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Abacus Group Holdings Limited
ACN 080 064 619
Abacus Group Projects Limited
ACN 104 066 104
Abacus Funds Management Limited
ACN 007 415 590
Abacus Property Services Pty Limited
ACN 050 739 001

ASX ANNOUNCEMENT

Abacus Storage Fund Merger

The attached report from Ernst & Young and the pro forma statement of financial position of the merged group replaces and updates the pro forma statement of financial position released on 27 February 2012.

5 March 2012

Ellis Varejes
Company Secretary

Neil Summerfield
Head of Investor Relations
Abacus Property Group
(02) 9253 8600

ERNST & YOUNG

Ernst & Young Transaction Advisory Services Limited
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680 George Street
Sydney NSW 2000 Australia
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5 March 2012

The Board of Directors
Abacus Property Group
Attention: John Thame
Level 34, Australia Square
264-278 George Street
Sydney NSW 2000

Dear Directors

PART 1 – INDEPENDENT INVESTIGATING ACCOUNTANT'S REPORT ON PRO FORMA FINANCIAL INFORMATION

1. Introduction

We have prepared this Investigating Accountant's Report (the "Report") on the pro forma financial information of Abacus Property Group ('ABP') in relation to the Abacus Merged Group Explanatory Memorandum ('Explanatory Memorandum') dated on 13 January 2012, and issued by Abacus Property Group ('ABP'), in respect of the transaction relating to the stapling of the Abacus Storage Fund ("ASF") to ABP (the 'Transaction') and the consolidation under AASB10 resulting in a merged group of ABP, ASF, Abacus Miller Street Holding Trust, Abacus Hospitality Fund and Abacus Diversified Income Fund II (the "Merged Group").

Expressions defined in the Explanatory Memorandum have the same meaning in this Report.

Ernst & Young Transaction Advisory Services Limited ("Ernst & Young Transaction Advisory Services") holds an Australian Financial Services Licence (AFS Licence Number 240585). Tony Connolly is a Director and Representative of Ernst & Young Transaction Advisory Services. We have included our Financial Services Guide as Part 2 of this Report.

2. Scope

Ernst & Young Transaction Advisory Services Limited has been requested to prepare this Report to cover the following financial information:

Pro Forma Financial Information

The pro forma financial information attached comprises the Merged Group pro forma consolidated statement of financial position as at 30 June 2011.

(Hereafter the 'Merged Group Pro Forma Consolidated Statement of Financial Position')

The Merged Group Pro Forma Consolidated Statement of Financial Position is consistent with the pro forma consolidated statement of financial position at Section 10.7 of the Explanatory Memorandum except that it is presented with current and non-current classifications.

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The Merged Group Pro Forma Consolidated Statement of Financial Position assumes completion of the proposed transactions outlined in Sections 10.3 to 10.7 of the Explanatory Memorandum.

The Merged Group Pro Forma Consolidated Statement of Financial Position is presented in an abbreviated form insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports.

3. Directors' Responsibility for the Financial Information

The Directors of ABP have prepared and are responsible for the preparation and presentation of the Merged Group Pro Forma Consolidated Statement of Financial Position. The Directors are also responsible for the determination of the pro forma adjustments as set out in Sections 10.3 to 10.7 of the Explanatory Memorandum.

4. Our Responsibility for the Financial Information

Our responsibility is to express a conclusion on the Merged Group Pro Forma Consolidated Statement of Financial Position based on our review. We have conducted an independent review of the Merged Group Pro Forma Consolidated Statement of Financial Position in order to state whether on the basis of the procedures described, anything has come to our attention that would cause us to believe that:

a. The pro forma assumptions do not provide a reasonable basis for the Merged Group Pro Forma Consolidated Statement of Financial Position;

b. The Merged Group Pro Forma Consolidated Statement of Financial Position has not been prepared on the basis of the assumptions set out in Sections 10.3 to 10.7 of the Explanatory Memorandum;

   The Merged Group Pro Forma Consolidated Statement of Financial Position does not present fairly, in all material respects, the financial position of the Merged Group as at 30 June 2011.

in accordance with the measurement and recognition requirements (but not all of the presentation and disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia as if the pro forma adjustments set out in Sections 10.3 to 10.7 of the Explanatory Memorandum had occurred at 30 June 2011.

