 2000

Abacus®
PROPERTY GROUP

Annual Report 2005



2005 Highlights >

Abacus Property Group Annual Report 2005

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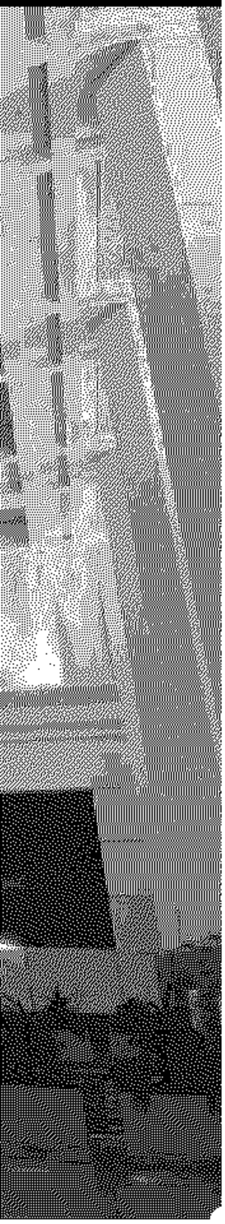
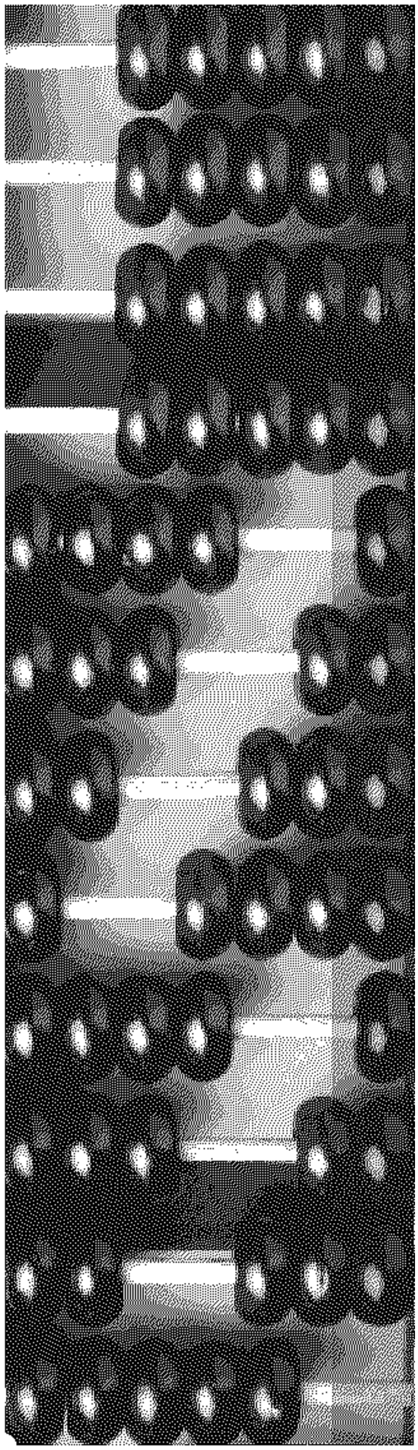
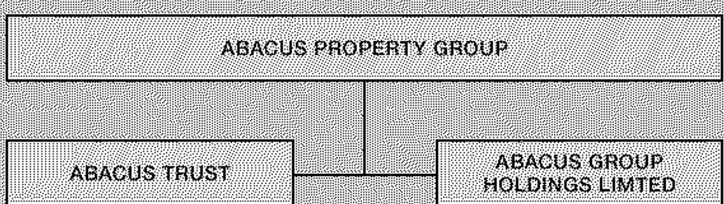


- During 2005, the Group further strengthened its balance sheet, increasing total equity by 33% to $404 million.
- The four underlying business units performed strongly, generating a record profit of $39.1 million, and total assets under management increased by 40% to $950 million.



ABOUT ABACUS

Abacus Property Group is a listed property investment group with a diversified business model. The Group's aim is to build capital value while providing a stable, growing distribution stream from recurrent earnings.



Annual General Meeting

10am, Tuesday
8 November 2005

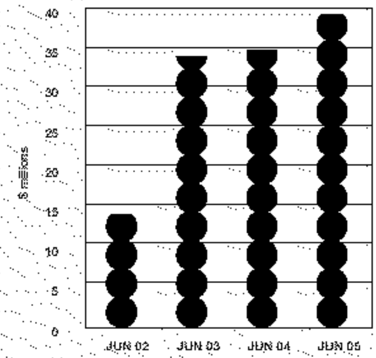
at Abbott Tout,
Level 42
MLC Centre

19-29 Martin Place,
Sydney

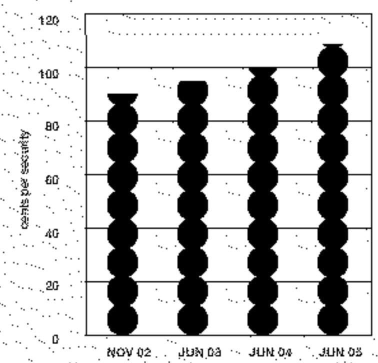
Financial Highlights

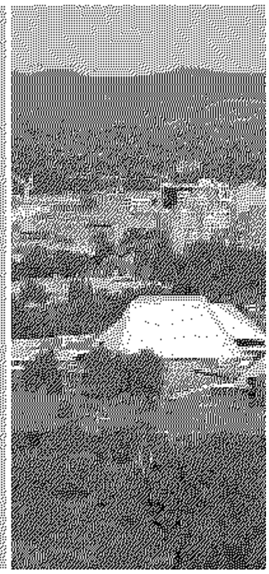
- Profit increased 13% to $39.1 million
- Distributions increased 3% to 11.40 cents per security
- Retained earnings increased 22% to $12.2 million
- NTA per security increased 9% to $1.09
- Total equity increased 33% to $404 million
- Total assets of the Group increased 42% to 594 million
- Total assets under management increased 40% to $950 million
- Acquired over $220 million in property assets
- Launched three major funds management initiatives
- Increased institutional representation on the register to over 35%

Profit
13% TO $39.1 MILLION



NTA per security
9% TO $1.09

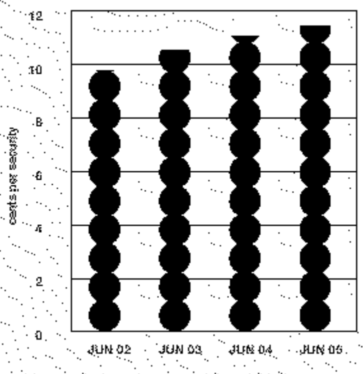






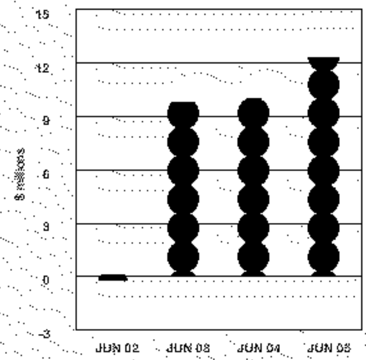

Distributions

3% TO 11.40 CENTS PER SECURITY



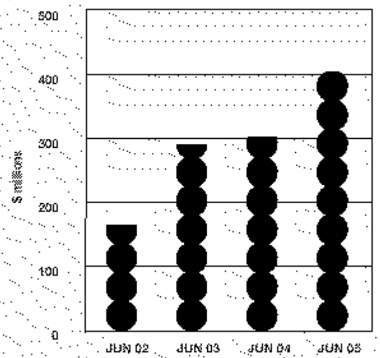
Retained earnings

22% TO $12.2 MILLION



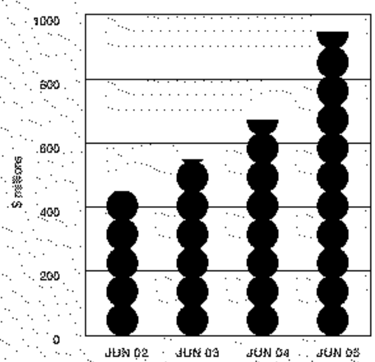
Total equity

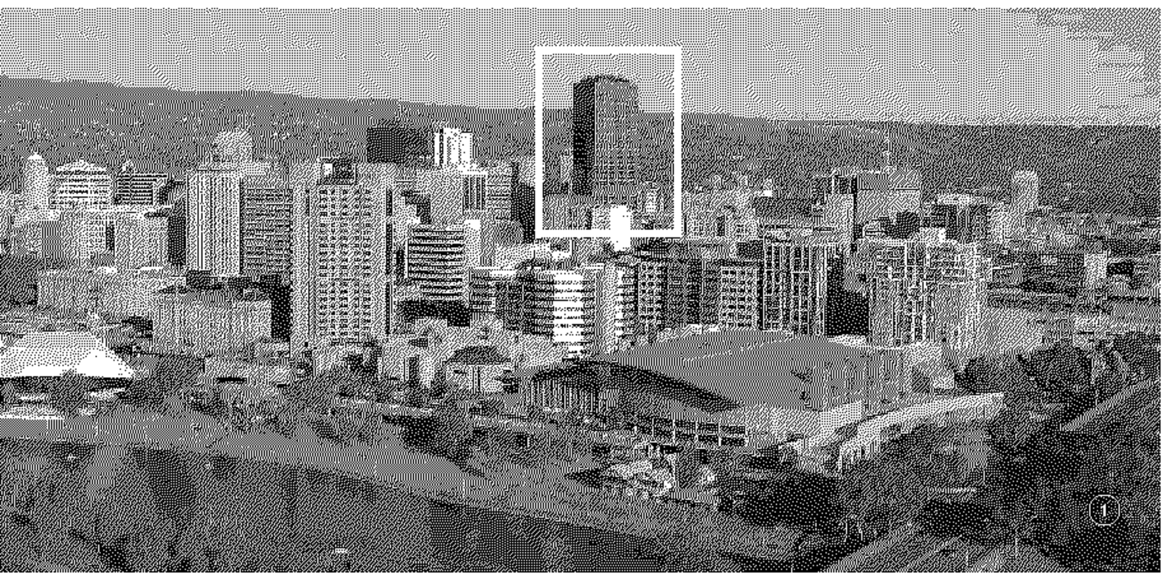
33% TO $404 MILLION



Total assets under management

40% TO $950 MILLION





(1) SANTOS HOUSE, ADELAIDE

Group Overview

Abacus Property Group has built on the strong platform established in previous years to post a record profit and significant growth across all sectors of its business.

2005's strong result demonstrates the benefits 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.

Performance

The Group achieved a 13% increase in net profit after tax to $39.1 million. Distributions increased to 11.40 cents per security and were fully funded by the Abacus Trust and paid from current year earnings. Earnings per security were 12.18 cents, providing a surplus after distributions of $2.2 million, which increased the retained earnings of the Group to $12.2 million at year end. Total assets increased by 42% to $594 million and assets under management increased by 40% to over $950 million.

Capital Structure

Total equity of the Abacus Property Group increased 33% to $404 million at year end, primarily through institutional placements undertaken in August and December and a Security-holder Purchase Plan completed in October. These capital raisings were well-supported and raised a total of $88 million. Since balance date, the Group has completed another institutional placement raising a further $55 million.

Institutional representation on the Group's register is now over 35%, which is expected to lead to greater liquidity in the stock over time.

Capital raised from investors and via debt facilities was used to acquire additional property assets for the property portfolio and support new funds management initiatives. Gearing of the Group was 28% at year end.

Approximately 80% of the Group's interest rate exposure on drawn debt is fixed. The average debt maturity profile is 5.8 years

BUSINESS UNIT STRUCTURE

The Group's business model is structured to secure 60-70% of its income from its property portfolio, 10-15% from funds management, 5-10% from mortgage lending and 10-15% from projects and other investments.

ABACUS PROPERTY GROUP

PROPERTY PORTFOLIO

- Mix of retail, commercial and industrial assets located primarily in NSW
- Recurring rental income provides majority of distribution
- Seeks assets with underlying value and potential for capital growth in preference to lease covenant alone

FUNDS MANAGEMENT

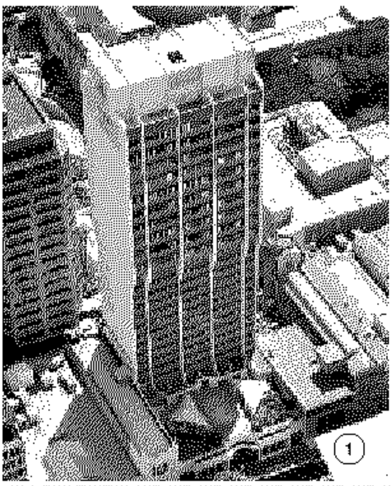
- Over $950 million in assets under management
- Diverse property funds management provides major growth opportunity
- Builds on 9 year track record and strong relationships with over 1500 financial advisers and more than 10,000 retail investors

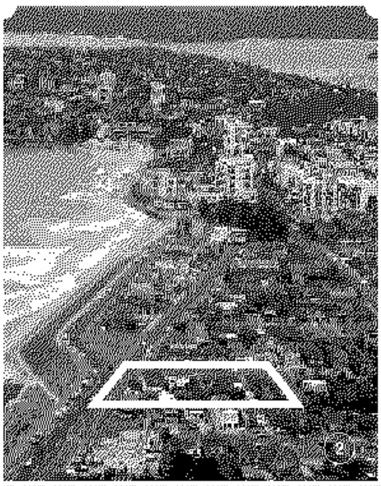
MORTGAGES

- High quality, diversified loan portfolio
- Highly experienced management team
- First and second mortgage loans supported by collateral security
- Average third party loan size of less than $2 million

PROJECTS AND INVESTMENTS

- Diversified portfolio of projects and investments provides ongoing income stream
- Builds on network of strategic business partners with local, and/ or industry expertise
- Structured financing minimises risk for Abacus Property Group





1 LENNONS PLAZA, BRISBANE QUEENSLAND

2 1-9 BANDO ROAD, NORTH CRONULLA NSW

(BOTH ASSETS OF THE ABACUS DIVERSIFIED INCOME FUND)

3 TRIBECA, EAST MELBOURNE VICTORIA, SUBJECT OF A RECENTLY COMPLETED SECURED LOAN

Property Portfolio

Abacus Property Group owns a diversified portfolio of retail, commercial and industrial properties, primarily located in New South Wales, valued at $352 million as at 30 June 2005. Rental income from the property portfolio is the largest contributor to the earnings of the Group and grew over the course of the year through the acquisition of additional property assets, including:

- Liverpool Plaza, a shopping centre in Sydney's west, acquired in August 2004 for $29.8 million;
- a 50% interest in Santos House, a premium grade office complex in Adelaide, acquired in September 2004 for $51 million; and
- 50 Miller Street, North Sydney, an office tower with ground level retail, acquired in December 2004 for $36.25 million.

Progress has been made on the development of a number of properties in the portfolio. Refurbishment and tenancy repositioning is underway at both Ashfield Mall and Liverpool Plaza and the strategic direction for the Ashfield Mall redevelopment has been resolved, with a development application to be lodged shortly. Since balance date, contracts have been exchanged to acquire two properties adjacent to Liverpool Plaza which will enable the net lettable area to be substantially expanded.

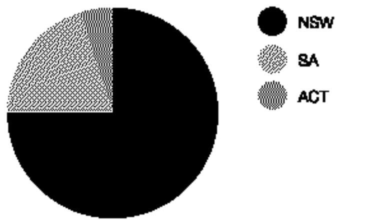
Revaluation of most properties in the portfolio was undertaken during June 2005, resulting in a net increase of $11.5 million and lifting the asset revaluation reserve to $37.9 million. Further information on the property portfolio is provided later in this report.

INVESTMENT PROPERTY PORTFOLIO

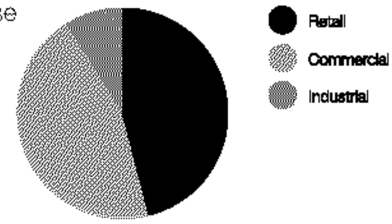
PROPERTY	STATE	PRIMARY USE	VALUATION $ MILLION
ASHFIELD MALL, ASHFIELD	NSW	RETAIL	99.3
LIVERPOOL PLAZA, LIVERPOOL	NSW	RETAIL	32.6
SANTOS HOUSE, ADELAIDE	SA	COMMERCIAL	51.0
EPPING OFFICE PARK	NSW	COMMERCIAL	44.0
50 MILLER STREET, NORTH SYDNEY	NSW	COMMERCIAL	38.6
CSIRO HQ	ACT	COMMERCIAL	15.2
431 GLEBE POINT ROAD, GLEBE	NSW	COMMERCIAL	12.5
10-12 PIKE STREET, RYDALMERE	NSW	INDUSTRIAL	17.0
VILLAWOOD INDUSTRIAL ESTATE	NSW	INDUSTRIAL	7.5

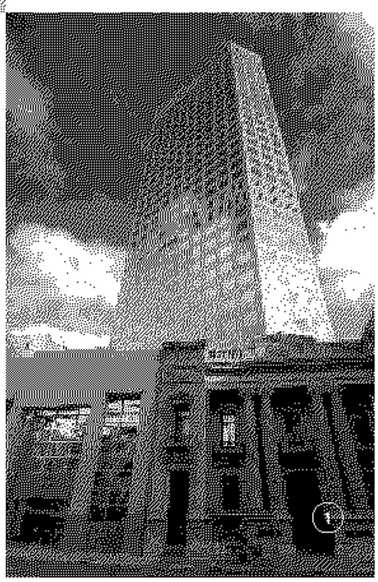
DIVERSIFICATION

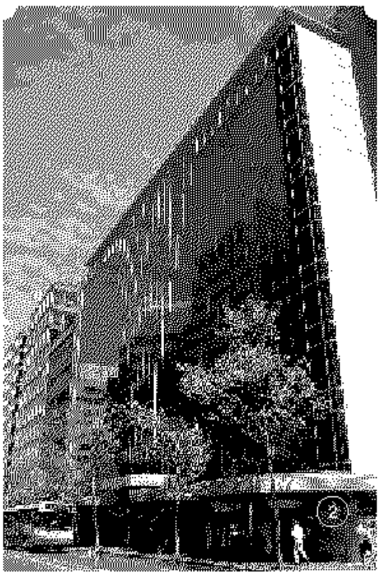
Location



Primary Use







Funds Management

A major area of growth and with a track record dating from 1996, the Group's funds management business provides recurring fee income from the provision of management services and also earns establishment, marketing and performance fees. Total assets under management increased to $950 million at year end and has since risen to over $1 billion.

Abacus utilises the skills and market presence of its property specialists to identify and package investment opportunities for retail and other clients and leverages its strong balance sheet to provide working capital to acquire assets ahead of the receipt of funds from investors. By providing a range of high quality investment opportunities, Abacus is able to maintain strong relationships with over 1500 financial planners and contribute to the investment objectives of over 10,000 clients

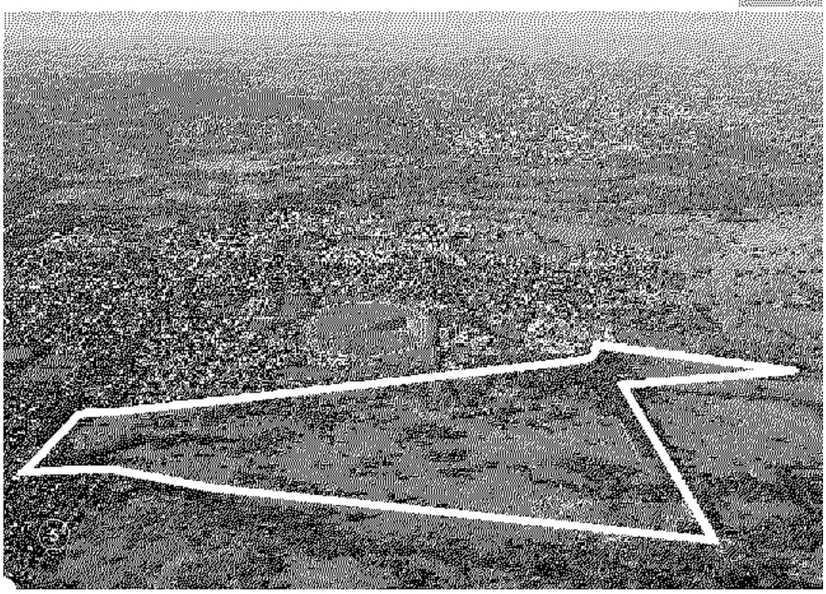
During the year, the assets of the Abacus Diversified Income Fund increased $48 million to $222 million, primarily by the acquisition of additional retail properties through the Fund's joint venture with Metcash Holdings Limited.

