

# ABACUS STORAGE PROPERTY TRUST

## ANNUAL FINANCIAL REPORT

30 JUNE 2009

### Directory

**Responsible Entity:**

Abacus Storage Trusts Management Limited  
Level 34, Australia Square  
264-278 George Street  
SYDNEY NSW 2000  
Tel: (02) 9253 8600  
Fax: (02) 9253 8616  
Website: www.abacusproperty.com.au

**Directors of Responsible Entity:**

John Thame, Chairman  
Frank Wolf, Managing Director  
David Bastian  
Dennis Bluth  
Malcolm Irving  
Len Lloyd

**Company Secretary:**

Ellis Varejes

**ARSN: 111 629 559**

**Custodian:**

Perpetual Trustee Company Limited  
Level 12 Angel Place  
123 Pitt Street  
SYDNEY NSW 2000

**Share Registry:**

Registries  
Level 7  
207 Kent Street  
SYDNEY NSW 2000  
Tel: 1300 737 760  
Fax: 1300 653 459

**Auditor:**

Ernst & Young  
Ernst & Young Centre  
680 George Street  
SYDNEY NSW 2000

**Compliance Plan Auditor:**

Ernst & Young  
Ernst & Young Centre  
680 George Street  
SYDNEY NSW 2000

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It is recommended that this Annual Financial Report should be read in conjunction with the Annual Financial Reports of Abacus Storage Fund for the year ended 30 June 2009. It is also recommended that the report be considered together with any public announcements made by the Abacus Storage Fund in accordance with its continuous disclosure obligations arising under the Corporations Act 2001.

## DIRECTORS' REPORT

30 June 2009

The Directors of Abacus Storage Funds Management Limited, the Responsible Entity of the Abacus Storage Property Trust ("ASPT" or the "Trust") submit their report for the Trust for the year ended 30 June 2009 and the auditors report thereon.

### DIRECTORS

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

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

### PRINCIPAL ACTIVITIES

The principal activity of ASPT during the year ended 30 June 2009 was the ownership and operation of self-storage facilities in Australia and New Zealand.

### TRUST STRUCTURE

The Trust as printed in this financial report is ASPT and the trust it controls.

The Abacus Storage Fund (ASF) represents the consolidation of Abacus Storage Operations Limited (ASOL) and ASPT. Units in ASPT and shares in ASOL have been stapled together so that neither can be dealt without the other. An ASF security consists of one unit in ASPT and one share in ASOL. A transfer, issue or reorganisation of a unit or share in any of the component parts is accompanied by a transfer, issue or reorganisation of a unit or share of the other component parts.

ASPT is an Australian registered managed investment scheme. Abacus Storage Funds Management Limited, the Responsible Entity of ASPT, is incorporated and domiciled in Australia and is a wholly owned subsidiary of Abacus Group Holdings Limited.

### REVIEW AND RESULTS OF OPERATIONS

ASPT incurred a net loss attributable to unitholders of \$10.9 million for the year ended 30 June 2009 (2008: \$19.9 million profit). This loss has been calculated in accordance with Australian Accounting Standards and includes certain significant items that need adjustment to enable unitholders to obtain an understanding of the Trust's underlying profit of \$3.2 million (2008: \$3.9 million profit).

# ABACUS STORAGE PROPERTY TRUST

## DIRECTORS' REPORT

30 June 2009

### REVIEW AND RESULTS OF OPERATIONS (continued)

The Underlying profit reflects the statutory loss as adjusted in order to present a figure which reflects the Directors' assessment of the result for the ongoing business activities of the Trust, in accordance with the AICD / Finsia principles for reporting Underlying Profit.

	2009	2008
	\$'000	\$'000
<b>Statutory net (loss) / profit attributable to unit holders</b>	(10,870)	19,872
<b>Certain significant items:</b>		
Net change in fair value of investments held at balance date	5,301	(15,370)
Net change in fair value of derivatives	8,752	(582)
<b>Underlying profit</b>	<b>3,183</b>	<b>3,920</b>

The statutory loss was principally caused by a devaluation of the property portfolio by \$5.3 million and adverse fair value movements of \$8.8 million in the Fund's interest rate swap book, which is used to fix the cost of borrowings and align borrowings with the net revenue earned by the portfolio. The 4.25% fall in official interest rates during the year was unprecedented. It resulted in a fair value adjustment in the accounts from an asset of \$4.7 million at 30 June 2008 to a liability of \$4.1 million at 30 June 2009, a fair value decrement of \$8.8 million which was taken to profit and loss.

### DISTRIBUTIONS

Distributions in respect of the year ended 30 June 2009 were \$6.7 million (June 2008: \$6.3 million), which is equivalent to 8.50 cents per stapled security (June 2008: 8.25 cents). Further details on the distributions are set out in note 8 of the financial statements.

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Net assets and total equity decreased to \$86.6 million reflecting the property revaluations and movement in the Trust's swap book ended during the year 30 June 2009.

The Trust acquired the following additional assets in December 2008 from the Abacus Property Group:

- 148 Evans Road, Salisbury Qld, Australia
- 1 Regiment Court, Thuringowa, Qld, Australia
- 8-10 Ingham Road, West End, Qld, Australia
- Lot 5 Darcy Drive, Idalia, Qld, Australia
- 161-169 Bayswater Road, Currajong, Qld, Australia
- 4-8 Catalyst Court, Mt St John, Qld, Australia
- 989 Fairfield Road, Yeerongpilly, Qld, Australia
- 31 Ruakura Road, Hamilton, New Zealand

The Trust operates within Australia and New Zealand and now holds an investment portfolio of 38 self-storage facilities at 30 June 2009.

### INDIRECT COST RATIO

The Indirect Cost Ratio (ICR) is the ratio of the Trust's management costs over the Trust's average net assets attributed for the year, expressed as a percentage.

Management costs include management fees, custody fees and other expenses or reimbursements deducted in relation to the Trust, but do not include transactional or operation costs.

The ICR for the Trust for the year ended 30 June 2009 was 1.30% (2008: 2.03%)

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**DIRECTORS' REPORT**

30 June 2009

**SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS (continued)**

**UNITS ON ISSUE**

At 30 June 2009, 81,943,518 units in ASPT were on issue (2008: 77,045,973). The number of units issued during the year are disclosed in note 16.

**TRUST ASSETS**

At 30 June 2009 ASPT held assets to a total value of \$312.9 million (2008: \$227.5 million). The basis for valuation of the assets is disclosed in Note 2 to the financial statements.

**FEES PAID TO THE RESPONSIBLE ENTITY AND ASSOCIATES**

ASPT paid a management fee of \$1,015,987 to the Responsible Entity for the year ended 30 June 2009 (2008: \$1,823,460).

**SIGNIFICANT EVENTS AFTER BALANCE DATE**

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, the Trust's operations in future financial periods, the results of those operations or the Trust's state of affairs in future financial periods.

**LIKELY DEVELOPMENTS AND EXPECTED RESULTS**

In the opinion of the Directors, disclosure of any further information on future developments and results than is already disclosed in this report or the financial statements would be unreasonably prejudicial to the interests 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 industry standards. No breaches of requirements or any environmental issues have been discovered and brought to the board's attention. There has been no known significant breaches of any environmental requirements applicable to the Trust.

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**DIRECTORS' REPORT**

30 June 2009

**AUDITORS INDEPENDENCE DECLARATION**

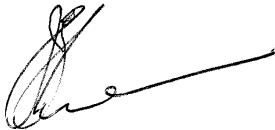
We have obtained an independence declaration from our auditor, Ernst & Young, and such declaration is shown on page 6.

**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 Trust under ASIC Class Order 98/100. The Trust is an entity to which the Class Order applies.

Signed in accordance with a resolution of the directors.

Abacus Storage Funds Management Limited (ABN 66 007 415 590)



John Thame  
Chairman



Frank Wolf  
Managing Director

Sydney, 24 September 2009

## Auditor's Independence Declaration to the Directors of Abacus Storage Funds Management Limited, the Responsible Entity for Abacus Storage Property Trust

In relation to our audit of the financial report of Abacus Storage Property Trust for the financial year ended 30 June 2009, 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.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script that reads 'K. Zdrilic'.

K. Zdrilic  
Partner  
24 September 2009

# ABACUS STORAGE PROPERTY TRUST

## CONSOLIDATED INCOME STATEMENT

YEAR ENDED 30 JUNE 2009

	Notes	CONSOLIDATED		PARENT	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>REVENUE</b>					
Rental income		16,708	15,676	11,129	10,015
Foreign currency exchange gain/ (loss)		27	303	(11)	1,819
Finance income		1,001	38	5,232	4,414
<b>Total Revenue and Other Income</b>		<b>17,736</b>	<b>16,017</b>	<b>16,350</b>	<b>16,248</b>
Finance costs	6	(12,220)	(8,747)	(12,220)	(8,747)
Net change in fair value of investments held at balance date		(5,301)	15,370	(5,020)	19,007
Net change in fair value of derivatives		(8,752)	582	(8,752)	582
Management fees		(1,016)	(1,823)	(723)	(1,516)
Other expense		(1,317)	(795)	(1,299)	(786)
<b>PROFIT / (LOSS) BEFORE TAX</b>		<b>(10,870)</b>	<b>20,604</b>	<b>(11,664)</b>	<b>24,788</b>
Income tax benefit / (expense)	7	-	(732)	-	-
<b>NET PROFIT / (LOSS) ATTRIBUTABLE TO UNITHOLDERS</b>		<b>(10,870)</b>	<b>19,872</b>	<b>(11,664)</b>	<b>24,788</b>
Basic and diluted earnings per unit (cents)	9	(13.81)	26.22		

**ABACUS STORAGE PROPERTY TRUST**

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**CONSOLIDATED DISTRIBUTION STATEMENT**

