
ASX ANNOUNCEMENT

Abacus update

The following newsletter is to be sent to all holders of Abacus Property Group securities today.

10 May 2007

Enquiries should be directed to:

Ellis Varejes
Company Secretary
61 2 9253 8600

may '07

ABACUS UPDATE



GLADSTONE ACQUISITION



RYDGES TRADEWINDS

RAPID GROWTH IN ABACUS HOSPITALITY FUND

Launched to retail investors in March with a \$140 million portfolio, the Abacus Hospitality Fund has recently exchanged contracts to buy two more assets, bringing the Fund size to over \$175 million. The Fund now holds five hotels located in Queensland and Christchurch with a total of 1,000 rooms. More information on the portfolio is available from the Abacus website.

The aim of the Hospitality Fund is to build a portfolio of hotels and resorts located primarily in Australia and New Zealand to provide a target total return (income and capital growth) of 10% pa. Our strategy is to acquire well-located assets with potential for earnings growth through increasing occupancy and room rates and reducing operating costs. Day-to-day management of the assets is undertaken by specialist hotel management groups such as Rydges and Accor.

Positive reviews from four independent research houses have underlined the quality of the Hospitality Fund, which is now open for investment. The Fund is paying a quarterly distribution of 8% pa of which more than 90% is tax-deferred. If you are interested in more information, please contact your financial adviser or Abacus.*

*Applications for Abacus Hospitality Fund securities may only be made on the application form that is part of the offer document, available from Abacus or your financial adviser. The issuers of securities in the Abacus Hospitality Fund are Abacus Funds Management Limited and Abacus Hospitality Limited ACN 116 839 304.

ABACUS ADDED TO S&P/ASX 300 INDEX

A major milestone was achieved in March when Abacus Property Group was included in the S&P/ASX 300 Index. This was the result of sustained improvement in the liquidity of the Group's securities stemming from a greater proportion of institutional investors on our register.

Abacus Director-Funds Management, Tom Hardwick, said inclusion in the Index raises our profile with a wider range of investors and analysts and could lead to further growth in the security price. "Abacus is now on the radar of Index funds and other investors who use the Index for investment purposes" he said. "Continued growth in our liquidity and market capitalisation will lead to inclusion in the S&P/ASX 200 Index over time."

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TOP IMAGE IS OF NOVOTEL TWIN WATERS OWNED BY THE HOSPITALITY FUND

ABACUS CONTINUES STRONG PERFORMANCE

Abacus reported another strong half year result, with increasing returns to securityholders through growth in EPS, DPS, net tangible assets per security and security price. Our market capitalisation is now over \$1.1 billion and we have more than \$1.8 billion in assets under management.

Market capitalisation	\$1.1 billion
Annualised DPS	13.0c
Distribution yield (at \$1.97)	6.6%
NTA per security (31/12/06)	\$1.27
Gearing (31/12/06)	29%

ABACUS STORAGE FUND CONTINUES TO GROW

After just eighteen months operation, the Abacus Storage Fund has become one of the largest self storage businesses in Australasia, with total assets of approximately \$200 million.

In its first year, our focus was on acquiring new facilities for the Fund, integrating them into the portfolio and transitioning them onto Storage King management systems. The Fund continues to grow through improving operating profit at the facility level and developing additional storage area at existing facilities (see Thomastown case study).

The Fund's strong performance has enabled us to increase returns to securityholders: the distribution to 8.25% pa (100% tax-deferred) and the issue price from \$1.00 to \$1.03. Completion of the \$75 million equity-raising in December 2006 also acted to increase NTA per security.



Thomastown boosts performance

Thomastown has increased its average rate per square metre by 12% since it was acquired by the Fund in September 2005. After migrating to Storage King systems, its net lettable area was increased from 1,916 m² to 3,056 m² through construction of a new block of 154 storage units completed in November 2006. This new area is already 50% leased, bringing occupancy over the total facility to 76% and rising.

NEW DIRECTOR APPOINTED TO ABACUS



Mr Bill Bartlett joined the Abacus board as an independent director in March. After a long career with professional services firm Ernst & Young, Bill is currently a director of a number of listed companies, including Suncorp-Metway Limited, and is also a director of the Bradman Foundation and Museum.

WODONGA COMMENCES SALES PROCESS

Strong local interest greeted the launch of the first stage of 'White Box Rise', a 173 hectare estate located two kilometres from the Wodonga town centre owned by the Abacus Wodonga Land Fund. The master plan provides more than 1,100 residential lots around a neighbourhood centre with sites for a primary school, supermarket and shops, community centre, retirement village, specialised aged care facility, service station and a bulky goods complex.

Rezoning and planning approval has been granted for the former Defence site which will have a staged release over several years. Civil works (roads, sewerage etc) will commence on the first stage of the project within the next month with completion expected in early 2008.

ROYAL DOMAIN SUCCESSFULLY COMPLETES

The final renounceable sales contracts over residential apartments in Royal Domain Tower will be paid out over the next few months. Abacus clients who entered into the pre-sale agreements earned 22.5% pa on their deposit for 24-36 months, plus bank interest if the deposits were paid by cheque.

Royal Domain Tower is a 42 level luxury development occupying a prime location opposite the Melbourne Shrine of Remembrance and Botanic Gardens, close to the CBD and central to many popular amenities, including entertainment venues, recreational facilities, prestigious schools and shopping centres.