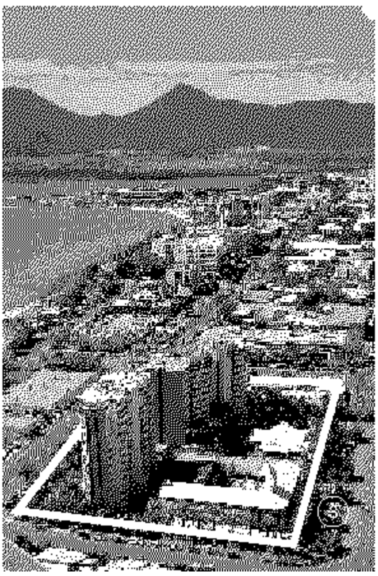
Two new investment opportunities were launched during June. The Abacus Wodonga Land Fund and Abacus Wodonga Mortgage Fund enable investors to participate in the subdivision of a 132 hectare estate in central Wodonga, while the Abacus Retirement Living Trust provides an opportunity for investors to participate in the development of retirement accommodation in two exceptional locations in the bayside suburbs of Brighton and Hampton in Melbourne. Capital raising of $37 million for both these products is almost complete.

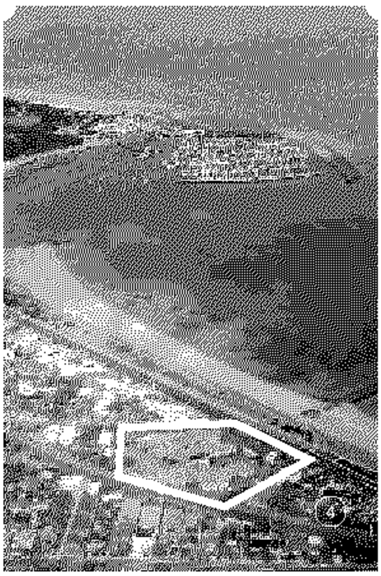
A new venture with the Storage King group has led to the establishment of the Abacus Storage Fund, which will acquire and operate self storage facilities throughout Australia and New Zealand. An offer document is currently being completed for an initial portfolio of approximately $100 million of self storage assets.

Other trusts under management performed well, with the Abacus Tribeca Investment to be repaid in the next month. This investment consisted of $14.5 million in Contributory Second Ranking Debentures secured over interests in a residential redevelopment of the former Victoria Brewery site in East Melbourne and earned 14% pa interest for a period of approximately 30 months.

ABACUS FUNDS MANAGEMENT LIMITED HOLDS AUSTRALIAN FINANCIAL SERVICES LICENCE 227819







1. SANTOS HOUSE, ADELAIDE
2. 50 MILLER STREET, NORTH SYDNEY
3. MATSON RESORT CAIRNS (ASSET OF THE ABACUS DIVERSIFIED INCOME FUND)
4. 15 BEACH ROAD, HAMPTON (ASSET OF THE ABACUS RETIREMENT LIVING TRUST)
5. 132 HA SITE IN WODONGA (ASSET OF THE ABACUS WODONGA LAND FUND)

Mortgage Lending

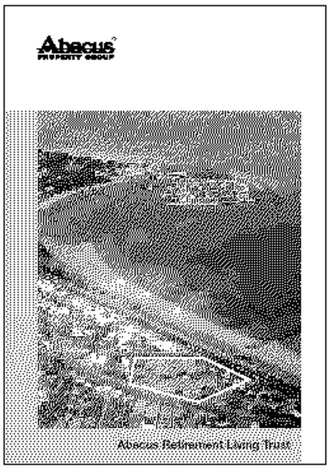
Abacus Property Group advances secured loans to generate interest and fee income. A highly experienced team is involved in the selection and management of the diversified loan portfolio.

The Group provides both first mortgage and mezzanine funding to a diverse group of investors, with each loan secured against real property assets. Additional collateral security may be required to supplement mortgage security.

Funds are advanced to support existing and new Abacus funds management products in advance of equity being raised from investors. During the year, approximately $53 million was lent to the Abacus Diversified Income Fund, the Abacus Wodonga Land Fund and the Abacus Retirement Living Trust to assist in the acquisition of property assets.

A further $17 million was loaned to fund development projects and joint ventures in which Abacus has an interest. These include a land subdivision at Pakenham in Melbourne and the residential development at North Willoughby in Sydney.

Loans to third parties grew to a total of $70 million at year end with an average principal loan size of around $2 million and an average loan term of around 24 months.



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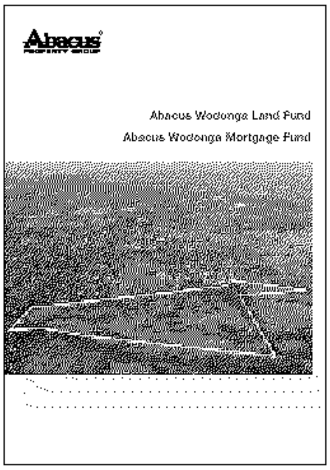

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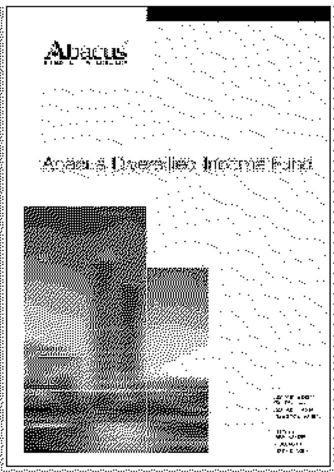
"All four business units performed strongly during the year"



3

1 PRODUCT DISCLOSURE STATEMENT FOR ABACUS RETIREMENT LIVING TRUST

2 PRODUCT DISCLOSURE STATEMENT FOR ABACUS WODONGA LAND FUND

3 SECOND OFFER DOCUMENT FOR ABACUS DIVERSIFIED INCOME FUND

Projects and other Investments

Abacus Property Group has generated a pipeline of diversified projects to provide ongoing earnings from fees and profit participation. Projects are structured to minimise risk to Abacus, which does not take a significant equity position in any one project, but participates as sponsor, partner, facilitator or financier.

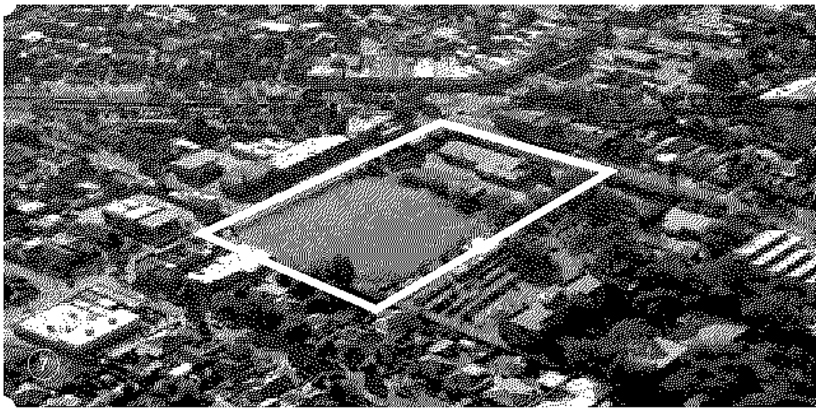
Many projects are undertaken through joint venture arrangements, enabling Abacus to combine its property skills and capital base with the specific industry expertise or local property knowledge of its network of strategic partners in New South Wales, Victoria, Queensland and Tasmania.

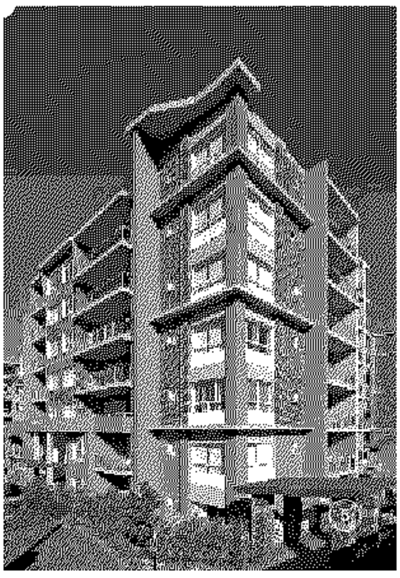
During the year, the residential development of 84 apartments at Hornsby, in north-west Sydney, was completed and sold and the final share of profit from the Felix Apartments project in Brisbane was received. Income continued to flow from the progressive sale of office strata at 109 Pitt Street in the Sydney CBD.

Development approval was granted for 22 townhouses on a residential estate at North Willoughby on Sydney's lower north shore in August 2004. Construction commenced in October 2004 and is scheduled to be completed during December 2005.

Progress was made during the year on a number of developments in Victoria including:

- an application for development approval lodged for a neighbourhood shopping centre, 140 apartments and parking for 500 cars in Highett, in bayside Melbourne
- an application for development approval lodged for a retirement village in Mornington, south east of Melbourne, on a property close to the beach and shops
- retail and residential subdivision of three sites totalling 66 hectares in Melbourne's north east growth corridor. This land is being purchased on deferred terms to minimise holding costs.





(4) 109 PITT STREET, SYDNEY – REFURBISHED

(5) HORNSBY RESIDENTIAL DEVELOPMENT – COMPLETED

(6) TELAK CLOSE, NORTH WILLOUGHBY – UNDER CONSTRUCTION

(7) HIGHETT REDEVELOPMENT – APPLICATION LODGED

Outlook

"Abacus Property Group is well-positioned to continue to deliver sound investment performance."

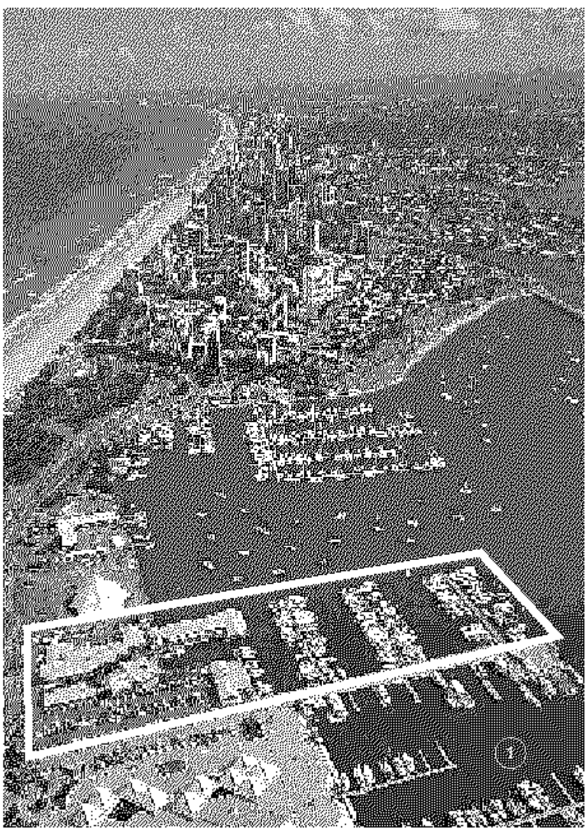
Following the capital raising of $55 million completed in August 2005, the Group has a very strong balance sheet to provide a platform for further asset acquisitions as opportunities arise during the year ahead.

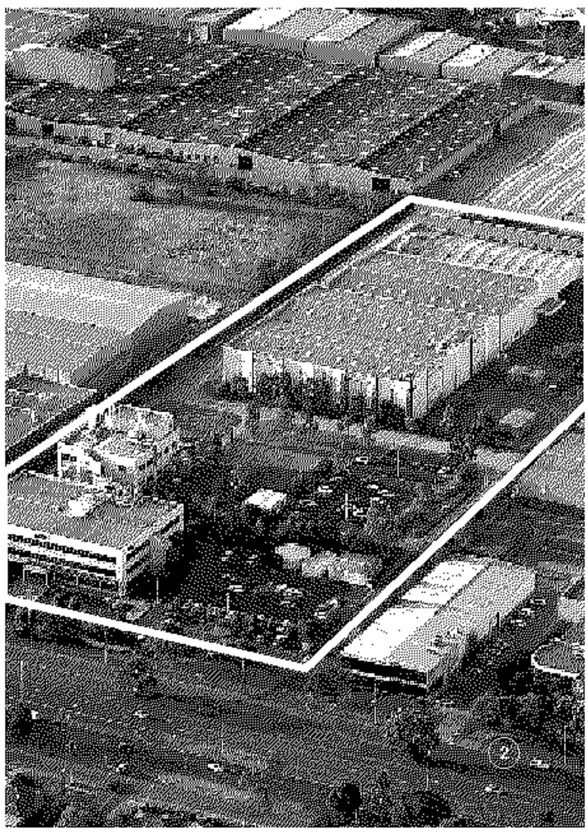
A key objective is to continue to acquire assets with inherent value which provide recurring rental income and opportunities for capital growth.

The Group's network of strategic alliances will continue to provide access to our business partners' complementary skills and expertise as well as transaction flow.

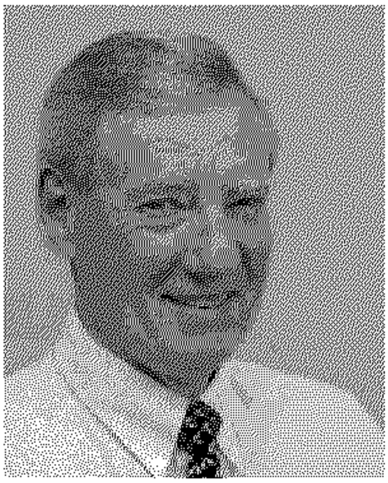
The results achieved by the Abacus Property Group reflect the expertise, dedication and enthusiasm of the whole Abacus team. We would like to take this opportunity to thank members of the board and staff for their efforts in 2005 and look forward to the challenges of the year ahead.

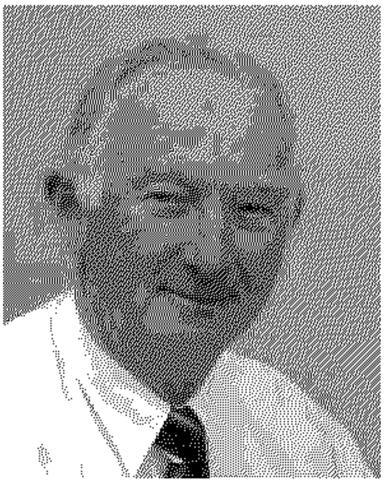
On behalf of the Abacus team, we would like to thank you, our security-holders, for your continued support and the trust you place in us to preserve and grow your investment.

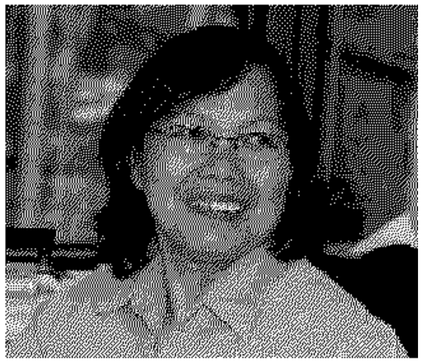




Abacus Team

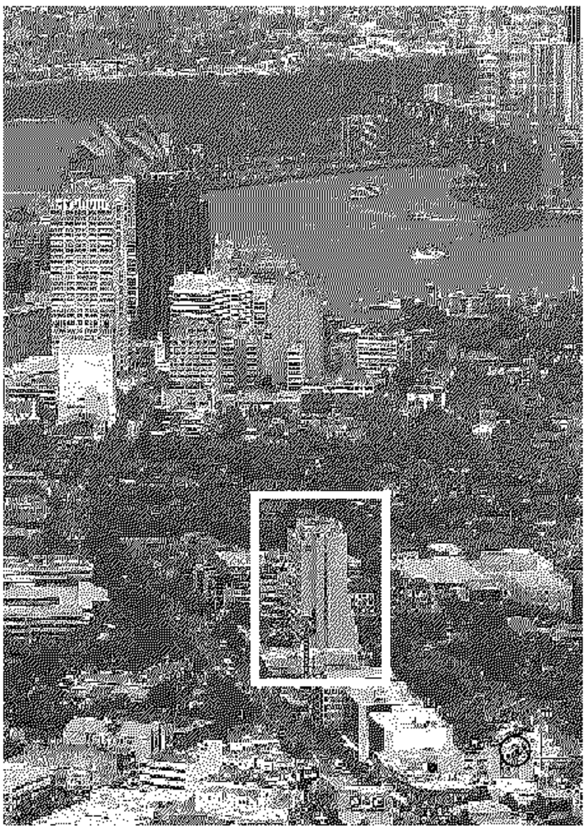






David Bastian
Managing Director

John Thame
Chairman



1. MARINERS COVE (ABACUS MARINERS COVE EQUITY TRUST HAS 50% INTEREST)
2. 500 PRINCES HIGHWAY NOBLE PARK, VICTORIA (ASSET OF THE ABACUS DIVERSIFIED INCOME FUND)
3. 200-220 PACIFIC HIGHWAY CROWS NEST (ASSET OF THE ABACUS CROWS NEST PROPERTY TRUST)

Property Portfolio

Ashfield Mall

Liverpool Road, Ashfield NSW

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.

Abacus also owns adjacent properties at 244 and 252-256 Liverpool Road and at year end was preparing an application to develop approximately 150 residential units as well as gross lettable area of approximately 4,000 square metres for additional retail, commercial and child care.

PROPERTY DETAILS		
Building date	1983, refurbished 1987, 1993 and 1997	
Site Area	21,890 m²	
Gross Lettable Area	26,044 m²	
Car Parking	1,066 spaces, 650 undercover	
Valuation Details		
Valuation	$99.30 million	
Valuer	CB Richard Ellis	
Valuation date	30 June 2005	
Leasing Details		
Lease profile	Anchor tenants include Coles, Kmart, Target and Franklins supported by over 80 specialty retailers	
Occupancy	99.5%	
Lease Expiry	2005/06	5.0%
	2006/2007	3.6%
	2007/2008+	91.4%

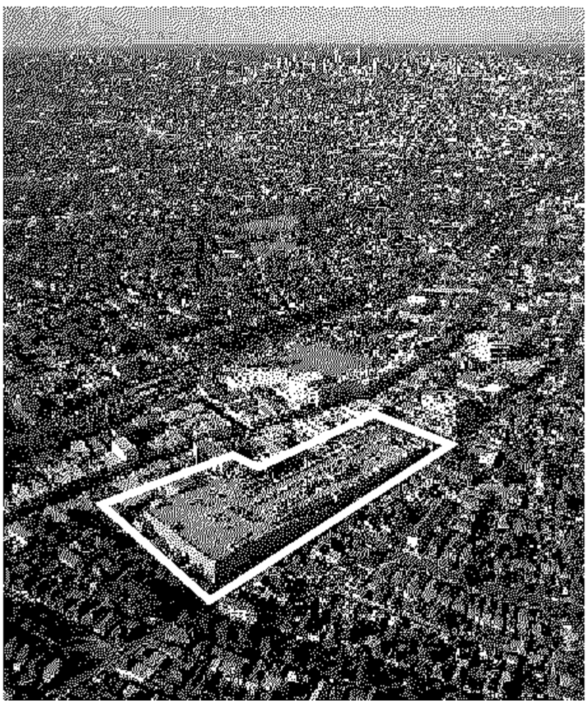
Liverpool Plaza, Sydney

165-191 Macquarie Street Liverpool NSW

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.

Since balance date, Abacus has exchanged contracts to acquire two properties adjacent to Liverpool Plaza, at 193 Macquarie Street and 77 Moore Street. These acquisitions provide scope to expand NLA from 6,332 square metres to 11,000 square metres.

Property Details		
Building date	1983, upgraded 1989 and 1991	
Site Area	8,904 m²	
Net Lettable Area	6,332 m²	
Car Parking	250 spaces	
Valuation Details		
Valuation	$32.6 million	
Valuer	CB Richard Ellis	
Valuation date	30 June 2005	
Leasing Details		
Lease profile	Major tenants include Franklins, St George, NAB, ANZ, NIB, Medicare, McDonalds and Gloria Jeans	
Occupancy	100%	
Lease Expiry	2005/06	12.6%
	2006/2007	6.6%
	2007/2008+	80.8%



Santos House

91 King William Street, Adelaide SA

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.

The Group owns a 50% interest in Santos House through a joint venture with SAITysMcMahon.