**YEAR ENDED 30 JUNE 2009**

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	Notes	CONSOLIDATED		PARENT	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>STATEMENT OF DISTRIBUTION</b>					
Net profit/ (loss) attributable to unit holders		(10,870)	19,872	(11,664)	24,788
Transfer from /to retained earnings		17,594	(13,609)	18,388	(18,525)
<b>Distributions paid and payable</b>	<b>8</b>	<b>6,724</b>	<b>6,263</b>	<b>6,724</b>	<b>6,263</b>
Distribution per unit (cents per security)	8	8.50	8.25	8.50	8.25
<b>Weighted average number of units ('000)</b>	<b>9</b>	<b>78,691</b>	<b>75,778</b>	<b>78,691</b>	<b>75,778</b>

# ABACUS STORAGE PROPERTY TRUST

## CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2009

	Notes	CONSOLIDATED		PARENT	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	10	92	239	91	237
Trade and other receivables	11	16,686	11,102	20,936	9,184
Prepayments and other assets	12	1,039	1,354	1,036	1,354
<b>TOTAL CURRENT ASSETS</b>		<b>17,817</b>	<b>12,695</b>	<b>22,063</b>	<b>10,775</b>
<b>NON-CURRENT ASSETS</b>					
Investment properties	13	256,985	214,808	187,441	152,929
Investment in subsidiary	21	-	-	17,732	17,732
Loan to subsidiaries		-	-	42,501	42,075
Loan – Abacus Storage Operations Limited		38,079	-	38,079	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>295,064</b>	<b>214,808</b>	<b>285,753</b>	<b>212,736</b>
<b>TOTAL ASSETS</b>		<b>312,881</b>	<b>227,503</b>	<b>307,816</b>	<b>223,511</b>
<b>CURRENT LIABILITIES</b>					
Trade and other payables	14	20,696	13,121	20,569	12,969
Interest-bearing loans and borrowings	15 a	8,895	42,819	8,895	42,819
Provision for distributions	8 b	1,793	1,589	1,793	1,589
<b>TOTAL CURRENT LIABILITIES</b>		<b>31,384</b>	<b>57,529</b>	<b>31,257</b>	<b>57,377</b>
<b>NON-CURRENT LIABILITIES</b>					
Interest-bearing loans and borrowings	15b	190,783	75,923	190,783	75,923
Derivatives at fair value		4,097	(4,655)	4,097	(4,655)
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>194,880</b>	<b>71,268</b>	<b>194,880</b>	<b>71,268</b>
<b>TOTAL LIABILITIES</b>		<b>226,264</b>	<b>128,797</b>	<b>226,137</b>	<b>128,645</b>
<b>NET ASSETS</b>		<b>86,617</b>	<b>98,706</b>	<b>81,679</b>	<b>94,866</b>
<b>TOTAL EQUITY</b>		<b>86,617</b>	<b>98,706</b>	<b>81,679</b>	<b>94,866</b>
<b>Total equity attributable to unitholders of ASPT:</b>					
Contributed equity	16	69,049	63,849	69,049	63,849
Foreign currency translation reserve		(2,395)	(2,699)	-	-
Retained earnings		19,963	37,556	12,630	31,017
<b>Total equity attributable to members of ASPT</b>		<b>86,617</b>	<b>98,706</b>	<b>81,679</b>	<b>94,866</b>

## ABACUS STORAGE PROPERTY TRUST

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 30 JUNE 2009

	Issued capital \$'000	Foreign currency translation \$'000	Retained earnings \$'000	Total Equity \$'000
<b>CONSOLIDATED</b>				
<b>At 1 July 2008</b>	<b>63,849</b>	<b>(2,699)</b>	<b>37,556</b>	<b>98,706</b>
Foreign currency translation	-	304	-	304
Total income and expense for the year recognised directly in equity	-	304	-	304
Net loss for the year	-	-	(10,870)	(10,870)
<b>Total income / (expense) for the year</b>	<b>-</b>	<b>304</b>	<b>(10,870)</b>	<b>(10,566)</b>
Issue costs	(198)	-	-	(198)
Distribution reinvestment plan	29	-	-	29
Units issued	5,369	-	-	5,369
Distribution to unit holders	-	-	(6,723)	(6,723)
<b>At 30 June 2009</b>	<b>69,049</b>	<b>(2,395)</b>	<b>19,963</b>	<b>86,617</b>

	Issued capital \$'000	Foreign currency translation \$'000	Retained earnings \$'000	Total Equity \$'000
<b>CONSOLIDATED</b>				
<b>At 1 July 2007</b>	<b>62,199</b>	<b>(498)</b>	<b>23,947</b>	<b>85,648</b>
Foreign currency translation	-	(2,201)	-	304
Total income and expense for the year recognised directly in equity	-	(2,201)	-	(2,201)
Net profit for the year	-	-	19,872	19,872
<b>Total income / (expense) for the year</b>	<b>-</b>	<b>(2,201)</b>	<b>19,872</b>	<b>17,671</b>
Units issued	1,650	-	-	1,650
Distribution to unit holders	-	-	(6,263)	(6,263)
<b>At 30 June 2008</b>	<b>63,849</b>	<b>(2,699)</b>	<b>37,556</b>	<b>98,706</b>

**ABACUS STORAGE PROPERTY TRUST**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**YEAR ENDED 30 JUNE 2009**

	Issued capital \$'000	Foreign currency translation \$'000	Retained earnings \$'000	Total Equity \$'000
<b>PARENT</b>				
<b>At 1 July 2008</b>	63,849	-	31,017	94,866
Foreign currency translation	-	-	-	-
Total income and expense for the year recognised directly in equity	-	-	-	-
Net loss for the year	-	-	(11,664)	(11,664)
<b>Total income / (expense) for the year</b>	-	-	<b>(11,664)</b>	<b>(11,664)</b>
Issue costs	(198)	-	-	(198)
Distribution reinvestment plan	29	-	-	29
Units issued	5,369	-	-	5,369
Distribution to unit holders	-	-	(6,723)	(6,723)
<b>At 30 June 2009</b>	<b>69,049</b>	<b>-</b>	<b>12,630</b>	<b>81,679</b>

	Issued capital \$'000	Foreign currency translation \$'000	Retained earnings \$'000	Total Equity \$'000
<b>PARENT</b>				
<b>At 1 July 2007</b>	62,199	-	12,493	74,692
Foreign currency translation	-	-	-	-
Total income and expense for the year recognised directly in equity	-	-	-	-
Net profit for the year	-	-	24,788	24,788
<b>Total income / (expense) for the year</b>	-	-	<b>24,788</b>	<b>24,788</b>
Units issued	1,650	-	-	1,650
Distribution to unit holders	-	-	(6,264)	(6,264)
<b>At 30 June 2008</b>	<b>63,849</b>	<b>-</b>	<b>31,017</b>	<b>94,866</b>

**ABACUS STORAGE PROPERTY TRUST**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**YEAR ENDED 30 JUNE 2009**

	Notes	CONSOLIDATED		PARENT	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Income receipts		16,913	15,676	11,389	13,906
Interest received		32	38	4,263	38
Operating payments		(1,456)	(1,853)	(1,167)	(1,909)
Borrowing costs paid		(11,639)	(8,603)	(11,639)	(7,829)
<b>NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>	<b>10</b>	<b>3,850</b>	<b>5,258</b>	<b>2,846</b>	<b>4,206</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of self-storage properties		(44,983)	(2,273)	(37,628)	(2,281)
Payment for capital expenditure		(1,861)	(6,023)	(1,903)	(5,920)
Loans advanced to member of ASF		(38,079)	-	(38,079)	-
<b>NET CASH FLOWS FROM/(USED IN) INVESTING</b>		<b>(84,923)</b>	<b>(8,296)</b>	<b>(77,610)</b>	<b>(8,201)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from issue of units		5,369	-	5,369	-
Payments of issue costs		(198)	(2)	(198)	(2)
Repayment of borrowings		-	(6,858)	-	(5,549)
Proceeds from borrowings		82,237	16,176	75,948	15,824
Distributions paid		(6,491)	(6,234)	(6,491)	(6,234)
<b>NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>		<b>80,917</b>	<b>3,082</b>	<b>74,628</b>	<b>4,039</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(156)</b>	<b>44</b>	<b>(136)</b>	<b>44</b>
<b>CASH AND CASH EQUIVALENTS</b>					
Cash and cash equivalents at beginning of year		239	220	237	218
Net foreign exchange difference		9	(25)	(10)	(25)
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>10</b>	<b>92</b>	<b>239</b>	<b>91</b>	<b>237</b>

## NOTES TO THE FINANCIAL STATEMENTS

30 June 2009

### 1. TRUST INFORMATION

ASPT is a registered managed investment scheme and is a component entity of Abacus Storage Fund (ASF), which comprises Abacus Storage Operations Limited (ASOL) and ASPT.

Units in ASPT and shares in ASOL have been stapled together so that neither can be dealt with or without the other. An ASF security consists of one unit in ASPT and one share in ASOL. A transfer, issue or reorganisation of a unit or share in either of the component parts is accompanied by a transfer, issue or reorganisation of a unit or share in the other component parts.

The financial report of the Abacus Storage Property Trust (the "Trust" or "ASPT") for the year ended 30 June 2009 was authorised for issue in accordance with a resolution of the directors of Abacus Storage Funds Management Limited ("the Responsible entity") on 24 September 2009.

The nature of the operations and principal activities of the Trust are described in the Directors' Report.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards. The financial report has also been prepared on a historical cost basis, except for investment properties and derivative financial instruments, which have been measured at fair value. The carrying values of recognised assets and liabilities that are covered by interest rate swap arrangements, are adjusted to record changes in the fair values attributable to the risks that are being covered by derivative financial instruments.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the Trust under ASIC Class Order 98/100. The Trust is an entity to which the class order applies.

