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ASX ANNOUNCEMENT

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Abacus Group Projects Limited
ACN 104 066 104

Abacus Funds Management Limited
ACN 007 415 590

Abacus Property Services Pty Limited
ACN 050 739 001

Abacus Annual General Meeting

Following is the prepared address and supporting slides to be delivered to the Abacus Property Group Annual General Meeting being held this morning.

14 November 2008

Ellis Varejes
Company Secretary
612 9253 8600

Abacus Property Group

Annual General Meeting 14 November 2008

Presentation by Managing Director, Dr Frank Wolf

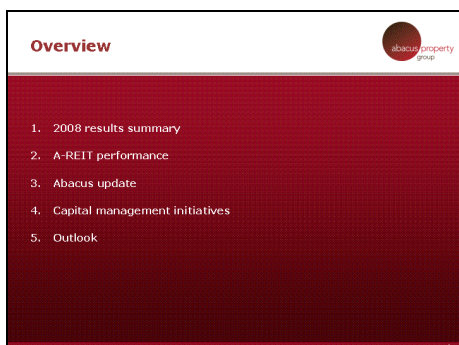


This time last year my address to the AGM was straightforward. Abacus results for the 2007 financial year were excellent and we were carrying out business in an environment that supported our outlook for continued steady growth.

This year Abacus has again performed very well, with excellent profit results for the 2008 financial year. But the environment we operate in couldn't be more different. The global financial market crisis has significantly impacted the level of business activity – including property transactions. These factors, combined with several large capital raisings have caused a large fall in the security prices of most listed property groups.

Our current security price reflects a 74% discount to reported NTA. It goes without saying that the current price does not reflect the true value of our business.

The causes of the global meltdown have been widely reported. The search for yield in a sustained period of low global interest rates and subsequent increased risk eventually led to what many now describe as the most tumultuous period in financial markets that we have ever seen.



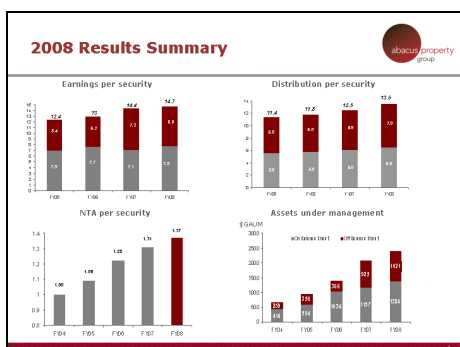
My presentation today will provide a brief overview of our 2008 results and the performance of the A-REIT sector before moving on to discuss our response to the particular issues that face us today and why we believe Abacus represents a sound investment.

2008 Results Summary			
	Jun 08	Jun 07	Change
Total Income (including fair value adjustments)	\$139.4m	\$181.8m	-24% ¹
Normalised Net Profit After Tax ¹	\$92.0m	\$79.8m	+15%
Normalised Earnings Per Security ¹	14.7c	14.4c	+2%
Distributions Per Security	13.5c	12.5c	+8%

	Jun 08	Jun 07	Change
Total Assets	\$1,647m	\$1,270m	+30%
Net Tangible Assets per Security	\$1.37	\$1.32	+4%
Gearing ²	37.5%	30.0%	+7.5%

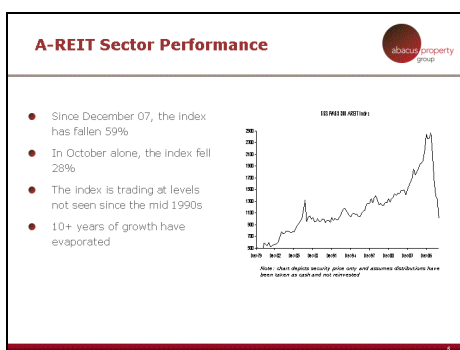
1. Normalised earnings have been calculated by adding back non-cash AFRD adjustments to after tax profit.
2. Gearing calculated as net debt divided by total assets minus cash. 30 June values assets and debt are percentages consolidated into Abacus. "Net through" gearing would be 29.7% at 30 June. Gearing increased during the half primarily due to the inclusion of Storage and Farm Bay assets. Post consolidation of these assets and other acquisitions in FY08, gearing is expected to be between 20% and 22%.