Property Details		
Building date	Approx 1989	
Site Area	4,287 m²	
Net Lettable Area	31,678 m²	
Car Parking	60 spaces	
Valuation Details		
Valuation (50%)	$51.0 million	
Valuer	CB Richard Ellis	
Valuation date	30 June 2005	
Leasing Details		
Lease profile	Major tenants include Santos, Price Waterhouse Coopers, Kelly & Co, Ernst & Young, ASX	
Occupancy	96.3%	
Lease Expiry	2005/06	3.4%
	2006/2007	19.1%
	2007	77.5%

Property Portfolio continued

Epping Office Park

240-244 Beecroft Road and 4 Ray Road, Epping NSW

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

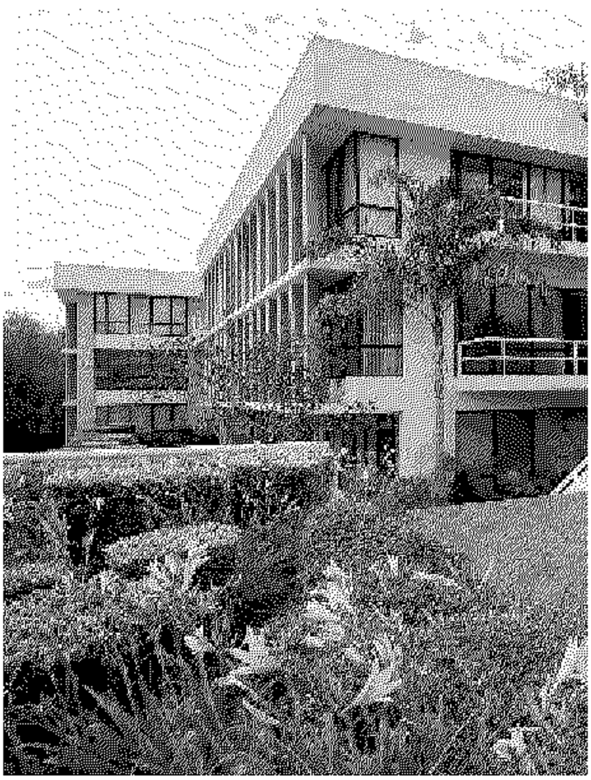
Property Details	
Building date	Progressive, from 1983 to 1990
Site Area	13,389 m²
Net Lettable Area	12,350 m²
Car Parking	381 spaces
Valuation Details	
Valuation	$44.0 million
Valuer	Colliers
Valuation date	30 June 2005
Leasing Details	
Lease profile	Major tenants include AMP, Carter Holt Harvey, NAB, NEC Australia, Associated Planners, Arrow Communications, Wrigleys, and CWA Caroma
Occupancy	83.5% Terms have been agreed with new tenants which will increase occupancy to 95% from 1 October 2005.
Lease Expiry	2005/06 5.2%
	2006/2007 12.1%
	2007/2008+ 82.7%

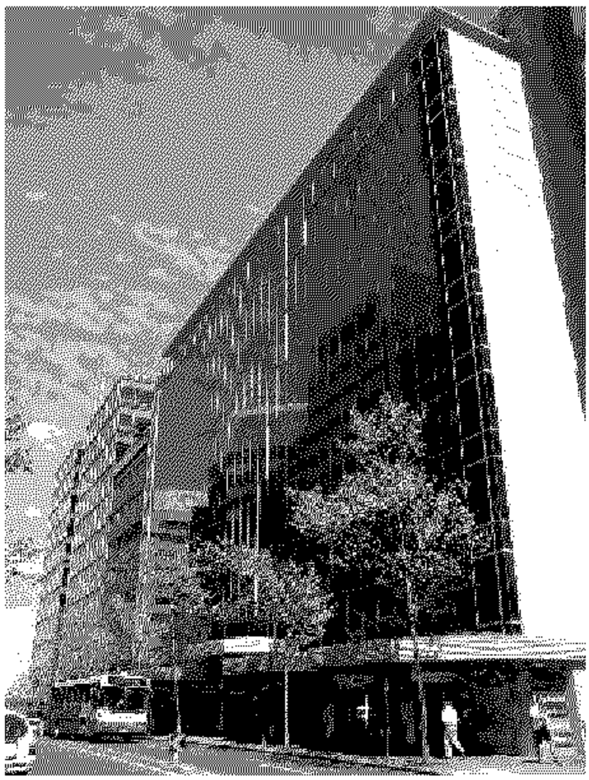
50 Miller Street, North Sydney NSW

This commercial property occupies an excellent location within the North Sydney CBD close to North Sydney railway station and bus terminal. Modern shopping facilities are located opposite and restaurant and entertainment venues are nearby.

The property comprises 10 floors of office space and 6 ground level retail units. Parking for 76 vehicles is provided in the basement of an adjacent building under separate freehold stratum title. Typical office floors provide an average lettable area of 1,052 square metres. The building is 100% occupied, with the total office space leased by Optus until October 2007.

Property Details	
Building date	1960, refurbished 1989
Site Area	1,487 m²
Net Lettable Area	10,594 m²
Car Parking	76
Valuation Details	
Valuation	$38.6 million
Valuer	Colliers
Valuation date	30 June 2005
Leasing Details	
Occupancy	94%
Major tenant	Cable and Wireless Optus Limited
Lease Expiry	October 2007



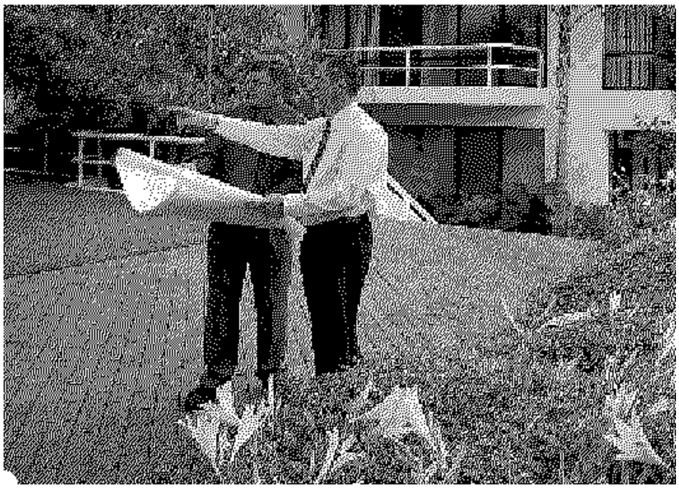


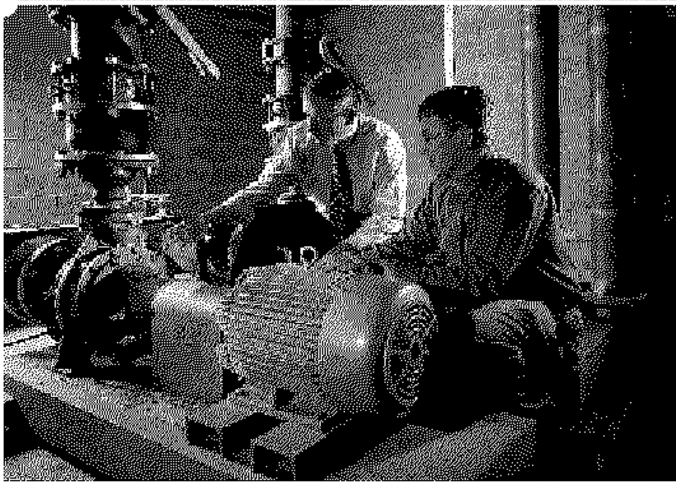
CSIRO Headquarters

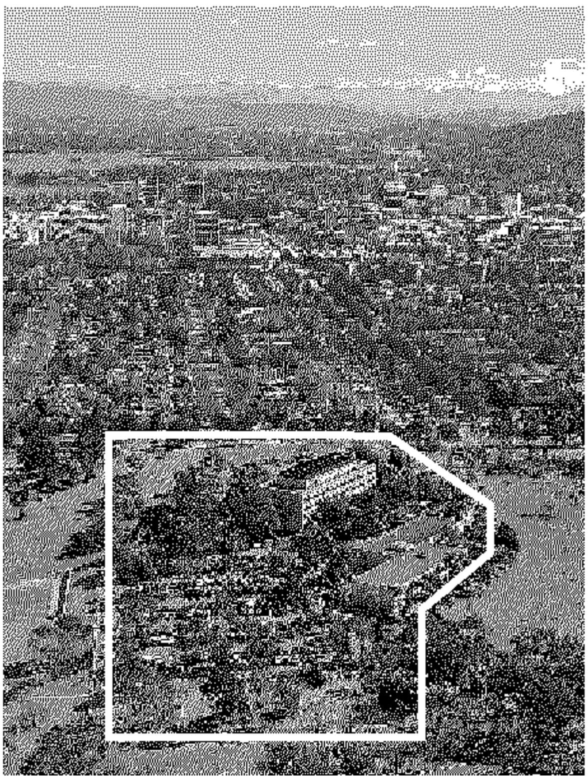
Limestone Avenue, Campbell, ACT

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 and 1983
Site Area	4 ha
Net Lettable Area	7,215 m^2
Car Parking	350 spaces
Valuation Details	
Valuation	$15.2 million
Valuer	FPD Savills
Valuation date	30 June 2005
Leasing Details	
Lease profile	CSIRO
Occupancy	100%
Lease Expiry	2012 with four 10 year options







Property Portfolio continued

431 Glebe Point Road, Glebe NSW

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.

Development approval has been granted to convert the building to 59 residential apartments. Leases within the property are either short-term or contain redevelopment clauses.

Property Details

Building date	Initial construction circa 1950 as a warehouse, converted to commercial approximately 1980	
Site Area	2,415 m²	
Net Lettable Area	5,415 m²	
Car Parking	52 spaces	

Valuation Details

Valuation	$12.5 million
Valuer	Urbis JHD
Valuation date	31 December 2003

Leasing Details

Lease profile	Tenants include Carlson Wagonlit Australia and Interiors Australia	
Occupancy	65%	
Lease Expiry	2005/06	31.0%
	2006/2007	25.3%
	2007/2008+	9.3%

10-12 Pike Street, Rydalmere NSW

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. The property has potential to be developed as strata industrial units.

Property Details

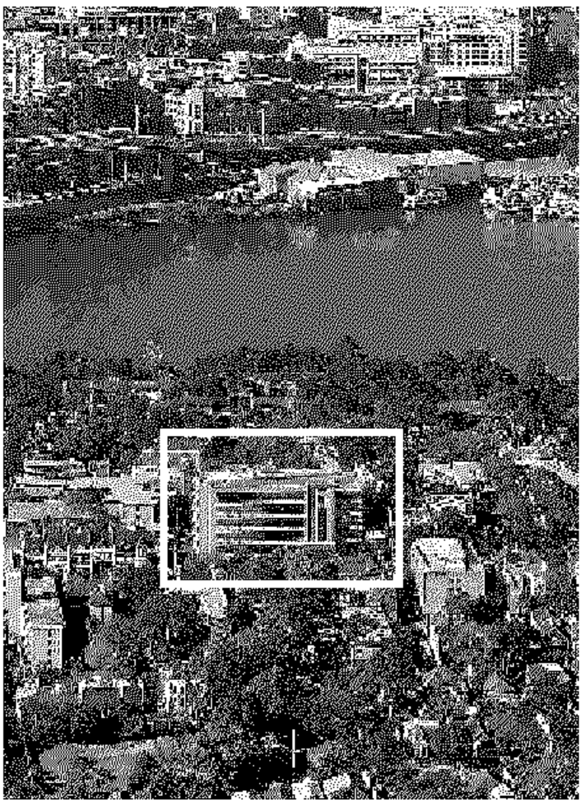
Building date	Approximately 1960
Site Area	3.8 ha
Gross Lettable Area	18,103 m²
Car Parking	16 undercover spaces, with extensive open on-grade spaces provided within the grounds

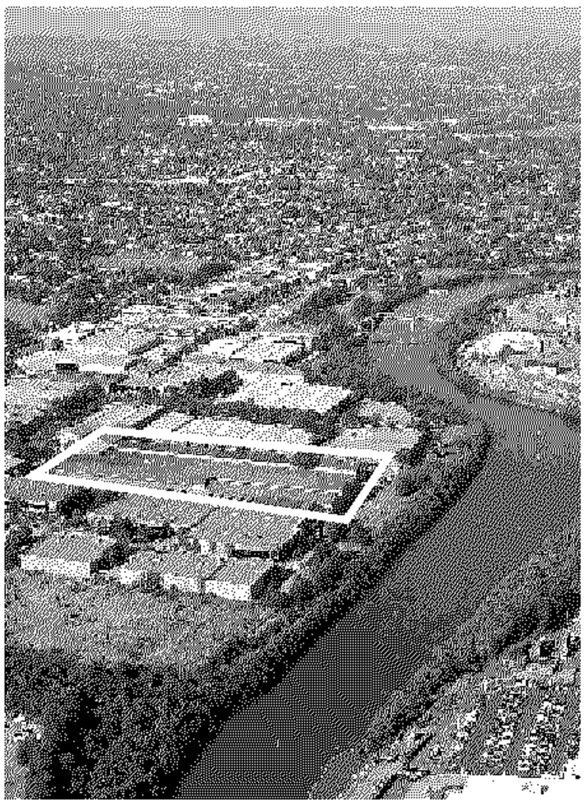
Valuation Details

Valuation	$17.0 million
Valuer	FPD Savills
Valuation date	30 June 2005

Leasing Details

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





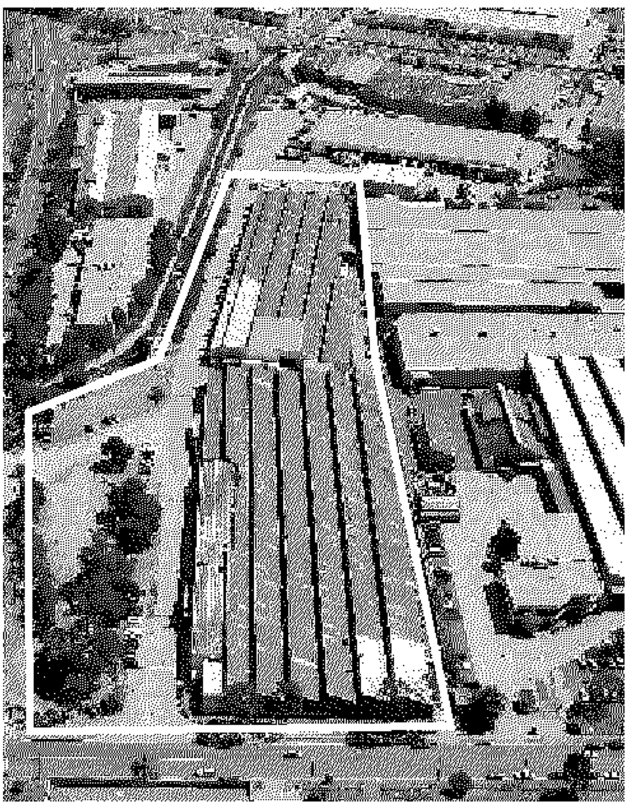
Villawood Industrial Estate

66 Christina Road, Villawood NSW

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 and approximately 3,000 square metres of unimproved land fronting Christina Road.

The property lease profile has been maintained on a short-term basis in order to allow the future redevelopment of the property, including possible subdivision and sale.

Property Details		
Building date	1952	
Site Area	3.5 ha	
Gross Lettable Area	18,477 m^2	
Car Parking	Open on-grade parking provided	
Valuation Details		
Valuation	$7.5 million	
Valuer	Knight Frank	
Valuation date	31 January 2002	
Leasing Details		
Lease profile	BF Goodrich P/L, Primac Pastoral P/L and Australian Wool Network P/L.	
Occupancy	100%	
Lease Expiry	2005/06	17.1%
	2006/2007	82.9%



Experienced Management

While the Abacus Property Group has the legal structure of a separate company and a trust, it is effectively managed as a single business. The Board is supported by a dedicated team of highly qualified staff, including experienced valuers and property management specialists as well as legal, marketing, accounting and administration professionals.

Mr John Thame

Chairman (non-executive)

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 chairman of St George Bank and a director of Reckon Limited and Village Building Co. Ltd.

Dr Frank Wolf

Deputy Chairman (executive)

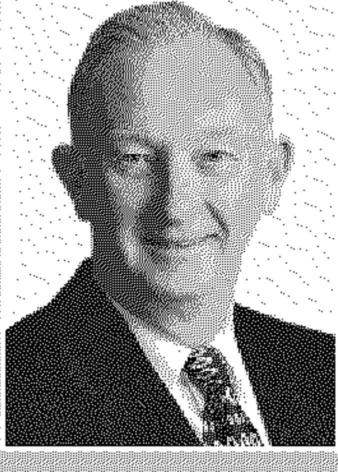
Dr Frank Wolf has over 20 years experience in the property and financial services industries, including involvement in retail, commercial, industrial and hospitality-related assets in Australia, New Zealand and the United States. Dr Wolf has been instrumental in over $2 billion worth of property-related transactions, corporate acquisitions and divestments and has financed specialist property-based assets in the retirement and hospitality sectors. Dr Wolf is also 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 listed diversified investment company.

Mr David Bastian

Managing Director

Mr David Bastian has over 30 years experience in the property and financial services industries, with a particular focus on the packaging and management of commercial, retail and residential property projects. He was Managing Director of Pembroke Financial Planners Limited for 3 years, merging this company with Godfrey Weston Limited in 1995 to form Godfrey Pembroke Financial Services Limited. He established Abacus Funds Management Limited in 1996 and is also a director of FSP Group Pty Limited, Vector Financial Services Limited and Kingston Capital Limited.

"Abacus leverages the skills of its highly qualified management team led by its experienced Board."




Mr Dennis Bluth

Director (non-executive)

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 became a Fellow of the Australian Property Institute in 2004. 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

Director (non-executive)

Mr Phillip Green is Managing Director of Babcock & Brown Limited. Prior to joining Babcock & Brown, Mr Green worked as a Senior Manager with Arthur Andersen where he specialised in taxation. Mr Green is a Director of a number of companies including Chairman of Environmental Infrastructure Limited and of the trustee of the MTM Entertainment Trust and a Director of Babcock & Brown Capital Limited, Everest Babcock & Brown Alternative Investments, Babcock & Brown Infrastructure Group, Thakral Holdings Limited and of the trustee of the Babcock & Brown Japan Property Trust.

Mr Green holds Bachelor of Commerce and Bachelor of Laws Degrees from the University of New South Wales. He qualified as a Chartered Accountant in 1981 and was admitted as a solicitor in New South Wales in 1978.

Mr Malcolm Irving, AM

Director (non-executive)

Mr Malcolm Irving has over 40 years experience in company management, including twelve 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 Ltd Group, ADI Limited and Resimac Limited.

Mr Len Lloyd

Director (executive)

Mr Len Lloyd is Managing Director, Abacus Property Services Pty Limited, and is responsible for property administration and development opportunities in the Abacus portfolio. Mr Lloyd is a licensed Real Estate Agent and a registered Real Estate Valuer with experience in the development, management and funding of commercial, retail and residential property. 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 for the Commonwealth Development Bank.

FROM LEFT TO RIGHT:
JOHN THAME
FRANK WOLF
DAVID BASTIAN
DENNIS BLUTH
PHILLIP GREEN
MALCOLM IRVING
LEN LLOYD

Financial Information

The following financial information for the year ended 30 June 2005 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 2005

This concise report has been derived from the full financial report for the year ended 30 June 2005.

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 1800 253 860. 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 investing 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 ('APG' or the 'Group') for the year ended 30 June 2005 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, in office during the financial year and until the date of this report are set out below:

John Thame	Chairman (Non-executive)
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 ended 30 June 2005 were:

- investment in commercial, retail and industrial properties;
- property related funds management and property syndication;
- property and project management;
- mortgage lending; and
- participation in other property related activities and joint ventures.

Corporate Structure

Abacus Property Group is comprised of the Abacus Trust (AT) and Abacus Group Holdings Limited (AGHL). Units in AT and shares in AGHL have been stapled together so that neither can be dealt with without the other. An APG security consists of one unit in AT and one share in AGHL. A transfer, issue or reorganisation of a unit in AT is accompanied by a transfer, issue or reorganisation of a share in AGHL.

AGHL is a company incorporated and domiciled in Australia. AT is an Australian registered managed investment scheme. Abacus Funds Management Limited (Abacus), the Responsible Entity of AT, is incorporated and domiciled in Australia and is a wholly owned subsidiary of AGHL.

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

Operating Profit

The Group earned a net profit attributable to stapled security holders of $39.1 million for the year ended 30 June 2005 (2004: $34.7 million).

Earnings per Stapled Security

	Year ended 30 June 2005 cents	Year ended 30 June 2004 cents
Basic and diluted earnings per stapled security	12.18	12.84

Earnings per stapled security were affected by the time lag between raising additional capital during the year and the effective investment of that capital.

Distributions

The Group paid cash distributions to security-holders of $35.1 million (11.50 cents per security) during the year ended 30 June 2005 (2004: $29.3 million; 10.85 cents per unit). In addition, a distribution of $9.9 million (2.90 cents per security) was declared and provided for in respect of the quarter ended 30 June 2005.