At 30 June 2009, ASPT has a net current asset deficiency of \$13.6m (2008: deficiency of \$44.8m). ASPT has obtained a letter from Abacus Property Group ("APG") that APG intends not to request repayment of its loan of \$29.7m (current \$8.9m and non-current \$20.8m) for a period of 12 months from the date of this financial report and to the extent necessary APG intends to provide financial support to enable ASPT to pay its debts as and when they fall due.

#### (b) Statement of Compliance

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS), as issued by the IASB.

#### (c) New accounting standards and interpretations

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Trust for the annual reporting period ended 30 June 2009. These are outlined in the table below.

# ABACUS STORAGE PROPERTY TRUST

## NOTES TO THE FINANCIAL STATEMENTS

30 June 2009

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reference	Summary	Application date of standard*	Impact on Trust financial report	Application date for Trust*
AASB 8 and AASB 2007-3	New standard replacing AASB 114 Segment Reporting, which adopts a management reporting approach to segment reporting.	1 January 2009	The Trust has only one segment and the new standard is unlikely to impact on the Trust's financial report.	1 July 2009
AASB 123 (Revised) and AASB 2007-6	The amendment to AASB 114 requires all borrowing costs to be capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset, unless the qualifying asset is measured at fair value.	1 January 2009	This revision will not have any impact on assets currently classified as Investment Properties and measured at fair value. For properties that are under development, interest incurred will need to be capitalised but this is not expected to have a significant impact on current practice of the Trust.	1 July 2009
AASB 101 (Revised), AASB 2007-8 and AASB 2007-10	Introduces a statement of comprehensive income. Other revisions include impacts on the presentation of items in the statement of changes in equity, new presentation requirements for restatements or reclassifications of items in the financial statements, changes in the presentation requirements for dividends and changes to the titles of the financial statements.	1 January 2009	These amendments are only expected to affect the presentation of the Trust's financial report and will not have a direct impact on the measurement and recognition of amounts disclosed in the financial report. The Fund has not determined at this stage whether to present a single statement of comprehensive income or two separate statements.	1 July 2009
AASB 3 (revised)	Main changes are as follows: <ul style="list-style-type: none"> <li>- For each business combination entered into, entities will have a choice to measure a non-controlling interest (formerly a minority interest) in the acquiree either at its fair value or at its proportionate interest in the acquiree's net assets. This choice will effectively result in recognising goodwill relating to 100% of the business (applying the fair value option) or recognising goodwill relating to the percentage interest acquired.</li> <li>- Acquisition related costs will be expensed through profit or loss at the time that such services are rendered.</li> </ul> The changes apply prospectively.	1 July 2009	This will impact the financial statements in FY10 should the Trust enter business combinations.	1 July 2009
AASB127 (Revised)	Under the revised standard, a change in the ownership interest of a subsidiary (with that does not result in loss of control, or the reduction in non-controlling interests) will be accounted for as an equity transaction.	1 July 2009	Impacts will be assessed upon actual transactions completed by the Trust in FY10.	1 July 2009

# ABACUS STORAGE PROPERTY TRUST

## NOTES TO THE FINANCIAL STATEMENTS

30 June 2009

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reference	Summary	Application date of standard*	Impact on Trust financial report	Application date for Trust*
AASB 2008-7	The main amendments of relevance are those made to AASB 127 removing the 'cost method' and requiring all dividends from a subsidiary, jointly controlled entity or associate to be recognised in profit or loss in an entity's separate financial statements (i.e. parent company accounts) rather than just dividends from post-acquisition profits. The distinction between pre and post acquisition profits no longer exists. However, the payment of such dividends requires the entity to consider whether there is an indicator of impairment of the investment in that subsidiary. AASB 127 has also been amended to effectively allow the cost of an investment in a subsidiary, in limited reorganisations, to be based on the previous carrying amount of the subsidiary (that is, share of equity) rather than its fair value.	1 January 2009	This may impact the accounting of investments in subsidiaries, joint controlled entities and associates in certain circumstances, with respect to dividends from these entities going forward. Any pre-acquisition profits previously included in dividends from these entities, whilst going forward will be included in the P&L (rather than reducing the carrying value of investment), may result in an impairment of the investment.	1 July 2009
AASB 140	AASB 140.8 has been amended to bring property that is being constructed or developed for future use as an investment property within the scope of AASB 140 (instead of AASB 116). The impact is that if the final intention of the owner is to use this property for capital appreciation or rent, the property through construction will be measured at fair value (versus at cost in the former standard).	1 January 2009	This standard could impact the financial statements should the Trust have properties undergoing significant construction and development for future use as investment property, in terms of measuring the property through construction at fair value and not only at construction costs incurred.	1 July 2009
Amendments to International Financial Reporting Standards	The amended IFRS 7 requires fair value measurements to be disclosed by the source of inputs, using the following three-level hierarchy: - Quoted prices in active markets for identical assets or liabilities (Level 1) e.g. investment in listed securities - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, wither directly (as prices) or indirectly (derived from rices) (Level 2) e.g. investment in unlisted securities - Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3)	1 January 2009	This will impact the disclosures of the Trust's related entities in FY10, with respect to financial instruments such as investment in listed securities, unlisted securities or options.	1 July 2010

\* designates the beginning of the applicable annual reporting period

AASB 2008-1 and AASB 2008-2 will have no application to the Trust.

# ABACUS STORAGE PROPERTY TRUST

## NOTES TO THE FINANCIAL STATEMENTS

30 June 2009

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (d) Basis of consolidation

The consolidated financial statements comprise the financial statements of ASPT and its subsidiaries.

The financial statements of subsidiaries are prepared for the same reporting period as the parent Trust, using consistent accounting policies with adjustments made to bring into line any dissimilar accounting policies that may exist.

All inter entity balances and transactions, including unrealised profits arising from intra-Trust transactions, have been eliminated in full and subsidiaries are consolidated from the date on which control is transferred to the Trust and cease to be consolidated from the date on which control is transferred out of the Trust. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the Trust has control.

The acquisition of subsidiaries is accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition.

#### (e) Foreign currency translation

##### *Functional and presentation currency*

Both the functional and presentation currency of the Trust are in Australian dollars. Each entity in the Trust determines its own functional currency and items are included in the financial statements of each entity are measured using that functional currency.

##### *Transactions and balances*

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign operation. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss. On disposal of a foreign operation, the cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss. Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

At reporting date the assets and liabilities of these entities are translated into the presentation currency of the Trust at the rate of exchange prevailing at balance date and the financial performance is translated at the average exchange rate prevailing during the reporting period. The exchange differences arising on translation are taken directly to the foreign currency translation reserve in equity.

#### (f) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Trust and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

##### *Rental income*

Rental income from investment properties is accounted for on a straight-line basis over the lease term. Contingent rental income is recognised as income in the periods in which it is earned. Lease incentives granted are recognised as an integral part of the total rental income.

**NOTES TO THE FINANCIAL STATEMENTS**

30 June 2009

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(f) Revenue recognition (continued)**

*Rendering of services*

Revenue from rendering of services is recognised in accordance with the terms and conditions of the service agreements and relevant accounting standards.

*Net change in fair value of investments derecognised during the year*

Revenue from sale of investment properties is recognised on settlement when the significant risks and rewards of the ownership of the properties have been transferred to the buyer. Risks and rewards are generally considered to have passed to the buyer at the time of settlement of the sale.

*Net change in fair value of investments held at balance date*

Change in net market value of investments is recognised as revenue or expense in determining the net profit for the period. Refer note 2(m) for detailed commentary on investment properties.

**(g) Expenses**

Expenses including rates, taxes and other outgoings, are brought to account on an accrual basis and any related payables are carried at cost.

**(h) Finance costs**

Finance costs are recognised as an expense when incurred unless they relate to a qualifying asset or to upfront establishment and arrangement costs, which are deferred and amortised as an expense over the life of the facility or five years whichever is shorter. A qualifying asset is an asset that generally takes more than 12 months to get ready for its intended use or sale. In these circumstances, the financing costs are capitalised into the cost of the asset. Where funds are borrowed by the Trust for the acquisition or construction of a qualifying asset, the amount of the financing costs capitalised are those incurred in relation to the borrowing.

**(i) Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

**(j) Trade and other receivables**

Trade receivables, which generally have 30 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

Collectibility of trade receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that collection of the full amount is no longer probable. Bad debts are written off when identified.

**(k) Derivative financial instruments and hedging**

The Trust uses derivative financial instruments such as interest rate swaps to hedge its risks associated with interest rate. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss for the year.

The fair values of interest rate swap are determined by reference to market values for similar instruments.

## NOTES TO THE FINANCIAL STATEMENTS

30 June 2009

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (l) Investments and other financial assets

All investments are initially recognised at cost, being the fair value of the consideration given.

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, or available-for-sale financial assets. The Trust determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end. At 30 June 2009 the Trust's investments have been classified as loans and receivables.

##### *Recognition and derecognition*

Purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised on the trade date i.e. the date that the Trust commits to purchase the assets. Financial assets are derecognised when the right to receive cash flows from the financial assets have expired or been transferred.

##### *Financial assets at fair value through profit or loss*

For investments where there is no quoted market or unit price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

After initial recognition, investments, which are classified as held for trading, are measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term with the intention of making a profit. Gains or losses on investments held for trading are recognised in the income statement.

##### *Loan and Receivables*

Loans and receivables including loan notes are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

##### *Subsidiaries*

Investments in subsidiaries are held at cost.

#### (m) Investment properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing parts of an existing investment property at the time that the cost is incurred if the recognition criteria are met, and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of development with a view to sale.

# ABACUS STORAGE PROPERTY TRUST

## NOTES TO THE FINANCIAL STATEMENTS

30 June 2009

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (m) Investment properties (continued)

For a transfer from investment property to inventories, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. For a transfer from inventories to investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in profit or loss. When the Group completes the construction or development of a "self-constructed investment property", any difference between the fair value of the property at that date and its previous carrying amount is recognised in profit or loss.

