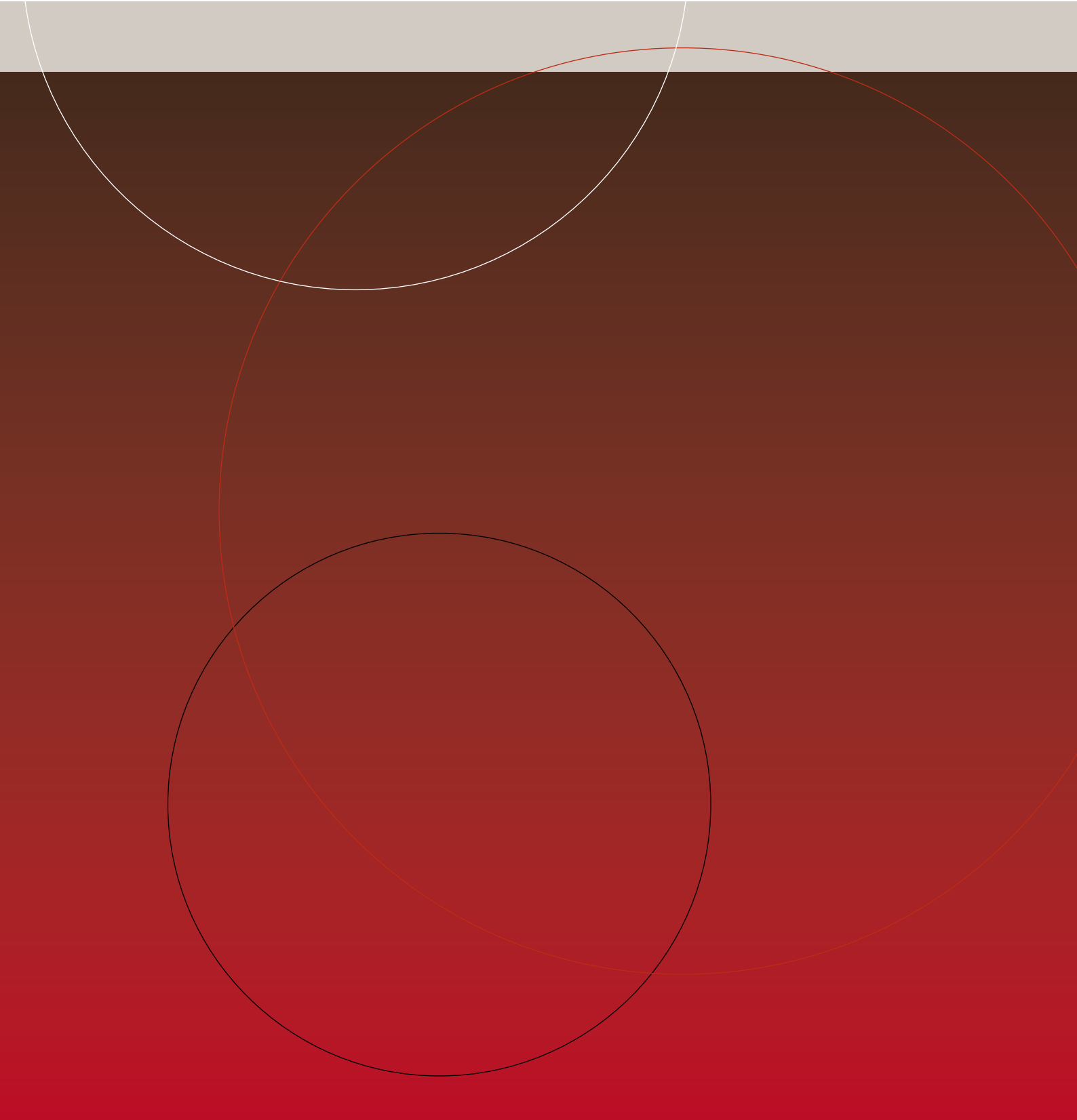




# annual financial report 2009



# annual financial report

30 June 2009

## ABACUS PROPERTY GROUP

At 30 June 2009, the Abacus Property Group (APG) comprised the Abacus Trust (AT), the Abacus Income Trust (AIT), Abacus Group Holdings Limited (AGHL) and Abacus Group Projects Limited (AGPL). A summary of the corporate structure is illustrated below.

AGHL has been identified as the parent entity for the purpose of producing a consolidated financial report for the APG. That is, the concise financial report of AGHL services as a summary of the financial performance and position of APG as a whole. It consolidates the financial reports of AGHL, AT, AIT and AGPL and their controlled entities.

To comply with Australian reporting requirements, the concise financial reports of AT, AIT and AGPL are also provided.

## GLOSSARY

Abacus	Abacus Funds Management Limited, the responsible entity of the trusts
AGHL	Abacus Group Holdings Limited
AGPL	Abacus Group Projects Limited
AIT	Abacus Income Trust
APG	Abacus Property Group
AT	Abacus Trust

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## DIRECTORY

**Responsible Entity:**  
 Abacus Funds Management Limited  
 ABN: 66 007 415 590  
 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  
 William Bartlett  
 David Bastian  
 Dennis Bluth  
 Malcolm Irving  
 Len Lloyd

**Directors of Abacus Group Holdings Limited:**  
 John Thame, Chairman  
 Frank Wolf, Managing Director  
 William Bartlett  
 David Bastian  
 Dennis Bluth  
 Malcolm Irving  
 Len Lloyd

**Company Secretary:**  
 Ellis Varejes

**Custodian:**  
 Perpetual Trustee Company Limited  
 Level 12, Angel Place  
 123 Pitt Street  
 SYDNEY NSW 2000

**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

**Share Registry:**  
 Registries Limited  
 Level 7, 207 Kent Street  
 SYDNEY NSW 2000  
 Tel: (02) 9290 9600  
 Fax: (02) 9279 0664



It is recommended that this Annual Financial Report should be read in conjunction with the Annual Financial Reports of Abacus Trust, Abacus Group Projects Limited and Abacus Income Trust as at 30 June 2009. It is also recommended that the report be considered together with any public announcements made by the Abacus Property Group in accordance with its continuous disclosure obligations arising under the Corporations Act 2001.

## directors report

30 June 2009

## abacus property group

The Directors present their report together with the consolidated financial report of Abacus Group Holdings Limited and the auditor's report thereon.

Abacus Group Holdings Limited has been identified as the parent entity of the group referred to as the Abacus Property Group ("APG" or the "Group"). The consolidated financial reports of the Abacus Property Group for the year ended 30 June 2009 comprises the consolidated financial reports of Abacus Group Holdings Limited ("AGHL") and its controlled entities, Abacus Trust ("AT") and its controlled entities, Abacus Group Projects Limited ("AGPL") and its controlled entities and Abacus Income Trust ("AIT") and its controlled entities.

### DIRECTORS

The Directors of Abacus Group Holdings Limited in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

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

### PRINCIPAL ACTIVITIES

The Group operates predominantly in Australia and its principal activities during the course of the year ended 30 June 2009 included:

- investment in commercial, retail and industrial properties;
- property funds management;
- property finance; and
- participation in property joint ventures and developments.

### CORPORATE STRUCTURE

The Group is comprised of Abacus Group Holdings Limited ("AGHL"), Abacus Trust ("AT"), Abacus Group Projects Limited ("AGPL") and Abacus Income Trust ("AIT"). Shares in AGHL and AGPL and units in AT and AIT and have been stapled together so that none can be dealt with without the others. An APG security consists of one share in AGHL, one unit in AT, one share in AGPL and one unit in AIT. A transfer, issue or reorganisation of a share or unit in any of the component parts is accompanied by a transfer, issue or reorganisation of a share or unit in each of the other component parts.

AGHL and AGPL are companies that are incorporated and domiciled in Australia. AT and AIT are Australian registered managed investment schemes. Abacus Funds Management Limited ("AFML"), the Responsible Entity of AT and AIT, is incorporated and domiciled in Australia and is a wholly-owned subsidiary of AGHL.

### REVIEW OF OPERATIONS

The Group incurred a net loss attributable to members of \$102.4 million for the year ended 30 June 2009 (June 2008: \$71.5 million profit). This loss has been calculated in accordance with Australian Accounting Standards and includes certain significant items that need adjustment to enable securityholders to obtain an understanding of the Group's underlying profit of \$72.0 million (June 2008: \$91.0 million).

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

	2009 \$'000	2008 \$'000
<b>Statutory net profit / (loss) attributable to securityholders</b>	<b>(102,412)</b>	<b>71,460</b>
<b>Certain significant items:</b>		
Net change in fair value of investments held at balance date	113,426	22,641
Net change in fair value of derivatives	51,420	(3,137)
Net change in fair value of investment properties and derivatives included in equity accounted profits from associates / joint ventures	(1,467)	-
Impairment of loan as part of the restructuring of ADIFII	11,000	-
<b>Underlying profit</b>	<b>71,967</b>	<b>90,964</b>

The statutory loss was principally caused by a devaluation of the property portfolio by \$107.5m and adverse fair value movements of \$48.3 million in the Group's interest rate swap book which is used to fix the cost of borrowings and align these borrowings with the net revenue earned by the property 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 \$11.3 million at 30 June 2008 to a liability of \$37.0 million at 30 June 2009, a fair value decrement of \$48.3 million which was taken to profit and loss.

	2009	2008 <sup>1</sup>
Basic earnings / (loss) per security (cents)	(11.81)	10.98
Diluted basic earnings per security (cents)	(11.81)	10.80
Underlying earnings per security (cents)	8.30	13.98
Diluted underlying earnings per security (cents)	8.30	13.75
Distributions per security (cents) (including proposed distribution)	7.75	13.50

The Group's gearing was significantly reduced following the \$211 million capital raising through a rights issue and a placement. The impact of the fair value adjustments in respect of property devaluations and interest rate swaps on the Group's financial condition was as follows:

	2009	2008
Total Assets (\$ million)	1,445.8	1,636.0
Gearing (%)	26.6	37.5
Net Assets (\$ million)	989.7	925.0
Net Tangible Assets (\$ million)	940.5	883.9
NTA per security (\$)	0.62	1.37
Retained earnings / (Accumulated losses) (\$ million)	(14.6)	134.6
Securities on issue (million)	1,509.6	645.6
Weighted average securities on issue (million)	867.5	650.9 <sup>1</sup>

<sup>1</sup> Prior period weighted average number of securities and EPSs have been adjusted in accordance with AASB 133 "Earnings per Share" ("AASB 133"). The weighted average number of securities on issue for the current period, prior to the Equity Raisings, have also been adjusted as required by AASB 133.

## directors report

30 June 2009

## abacus property group

### REVIEW OF OPERATIONS (CONTINUED)

Business activities which contributed to the Group's operating performance and financial condition for the financial year were:

#### Property

Total property assets at 30 June 2009 were \$897 million (30 June 2008 \$1,090 million). The property portfolio was independently revalued during the year ended 30 June 2009, on a staggered basis, which resulted in a net full year devaluation charge of \$107.5 million.

During the year the Group acquired six properties for \$42 million and sold eleven self-storage properties for \$71 million to the Abacus Storage Fund which realised a profit of \$3.3 million.

Rental income increased from \$76.4 million in 2008 to \$78.9 million due to net rental increases.

#### Funds Management

Following the acquisition of the additional properties Abacus Storage Fund released a new offer document in December seeking to raise \$37 million. The Fund now holds forty-one self storage facilities and is one of the largest storage operator/investor in Australasia.

Funds Management was affected by the extreme change in market conditions which resulted in potential investors preferring cash to property based products. Despite these conditions Funds Management contributed \$13.2 million (30 June 2008 \$38.9 million) to the Group result.

#### Property Finance

Total property finance assets including accrued interest (and net of provisions) at 30 June 2009 were \$146.2 million (30 June 2008 \$144.7 million).

Revenue earned from interest and fees (net of provisions) totalled \$14.4 million for the year (30 June 2008 \$13.2 million).

### Joint ventures & Developments

Investments managed within the Joint Ventures & Developments division comprise direct and indirect property investments and at 30 June 2009 totalled \$126.5 million (30 June 2008 \$77.3 million).

The joint venture investments are with experienced property investors and developers in New South Wales, Victoria and overseas. These joint ventures enable the Group to participate in a range of property-related opportunities with participants who have local knowledge and specialist property expertise.

Joint Ventures including equity accounted income contributed \$19.7 million to the Group result (30 June 2008 \$9.3 million).

### REVIEW OF FINANCIAL CONDITION

During the year ended 30 June 2009, the contributed equity of the Group increased \$216.0 million to \$987.5 million compared to \$771.5 million at 30 June 2008 due principally to the \$24.4 million placement to the Kirsh Group and the \$187 million rights issue in March 2009.

Total equity increased by \$64.7 million to \$989.7 million at 30 June 2009 compared to \$925.0 million at 30 June 2008.

Net tangible assets per security were \$0.62 at 30 June 2009 compared to \$1.37 at 30 June 2008.

At 30 June 2009, existing bank loan facilities totalled approximately \$612.4 million, of which \$392.2 million was drawn. The weighted average maturity of its secured, non-recourse bank debt is 1.6 years. The Group manages interest rate exposure on debt facilities through the use of interest rate swap contracts. At 30 June 2009, 76.3% (2008: 75.4%) of total debt facilities were covered by interest rate swap arrangements at an average interest rate (including bank margin) of 7.31% (2008: 7.69%) and an average term to maturity of 4.69 years (2008: 5.07 years).

### DISTRIBUTIONS

Group distributions in respect of the year ended 30 June 2009 were \$58.6 million (June 2008: \$85.0 million), which is equivalent to 7.75 cents per stapled security (June 2008: 13.5 cents). This distribution includes 0.75 cents (11.3 million) that was paid on 7 August 2009. Further details on the distributions are set out in note 9 of the financial statements.

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The following significant changes in the state of affairs of the Group occurred during the financial year:

- Retained earnings (including the impact of revaluations of investment properties and derivative financial instruments and distributions) decreased \$149.2 million to accumulated losses of \$14.6 million at 30 June 2009 compared to \$134.6 million of retained earnings at 30 June 2008; and
- Total equity increased by 6.99% from \$925.0 million to \$989.7 million at 30 June 2009 reflecting the additional capital raised and net movements in retained earnings, distributions and property devaluations during the year.

### 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 Group's operations in future financial periods, the results of those operations or the Group'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 Group.

## directors report

30 June 2009

## abacus property group

### REMUNERATION REPORT (AUDITED)

This Remuneration Report outlines the director and executive remuneration arrangements of the company and the Group in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report Key Management Personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the parent company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes the five executives in the parent and the Group receiving the highest remuneration.

For the purposes of this report, the term 'executive' encompasses the Managing Director, senior executives, general managers and secretary of the parent and the Group.

Details of key management personnel (including the five highest paid executives of the Company and the Group).