Our independent review of the Merged Group Pro Forma Consolidated Statement of Financial Position has been conducted in accordance with Australian Auditing and Assurance Standards applicable to review engagements. Our procedures consist of reading of relevant Board minutes, reading of relevant contracts and other legal documents, inquiries of management personnel and the Directors of ABP, and analytical and other procedures applied to ABP's accounting records. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion on the Merged Group Pro Forma Consolidated Statement of Financial Position.

5. Review conclusion on the Merged Group Pro Forma Consolidated Statement of Financial Position

Based on our independent review, which is not an audit, nothing has come to our attention which causes us to believe that:

a. The pro forma assumptions do not provide a reasonable basis for the Merged Group Pro Forma Consolidated Statement of Financial Position;

b. The Merged Group Pro Forma Consolidated Statement of Financial Position has not been prepared on the basis of the assumptions set out in Sections 10.3 to 10.7 of the Explanatory Memorandum;

c. The Merged Group Pro Forma Consolidated Statement of Financial Position does not present fairly, in all material respects, the financial position of the Merged Group as at 30 June 2011.

in accordance with the measurement and recognition requirements (but not all of the presentation and disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia as if the pro forma adjustments set out in Sections 10.3 to 10.7 of the Explanatory Memorandum had occurred at 30 June 2011.

We disclaim any assumption of responsibility for any reliance on this Report or on the Merged Group Pro Forma Consolidated Statement of Financial Position to which this Report relates for any purposes other than the purpose for which it was prepared. This Report should be read in conjunction with the Explanatory Memorandum.

6. Independence or Disclosure of Interest

Ernst & Young Transaction Advisory Services Limited does not have any pecuniary interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. Ernst & Young provides audit and other advisory services to ABP. Ernst & Young Transaction Advisory Services Limited will receive a professional fee for the preparation of this Report.

Yours faithfully
Ernst & Young Transaction Advisory Services Limited

Tony Connolly
Director and Representative

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THIS FINANCIAL SERVICES GUIDE FORMS PART OF THE INVESTIGATING ACCOUNTANT'S REPORT

PART 2 – FINANCIAL SERVICES GUIDE

1. Ernst & Young Transaction Advisory Services

Ernst & Young Transaction Advisory Services Limited ("Ernst & Young Transaction Advisory Services" or "we," or "us" or "our") has been engaged to provide general financial product advice in the form of an Independent Accountant's Report ("Report") in connection with a financial product of another person. The Report is to be included in documentation being sent to you by that person.

2. Financial Services Guide

This Financial Services Guide ("FSG") provides important information to help retail clients make a decision as to their use of the general financial product advice in a Report, information about us, the financial services we offer, our dispute resolution process and how we are remunerated.

3. Financial services we offer

We hold an Australian Financial Services Licence which authorises us to provide the following services:

- financial product advice in relation to securities, derivatives, general insurance, life insurance, managed investments, superannuation, and government debentures, stocks and bonds; and
- arranging to deal in securities.

4. General financial product advice

In our Report we provide general financial product advice. The advice in a Report does not take into account your personal objectives, financial situation or needs.

You should consider the appropriateness of a Report having regard to your own objectives, financial situation and needs before you act on the advice in a Report. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain an offer document relating to the financial product and consider that document before making any decision about whether to acquire the financial product.

We have been engaged to issue a Report in connection with a financial product of another person. Our Report will include a description of the circumstances of our engagement and identify the person who has engaged us. Although you have not engaged us directly, a copy of the Report will be provided to you as a retail client because of your connection to the matters on which we have been engaged to report.