Land and buildings are considered to have the function of an investment and are therefore regarded as a composite asset, the overall value of which is influenced by many factors, the most prominent being income yield, rather than diminution in value of the building content due to the passing of time. Accordingly, the buildings and all components thereof, including integral plant and equipment, are not depreciated.

The directors obtain independent valuations on investment properties annually to ensure that the carrying amount does not differ materially from the assets' fair value. The cycle of this review is staggered such that the investment properties are independently revalued in either the June or the December reporting cycles. In determining fair value, the capitalisation of net income method and the discounting of future cashflows to their present value have been used.

Lease incentives provided by the Trust to lessees, and rental guarantees which may be received by the Trust from third parties (arising from the acquisition of investment properties) are included in the measurement of fair value of investment property and are treated as separate assets. Such assets are amortised over the respective periods to which the lease incentives and rental guarantees apply, either using a straight-line basis, or a basis which is more reflective of the pattern of benefits.

Under AASB 140, investment properties, including any plant and equipment, are not subject to depreciation. However, depreciation allowances in respect of certain buildings, plant and equipment are currently available to investors for taxation purposes.

Gains and losses arising from changes in the fair value of investment properties are included in the income statement in the year in which they arise. Any gains or losses on the sale of investment properties are recognised in the income statement in the year of sale.

#### (n) Distributions and dividends

The Trust generally distributes its distributable assessable income to its unitholders. Distributions are payable at the end of each quarter. Such distributions are determined by reference to the taxable income of the Trust. Distributable income may include capital gains arising from the disposal of investments and tax-deferred income. Unrealised gains and losses on investments that are recognised as income are usually retained and are generally not assessable or distributable until realised. Capital losses are not distributed to units holders but are retained to be offset against any future realised capital gains.

A liability for dividend or distribution is recognised in the Balance Sheet if the dividend or distribution has been declared, determined or publicly recommended prior to balance date.

# ABACUS STORAGE PROPERTY TRUST

## NOTES TO THE FINANCIAL STATEMENTS

30 June 2009

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (o) Trade and other payables

Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Trust prior to the end of the financial year that are unpaid and arise when the Trust becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

#### (p) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

##### *Trust as a lessor*

Leases in which the Trust retains substantially all the risks and benefits of ownership of the lease assets are classified as operating leases. Initial direct cost incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as rental income.

#### (q) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of transaction costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid in the establishment of loan facilities that are yield related are included as part of the carrying amount of loans and borrowings.

Borrowing costs are recognised as an expense when incurred.

#### (r) Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Trust. Units are classified as equity. Incremental costs directly attributable to the issue of new units are shown in equity as a deduction, net of tax, from the proceeds.

#### (s) Transfers to (from) total equity

In respect of the Trust, revaluation increments or decrements arising from changes in the fair value of investment properties and derivative financial instruments, unrealised gains and losses in the net value of investments, accrued income not yet assessable and expenses provided for or accrued not yet deductible, net capital losses and tax free or tax deferred amounts may be transferred to equity and may not be included in the determination of distributable income.

#### (t) Taxation

The Trust is a non-taxable entity. A liability for current and deferred tax and tax expense is only recognised in respect of taxable entities that are subject to income tax and potential capital gains tax.

# ABACUS STORAGE PROPERTY TRUST

## NOTES TO THE FINANCIAL STATEMENTS

30 June 2009

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (t) Taxation (continued)

##### *Australia*

Under current Australian income tax legislation the Abacus Storage Property Trust is not liable to Australian income tax provided unit holders are presently entitled to the taxable income of the Trust.

##### *New Zealand*

Trust operating in New Zealand (NZ) is treated as a company for NZ income tax purposes and is taxed at the corporate tax rate of 30%. NZ income tax paid by the Trust can be claimed as foreign tax credits to offset against foreign income and distributable to security holders. NZ tax losses are carried forward provided the continuity test of ownership is satisfied. Interest expense from Trust is fully deductible subject to thin capitalisation considerations. Property revaluation gains or losses are to be excluded from taxable income, with no deferred tax implications as capital gains are not taxed in NZ.

##### *Goods and services tax (GST)*

Revenues, expenses and assets are recognised net of the amount of GST except when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority

#### (u) Earnings per unit (EPU)

Basic EPU is calculated as net profit attributable to unitholders, adjusted to exclude costs of servicing equity (other than distributions) divided by the weighted average number of stapled securities on issue during the period under review.

**NOTES TO THE FINANCIAL STATEMENTS**

30 June 2009

**3. FINANCIAL RISK MANAGEMENT**

The risks arising from the use of the Trust's financial instruments are credit risk, liquidity risk and market risk (interest rate risk and foreign currency risk).

The Trust's financial risk management focuses on mitigating the unpredictability of the financial markets and its impact on the financial performance of the Trust. The Board reviews and agrees policies for managing each of these risks, which are summarised below.

The main purpose of the financial instruments used by the Trust is to raise finance for the Trust's operations. The Trust has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The Trust also enters into derivative transactions principally interest rate swaps. The purpose is to manage the interest rate arising from the Trust's operations and its sources of finance.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in notes 2 and 4 to the financial statements.

**(a) Credit risk**

Credit risk is the risk of financial loss to the Trust if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Trust's receivables from customers and interest bearing liabilities.

The Trust manages its exposure to risk by:

- derivative counterparties and cash transactions are limited to high credit quality financial institutions;
- policy which limits the amount of credit exposure to any one financial institution;
- regularly monitoring loans and receivables balances on an ongoing basis;

With respect to credit risk arising from the other financial assets and financial liabilities of the Trust, which comprise cash and cash equivalents and certain derivative instruments, the Trust's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

**(b) Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate and diverse amount of committed credit facilities, the ability to close out market positions and the flexibility to raise funds through the issue of new units or the distribution reinvestment plan.

The Trust's policy is to maintain an available loan facilities sufficient to meet expected operational expenses and to finance investment acquisitions for a period of 90 days, including the servicing of financial obligations. Current loan facilities are assessed and extended for a maximum period based on the Trust's expectations of future interest and market conditions.

As at 30 June 2009, the Fund had undrawn committed facilities of \$3.0 million for future property acquisitions and cash of \$0.09 million which are adequate to cover short term funding requirements.

Further information regarding the Fund's debt profile is disclosed in Note 15.

**NOTES TO THE FINANCIAL STATEMENTS**

30 June 2009

**3. FINANCIAL RISK MANAGEMENT – (continued)**

**(c) Refinancing Risk**

Refinancing risk is the risk that unfavorable interest rate and credit market conditions result in an unacceptable increase in the Trust's credit margins and interest cost. Refinancing risk arises when the Trust is required to obtain debt to fund existing and new debt positions.

The Trust is exposed to refinancing risks arising from the availability of finance as well as the interest rates and credit margins at which financing is available. The Trust manages this risk by spreading maturities of borrowings and interest rate swaps and reviewing potential transactions to understand the impact on the Trust's credit worthiness.

**(d) Market Risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Trust's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

*Interest rate risk*

The Trust's exposure to the risk of changes in market interest rates relates primarily to the Trust's long-term debt obligations with a floating interest rate.

The Trust's policy is to manage its interest cost using a mix of fixed and variable rate debt. The Trust's aim is to keep of its borrowings at fixed rates of interest within an acceptable range. To manage this mix in a cost-efficient manner, the Trust enters into interest rate swaps, in which the Trust agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At 30 June 2009, after taking into account the effect of interest rate swaps, approximately 90.4% of the Trust's borrowings are at a fixed rate of interest (2008: 88.4%).

*Fair value interest rate risk*

As the Trust holds fixed interest rates on bank debt there is a risk that the economic value of the financial instrument will fluctuate because of changes in market interest rates. The level of fixed rate debt is disclosed in note 18 and it is acknowledged that this risk is a by-product of the Trust's attempt to manage its cash flow interest rate risk.

*Foreign currency risk*

The Trust is exposed to currency risk on its investment in foreign operations and property loans denominated in a currency other than the functional currency of Trust entities. The currencies in which these transactions primarily are denominated in AUD and NZD.

As a result the Trust's balance sheet can be affected by movements in the A\$/NZ\$ exchange rates.

The Trust borrows loan funds in New Zealand dollars to substantially match the foreign currency property asset value exposure with a corresponding foreign currency liability and therefore expects to substantially mitigate foreign currency risk on its New Zealand denominated asset values.

## NOTES TO THE FINANCIAL STATEMENTS

30 June 2009

### 4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In applying the Trust's accounting policies management continually evaluates judgments, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Trust. All judgments, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgments, estimates and assumptions. Significant judgments, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

#### ***(i) Significant accounting judgments***

##### *Operating lease commitments – Trust as lessor*

The Trust has entered into commercial property leases on its investment property portfolio. The Fund has determined that it retains all the significant risks and rewards of ownership of these properties and has thus classified the leases as operating leases.

##### *Impairment of non-financial assets other than goodwill*

The Trust assesses impairment of all assets at each reporting date by evaluating conditions specific to the Trust and to the particular asset that may lead to impairment. If an impairment trigger exists the recoverable amount of the asset is determined. This involves value in use calculations, which incorporate a number of key estimates and assumptions.

#### ***(ii) Significant accounting estimates and assumptions***

##### *Valuation of investment properties*

The Trust makes judgements in respect of the fair value of investment properties (note 2(m)). The fair value of these properties are reviewed regularly by management with reference to annual external independent property valuations and market conditions existing at reporting date, using generally accepted market practices. The assumptions underlying estimated fair values are those relating to the receipt of contractual rents, expected future market rentals, maintenance requirements, capitalisation rates discount rates that reflect current market uncertainties and current and recent property investment prices. If there is any material change in these assumptions or regional, national or international economic conditions, the fair value of investment properties may differ and may need to be re-estimated.

##### *Fair value of derivatives*

The fair value of derivatives is determined using closing quoted market prices (where there is an active market) or a suitable pricing model based on discounted cash flow analysis using assumptions supported by observable market rates. Where the derivatives are not quoted in an active market their fair value has been determined using (where available) quoted market inputs and other data relevant to assessing the value of the financial instrument.