#### i) Directors

J. Thame	Chairman (Non-executive)
F. Wolf	Managing Director
W. Bartlett	Director (Non-executive)
D. Bastian	Director (Non-executive)
D. Bluth	Director (Non-executive)
M. Irving	Director (Non-executive)
L. Lloyd	Executive Director

#### ii) Executives

R. de Aboitiz	Chief Financial Officer
T. Hardwick	Director Funds Management
J. L'Estrange	General Manager Property Finance
P. Strain	Director Property
E. Varejes	Chief Operating Officer and Company Secretary

### REMUNERATION & NOMINATION COMMITTEE

The Remuneration & Nomination Committee of the Board of Directors is responsible for determining and reviewing remuneration arrangements for the Board and executives.

The Remuneration & Nomination Committee assesses the appropriateness of the nature and amount of remuneration of executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality, high performing Board and executive team.

#### REMUNERATION POLICY

The performance of the group depends upon the quality of its directors and executives. To prosper, the Group must attract, motivate and retain highly skilled directors and executives.

The Group's policy is competitive and is critical to achieving the Group's overall objective of producing superior performance and growth. The Group's policy is designed to reward individual performance and closely align the interests of the Board and executives to those of shareholders through the use of short-term and long-term incentives. To this end, the Group embodies the following principles in its remuneration framework:

- provide competitive rewards to attract high calibre executives;
- link executive rewards to the Group's performance and the creations of securityholder value;
- have a reasonable portion of executive remuneration at risk; and
- establish performance hurdles for variable executive remuneration.

### REMUNERATION REPORT (AUDITED) (CONTINUED)

#### Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

#### Non-executive director remuneration

##### Objective

The Board seeks to set aggregate remuneration at a level that provides the Group with the ability to attract and retain directors of the highest calibre, while incurring a cost that is acceptable to securityholders.

##### Structure

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The latest determination was at the Annual General Meeting held on 14 November 2007 when securityholders approved an aggregate remuneration limit of \$600,000 per year.

The aggregate remuneration limit and the fee structure is reviewed annually. The Board considers advice from an external consultant as well as the fees paid to non-executive directors of comparable groups when undertaking the annual review process.

Fees payable to non-executive directors are as follows:

Board/Committee	Role	Fee
Board	Chairman	\$183,000
Board	Member	\$69,000
Audit Committee	Chairman	\$12,000
Audit Committee	Member	\$6,000
Compliance Committee	Chairman	\$6,000
Credit Committee	Member	\$5,760
Due Diligence	Member	\$6,000
Remuneration	Member	\$6,000
Abacus Storage Funds Management Limited Board	Member	\$9,000

The payment of additional fees for serving on a committee recognises the additional time commitment required by directors who serve on one or more sub-committees.

The non-executive directors do not receive retirement benefits. Nor do they participate in any incentive programs. The remuneration of non-executive directors for the years ended 30 June 2009 and 30 June 2008 is detailed in Table 1 of this report.

#### Executive remuneration

##### Objective

The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group so as to:

- reward executives for Group, business unit and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of executives with those of securityholders; and
- ensure total remuneration is competitive by market standards.



## directors report

30 June 2009

## abacus property group

### REMUNERATION REPORT (AUDITED) (CONTINUED)

#### Structure

In determining the level and make-up of executive remuneration, the Remuneration Committee engages external consultants as needed to provide independent advice.

The Remuneration Committee has negotiated a detailed contract of employment with the Managing Director. Details of this contract are provided below.

Remuneration consists of the following key elements:

- fixed remuneration (base salary, superannuation and non-monetary benefits).
- variable remuneration
  - short term incentive (STI); and
  - long term incentive (LTI).

The proportion of fixed remuneration and variable remuneration (potential short term and long term incentives) for each executive is set out in Table 1. No bonuses were paid in respect of the year ended 30 June 2009 as a consequence of the difficult economic environment, other than a bonus to the Managing Director for his role in developing and achieving the Group's capital management strategy.

#### FIXED REMUNERATION

##### Objective

Fixed remuneration is reviewed annually by the Remuneration Committee. The process consists of a review of Group, business unit and individual performance, relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The Committee has access to external advice independent of management.

##### Structure

Executives are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Group.

The fixed remuneration component of executives is detailed in Table 1.

### VARIABLE REMUNERATION – SHORT TERM INCENTIVE (STI)

#### Objective

The objective of the STI program is to link the achievement of the Group's operational targets with the remuneration received by the executives charged with meeting those targets.

#### Structure

At the discretion of the Board, executives and senior managers may receive STI payments based on reference to a variety of measures, both financial and non-financial. These measures primarily include Group capital management and profitability targets, returns to security holders and certain key performance indicators such as assets under management.

The Board considers that performance linked objectives that have an operational and financial impact focus are best suited to the outcomes desired by securityholders. Non-financial measures are also taken into account.

The aggregate of annual STI payments available for executives across the Group is subject to the approval of the Remuneration Committee. Payments made are delivered as a cash bonus in the following reporting period.

### REMUNERATION REPORT (AUDITED) (CONTINUED)

#### Variable Remuneration – Long Term Incentive (LTI)

##### Objective

The objective of the LTI plans was to reward executives in a manner that aligns remuneration with the creation of securityholder wealth. As such, LTI grants are only made to executives who are able to influence the generation of securityholder wealth and thus have an impact on the Group's performance against the relevant long term performance hurdle.

The LTI plans were no longer sustainable and in the current form they no longer met the Group's objective that executives be rewarded in a manner that aligns remuneration with the interests of securityholders. Accordingly, effective 30 June 2009 the Group, with the agreement of the participants, cancelled the LTI plans that were in operation and are described below. The remuneration committee is evaluating alternatives and a new LTI proposal will be put to securityholders in due course.

##### (a) Executive Performance Award Plan (EPAP)

Security options were granted to executives employed on the first day of the relevant financial year. The security options were to vest over a period of 3 years subject to meeting performance hurdles, with no opportunity to retest. Executives were able to exercise the security options for up to 7 years after vesting before the options lapsed.

The cancellation of the EPAP has resulted in bringing forward the remaining share based payment expenses (fair value adjustment) to the current year. The amount of the charge is \$1.5m.

No LTI options were granted or exercised during the year.

Table 2 provides details of LTI options granted during the prior year.

#### (b) Executive Security Loan Plan (ESLP)

Executives were offered limited recourse loans to acquire Group securities on market. The executive entered into a salary sacrifice arrangement under which base remuneration, approximately equal to a notional interest amount on the loan, was foregone by the executive. The interest rate for a financial year was equivalent to the Group distribution rate for that year.

The securities acquired under the ESLP were purchased on market and were fully vested.

The loans provided under the ESLP were made in 2006 and 2007.

The loans will be repaid with the proceeds of securities that were acquired under the ESLP.

The loans were accounted for in accordance with AASB 2 Share Based Payments, as follows:

- The loans were not recorded on the balance sheet, as they were regarded as options.
- The value of a loan was determined by an option valuation model calculation (Binominal Tree American put option model) and this amount is treated as an employee expense with a corresponding increase in reserves.
- A repayment of the loan is treated as an increase to Contributed Equity.

## directors report

30 June 2009

## abacus property group

### REMUNERATION REPORT (AUDITED) (CONTINUED)

#### Employment contracts

##### Managing Director

The Managing Director, Dr Wolf, is employed under a rolling contract. The current employment contract commenced on 10 October 2002. Under the terms of the present contract:

Dr Wolf receives a base salary which is reviewed annually. He is entitled to participate in the LTI plans that are made available and to receive short-term incentive payments.

Dr Wolf may resign from his position and thus terminate this contract by giving 6 months written notice.

The Group may terminate this employment agreement by providing 12 months written notice or providing payment in lieu of the notice period (based on the fixed component of Dr Wolf's remuneration).

##### Other Executives

There are no formal service agreements with other executives. The Group may terminate an executive's service at any time without notice if serious misconduct has occurred. Where termination with cause occurs the executive is only entitled to remuneration up to the date of termination.

TABLE 1: REMUNERATION OF KEY MANAGEMENT PERSONNEL

	SHORT-TERM			POST EMPLOYMENT	SECURITY-BASED PAYMENT*	TOTAL	% PERFORMANCE RELATED
	SALARY & FEES	CASH BONUS	NON-MONETARY BENEFITS	SUPER-ANNUATION	OPTIONS		
2009							
<b>Non-executive Directors</b>							
J Thame – Chairman	177,904	-	-	13,745	-	191,649	-
W Bartlett	75,229	-	-	6,953	-	82,182	-
D Bastian	-	-	-	97,400	-	97,400	-
D Bluth	-	-	-	91,400	-	91,400	-
M Irving	98,000	-	-	-	-	98,000	-
<b>Sub-total Non-executive Directors</b>	<b>351,133</b>	<b>-</b>	<b>-</b>	<b>209,498</b>	<b>-</b>	<b>560,631</b>	<b>-</b>
<b>Executive directors</b>							
F Wolf – Managing Director	1,100,000	500,000	-	100,000	473,718	2,173,718	45%
L Lloyd – Managing Director, Property Services	250,000	-	-	100,000	147,115	497,115	30%
<b>Other Key Management Personnel</b>							
R de Aboitiz – Chief Financial Officer	456,255	-	-	13,745	97,115	567,115	17%
T Hardwick – Director Funds Management	456,255	-	-	13,745	147,115	617,115	24%
J L'Estrange – General Manager Property Finance	398,255	-	-	31,745	147,115	577,115	25%
P Strain – Director Property	300,000	-	-	50,000	130,449	480,449	27%
E Varejes – Chief Operating Officer	396,250	-	-	73,750	147,115	617,115	24%
<b>Sub-total executive KMP</b>	<b>3,357,015</b>	<b>500,000</b>	<b>-</b>	<b>382,985</b>	<b>1,289,742</b>	<b>5,529,742</b>	
<b>Total</b>	<b>3,708,148</b>	<b>500,000</b>	<b>-</b>	<b>592,483</b>	<b>1,289,742</b>	<b>6,090,373</b>	

\*These payments relate to options issued in prior periods. The options were cancelled on 30 June 2009 with the termination of the Executive Performance Award Plan.

## directors report

30 June 2009

## abacus property group

TABLE 1: REMUNERATION OF KEY MANAGEMENT PERSONNEL

2008	SHORT-TERM			POST	SECURITY-	TOTAL	% PERFORMANCE RELATED
	SALARY & FEES	CASH BONUS	NON-MONETARY BENEFITS	EMPLOYMENT	BASED PAYMENT		
				SUPER-ANNUATION	OPTIONS		
<b>Non-executive Directors</b>							
J Thame – Chairman	146,871	-	-	13,129	-	160,000	-
W Bartlett	46,069	-	-	21,431	-	67,500	-
D Bastian	-	-	-	84,800	-	84,800	-
D Bluth	-	-	-	79,800	-	79,800	-
M Irving	80,000	-	-	-	-	80,000	-
<b>Sub-total Non-executive Directors</b>	<b>272,940</b>	<b>-</b>	<b>-</b>	<b>199,160</b>	<b>-</b>	<b>472,100</b>	<b>-</b>
<b>Executive directors</b>							
F Wolf – Managing Director	1,100,000	650,000	-	100,000	311,859	2,161,859	44%
L Lloyd – Managing Director, Property Services	220,000	150,000	-	100,000	98,558	568,558	44%
<b>Other Key Management Personnel</b>							
R de Aboitiz – Chief Financial Officer	436,871	150,000	-	13,129	48,558	648,558	31%
T Hardwick – Director Funds Management	436,871	150,000	-	13,129	98,558	698,558	36%
J L'Estrange – General Manager Property Finance	386,871	150,000	-	13,129	98,558	648,558	38%
P Strain – Director Property	252,189	150,000	-	47,811	81,891	531,891	44%
E Varejes – Chief Operating Officer	382,500	150,000	-	67,500	98,558	698,558	36%
<b>Sub-total executive KMP</b>	<b>3,215,302</b>	<b>1,550,000</b>	<b>-</b>	<b>354,698</b>	<b>836,540</b>	<b>5,956,540</b>	
<b>Total</b>	<b>3,488,242</b>	<b>1,550,000</b>	<b>-</b>	<b>553,858</b>	<b>836,540</b>	<b>6,428,640</b>	

### REMUNERATION REPORT (AUDITED) (CONTINUED)

TABLE 2: COMPENSATION OPTIONS: GRANTED AND VESTED DURING THE YEAR

#### Executive Performance Award Plan

No options were issued under the Executive Performance Award Plan during the year.

The following options were issued under the Executive Performance Award Plan in the prior year. These options have now been cancelled with the termination of the Plan.

GRANTED			TERMS & CONDITIONS FOR EACH GRANT	
30 JUNE 2008	NO.	GRANT DATE	FAIR VALUE PER OPTION AT GRANT DATE (\$)	EXERCISE PRICE PER OPTION (\$)
			(NOTE 24)	(NOTE 24)
F Wolf	2,403,846	31/08/07	0.202	2.01
L Lloyd	721,154	31/08/07	0.202	2.01
R de Aboitiz	721,154	31/08/07	0.202	2.01
T Hardwick	721,154	31/08/07	0.202	2.01
J L'Estrange	721,154	31/08/07	0.202	2.01
P Strain	721,154	31/08/07	0.202	2.01
E Varejes	721,154	31/08/07	0.202	2.01

#### Executive Security Loan Plan

No options were issued under the Executive Security Loan Plan during the current or the prior year.



## directors report

30 June 2009

### INFORMATION ON DIRECTORS AND OFFICERS

The Directors and Company Secretary of AGHL, AFML (the Responsible Entity of AT and AIT) and AGPL, in office during the financial year and until the date of this report are as set out below, with qualifications, experience and special responsibilities.

<b>John Thame</b> AIBF, FCPA	Chairman (non-executive) Chairman of Due Diligence Committee Member of Audit Committee Member of Remuneration & Nomination Committee
Mr Thame has over 30 years' experience in the retail financial services industry in senior management positions. His 26-year career with Advance Bank included 10 years as Managing Director until the Bank's merger with St George Bank Limited in 1997. Mr Thame was Chairman (2004 to 2008) and a director (1997 to 2008) of St George Bank Limited and St George Life Limited. He is also a director of Reckon Limited and The Village Building Co Limited (Group).	
<b>Frank Wolf</b> PhD, BA Hons	Managing Director
Dr Wolf has over 20 years' experience in the property and financial services industries, including involvement in retail, commercial, industrial and hospitality-related assets in Australia, New Zealand and the United States. Dr Wolf has been instrumental in over \$2 billion worth of property related transactions, corporate acquisitions and divestments and has financed specialist property-based assets in retirement and hospitality sectors. Dr Wolf is the Chairman of FSP Group Pty Limited and a Director of Kingston Capital Limited (financial planning groups). He is also a director of HGL Limited, a diversified publicly listed investment company.	
<b>David Bastian</b> CPA	Non-executive Director Member of Due Diligence Committee Member of Remuneration & Nomination Committee
Mr Bastian has almost 40 years' experience in the financial services industry and was the Managing Director of the Group until September 2006. He was Managing Director of the Canberra Building Society for 20 years and an Executive Director of Godfrey Pembroke Financial Services Pty Limited for 7 years.	
<b>Malcolm Irving</b> AM FCPA, SF Fin, BCom, Hon DLitt	Non-executive Director Chairman of Audit Committee Chairman of Compliance Committee Member of Remuneration & Nomination Committee Member of Due Diligence Committee
Mr Irving has over 40 years' experience in company management, including 12 years as Managing Director of CIBC Australia Limited. He was a director of Keycorp Limited (2001 to 2007). He is also a director of O'Connell Street Associates Pty Ltd and Thales Australia Limited.	
<b>Dennis Bluth</b> LLM, BA, FAPI	Non-executive Director Member of Due Diligence Committee
Mr Bluth has practised as a solicitor for over 25 years, principally in the area of property law. Mr Bluth is a partner of HWL Ebsworth, Lawyers and is a member of a number of Law Society and Law Council Committees. He is also a member of the Australian Valuation & Professional Standards Board and part-time Judicial Member of the Administrative Decisions Tribunal, Retail Leases Division.	