The AT funded all distributions to security-holders for the year ended 30 June 2005.

The full year distribution of 11.40 cents per stapled security reflects a 3.4% increase after the deduction of the extraordinary distribution of 0.2 cents due to the need to distribute all the taxable income of AT for the year ended 30 June 2004.

Distributions were paid in respect of the year ended 30 June 2005 to security-holders as follows:

	Cents	$'000
Interim distribution paid 12 November 2004	2.80	8,328
Interim distribution paid 12 February 2005	2.80	8,727
Interim distribution paid 12 May 2005	2.90	9,942
Final distribution paid 10 August 2005	2.90	9,942
Total	**11.40**	**36,939**

Review of Operations

Group Overview

The Group operates wholly within Australia (except for an investment of approximately $3 million in a joint venture in the United Kingdom) and holds an investment portfolio of commercial, retail and industrial properties, operates funds and property management businesses, mortgage loan investments and participates in development projects and other property-based investments.

Operating Results for the Period

A summary of combined revenue and profits is as follows:

	Year ended 30 June 2005	
	Revenue $'000	Profit $'000
Business segments		
Property rental and sales	36,541	22,904
Funds and property management	9,125	7,425
Other property-based investments	25,269	17,897
Combined entity adjustments	1,165	(8,442)
Combined entity revenue and operating profit	**72,100**	**39,784**

During the financial year under review, APG achieved strong growth in all its key business activities.

Directors' Report continued

Review of Operations continued

Investment Property Portfolio

- The Group acquired four additional properties for an aggregate $129.4 million, including Liverpool Plaza Shopping Centre in Sydney's west, a 50% interest in Santos House, a commercial tower in Adelaide, a commercial building at 50 Miller Street, North Sydney and an industrial property in Brisbane. These acquisitions bring the value of the total investment property portfolio to $352.0 million at 30 June 2005;
- The revaluation of 9 existing properties in the portfolio resulted in a net increase of $11.7 million in the carrying value of investment properties;
- Net property income for the full year ended 30 June 2005 was approximately $23 million and this is projected to be approximately $28 million for the year ended June 2006.

Funds Management

- In funds management, as Responsible Entity, the Group sold one property and acquired or contracted to acquire 9 additional properties in the Abacus Diversified Income Fund (ADIF). Total assets of ADIF increased $55.5 million to $222.4 million for the year ended 30 June 2005. In addition, the Group established three new managed investment schemes with total assets of $39.5 million at 30 June 2005;

  Total assets under management (combining assets owned by the Group and assets managed by the Group on behalf of external investors) increased $275 million (or 40%) to approximately $950 million at 30 June 2005 compared to approximately $675 million at 30 June 2004.

  On 31 May 2005, AGHL executed an agreement to acquire Storage King Funds Management Limited, the Responsible Entity of the Abacus Storage Property Trust, for the purpose of establishing the Abacus Storage Fund (a stapled security fund comprising a managed investment scheme and an operating company). The acquisition of the initial portfolio of storage facility assets, totalling approximately $100 million, is scheduled to be completed during August 2005 and the Group has budgeted to advance approximately $40 million to assist in settlements pending the issue of a PDS/ Prospectus.

Mortgage Lending

- The Abacus Mortgage Fund increased the size of its mortgage book (including accrued interest) by $11.8 million to $56.5 million at 30 June 2005 compared to $44.7 million at 30 June 2004. The Fund has an average loan balance of approximately $2 million and average term of 18-24 months. Loans are provided to both property developers and investors.
- A subsidiary of AGHL had loans totalling $96.4 million outstanding at 30 June 2005. Of the outstanding balance at 30 June 2005, $73.6 million had been advanced to the new schemes noted above ahead of raising external debt finance and equity capital from retail investors, to existing schemes where Abacus is either the responsible entity or has joint venture interests, or for other mortgage purposes.

Projects & Joint Ventures

- APG has a number of joint venture investments with experienced property investors or developers in New South Wales, Queensland and Victoria. These joint venture activities enable the Group to participate in a range of property-related opportunities with industry leaders who have local knowledge and a depth of management experience. During the year to 30 June 2005, joint venture investment activities contributed $1.6 million to the Group's profit.

Review of Financial Condition

During the year ended 30 June 2005, the contributed equity of the Group increased $85.5 million to $351.8 million. Capital raisings were made through institutional placements in August 2004 (27.00 million securities at $1.18) and December 2004 (31.16 million securities at $1.26) and a Security Purchase Plan for existing security-holders was completed in October 2004 (14.25 million shares at $1.18). This additional capital was directed towards acquisition of property assets for the AT and for growth of the funds management business (particularly the Abacus Diversified Income Fund and a number of new managed investment schemes).

Total equity increased $101.1 million to $403.8 million at 30 June 2005 compared to $302.7 million at 30 June 2004. Net tangible assets per security increased 9.0% to $1.09 at 30 June 2005 compared to $1.00 at 30 June 2004.

At 30 June 2005, existing loan facilities totalled approximately $188.8 million, of which $172.8 million was drawn. AT manages interest rate exposure on debt facilities through the use of interest rate swap contracts. At 30 June 2005, approximately $138.9 million or 80.0% of interest commitments on drawn facilities were fixed at an average interest rate of 7.0% and an average term to maturity of 5.8 years.

As noted above, at 30 June 2005, $73.6 million had been advanced to schemes where Abacus is either responsible entity, trustee or has an equity interest via a joint venture. The Group's net debt gearing ratio (calculated as total interest bearing liabilities less cash assets divided by total assets) was 28.4% at 30 June 2005 (18.5% at 30 June 2004). The Group's gearing ratio will decrease as capital is raised for our new managed investment products and as a result of capital raised on 10 August 2005 from an institutional placement of $55 million.

Significant Changes in the State of Affairs

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

- Total assets increased 42.6% or $177.4 million to $593.5 million at 30 June 2005 compared to $416.1 million at 30 June 2004;
- Retained earnings increased $2.2 million to $12.2 million at 30 June 2005 compared to $10.0 million at 30 June 2004;
- Total equity increased 33.4% or $101.1 million to $403.8 million at 30 June 2005 compared to $302.7 million at 30 June 2004, reflecting additional capital raised, growth in retained earnings and net positive revaluations during the year;
- The Abacus Diversified Income Fund increased its total gross assets under management by approximately $55 million to $222 million at 30 June 2005 compared to $167 million at 30 June 2004.

Significant Events after Balance Date

On 10 August 2005, the Group completed a capital raising of $55.0 million and issued approximately 42.6 million securities at $1.29 per security. Of the total $55.0 million capital raised, approximately $3.7 million has been allocated to AGHL and an amount of approximately $49.6 million, net of capital raising fees of $1.65 million, allocated to AT.

During August 2005, AGHL completed the acquisition of the initial portfolio of storage facility assets for the Abacus Storage Fund, advancing approximately $40 million, through an associated entity, ahead of raising capital from external retail investors.

During August 2005, AT exchanged contracts to acquire two additional properties (adjacent to the Group's Liverpool Plaza Shopping Centre) for an aggregate purchase price of $7.3 million.

Other than as disclosed already in this report and to the knowledge of directors, there has been no matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may effect, the Group's operations in future financial years, the results of those operations or the Group's state of affairs in future financial years.

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.

Remuneration Report

Remuneration & Nomination Committee

The Remuneration & Nomination Committee is responsible for making recommendations to the Board on remuneration policies and practices applicable to Board members and senior executives of the Group.

The Board's remuneration policy is to ensure that remuneration packages properly reflect each individual's duties, responsibilities and performance. In addition, the Board seeks to ensure that remuneration offered by the Group is competitive in attracting, retaining and motivating high quality people.

Directors' Report continued

Remuneration Report continued

Role of the Renumeration & Nomination Committee

The primary responsibilities of the Remuneration & Nomination Committee include:

- determining and reviewing remuneration policies to apply to members of the Board and to the executives of the Group;
- determining the specific remuneration packages for executive directors and key members of the senior management team (including base pay, incentive payments and other benefits);
- reviewing contractual rights of termination of executive directors and, where applicable, members of the senior executive team;
- reviewing management's recommendations of the total proposed incentive payment awards to be provided;
- reviewing and approving the appointment of senior executives to the Group.

Membership of the Remuneration & Nomination Committee

The Remuneration & Nomination Committee is comprised of:

Malcolm Irving (Chairman)
John Thame
Dennis Bluth

Remuneration of Non-Executive Directors

The remuneration policy for non-executive directors seeks to appropriately remunerate them for their time, commitment and responsibilities.

Non-executive directors are paid a director's fee and do not receive any retirement benefits (other than superannuation which is inclusive in the director's fee) or performance-related compensation. Where a non-executive director serves on the Group's Credit Committee, they receive remuneration for this service in addition to a director's fee. The aggregate pool available for payment of directors fees to non-executive directors of the Group is an amount not to exceed $165,000 (inclusive of superannuation guarantee contributions). This amount was applicable at the time of listing in November 2002.

Given the current approved total non-executive directors' fee pool has been in force since November 2002, the Board intends to propose a change to the directors' fee pool to incorporate a structure of a base fee together with fees for service on various Board committees. Security-holders will be asked to approve an increase in directors' fees at the next Annual General Meeting of the Group.

The remuneration of non-executive directors for the year ended 30 June 2005 is set out below:

	Salary & Fees	Cash Bonus	Super-annuation	2005 Total
J Thame	66,320	–	6,560	72,880
D Bluth	30,120	–	3,295	33,415
M Irving	29,150	–	–	29,150
P Green	26,528	–	2,622	29,150
	152,118	**–**	**12,477**	**164,595**
D Bluth[1]	3,200	–	–	3,200
Total	**155,318**	**–**	**12,477**	**167,795**

(1) relates to fees paid in respect of service to the Credit Committee

Remuneration of Executive Directors and Senior Executives

Executive Employment Contracts

On 1 October 2002, the Group entered into a thirty three month executive employment contract with an executive director, F.M Wolf, and the Managing Director, D.J. Bastian. The agreement stipulates the starting base salary, allows for annual review and inflation adjustment and provides for short term incentive payments in addition to the executives' base salary at the discretion of the Board. The agreements expired on 30 June 2005 and new agreements are in the process of being negotiated.

There are no other executive service agreements.

Executive Pay

The Board's policy on executive pay is to ensure remuneration is reasonable, competitive, motivating and appropriate for the results delivered. The Remuneration and Nomination Committee takes external advice in its deliberations.

The current remuneration structure has two components, the combination of which comprises each executive's total remuneration:

- base pay & benefits (fixed); and
- short term incentive (variable "at risk")

There is currently no long term incentive structure or program in place. The total remuneration package seeks to provide an appropriate mix of base salary with short term incentive.

(a) Base Pay

Executives are offered a base pay that comprises the fixed component of their total remuneration. Subject to meeting minimum Superannuation Guarantee obligations, executives are able to nominate the mix between cash and superannuation contributions.

Base salary is set by reference to the executive's position, experience and performance. The Group aims to ensure base salaries are competitive in the market. Base salaries are reviewed annually having regard to individual and Group performance and external market conditions.

The base pay of executive directors and senior executives are reviewed and approved by the Remuneration & Nominations Committee.

(b) Short Term Incentives

At the discretion of the Board, executives and senior managers may receive short term incentive payments based on reference to a variety of measures, both financial and non-financial. These measures primarily include Group profitability targets, returns to security-holders and certain key performance indicators such as assets under management.

The Board considers that performance linked objectives that have an operational and financial impact focus are best suited to the outcomes desired by security-holders. Non-financial measures are also taken into account.

The actual level of short term incentive payments awarded to each executive at the end of each year is determined by reference to achievement of the targets and the extent to which executives were able to contribute to such achievement.

In awarding short term incentives for the 2006 financial year, the directors intend to make the performance indicators more specific to individuals and their contribution to the Group's results.

Directors' Report continued

Remuneration Report continued

Remuneration of Executive Directors

The remuneration of executive directors for the year ended 30 June 2005 is set out below:

	Salary & Fees	Cash Bonus	Super-annuation	2005 Total
F Wolf	551,250	400,000	–	951,250
D Bastian	484,540	250,000	11,585	746,125
L Lloyd	169,500	60,000	51,000	280,500
Total	**1,205,290**	**710,000**	**62,585**	**1,977,875**

Remuneration of Specified Executives

The remuneration of specified executives for the year ended 30 June 2005 is set out below:

	Salary & Fees	Cash Bonus	Superan-nuation	2005 Total
J L'Estrange	196,914	100,000	28,086	325,000
S O'Donoghue (i)	188,904	65,000	12,058	265,962
K Kitchen	194,414	56,000	11,586	262,000
P Strain	173,414	60,000	11,586	245,000
C Bibby	158,414	30,000	11,586	200,000
TOTAL	**912,060**	**311,000**	**74,902**	**1,297,962**

(i) Commenced employment in September 2004.

Information on Directors and Officers

The Directors and Company Secretary of Abacus Group Holdings Limited and Abacus Funds Management Limited, the Responsible Entity of the Abacus Trust, in office 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 Member of Remuneration & Nomination 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 Chairman of St George Bank Limited and a director of Reckon Limited.
Frank Wolf PhD, BA Hons	Deputy Chairman (executive) Dr Frank Wolf has over 20 years experience in the property and financial services industries, including involvement in retail, commercial, industrial and hospitality-related assets in Australia, New Zealand and the United States. Dr Wolf has been instrumental in over $2 billion worth of property related transactions, corporate acquisitions and divestments and has financed specialist property-based assets in retirement and hospitality sectors. Dr 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.
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 Remuneration & Nomination 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

Information on Directors and Officers continued

Phillip Green LLB, BCom	Non-Executive Director Mr Phillip Green is Managing Director of Babcock & Brown Limited. Mr Green has over 25 years experience in corporate finance specialising in taxation and structured domestic and international corporate acquisitions. He is Chairman of Babcock & Brown Infrastructure Limited, Babcock & Brown Environmental Investments Limited and of the responsible entity of the MTM Entertainment Trust, and is a director of Babcock & Brown Capital Limited, Everest Babcock & Brown Alternative Investments, Thakral Holdings Limited, the trustee of the Babcock & Brown Japan Property Trust, Tourism Asset Holdings Limited, FSP Group Pty Limited and Babcock & Brown Infrastructure Group. Mr Green holds Bachelor of Commerce and Bachelor of Law degrees and qualified as a Chartered Accountant.
Malcolm Irving AM, FCPA, FSIA, BCom, Hon DLitt	Non-Executive Director Chairman of Audit Committee Chairman of Remuneration & Nomination 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 joined the Abacus Group in October 2000 and now holds the position of Managing Director of 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.
Sean O'Donoghue BCom, CA, MBA	Company Secretary Mr Sean O'Donoghue has been the Company Secretary since joining the Abacus Group in September 2004. Mr O'Donoghue has over 14 years experience in the property and financial services industries having held various senior roles with MLC, Lend Lease Corporation and Commonwealth Bank over that period.

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

A number of Board sub-committees exist to ensure efficient monitoring and delivery of Board polices.

The Audit Committee is chaired by Malcolm Irving. Its purpose is to ensure that an effective framework exists through the establishment and maintenance of adequate internal controls to safeguard assets and to ensure the integrity and reliability of the financial and management reporting systems.

The Due Diligence Committee is chaired by Dennis Bluth. The Committee reviews and makes recommendations for major acquisitions, new syndications and preparation of associated product disclosure statements.

The Remuneration & Nomination Committee is chaired by Malcolm Irving. The committee reviews and makes recommendations on remuneration packages and other items of employment for executive and non-executive directors and the senior management of the Group. In addition, the committee reviews and approves nominations for new senior management appointments.

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:

Specified Directors:

John Thame	43,000
Frank Wolf	6,818,046
David Bastian	7,040,000
Phillip Green	9,366,930
Malcolm Irving	24,000

Specified executives:

John L'Estrange	Nil
Sean O'Donoghue	Nil
Peter Strain	10,000
Kim Kitchen	13,492
Claire Bibby	8,500

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' Report continued

Information On Directors And Officers continued

Employees

The Abacus Property Group employed 44 employees (including directors) as at 30 June 2005 (2004: 41 employees). This includes 10 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:	24	5	8	3	31
Number of meetings attended:					
J Thame	23	5	–	3	–
F Wolf	24	–	8	–	31
D Bastian	23	–	8	–	30
D Bluth	24	5	8	3	31
P Green	15	–	–	–	–
M Irving	24	5	–	3	–
L Lloyd (2)	14	–	–	–	–
D Brodie (3)	–	–	–	–	31
G Broome (3)	–	–	–	–	6

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 concurrently.
3. Mr G Brodie and Mr G Broome are external members of the Credit Committee. Mr G Broome joined the Credit Committee in early May 2005.

Directors' Benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit, other than any 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 a 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.

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 industry standards. No breaches of requirements or additional environmental issues have been discovered nor brought to the Board's attention. There has been no known significant breaches of any environmental requirements applicable to the Group.

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.

Register of Security Holders

The register of security holders has, during the year ended 30 June 2005, been properly drawn up and maintained so as to give a true account of the security holders of the Group.

Auditors Independence Declaration

We have obtained an independence declaration from our auditor, Ernst & Young, and such declaration is shown on page 50.

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 at page 86 of this 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 Bastian

Managing Director

Sydney, 13 September 2005

Discussion and Analysis of the Consolidated Financial Statements

Statement of Financial Performance

Total revenue decreased $48.2 million to $70.5 million for the year ended 30 June 2005 largely due to a reduction in revenue from the sale of strata units at 109 Pitt Street and other investment properties of $66.9 million offset by revenue from the sale of investment options ($5.0 million), increased property rental income ($7.5 million), increased interest income from mortgage loans ($1.5 million) and increased fees derived from fund management activities ($3.9 million).

Rental Income remains a primary source of earnings for the Group and management is focussed on the Board's objective of building the property portfolio. This commitment is demonstrated by the acquisition of approximately $128 million of additional investment properties during the year.

Share of joint venture profits of $1.6 million essentially relates to proceeds from projects at Felix Apartments in Brisbane.

The cost of investment properties disposed decreased $60.8 million reflecting no investment property sales during the year, other than sales of strata units at 109 Pitt Street.

Borrowing cost expense increased $1.1 million to $9.3 million largely due to increased external debt borrowings to assist in the acquisition of additional investment properties and used to advance significant funds to Abacus Group Holdings Limited to support the growth of its funds and property management activities.

Bad and doubtful debt expense reflects the change in Group policy adopted in previous years of general provisioning on mortgage investments to a policy of specific provisioning of doubtful debts.

Depreciation and amortisation expenses, salaries and employee benefits expenses and other expenses (including property outgoings) from ordinary activities increased $2.0 million largely as a result of property acquisitions and increased activity of the Group for the year.

Statement of Financial Position

The Group continued its focus and funding of the growth of its funds management business where total assets under management (combining assets owned by the Abacus Property Group and assets managed by the Group on behalf of external investors) increased approximately $275 million to approximately $950 million at 30 June 2005 compared to approximately $675 million at 30 June 2004.

Total assets increased $177.4 million to $593.5 million at 30 June 2005 compared to $416.1 million at 30 June 2004.

Receivables decreased $8.3 million due to a reduction of $11.6 million in receivables relating to exchanged contracts for Pitt Street commercial strata sales (last year $13.9 million) offset by a receivable of $4.5 million relating to the proceeds of sale of investment options.

Investment properties increased $132.5 million reflecting the acquisition of the Liverpool Plaza Shopping Centre in Sydney's west, a 50% interest in Santos House, a commercial tower in Adelaide, and a commercial building at 50 Miller Street, North Sydney and the revaluation of existing properties in the portfolio, offset by the sale of Pitt Street commercial strata units and the deconsolidation of a property at Hornsby upon termination of a joint venture agreement.

Other financial assets current and non-current reflects growth of $5.0 million in investments accounted for using the equity method including an investment in a joint venture vehicle in the UK, increased loans to Abacus associated fund management vehicles and joint ventures (particularly Abacus Diversified Income Fund and a number of new managed investment schemes) which increased $28.9 million and third party mortgage loans which increased $26.5 million.

Total liabilities increased $76.4 million to $189.7 at 30 June 2005 compared to $113.5 million at 30 June 2004. Interest bearing liabilities increased $71.5 million to $172.8 million compared to $101.2 million largely reflecting increased borrowings to assist in the acquisition of additional investment properties during the year and used for making advances to Abacus associated fund management vehicles and joint ventures as noted above.

Total equity increased $101.1 million to $403.8 million at 30 June 2005 compared to $302.7 million at 30 June 2004, reflecting additional capital raised during the year ($85.5 million), the net revaluation of investment properties ($11.5 million) and additions to retained earnings ($2.2 million).