# ABACUS STORAGE PROPERTY TRUST

## NOTES TO THE FINANCIAL STATEMENTS

30 June 2009

### 5. SEGMENT INFORMATION

The Trust operates wholly within a business segment only, being the letting of self-storage facilities, which are located in Australasia.

### 6. FINANCE COSTS

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
<b>Finance costs</b>				
Amortisation expenses	219	168	219	168
Interest on bank loans	10,876	8,579	10,876	8,579
Interest on related party loan	1,125	-	1,125	-
<b>Total finance costs</b>	<b>12,220</b>	<b>8,747</b>	<b>12,220</b>	<b>8,747</b>

### 7. INCOME TAX

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Accounting profit / (loss) before income tax	(10,870)	20,604	(11,664)	24,788
Prima Facie tax (expense) / benefit at 30%	(3,261)	6,181	(3,499)	7,436
Adjusting at the Fund's statutory income tax rate of 30%				
Trust income not subject to tax	3,261	6,181	3,499	7,436
Adjustment of benefit	-	(732)	-	-
<b>Income tax benefit/(expense) reported in the consolidated income statement</b>	<b>-</b>	<b>(732)</b>	<b>-</b>	<b>-</b>

# ABACUS STORAGE PROPERTY TRUST

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2009

### 8. DISTRIBUTIONS PAID AND PROPOSED

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
<b>(a) Distributions paid during the year</b>				
June 2008 quarter 2.0625 cents per unit (2007: 2.0625 cents)	1,589	1,558	1,589	1,558
September 2008 quarter: 2.0625 cents per unit (2008: 2.0625 cents)	1,589	1,558	1,589	1,558
December 2008 quarter: 2.0625 cents per unit (2008: 2.0625 cents)	1,589	1,558	1,589	1,558
March 2009 quarter: 2.1875 cents per unit (2008: 2.0625 cents)	1,752	1,558	1,752	1,558
	<b>6,519</b>	<b>6,232</b>	<b>6,519</b>	<b>6,232</b>
<b>(b) Distributions proposed and recognised as a liability</b>				
June 2009 quarter: 2.1875 cents per unit (2008: 2.0625 cents)	<b>1,793</b>	<b>1,589</b>	<b>1,793</b>	<b>1,589</b>

### 9. EARNINGS PER UNIT

	CONSOLIDATED	
	2009	2008
Basic and diluted earnings / (loss) per unit (cents)	(13.81)	26.22
<b>Reconciliation of earnings used in calculating earnings per unit</b>		
<i>Basic and diluted earnings per unit</i>		
<b>Net profit / (loss)</b>	<b>(10,870)</b>	<b>19,872</b>
<b>Weighted average number of units:</b>	<b>78,691</b>	<b>75,778</b>

# ABACUS STORAGE PROPERTY TRUST

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2008

### 10. CASH AND CASH EQUIVALENTS

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000

#### Reconciliation of Cash Flow Statement

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following at 30 June:

Cash at bank and in hand (1)	92	239	91	237
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(1) Cash at bank means interest at floating rates. The carrying amounts of cash and cash equivalents represent fair value.

#### Reconciliation of net profit after tax to net cash flows from operations

Net profit/ (loss) after tax	(10,870)	19,872	(11,664)	24,788
<b>Adjustments for:</b>				
Amortisation expense	219	168	219	168
Net change in fair value of derivatives	8,752	(582)	8,752	(582)
Net change in fair value of investment properties	5,301	(15,370)	5,020	(19,007)
Unrealised (gain)/loss foreign exchange gain	(27)	(303)	11	(1,820)
Increase/(decrease) in payables	1,240	1,517	1,273	1,434
Decrease/(increase) in receivables and other assets	(765)	(44)	(765)	(774)
<b>Net cash from operating activities</b>	<b>3,850</b>	<b>5,258</b>	<b>2,846</b>	<b>4,207</b>

#### Disclosure of financing facilities

Refer to note 15.

#### Disclosure of non-cash financing activities

Non-cash financing activities include capital raised pursuant to ASF's distribution reinvestment plan. During the year 0.028 million units were issued with a cash equivalent of \$0.029 million.

# ABACUS STORAGE PROPERTY TRUST

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2009

### 11. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Related party receivables (members of Abacus Storage Fund)	16,686	11,102	20,936	9,184
<b>Total trade and other receivables</b>	<b>16,686</b>	<b>11,102</b>	<b>20,936</b>	<b>9,184</b>

### 12. PREPAYMENTS AND OTHER ASSETS

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Deferred finance costs	468	354	468	354
Prepayments and other assets	571	1,000	568	1,000
<b>Total prepayment and other assets</b>	<b>1,039</b>	<b>1,354</b>	<b>1,036</b>	<b>1,354</b>

### 13. INVESTMENT PROPERTIES

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
<b>Non-current</b>				
Australia	187,441	152,929	187,441	152,929
New Zealand (a)	69,544	61,879	-	-
	<b>256,985</b>	<b>214,808</b>	<b>187,441</b>	<b>152,929</b>
<b>Capitalisation rate</b>	<b>9.1%</b>	<b>8.5%</b>	<b>9.1%</b>	<b>8.5%</b>

#### Notes:

(a) Subsidiaries of the Fund wholly own these NZ assets (and the NZD financing of these NZ assets) and consequently the impact of AUD / NZD FX rate revaluations against rates at acquisition date have been measured and reported separately on a net basis in the foreign currency translation reserve. For the purposes of disclosing unrealised gains on investment properties, "Cost" has been translated at year end AUD / NZD FX rates per the RBA: \$A1 = \$NZ1.2428 (30-Jun-08: RBA: \$A1 = \$NZ1.2609).

## **NOTES TO THE FINANCIAL STATEMENTS**

**30 JUNE 2009**

### **13. INVESTMENT PROPERTIES – (continued)**

Investment properties are carried at the Directors' determination of fair value and are based on independent valuations where appropriate. The determination of fair value includes reference to the original acquisition cost together with capital expenditure since acquisition and either the latest full independent valuation, latest independent update or directors valuation. Total acquisition costs include incidental costs of acquisition such as property taxes on acquisition, legal and professional fees and other acquisition related costs.

Independent valuations of each investment property are conducted annually either in December or June of each year. This schedule was adopted in the current financial year. The key assumptions on a portfolio basis contained within the independent director valuations above are as follows:

- A weighted average capitalisation rate for the portfolio of 9.1%
- The stabilised weighted average occupancy level, after assessing historical performance and other critical matters likely to affect occupancy performance was 92%.
- Current storage fee rates.

Independent valuations are prepared using both the capitalisation of net income method and the discounting of future cashflows to their present value method. Capital expenditure since valuation may include purchases of sundry properties (and associated expenses of stamp duty, legal fees etc) and other capital refurbishment and repair expenditure.

The investment properties are used as security for secured bank debt.

#### **Reconciliation**

A reconciliation of the carrying amount of the investment property at the beginning and end of the year is as follows:

	<b>Consolidated</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
Carrying amount at beginning of the financial year	214,808	201,243
Additions and capital expenditure	1,917	7,640
Acquisitions	44,983	-
Fair value adjustments for properties held at balance date	(5,301)	15,370
Foreign Exchange Gains/ (Losses)	578	(9,427)
Adjustments	-	(18)
<b>Carrying amount at end of the financial year</b>	<b>256,985</b>	<b>214,808</b>

# ABACUS STORAGE PROPERTY TRUST

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2009

### 14. TRADE AND OTHER PAYABLES

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Payables due to related parties (members of Abacus Storage Fund)	19,853	12,920	19,853	12,920
Accrued expenses	401	334	380	325
Goods and services tax	341	(133)	235	(276)
Trade creditors	101	-	101	-
<b>Total trade and other payables</b>	<b>20,696</b>	<b>13,121</b>	<b>20,569</b>	<b>12,969</b>

### 15. INTEREST BEARING LOANS AND BORROWINGS

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
<b>(a) Current</b>				
Loan from related parties	8,895	3	8,895	3
Bank loans - A\$	-	3,955	-	3,955
Bank loans - NZ\$	-	38,861	-	38,861
	<b>8,895</b>	<b>42,819</b>	<b>8,895</b>	<b>42,819</b>
<b>(b) Non-current</b>				
Bank loans - A\$	108,767	60,894	108,767	60,894
Bank loans - NZ\$	61,262	15,029	61,262	15,029
Loan from related parties	20,754	-	20,754	-
	<b>190,783</b>	<b>75,923</b>	<b>190,783</b>	<b>75,923</b>
<b>(c) Maturity profile of current and non-current interest bearing loans</b>				
Due within one year	8,895	42,819	8,895	42,819
Due between one and five years	190,783	75,923	190,783	75,923
	<b>199,678</b>	<b>118,742</b>	<b>199,678</b>	<b>118,742</b>

## ABACUS STORAGE PROPERTY TRUST

### NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2009

#### 15. INTEREST BEARING LOANS AND BORROWINGS (continued)

The Trust maintains a range of interest-bearing loans and borrowings. The sources of funding are split between two counterparties to minimise credit risk and the terms of the instruments are negotiated to achieve a balance between capital availability and cost of debt.