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<b>William J Bartlett</b> FCA, CPA, FCMA, CA(SA)	Non-executive Director Chairman of Remuneration & Nomination Committee Member of Audit Committee Member of Due Diligence Committee
Mr Bartlett has strong accounting, financial and corporate credentials. During his 23 year career with Ernst & Young, he held the roles of Chairman of Worldwide Insurance Practice, National Director of Australian Financial Services Practice and Chairman of the Client Service Board. Mr Bartlett is a director of Suncorp-Metway Limited, GWA Limited, Reinsurance Group of America Inc and RGA Reinsurance Company of Australia Limited. Mr Bartlett was a director of Retail Cube Limited (2004 to 2006) and Arana Therapeutics Limited (2004 to 2007). He is also a director of the Bradman Foundation and Museum.	
<b>Len Lloyd</b> FAPI, WDA	Executive Director
Mr Lloyd is a licensed Real Estate Agent and a registered Real Estate Valuer. He has 40 years experience in the development, management and funding of commercial, retail and residential property. Mr Lloyd joined the Abacus Group in October 2000 and now holds the position of Managing Director of Abacus Property Services Pty Limited responsible for property administration and development opportunities in the Abacus portfolio. In previous positions Mr Lloyd held responsibility for the property portfolios of the Advance Bank and St George Bank and provided valuation and lending advice while with the Commonwealth Development Bank for 21 years.	
<b>Ellis Varejes</b> BCom, LLB	Company Secretary and Chief Operating Officer
Mr Varejes has been the Company Secretary since September 2006. He has over 25 years' experience as a corporate lawyer in private practice.	
The Directors and Officers were in office from the beginning of the financial year until the date of this report unless otherwise stated.	
As at the date of this report, the relevant interests of the directors in the stapled securities of Abacus Property Group were as follows:	
Directors	APG securities held
J Thame	200,756
F Wolf	14,073,226
W Bartlett	16,000
D Bluth	286,953
D Bastian	5,000,000
M Irving	80,651
L Lloyd	55,925

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## INFORMATION ON DIRECTORS AND OFFICERS (CONTINUED)

### Directors' Meetings

The number of meetings of directors (including meetings of committees of directors) of Abacus Group Holdings Limited and Abacus Funds Management Limited, the manager of the Abacus Property Group, held during the year and the number of meetings attended by each director were as follows:

	BOARD		AUDIT COMMITTEE		DUE DILIGENCE COMMITTEE		NOMINATION & REMUNERATION COMMITTEE	
	HELD	ATTENDED	HELD	ATTENDED	HELD	ATTENDED	HELD	ATTENDED
J Thame	22	22	4	4			3	3
F Wolf	22	20						
W Bartlett	22	20	4	4			3	3
D Bastian	22	20			3	3	3	3
D Bluth	22	20			3	2		
M Irving	22	22	4	4			3	3
L Lloyd	22	19						

### Indemnification and Insurance of Directors and Officers

The Group has paid an insurance premium in respect of a contract insuring all directors, full time executive officers and secretary. The terms of this policy prohibit disclosure of the nature of the risks insured or the premium paid.

### ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group'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 Group.

## AUDITORS INDEPENDENCE DECLARATION

We have obtained an independence declaration from our auditor, Ernst & Young, and such declaration is shown on page 18.

### NON-AUDIT SERVICES

The following non-audit services were provided by the Group's auditor, Ernst & Young. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Ernst & Young received or are due to receive the following amounts for the provision of non-audit services:

Other assurance and compliance services	\$34,500
	\$34,500

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

Signed in accordance with a resolution of the directors.



John Thame  
Chairman

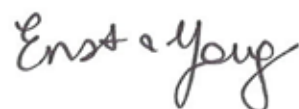
Sydney, 27 August 2009



Frank Wolf  
Managing Director

## Auditor's Independence Declaration to the Directors of Abacus Group Holdings Limited

In relation to our audit of the financial report of Abacus Group Holdings Limited 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.



Ernst & Young



K. Zdrilic  
Partner  
27 August 2009

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### CONSOLIDATED INCOME STATEMENT

	NOTES	CONSOLIDATED		PARENT	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>REVENUE</b>					
Rental income		78,927	76,436	484	555
Finance income	6a	18,243	16,442	1,049	1,137
Funds management income	6b	20,065	43,859	715	101
Share of profit from equity accounted investments	16b	8,801	12,948	9,107	-
Net change in fair value of investments derecognised during the year	6c	10,894	9,118	4,824	-
Income from distributions		1,512	1,261	30,652	5,075
Other income		-	1,000	-	-
<b>Total Revenue and Other Income</b>		<b>138,442</b>	<b>161,064</b>	<b>46,831</b>	<b>6,868</b>
Property expenses & outgoings		(11,406)	(12,350)	(177)	(141)
Depreciation and amortisation expense	7a	(1,994)	(2,104)	-	-
Net change in fair value of derivatives		(51,420)	3,137	(3,447)	123
Net change in fair value of investments held at balance date	7b	(113,426)	(22,641)	(8,805)	(6,888)
Finance costs	7c	(44,864)	(41,557)	(6,969)	(10,948)
Administrative expenses	7d	(19,500)	(16,157)	683	1,874
<b>PROFIT / (LOSS) BEFORE TAX</b>		<b>(104,168)</b>	<b>69,392</b>	<b>28,116</b>	<b>(9,112)</b>
Income tax benefit / (expense)	8a	1,178	3,034	866	3,409
<b>PROFIT / (LOSS) AFTER TAX</b>		<b>(102,990)</b>	<b>72,426</b>	<b>28,982</b>	<b>(5,703)</b>
<b>PROFIT / (LOSS) ATTRIBUTABLE TO:</b>					
Equity holders of the parent entity		8,553	(8,750)	-	-
Equity holders of other stapled entities (minority interest)					
Abacus Trust		(105,975)	55,490	-	-
Abacus Group Projects Limited		(3,161)	1,935	-	-
Abacus Income Trust		(1,829)	22,785	-	-
<b>Stapled security holders</b>		<b>(102,412)</b>	<b>71,460</b>	<b>-</b>	<b>-</b>
Net profit / (loss) attributable to external minority interests		(578)	966	-	-
<b>NET PROFIT / (LOSS)</b>		<b>(102,990)</b>	<b>72,426</b>	<b>-</b>	<b>-</b>
Basic earnings / (loss) per stapled security (cents) <sup>1</sup>	10	(11.81)	10.98		
Diluted earnings / (loss) per stapled security (cents) <sup>21</sup>	10	(11.81)	10.80		
Basic earnings / (loss) per parent share (cents)				3.34	(0.12)
Diluted earnings / (loss) per parent share (cents)				3.34	(0.12)

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### CONSOLIDATED DISTRIBUTION STATEMENT

	NOTES	CONSOLIDATED			PARENT	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2008 \$'000
<b>STATEMENT OF DISTRIBUTION</b>						
Net profit/(loss) attributable to stapled security holders		(102,412)	71,460	(28,982)	(5,703)	
Transfer from / (to) retained earnings		149,666	13,523	28,982	5,703	
<b>Distributions paid and payable</b>	9	<b>47,254</b>	<b>84,983</b>	-	-	
Distribution per stapled security (cents per security)	9	7.00	13.50	-	-	
<b>Weighted average number of securities ('000)</b>	10	<b>867,488</b>	<b>650,891</b>	-	-	

### CONSOLIDATED BALANCE SHEET

	NOTES	CONSOLIDATED			PARENT	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2008 \$'000
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	11	9,124	46,777	275	2,340	
Trade and other receivables	12	22,093	26,154	6,889	2,018	
Investment properties	15	44,289	3,849	-	-	
Property loans and other financial assets	13a	106,144	157,278	16,933	19,894	
Other		6,655	11,753	104	73	
<b>TOTAL CURRENT ASSETS</b>		<b>188,305</b>	<b>245,811</b>	<b>24,201</b>	<b>24,325</b>	
<b>NON-CURRENT ASSETS</b>						
Property, plant and equipment	14	32,276	31,840	-	-	
Investment properties	15	708,550	928,591	6,450	8,280	
Property loans & other financial assets	13b	339,044	281,474	145,161	105,437	
Equity accounted investments	16	125,821	104,093	-	-	
Deferred tax assets	8c	11,329	1,177	4,283	4,176	
Intangible assets and goodwill	17	38,225	41,139	32,394	32,394	
Other		2,243	1,796	-	50	
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,257,488</b>	<b>1,390,110</b>	<b>188,288</b>	<b>150,337</b>	
<b>TOTAL ASSETS</b>		<b>1,445,793</b>	<b>1,635,921</b>	<b>212,489</b>	<b>174,662</b>	
<b>CURRENT LIABILITIES</b>						
Trade and other payables	18a	13,272	67,973	134,025	78,897	
Interest-bearing loans and borrowings	19a	61,829	63,704	601	3,937	
Other		2,832	2,102	-	-	
<b>TOTAL CURRENT LIABILITIES</b>		<b>77,933</b>	<b>133,779</b>	<b>134,626</b>	<b>82,834</b>	
<b>NON-CURRENT LIABILITIES</b>						
Trade and other payables	18b	9,676	-	3,000	-	
Interest-bearing loans and borrowings	19b	329,555	580,874	2,637	61,746	
Derivatives at fair value		37,035	(11,272)	313	(134)	
Deferred tax liabilities	8c	355	2,614	-	-	
Other		1,512	4,927	1,143	3,918	
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>378,133</b>	<b>577,143</b>	<b>7,093</b>	<b>65,530</b>	
<b>TOTAL LIABILITIES</b>		<b>456,066</b>	<b>710,922</b>	<b>141,719</b>	<b>148,364</b>	
<b>NET ASSETS</b>		<b>989,727</b>	<b>924,999</b>	<b>70,770</b>	<b>26,298</b>	
<b>TOTAL EQUITY</b>		<b>989,727</b>	<b>924,999</b>	<b>70,770</b>	<b>26,298</b>	

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### CONSOLIDATED BALANCE SHEET (CONTINUED)

	NOTES	CONSOLIDATED		PARENT	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>Equity attributable to members of AGHL:</b>					
Contributed equity		45,734	31,761	47,064	33,116
Reserves		2,868	830	5,448	3,906
Retained earnings / (accumulated losses)		13,020	3,671	18,258	(10,724)
<b>Total equity attributable to members of AGHL</b>		<b>61,622</b>	<b>36,262</b>	<b>70,770</b>	<b>26,298</b>
<b>Equity attributable to members of AT:</b>					
Contributed equity		745,141	595,512	-	-
Retained earnings / (accumulated losses)		(53,713)	86,326	-	-
<b>Total equity attributable to members of AT</b>		<b>691,428</b>	<b>681,838</b>	-	-
<b>Equity attributable to members of AGPL:</b>					
Contributed equity		8,392	7,259	-	-
Reserves		(400)	(483)	-	-
Retained earnings / (accumulated losses)		(3,144)	367	-	-
<b>Total equity attributable to members of AGPL</b>		<b>4,848</b>	<b>7,143</b>	-	-
<b>Equity attributable to members of AIT:</b>					
Contributed equity		188,230	136,970	-	-
Retained earnings		29,190	44,226	-	-
<b>Total equity attributable to members of AIT</b>		<b>217,420</b>	<b>181,196</b>	-	-
<b>Equity attributable to external minority interest:</b>					
Contributed equity		14,493	2,544	-	-
Retained earnings / (accumulated losses)		(84)	16,016	-	-
<b>Total equity attributable to external minority interest</b>		<b>14,409</b>	<b>18,560</b>	-	-
<b>TOTAL EQUITY</b>		<b>989,727</b>	<b>924,999</b>	<b>70,770</b>	<b>26,298</b>
<b>EQUITY</b>					
Contributed equity	21	987,497	771,502	47,064	33,116
Reserves		2,468	347	5,448	3,906
Retained earnings / (accumulated losses)		(14,647)	134,590	18,258	(10,724)
Total stapled security holders' interest in equity		975,318	906,439	70,770	26,298
Total external minority interest		14,409	18,560	-	-
<b>TOTAL EQUITY</b>		<b>989,727</b>	<b>924,999</b>	<b>70,770</b>	<b>26,298</b>

### STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED	ATTRIBUTABLE TO THE STAPLED SECURITY HOLDER					EXTERNAL	TOTAL EQUITY \$'000
	ISSUED CAPITAL \$'000	ASSET REVALUATION RESERVE \$'000	FOREIGN CURRENCY TRANSLATION \$'000	EMPLOYEE EQUITY BENEFITS \$'000	RETAINED EARNINGS \$'000	MINORITY INTEREST \$'000	
<b>At 1 July 2008</b>	<b>771,502</b>	-	<b>(3,559)</b>	<b>3,906</b>	<b>134,590</b>	<b>18,560</b>	<b>924,999</b>
Revaluation of land & buildings	-	1,048	-	-	-	-	1,048
Foreign currency translation	-	-	(469)	-	-	-	(469)
Total income and expense for the year recognised directly in equity	-	1,048	(469)	-	-	-	579
Net loss for the year	-	-	-	-	(102,412)	(578)	(102,990)
<b>Total income / (expense) for the year</b>	-	<b>1,048</b>	<b>(469)</b>	-	<b>(102,412)</b>	<b>(578)</b>	<b>(102,411)</b>
Equity raisings	211,880	-	-	-	-	-	211,880
Issue costs	(4,881)	-	-	-	-	-	(4,881)
Distribution reinvestment plan	8,996	-	-	-	-	-	8,996
Units issued	-	-	-	-	-	8,461	8,461
Acquisition of interest in Abacus Wollongong Trust	-	-	-	-	-	(126)	(126)
Minority interest in acquisition of Abacus Jigsaw Trust	-	-	-	-	-	5,680	5,680
Sale of interest U-Stow-It Holdings	-	-	-	-	(286)	(15,586)	(15,872)
Sale of interest Fern Bay	-	-	-	-	(65)	-	(65)
Sale of interest in Hobart Growth	-	-	-	-	-	(2,002)	(2,002)
Distribution to security holders	-	-	-	-	(46,474)	-	(46,474)
Share based payments	-	-	-	1,542	-	-	1,542
<b>At 30 June 2009</b>	<b>987,497</b>	<b>1,048</b>	<b>(4,028)</b>	<b>5,448</b>	<b>(14,647)</b>	<b>14,409</b>	<b>989,727</b>
CONSOLIDATED	ATTRIBUTABLE TO THE STAPLED SECURITY HOLDER					EXTERNAL	TOTAL EQUITY \$'000
ISSUED CAPITAL \$'000	ASSET REVALUATION RESERVE \$'000	FOREIGN CURRENCY TRANSLATION \$'000	EMPLOYEE EQUITY BENEFITS \$'000	RETAINED EARNINGS \$'000	MINORITY INTEREST \$'000		
<b>At 1 July 2007</b>	<b>648,440</b>	-	<b>(165)</b>	<b>2,868</b>	<b>148,365</b>	<b>3,697</b>	<b>803,205</b>
Foreign currency translation	-	-	(3,394)	-	-	-	(3,394)
Total income and expense for the year recognised directly in equity	-	-	(3,394)	-	-	-	(3,394)
Net income for the year	-	-	-	-	71,460	966	72,426
<b>Total income / (expense) for the year</b>	-	-	<b>(3,394)</b>	-	<b>71,460</b>	<b>966</b>	<b>69,032</b>
Equity raisings	107,422	-	-	-	-	-	107,422
Issue Costs	(1,976)	-	-	-	-	-	(1,976)
Distribution reinvestment plan	17,616	-	-	-	-	-	17,616
Disposal of the Matson Resort	-	-	-	-	-	(702)	(702)
Acquired retained earnings on acquisition of U-Stow-It Holdings Ltd	-	-	-	-	-	14,599	14,599
Distribution to security holders	-	-	-	-	(85,235)	-	(85,235)
Share based payments	-	-	-	1,038	-	-	1,038
<b>At 30 June 2008</b>	<b>771,502</b>	-	<b>(3,559)</b>	<b>3,906</b>	<b>134,590</b>	<b>18,560</b>	<b>924,999</b>