Abacus performed well in the 2008 financial year. You can see from the slide that net profit increased by 15% and total assets increased by 30%.



Earnings per security increased to 14.7 cents and net tangible assets per security increased to \$1.37.

So, why has the Abacus share price fallen so dramatically?



Since December 2007 the A-REIT 300 Index has fallen by 59% and more than 10 years of growth has evaporated. In October alone the A-REIT index fell by 28%, in October the stock market in Australia experienced its worst monthly decline in 50 years.

Causes of Such Poor Sector Performance 

- As the credit crisis worsened over the course of 2008, some clear trends have emerged:
 - Liquidity in debt markets has been dramatically affected since the events in the US in early September
 - The availability and the cost of debt is now quite problematic, notwithstanding falling interest rates
 - The likelihood of a significant slowing in the Australian economy and potentially a recession has materialised
 - There has been a dramatic fall in direct property transactions due to the scarcity of capital, the likelihood of a decline in property valuations and the subdued economic outlook
 - Declining property values are putting pressure on A-REIT banking covenants

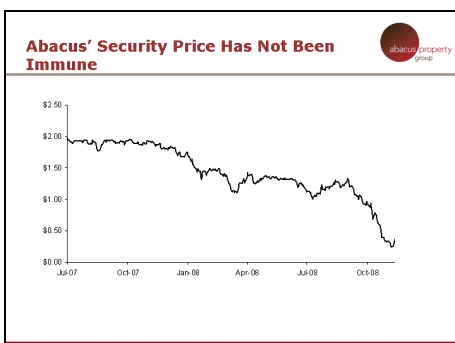
There are several reasons for the poor performance of the A-REIT sector and these include:

- liquidity in debt markets has been dramatically affected since the events in the US in early September;
- the availability and the cost of debt is now quite problematic, notwithstanding falling interest rates;
- the likelihood of a significant slowing in the Australian economy and potentially a recession has materialised;
- there has been a dramatic fall in direct property transactions due to the scarcity of capital, the likelihood of a decline in property valuations and the subdued economic outlook; and
- declining property values are putting pressure on A-REIT banking covenants.

Causes of Such Poor Sector Performance 

- In response to these factors we have seen:
 - Material declines in equities markets globally
 - Significant reductions in earnings forecasts across the A-REIT sector
 - Distributions have been reduced accordingly
 - Over \$3.5 billion in capital has been raised by many of the largest A-REITs
 - A number of A-REITs have entered administration/receivership
 - Incredible pricing volatility
 - Capital exiting the sector

In response to these factors we have seen declines in equities markets globally, decreases in distributions, significant pricing volatility and capital exiting the sector.



In line with the sector, the Abacus security price has suffered a significant decline in value over the period since July 2007 and, while the Group had been outperforming the index in the period to September 2008, there has been a significant decline in the Group's security price since early September 2008.

Current Investment Fundamentals

Based on yesterday's closing price of \$0.35, Abacus offers Investors:

- A 40% distribution yield (at current DPS of 3.5c per quarter)
- A 74% discount to the 30 June 2008 NTA of \$1.37
- An FY08 PE Ratio of 2.4 times normalised after tax earnings
- A 68% discount to our November 2002 IPO price

Based on yesterday's closing price of 35c, Abacus is trading on:

- A 74% discount to the 30 June NTA of \$1.37;
- An FY08 PE ratio of 2.4 times normalised after tax earnings; and
- A 68% discount to the Group's IPO price of \$1.10 in November 2002.

How are we responding to these changed conditions?

To address these challenges, the Abacus Board will implement the following capital management initiatives:

- reduce the FY09 distribution to reflect the Group's recurrent EBITDA and a conservative estimate of likely transactional earnings;
- retain additional transactional earnings to enhance the Group's balance sheet position and when appropriate, to fund future growth or a security buy back scheme;
- seek to introduce additional flexibility into the terms of the Group's bank debt facilities so that they more contemporaneous with the current environment; and
- undertake asset sales and maximise participation in the distribution re-investment program to further reduce gearing.