- (1) Bank loans – A\$ are provided by two major banks at floating interest rates. The loans are denominated in Australian dollars and the term to maturity varies from September 2010 to December 2011. The interest on floating rate borrowings are paid quarterly based on existing swap and yield rates quoted on the rate reset date. The bank loans are secured by a charge over the investment properties as detailed in note 13. Approximately 91.1% (2008: 78.6%) of available bank debt facilities were subject to fixed rate arrangements with a weighted average term to maturity of 4.5 years (2008: 7.17 years). ASPT's effective interest rate as at 30 June 2009 was 7.03% (2008: 6.75%).
- (2) Bank loans – NZ\$ are provided by two major banks at interest rates that include both fixed and floating arrangements. The loans are denominated in New Zealand dollars and the term to maturity varies from September 2010 to December 2011. The bank loans are secured by a charge over the investment properties as detailed in Note 13. The interest on floating rate borrowings is paid quarterly based on existing swap and yield rates quoted on the rate reset date. Approximately 89.2% (2008: 100%) of available bank debt facilities were subject to fixed rate arrangements with a weighted average term to maturity of 1.29 years (2008: 2.40 years). ASPT's effective interest rate as at 30 June 2009 was 8.45% (2008: 8.2%)
- (3) Loans from related parties relates to a fixed rate loan provided by Abacus Property Group to assist in funding the acquisition of storage sites and provide working capital during equity capital raising from the public. The interest rate on the borrowing was 8.25% p.a for the first half of the year and 7.42% for the second half of the year (2008:8.25%). The loan matures in July 2010 and has a remaining term to maturity of 1.08 years, and whilst anticipated may be paid earlier (portion classified as current) is not required to be paid until July 2010 and may be renegotiated if necessary, dependant upon equity inflows. If the Working Capital Facility is not repaid from equity subscriptions it may be converted to equity (see Note 16).

The Working Capital Facility attracts an interest charge in addition to the quoted 7.42% interest rate. The further interest charge is equivalent to the percentage increase or decrease of the current unit issue price during the financial year applied to the balance of the Working Capital Facility. In addition, the Working Capital Facility is subordinated to bank debt and creditors and ranks proportionally with security holders on a return of capital in the event of a deficit/ shortfall to issue price.

# ABACUS STORAGE PROPERTY TRUST

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2009

### 15. INTEREST BEARING LOANS AND BORROWINGS (continued)

#### Financing facilities available

At reporting date, the following financing facilities had been negotiated and were available:

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Total facilities				
Bank loans	173,008	120,600	173,008	120,600
Facilities used at reporting date				
Bank loans	170,029	118,739	170,029	118,739
<b>Facilities unused at reporting date</b>				
<b>Bank loans</b>	<b>2,979</b>	<b>1,861</b>	<b>2,979</b>	<b>1,861</b>

### 16. CONTRIBUTED EQUITY

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
<b>(a) Issued units</b>				
Issued capital	69,049	63,849	69,049	63,849
<b>Total contributed equity</b>	<b>69,049</b>	<b>63,849</b>	<b>69,049</b>	<b>63,849</b>

#### (b) Movement in units on issue

	Number	Value	Number	Value
	'000	\$'000	'000	\$'000
<b>At 1 July 2008</b>	77,046	63,849	77,046	63,849
- issue of units	4,870	5,369	4,870	5,369
- distribution reinvestment plan	28	29	28	29
- less transaction costs	-	(198)	-	(198)
<b>Securities on issue at 30 June 2009</b>	<b>81,944</b>	<b>69,049</b>	<b>81,944</b>	<b>69,049</b>

#### Terms and conditions of units

Each unit confers upon the unit holder an equal interest in the Fund, and is of equal value. A unit does not confer any interest in any particular asset or investment of the scheme. Unit holders have various rights under the Constitution and the Corporations Act 2001, including the right to:

- Receive income distributions;
- Attend and vote at meetings of unitholders;
- Participate in the termination and winding up of the scheme;
- The working capital loan from Abacus Property Group has the same priority as units in a return of capital on winding up. Furthermore, the working capital loan participates in any deficit on winding up in the same proportion as unit holders. The working capital loan can participate in upside, see Note 15 (3). Prior to a winding up and at any time before repayment date Abacus Property Group may require the working capital loan to be converted into units at the current issue price.

**NOTES TO THE FINANCIAL STATEMENTS**

30 JUNE 2009

**16. CONTRIBUTED EQUITY (continued)**

**CAPITAL MANAGEMENT**

ASPT as part of ASF seeks to manage its capital requirements in conjunction with ASOL through a mix of debt and equity funding. It also ensures that it complies with capital and distribution requirements of its trust deed, the capital requirements of relevant regulatory authorities and continues to operate as a going concern. ASPT also protects its equity in assets by taking out insurance.

ASPT assesses the adequacy of its capital requirements, cost of capital and gearing (i.e. debt/equity mix) as part of its broader strategic plan. In addition to tracking actual against budgeted performance, ASPT continuously reviews its capital structure to ensure sufficient funds and financing facilities, on a cost effective basis are available to implement ASPT's strategy that adequate financing facilities are maintained and distributions to members are made within the stated distribution guidance.

ASPT actively manages its capital via the following strategies: issuing units, adjusting the amount of distributions paid to members, activating its distribution reinvestment plan (presently active at 2% discount to the net asset value), activating a unit buyback program, divesting assets, active management of the ASPT's fixed rate swaps or (where practical) recalibrating the timing of transactions and capital expenditure so as to avoid a concentration of net cash outflows.

A summary of the ASF's key banking covenants are set out below. It is recognised that falling property prices could place pressure on compliance with the LVR. With financial support from APG to the extent necessary, ASF anticipates managing its covenant compliance by effecting the strategies set out above.

<b>Covenant</b>	<b>Measure</b>	<b>Key details</b>
<b>Nature of facilities</b>	Secured, non recourse	ASF has no unsecured bank facilities
<b>Loan Valuation Ratio</b>	65% to 72%	Drawn Loan / Bank accepted valuations
<b>Interest Cover Ratio</b>	1.5	Net rental income / Interest expense paid to banks

**17. RELATED PARTY DISCLOSURES**

**(a) Responsible Entity**

The Responsible Entity of the Trust is Abacus Storage Funds Management Limited an Australian Financial Services License holder, whose immediate and ultimate holding company is Abacus Group Holdings Limited (AGHL).

Transactions between the Trust and the Responsible Entity result from normal dealings with that company as the Trust's Responsible Entity.

**(b) Details of Key Management Personnel**

Details of key management personnel are disclosed in Note 19.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2009

### 17. RELATED PARTY DISCLOSURES (continued)

#### (c) Fees

Abacus Storage Funds Management Limited provides management and investment accounting services to the Trust.

All costs associated with the provision of investment accounting services are paid for by the Responsible Entity, and are conducted on normal commercial terms and conditions.

The Responsible Entity receives all management fees that have been paid by the fund during the year. In accordance with fund's offer document and constitution, the Responsible Entity is entitled to receive a management fee of 0.825% (2008:0.825%) of the total assets of the fund under the terms of the Constitution. The fees are paid on a monthly basis. Total fees paid to the Responsible Entity during the year for management of the fund were \$1,015,987 (2008: \$1,823,460).

As at the balance sheet date \$353,896 was owed to the Responsible Entity in relation to management fees (2008: \$81,659).

During the period the Responsible Entity incurred no expenses on behalf of the Trust.

#### (d) Related party transactions

##### (i) Related parties

Transactions between the Trust and the Responsible Entity during the year are outlined in note 17(c) above.

Transactions between the Trust and other Trusts also managed by the Responsible Entity consisted of the sale of securities in the Trusts to related managed Trusts, purchases of securities in related managed Trusts, and receipt and payment of distributions on normal commercial terms and conditions.

The amounts outstanding payable or receivable at 30 June 2009 represent the value of the securities issued or held and any amount of distribution payable or receivable.

# ABACUS STORAGE PROPERTY TRUST

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2009

### 17. RELATED PARTY DISCLOSURES (continued)

*(ii) Other related entity transactions*

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year.

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
<b>Transactions with related parties other than associates and joint ventures</b>				
<b>Expense</b>				
Management fee	1,016	1,823	723	1,516
<b>Other transactions</b>				
Loan advanced from related party	34,649	10,229	34,649	10,229
Loan repayments to related party	4,763	9,837	4,763	9,837
Interest expense of loan from related party	1,156	270	1,156	251
Loan advanced to entities within the ASF	38,079	-	38,079	-
Interest revenue on loan to entities within the ASF	969	-	969	-
Interest revenue on loan to subsidiary	-	-	4,231	4,375
Rent charged to entities in the ASF	16,708	15,676	11,129	10,015
Purchase of properties	44,983	-	37,628	-

Sales and fees to, and purchases and fees charged from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms.

Outstanding balances at year-end are unsecured, interest free and settlement occurs in cash. No provision for doubtful debts has been recognised or bad debts incurred with respect to amounts payable or receivable from related parties during the year.

*Loan from Abacus Property Group*

During the financial year, Abacus Property Group advanced loans to the fund to assist in financing the acquisition of fund assets. Interest was charged at 8.25% p.a for the first half of the year and at 7.42% p.a for the second half of the year. The balance of these loans (including accrued interest) is \$29,680,627 as at 30 June 2009 (2008: 2,668). Interest expense of \$1,155,942 was paid on these loans (2008: \$258,938).

**(e) Investments**

*(i) Related party investments of the Trust*

The Trust has no investment in other managed Trusts also managed by the Responsible Entity.

## ABACUS STORAGE PROPERTY TRUST

### NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2009

#### 17. RELATED PARTY DISCLOSURES (continued)

(ii) *Related party investments in the Scheme*

Details of investments in the Trust by related Trusts and the Abacus Property Group are set out below:

2009	Fair value of holdings \$'000	% interest	Securities held	Securities acquired	Securities disposed	Distributions paid / payable
Fund						
Abacus Diversified Income Fund II	-	0.0%	-	-	8 million	505,000
Abacus Group Holdings Limited	8,159	8.4%	6.91 million	6.91 million	-	151,248
Abacus Trust	5,513	6.0%	4.89 million	-	0.13 million	412,902
Abacus Storage Funds Management Limited	864	0.9%	0.77 million	-	-	65,507
2008	Fair value of holdings \$'000	% interest	Securities held	Securities acquired	Securities disposed	Distributions paid / payable
Fund						
Abacus Diversified Income Fund II	9,200	10.4%	8 million	8 million	-	660,000
Abacus Trust	5,773	6.5%	5.02 million	5.02 million	-	182,397
Abacus Storage Funds Management Limited	886	1.0%	0.77 million	0.77 million	-	15,895

#### (f) Subsidiaries

Investments held in subsidiaries are disclosed in Note 21. Transactions with wholly owned subsidiaries are on normal commercial terms and eliminate in full on consolidation.

