Abacus PROPERTY GROUP

ASX ANNOUNCEMENT

FUNDS MANAGEMENT UPDATE – MAY 2007

ACQUISITION OF THE SWISSÔTEL, SYDNEY

Abacus Property Group is pleased to announce that it has today exchanged contracts to acquire the five star Swissôtel Sydney for $85 million on behalf of the Abacus Hospitality Fund.

With this acquisition, Abacus has added more than $164 million of property to its Hospitality and Diversified funds in recent months.

ABACUS HOSPITALITY FUND

The Abacus Hospitality Fund was launched to retail investors in March 2007 with gross assets of $140 million. Since its launch, Abacus has exchanged contracts to acquire an additional three hotels for $119.25 million, bringing the Fund's total assets to approximately $265 million.

The Swissôtel Sydney is being acquired for $85 million. This centrally located Sydney hotel comprises 359 rooms, conference facilities for up to 1,100 delegates, a café, bar, restaurant and spa facilities. It will continue to be managed by Swissôtel Hotels & Resorts which operates 22 luxury hotels worldwide. Swissôtel is one of four brands owned by Fairmont Raffles Holdings International, a global hotel company that owns and operates 120 hotels across 25 countries. The property will settle in early July 2007. The sale was managed by David Gibson of Jones Lang LaSalle Hotels.

The Fund has also recently exchanged contracts to acquire two hotel properties located in Queensland, both of which should settle in June 2007.

The Southbank Hotel and Convention Centre in Townsville is being acquired for $18.75 million. This property comprises a nine level, four star hotel of 98 rooms on 7,484 square metres in central Townsville. The property also includes a purpose built convention facility with capacity for more than 850 delegates, three restaurants and bars, pools and a spa. Abacus has appointed Rydges Hotels Ltd to manage the property on the Fund's behalf, and it will be renamed Rydges Southbank Townsville.

The Country Plaza International Hotel in Gladstone is being acquired for $15.5 million. This acquisition comprises a six level, four star hotel property of 73 rooms, together with an adjoining property with 22 self-contained suites, located in central Gladstone. The hotel property, which has benefited from a recent refurbishment, also includes convention facilities with capacity for more than 350 delegates, a restaurant, bar and pool. Abacus has appointed Rydges Hotels Ltd to manage the property on the Fund's behalf, and it will be renamed Rydges Gladstone.

Abacus is also pleased to advise that the room refurbishment program at the Novotel Twin Waters Resort has commenced, with approximately 14% of the resort's rooms refurbished and another 13% under refurbishment. We are hoping to have completed the bulk of the room refurbishment program by late this year.

The expanded portfolio for the Abacus Hospitality Fund is shown in the following table.

PROPERTY	LOCATION	VALUE/PRICE	ROOMS	MANAGER
Swissôtel	Sydney CBD, NSW	$85.0 M	359	Swissôtel
Novotel Twin Waters	Sunshine Coast, QLD	$64.0 M	374	Accor
Rydges Tradewinds	Cairns, QLD	$39.5 M	246	Rydges
Rydges Southbank Townsville	Townsville, QLD	$18.8 M	98	Rydges
Rydges Gladstone	Gladstone, QLD	$15.5 M	95	Rydges
Chateau on the Park	Christchurch, NZ	NZ$35.0 M	193	Internal

Since the Fund's launch to retail investors in March 2007, we have been very pleased with the response from the financial planning clients and the property research groups that have assessed the offer. We are currently working through the process of having the Fund added to the approved product lists for our financial planning groups, and advise that over ten dealer groups have now approved the Fund for distribution and retail inflows have commenced.

The Fund is offering investors a quarterly distribution of 8% pa, of which more than 90% is tax-deferred.

ABACUS MILLER STREET FUND

Following the successful leasing of 80% of the office space at 50 Miller Street, North Sydney to the National Australia Bank, we are preparing to launch a special opportunity fund to provide sophisticated and professional investors with the opportunity to co-invest in the ownership of this asset with Abacus.

The property comprises 9,784 square metres of office space over ten levels, 650 square metres of ground floor retail and 76 car spaces. While negotiations are well advanced on the two remaining floors that will become vacant in November 2007, any unleased area will be covered by an Abacus rental guarantee.

The property has been valued by Savills at $70 million on the basis that the property is fully leased to NAB for 10 years and that Abacus funds the costs of all capital improvements, refurbishment works, lease incentives and leasing fees in respect of the NAB Lease.

Investors in the fund will receive an initial yield of 6.5% and tax-deferral of 100%.

Abacus is planning to retain a 20-30% interest in this fund, which should be launched next week.

ABACUS DIVERSIFIED INCOME FUND II

We have also been active in continuing to grow the Abacus Diversified Income Fund II. The Fund will be launched to retail clients shortly with $195 million of gross assets, including 19 properties worth approximately $150 million. Recent property acquisitions for this Fund include:

LOCATION	STATE	SECTOR	PURCHASE PRICE	NLA
Townsville	QLD	office	$8.3 M	2,350 m^2
Northmead	NSW	industrial	$10.5 M	5,687 m^2
Chullora	NSW	industrial	$8.5 M	6,108 m^2
Southport	QLD	office	$12.0 M	2,958 m^2
Rockdale	NSW	office	$6.4 M	2,694 m^2

TOTAL ASSETS UNDER MANAGEMENT

On completion of the above transactions, Abacus will have approximately $2.0 billion of assets under management, comprised of $0.9 billion of assets in externally managed funds and $1.1 billion of assets on balance sheet.

25 May 2007

Enquiries should be directed to:

Ellis Varejes
Company Secretary
61 2 9253 8600