We believe that these ongoing initiatives will provide the Group with adequate flexibility to meet the challenges of the current economic environment, to continue operating within banking covenant limits and in time, position Abacus to take advantage of the property investment opportunities that will emerge as liquidity returns to the capital markets.

Earnings and Distribution Outlook

Since Abacus listed on the ASX six years ago, our normalised earnings have comprised a mix of recurring income (eg. rental receipts, management fees, interest on loans) and transactional income (eg. property sales, new funds management initiatives, joint venture profits, performance fees). In recent years, recurring earnings have averaged 60-70% of Group EBITDA.

The declining liquidity in both the capital markets and the direct property market is having an adverse impact on our ability to sustain historical levels of transactional activity. Thus, the earnings outlook for the Group is less certain than it has been in the past.

While Abacus does not provide earnings forecasts, it is clear that the current economic environment will have an adverse impact on the Group's ability to complete transactions this year and, this will result in an adverse impact on our normalised profit.

Given this outlook, Abacus will reduce its FY09 distribution to 8.75 cents per security, which reflects the recurrent earnings of the business and a conservative estimate of likely transactional earnings.

The 8.75 cents distribution for the 2009 financial year will comprise the 3.5 cents paid for the September quarter and 1.75 cents for the remaining three quarters.

The distributions to be paid for the 2010 financial year will similarly comprise the recurrent earnings of the business and a conservative estimate of likely transactional earnings for the 2010 year. The Board will announce the distributions for the 2010 year on or before the release of the 2009 annual results, when it has had time to assess the likely longer term effects of the current credit crisis on Abacus' business and the markets within which it operates. We expect that the 2010 distribution will be at least 7 cents – and potentially higher based on the outlook for recurrent and transactional earnings at the time.

We intend to adhere to Abacus' past practice of paying distributions out of normalised earnings, and generating normalised earnings that exceed the distributable amount.

The Board's decision to reduce the distribution has not been taken lightly. We have taken great pride in the steady growth of Abacus distributions over the past seven years and we are well aware that many of our retail investors rely on the regular quarterly distributions that we provide.

However, Abacus is operating in an environment which none of us have ever experienced before and we believe that the most prudent course of action in such uncertain times is for the Group to maximise its cash position and strengthen its balance sheet. Reducing the quarterly distribution as detailed above will contribute to this objective.

Retention of Surplus Transactional Earnings

The Group will continue to generate transactional earnings through its property investment, funds management, property finance and joint venture activities.

In the future, where such earnings exceed the Group's distribution requirements, Abacus will use the surplus transactional earnings to strengthen the Group's balance sheet position and, where appropriate, to fund future growth.

Where appropriate growth opportunities do not exist, the Board will utilise the surplus transaction earnings to either buy back the Group's securities or distribute the transactional earnings as special distributions to securityholders. Given the current trading price of the Group's securities, we believe that there is no better investment offering us a better return than buying back Group securities. Where appropriate growth opportunities do not exist, we may look to distribute transactional earnings back to our securityholders,

Update of bank debt facilities

Abacus has approximately \$50 million of bank debt maturing this financial year which relates to the self storage assets which are being externalised this half, and we anticipate refinancing arrangements for this debt to be finalised shortly. Beyond this the next maturity will not be until the 2010 financial year, where approximately \$150 million will require refinancing.

Group gearing relative to bank debt remains at approximately 37.5% today and we are working on a number of initiatives that will see this revert to our preferred range of 30-35% by December. Abacus continues to remain in compliance with its banking covenants.

We have recently concluded a review of the terms of our banking covenants and identified a number of aspects that are inconsistent with general industry practice and creating some inflexibility for the Group. For example, the Group balance sheet gearing covenant at 45% is significantly below the broader market practice of group gearing covenants typically greater than 55%.