# ABACUS STORAGE PROPERTY TRUST

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2009

### 18. FINANCIAL INSTRUMENTS

#### (a) Credit Risk

##### Credit Risk Exposures

The carrying amount of the Trust's financial assets represents the maximum credit exposure. The Trust's maximum exposure to credit risk at the reporting date was:

	CONSOLIDATED		PARENT	
	Carrying Amount		Carrying Amount	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	92	239	91	237
Related party receivables	16,686	11,102	20,936	9,184
Derivative #	-	4,655	-	4,655
Related party loan	38,079	-	80,580	42,075
	<b>54,857</b>	<b>15,996</b>	<b>101,607</b>	<b>56,151</b>

# The principal value of the interest rate swap was \$138.5 million.

As at 30 June 2009, the Trust had the following concentrations of credit risk:

- Related Party Receivable: represented by Abacus Storage NZ Operations Pty Limited for \$6.7 million, Balmain Storage Pty Limited for \$3.4 million and Abacus Storage (Bulleen & Greensborough) Pty Limited for \$5.4 million.

The aging of the Trust's receivables at the reporting date was:

	Total	Original term	Extended term	Past due term	Impaired
<b>30-Jun-09</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Consolidated	16,686	16,686	-	-	-
less: provisioning	-	-	-	-	-
<b>Total Consolidated</b>	<b>16,686</b>	<b>16,686</b>	<b>-</b>	<b>-</b>	<b>-</b>
Parent	20,936	20,936	-	-	-
less: provisioning	-	-	-	-	-
<b>Total Parent</b>	<b>20,936</b>	<b>20,936</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Total	Original term	Extended term	Past due term	Impaired
<b>30-Jun-08</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Consolidated	11,102	11,102	-	-	-
less: provisioning	-	-	-	-	-
<b>Total Consolidated</b>	<b>11,102</b>	<b>11,102</b>	<b>-</b>	<b>-</b>	<b>-</b>
Parent	9,184	9,184	-	-	-
less: provisioning	-	-	-	-	-
<b>Total Parent</b>	<b>9,184</b>	<b>9,184</b>	<b>-</b>	<b>-</b>	<b>-</b>

## ABACUS STORAGE PROPERTY TRUST

### NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2009

#### 18. FINANCIAL INSTRUMENTS (continued)

##### (b) Liquidity Risk

The table below shows an analysis of the contractual maturities of key assets and liabilities, which forms part of the Trust's assessment of liquidity risk.

CONSOLIDATED	Carrying Amount	Contractual cash flows	1 Year or less	Over 1 year to 5 years	Over 5 years
30-Jun-09	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Liabilities</b>					
Trade and other payables	20,696	20,696	20,696	-	-
Interest bearing loans & borrowings #	203,775	220,899	13,946	206,953	-
<b>Total liabilities</b>	<b>224,471</b>	<b>241,545</b>	<b>34,642</b>	<b>206,953</b>	<b>-</b>

PARENT	Carrying Amount	Contractual cash flows	1 Year or less	Over 1 year to 5 years	Over 5 years
30-Jun-09	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Liabilities</b>					
Trade and other payables	20,569	20,569	20,569	-	-
Interest bearing loans & borrowings #	203,775	233,835	9,555	224,280	-
<b>Total liabilities</b>	<b>224,344</b>	<b>254,404</b>	<b>30,124</b>	<b>224,280</b>	<b>-</b>

CONSOLIDATED	Carrying Amount	Contractual cash flows	1 Year or less	Over 1 year to 5 years	Over 5 years
30-Jun-08	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Liabilities</b>					
Trade and other payables	13,120	13,120	13,120	-	-
Interest bearing loans & borrowings	118,742	135,349	46,575	88,774	-
<b>Total liabilities</b>	<b>131,862</b>	<b>148,469</b>	<b>59,695</b>	<b>88,774</b>	<b>-</b>

PARENT	Carrying Amount	Contractual cash flows	1 Year or less	Over 1 year to 5 years	Over 5 years
30-Jun-08	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Liabilities</b>					
Trade and other payables	12,968	12,968	12,968	-	-
Interest bearing loans & borrowings	118,742	135,349	46,575	88,774	-
<b>Total liabilities</b>	<b>131,710</b>	<b>148,317</b>	<b>59,543</b>	<b>88,774</b>	<b>-</b>

# The principal value of the interest rate swap was \$138.5 million

# ABACUS STORAGE PROPERTY TRUST

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2009

### 18. FINANCIAL INSTRUMENTS (continued)

#### (c) Currency Risk

The following table shows the Trust's investments denominated in a foreign currency.

	NZD	
	2009	2008
<b>CONSOLIDATED</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Assets</b>		
Cash at bank	9	220
Secured loans and receivables	8,656	5,667
<b>Total assets</b>	<b>8,665</b>	<b>5,887</b>
<b>Liabilities</b>		
Trade and other payables	8,292	3,440
Interest bearing loans and borrowings	79,097	67,950
<b>Total liabilities</b>	<b>87,389</b>	<b>71,390</b>

The Trust borrows loan funds in New Zealand dollars to substantially match the foreign currency asset value exposure with a corresponding foreign currency liability and therefore expects to substantially mitigate the foreign currency risk on its New Zealand denominated asset values.

The following sensitivity is based on the foreign currency risk exposures in existence at the balance sheet date:

At 30 June 2009, had the Australian Dollar moved, as illustrated in the table below, with all other variables held constant, equity would have been affected as follows:

Judgements of reasonable possible movements:	Post tax Profit		Equity	
	Higher/(Lower)		Higher/(Lower)	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
<b>Consolidated</b>				
AUD/NZD +10%	567	1,170	-	-
AUD/NZD -10%	(695)	(1,430)	-	-
<b>Parent</b>				
AUD/NZD +10%	1,471	1,170	-	-
AUD/NZD -10%	(1,798)	(1,430)	-	-

# ABACUS STORAGE PROPERTY TRUST

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2009

### 18. FINANCIAL INSTRUMENTS (continued)

#### d) Interest rate risk

The Trust's exposure to interest rate risk and the effective weighted average interest rates for each class of financial asset and financial liability are:

CONSOLIDATED 30-Jun-09	Floating interest rate \$'000	Fixed interest maturing in 1 year or less \$'000	Fixed interest maturing in 1 to 5 years \$'000	Fixed interest maturing in over 5 years \$'000	Non interest bearing \$'000	Total \$'000
<b>Financial Assets</b>						
Cash & cash equivalents	92	-	-	-	-	92
Trade & other receivable	-	-	-	-	16,686	16,686
Loan to Abacus Storage Operations Limited	-	-	-	38,079	-	38,079
<b>Total financial assets</b>	<b>92</b>	<b>-</b>	<b>-</b>	<b>38,079</b>	<b>16,686</b>	<b>54,857</b>
Weighted average interest rate	2.93%			7.20%		
<b>Financial liabilities</b>						
Interest bearing liabilities - bank	16,255	-	153,774	-	-	170,029
Related party loans	-	8,895	20,754	-	-	29,649
Derivatives	-	-	-	-	4,097	4,097
Payables	-	-	-	-	20,696	20,696
<b>Total financial liabilities</b>	<b>16,255</b>	<b>8,895</b>	<b>174,528</b>	<b>-</b>	<b>24,793</b>	<b>224,471</b>
Weighted average interest rate	4.52%	7.42%	7.20%			

PARENT 30-Jun-09	Floating interest rate \$'000	Fixed interest maturing in 1 year or less \$'000	Fixed interest maturing in 1 to 5 years \$'000	Fixed interest maturing in over 5 years \$'000	Non interest bearing \$'000	Total \$'000
<b>Financial Assets</b>						
Cash & cash equivalents	91	-	-	-	-	91
Trade & other receivable	-	-	-	-	20,936	20,936
Loan- Abacus Storage Operations Limited	-	-	-	38,079	-	38,079
Loan to subsidiary	-	-	-	42,501	-	42,501
<b>Total financial assets</b>	<b>91</b>	<b>-</b>	<b>-</b>	<b>80,580</b>	<b>20,936</b>	<b>101,607</b>
Weighted average interest rate	2.93%			8.60%		
<b>Financial liabilities</b>						
Interest bearing liabilities - bank	16,255	-	153,774	-	-	170,029
Related party loans	-	8,895	20,754	-	-	29,649
Derivatives	-	-	-	-	4,097	4,097
Payables	-	-	-	-	20,569	20,569
<b>Total financial liabilities</b>	<b>16,255</b>	<b>8,895</b>	<b>174,528</b>	<b>-</b>	<b>24,666</b>	<b>224,344</b>
Weighted average interest rate	4.52%	7.42%	7.20%			

# ABACUS STORAGE PROPERTY TRUST

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2009

### 18. FINANCIAL INSTRUMENTS (continued)

<b>CONSOLIDATED</b>	Floating interest rate	Fixed interest maturing in 1 year or less	Fixed interest maturing in 1 to 5 years	Fixed interest maturing in over 5 years	Non interest bearing	Total
<b>30-Jun-08</b>	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial Assets</b>						
Cash & cash equivalents	239	-	-	-	-	239
Trade & other receivable	-	-	-	-	11,102	11,102
Other financial assets	-	-	-	-	4,655	4,655
Other	-	-	-	-	-	-
<b>Total financial assets</b>	<b>239</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,757</b>	<b>15,996</b>
Weighted average interest rate	7.34%					
<b>Financial liabilities</b>						
Interest bearing liabilities - bank	13,924	38,690	66,128	-	-	118,742
Related party loans	-	-	-	-	-	-
Payables	-	-	-	-	13,120	13,120
<b>Total financial liabilities</b>	<b>13,924</b>	<b>38,690</b>	<b>66,128</b>	<b>-</b>	<b>13,120</b>	<b>131,862</b>
Weighted average interest rate	8.69%	8.26%	7.00%			