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### STATEMENT OF CHANGES IN EQUITY (CONTINUED)

PARENT	ISSUED CAPITAL \$'000	ASSET REVALUATION RESERVE \$'000	FOREIGN CURRENCY TRANSLATION \$'000	EMPLOYEE EQUITY BENEFITS \$'000	RETAINED EARNINGS \$'000	TOTAL EQUITY \$'000
<b>At 1 July 2008</b>	<b>33,116</b>	-	-	<b>3,906</b>	<b>(10,724)</b>	<b>26,298</b>
Total income and expense for the year recognised directly in equity	-	-	-	-	-	-
Net income for the year	-	-	-	-	28,982	28,982
<b>Total income for the year</b>	-	-	-	-	<b>28,982</b>	<b>28,982</b>
Equity raisings	13,948	-	-	-	-	13,948
Share based payments	-	-	-	1,542	-	1,542
<b>At 30 June 2009</b>	<b>47,064</b>	-	-	<b>5,448</b>	<b>18,258</b>	<b>70,770</b>

PARENT	ISSUED CAPITAL \$'000	ASSET REVALUATION RESERVE \$'000	FOREIGN CURRENCY TRANSLATION \$'000	EMPLOYEE EQUITY BENEFITS \$'000	RETAINED EARNINGS \$'000	TOTAL EQUITY \$'000
<b>At 1 July 2007</b>	<b>26,039</b>	-	<b>71</b>	<b>2,868</b>	<b>(5,069)</b>	<b>23,909</b>
Total income and expense for the year recognised directly in equity	-	-	(71)	-	48	(23)
Net income for the year	-	-	-	-	(5,703)	(5,703)
<b>Total income for the year</b>	-	-	<b>(71)</b>	-	<b>(5,655)</b>	<b>(5,726)</b>
Equity raisings	7,077	-	-	-	-	7,077
Share based payments	-	-	-	1,038	-	1,038
<b>At 30 June 2008</b>	<b>33,116</b>	-	-	<b>3,906</b>	<b>(10,724)</b>	<b>26,298</b>

### CONSOLIDATED CASH FLOW STATEMENT

	NOTES	CONSOLIDATED		PARENT	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Income receipts		156,870	169,152	7,635	7,391
Interest received		1,215	1,957	31	93
Distributions received		688	1,281	591	1,732
Income tax paid		(118)	(6,795)	-	(2,158)
Borrowing costs paid		(43,967)	(38,939)	(727)	(1,382)
Operating payments		(49,100)	(49,947)	(2,552)	(2,530)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>11</b>	<b>65,588</b>	<b>76,709</b>	<b>4,978</b>	<b>3,146</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Payments for investments and funds advanced		(179,692)	(403,367)	(49,685)	(28,513)
Proceeds from sale and settlement of investments and funds repaid		83,400	204,446	29,245	19,072
Purchase of property, plant and equipment		(150)	(21,653)	-	-
Disposal of property, plant and equipment		-	20,946	-	-
Purchase of a controlled entity		-	(22,861)	-	-
Disposal of controlled entity	23	25,424	-	-	-
Purchase of investment properties		(55,983)	(255,955)	(1,105)	-
Disposal of investment properties		54,020	57,090	-	-
Payment for other investments		10,336	(100)	-	(33)
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>		<b>(62,645)</b>	<b>(421,454)</b>	<b>(21,545)</b>	<b>(9,474)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from issue of stapled securities		211,463	110,711	13,948	7,077
Payment of issue costs		(5,787)	(4,230)	-	(6)
Repayment of borrowings		(309,424)	(230,458)	-	(4,569)
Proceeds from borrowings		123,964	555,962	554	-
Distributions paid		(60,895)	(59,045)	-	-
<b>NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>		<b>(40,679)</b>	<b>372,940</b>	<b>14,502</b>	<b>2,502</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(37,736)</b>	<b>28,195</b>	<b>(2,065)</b>	<b>(3,826)</b>
Net foreign exchange differences		83	(485)	-	-
Cash and cash equivalents at beginning of year		46,777	19,067	2,340	6,166
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>11</b>	<b>9,124</b>	<b>46,777</b>	<b>275</b>	<b>2,340</b>



# notes to the financial statements

30 June 2009

# abacus property group

## 1. CORPORATE INFORMATION

Abacus Property Group ("APG" or the "Group") is comprised of Abacus Group Holdings Limited ("AGHL"), Abacus Trust ("AT"), Abacus Group Projects Limited ("AGPL") and Abacus Income Trust ("AIT"). Shares in AGHL and AGPL and units in AT and AIT and have been stapled together so that neither can be dealt with without the other. The securities trade as one security on the Australian securities Exchange ("the "ASX") under the code ABP.

The financial report of the Group for the year ended 30 June 2009 was authorised for issue in accordance with a resolution of the directors on 27 August 2009.

The nature of the operations and principal activities of the Group 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, interests in joint ventures which are accounted for using the equity method, and certain investments measured at net market 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 Group under ASIC Class Order 98/100. The Group is an entity to which the class order applies.

### (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 Group for the annual reporting period ended 30 June 2009. These are outlined in the table below.

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

REFERENCE	SUMMARY	APPLICATION DATE OF STANDARD*	IMPACT ON GROUP FINANCIAL REPORT	APPLICATION DATE FOR GROUP*
AASB 8 and AASB 2007-3	New standard replacing AASB114 Segment Reporting, which adopts a management reporting approach to segment reporting.	1 January 2009	The Group will be required to assess if the current presentation of segments in the accounts is consistent with the segments used by our chief operating decision maker when monitoring the performance of the Group and whether any reallocation of goodwill is required.	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 Group and most in the market.	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 Group's financial report and will not have a direct impact on the measurement and recognition of amounts disclosed in the financial report. The Group 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: - 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. - Acquisition related costs will be expensed through profit or loss at the time that such services are rendered. The changes apply prospectively.	1 July 2009	This will impact the financial statements in FY10 should the Group enter business combinations.	1 July 2009
AASB127 (Revised)	Under the revised standard, a change in the ownership interest of a subsidiary (whether 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 Group in FY10.	1 July 2009

## notes to the financial statements

30 June 2009

## abacus property group

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

REFERENCE	SUMMARY	APPLICATION DATE OF STANDARD*	IMPACT ON GROUP FINANCIAL REPORT	APPLICATION DATE FOR GROUP*
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 Int. 15	This interpretation requires that when the real estate developer is providing construction services to the buyer's specifications, revenue may be recorded as construction progresses. Otherwise, revenue should be recognised on completion of the relevant real estate unit.	1 January 2009	This standard could impact the financial statement should the Group enter a construction-type arrangement, however as the Group recognises profit in construction upon practical completion and when all conditions of the contract have been met, this standard may not have a significant impact.	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 Group 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

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

REFERENCE	SUMMARY	APPLICATION DATE OF STANDARD*	IMPACT ON GROUP FINANCIAL REPORT	APPLICATION DATE FOR GROUP*
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: <ul style="list-style-type: none"> <li>- Quoted prices in active markets for identical assets or liabilities (Level 1) e.g. investment in listed securities</li> <li>- Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, whether directly (as prices) or indirectly (derived from prices) (Level 2) e.g. investment in unlisted securities</li> <li>- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3)</li> </ul>	1 January 2009	This will impact the disclosures of the Group's related entities in FY10, with respect to financial instruments such as investment in listed and 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 Group.

## notes to the financial statements

30 June 2009

## abacus property group

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

#### (d) Basis of consolidation

The consolidated financial statements comprise the financial statements of AGHL and its subsidiaries, AT and its subsidiaries, AGPL and its subsidiaries, and AIT and its subsidiaries collectively referred to as the Group.

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

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

Minority interests represent those equity interests in Abacus Jigsaw Trust and Abacus Independent Retail Property Trust that are not held by the Group and are presented separately in the income statement and within equity in the consolidated balance sheet.

#### (e) Foreign currency translation

##### Functional and presentation currency

Both the functional and presentation currency of the Group are in Australian dollars. Each entity in the Group 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 Group 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.

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

#### (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 Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

##### Hotel and storage related income

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

##### 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.

##### Finance Income

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

##### Dividends and distributions

Revenue is recognised when the Group's right to receive the payment is established.

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

Revenue from sale of investments is recognised on settlement when the significant risks and rewards of the ownership of the investments 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(o) 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) 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.

#### (i) Trade and other receivables

Trade receivables, which generally have 30 day terms, are recognised at amortised cost, which in the case of the Group, is the 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.

## notes to the financial statements

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## abacus property group

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

#### (j) Derivative financial instruments and hedging

The Group 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 swaps are determined by reference to market values for similar instruments.

#### (k) 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 Group 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 Group's investments in listed and unlisted securities have been classified as either financial assets at fair value through profit or loss and property loans are 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 Group 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.

For investments that are actively traded in organised financial markets, fair value is determined by reference to Securities Exchange quoted market bid prices at the close of business on the balance sheet date.

#### Loans and receivables

Loans and receivables including loan notes and loans to key management personnel 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

Investment in subsidiaries are held at lower of cost or recoverable amount.

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

#### (l) Investment in associates

The Group's investment in its associates is accounted for under the equity method of accounting in the consolidated financial statements. The associates are entities over which the Group has significant influence but not control and accordingly are neither subsidiaries nor joint ventures.

The investment in the associates is carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates, less any impairment in value. The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivable and loans, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The reporting dates of the associates and the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

Investments in associates held by the parent are held at cost in the parent's financial statements.

#### (m) Interest in joint ventures

##### Joint venture entities

The Group's interest in joint venture entities is accounted for under the equity method of accounting in the consolidated financial statements. The investment in the joint venture entities is carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the joint ventures, less any impairment in value. The consolidated income statement reflects the Group's share of the results of operations of the joint ventures.

Investments in joint ventures are held at cost in the investing entities.

##### Joint venture assets

The Group's interest in joint venture assets is accounted for in the financial statements by proportionately consolidating its interests in the assets and liabilities of the joint venture. The Group also recognises its share of the expenses that the joint venture incurs and its share of the income that the joint venture earns.



## notes to the financial statements

30 June 2009

## abacus property group

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

#### (n) Property, plant and equipment

Land and buildings are measured at fair value, based on periodic valuations by external independent valuers, less accumulated depreciation on buildings and less any impairment losses recognised after the date of the revaluation.

Plant and equipment is stated at historical cost less accumulated depreciation and any impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Buildings – 40 years

Plant and equipment – over 5 to 15 years

#### Revaluations of land and buildings

Any revaluation increment is credited to the asset revaluation reserve included in the equity section of the balance sheet except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss.

Any revaluation decrease is recognised in profit or loss except to the extent that it offsets a previous revaluation increase for the same asset in which case the decrease is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the income statement.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the assets.

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

#### Disposal

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

#### (o) 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.

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

#### (o) 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 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 Group to lessees, and rental guarantees which may be received by the Group 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 representative 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.

#### (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.

#### Group as lessee

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Lease incentives are recognised in the income statement as an integral part of the total lease expense.

#### Group as a lessor

Leases in which the Group retains substantially all the risks and benefits of ownership of the lease assets are classified as operating leases. The initial direct cost incurred in negotiating an operating lease is 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.

## notes to the financial statements

30 June 2009

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

#### (q) Goodwill and Intangibles

##### Goodwill

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses and is not amortised. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated:

- Represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- Is not larger than a segment based on either the Group's primary or the Group's secondary reporting format determined in accordance with AASB 114 Segment Reporting.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. When the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash-generating unit (group of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

##### Intangible assets

Intangible assets acquired separately or in a business combination are initially measured at cost. Following initial recognition, intangibles are carried at cost less accumulated amortisation and impairment losses.

Intangible assets created within the business are not capitalised and expenditure is charged against profits in the period in which the expenditure is incurred.

The useful lives of these intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset maybe impaired.

The amortisation period and the amortisation method for an intangible asset with a finite life is reviewed at least each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefit embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in an accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in the income statement through the 'depreciation and amortisation expense' line item.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

## abacus property group

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

#### (r) Impairment of non-financial assets other than goodwill

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

#### (s) Trade and other payables

Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group 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.

#### (t) Provisions and employee leave benefits

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-

tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

#### Employee leave benefits

##### i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

##### ii) Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.



## notes to the financial statements

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## abacus property group

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

#### (u) Distributions and dividends

The Trusts generally distribute their distributable assessable income to their unitholders. Such distributions are determined by reference to the taxable income of the respective Trusts. 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 security 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.

#### (v) 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.

Borrowings are classified as current liabilities where the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

#### Borrowing Costs

Borrowing costs are recognised as an expense when incurred unless they relate to a qualifying asset or to upfront borrowing 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 Group for the acquisition or construction of a qualifying asset, the amount of the borrowing costs capitalised are those incurred in relation to the borrowing.

#### (w) Securities-based payment transactions

The Group provided benefits to its employees (including key management personnel) in the form of securities-based payments, whereby employees render services in exchange for stapled securities or rights over stapled securities (equity-settled transactions).

The Executive Performance Award Plan (EPAP) and the Executive Security Loan Plan (ESLP) which provided benefits to senior executives were cancelled on 30 June 2009.

The cost of these equity-settled transactions with employees was measured by reference to the fair value of the equity instruments at the date at which they were granted. The fair value was determined by an external valuer using a binomial model, further details of which are given in note 26.

In valuing equity-settled transactions, no account was taken of any vesting conditions, other than conditions linked to the price of the stapled securities of the Group (market conditions) if applicable.