We have initiated discussions with our banks to revise some aspects of the terms of the club facility and are confident that these discussions will be formalised shortly. In addition, we are working on a number of initiatives that should see Group gearing under the covenant definition reduce to approximately 40% by the end of December.

Sourcing Additional Capital

In the current environment, the Board believes that it is prudent to maximise the amount of capital available to the Group to strengthen its balance sheet position.

The Board's preferences for sourcing such capital are:

- Continuing with our asset sales program in accordance with our existing business plan;
- Generating equity inflows into our funds management business;

- Retaining capital received on the repayment of mortgage loans rather than re-lending it; and
- Enhancing the attractiveness of our distribution reinvestment program by increasing the discount.

We believe that these initiatives should give the market confidence in our ability to fund our activities and attention will turn once more to the traditional strengths of the Abacus business.

Abacus business model

The Abacus business model has been very successful over many years. Our four business units are based on our core expertise in acquiring and managing property.

- The primary property portfolio remains sound;
- The funds management business continues to grow;
- We maintain a cautious approach to our mortgage business; and
- We continue to progress our joint venture projects.

We have a very experienced team with a strong corporate governance ethic. We benefit from a stable board of directors with extensive experience across property and finance and a highly skilled management team.

We have a strong asset base and portfolio of activities providing recurrent income which underpins our distributions going forward.

Our 12 year track record in funds management and the relationships forged over that time are a major strength of this business and continue to attract support for our products despite the difficult conditions.

We also have developed strong relationships with key partners with specialist expertise – in specialised industry sectors such as self-storage facilities and hotel properties, and in specific locations and projects. These relationships enable us to leverage our core property and funds management skills.

I would now like to turn to our investment approach as it is a primary determinant of our long-term performance.

Abacus has a conservative – some say cautious – approach to property investment.

Our focus on assets that embody fundamental real estate value has not wavered in the more than 12 years Abacus has been operating. It has proved highly successful – in part because it has led us to assets that may be misunderstood and hence, mispriced by the market.

We try to identify well-located properties with temporary shortcomings in their tenancy, physical attributes, capital structures, market position and/or management. By buying well and actively managing the asset to correct the identified flaws, we can increase the level of income and enhance the capital value.

The approach is inherently flexible. By focussing on underlying value, we have made investments in a highly diversified range of properties – in different property sectors and in different types of assets within sectors, in various geographic locations within Australia, from capital cities to regional centres. We have acquired single properties, small portfolios of assets and interests in larger assets.

We have invested in new sectors of the property market, anticipating promising opportunities before they have become widely recognised. In particular, the specialised areas of self-storage facilities and hotel properties have been identified as providing value. In these specialised areas we have developed relationships with key partners with specific expertise to ensure assets are managed to their full potential and that new opportunities are identified and utilised.

Outlook

Looking ahead, we expect the adverse economic conditions to produce both challenges and opportunities. Through the initiatives we have announced today, we are seeking to strengthen our balance sheet so that we can better avail ourselves of these opportunities.



AGM Presentation

14 November 2008
Sydney, NSW

Overview



- 1. 2008 results summary**
- 2. A-REIT performance**
- 3. Abacus update**
- 4. Capital management initiatives**
- 5. Outlook**

2008 Results Summary



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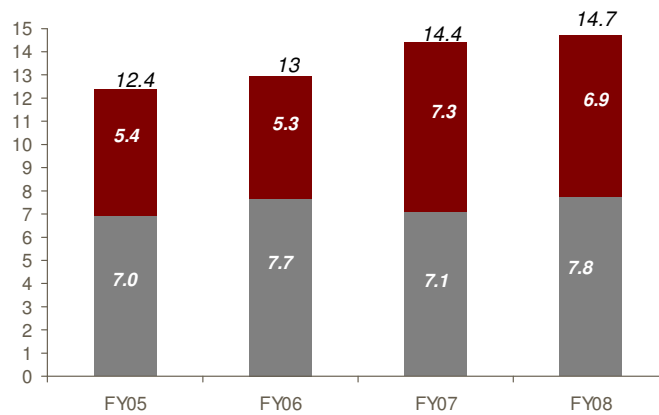
1. Normalised earnings have been calculated by adding back non-cash AIFRS adjustments to after tax profit.