<b>PARENT</b>	Floating interest rate	Fixed interest maturing in 1 year or less	Fixed interest maturing in 1 to 5 years	Fixed interest maturing in over 5 years	Non interest bearing	Total
<b>30-Jun-08</b>	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial Assets</b>						
Cash & cash equivalents	237	-	-	-	-	237
Trade & other receivable	-	-	-	-	9,184	9,184
Other financial assets	-	-	-	-	4,655	4,655
Other	-	-	-	-	-	-
<b>Total financial assets</b>	<b>237</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,839</b>	<b>14,076</b>
Weighted average interest rate	7.34%					
<b>Financial liabilities</b>						
Interest bearing liabilities - bank	13,924	38,690	66,128	-	-	118,742
Related party loans	-	-	-	-	-	-
Payables	-	-	-	-	12,968	12,968
<b>Total financial liabilities</b>	<b>13,924</b>	<b>38,690</b>	<b>66,128</b>	<b>-</b>	<b>12,968</b>	<b>131,710</b>
Weighted average interest rate	8.69%	8.26%	7.00%			

# ABACUS STORAGE PROPERTY TRUST

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2009

### 18. FINANCIAL INSTRUMENTS (continued)

#### Summarised interest rate sensitivity analysis

The table below illustrates the potential impact a change in interest rate by +/- 1% would have had on the Trust profit and equity:

CONSOLIDATED 30-Jun-09	Carrying amount Floating \$'000	AUD			
		-1%		+1%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Financial assets	85	(1)	-	1	-
Financial liabilities	11,382	(1,323)	-	1,197	-

PARENT 30-Jun-09	Carrying amount Floating \$'000	AUD			
		-1%		+1%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Financial assets	84	(1)	-	1	-
Financial liabilities	11,382	(1,323)	-	1,197	-

CONSOLIDATED 30-Jun-08	Carrying amount Floating \$'000	AUD			
		-1%		+1%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Financial assets	64	(1)	-	1	-
Financial liabilities	13,924	139	-	(139)	-

PARENT 30-Jun-08	Carrying amount Floating \$'000	AUD			
		-1%		+1%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Financial assets	64	(1)	-	1	-
Financial liabilities	13,924	139	-	(139)	-

# ABACUS STORAGE PROPERTY TRUST

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2009

### 18. FINANCIAL INSTRUMENTS (continued)

#### Summarised interest rate sensitivity analysis

CONSOLIDATED 30-Jun-09	Carrying amount Floating \$'000	NZD			
		-1%			+1%
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000

Financial assets	9	-	-	-	-
Financial liabilities	11,147	(512)	-	556	-

PARENT 30-Jun-09	Carrying amount Floating \$'000	NZD			
		-1%			+1%
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000

Financial assets	7	-	-	-	-
Financial liabilities	11,147	(512)	-	556	-

CONSOLIDATED 30-Jun-08	Carrying amount Floating \$'000	NZD			
		-1%			+1%
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000

Financial assets	220	(2)	-	2	-
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PARENT 30-Jun-08	Carrying amount Floating \$'000	NZD			
		-1%			+1%
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000

Financial assets	220	(2)	-	2	-
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# ABACUS STORAGE PROPERTY TRUST

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2009

### 18. FINANCIAL INSTRUMENTS (continued)

#### (e) Fair values

As at 30 June 2009, the carrying amounts and fair values of financial assets and financial liabilities are:

	Carrying Amount 2009 \$'000	Fair Value 2009 \$'000	Carrying Amount 2008 \$'000	Fair Value 2008 \$'000
<b>CONSOLIDATED</b>				
<b>Financial assets</b>				
Cash and cash equivalents	92	92	239	239
Trade and other receivables	16,686	16,686	11,102	11,102
Loan- Abacus Storage Operations Limited	38,079	38,079	-	-
<b>Total financial assets</b>	<b>54,857</b>	<b>54,857</b>	<b>11,341</b>	<b>11,341</b>
<b>Financial Liabilities</b>				
Trade and other payables	20,696	20,696	13,120	13,120
Interest bearing loans and borrowings	203,775	204,365	114,087	114,087
<b>Total financial liabilities</b>	<b>224,471</b>	<b>225,061</b>	<b>127,207</b>	<b>127,207</b>
<b>Net financial assets / (liabilities)</b>	<b>(169,614)</b>	<b>(170,204)</b>	<b>(115,866)</b>	<b>(115,866)</b>

	Carrying Amount 2009 \$'000	Fair Value 2009 \$'000	Carrying Amount 2008 \$'000	Fair Value 2008 \$'000
<b>PARENT</b>				
<b>Financial assets</b>				
Cash and cash equivalents	91	91	237	237
Trade and other receivables	20,936	20,936	9,184	9,184
Loan- Abacus Storage Operations Limited	38,079	38,079	-	-
Loan to subsidiary	42,501	42,501	42,075	42,075
<b>Total financial assets</b>	<b>101,607</b>	<b>101,607</b>	<b>51,496</b>	<b>51,496</b>
<b>Financial Liabilities</b>				
Trade and other payables	20,569	20,569	12,968	12,968
Interest bearing loans and borrowings	203,774	204,365	114,087	114,087
<b>Total financial liabilities</b>	<b>224,343</b>	<b>224,934</b>	<b>127,055</b>	<b>127,055</b>
<b>Net financial assets / (liabilities)</b>	<b>(165,237)</b>	<b>(165,829)</b>	<b>(117,634)</b>	<b>(117,634)</b>

# ABACUS STORAGE PROPERTY TRUST

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2009

### 19. KEY MANAGEMENT PERSONNEL

#### (a) Details of Key Management Personnel

##### (i) Directors

The Directors of Abacus Storage Funds Management Limited are considered to be Key Management Personnel of the Trust. The Directors of the Responsible Entity in office during the year and up to the date of the report are:

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

Directors have been in office for the entire period unless otherwise disclosed.

##### (ii) Executives

E Varejes	Chief Operating Officer and Company Secretary
T Hardwick	Director – Funds Management
R de Aboitiz	Chief Financial Officer

#### (b) Compensation details of Key Management Personnel

No amount is paid by the Fund directly to the Directors of the Responsible Entity. Consequently, no compensation as defined in AASB 124 “Related Party Disclosures” is paid by the Fund to the Directors as Key Management Personnel.

#### (c) Director-related entity transactions

Mr Dennis Bluth, partner in HWL Ebsworth Lawyers, is a director of the Responsible Entity and AGHL. HWL Ebsworth Lawyers, was paid \$3,177 (2008: \$22,890) for legal services relating to corporate issues and lease documentation.

#### (d) Other related entity transactions

In addition to the Directors noted above, Abacus Storage Funds Management Limited, the Responsible Entity of the Trust is considered to be Key Management Personnel with the authority for the strategic direction and management of the Trust.

Compensation is paid to the Responsible Entity in the form of fees and is disclosed in Note 17 (c).

# ABACUS STORAGE PROPERTY TRUST

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2009

### 20. COMMITMENTS AND CONTINGENCIES

Commitments contracted for and other contingent liabilities at reporting date but not recognised as liabilities are as follows:

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
<b>Capital commitments:</b>				
Within one year				
- store expansion	-	1,060	-	-
	-	1,060	-	-

### 21. DETAILS OF CONTROLLED ENTITIES

The consolidated financial statements include the financial statements of the following entities listed in the following table:

Name	Equity interest		Carrying value	
	2009	2008	2009	2008
	%	%	\$'000	\$'000
Abacus Storage Property Trust and its subsidiary:				
Abacus Storage NZ Property Trust	100	100	17,732	17,732

### 22. AUDITOR'S REMUNERATION

The auditor of the Trust is Ernst & Young.

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
Amounts received or due and receivable by Ernst & Young Australia for:				
- an audit of the financial report of the entity and any other entity in the consolidated entity	93,626	81,976	76,110	81,976
	<b>93,626</b>	<b>81,976</b>	<b>76,110</b>	<b>81,976</b>

### 22. EVENTS AFTER THE BALANCE SHEET DATE

There has been no other matter or circumstance that has arisen since the end of the financial year that has or may affect the Trust's operations in future financial years, the results of those operations or the Trust's state of affairs in future financial years.

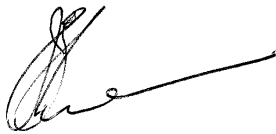
**DIRECTORS' DECLARATION**

In accordance with a resolution of the Directors, we state that:

(1) in the opinion of the Directors:

- (a) the financial statements and notes of the Trust are in accordance with the Corporations Act 2001, including :
  - (i) giving a true and fair view of the Trust's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
  - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

On behalf of the Board



John Thame  
Chairman



Frank Wolf  
Managing Director

Sydney, 24 September 2009

## Independent auditor's report to the members of Abacus Storage Property Trust

### Report on the Financial Report

We have audited the accompanying financial report of Abacus Storage Property Trust ('the Trust'), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the Trust and the entities it controlled at the year's end or from time to time during the financial year.

### *Directors' Responsibility for the Financial Report*

The directors of the Abacus Storage Funds Management Limited, the Responsible Entity of the Trust, are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2(b), the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Independence*

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the Responsible Entity a written Auditor's Independence Declaration, a copy of which is attached to the directors' report.

### **Auditor's Opinion**

In our opinion:

1. the financial report of Abacus Storage Property Trust is in accordance with the *Corporations Act 2001*, including:
  - i giving a true and fair view of the financial position of Abacus Storage Property Trust and the consolidated entity at 30 June 2009 and of their performance for the year ended on that date; and
  - ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.



Ernst & Young



K. Zdrilic  
Partner  
Sydney  
24 September 2009