The cost of equity-settled transactions was recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

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

#### (w) Securities-based payment transactions (continued)

At each subsequent reporting date until vesting, the cumulative charge to the income statement is the product of (i) the grant date fair value of the award; (ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and (iii) the expired portion of the vesting period.

The charge to the income statement for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding credit to equity.

Equity-settled awards granted by AGHL to employees of its subsidiary were recognised in the parent's separate financial statements as an additional investment in the subsidiary with a corresponding credit to equity. These amounts are eliminated on consolidation. As a result of all employees in the Group being employed by Abacus Funds Management Limited there is no expense incurred by AGHL. The expense recognised by the Group is the total expense associated with all such awards.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the security based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement

award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional security dilution in the computation of diluted earnings per stapled security (see note 10).

#### (x) Contributed equity

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

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

In respect of the Group, 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.

## notes to the financial statements

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

#### (z) Taxation

The Group comprises taxable and non-taxable entities. 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 as detailed below.

#### Abacus Trust and Abacus Income Trust

Under current Australian income tax legislation neither AT or AIT are liable to Australian income tax provided security holders are presently entitled to the taxable income of the Trusts and the Trusts generally distribute their taxable income.

#### Company income tax

AGHL and its Australian resident wholly-owned subsidiaries have formed a Tax Consolidation Group. AGHL has entered into tax funding agreements with its Australian resident wholly-owned subsidiaries, so that each subsidiary agrees to pay or receive its share of the allocated tax at the current tax rate.

The head entity, AGHL and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts.

In addition to its own current and deferred tax amounts, AGHL also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

#### (z) Taxation (continued)

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, and the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

#### 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.

#### (aa) Earnings per stapled security (EPSS)

Basic EPSS is calculated as net profit attributable to stapled security holders, 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.

Diluted EPSS is calculated as net profit attributable to stapled security holders, adjusted for:

- costs of servicing equity (other than distributions); the after tax effect of dividends and interest associated with dilutive potential stapled securities that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential stapled securities;

divided by the weighted average number of stapled securities and dilutive potential stapled securities, adjusted for any bonus element.

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### 3. FINANCIAL RISK MANAGEMENT

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

The Group's financial risk management focuses on mitigating the unpredictability of the financial markets and its impact on the financial performance of the Group. 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 Group is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The Group also enters into derivative transactions principally interest rate swaps. The purpose is to manage the interest rate exposure arising from the Group'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 Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, investment in securities, secured property loans and interest bearing loans and derivatives with banks.

The Group 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;
- providing loans as an investment into joint ventures, associates, related parties and third parties where it is comfortable with the underlying property exposure within that entity;
- regularly monitoring loans and receivables balances on an ongoing basis;
- regularly monitoring the performance of its associates, joint ventures, related parties and third parties on an ongoing basis; and
- obtaining collateral as security (where required or appropriate).

The Group's credit risk is predominately driven by its Property Finance business which provides loans to third parties, those using the funds for property development. The Group mitigates the exposure to this risk by evaluation of the application before acceptance. The analysis will specifically focus on:

- the Loan Valuation Ratio (LVR) at drawdown;
- mortgage ranking;
- background of the developer (borrower) including previous developments;
- that the terms and conditions of higher ranking mortgages are acceptable to the Group;
- appropriate property insurances are in place with a copy provided to the Group; and
- market analysis of the completed development being used to service drawdown.

The Group also mitigates this risk by ensuring adequate security is obtained and timely monitoring of the financial instrument to identify any potential adverse changes in the credit quality.

### 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, 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 stapled securities or the distribution reinvestment plan.

The Group's policy is to maintain an available loan facility with banks 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 Group's expectations of future interest and market conditions.

As at 30 June 2009, the Group had undrawn committed facilities of \$220 million and cash of \$9.1 million which are adequate to cover short term funding requirements.

Further information regarding the Group's debt profile is disclosed in Note 19.

#### (c) Refinancing Risk

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

The Group 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 Group manages this risk by spreading maturities of borrowings and interest rate swaps and reviewing potential transactions to understand the impact on the Group's credit worthiness.

**(d) Market Risk** Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group'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.

#### Foreign currency risk

The Group is exposed to currency risk on its investment in foreign operations, equity investments, investment in associates and property loans denominated in a currency other than the functional currency of Group entities. The currencies in which these transactions primarily are denominated in NZD and to much lesser extent GBP and SGD.

As a result the Group's balance sheet can be affected by movements in the A\$/NZ\$, A\$/GBP\$ and A\$/SGD\$ exchange rates.

The Group 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.

#### Interest rate risk

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

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debt. The Group's aim is to keep between 60% and 100% of its borrowings at fixed rates of interest. To manage this mix in a cost-efficient manner, the Group enters into interest rate swaps, in which the Group 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 76.3% of the Group's borrowings are subject to fixed rate agreements (2008: 75.4%).

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### 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (d) Market Risk (continued)

##### Fair value interest rate risk

As the Group holds interest rate swaps against its variable rate debt there is a risk that the economic value of a financial instrument will fluctuate because of changes in market interest rates. The level of fixed rate debt is disclosed in note 19 and it is acknowledged that this risk is a by-product of the Group's attempt to manage its cash flow interest rate risk.

##### (e) Other market price risk

The Group is exposed to equity securities price risk. The key risk variable is the quoted price of securities which is influenced by a range of factors, most of which are outside the control of the Group. Management of the Group monitors the securities in its investment portfolio based on market indices and published prices. Investments within the portfolio are managed on an individual basis and all buy / sell decisions are approved by the Managing Director and the Chief Financial Officer.

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

In applying the Group'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 Group. 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 – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group 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.

#### Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

#### Classification of and valuation of investments

The Group has decided to classify investments in listed and unlisted securities as 'held for trading' investments and movements in fair value are recognised directly in profit or loss. The fair value of listed securities has been determined by reference to published price quotations in an active market. The fair value of unlisted securities has been determined by reference to the net assets of the entity and available redemption facilities.

#### Impairment of property loans and financial assets other than goodwill

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists the recoverable amount of the asset is determined. For property loans and interim funding to related funds this involves value in use calculations, which incorporate a number of key estimates and assumptions around cashflows and fair value of underlying investment properties held by the borrower and expected timing of cashflows from equity raisings of related funds.

### 4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

#### (ii) Significant accounting estimates and assumptions Impairment of goodwill and intangibles with indefinite useful lives

The Group determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill and intangibles with indefinite useful lives are allocated. No impairment loss was recognised in the current year in respect of goodwill.

#### 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, including financial guarantees granted by the Group, estimates of the probability of exercise.

#### Valuation of investment properties

The Group makes judgements in respect of the fair value of investment properties (note 2(o)). 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.

#### Control and significant influence

Determination of whether the Group has control or significant influence over an investee is based on judgemental assessments of both the rights the Group has in the investee and the risks and rewards it is exposed to.

### 5. SEGMENT INFORMATION

The Group predominantly operates in Australia. The Group's segment reporting format is business segments as the Group's risks and rates of return can be readily identified with the type of business and services provided. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment revenue, segment expense and segment result do not include transactions between business segments.



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### 5. SEGMENT INFORMATION (CONTINUED)

The Group's primary business segments based on its management reporting system are Property, Funds Management, Property Finance and Joint Ventures and Developments. The Property division comprises the investment in and ownership of commercial, retail and industrial properties. The Funds Management division develops, originates and manages off balance sheet funds in addition to discharging the Group's responsible entity obligations. Property Finance provides mortgage lending and related property financing solutions. Joint Ventures & Developments is responsible for the Group's investments in joint venture activities and in property securities.

YEAR ENDED 30 JUNE 2009	PROPERTY \$'000	FUNDS MANAGEMENT \$'000	PROPERTY FINANCE \$'000	JOINT VENTURES/ DEVELOPMENTS \$'000	TOTAL \$'000
<b>Revenue</b>					
Revenue from external customers	79,147	14,839	14,447	9,099	117,532
Equity accounted investments	645	3,195	-	4,961	8,801
Net change in fair value of investments derecognised during the year	356	3,316	-	7,222	10,894
Unallocated revenue	-	-	-	-	1,215
<b>Total consolidated revenue</b>	<b>80,148</b>	<b>21,350</b>	<b>14,447</b>	<b>21,282</b>	<b>138,442</b>
Direct costs	(13,437)	-	-	-	(13,437)
Allocated costs	(7,020)	(8,106)	(1,560)	(1,562)	(18,248)
Unallocated expenses	-	-	-	-	(1,215)
<b>Segment result</b>	<b>59,691</b>	<b>13,244</b>	<b>12,887</b>	<b>19,720</b>	<b>105,542</b>
Net change in fair value of investments held at balance date	(107,518)	-	-	(5,908)	(113,426)
<b>Segment result after fair value adjustments</b>	<b>(47,827)</b>	<b>13,244</b>	<b>12,887</b>	<b>13,812</b>	<b>(7,884)</b>
Finance costs / loss on derivatives					(96,284)
Loss before tax and minority interest					(104,168)
Income tax benefit					1,178
<b>Net loss for the year</b>					<b>(102,990)</b>
<b>Assets and Liabilities</b>					
Segment assets	896,822	223,371	146,162	126,524	1,392,879
Unallocated assets (a)	-	-	-	-	52,914
<b>Total assets</b>					<b>1,445,793</b>
Segment liabilities	12,614	10,432	2,123	2,123	27,292
Unallocated liabilities (b)	-	-	-	-	428,774
<b>Total liabilities</b>					<b>456,066</b>
<b>Other segment information:</b>					
Depreciation and amortisation	3,693	-	-	-	3,693
<b>Cash flow information</b>					
Total - operating	15,151	12,075	29,283	9,079	65,588
Total - investing	15,540	(425)	(55,061)	(22,699)	(62,645)
Total - financing	5,336	13,974	(59,989)	-	(40,679)

<sup>(a)</sup> Unallocated assets include goodwill, cash and other assets.

<sup>(b)</sup> Unallocated liabilities include interest-bearing liabilities, tax liabilities and other liabilities.

### 5. SEGMENT INFORMATION (CONTINUED)

YEAR ENDED 30 JUNE 2008	PROPERTY \$'000	FUNDS MANAGEMENT \$'000	PROPERTY FINANCE \$'000	JOINT VENTURES/ DEVELOPMENTS \$'000	TOTAL \$'000
<b>Revenue</b>					
Revenue from external customers	81,916	43,859	13,169	11,045	149,989
Net change in fair value of investments derecognised during the year	9,428	-	-	(310)	9,118
Unallocated revenue	-	-	-	-	1,957
<b>Total consolidated revenue</b>	<b>91,344</b>	<b>43,859</b>	<b>13,169</b>	<b>10,735</b>	<b>161,064</b>
Direct costs	(14,454)	-	-	-	(14,454)
Allocated costs	(6,389)	(4,970)	(1,420)	(1,421)	(14,200)
Unallocated expenses	-	-	-	-	(1,957)
<b>Segment result</b>	<b>70,501</b>	<b>38,889</b>	<b>11,749</b>	<b>9,314</b>	<b>130,453</b>
Net change in fair value of investments held at balance date	(15,656)	-	-	(6,985)	(22,641)
<b>Segment result after fair value adjustments</b>	<b>54,845</b>	<b>38,889</b>	<b>11,749</b>	<b>2,329</b>	<b>107,812</b>
Finance costs / loss on derivatives					(38,420)
Profit before tax and minority interest					69,392
Income tax benefit					3,034
<b>Net profit for the year</b>					<b>72,426</b>
<b>Assets and Liabilities</b>					
Segment assets	1,089,727	243,908	144,657	77,281	1,555,573
Unallocated assets					80,348
<b>Total assets</b>					<b>1,635,921</b>
Segment liabilities	44,024	7,890	430	10,937	63,281
Unallocated liabilities					647,641
<b>Total liabilities</b>					<b>710,922</b>
<b>Other segment information:</b>					
Depreciation and amortisation	3,575	-	-	-	3,575
<b>Cash flow information</b>					
Total - operating	24,084	19,595	18,166	14,864	76,709
Total - investing	(284,276)	(467)	(84,600)	(52,111)	(421,454)
Total - financing	189,076	-	131,115	52,749	372,940

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### 6. REVENUE

	CONSOLIDATED		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>(a) Finance income</b>				
Interest and fee income on secured loans	22,102	19,485	1,018	1,043
Provision for doubtful debts	(5,074)	(5,000)	-	-
Bank interest	1,215	1,957	31	94
<b>Total finance income</b>	<b>18,243</b>	<b>16,442</b>	<b>1,049</b>	<b>1,137</b>
<b>(b) Funds Management Income</b>				
Asset management fees	5,885	7,541	-	-
Property management fees	1,039	847	-	-
Consulting and other income	13,293	12,180	715	101
Interest on loans to funds management entities	10,848	13,924	-	-
Impairment of loan as part of the restructuring of ADIFII	(11,000)	-	-	-
Sale of units in Matson Hotel *	-	9,367	-	-
<b>Total funds management income</b>	<b>20,065</b>	<b>43,859</b>	<b>715</b>	<b>101</b>
* Sale was to a fund managed by AFML				
<b>(c) Net change in fair value of investments:</b>				
Net change in fair value of investment properties derecognised during the year <sup>#</sup>	1,784	9,428	-	-
Net change in fair value of other investments derecognised during the year <sup>^</sup>	9,110	(310)	4,824	-
<b>Total net change in fair value of investments</b>	<b>10,894</b>	<b>9,118</b>	<b>4,824</b>	<b>-</b>

# Includes the sale of the property portfolio of Abacus Storage Solutions Trust and the shares held in Abacus Storage Solutions Limited to Abacus Storage Fund on 31 December 2008.

<sup>^</sup> The units held in Abacus Hobart Growth Trust were sold to Abacus Diversified Income Fund II on 30 June 2009.