2. Gearing calculated as net debt divided by total assets minus cash. If joint venture assets and debt are proportionately consolidated into Abacus, "look through" gearing would be 39.7% at 30 June. Gearing increased during the half primarily due to the incubation of Storage and Fern Bay assets. Post syndication of these assets and other transactions in H109, gearing is expected to be between 30% and 33%.

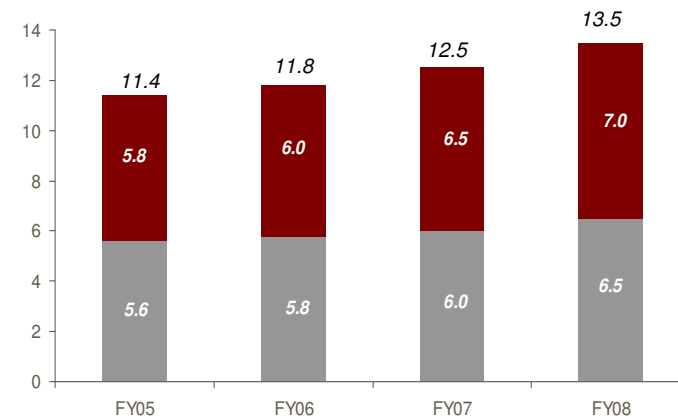
2008 Results Summary



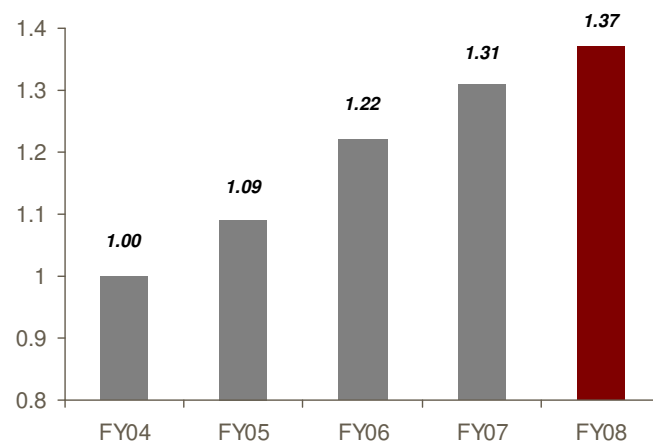
Earnings per security



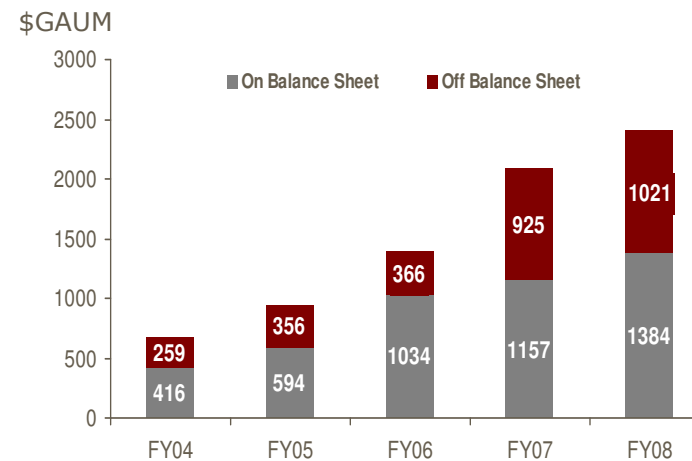
Distribution per security



NTA per security



Assets under management



A-REIT Sector Performance



- Since December 07, the index has fallen 59%
- In October alone, the index fell 28%
- The index is trading at levels not seen since the mid 1990s
- 10+ years of growth have evaporated



Note: chart depicts security price only and assumes distributions have been taken as cash and not reinvested

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Abacus' Security Price Has Not Been Immune



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Disclaimer



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Statements made in this presentation are made as of the date of the presentation unless otherwise stated.

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