Statement of Cash Flows

Net cashflow from operating activities increased $1.7 million largely reflecting increases in rental receipts ($2.5 million) and reduced tax paid ($3.6 million) offset by increased borrowing and other costs ($1.7 million) and reductions in interest income ($2.7 million).

Cashflows from financing activities increased $20.4 million reflecting additional capital raised during the year and net increased borrowings from Abacus Trust.

Cashflow used in investment activities increased $211.6 million largely reflecting increased purchases of investment properties ($116.8 million), increased net third party mortgage loans and advances to Abacus associated fund management vehicles and joint ventures ($61.4 million) and a $38.7 million reduction in the proceeds of disposal of investment properties.

Cashflows from financing activities increased $194.7 million reflecting the net proceeds of additional capital raised during the year ($85.1 million) and net increased borrowings ($115.4 million) offset by increased distributions paid ($5.8 million).

Combined Statements of Financial Performance and Distribution

year ended 30 June 2005

	Notes	Combined June 05 $'000	Combined June 04 $'000
Statement Of Financial Performance			
Revenue from ordinary activities	2	70,539	118,690
Share of net profits of joint ventures accounted for using the equity method	2	1,561	4,291
Depreciation and amortisation expenses		(2,049)	(2,014)
Carrying amount of investment properties disposed		(3,919)	(64,747)
Carrying amount of options disposed		(2,957)	–
Borrowing costs expense		(9,251)	(8,159)
Salaries and employee benefits expense		(6,011)	(4,721)
Bad and doubtful debts		861	(449)
Other expenses from ordinary activities		(8,634)	(7,973)
Profit from ordinary activities before income tax expense		**40,140**	**34,918**
Income tax expense relating to ordinary activities		(356)	(193)
Net profit after tax		**39,784**	**34,725**
Net profit attributable to outside equity interest		(678)	–
Net profit attributable to stapled security holders of the Group		**39,106**	**34,725**
Transaction costs on issue of stapled securities		(2,454)	–
Net increase in asset revaluation reserve		12,059	7,797
Decrease in foreign currency translation reserve		(210)	–
Adjustment resulting from changes in associated entities		(279)	–
Total revenues, expenses, and valuation adjustments attributable to stapled security holders of the Group and recognised directly in equity		9,116	7,797
Total changes in equity other than those resulting from transactions with stapled security holders as owners		**48,222**	**42,522**
Basic and diluted earnings per stapled security (cents)		12.18	12.84
Statement of Distribution			
Net profit attributable to stapled security holders of APG		39,106	34,725
Net transfer of undistributed income to members' funds		(2,167)	(4,366)
Distributions paid and payable	3	**36,939**	**30,359**
Distribution per stapled security (cents per unit)		11.40	11.23

Combined Statement of Financial Position

as at 30 June 2005

	Notes	Combined June 05 $'000	June 04 $'000
Current assets			
Cash assets		4,417	24,367
Receivables		20,086	28,389
Investment properties	4	18,624	20,921
Other financial assets		98,309	55,440
Other		1,500	1,062
Total current assets		142,936	130,179
Non-current assets			
Property, plant and equipment		133	171
Investment properties	4	333,416	198,605
Investments accounted for using the equity method		13,763	8,778
Other financial assets		71,180	45,726
Deferred tax assets		614	206
Intangible assets		30,619	32,394
Other		859	–
Total non-current assets		450,584	285,880
Total assets		593,520	416,059
Current liabilities			
Payables		5,528	3,396
Interest-bearing liabilities		29,850	98,135
Current tax liabilities		780	(123)
Provisions		10,138	8,410
Total current liabilities		46,296	109,818
Non-current liabilities			
Interest-bearing liabilities		142,914	3,100
Provisions		505	397
Total non-current liabilities		143,419	3,497
Total liabilities		189,715	113,315
Net assets		**403,805**	**302,744**
Equity			
Contributed equity		351,825	266,334
Reserves		37,900	26,398
Retained earnings	5	12,247	10,012
Total parent interest in equity		401,972	302,744
Total outside equity interest		1,833	–
Total equity		**403,805**	**302,744**

Combined Statement of Cash Flows

year ended 30 June 2005

	Combined	
	June 05 $'000	June 04 $'000
Cash flows from operating activities		
Income receipts	34,831	32,372
Interest received	7,636	10,302
Distributions received	300	380
Income tax expense (paid)/received	139	(3,574)
Audit fees	(112)	(120)
Responsible entity fees paid	–	–
Custody fees paid	(73)	(54)
Borrowing costs	(9,129)	(7,824)
Operating payments	(9,479)	(9,114)
Net cash flows from operating activities	24,113	22,368
Cash flows from investing activities		
Payments for investments	(332,064)	(145,882)
Proceeds from sale and settlement of investments	235,642	110,896
Consolidation of a controlled entity	5,410	–
Purchase of a controlled entity	(34)	–
Purchase of plant and equipment	(27)	–
Purchase of investment properties	(130,580)	(13,775)
Disposal of investment properties	17,474	56,206
Net cash flows from/used in investing activities	(204,179)	7,445
Cash flows from financing activities		
Proceeds from issue of stapled securities	85,146	–
Repayment of borrowings	(188,870)	(40,004)
Proceeds from borrowings	298,954	34,733
Distributions paid	(35,114)	(29,341)
Net cash flows from/(used in) financing activities	160,116	(34,612)
Net decrease in cash held	(19,950)	(4,799)
Add opening cash brought forward	24,367	29,166
Closing cash carried forward	4,417	24,367

Notes to the Concise Financial Statements 30 June 2005

1. Basis of Preparation of the Financial Report

The concise financial report has been prepared in accordance with the requirements of the Corporations Act 2001 and Accounting Standards 1039 *Concise Financial Statements.*

The concise financial report has been derived from the Annual Financial Report but 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 concise 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 2005. 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 2005 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

The concise financial report has been prepared in accordance with the historical cost convention except for investment properties, investments in listed securities and option investments 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. During the year, the method of estimating the provision for doubtful debts has been revised. Previously the general provision for doubtful debts on mortgage loans was established based on 5% of loan interest income. In anticipation of adopting Australian equivalents to International Financial Reporting Standards (AIFRS), the estimate is now based on specific provisions.

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. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

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 2005

2. Revenue from Ordinary Activities

	Notes	Combined June 05 $'000	Combined June 04 $'000
Revenues from operating activities			
Property rental income		30,336	22,847
Interest income from mortgage investments		14,349	12,897
Fee income from mortgage investments		917	636
Revenue from sale of investment properties		6,436	73,318
Revenue from sale of 50% interest in options		5,000	–
Property management fees		692	575
Fund management fees		2,540	1,442
Consulting and other fees		5,662	3,020
Total revenues from operating activities		65,932	114,735
Revenues from non-operating activities			
Distributions from investments in units		505	3,148
Gains on disposal of investments in units		770	–
Change in market value of investments		2,167	–
Bank interest		1,165	807
Total revenues from non-operating activities		4,607	3,955
Total revenues from ordinary activities		**70,539**	**118,690**
Share of net profit of joint ventures accounted for using the equity method			
Share of joint venture profits	11	**1,561**	**4,291**
Gains			
Net gains on disposal of non-current assets		**4,231**	**6,999**

3. Distributions Paid or Provided for on Stapled Securities

	Combined	
	June 05 $'000	June 04 $'000
(a) Distributions proposed and recognised as a liability		
Distribution (2.90c per stapled security) (2004: 3.00c)	9,942	8,117
(b) Distributions paid during the year		
(i) Current year interim		
Distribution – Sep 2004 (2.80c per stapled security)	8,328	7,098
Distribution – Dec 2004 (2.80c per stapled security)	8,727	7,572
Distribution – Mar 2005 (2.90c per stapled security)	9,942	7,572
	36,939	**30,359**
(ii) Previous year final		
Distribution (3.00c per stapled security) (2003: 2.63c)	8,117	7,099

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%	5,584	5,708
– franking credits that will arise from the payment of income tax payable as at the end of the financial year	6	–
	5,590	**5,708**

Notes to the Concise Financial Statements 30 June 2005

4. Investment Properties

Property	Acquisition date	Cost including all additions $'000	Independent valuation date	Independent valuation $'000	Combined value June 05[a] $'000	Combined value June 04 $'000
Current asset						
109 Pitt Street, Sydney, NSW (i) (b)	22-Jun-99	17,622			18,624	20,921
Current asset – Investment properties					18,624	20,921
Non-current assets						
66 Christina Road, Villawood, NSW (i)	28-May-02	8,147	31-Jan-02	7,500	8,147	8,094
CSIRO, Limestone Ave., Campbell, ACT (v)	21-Jun-02	12,685	30-Jun-05	15,200	15,200	14,000
4 Ray Road, Epping, NSW (ii)	30-Apr-97	26,960	30-Jun-05	44,000	44,000	40,339
431 Glebe Point Road, Glebe, NSW (iii)	23-Sep-97	10,585	31-Dec-03	12,500	12,562	12,538
Ashfield Mall, Ashfield, NSW (iv)	15-Sep-97	70,416	30-Jun-05	98,700	98,700	89,055
10-12 Pike Street, Rydalmere, NSW (v)	1-Oct-98	14,262	30-Jun-05	17,000	17,000	16,009
Liverpool Plaza, Liverpool, NSW (iv)	16-Aug-04	31,776	30-Jun-05	32,600	32,600	–
Santos House, Adelaide SA (iv)	5-Oct-04	54,234	30-Jun-05	51,000	51,000	–
50 Miller Street, North Sydney, NSW (ii)	17-Dec-04	38,284	30-Jun-05	38,600	38,600	–
Properties owned by Abacus Trust and its controlled entities					317,809	180,035
244 Liverpool Road, Ashfield, NSW (iv)	26-Mar-98	2,507			2,507	2,507
252 Liverpool Road, Ashfield, NSW (iv)	2-Mar-00	1,107			1,107	1,107
254 Liverpool Road, Ashfield, NSW (iv)	31-Aug-01	2,662			2,662	2,662
256 Liverpool Road, Ashfield, NSW (iv)	29-Sep-98	820			820	820
Independent valuation, 244-256 Liverpool Road	30-Jun-05	6,900			(196)	304
Project development costs		657			657	458
					7,557	7,858
Hornsby Crescent, Hornsby					–	5,557
Macarthur Ave, Pinkenba Qld (ii)	11-Nov-04	3,278	30-Jun-05	3,150	3,150	–
4-8 Jacobs Street, Bankstown (vi)	2-Dec-02	5,147	26-Sep-02	4,900	4,900	5,155
Properties owned by AGHL and its controlled entities					15,607	18,570
Non-current – Investment properties					333,416	198,605
Total investment properties					**352,040**	**219,526**

(i) As valued by Knight Frank Pty Limited

(ii) As valued by Colliers International Consultancy and Valuation Pty Ltd

(iii) As valued by Urbis Property Consultants

(iv) As valued by CB Richard Ellis Pty Ltd

(v) As valued by FPD Savills (NSW) Pty Limited

(vi) As valued by DTZ Australia

Notes:

(a) The combined value at 30 June 2005 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 units. The retail component and the leasehold interest in the car park were sold in prior financial years while the sale of the commercial units continues at 30 June 2005.

(c) This reflects the 50% interest in the Hornsby joint venture, a residential project consolidated in the prior year. The joint venture agreement relating to this project was terminated during the year and, accordingly, the property has been deconsolidated for the year ended 30 June 2005.

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

	Combined	
	June 05 $'000	**June 04 $'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 of the financial year	219,526	261,894
Additions	129,489	14,582
Net revaluation increments	11,712	7,797
Disposals	(8,687)	(64,747)
Carrying amount at end of financial year	**352,040**	**219,526**

5. Additional information

Reconciliation of retained earnings

Balance at the beginning of year	10,012	9,785
Net profit attributable to stapled security holders	39,106	34,725
Realised reserve on sale of investment properties	347	(4,139)
Adjustment resulting from changes in associated entities	(279)	–
Total available for appropriation	49,186	40,371
Distributions provided for or paid	(36,939)	(30,359)
Balance at end of financial year	**12,247**	**10,012**

Notes to the Concise Financial Statements 30 June 2005

6. Segment Information

	Property Rental & Sales		Other property-based investments		Funds Management		Total	
	June 05 $'000	June 04 $'000	June 05 $'000	June 04 $'000	June 05 $'000	June 04 $'000	June 05 $'000	June 04 $'000
Segment revenue:								
Revenues from customers outside the Group	36,541	96,166	25,269	20,972	9,125	5,036	70,935	122,174
Interest revenue							1,165	807
Total aggregated revenue							**72,100**	**122,981**
Segment results:								
Segment result	22,906	20,446	17,897	17,817	7,425	4,007	48,228	42,270
Interest income							1,165	807
Income tax							(356)	(193)
Borrowing costs							(9,251)	(8,159)
Group net profit							**39,786**	**34,725**
							(8,442)	
Segment assets:								
Segment assets	375,287	255,314	183,128	126,480	34,491	34,059	592,906	415,853
Unallocated assets							614	206
							593,520	**416,059**
Segment liabilities:								
Segment liabilities	88,287	1,500	(84,966)	307	2,908	2,279	6,229	4,086
Interest-bearing loans							172,764	101,235
Tax liabilities							780	(123)
Unallocated liabilities							9,942	8,117
							189,715	**113,315**

7. Subsequent Events

On 10 August 2005, the Group completed a capital raising of $55.0 million and issued approximately 42.6 million securities. Of the total $55.0 million capital raised, approximately $3.7 million has been allocated to AGHL and $51.3 million allocated to Abacus Trust.

During August 2005, the Group completed the acquisition of the initial portfolio of storage facility assets by the Abacus Storage Fund. To assist with the settlement of assets and to provide short term working capital, AGHL, through an associated entity, advanced approximately $40 million ahead of raising capital from external investors.

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

8. Impact of adopting Australian Equivalents to IFRS

Abacus Property Group has identified key areas impacted by Australian equivalents to International Financial Reporting Standards (AIFRS) and is currently in the final stages of quantifying those impacts.

The opening AIFRS balance sheet as at 1 July 2004 has been completed and will form the basis of accounting under AIFRS in the future and is required for the preparation of the Group's first fully compliant financial statements for the half year ending 31 December 2005.

Set out below are the key areas where accounting policies are expected to change on adoption of AIFRS including the estimated financial impacts to total equity as at transition date and 30 June 2005 and on net profit for the year ended 30 June 2005. The actual effects of transition to IFRS may differ from these estimates when implementation is finalised due to (a) ongoing work being undertaken on AIFRS; (b) potential amendments to AIFRSs and Interpretations thereof being issued by the standard-setters and IFRIC; and (c) emerging accepted industry practice in the interpretation and application of AIFRS and UIG Interpretations.

(a) Reconciliation of equity as presented under AGAAP to that under AIFRS

		Combined	
	Notes	30 June 05 $'000	1 July 04 $'000
Total equity under AGAAP		**403,805**	**302,744**
Adjustment to retained earnings (net of tax)			
Write-back of goodwill amortisation	(i)	1,775	–
Transfer of asset revaluation reserve to retained earnings	(ii)	(38,110)	(26,398)
Transfer of asset revaluation reserve to retained earnings	(ii)	38,110	26,398
Amortisation of lease incentives	(iii)	480	413
Reversal of profits on sales settled after 30 June	(iv)	(1,600)	(2,993)
Adjustment to income tax expense	(v)	133	807
Total equity under AIFRS		**404,593**	**300,971**

(i) Under AASB 3 *Business Combinations* goodwill would not be amortised but would be subject to annual (or more frequent) impairment testing under AASB 136 *Impairment of Assets*. Currently, the Group amortises goodwill over its useful life estimated at 20 years. The Group has elected not to apply the Standard retrospectively in accordance with the exemption provided in AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* and hence the goodwill amortised in prior years would not be written back as at the date of transition. UIG 1013 likewise prohibits the election to apply the Standard retrospectively for listed entities whose securities are stapled.

(ii) Under AASB 140 *Investment Property*, if investment properties are measured at fair value, gains or losses arising from changes in fair value will be recognised in profit or loss for the period in which they arise. The Group intends to value its investment properties at fair value adhering to the standard.

Under the current accounting policy, when investment properties are revalued to fair value, changes in fair value are recognised in the asset revaluation reserve.

(iii) Under AASB 117 *Leases* and UIG Interpretation 115, lease incentives, irrespective of nature or form or timing of payments, should be amortised over the lease term. The Group currently amortises lease incentives with the exception of rent-free and rental abatements which when recognised and amortised would increase income in earlier periods.

Notes to the Concise Financial Statements 30 June 2005

8. Impact of adopting Australian Equivalents to IFRS continued

(iv) Under AASB 118 *Revenue* the revenue recognition criteria in the sale of goods include requirements that the entity has transferred to the buyer the significant risks and rewards of ownership of the goods and that the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods. Sale of investment properties is currently recognised as income on exchange of unconditional contract of sale. AASB 118 would effectively delay recognition of revenue to settlement date.

(v) Under AASB 112 *Income Taxes*, income tax would be calculated using the balance sheet liability method, rather than the current income statement method, which recognises deferred tax balances where there is a difference between the carrying amount of an asset or a liability and its tax base. This results in the recognition of a deferred tax liability in relation to AGHL's revalued assets. The Trust will continue to not recognise tax assets and tax liabilities as it will not be liable for tax if all taxable income is distributed to security-holders.

The above changes will result in a decrease in deferred tax liability as follows:

	Combined	
	30 June 05 $'000	1 July 04 $'000
Retained earnings (i-v)	(133)	807
Reserves	–	–
Increase/(decrease) in tax deferred liability	(133)	807

(b) Reconciliation of net profit under AGAAP to that under AIFRS

	Notes	Combined 30 June 05 $'000
Net profit reported under AGAAP		**39,784**
Write-back of goodwill amortisation	(i)	1,775
Amortisation of leasing incentives	(ii)	480
Reversal of profits on sales settled after year end	(iii)	(1,600)
Revaluation of investment properties	(iv)	12,059
Adjustment to income tax expense	(v)	133
Net profit under AIFRS		**52,631**

(i) Under AASB 3 *Business Combinations* goodwill would not be amortised but would be subject to annual (or more frequent) impairment testing under AASB 136 *Impairment of Assets*. Currently, the Group amortises goodwill over its useful life estimated at 20 years. The Group has elected not to apply the Standard retrospectively in accordance with the exemption provided in AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* and hence only the goodwill amortised during the current year would be written back. UIG 1013 likewise prohibits the election to apply the Standard retrospectively for listed entities whose securities are stapled.

(ii) Under AASB 117 *Leases* and UIG Interpretation 115, lease incentives, irrespective of nature or form or timing of payments, should be amortised over the lease term. The Group currently amortises lease incentives with the exception of rent-free and rental abatements which when recognised and amortised would increase income in earlier periods.

(iii) Under AASB 118 *Revenue* the revenue recognition criteria in the sale of goods include requirements that the entity has transferred to the buyer the significant risks and rewards of ownership of the goods and that the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods. Sale of investment properties is currently recognised as income on exchange of unconditional contract of sale. Profits derived from sales settled after 30 June 2005 would have to be adjusted and recognised on settlement to occur in the following year.

(iv) Under AASB 140 *Investment Property*, if investment properties are measured at fair value, gains or losses arising from changes in fair value will be recognised in profit or loss for the period in which they arise. The Group intends to value its investment properties at fair value adhering to the standard.

Under the current accounting policy, when investment properties are revalued to fair value, changes in fair value are recognised in the asset revaluation reserve.

(v) Under AASB 112 *Income Taxes*, income tax would be calculated using the balance sheet liability method, rather than the current income statement method, which recognises deferred tax balances where there is a difference between the carrying amount of an asset or a liability and its tax base. This results in the recognition of a deferred tax liability in relation to the company's revalued assets. The Trust will continue to not recognise tax assets and tax liabilities as it will not be liable for tax if all taxable income is distributed to security-holders.

(c) Restated AIFRS Statement of Cash Flows for the year ended 30 June 2005

No material impacts to the cash flows have been identified on transition to AIFRS.

(d) Impact of Other Standards

(i) Under AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement*, financial assets will be classified as either held for trading, held-to-maturity, available for sale or loans and receivables. Depending on the classification, assets will be measured at fair value or amortised cost. Loans and receivables originated by the entity and not held for trading would be accounted for at amortised cost using the effective interest method.

The Group also has derivative instruments in the form of interest rate swaps which under the new Standards would have to be taken up in the balance sheet at fair value. At 30 June 2005 the Group's interest rate swap agreements with the banks were valued at $4.9 million. This would decrease retained earnings by that amount at 1 July 2005.