### 7. EXPENSES

	CONSOLIDATED		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>(a) Depreciation and amortisation expense</b>				
Depreciation of property, plant and equipment - hotels	285	362	-	-
Depreciation of property, plant and equipment - other	493	309	-	-
Amortisation of intangible assets	31	56	-	-
Amortisation - leasehold improvements	1,185	1,377	-	-
<b>Total depreciation and amortisation expense</b>	<b>1,994</b>	<b>2,104</b>	<b>-</b>	<b>-</b>
<b>(b) Net change in fair value of investments</b>				
Net change in fair value of investment properties held at balance date *	107,518	15,656	2,954	(367)
Net change in fair value of property securities held at balance date	5,908	6,985	5,851	7,255
<b>Total net change in fair value of investments</b>	<b>113,426</b>	<b>22,641</b>	<b>8,805</b>	<b>6,888</b>
* Refer to notes 2(o) and 15.				
<b>(c) Finance costs</b>				
Interest on loans	43,165	40,086	6,969	10,942
Amortisation of finance costs	1,699	1,471	-	6
<b>Total finance costs</b>	<b>44,864</b>	<b>41,557</b>	<b>6,969</b>	<b>10,948</b>
<b>(d) Administrative expenses</b>				
Wages and salaries	10,240	12,726	-	-
Share based payments	1,542	1,038	-	-
Other administrative expenses	7,718	2,393	(683)	(1,874)
<b>Total administrative expenses</b>	<b>19,500</b>	<b>16,157</b>	<b>(683)</b>	<b>(1,874)</b>



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### 8. INCOME TAX

	CONSOLIDATED		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>(a) Income tax expense</b>				
The major components of income tax expense are:				
<b>Income Statement</b>				
<b>Current income tax</b>				
Current income tax charge	2,216	(652)	767	(1,592)
Adjustments in respect of current income tax of previous years	(41)	(314)	(23)	(503)
<b>Deferred income tax</b>				
Movement in depreciable assets tax depreciation	121	99	15	-
Relating to origination and reversal of temporary differences	(3,474)	(2,167)	(1,625)	(1,314)
<b>Income tax expense / (benefit) reported in the income statement</b>	<b>(1,178)</b>	<b>(3,034)</b>	<b>(866)</b>	<b>(3,409)</b>

#### (b) Numerical reconciliation between aggregate tax expense recognised in the income statement and tax expense calculated per the statutory income tax rate

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:

(Loss) / profit before income tax expense	(104,168)	69,392	28,116	(9,112)
Prima facie income tax (benefit) / expense calculated at 30%	(31,250)	20,818	8,435	(2,734)
Less prima facie income tax on loss / (profit) from AT and AIT	29,999	(22,863)	(9,000)	-
Prima Facie income tax of entities subject to income tax	(1,251)	(2,045)	(565)	(2,734)
Distributions from trusts	-	(171)	-	(171)
Tax advantaged distributions	-	(1)	-	(2)
Rebateable (franked) dividends	-	(2)	-	-
Entertainment	11	3	-	-
Share based payments	463	311	-	-
Foreign exchange translation adjustments	(55)	-	(55)	-
Adjustment of prior year deferred tax applied	(43)	(1,160)	(23)	(502)
Other items (net)	(303)	31	(223)	-
<b>Income tax expense / (benefit)</b>	<b>(1,178)</b>	<b>(3,034)</b>	<b>(866)</b>	<b>(3,409)</b>
<b>Income tax expense/(benefit) reported in the consolidated income statement</b>	<b>(1,178)</b>	<b>(3,034)</b>	<b>(866)</b>	<b>(3,409)</b>

The Group has income tax losses for which no deferred tax asset is recognised on the balance sheet of gross \$9.6 million tax effected (2008: nil), which are available indefinitely for offset against future income gains subject to continuing to meet relevant statutory tests.

### 8. INCOME TAX (CONTINUED)

	CONSOLIDATED		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>(c) Recognised deferred tax assets and liabilities</b>				
Deferred income tax at 30 June 2009 relates to the following:				
<b>Deferred tax liabilities</b>				
Revaluation of investment properties to fair value	45	7,193	-	(110)
Revaluation of investments to fair value	1,767	(1,398)	-	(1,789)
Other	661	283	198	182
<b>Gross deferred income tax liabilities</b>	<b>2,473</b>	<b>6,078</b>	<b>198</b>	<b>(1,717)</b>
Set off of deferred tax assets	(2,118)	(3,464)	(198)	1,717
<b>Net deferred income tax liabilities</b>	<b>355</b>	<b>2,614</b>	<b>-</b>	<b>-</b>
<b>Deferred tax assets</b>				
Revaluation of investment properties to fair value	1,165	-	1,165	-
Revaluation of investments to fair value	2,236	-	904	-
Provisions	7,984	1,717	1,401	713
Losses available for offset against future taxable income	1,008	1,629	940	1,746
Employee provisions	386	1,216	-	-
Other	668	79	71	-
<b>Gross deferred income tax assets</b>	<b>13,447</b>	<b>4,641</b>	<b>4,481</b>	<b>2,459</b>
Set off of deferred tax assets	(2,118)	(3,464)	(198)	1,717
<b>Net deferred income tax assets</b>	<b>11,329</b>	<b>1,177</b>	<b>4,283</b>	<b>4,176</b>

#### Unrecognised temporary differences

At 30 June 2009, there are no unrecognised temporary differences associated with the Group's investments in subsidiaries, associate or joint venture, as the Group has no liability for additional taxation should unremitted earnings be remitted (2008: \$nil).

#### Tax consolidation

AGHL and its 100% owned Australian resident subsidiaries have formed a tax consolidated group. AGHL is the head entity of the tax consolidated group. The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. The current and deferred

tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112 Income Taxes. The nature of the tax funding agreement is discussed further below.

#### Nature of the tax funding agreement

Members of the tax consolidated group have entered into a tax funding agreement. Under the funding agreement the allocation of tax within the group is based on accounting profit, which is not an acceptable method of allocation under UIG 1052. The tax funding agreement requires payments to/from the head entity to be recognised via an inter-entity receivable (payable) which is at call. To the extent that there is a difference between the amount allocated under the tax funding agreement and the allocation under UIG 1052, the head entity accounts for these as equity transactions.

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### 8. INCOME TAX (CONTINUED)

The amounts receivable or payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

### 9. DISTRIBUTIONS PAID AND PROPOSED

	CONSOLIDATED		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>(a) Distributions paid during the year</b>				
June 2008 quarter: 3.50 cents per stapled security (2007: 3.25 cents)	22,637	18,419	-	-
September 2008 quarter: 3.50 cents per stapled security (2007: 3.25 cents)	22,677	20,225	-	-
December 2008 quarter: 1.75 cents per stapled security (2007: 3.25 cents)	11,387	20,466	-	-
March 2009 quarter: 1.75 cents per stapled security (2008: 3.50 cents)	13,190	22,109	-	-
	<b>69,891</b>	<b>81,219</b>	-	-
<b>(b) Distributions proposed and not recognised as a liability*</b>				
June 2009 quarter: 0.75 cents per stapled security (2008: nil)	11,322	-	-	-
<b>(c) Distributions proposed and recognised as a liability</b>				
June 2008 quarter: nil (2008: 3.5 cents)	-	22,637	-	-

Distributions were paid from Abacus Trust and Abacus Income Trust (which do not pay tax provided they distribute all their taxable income) hence, there were no franking credits attached.

\* The final distribution of 0.75 cents per stapled security was declared on 1 July 2009. The distribution was paid on 7 August 2009 for \$11.3 million. No provision for the distribution has been recognised in the balance sheet at 30 June 2009 as the distribution had not been declared by the end of the year.

(c) Franking credit balance	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
The amount of franking credits available for the subsequent financial year are:				
Franking account balance as at the beginning of the financial year at 30% (2008: 30%)	11,252	11,244	11,252	11,244
Franking credits that will arise from the receipt of dividends recognised as receivables at reporting date	-	8	-	8
Prior year tax adjustment	(949)	-	(949)	-
Franking credits that will arise from the payment of income tax payable as at the end of the financial year	-	-	-	-
	<b>10,303</b>	<b>11,252</b>	<b>10,303</b>	<b>11,252</b>

### 10. EARNINGS PER STAPLED SECURITY

	2009 \$'000	2008 \$'000
Basic earnings / (loss) per stapled security (cents)	(11.81)	10.98
Diluted earnings / (loss) per stapled security (cents)	(11.81)	10.80
Reconciliation of earnings used in calculating earnings per stapled security		
Basic and diluted earnings per stapled security		
<b>Net profit / (loss)</b>	<b>(102,412)</b>	<b>71,460</b>
Basic and diluted underlying earnings per stapled security		
<b>Net profit / (loss)</b>	<b>71,967</b>	<b>90,964</b>
<b>Weighted average number of stapled securities:</b>		
Weighted average number of stapled securities for basic earning per share	867,488	650,891
Effect of dilution: Stapled security options	-	10,479
<b>Weighted average number of stapled securities adjusted for the effect of dilution</b>	<b>867,488</b>	<b>661,370</b>

Options granted to employees (including key management personnel) are considered to be potential stapled securities and have been included in the determination of diluted earnings per stapled security to the extent they are dilutive. These options have not been included in the determination of basic earnings per stapled security. The options were cancelled when the Executive Performance Award Plan was terminated on 30 June 2009.

Prior period weighted average number of securities and EPSs have been adjusted in accordance with AASB 133 "Earnings per Share" ("AASB 133"). The weighted average number of securities on issue for the current period, prior to the Equity Raisings, have also been adjusted as required by AASB 133.

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### 11. CASH AND CASH EQUIVALENTS

	CONSOLIDATED		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>Reconciliation to Cash Flow Statement</b>				
For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following at 30 June 2009:				
Cash at bank and in hand <sup>(i)</sup>	<b>9,124</b>	<b>46,777</b>	<b>275</b>	<b>2,340</b>

(i) cash at bank earns interest at floating rates. The carrying amounts of cash and cash equivalents represent fair value.

	CONSOLIDATED		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>(a) Reconciliation of net profit after tax to net cash flows from operations</b>				
Net profit / (loss)	(102,990)	72,426	28,982	(5,703)
<b>Adjustments for:</b>				
Depreciation of non-current assets	778	671	-	-
Amortisation of non-current assets	2,915	1,433	-	12
Provision for doubtful debts	5,074	5,000	-	-
Impairment of loan as part of the restructuring of ADIFII	11,000	-	-	-
Income distribution	-	-	(30,000)	-
Net change in fair value of derivatives	51,420	(3,848)	447	7,132
Net change in fair value of investments	113,426	15,806	9,062	(367)
Net (gain)/loss on sale of non-current assets	(10,894)	(9,118)	(5,063)	-
Increase/(decrease) in payables	(13,668)	(10,210)	5,170	(1,661)
Decrease/(increase) in receivables and other assets	8,527	4,549	(3,620)	3,733
<b>Net cash from operating activities</b>	<b>65,588</b>	<b>76,709</b>	<b>4,978</b>	<b>3,146</b>
<b>(b) Non-cash financing and investing activities</b>				
Disposal of subsidiary by providing a mortgage loan facility (note 13)	8,245	-	-	-

#### Disclosure of financing facilities

Refer to note 19d.

#### Disclosure of non-cash financing activities

Non-cash financing activities include capital raised pursuant to APG's distribution reinvestment plan. During the year 18.2 million stapled securities were issued with a cash equivalent of \$9 million.

### 12. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Trade debtors	9,556	6,201	742	1,096
Related party receivables	5,597	2,043	5,504	203
Guarantee receivable on settlement of a property	-	14,250	-	-
Other debtors	7,124	4,171	643	719
Gross receivables	22,277	26,665	6,889	2,018
Less provision for doubtful debts	(184)	(511)	-	-
<b>Total net trade and other receivables</b>	<b>22,093</b>	<b>26,154</b>	<b>6,889</b>	<b>2,018</b>

### 13. PROPERTY LOANS AND OTHER FINANCIAL ASSETS

	CONSOLIDATED		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>(a) Current</b>				
Secured loans - amortised cost <sup>(i)</sup>	51,221	95,203	-	-
Loans to related parties - amortised cost	-	-	10,851	1,210
Interim funding to related funds - amortised cost <sup>(ii)</sup>	51,634	52,719	-	18,684
Interest receivable on secured loans - amortised cost	9,273	16,093	-	-
Interest receivable on interim funding to related funds	845	1,263	-	-
Provision for doubtful debts	(13,016)	(8,000)	-	-
Investments in securities - listed (fair value)	6,187	-	6,082	-
	<b>106,144</b>	<b>157,278</b>	<b>16,933</b>	<b>19,894</b>
<b>(b) Non-current</b>				
Secured loans - amortised cost <sup>(i)</sup>	166,789	52,969	-	-
Interim funding to related funds - amortised cost <sup>(ii)</sup>	155,999	183,593	31,267	-
Interest receivable on secured loans - amortised cost	5,682	7,212	-	-
Interest receivable on interim funding to related funds	4,122	1,652	216	-
PROVISION for impairment on loan in relation to restructuring of ADIFII	(11,000)	-	-	-
Investments in securities - listed (fair value)	-	18,831	-	14,651
Investments in securities - unlisted (fair value)	17,452	17,217	13,020	-
Investments in subsidiaries - at cost	-	-	81,288	75,712
Investments in joint ventures - at cost	-	-	19,370	15,074
	<b>339,044</b>	<b>281,474</b>	<b>145,161</b>	<b>105,437</b>

(i) Mortgages are secured by real property assets. The current facilities are scheduled to mature on or before 30 June 2010 and the non-current facilities will mature between 1 July 2010 and 30 June 2018. Weighted average interest rate was 10.05% pa as at 30 June 2009 (2008: 12.4%).

(ii) Interim funding is provided to other entities outside the Group managed by the responsible entity AFML to enable acquisition of properties ahead of receipt of funds from investors. The loans are unsecured and the rates of interest equal the rate of the respective fund's distribution. These loans rank equally with other unsecured liabilities and unitholders in the event of winding up.

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### 14. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>Land and buildings</b>				
At 1 July, net of accumulated depreciation	30,302	28,678	-	-
Additions	60	21,021	-	-
Disposals	-	(18,947)	-	-
Revaluations	1,048	-	-	-
Effect of movements in foreign exchange	179	-	-	-
Depreciation charge for the year	(331)	(450)	-	-
<b>At 30 June, net of accumulated depreciation</b>	<b>31,258</b>	<b>30,302</b>	-	-
Fair value	31,258	30,483	-	-
Accumulated depreciation	-	(181)	-	-
<b>Net carrying amount at end of period</b>	<b>31,258</b>	<b>30,302</b>	-	-
<b>Plant and equipment</b>				
At 1 July, net of accumulated depreciation	1,537	1,876	-	-
Additions	150	1,530	-	-
Disposals	(193)	(1,707)	-	-
Depreciation charge for the year	(476)	(161)	-	-
<b>At 30 June, net of accumulated depreciation</b>	<b>1,018</b>	<b>1,537</b>	-	-
Cost or fair value	1,591	1,628	-	-
Accumulated depreciation	(573)	(91)	-	-
<b>Net carrying amount at end of period</b>	<b>1,018</b>	<b>1,537</b>	-	-
<b>Total net carrying amount of Property, Plant &amp; Equipment</b>	<b>32,276</b>	<b>31,840</b>	-	-
	CONSOLIDATED VALUE			
	2009	2008		
	\$'000	\$'000		
<b>Property</b>				
Hotel properties - Pubs <sup>(1)</sup>	6,965	6,905		
Budget lodge / hostel accommodation	21,694	20,979		
Other	3,617	3,956		
	<b>32,276</b>	<b>31,840</b>		

(1.) Value of licenses are accounted for separately as intangibles (see note 17)

#### Property, plant and equipment pledged as security for liabilities

The Group has nil freehold land and buildings subject to a first charge from the Group's bank loans (2008: \$23.6m) as disclosed in note 19.