5. Remuneration for our services

We charge fees for providing Reports. These fees have been agreed with, and will be paid by, the person who engaged us to provide a Report. Our fees for Reports are based on a time cost or fixed fee basis. Our directors and employees providing financial services receive an annual salary, a performance bonus

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or profit share depending on their level of seniority. The estimated fee for this Report is $2,000 (exclusive of GST).

Ernst & Young Transaction Advisory Services is ultimately owned by Ernst & Young, which is a professional advisory and accounting practice. Ernst & Young may provide professional services, including audit, tax and financial advisory services, to the person who engaged us and receive fees for those services.

Except for the fees and benefits referred to above, Ernst & Young Transaction Advisory Services, including any of its directors, employees or associated entities should not receive any fees or other benefits, directly or indirectly, for or in connection with the provision of a Report.

6. Associations with product issuers

Ernst & Young Transaction Advisory Services and any of its associated entities may at any time provide professional services to financial product issuers in the ordinary course of business.

7. Responsibility

The liability of Ernst & Young Transaction Advisory Services is limited to the contents of this Financial Services Guide and the Report.

8. Complaints process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial services. All complaints must be in writing and addressed to the AFS Compliance Manager or the Chief Complaints Officer and sent to the address below. We will make every effort to resolve a complaint within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service Limited.

9. Compensation Arrangements

The Company and its related entities hold Professional Indemnity insurance for the purpose of compensation should this become relevant. Representatives who have left the Company's employment are covered by our insurances in respect of events occurring during their employment. These arrangements and the level of cover held by the Company satisfy the requirements of section 912B of the Corporations Act 2001.

Contacting Ernst & Young Transaction Advisory Services	**Contacting the Independent Dispute Resolution Scheme:**
AFS Compliance Manager Ernst & Young 680 George Street Sydney NSW 2000 Telephone: (02) 9248 5555	Financial Ombudsman Service Limited PO Box 3 Melbourne VIC 3001 Telephone: 1300 78 08 08

This Financial Services Guide has been issued in accordance with ASIC Class Order CO 04/1572.

Merged Group Pro Forma Consolidated Statement of Financial Position at 30 June 2011	
	($000's)
CURRENT ASSETS	
Cash and cash equivalents	$37,168
Trade and other receivables	$17,350
Inventory	$46,488
Investment properties held for sale	$91,131
Property loans	$33,536
Other financial assets	$959
Other	$3,985
TOTAL CURRENT ASSETS	**$230,617**
NON-CURRENT ASSETS	
Property, plant and equipment	$163,222
Inventory	$34,489
Investment properties	$1,338,130
Property loans	$116,334
Other financial assets	$17,657
Equity accounted investments	$106,057
Deferred tax assets	$15,978
Intangible assets and goodwill	$35,173
Other	$6,000
TOTAL NON-CURRENT ASSETS	**$1,833,040**
TOTAL ASSETS	**$2,063,657**
CURRENT LIABILITIES	
Trade and other payables	$29,809
Interest-bearing loans and borrowings	$47,450
Other	$5,388
TOTAL CURRENT LIABILITIES	**$82,647**
NON-CURRENT LIABILITIES	
Trade and other payables	$13,817
Interest-bearing loans and borrowings	$768,463
Derivatives at fair value	$27,713
Deferred tax liabilities	$8,800
Other	$54,410
TOTAL NON-CURRENT LIABILITIES	**$873,203**
TOTAL LIABILITIES	**$955,850**
NET ASSETS	**$1,107,807**
TOTAL EQUITY	**$1,107,807**
Equity	
Contributed equity	$1,232,592
Reserves	$2,656
Gain / (Loss) on acquisition/ consolidation	($73,780)
Retained earnings	($97,571)
Total stapled security holders' interest in equity	**$1,063,897**
Non controlling interests (ASF, AHF)	$30,155
Total external non-controlling interest (Jigsaw/ Metcash)	$13,755
TOTAL EQUITY	**$1,107,807**