Under AASB 132 *Financial Instruments: Disclosures and Presentation* contractual obligations are regarded as liabilities if a trust's unitholders have the ability to redeem units from the scheme. In the absence of changes to the constitution, all Trust unitholders' funds will be recognised as liabilities of the Trust rather than as equity. The result of this would be to reduce net assets of the Trust to zero. As distributions paid and payable make up a proportion of unitholders' funds, they would be classified as interest expense in the Statement of Financial Performance.

Units in trusts with fixed lives may be classified as debts instead of equity under IFRS. To ensure the Trust is able to continue to classify the units as equity, any necessary amendments to the Trust's constitution will be made. On 6 June 2005, ASIC issued Class Order 05/566 giving relief to facilitate changes to constitutions of listed and unlisted registered schemes that are not subject to mandatory redemption requirement to remove their limited lives without requiring a special resolution of members. The Responsible Entity is now completing the changes to the Trust's constitution and the members will be notified accordingly.

The Group decided to apply the exemption provided in AASB 1 *First Time Adoption of Australian Equivalents to International Financial Reporting Standards* as amended by AASB 2005-4 which permits entities not to apply the requirements of AASB 132 *Financial Instruments: Presentation and Disclosures* and AASB 139 *Financial Instruments: Recognition and Measurement* for the financial year ended 30 June 2005. The standards will be applied from 1 July 2005.

Notes to the Concise Financial Statements 30 June 2005

8. Impact of adopting Australian Equivalents to IFRS continued

(ii) Under AASB 136 *Impairment of Assets* the recoverable amount of an asset is determined as the higher of its net selling price and value in use. The Group's current accounting policy is to determine the recoverable amount of an asset on the basis of discounted cash flows. The Group's assets including goodwill were tested for impairment on transition and each subsequent reporting date as part of the cash generating unit to which they belong. This resulted in no impairment losses during the year.

(iii) Under UIG Interpretation 1013 *Consolidated Financial Reports in relation to Pre-Date-of-Transition Stapling Arrangements* at the date of transition, one of the combining entities shall be identified as the parent for the purpose of preparing consolidated financial reports by combining the financial reports of the entities whose securities are stapled. The combined balance sheet shall present the combined equity of the stapled securities as equity without identifying any minority interests. AASB 127 *Consolidated and Separate Financial Statements* will be applied subsequently in preparing the Group's financial reports.

The Group has identified AGHL as the parent entity and the consolidated financial reports beginning from half year ending 31 December 2005 will be under its name. Abacus Trust, being a managed investment scheme, will continue to prepare its own financial reports.

(iv) The financial impact of AIFRS is not expected to affect the distribution policy of the Group. It has been the policy of the Group to align distribution to earned income as closely as possible so that in future, in determining distributable income, any material non-cash income or expense items will be excluded in the calculation of distributable profits. The Group will specifically account for non-cash income or expense items arising from straight-lining of fixed rental increases, amortisation of lease incentives, revaluation movements, mark to market valuation of its derivatives and the effects of any other amortisation of assets.

A reconciliation of net profit after tax to distributable profits will be a requirement prior to providing for or declaring any distribution. In similar manner, retained earnings will be examined and for internal purposes may have to be categorised to ensure that distributions are paid from distributable profits.

Directors' Declaration

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

a) the concise financial report of the Group for the year ended 30 June 2005 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 2005.

On behalf of the Board

John Thame
Chairman

David Bastian
Managing Director

Sydney, 13 September 2005

Auditor's Independence Declaration

ERNST & YOUNG

The Ernst & Young Centre
680 George Street
Sydney NSW 2000
Australia

GPO Box 2646
Sydney NSW 2001

Tel 61 2 9248 5555
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DX Sydney Stock
Exchange 10172

Auditor's Independence Declaration to the Directors of Abacus Property Group

In relation to our audit of the financial report of Abacus Property Group for the year ended 30 June 2005, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Mark O'Sullivan
Partner

Sydney, 13 September 2005

Liability limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW)

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 2005. The aggregated entity comprises Abacus Group Holdings Limited and Abacus Trust and the entities they controlled during the year.

The company has disclosed information about the remuneration of directors and executives ("remuneration disclosures"), as required by Accounting Standard 1046 Director and Executive Disclosures by Disclosing Entities, under the heading "remuneration report" in pages 25 to 28 of the directors' report, as permitted by the Corporations Regulations 2001.

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" and whether the remuneration disclosures comply with Accounting Standard AASB 1046 and the *Corporations Regulations 2001*. 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 2005. Our audit report on the full financial report was signed on 13 September 2005, 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*. We have given to the directors of the company a written Auditor's Independence Declaration, signed on 13 September 2005 a copy of which is included in the Directors' Report. The Auditors' Independence Declaration would have been expressed in the same terms if it had been given to the directors at the date this audit report was signed.

Audit opinion

In our opinion:

1. the concise financial report of Abacus Property Group complies with Accounting Standard AASB 1039 "Concise Financial Reports".
2. the remuneration disclosures that are contained in pages 25 to 28 of the directors' report comply with Accounting Standard AASB 1046 and the *Corporations Regulations 2001*.

Ernst & Young

Ernst & Young

Mark O'Sullivan
Partner

Sydney, 13 September 2005

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 2005

This concise report has been derived from the full financial report for the year ended 30 June 2005. 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 1800 253 860. 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 investing activities of Abacus Group Holdings Limited and its controlled entities as the full financial report.

Directors' Report

The Directors of Abacus Group Holdings Limited ('AGHL' or 'the Company') submit their report for the year ended 30 June 2005.

Directors

The Directors of AGHL in office during the financial year and until the date of this report are set out below:

John Thame	Chairman (Non-executive)
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 AGHL during the year ended 30 June 2005 were property related funds management, property and project management and participation in other property-related joint ventures and developments.

Operating Profit

AGHL earned an operating profit after tax of $2.5 million for the year ended 30 June 2005 (2004: loss ($0.7) million).

Dividends

There were no dividends paid by AGHL during the year ended 30 June 2005 (2004:nil). The Abacus Trust funded distributions to members for the year ended 30 June 2005.

Review Of Operations

Overview

AGHL and Abacus Trust (AT) together make up the ASX listed Abacus Property Group (APG or the Group). Shares in AGHL and units in AT have been stapled together so that neither can be dealt with without the other. An APG security consists of one share in AGHL and one unit in AT. A transfer, issue or reorganisation of a share in AGHL is accompanied by a transfer, issue or reorganisation of a unit in AT.

AGHL operates wholly within Australia (except for an investment of approximately $3 million in a joint venture vehicle in the UK) and has funds management and property management businesses and participates in property refurbishment and development to add value to the assets within its portfolio. AGHL also participates in joint venture projects with a number of experienced partners in New South Wales, Queensland, and Victoria.

Directors' Report continued

Review Of Operations continued

Operating Results for the Period

A summary of combined revenue and profits is as follows:

	Year ended 30 June 2005	
	Revenue $'000	Profit $'000
Business Segments		
Property rental and sales	15,143	2,716
Other property-based investments	9,184	7,795
Funds management	10,283	7,425
	34,610	17,936
Combined entity adjustments	206	(15,492)
Combined entity operating revenue and profit	34,816	2,444

During the period under review, AGHL achieved strong growth in its key business activities of funds management, property and project management and participation in property joint venture activities.

In funds management, Abacus Funds Management Limited (Abacus), in its role as Responsible Entity, sold one property and acquired or contracted to acquire 9 additional properties in the Abacus Diversified Income Fund (ADIF). Total assets of ADIF increased $55.5 million to $222.4 million for the year ended 30 June 2005 and three new managed investment schemes were established with total assets of $39.5 million at June 2005. Total assets under management (combining assets owned by the Abacus Property Group and assets managed by the Group on behalf of external investors) increased approximately $275 million (or 40%) to approximately $950 million at 30 June 2005 compared to approximately $675 million at 30 June 2004.

On 31 May 2005, AGHL executed an agreement to acquire Storage King Funds Management Limited, the Responsible Entity of the Storage King Property Trust, for the purpose of establishing the Abacus Storage Fund (a stapled security fund comprising a managed investment scheme and an operating company). AGHL agreed to provide sufficient funds to enable the completion of the acquisition of an initial portfolio of storage facilities. At 30 June 2005, AGHL had advanced approximately $6 million to fund initial deposits, acquisition costs and other funds establishment expenses. The acquisition of the initial portfolio of storage facilities, totalling approximately $100 million, is scheduled to be completed during August 2005 and AGHL has budgeted to advance approximately $40 million to assist in settlements pending the issue of a PDS/Prospectus.

Abacus has a number of joint venture investments with experienced property investors or developers in New South Wales, Queensland and Victoria. These joint venture activities enable Abacus to participate in a range of property related opportunities with industry leaders who have local knowledge and a depth of management experience. AGHL realised profits from the completion of its interests in two developments in Sydney and the sale of its interests in two joint ventures in Melbourne. During the year to June 2005, joint venture investment activities contributed $1.6 million to the AGHL profit result.

AGHL continued its investment in property, property related joint ventures and investments. In addition, AGHL continued the sale of commercial strata, including the sale of a strata retail shop, in 109 Pitt Street, Sydney, in tandem with the progressive refurbishment of the building. Sales of $6.4 million were achieved, while a further $1.2 million was spent on refurbishment.

Review of Financial Condition

During the year ended 30 June 2005, the contributed equity of AGHL increased $5.4 million to $12.0 million at 30 June 2005. Capital raisings were made through institutional placements in August 2004 (27.00 million securities at $1.18) and December 2004 (31.16 million securities at $1.26) and a Security Purchase Plan for existing security-holders was completed in October 2004 (14.25 million securities at $1.18). This additional capital was directed towards acquisition of property assets for the Abacus Trust and for growth of the funds management business (particularly ADIF and a number of new managed investment schemes).

As at 30 June 2005, existing loan facilities totalled approximately $162 million, of which $91 million was drawn. AGHL manages interest rate exposure on external bank debt facilities (drawn to $5.0 million at June 2005) through the use of interest rate swap contracts. At 30 June 2005, 62% of interest commitments on external bank loans were fixed.

Significant Changes in the State of Affairs

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

- total assets increased $46.3 million to $213.2 million at 30 June 2005 compared to $166.9 million at 30 June 2004;
- retained earnings increased $1.8 million to $9.1 million at 30 June 2005 compared to $7.3 million at 30 June 2004;
- total equity increased $7.6 million to $23.2 million at 30 June 2005 compared to $15.6 million at 30 June 2004, reflecting profits and additional capital raised;
- ADIF increased its total gross assets under management by approximately $55 million to $222 million at 30 June 2005 compared to approximately $167 million at 30 June 2004.

Significant Events after the Balance Date

On 10 August 2005, the Group completed a capital raising of $55.0 million and issued approximately 42.6 million securities at $1.29 per security. Of the total $55.0 million capital raised, approximately $3.7 million has been allocated to AGHL.

During August 2005, AGHL completed the acquisition of the initial portfolio of storage facility assets for the Abacus Storage Fund, advancing approximately $36 million, through an associated entity, ahead of raising capital from external retail investors.

Other than as disclosed already in this report and to the knowledge of directors, there has been no matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may affect, AGHL's operations in future financial years, the results of those operations or AGHL's state of affairs in future financial years.

Likely Developments and Expected Results

The Directors have excluded from this report any other information on the likely developments in the operations of AGHL 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. There has been no known significant of any environmental requirements applicable to the company.

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 and Officers

The Directors of AGHL and Abacus, 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.

Directors' Report continued

Information on Directors and Officers continued

John Thame AIBF, FCPA	Chairman (non-executive) Member of Audit Committee Member 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 Chairman of St George Bank Limited and a director Reckon Limited.
Frank Wolf PhD, BA Hons	Deputy Chairman (executive) Dr Frank Wolf has over 20 years experience in the property and financial services industries, including involvement in retail, commercial, industrial and hospitality-related assets in Australia, New Zealand and the United States. Dr Wolf has been instrumental in over $2 billion worth of property related transactions, corporate acquisitions and divestments and has financed specialist property-based assets in retirement and hospitality sectors. Dr 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.
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 Remuneration & Nomination 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 is Managing Director of Babcock & Brown Limited. Mr Green has over 25 years experience in corporate finance specialising in taxation and structured domestic and international corporate acquisitions. He is Chairman of Babcock & Brown Infrastructure Limited, Babcock & Brown Environmental Investments Limited and of the responsible entity of the MTM Entertainment Trust, and is a director of Babcock & Brown Capital Limited, Everest Babcock & Brown Alternative Investments, Thakral Holdings Limited, the trustee of the Babcock & Brown Japan Property Trust, Tourism Asset Holdings Limited, FSP Group Pty Limited and Babcock & Brown Infrastructure Group. Mr Green holds Bachelor of Commerce and Bachelor of Law degrees and qualified as a Chartered Accountant.
Malcolm Irving AM FCPA, FSIA, BCom, Hon DLitt	Non-Executive Director Chairman of Audit Committee Chairman of Remuneration & Nomination 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 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 joined the Abacus Group in October 2000 and now holds the position of Managing Director of 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.
Sean O'Donoghue BCom, CA, MBA	Company Secretary Mr Sean O'Donoghue has been the company secretary since joining the Abacus Group in September 2004. Mr O'Donoghue has over 14 years experience in the property and financial services industries having held various senior roles with MLC, Lend Lease Corporation and Commonwealth Bank over that period.

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

Directors' Report continued

Information on Directors and Officers
continued

As at the date of this report, the relevant interests of the directors and specified executives in the shares of AGHL were as follows:

Directors:

John Thame	43,000
Frank Wolf	6,818,046
David Bastian	7,040,000
Phillip Green	9,366,930
Malcolm Irving	24,000

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 44 employees (including directors) as at 30 June 2005 (2004: 41 employees). This includes 10 employees whose salary is fully recoverable from specific properties managed by the Group.

Other Disclosures

Disclosures regarding other information relating to directors is detail in the Directors Report of Abacus Property Group.

Auditors Independence Declaration

We have obtained an independence declaration from our auditor, Ernst & Young, and such declaration is shown on page 70.

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 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, 13 September 2005

Discussion and Analysis of the Consolidated Financial Statements

Statement of Financial Performance

Total revenue decreased $12.8 million to $34.8 million for the year ended 30 June 2005 largely due to a reduction in revenue from the sale of strata units at 109 Pitt Street of $23.0 million offset by revenue from the sale of investment options ($5.0 million), increased interest income from mortgage loans ($1.1 million) and increased fees derived from fund management activities ($3.9 million).

Share of joint venture profits of $1.6 million essentially relates to proceeds from projects at Felix Apartments in Brisbane.

The cost of investment properties disposed decreased $19.4 million as a result of the reduction in sales of strata units at 109 Pitt Street noted above.

Borrowing cost expense decreased $3.0 million to $15.3 million largely due to a reduction in the interest rate charged on funds advanced by Abacus Trust during the year.

Depreciation and amortisation expenses, salaries and employee benefits expenses and other expenses from ordinary activities increased $0.6 million largely as a result of increased activities of the Company for the year.

Statement of Financial Position

The Company continued its focus and funding of the growth of its funds management business where total assets under management (combining assets owned by the Abacus Property Group and assets managed by the Group on behalf of external investors) increased approximately $275 million (or 40%) to approximately $950 million at 30 June 2005 compared to approximately $675 million at 30 June 2004.

Total assets increased $46.3 million to $213.2 million at 30 June 2005 compared to $166.9 million at 30 June 2004.

Receivables decreased $8.0 million due to a reduction of $11.6 million in receivables relating to exchanged contracts for Pitt Street commercial strata sales (last year $13.9 million) offset by a receivable of $4.5 million relating to the proceeds of sale of investment options.

Investment properties decreased $5.3 million reflecting the sale of Pitt Street commercial strata units and the deconsolidation of a property at Hornsby upon termination of a joint venture agreement.

Other financial assets current and non-current reflect the growth of the Abacus Finance Pty Limited loan portfolio in advances to Abacus associated fund management vehicles (particularly ADIF and a number of new managed investment schemes) and third party mortgage loans.

The growth in investments accounted for using the equity method of $5.0 million reflects the increase of investments in joint ventures in project developments and an investment in a joint venture vehicle in the UK.

Total liabilities increased $38.7 million to $190.0 at 30 June 2005 compared to $151.3 million at 30 June 2004. Interest bearing liabilities increased $36.8 million to $185.0 million compared to $148.2 million largely reflecting $49.0 million in increased borrowings from the Abacus Trust to fund advances to Abacus associated fund management vehicles and third party mortgage loans, offset by a $12.2 million reduction in bank borrowings associated with the 109 Pitt Street and Hornsby properties.

Total equity increased $7.6 million to $23.2 million at 30 June 2005 compared to $15.6 million at 30 June 2004, reflecting profits and additional capital raised.

Statement of Cash Flows

Net cashflow from operating activities decreased $6.7 million largely reflecting a reduction in income receipts ($7.1 million), including Pitt Street strata unit sales, and interest income ($3.9 million) offset by reductions in tax paid ($3.6 million) and operating and borrowing expenses ($0.7 million).

Cashflow used in investment activities increased $7.1 million largely reflecting increased funds to grow the mortgage loan portfolio of Abacus Finance Pty Ltd, offset by increased proceeds on sale of investments and a reduction in purchases of investment properties.

Cashflows from financing activities increased $20.4 million reflecting additional capital raised during the year and net increased borrowings from Abacus Trust.

Statement of Financial Performance

year ended 30 June 2005

	Notes	Consolidated June 05 $'000	Consolidated June 04 $'000
Statement Of Financial Performance			
Revenues from ordinary activities	2	34,816	47,567
Share of net profits of associates and joint ventures accounted for using the equity method	2	1,561	4,291
Depreciation and amortisation expenses		(1,861)	(1,870)
Carrying amount of investment properties disposed		(3,919)	(23,250)
Carrying amount of option investment disposed		(2,957)	–
Borrowing costs expense		(15,342)	(18,336)
Bad and doubtful debts		(20)	–
Salaries and employee benefits expense		(5,960)	(4,608)
Other expenses from ordinary activities		(3,518)	(4,250)
Profit from ordinary activities before income tax expense		2,800	(456)
Company income tax expense		(356)	(193)
Net profit after tax		2,444	–
Net profit attributable to outside equity interest		(678)	–
Net Profit attributable to members of AGHL		**1,766**	**(649)**
Net decrease in asset revaluation reserve		(876)	(897)
Decrease in foreign currency translation reserve		(210)	–
Adjustment resulting from changes in associated entities		(279)	–
Total revenues, expenses, and valuation adjustments attributable to members and recognised directly in equity		(1,365)	(897)
Total changes in equity other than those resulting from transactions with members as owners		401	(1,546)
Basic and diluted earnings per share (cents)		0.55	(0.24)

Statement of Financial Position
as at 30 June 2005

	Consolidated June 05 $'000	Consolidated June 04 $'000
Current assets		
Cash assets	2,853	961
Receivables	17,826	25,827
Investment properties	18,624	20,921
Other financial assets	41,803	18,115
Other	144	277
Total current assets	81,250	66,101
Non-current assets		
Plant and equipment	133	171
Investment properties	15,607	18,570
Investments accounted for using the equity method	13,763	8,778
Other financial assets	71,180	40,672
Deferred tax assets	614	206
Intangible assets	30,619	32,394
Other	7	–
Total non-current assets	131,923	100,791
Total assets	213,173	166,892
Current liabilities		
Payables	3,485	2,500
Current tax liabilities	780	(123)
Interest bearing liabilities	3,100	14,135
Provisions	196	293
Total current liabilities	7,561	16,805
Non-current liabilities		
Interest bearing liabilities	181,912	134,110
Provisions	505	397
Total non-current liabilities	182,417	134,507
Total liabilities	189,978	151,312
Net assets	23,195	15,580
Equity		
Contributed equity	12,043	6,662
Reserve	220	1,653
Retained earnings/(accumulated losses)	9,099	7,265
Total parent interest in equity	21,362	15,580
Total outside equity interest	1,833	–
Total equity	23,195	15,580

Statement of Cash Flows

year ended 30 June 2005

	Consolidated	
	June 05 $'000	June 04 $'000
Cash flows from operating activities		
Income receipts	11,380	18,527
Interest received	205	4,119
Distributions received	300	380
Income tax expense paid	139	(3,574)
Audit fees	(73)	(81)
Custodian's fee paid	(4)	–
Borrowing costs	(337)	(740)
Operating payments	(8,722)	(8,995)
Net cash flows from operating activities	2,888	9,636
Cash flows from investing activities		
Payments for investments	(135,728)	(107,158)
Proceeds from sale of investments	85,271	80,882
Consolidation of controlled entities	5,410	–
Purchase of a subsidiary	(34)	–
Purchase of plant and equipment	(27)	–
Purchase of investment properties	(4,701)	(12,743)
Disposal of investment properties	17,474	13,779
Net cash flows used in investing activities	(32,335)	(25,240)
Cash flows from financing activities		
Proceeds from issue of shares	5,035	–
Repayments of borrowings	(131,870)	(128,180)
Proceeds from borrowings	158,174	139,099
Net cash flows from financing activities	31,339	10,919
Net increase/(decrease) in cash held	1,892	(4,685)
Add opening cash brought forward	961	5,646
Closing cash carried forward	2,853	961