### 15. INVESTMENT PROPERTIES

	CONSOLIDATED		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>Current</b>				
Commercial	26,391	3,849	-	-
Industrial	13,640	-	-	-
Other	4,258	-	-	-
<b>Total current</b>	<b>44,289</b>	<b>3,849</b>	-	-
	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
<b>Non - Current</b>				
Retail	266,843	279,090	-	-
Commercial	283,450	350,444	-	-
Industrial	131,233	163,085	-	-
Storage	3,807	94,559	-	-
Other	23,217	41,413	5,550	6,927
<b>Total non-current</b>	<b>708,550</b>	<b>928,591</b>	<b>5,550</b>	<b>6,927</b>
<b>Total investment properties</b>	<b>752,839</b>	<b>932,440</b>	<b>5,550</b>	<b>6,927</b>

#### Reconciliation

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

	CONSOLIDATED	
	2009 \$'000	2008 \$'000
Carrying amount at beginning of the financial period	932,440	673,210
Additions and capital expenditure	49,462	293,432
Acquisition through business combinations	-	54,846
Fair value adjustments for properties held at balance date	(107,517)	(15,806)
Disposals	(121,764)	(73,242)
Effect of movements in foreign exchange	218	-
<b>Carrying amount at end of the financial year</b>	<b>752,839</b>	<b>932,440</b>

Investment properties are carried at the directors' determination of fair value and are based on independent valuations. 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 is conducted annually either in December or June of each year. The key underlying assumptions, on a portfolio basis, contained within the independent and director valuations above are as follows:

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### 15. INVESTMENT PROPERTIES (CONTINUED)

- A weighted average capitalisation rate for the portfolio 8.53% (2008: 7.75%) which for each category is as follows;
  - Retail - 7.97% (2008: 7.32%)
  - Commercial – 8.62% (2008: 7.62%)
  - Industrial – 9.02% (2008: 7.64%)
  - Other – 7.98% (2008: 6.51%)
- The current occupancy rate for the portfolio is 90% which is not expected to materially change during the period relevant to the valuations (based on a conservative 50% tenant retention rate):
- A weighted average rent review for the 12 months to 30 June 2010 of 3.6% (excludes market reviews and assumes CPI reviews of 3%).

The independent and director valuations are based on common valuation methodologies including capitalisation and discounted cash flow approaches, which have regard to recent market sales evidence. Accordingly, the directors' valuations at 30 June 2009 have regards to market sales evidence in adopting a market valuation for each property including the key assumptions outlined.

Some of the investment properties are used as security for secured bank debt.

The current investment properties represent five industrial and commercial properties which are either subject to a sales contract or an active sales campaign. All properties are expected to be sold by 30 June 2010.

### 16. NON-CURRENT ASSETS - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Note	CONSOLIDATED	
		2009 \$'000	2008 \$'000
Investment in associates	16a (i)	22,039	7,638
Investment in joint ventures	16a (ii)	103,782	96,455
		<b>125,821</b>	<b>104,093</b>

#### (a) Details of Associates and Joint Ventures

##### (i) Associates

	CONSOLIDATED			
	2009 %	2008 %	2009 \$'000	2008 \$'000
Stanright Limited <sup>(1)</sup>	40	40	5,108	1,577
Abacus Storage Fund <sup>(2)</sup>	15	-	14,584	-
Abacus Miller Street Trust <sup>(3)</sup>	30	30	1,622	6,061
Abacus Wodonga Land Fund <sup>(2)</sup>	15	-	725	-
			<b>22,039</b>	<b>7,638</b>

##### (ii) Joint Ventures

	CONSOLIDATED			
	ownership interest		carrying value	
	2009 %	2008 %	2009 \$'000	2008 \$'000
Abacus Rosebury Property Trust	50	50	200	200
Willoughby Development Trust	50	50	200	770
The Tulip Unit Trust	50	50	1,903	1,902
Pakenham Valley Unit Trust	50	50	5,360	6,684
The Main Street Pakenham Trust	50	50	-	2,145
The Bay Street Brighton Unit Trust	50	50	3,173	3,170
The Abacus Colemans Road Trust	50	50	1,483	2,850
Fordtrans Pty Ltd	50	50	59,041	56,799
Abacus Aspley Village Trust	33	33	19,332	21,033
The Mount Druitt Unit Trust	50	50	934	902
Jigsaw Trust	50	-	7,263	-
Hampton Residential Retirement Trust	50	-	4,893	-
			<b>103,782</b>	<b>96,455</b>

(1) A subsidiary of Abacus Group Holdings Limited, the London Trust, has a 40% interest in Stanright Limited, a UK company which holds a 50% interest in Grant Thornton House in the UK.

(2) The subsidiaries of Abacus Group Holdings Limited act as the Responsible Entities of these Funds.

(3) Abacus Trust has a 30% interest in the Abacus Miller Street Holdings Trust which owns 50 Miller Street in North Sydney.

(4) Abacus Funds Management Limited acts as the Responsible Entity of Abacus Hospitality Fund and Abacus Diversified Income Fund II. Accordingly these funds are considered to be associates of the Group.

(5) The joint venture entities acquire and develop commercial and residential properties intended for resale.

(6) There were no impairment losses or contingent liabilities relating to the investment in the associates and joint ventures.

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### 16. NON-CURRENT ASSETS - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

#### (b) Share of associates and joint ventures' net profits

	CONSOLIDATED	
	2009 \$'000	2008 \$'000
Abacus Aspley Village Trust	645	-
Abacus Miller Street Trust <sup>(3)</sup>	(4,062)	-
Abacus Rosebury Property Trust	-	-
Abacus Storage Fund <sup>(2)</sup>	435	-
Abacus Wodonga Land Fund	(765)	-
Fordtrans Pty Ltd	4,707	7,165
Hampton Residential Retirement Trust	(109)	-
Jigsaw Trust	155	-
Other	(22)	572
Pakenham Valley Unit Trust	4,168	1,869
Stanright Limited <sup>(1)</sup>	3,455	-
The Abacus Colemans Road Trust	45	3,434
The Bay Street Brighton Unit Trust	134	-
The Main Street Pakenham Trust	(126)	(92)
The Mount Druitt Unit Trust	32	-
The Tulip Unit Trust	109	-
	<b>8,801</b>	<b>12,948</b>

#### (c) Extract from associates and joint ventures' balance sheets

	CONSOLIDATED	
	2009 \$'000	2008 \$'000
Current assets	42,065	7,548
Non-current assets	829,662	303,002
	871,727	310,550
Current liabilities	(124,490)	(14,304)
Non-current liabilities	(394,064)	(100,012)
	(518,554)	(114,316)
<b>Net assets</b>	<b>353,173</b>	<b>196,234</b>
<b>Share of net assets</b>	<b>125,821</b>	<b>104,093</b>

### 17. INTANGIBLE ASSETS AND GOODWILL

	CONSOLIDATED		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>Goodwill</b>				
Balance at 1 July	35,090	32,394	32,394	32,394
Acquisition through business combinations	67	2,696	-	-
Disposal	(2,696)	-	-	-
<b>Balance at 30 June</b>	<b>32,461</b>	<b>35,090</b>	<b>32,394</b>	<b>32,394</b>
<b>Management rights, licences and entitlements</b>				
At 1 July, net of accumulated amortisation	6,049	8,583	-	-
Acquisition	-	285	-	-
Disposal of management rights and licences	(285)	(2,764)	-	-
Amortisation charge for the year	-	(55)	-	-
<b>At 30 June, net of accumulated amortisation</b>	<b>5,764</b>	<b>6,049</b>	<b>-</b>	<b>-</b>
<b>Total goodwill and intangibles</b>	<b>38,225</b>	<b>41,139</b>	<b>32,394</b>	<b>32,394</b>

#### Description of the Group's intangible assets and goodwill

##### Goodwill

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is subject to impairment testing on an annual basis or whenever there is an indication of impairment.

##### Management rights, licences and entitlements

Management rights, licences and entitlements represent intangible assets acquired through the acquisition of certain hotel assets. Licences and entitlements essentially relate to gaming and liquor licence rights attaching to the hotel assets. These intangible assets have been determined to have indefinite useful lives and the cost model is utilised for their measurement. These licences and entitlements have been granted for an indefinite period by the relevant government department. This supports the Group's assertion that these assets have an indefinite useful life. As these management rights, licences and entitlements are an integral part of owning a hotel asset, they are subjected to impairment testing on an annual basis or whenever there is an indication of impairment as part of the annual property valuation and review process of the hotels as a going concern.

##### Impairment tests for goodwill and intangibles with indefinite useful lives

(i) Description of the cash generating units and the other relevant information

Goodwill acquired through business combinations and management rights, licences and entitlements have been allocated to two individual cash generating units, each of which is a reportable segment, for impairment testing as follows:

- Funds Management - property / asset management business
- Property - or specifically the hotel assets



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### 17. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

#### Funds Management

The recoverable amount of the Funds Management unit has been determined based on a value in use calculation using cash flow projections as at 30 June covering a five-year period.

A post tax discount rate of 10.59% (2008: 9.14%) and a terminal growth rate of 3% (2008: 3%) has been applied to the cash flow projections.

The increase in goodwill relates to the acquisition of the Abacus Jigsaw Trust during the year.

#### Property

The recoverable amount of the indefinite life intangible assets have been determined based on the independent and directors' valuations of the hotels on a going concern basis. Common valuation methodologies including capitalisation and discounted cash flow approaches are used, with assumptions reference to recent market sales evidence.

Accordingly, the directors' valuations at 30 June 2009 have regards to market sales evidence in adopting a market valuation for each property including the key assumptions outlined.

- (i) Carrying amounts of goodwill, management rights, licences and entitlements allocated to each of the cash generating units

The carrying amounts of goodwill, management rights, licences and entitlements are allocated to Funds Management and Property as follows:

	FUNDS MANAGEMENT		PROPERTY		TOTAL		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Goodwill	32,461	32,394	-	2,696	32,461	35,090	32,394	32,394
Management rights, licences and entitlements	-	-	5,764	6,049	5,764	6,049	-	-

- (iii) Key assumptions used in valuation calculations

#### Funds Management Goodwill

The calculation of value in use is most sensitive to the following assumptions:

- Fee income
- Discount rates
- Property values of the funds/properties under management

Fee income – fee income is based on actual income in the year preceding the start of the budget period and actual funds under management.

Discount rates – discount rates reflect management's estimate of the time value of money and the risks specific to each unit that are not reflected in the cash flows.

Property values – property values are based on the fair value of properties which are valued annually by independent valuers.

### 17. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

- (iii) Key assumptions used in valuation calculations (continued)

#### Hotel Intangible Assets

The calculation of the hotel valuations is most sensitive to the following assumptions:

- Hotel income
- Discount rates and capitalisation rates with reference to market sales evidence
- Other value adding or potential attributes of the hotel asset

Hotel income – hotel income is based on actual income in the year preceding the start of the budget period, adjusted based on industry norms for valuation purposes.

Discount rates and capitalisation rates – these rates reflect management's estimate of the time value of money and the risks specific to each unit that are not reflected in the cash flows, with reference to recent market sales evidence.

Other value adding or potential attributes – unique features of individual hotel assets that will add or have the potential to add value to the property in determining the total fair value of the hotel.

- (iv) Sensitivity to changes in assumptions  
Significant and prolonged property value falls and market influences which could increase discount rates could cause goodwill to be impaired in the future.

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### 18. TRADE AND OTHER PAYABLES

	CONSOLIDATED		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>(a) Current</b>				
Trade creditors	626	2,891	205	79
Other creditors	3,279	15,775	52	238
Rental guarantee	2,314	14,250	-	-
Goods and services tax	1,893	1,461	(27)	(8)
Accrued expenses	5,160	10,709	236	159
	<b>13,272</b>	<b>45,086</b>	<b>466</b>	<b>468</b>
Distributions on stapled securities	-	22,658	-	-
Related party payables				
- Subsidiaries and other group entities	-	-	133,559	78,429
- Other related parties	-	229	-	-
	<b>13,272</b>	<b>67,973</b>	<b>134,025</b>	<b>78,897</b>
<b>(b) Non-current</b>				
Capital guarantee	3,000	-	3,000	-
Rental guarantee	6,677	-	-	-
	<b>9,677</b>	<b>-</b>	<b>3,000</b>	<b>-</b>

Since the last annual reporting date, the following guarantees in respect of the Abacus Diversified Income Fund II ("ADIFII") have commenced:

- Cash Distribution Yield Guarantee whereby the Group has agreed to underwrite the cash distribution yield of 8.5% from 1 July 2008 to 30 June 2011. This will be achieved by Abacus Finance Pty Ltd deferring the interest on the Working Capital Facility or by the Group deferring any of the fees payable to it under the constitution of ADIFII (or a combination of these things) or in any other way the Group considers appropriate. Any interest or fee deferral or other funding support may be recovered if the actual cash distribution exceeds the cash required to meet the underwritten distribution over the Guarantee Period, or after the Guarantee Period or at the expiry of the Working Capital Facility.
- Capital Return Guarantee whereby the Group will offer to acquire units in ADIFII at \$1.00 per unit. This guarantee will apply to all ADIFII units on issue as at 1 July 2013. If at that time the net asset value per unit (as determined by the Group) is less than \$1.00 per unit, the Group will make an offer to acquire each ADIFII unit for \$1.00, payable at the Group's discretion in cash or by way of the issue of stapled securities in the Group to an equivalent value based on the 10 day volume weighted average price of the Group's stapled securities over the period ending on 30 June 2013. This offer will be made by 30 September 2013. At the end of the year the fair value of the guarantee was \$3 million.

### 19. INTEREST BEARING LOANS AND BORROWINGS

	CONSOLIDATED		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>(a) Current</b>				
Bank loans - A\$ *	62,000	52,923	601	-
Loan from related parties	510	10,937	-	3,937
Less: Unamortised borrowing costs	(681)	(156)	-	-
	<b>61,829</b>	<b>63,704</b>	<b>601</b>	<b>3,937</b>
<b>(b) Non-current</b>				
Bank loans - A\$	330,219	505,313	2,637	4,697
Bank loans - NZ\$	-	20,462	-	-
Loan from related parties	-	57,260	-	4,854
Loan from Abacus Trust	-	-	-	52,195
Less: Unamortised borrowing costs	(664)	(2,161)	-	-
	<b>329,555</b>	<b>580,874</b>	<b>2,637</b>	<b>61,746</b>
<b>(c) Maturity profile of current and non-current interest bearing loans</b>				
Due within one year	62,510	63,860	601	3,937
Due between one and five years	324,234	562,573	2,637	61,746
Due after five years	5,985	20,462	-	-
	<b>392,729</b>	<b>646,895</b>	<b>3,238</b>	<b>65,683</b>

The Group maintains a range of interest-bearing loans and borrowings. The sources of funding are spread over a number of counterparties and the terms of the instruments are negotiated to achieve a balance between capital availability and cost of debt.

Bank loans – A\$ are provided by several banks at interest rates that include both fixed and floating arrangements. The loans are denominated in Australian dollars and the term to maturity varies from May 2010 to November 2017. The effective fixed interest rate of borrowings which are covered by fixed rate swaps was 8.06% at year end (2008: 7.41%), while 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 and certain property, plant and equipment as detailed in note 14 and note 15. Approximately 76.3% (2008: 75.4%) of available bank debt facilities were subject to fixed rate arrangements with a weighted average term to maturity of 4.69 years (2008: 5.07 years). APG's effective interest rate as at 30 June 2009 was 7.31% (2008: 7.69%).