Notes to the Concise Financial Statements 30 June 2005

1. Basis of Preparation of the Financial Report

The concise financial report has been prepared in accordance with the requirements of the Corporations Act 2001 and Accounting Standards 1039 *Concise Financial Reports.*

The concise financial report has been derived from the Annual Financial Report but 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 concise financial report should be read in conjunction with the Annual Financial Report of AGHL as at 30 June 2005. 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 2005 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

The concise financial report has been prepared in accordance with the historical cost convention except for investment properties and investments in listed securities and option investments which are carried at fair value, and for investments in joint ventures and associates 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 AGHL 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 2005

2. Revenue from Ordinary Activities

	Consolidated	
	June 05 $'000	June 04 $'000
Revenue from operating activities		
Property rental income	2,519	2,907
Interest income from mortgage investments	6,650	5,550
Fee income from mortgage investments	280	150
Revenue from sale of investment properties	6,436	29,368
Revenue from sale of 50% in options	5,000	–
Property management fees	922	721
Funds management fees	3,699	2,429
Consulting and other fees	5,662	3,020
Total revenue from operating activities	31,168	44,145
Revenue from non-operating activities		
Distributions from investments in units	505	3,148
Gains on disposal of investments in units	770	–
Change in net market value of investments	2,167	–
Bank interest	206	274
Total revenue from non-operating activities	3,648	3,422
Total revenue from ordinary activities	34,816	47,567
Share of net profits of joint ventures and associates accounted for using the equity method		
Share of joint ventures' and associates' profits	1,561	4,291
Gains		
Net gains on disposal of investment properties	2,198	5,106
Net gains on disposal of option investment	2,033	–
Total gains from sale of investments	4,231	5,106

3. Additional Information

Reconciliation of retained earnings

Balance at the beginning of year	7,265	7,004
Net profit attributable to members of AGHL	1,766	(649)
Realised reserve on sale of investment properties	347	910
Adjustment resulting from changes in associated entities	(279)	–
Balance at end of financial year	**9,099**	**7,265**

4. Segment Information

	Property Rental & Sales		Other property-based investments		Funds Management		Consolidated	
	June 05 $'000	June 04 $'000	June 05 $'000	June 04 $'000	June 05 $'000	June 04 $'000	June 05 $'000	June 04 $'000
Segment revenue:								
Revenues and share of net profits from associates and customers outside the consolidated entity	8,955	32,275	16,933	13,139	10,283	6,170	36,171	51,584
Interest revenue							206	274
Total revenue and share of net profit from associates							36,377	51,858
Segment results:								
Segment result	1,189	1,481	9,322	10,984	7,425	5,141	17,936	17,606
Interest income							206	274
Income tax							(356)	(193)
Borrowing costs							(15,342)	(18,336)
Total results							2,444	(649)
Segment assets	51,450	53,029	126,618	79,598	34,491	34,059	212,559	166,686
Future income tax benefit							614	206
							213,173	166,892
Segment liabilities	86,244	39,932	95,062	61,990	2,908	32,278	184,214	134,200
Interest-bearing liabilities							4,984	17,234
Tax liabilities							780	(122)

5. Subsequent Events

On 10 August 2005, the Group completed a capital raising of $55.0 million and issued approximately 42.6 million securities at $1.29 per security. Of the total $55.0 million capital raised, approximately $3.7 million has been allocated to AGHL.

During August 2005, AGHL completed the acquisition of the initial portfolio of storage facility assets by the Abacus Storage Fund. To assist with the settlement of assets and to provide short term working capital, AGHL, through an associated entity, advanced approximately $40 million ahead of raising capital from external investors.

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

Notes to the Concise Financial Statements 30 June 2005

6. Impact of adopting Australian Equivalents to IFRS

Abacus Group Holdings Limited has identified key areas impacted by Australian Equivalents to International Financial Reporting Standards (AIFRS) and is currently in the final stages of quantifying those impacts.

The opening AIFRS balance sheet as at 1 July 2004 has been completed and will form the basis of accounting under AIFRS in the future and is required for the preparation of AGHL's first fully compliant financial statements for the half year ending 31 December 2005.

Set out below are the key areas where accounting policies are expected to change on adoption of AIFRS including the estimated financial impacts to total equity as at transition date and 30 June 2005 and on net profit for the year ended 30 June 2005. The actual effects of transition to IFRS may differ from these estimates when implementation is finalised due to (a) ongoing work being undertaken on AIFRS; (b) potential amendments to AIFRS and Interpretations thereof being issued by the standard-setters and IFRIC; and (c) emerging accepted industry practice in the interpretation and application of AIFRS and UIG Interpretations.

(a) Reconciliation of equity as presented under AGAAP to that under AIFRS

		Consolidated	
	Notes	30 June 05 $'000	1 July 04 $'000
Total equity under AGAAP		23,195	15,580
Adjustment to retained earnings (net of tax)			
Write-back of goodwill amortisation	(i)	1,775	–
Transfer of asset revaluation to retained earnings	(ii)	(430)	(1,653)
Transfer of asset revaluation to retained earnings	(iii)	430	1,653
Amortisation of lease incentives	(iv)	16	–
Reversal of profits on sales settled after year end	(v)	(1,600)	(2,993)
Adjustment to income tax expense	(vi)	133	807
Total equity under AIFRS		23,519	13,394

The above changes will result in an increase/(decrease) in deferred tax liability as follows:

	Consolidated	
	30 June 05 $'000	1 July 04 $'000
Retained earnings (i-iv)	(133)	807
Reserves	–	–
Increase/(decrease) in tax deferred liability	**(133)**	**807**

(b) Reconciliation of net profit under AGAAP to that under AIFRS

Year ended 30 June 2005	Notes	30 June 05 $'000
Net profit reported under AGAAP		2,444
Write-back of goodwill amortisation	(i)	1,775
Amortisation of leasing incentives	(ii)	16
Reversal of profits on sales settled after year end	(iii)	(1,600)
Adjustment to income tax expense	(iv)	133
Revaluation of investment properties	(v)	(876)
Net profit under AIFRS		**1,892**

(i) Under AASB 3 *Business Combinations* goodwill would not be amortised but would be subject to annual (or more frequent) impairment testing under AASB 136 *Impairment of Assets*. Currently, the Group amortises goodwill over its useful life estimated at 20 years. The Group has elected not to apply the Standard restrospectively in accordance with the exemption provided in AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* and hence only the goodwill amortised during the current year would be written back. UIG 1013 likewise prohibits the election to apply the Standard retrospectively for listed entities whose securities are stapled.

(ii) Under AASB 117 *Leases* and UIG Interpretation 115, lease incentives, irrespective of nature or form or timing of payments should be amortised over the lease term. The Group currently amortises lease incentives with the exception of rent-free and rental abatements which, when amortised, would increase income in earlier periods.

(iii) Under AASB 118 *Revenue* the revenue recognition criteria in the sale of goods include requirements that the entity has transferred to the buyer the significant risks and rewards of ownership of the goods and that the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods. Sale of investment properties is currently recognised as income on exchange of unconditional contract of sale. Profits derived from sales settled after 30 June 2005 would have to be adjusted and recognised on settlement to occur in the following year.

(iv) Under AASB 112 *Income Taxes*, income tax will be calculated using the balance sheet liability method, rather than the current income statement method, which recognises deferred tax balances where there is a difference between the carrying amount of an asset or a liability and its tax base. This would result in the recognition of a company's deferred tax liability in relation to its revalued assets. At the end of June 2005 there was no net revaluation increment in the Company's assets and no tax deferred liability will be recognised under AIFRS.

(v) Under AASB 140 *Investment Property*, if investment properties are measured at fair value, gains or losses arising from changes in fair value will be recognised in profit or loss for the period in which they arise. The Group intends to value its investment properties at fair value adhering to the standard.

Under the current accounting policy, when investment properties are revalued to fair value, changes in fair value are recognised in the asset revaluation reserve.

(c) Restated AIFRS Statement of Cash Flows for the year ended 30 June 2005

No material impacts to the cash flows have been identified on transition to AIFRS.

Notes to the Concise Financial Statements 30 June 2005

6. Impact of adopting Australian Equivalents to IFRS continued

(d) Impact of Other Standards

(i) Under AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement*, financial assets will be classified as either held for trading, held-to-maturity, available for sale or loans and receivables. Depending on the classification, assets will be measured at fair value or amortised cost. Loans and receivables originated by the entity and not held for trading will be accounted for at amortised cost using the effective interest method. AGHL also has derivative instruments in the form of interest rate swaps which under the new Standards have to be taken up in the balance sheet at fair value. At 1 July 2005 the interest rate swaps had nil value.

Management have decided to apply the exemption provided in AASB 1 *First time Adoption of Australian Equivalents to International Financial Reporting Standards* which permits entities not to apply the requirements of AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* for the financial year ended 30 June 2005. The standards will be applied from 1 July 2005.

(ii) Under AASB 136 *Impairment of Assets* the recoverable amount of an asset is determined as the higher of its net selling price and value in use. The Group's current accounting policy is to determine the recoverable amount of an asset on the basis of discounted cash flows. The Group's assets including goodwill were tested for impairment on transition and each subsequent reporting date as part of the cash generating unit to which they belong. This resulted in no impairment losses during the year.

(iii) Under UIG Interpretation 1013 *Consolidated Financial Reports in relation to Pre-Date-of-Transition Stapling Arrangements* at the date of transition, one of the combining entities shall be identified as the parent for the purpose of preparing consolidated financial reports by combining the financial reports of the entities whose securities are stapled. Abacus Property Group has identified AGHL as the parent entity and the consolidated financial reports beginning from the half year ending 31 December 2005 will be under the Company's name. The combined balance sheet shall present the combined equity of the stapled securities as equity without identifying any minority interests. AASB 127 *Consolidated and Separate Financial Statements* will be applied subsequently in preparing the Group's financial reports.

(iv) The financial impact of AIFRS is not expected to affect the distribution policy of the Company. It has been the policy of the Company to align distribution to earned income as closely as possible so that in future, in determining distributable income any material non-cash income or expense items will be excluded in the calculation of distributable profits. The Company will specifically account for non-cash income or expense items arising from straight-lining of fixed rental increases, amortisation of lease incentives, revaluation movements, mark to market valuation of its derivatives and the effects of any other amortisation of assets.

A reconciliation of net profit after tax to distributable profits will be a requirement prior to providing for or declaring any distribution. In similar manner, retained earnings will be examined and for internal purposes may have to be categorised to ensure that distributions are paid from distributable profits.

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 2005 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 2005.

On behalf of the Board

John Thame	**David Bastian**
Chairman	Managing Director

Sydney, 13 September 2005

Auditor's Independence Declaration

ERNST & YOUNG

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Exchange 10172

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

In relation to our audit of the financial report of Abacus Group Holdings Limited for the year ended 30 June 2005, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Mark O'Sullivan
Partner

Sydney, 13 September 2005

Liability limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW)

Independent Audit Report

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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 2005. The consolidated entity comprises both Abacus Group Holdings Limited (the company) and the entities it controlled during the year.

The company has disclosed information about the remuneration of directors and executives ("remuneration disclosures"), as required by Accounting Standard 1046 *Director and Executive Disclosures by Disclosing Entities*, under the heading "remuneration report" in pages 25 to 28 of the directors' report of Abacus Property Group (the aggregated entity), as permitted by the *Corporations Regulations 2001*.

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" and whether the remuneration disclosures comply with Accounting Standard AASB 1046 and the Corporations Regulations 2001. 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 2005. Our audit report on the full financial report was signed on 13 September 2005, 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*. We have given to the directors of the company a written Auditor's Independence Declaration, signed on 13 September 2005 a copy of which is included in the Directors' Report. The Auditors' Independence Declaration would have been expressed in the same terms if it had been given to the directors at the date this audit report was signed.

Audit opinion

In our opinion:

1. the concise financial report of Abacus Group Holdings Limited complies with Accounting Standard AASB 1039 "Concise Financial Reports".
2. the remuneration disclosures that are contained in pages 25 to 28 of the directors' report of Abacus Property Group (the aggregated entity) comply with Accounting Standard AASB 1046 and the *Corporations Regulations 2001*.

Ernst & Young

Mark O'Sullivan
Partner

Sydney, 13 September 2005

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 2005

This concise report has been derived from the full financial report for the year ended 30 June 2005.

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 1800 253 860. 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 investing 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, ('AT' or 'the Trust') submit their report for the Trust for the year ended 30 June 2005.

Directors

The Directors of Abacus, the Responsible Entity of the Trust in office at all times during the financial year and until the date of this report are set out below:

John Thame	Chairman (Non-executive)
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 was investment in commercial, retail and industrial properties and mortgage lending.

Trust Information

Abacus Trust is an Australian registered scheme. Abacus, the Responsible Entity of the Trust, is incorporated and domiciled in Australia. Abacus is a wholly owned subsidiary of Abacus Group Holdings Limited.

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

At balance date, the Trust had nil employees (2004: nil).

Operating Profit

Abacus Trust earned a net profit attributable to unitholders of $37.3 million for the year ended 30 June 2005 (30 June 2004: $35.4 million). This represents an increase of 5.4% over the previous financial year.

Earnings Per Unit

	Year ended 30 June 2005 cents	**Year ended 30 June 2004 cents**
Basic earnings per unit	11.63	13.08

Earnings per unit were affected by the time lag between raising additional capital during the year and the effective investment of that capital.

Distributions

Abacus Trust paid cash distributions to unitholders of $35.1 million (11.5 cents per unit) during the year ended 30 June 2005 (2004: $29.3 million; 10.85 cents per unit). In addition, a distribution of $9.9 million (2.9 cents per unit) was declared and provided for in respect of the quarter ended 30 June 2005. The Abacus Trust funded all distributions to stapled security-holders for the year ended 30 June 2005.

The full year distribution of 11.40 cents per stapled security reflects a 3.4% increase after the deduction of the extraordinary distribution of 0.2 cents due to the need to distribute all the taxable income of the Trust for the year ended 30 June 2004.

Directors' Report continued

Distributions continued

Distributions in respect of the year ended 30 June 2005 were paid to unitholders as follows:

	Cents	$'000
Interim distribution paid 10 November 2004	2.80	8,328
Interim distribution paid 10 February 2005	2.80	8,727
Interim distribution paid 12 May 2005	2.90	9,942
Final distribution paid 10 August 2005	2.90	9,942
Total	**11.40**	**36,939**

Review Of Operations

Overview

AT and Abacus Group Holdings Limited (AGHL) together make up the listed entity Abacus Property Group (APG or 'the Group'). Units in AT and shares in AGHL have been stapled together so that neither can be dealt with without the other. An APG security consists of one unit in AT and one share in AGHL. A transfer, issue or reorganisation of a unit in AT is accompanied by a transfer, issue or reorganisation of a share in AGHL.

AT holds an investment portfolio of commercial, retail and industrial properties and mortgage loan investments.

Operating results

During the financial period under review, the Trust achieved strong asset growth in all its key business activities with total assets increasing $180.2 million to $560.4 million at 30 June 2005.

- The Group acquired three additional properties for an aggregate $124.3 million, including Liverpool Plaza Shopping Centre in Sydney's west, a 50% interest in Santos House, a commercial tower in Adelaide, a commercial building at 50 Miller Street, North Sydney. These acquisitions brought the value of the Trust's total investment property portfolio to almost $318 million at 30 June 2005.
- The revaluation of seven existing properties in the portfolio resulted in a net increase of $12.9 million in the carrying value of investment properties.
- The Abacus Mortgage Fund increased the size of its mortgage book (including accrued interest) by $11.8 million to $56.5 million at 30 June 2005 compared to $44.7 million at 30 June 2004. The Fund has an average loan balance of approximately $2 million and average term of approximately 18-24 months. Loans are provided to both property developers and investors.

The Trust advanced significant funds to AGHL to support the growth of its funds and property management activities, where assets under management (combining assets owned by the Abacus Property Group and assets managed by the Group on behalf of external investors) have grown to approximately $950 million.

The Trust provided loan funds to settle acquisitions and provide working capital in respect of three new managed investment schemes established at the end of the financial year. As at 30 June 2005, the Abacus Trust had advanced approximately $39 million to associated Group entities in respect of these schemes.

Financial Condition

During the financial year, the contributed equity of the Trust increased $80.1 million to $339.8 million. Capital raisings were made through institutional placements in August 2004 (27.00 million securities at $1.18) and December 2004 (31.16 million securities at $1.26) and a Security Purchase Plan for existing security-holders was completed in October 2004 (14.25 million securities at $1.18). This additional capital was directed towards acquisition of property assets or for growth of the Group's funds management business (particularly the Abacus Diversified Income Fund and a number of new managed investment schemes).

Total equity increased $93.4 million to $380.6 million at 30 June 2005 compared to $287.2 million at 30 June 2004. Net tangible assets per security increased 4.7% to $1.11 at 30 June 2005 compared to $1.06 at 30 June 2004.

As at 30 June 2005, existing loan facilities totalled approximately $183.8 million, of which $167.8 million was drawn. The Trust manages interest rate exposure on debt facilities through the use of interest rate swap contracts. At year end, approximately $151.8 million or 90.4% of interest commitments on drawn facilities were fixed at an average interest rate of 7.07% and an average term to maturity of 7.2 years.

As noted above, at 30 June 2005, $39 million had been advanced to new schemes where Abacus is responsible entity. The Trust's net debt gearing ratio (calculated as total interest bearing liabilities less cash assets divided by total assets) was 29.7% at 30 June 2005 (15.9% at 30 June 2004). The Group's gearing ratio will decrease as capital is raised for our new managed investment products and as a result of capital raised on 10 August 2005 from an institutional placement of $55 million.

Units on Issue

342,836,000 units in Abacus Trust were on issue at 30 June 2005 (2004: 270,420,000). Units on issue increased 72,416,000 (27%) during the year ended 30 June 2005.

Fees Paid to the Responsible Entity and Associates

The Abacus Trust paid a management fee out of scheme property to the Responsible Entity of $1.16 million (2004: $1.0 million) for the year ended 30 June 2005. In addition, the Trust paid property management fees to an associate of the Responsible Entity, Abacus Property Services Pty Limited of $0.37 million (2004: $0.33 million) for the year ended 30 June 2005.

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 $93.4 million to $380.6 million at 30 June 2005 compared to $287.2 million at 30 June 2004.

Acquisition of three additional properties for an aggregate $124.3 million, including Liverpool Plaza Shopping Centre in western Sydney in August 2004, a 50% interest in commercial tower Santos House in Adelaide in October 2004 and a commercial building at 50 Miller Street North Sydney in December 2004.

Revaluations of properties during the year resulted in a net increase of $12.9 million.

Significant Events After Balance Date

On 10 August 2005, the Group completed a capital raising of $55.0 million and issued approximately 42.6 million securities at $1.29 per security. Of the total $55.0 million capital raised, an amount of approximately $49.6 million, net of capital raising fees of $1.65 million, was allocated to Abacus Trust.

During August 2005, Abacus Trust exchanged contracts to acquire two additional properties (adjacent to the Group's Liverpool Plaza Shopping Centre) for an aggregate purchase price of $7.3 million.

Other than as disclosed already in this report and to the knowledge of directors, there has been no other matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may affect, the Trust's operations in future financial years, the results of those operations or its state of affairs in future financial years.

Directors' Report continued

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. There has been no known significant breaches of any environmental requirements applicable to the Trust.

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.

Unitholders' Register

The register of unitholders, during the year ended 30 June 2005, has been drawn up and maintained so as to give a true account of the unitholders of the Trust.

Other Disclosures

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

Auditors Independence Declaration

We have obtained an independence declaration from our auditor, Ernst & Young and such declaration is shown on page 87.

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 Bastian
Managing Director

Sydney, 13 September 2005

Discussion and Analysis of the Consolidated Financial Statements

Statement of Financial Performance and Distribution

Total revenue decreased $37.5 million to $52.0 million for the year ended 30 June 2005 largely due to a reduction in revenue from the sale of investment properties ($44.0 million) and interest income from mortgage loans ($2.0 million), offset by increased revenue from rental receipts ($7.9 million).

Rental income remains a primary source of earnings for the Group and management is focussed on the Board's objective of building the property portfolio. This commitment is demonstrated by the acquisition of approximately $125 million of additional investment properties during the year.

The cost of investment properties disposed decreased $41.5 million as no properties were sold during the year ended 30 June 2005.

Borrowing cost expense increased $1.8 million to $8.9 million due to increased external debt borrowings to assist in the acquisition of additional investment properties and used to advance significant funds to AGHL to support the growth of its funds and property management activities.

Bad and doubtful debt expense reflects the change in Group policy adopted in previous years of general provisioning on mortgage investments to a policy of specific provisioning of doubtful debts.

Depreciation and amortisation expenses, salaries and employee benefits expenses and other expenses (including property outgoings) from ordinary activities increased $1.6 million largely as a result of property acquisitions and increased activity of the Trust for the year.

Statement of Financial Position

Total assets increased $180.2 million to $560.4 million at 30 June 2005 compared to $380.2 million at 30 June 2004.

Investment properties increased $137.8 million reflecting the acquisition of the Liverpool Plaza Shopping Centre in Sydney's west, a 50% interest in Santos House, a commercial tower in Adelaide, and a commercial building at 50 Miller Street, North Sydney and the revaluation of seven existing properties in the portfolio.

Other financial assets current and non-current reflect increased loans to AGHL to fund advances to Abacus associated fund management vehicles and joint ventures (particularly Abacus Diversified Income Fund and a number of new managed investment schemes) where total outstanding loans at 30 June 2005 were $52.9 million and third party mortgage loans which increased $6.9 million.

Total liabilities increased $86.8 million to $179.8 at 30 June 2005 compared to $93.0 million at 30 June 2004. Interest bearing liabilities increased $83.8 million to $167.80 million compared to $84.0 million largely reflecting increased borrowings to assist in the acquisition of additional investment properties during the year and used for making advances to AGHL as noted above.

Total equity increased $93.4 million to $380.6 million at 30 June 2005 compared to $287.2 million at 30 June 2004, reflecting additional capital raised during the year and the revaluation of investment properties.

Statement of Cash Flows

Net cash flow from operating activities increased $8.5 million largely reflecting increases in rental receipts ($9.6 million) and mortgage interest receipts ($0.8 million) offset by increases in borrowing costs ($1.7 million).

Cash flow used in investment activities increased $192.7 million largely reflecting increased purchases of investment properties ($124.8 million), increased net third party mortgage loans and advances to AGHL ($25.5 million) and a $42.4 million reduction in the proceeds of disposal of investment properties.

Cash flows from financing activities increased $162.5 million reflecting additional capital raised during the year ($80.1 million) and net increased borrowings ($88.2 million) offset by increased distributions paid ($5.8 million).

Statement of Financial Performance and Distribution

year ended 30 June 2005

		Consolidated	
	Notes	June 05 $'000	June 04 $'000
Statement of Financial Performance			
Revenue from ordinary activities	2	52,053	89,510
Depreciation and amortisation expenses		(188)	(144)
Carrying amount of investment properties disposed		–	(41,497)
Borrowing costs expense		(8,851)	(7,077)
Bad and doubtful debts		881	(449)
Other expenses from ordinary activities		(6,555)	(4,969)
Profit from ordinary activities before income tax expense		37,340	35,374
Net profit attributable to unitholders of Abacus Trust		37,340	35,374
Net increase in asset revaluation reserve		12,935	13,743
Transaction costs on issue of units		(2,454)	–
Total revenues, expenses, and valuation adjustments attributable to unitholders and recognised directly in unitholders' funds		10,481	13,743
Total changes in equity other than those resulting from transactions with unitholders as owners		47,821	49,117
Basic and diluted earnings per unit (cents)		11.63	13.08
Statement of Distribution			
Net operating profit from ordinary activities		37,340	35,374
Net transfer of non-distributable income (to)/from unitholders' funds		(401)	(5,015)
Distributions paid and payable		**36,939**	**30,359**
Distribution per unit (cents per unit)		11.40	11.23

Statement of Financial Position

as at 30 June 2005

	Notes	Consolidated June 05 $'000	June 04 $'000
Current assets			
Cash assets		1,564	23,407
Receivables		2,260	2,561
Other financial assets		56,506	39,637
Other		1,355	785
Total current assets		61,685	66,390
Non-current assets			
Investment properties		317,808	180,035
Other financial assets		180,029	133,752
Other		853	–
Total non-current assets		498,690	313,787
Total assets		560,375	380,177
Current liabilities			
Payables		2,043	896
Interest bearing liabilities		26,750	84,000
Provisions		9,942	8,117
Total current liabilities		38,735	93,013
Non-current liabilities			
Interest bearing liabilities		141,030	–
Total non-current liabilities		141,030	–
Total liabilities		179,765	93,013
Net assets		380,610	287,164
Unitholders' funds			
Contributed equity		339,782	259,672
Asset revaluation reserve		37,680	24,745
Undistributed income	3	3,148	2,747
Total unitholders' funds		380,610	287,164

Statement of Cash Flows

year ended 30 June 2005

	Consolidated	
	June 05 $'000	June 04 $'000
Cash flows from operating activities		
Rental receipts	24,610	14,978
Mortgage interest receipts	6,472	5,650
Bank interest received	959	533
Audit fees paid	(39)	(39)
Responsible entity fees paid	(1,159)	(987)
Custody fees paid	(69)	(54)
Borrowing costs	(8,792)	(7,084)
Operating payments	(757)	(265)
Net cash flows from operating activities	21,225	12,732
Cash flows from investing activities		
Payments for mortgage lending	(196,336)	(175,690)
Proceeds from settlement of mortgage loans	150,371	155,190
Advances (to)/from subsidiaries	–	–
Purchase of investment properties	(125,879)	(1,032)
Disposal of investment properties	–	42,428
Net cash flows from/(used in) investing activities	(171,844)	20,896
Cash flows from financing activities		
Proceeds from issue of units	80,110	–
Repayments of borrowings	(57,000)	(37,000)
Proceeds from borrowings	140,780	32,600
Distributions paid	(35,114)	(29,341)
Net cash flows from/(used in) financing activities	128,776	(33,741)
Net decrease in cash held	(21,843)	(113)
Add opening cash brought forward	23,407	23,520
Closing cash carried forward	1,564	23,407

Notes to the Concise Financial Statements 30 June 2005

1. Basis of Preparation of the Concise Financial Report

The concise financial report has been prepared in accordance with the requirements of the Corporations Act 2001 and Accounting Standards 1039 *Concise Financial Reports.*

The concise financial report has been derived from the Annual Financial Report but 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 concise financial report should be read in conjunction with the Annual Financial Report of Abacus Trust as at 30 June 2005. 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 2005 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

The concise 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. During the year, the method of estimating the provision for doubtful debts has been revised. Previously the general provision for doubtful debts on mortgage loans was established based on 5% of loan interest income. In anticipation of adopting Australian equivalents to International Financial Reporting Standards (AIFRS), the estimate is now based on specific provisions.

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.

Notes to the Concise Financial Statements 30 June 2005

	Consolidated	
	June 05 $'000	June 04 $'000
2. Revenue from Ordinary Activities		
Revenue from operating activities		
Revenue from rental receipts	27,816	19,940
Interest income from investments	22,641	24,601
Fee income from investments	637	486
Revenue from sale of investment properties	–	43,950
Total revenue from operating activities	51,094	88,977
Revenue from non-operating activities		
Bank interest	959	533
Total revenue from non-operating activities	959	533
Total revenue from ordinary activities	52,053	89,510
Gains		
Net gains on disposal of investment properties	–	1,893
3. Additional Information		
Reconciliation of undistributed income		
Balance at the beginning of year	2,747	2,781
Net profit attributable to unitholders	37,340	35,374
Realised asset revaluation reserve	–	(5,049)
Total available for appropriation	40,087	33,106
Distributions provided for or paid	(36,939)	(30,359)
Balance at end of financial year	**3,148**	**2,747**

4. Subsequent Events

On 10 August 2005, the Abacus Property Group completed a capital raising for a total amount of $55 million and issued approximately 42.6 million securities. Of the total capital raised, approximately $51.3 million was allocated to Abacus Trust.

Other than as disclosed already in this report and to the knowledge of directors, there has been no other matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may affect, the Trust's operations in future financial years, the results of those operations or its state of affairs in future financial years.

5. Segment Information

	Property Rental & Sales		Other property-based investments		Consolidated	
	June 05 $'000	June 04 $'000	June 05 $'000	June 04 $'000	June 05 $'000	June 04 $'000
Segment revenue:						
Revenue from customers outside the consolidated entity	27,816	63,890	23,278	25,087	51,094	88,977
Interest revenue					959	533
Total consolidated revenue					52,053	89,510
Segment results:						
Segment result	21,716	17,831	23,516	24,087	45,232	41,918
Interest income					959	533
Borrowing costs					(8,851)	(7,077)
Trust net profit attributable to unitholders					37,340	35,374
Segment assets						
Total assets	323,837	206,785	236,538	173,392	560,375	380,177
Segment liabilities						
Segment liabilities	2,043	882	–	14	2,043	896
Interest-bearing loans					167,780	84,000
Unallocated liabilities					9,942	8,117
Total liabilities					179,765	93,013

6. Impact of adopting Australian Equivalents to IFRS

Abacus Trust has identified key areas impacted by the Australian Equivalents to the International Financial Reporting Standards (AIFRS) and is currently in the final stages of quantifying those impacts.

The opening AIFRS balance sheet as at 1 July 2004 has been completed and will form the basis of accounting under AIFRS in the future and is required for the preparation of Abacus Trust's first fully compliant financial statements for the half year ending 31 December 2005.

Set out below are the key areas where accounting policies are expected to change on adoption of AIFRS including the estimated financial impacts on total equity as at transition date 30 June 2005 and on net profit for the year ended 30 June 2005. The actual effects of transition to IFRS may differ from these estimates when implementation is finalised due to (a) ongoing work being undertaken on AIFRS; (b) potential amendments to AIFRS and interpretations thereof being issued by the standard-setters and IFRIC; and (c) emerging accepted industry practice in the interpretation and application of AIFRS and UIG Interpretations.

Notes to the Concise Financial Statements 30 June 2005

6. Impact of Adopting Australian Equivalents to IFRS continued

(a) Reconciliation of equity as presented under AGAAP to that under AIFRS

		Consolidated	
	Notes	30 June 05 $'000	1 July 04 $'000
Total equity under AGAAP		380,610	287,164
Adjustment to retained earnings (net of tax)			
Amortisation of lease incentives	(i)	464	413
Total equity under AIFRS		381,074	287,577

(i) Under AASB 117 *Leases* and UIG Interpretation 115, lease incentives, irrespective of nature or form or timing of payments, should be amortised over the lease term. The Trust currently amortises lease incentives with the exception of rent-free and rental abatements which when recognised and amortised would increase income in earlier periods.

(b) Reconciliation of net profit under AGAAP to that under AIFRS

		Consolidated
Year ended 30 June 2005	Notes	30 June 05 $'000
Net profit reported under AGAAP		37,340
Revaluation of investment properties	(i)	12,935
Amortisation of lease incentives	(ii)	464
Net profit under AIFRS		50,739

(i) Under AASB 140 *Investment Property*, if investment properties are measured at fair value, gains or losses arising from changes in fair value will be recognised in profit or loss for the period in which they arise. The Trust will continue to value its investment properties at fair value adhering to the standard.

Under the current accounting policy, when investment properties are revalued to fair value, changes in fair value are recognised in the asset revaluation reserve.

(ii) Under AASB 117 *Leases* and UIG Interpretation 115, lease incentives, irrespective of nature or form or timing of payments, should be amortised over the lease term. The Trust currently amortises lease incentives with the exception of rent-free and rental abatements which when recognised and amortised would increase income in earlier periods.

(c) Restated AIFRS Statement of Cash Flows for the year ended 30 June 2005

No material impacts to the cash flows have been identified on transition to AIFRS.

(d) Impact of Other Standards

(i) Under AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement*, financial assets will be classified as either held for trading, held-to-maturity, available for sale or loans and receivables. Depending on the classification, assets will be measured at fair value or amortised cost. Loans and receivables originated by the entity and not held for trading will be accounted for at amortised cost using the effective interest method.

The Trust also has derivative instruments in the form of interest rate swaps which, under the new Standards, would have to be taken up in the balance sheet at fair value. At 30 June 2005, the Trust's interest rate swap agreements with the banks were valued at $4.9 million which would decrease retained earnings at 1 July 2005.

Under AASB 132 *Financial Instruments: Disclosures and Presentation,* contractual obligations are regarded as liabilities if unitholders have the ability to redeem units from the scheme. In the absence of changes to the constitution, all unitholders' funds will be recognised as liabilities of the Trust rather than as equity. The result of this would be to reduce net assets of the Trust to zero. As distributions paid and payable make up a proportion of unitholders' funds, they would be classified as interest expense in the Statement of Financial Performance.

Units in trusts with fixed lives may be classified as debt instead of equity under IFRS. To ensure the Trust is able to continue to classify the units as equity, any necessary amendments to the Trust's constitution will be made. On 6 June 2005, ASIC issued Class Order 05/566 giving relief to facilitate changes to constitutions of listed and unlisted registered schemes that are not subject to mandatory redemption requirements to remove their limited lives without requiring a special resolution of unitholders. The Responsible Entity is now completing the changes to the Trust's constitution and unitholders will be notified accordingly.

The Trust decided to apply the exemption provided in AASB 1 *First time Adoption of Australian Equivalents to International Financial Reporting Standards* which permits entities not to apply the requirements of AASB 132 *Financial Instruments: Presentation and Disclosures* and AASB 139 *Financial Instruments: Recognition and Measurement* for the financial year ended 30 June 2005. The standards will be applied from 1 July 2005.

(ii) Under AASB 118 *Revenue*, the revenue recognition criteria in the sale of goods include requirements that the entity has transferred to the buyer the significant risks and rewards of ownership of the goods and that the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods. Any profit on sale of investment properties is currently recognised as income on exchange of unconditional contracts of sale.

(iii) Under UIG Interpretation 1013 *Consolidated Financial Reports in relation to Pre-Date-of-Transition Stapling Arrangements* at the date of transition, one of the combining entities shall be identified as the parent for the purpose of preparing consolidated financial reports by combining the financial reports of the entities whose securities are stapled. The combined balance sheet shall present the combined equity of the stapled securities as equity without identifying any minority interests. AASB 127 *Consolidated and Separate Financial Statements* will be applied subsequently in preparing the APG's financial reports.

APG has identified AGHL as the parent entity and the consolidated financial reports beginning from the half year ending 31 December 2005 will be under the Company's name. Abacus Trust being a managed investment scheme will continue to prepare its own financial reports.

(iv) The financial impact of AIFRS is not expected to affect the distribution policy of the Trust. It has been the policy of the Trust to align distribution to earned income as closely as possible so that in future, in determining distributable income any material non-cash income or expense items will be excluded in the calculation of distributable profits. The Trust will specifically account for non-cash income or expense items arising from straight-lining of fixed rental increases, amortisation of lease incentives, revaluation movements, mark to market valuation of its derivatives and the effects of any other amortisation of assets.

A reconciliation of net profit after tax to distributable profits will be a requirement prior to providing for or declaring any distribution. In a similar manner, retained earnings will be examined and for internal purposes may have to be categorised to ensure that distributions are paid from distributable profits.

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 2005 is in accordance with Accounting Standards 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 2005.

On behalf of the Board

John Thame
Chairman

David Bastian
Managing Director

Sydney, 13 September 2005

Auditor's Independence Declaration

ERNST & YOUNG

■ The Ernst & Young Centre
680 George Street
Sydney NSW 2000
Australia

GPO Box 2646
Sydney NSW 2001

■ Tel 61 2 9248 5555
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Exchange 10172

Auditor's Independence Declaration to the Directors of Abacus Funds Management Limited

In relation to our audit of the financial report of Abacus Trust for the year ended 30 June 2005, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Mark O'Sullivan
Partner

Sydney, 13 September 2005

Independent Audit Report

ERNST & YOUNG

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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 2005. The consolidated entity comprises both Abacus Trust (the Trust) and the entities it controlled during the year.

The company has disclosed information about the remuneration of directors and executives ("remuneration disclosures"), as required by Accounting Standard 1046 *Director and Executive Disclosures by Disclosing Entities*, under the heading "remuneration report" in pages 25 to 28 of the directors' report of Abacus Property Group (the aggregated entity), as permitted by the *Corporations Regulations 2001*.

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" and whether the remuneration disclosures comply with Accounting Standard AASB 1046 and the *Corporations Regulations 2001*. 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 2005. Our audit report on the full financial report was signed on 13 September 2005, 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. We have given to the directors of the company a written Auditor's Independence Declaration, signed on 13 September 2005 a copy of which is included in the Directors' Report. The Auditors' Independence Declaration would have been expressed in the same terms if it had been given to the directors at the date this audit report was signed.

Audit opinion

In our opinion:

1. the concise financial report of Abacus Trust complies with Accounting Standard AASB 1039 "Concise Financial Reports".
2. the remuneration disclosures that are contained in pages 25 to 28 of the directors' report of Abacus Property Group (the aggregated entity) comply with Accounting Standard AASB 1046 and the Corporations Regulations 2001.

Ernst & Young

Ernst & Young

Mark O'Sullivan
Partner

Sydney, 13 September 2005

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 (Abacus), 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

The board has 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
Phil 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 the Group 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:

Malcolm Irving (chairman) independent
John Thame independent
Dennis Bluth

There were four meetings 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.

The board has 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. Exceptions are limited to participation in a distribution reinvestment plan or a security purchase plan that may be offered from time to time.

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 Group's financial condition and operational results and are in accordance with relevant accounting standards.

The audit committee comprises 3 external directors, two of whom are independent:

Malcolm Irving (chairman)	independent
John Thame	independent
Dennis Bluth	

The audit committee met 5 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 it has 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 may publish 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 security-holder questions about the conduct of the audit and the preparation and content of the auditor's report.

The Group's security-holder 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 4 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 Ernst & Young.

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 two external members (who are not directors):

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

This committee met 31 times during the year.

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 3 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 8 due diligence committee meetings, with all members attending all meetings.

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.

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:

Malcolm Irving (chairman)
John Thame
Dennis Bluth

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.

Principle 10: Recognise the legitimate interests of stakeholders

The Abacus Property Group is committed to meeting its obligations to non-security-holder 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 23 August 2005.

Number of holders of ordinary fully paid stapled securities	6,275
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	8
Secretary, Abacus Funds Management Limited Secretary, Abacus Group Holdings Limited	Sean O'Donoghue
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 7045 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	

Substantial Security-holder Notifications

Security-holders	**Number of Securities**
UBS Nominees Pty Ltd	29,921,651
Deutsche Bank Group	17,387,296

Securities Register

Number of Securities	**Number of Security-holders**
1 – 1,000	46
1,001 – 5,000	387
5,001 – 10,000	928
10,001 – 100,000	4,729
100,001 – over	185

Top 20 Largest Security-holdings

	Security-holders	Number of Securities	% of issued Securities
1	Australian Executor Trustees Limited	45,528,204	11.81
2	National Nominees Limited	40,994,664	10.63
3	ANZ Nominees Limited <Cash Income A/C>	30,548,146	7.92
4	Westpac Custodian Nominees Limited	20,605,426	5.35
5	RBC Global Services Australia Nominees Pty Ltd <BKCUST A/C>	13,336,940	3.46
6	J P Morgan Nominees Australia Limited	13,014,199	3.38
7	RBC Global Services Australia Nominees Pty Ltd <MLCI A/C>	7,131,619	1.85
8	Avanteos Investments Limited <FSP Super Fund A/C>	4,724,077	1.23
9	Assetinsure Pty Ltd	4,683,465	1.21
10	Craig Securities (No. 2) Pty Limited	3,300,000	0.86
11	Kendall Securities (No. 2) Pty Limited	3,300,000	0.86
12	Pluteus (No. 164) Pty Limited	2,730,646	0.71
13	Cogent Nominees Pty Limited	2,300,724	0.60
14	F M Wolf Pty Limited	2,200,600	0.57
15	Citicorp Nominees Pty Limited	1,994,524	0.52
16	Castlecrag Investments (No. 2) Pty Limited	1,886,800	0.49
17	Citicorp Nominees Pty Limited <CFSIL Cwlth Property 6 A/C>	1,767,490	0.46
18	MLEQ Nominees Pty Limited <Unpaid1 A/C>	1,700,000	0.44
19	Avanteos Investments Limited <Avanteos Super Fund No 2 A/C>	1,593,276	0.41
20	RBC Global Services Australia Nominees Pty Ltd <GSJBW A/C>	1,408,669	0.37

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
Level 9 Grosvenor Place
225 George Street
Sydney NSW 2000

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