\*Under the Group's Working Capital Facility the contractual maturity date of this facility is May 2010. The Group has received from its Bank an offer to extend the facility's maturity out to February 2011 (the same date as the core facility).

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### 19. INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

#### (d) Financing facilities available

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

	CONSOLIDATED		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Total facilities - bank loans	612,442	741,064	5,335	4,697
Facilities used at reporting date - bank loans	(392,219)	(578,698)	(3,238)	(4,697)
<b>Facilities unused at reporting date - bank loans</b>	<b>220,223</b>	<b>162,366</b>	<b>2,097</b>	<b>-</b>

These facilities comprise fixed and floating rate secured facilities.

The Group has entered into a club facility which is a secured, limited recourse debt agreement with ANZ (as lead arranger), CBA and St George Bank. Under the agreement certain properties owned by AT, AIT, AGPL and AGHL form a common security pool, which is collateral for this loan facility.

### 20. FINANCIAL INSTRUMENTS

#### (i) Credit Risk

##### Credit Risk Exposures

The Group's maximum exposure to credit risk at the reporting date was:

	CONSOLIDATED		CARRYING AMOUNT PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Receivables	22,093	26,154	6,889	2,018
Secured property loans	219,949	163,477	-	1,210
Interim funding to related funds	201,600	239,227	42,334	18,684
Cash and cash equivalents	9,124	46,777	275	2,340
Derivatives	-	11,272	-	134
	<b>452,766</b>	<b>486,907</b>	<b>49,498</b>	<b>24,386</b>

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

- Secured property loans: 69% of secured property loans is represented by 5 borrowers (2008: 63% of secured property loans was represented by 4 borrowers); and
- Interim Funding to Related Funds: represented by the Abacus Diversified Income Fund II \$82.7 million, and the Abacus Hospitality Fund \$70.6 million (2008: Abacus Diversified Income Fund II \$105.6 million, Abacus Hospitality Fund \$97.6 million).

### 20. FINANCIAL INSTRUMENTS (CONTINUED)

#### (i) Credit Risk (continued)

##### Secured property loans and Receivables

The following table illustrates grouping of the Group's investment in secured loans. As noted in disclosure note 3, the Group mitigates the exposure to this risk by evaluation of the credit submission before acceptance, ensuring security is obtained and consistent and timely monitoring of the financial instrument to identify any potential adverse changes in the credit quality:

	TOTAL \$'000	ORIGINAL TERM <sup>(1)</sup> \$'000	EXTENDED TERM \$'000	PAST DUE TERM <sup>(2)</sup> \$'000	IMPAIRED <sup>(3)</sup> \$'000
30-JUN-09					
Consolidated	467,658	422,905	-	28,806	15,947
less: provisioning	(24,016)	(12,200)	-	(441)	(11,375)
<b>Total Consolidated</b>	<b>443,642</b>	<b>410,705</b>	<b>-</b>	<b>28,365</b>	<b>4,572</b>
Parent	49,223	49,223	-	-	-
less: provisioning	-	-	-	-	-
<b>Total Parent</b>	<b>49,223</b>	<b>49,223</b>	<b>-</b>	<b>-</b>	<b>-</b>

(1) Terms are extended typically in recognition of traditional project delays (e.g. weather, development approvals).

(2) For loans with past due terms all are less than two years old.

(3) In considering the impairment of loans, the Group will undertake a market analysis of the secured property development which is used to service the loan and identify if a deficiency of security exists and the extent of that deficiency, if any. If there is an indicator of impairment, fair value calculations of expected future cashflows are determined and if there are any differences to the carrying value of the loan, an impairment is recognised.

	TOTAL \$'000	ORIGINAL TERM \$'000	EXTENDED TERM \$'000	PAST DUE TERM <sup>(1)</sup> \$'000	IMPAIRED \$'000
30-Jun-08					
Consolidated	436,369	333,815	1,936	92,021	8,597
less: provisioning	(8,511)	-	-	-	(8,511)
<b>Total Consolidated</b>	<b>427,858</b>	<b>333,815</b>	<b>1,936</b>	<b>92,021</b>	<b>86</b>
Parent	21,912	21,912	-	-	-
less: provisioning	-	-	-	-	-
<b>Total Parent</b>	<b>21,912</b>	<b>21,912</b>	<b>-</b>	<b>-</b>	<b>-</b>

(1) For loans with past due terms \$84.3 million are less than two years old, \$6.3 million are two to three years and \$1.5 million are three years old.

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### 20. FINANCIAL INSTRUMENTS (CONTINUED)

#### (i) Credit Risk (continued)

Investment in secured property loans are interest bearing on average 2.5 year terms. A provision for impairment loss is typically recognised when there is objective evidence that the loan has not been repaid by the due date and management has determined that the full amount of the loan may not be recoverable. An impairment loss of \$5.1 million for secured property loans and an \$11.0 million impairment of the ADIFII loan as part of the restructuring (2008: \$5.5 million) has been recognised by the Group in the current year.

The movement in the allowance for impairment in respect of secured property loans and receivables during the year was as follows:

	CONSOLIDATED			PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2008 \$'000
Balance at 1 July 2008	8,511	3,011	-	-	-
Impairment loss recognised (secured property loans)	5,099	5,500	-	-	-
Impairment loss recognised (ADIFII)	11,000	-	-	-	-
Impairment loss utilised / written back	(594)	-	-	-	-
<b>Balance at 30 June 2009</b>	<b>24,016</b>	<b>8,511</b>	-	-	-

#### (ii) Liquidity Risk

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

CONSOLIDATED 30-JUN-09	CARRYING AMOUNT \$'000	CONTRACTUAL CASH FLOWS \$'000	1 YEAR OR LESS \$'000	OVER 1 YEAR TO 5 YEARS \$'000	OVER 5 YEARS \$'000
<b>Liabilities</b>					
Trade and other payables	22,948	22,948	13,272	9,676	-
Interest bearing loans and borrowings incl derivatives#	429,764	587,366	175,126	402,240	10,510
<b>Total liabilities</b>	<b>452,712</b>	<b>610,314</b>	<b>188,398</b>	<b>411,916</b>	<b>10,510</b>
PARENT 30-JUN-09	CARRYING AMOUNT \$'000	CONTRACTUAL CASH FLOWS \$'000	1 YEAR OR LESS \$'000	OVER 1 YEAR TO 5 YEARS \$'000	OVER 5 YEARS \$'000
<b>Liabilities</b>					
Trade and other payables	137,025	137,025	134,025	3,000	-
Interest bearing loans and borrowings incl derivatives^	3,551	5,697	1,694	4,004	-
<b>Total liabilities</b>	<b>140,576</b>	<b>142,722</b>	<b>135,719</b>	<b>7,004</b>	-

# Includes derivative of a principal value of \$294.4 million.

^ Includes derivative of a principal value of \$2.86 million.

### 20. FINANCIAL INSTRUMENTS (CONTINUED)

#### (ii) Liquidity Risk (continued)

CONSOLIDATED 30-JUN-08	CARRYING AMOUNT \$'000	CONTRACTUAL CASH FLOWS \$'000	1 YEAR OR LESS \$'000	OVER 1 YEAR TO 5 YEARS \$'000	OVER 5 YEARS \$'000
<b>Liabilities</b>					
Trade and other payables	67,973	67,973	67,973	-	-
Interest bearing loans and borrowings	646,895	937,214	72,442	857,254	7,518
<b>Total liabilities</b>	<b>714,868</b>	<b>1,005,187</b>	<b>140,415</b>	<b>857,254</b>	<b>7,518</b>
PARENT 30-JUN-08	CARRYING AMOUNT \$'000	CONTRACTUAL CASH FLOWS \$'000	1 YEAR OR LESS \$'000	OVER 1 YEAR TO 5 YEARS \$'000	OVER 5 YEARS \$'000
<b>Liabilities</b>					
Trade and other payables	78,897	78,897	78,897	-	-
Interest bearing loans and borrowings	65,683	86,828	4,252	82,576	-
<b>Total liabilities</b>	<b>144,580</b>	<b>165,725</b>	<b>83,149</b>	<b>82,576</b>	-

#### (iii) Currency Risk

The Group considers its exposure to foreign currency risk as insignificant.

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### 20. FINANCIAL INSTRUMENTS (CONTINUED)

#### (iv) Interest rate risk

The Group'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 and cash equivalents	9,124	-	-	-	-	9,124
Receivables	-	-	-	-	22,093	22,093
Secured and related party loans	-	78,026	199,344	131,476	12,703	421,549
<b>Total financial assets</b>	<b>9,124</b>	<b>78,026</b>	<b>199,344</b>	<b>131,476</b>	<b>34,796</b>	<b>452,766</b>
Weighted average interest rate	2.93%	10.75%	10.84%	8.44%		
<b>Financial liabilities</b>						
Interest bearing liabilities - bank	110,430	49,104	232,686	-	-	392,220
Related party loans	-	-	-	-	510	510
Derivatives	-	-	-	-	37,035	37,035
Payables	-	-	-	-	22,948	22,948
<b>Total financial liabilities</b>	<b>110,430</b>	<b>49,104</b>	<b>232,686</b>	<b>-</b>	<b>60,493</b>	<b>452,713</b>
Weighted average interest rate	4.71%	8.15%	8.11%			
<b>PARENT 30-JUN-09</b>	<b>FLOATING INTEREST RATE \$'000</b>	<b>FIXED INTEREST MATURING IN 1 YEAR OR LESS \$'000</b>	<b>FIXED INTEREST MATURING IN 1 TO 5 YEARS \$'000</b>	<b>FIXED INTEREST MATURING IN OVER 5 YEARS \$'000</b>	<b>NON INTEREST BEARING \$'000</b>	<b>TOTAL \$'000</b>
<b>Financial Assets</b>						
Cash and cash equivalents	275	-	-	-	-	275
Receivables	-	-	-	-	6,889	6,889
Secured and related party loans	27,643	-	10,851	-	3,840	42,334
<b>Total financial assets</b>	<b>27,918</b>	<b>-</b>	<b>10,851</b>	<b>-</b>	<b>10,729</b>	<b>49,498</b>
Weighted average interest rate	3.21%		15.00%			
<b>Financial liabilities</b>						
Interest bearing liabilities - bank	673	476	2,089	-	-	3,238
Derivatives	-	-	-	-	313	313
Payables	-	-	-	-	137,025	137,025
<b>Total financial liabilities</b>	<b>673</b>	<b>476</b>	<b>2,089</b>	<b>-</b>	<b>137,338</b>	<b>140,576</b>
Weighted average interest rate	4.99%	8.15%	8.15%			

### 20. FINANCIAL INSTRUMENTS (CONTINUED)

#### (iv) Interest rate risk (continued)

CONSOLIDATED 30-JUN-08	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 and cash equivalents	46,777	-	-	-	-	46,777
Receivables	-	-	-	-	26,154	26,154
Secured and related party loans	-	145,876	211,833	33,593	11,402	402,704
Derivatives	-	-	-	-	11,272	11,272
<b>Total financial assets</b>	<b>46,777</b>	<b>145,876</b>	<b>211,833</b>	<b>33,593</b>	<b>48,828</b>	<b>486,907</b>
Weighted average interest rate	7.34%	12.88%	9.00%	7.90%		
<b>Financial liabilities</b>						
Interest bearing liabilities - bank	141,533	5,000	409,386	20,462	-	576,381
Related party loans	42,250	10,937	15,010	-	-	68,197
Payables	-	-	-	-	67,973	67,973
<b>Total financial liabilities</b>	<b>183,783</b>	<b>15,937</b>	<b>424,396</b>	<b>20,462</b>	<b>67,973</b>	<b>712,551</b>
Weighted average interest rate	8.93%	7.60%	7.57%	8.17%		
<b>PARENT 30-JUN-08</b>	<b>FLOATING INTEREST RATE \$'000</b>	<b>FIXED INTEREST MATURING IN 1 YEAR OR LESS \$'000</b>	<b>FIXED INTEREST MATURING IN 1 TO 5 YEARS \$'000</b>	<b>FIXED INTEREST MATURING IN OVER 5 YEARS \$'000</b>	<b>NON INTEREST BEARING \$'000</b>	<b>TOTAL \$'000</b>
<b>Financial Assets</b>						
Cash and cash equivalents	2,340	-	-	-	-	2,340
Receivables	-	-	-	-	2,018	2,018
Secured and related party loans	-	16,053	-	-	3,841	19,894
Derivatives	-	-	-	-	134	134
<b>Total financial assets</b>	<b>2,340</b>	<b>16,053</b>	<b>-</b>	<b>-</b>	<b>5,993</b>	<b>24,386</b>
Weighted average interest rate	7.34%	6.89%				
<b>Financial liabilities</b>						
Interest bearing liabilities - bank	-	-	4,697	-	-	4,697
Related party loans	-	3,937	57,049	-	-	60,986
Payables	-	-	-	-	78,897	78,897
<b>Total financial liabilities</b>	<b>-</b>	<b>3,937</b>	<b>61,746</b>	<b>-</b>	<b>78,897</b>	<b>144,580</b>
Weighted average interest rate		10.00%	13.49%			



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### 20. FINANCIAL INSTRUMENTS (CONTINUED)

#### (iv) Interest rate risk (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 Group's profit and equity:

CONSOLIDATED 30-Jun-09	CARRYING AMOUNT	AUD			
		FLOATING	PROFIT	EQUITY	EQUITY
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets	9,124	(91)	-	91	-
Financial liabilities	147,465	1,475	-	(1,475)	-

PARENT 30-Jun-09	CARRYING AMOUNT	AUD			
		FLOATING	PROFIT	EQUITY	EQUITY
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets	27,918	(279)	-	279	-
Financial liabilities	986	10	-	(10)	-

CONSOLIDATED 30-JUN-08	CARRYING AMOUNT	AUD			
		FLOATING	PROFIT	EQUITY	EQUITY
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets	46,777	(468)	-	468	-
Financial liabilities	183,783	1,838	-	(1,838)	-

PARENT 30-JUN-08	CARRYING AMOUNT	AUD			
		FLOATING	PROFIT	EQUITY	EQUITY
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets	2,340	(23)	-	23	-

The analysis for the interest rate sensitivity of financial liabilities includes derivatives.

### 20. FINANCIAL INSTRUMENTS (CONTINUED)

#### (iv) Interest rate risk (continued)

CONSOLIDATED 30-JUN-08	CARRYING AMOUNT	NZD			
		FLOATING	PROFIT	EQUITY	EQUITY
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets	619	(6)	-	6	-
Financial liabilities	20,462	205	-	(205)	-

PARENT 30-JUN-08	CARRYING AMOUNT	NZD			
		FLOATING	PROFIT	EQUITY	EQUITY
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets	619	(6)	-	6	-

#### (v) Price Risk

The Group is exposed to equity securities risk. Equity securities price risk arises from investments in listed and unlisted securities. The key risk variable is the quoted price of the securities, which is influenced by a range of factors, most of which are outside the control of the Group. As a result, the Group does not use financial instruments to manage the price risk exposure on property securities but instead regularly monitors levels of exposure and conducts sensitivity analysis for fluctuations in the quoted securities prices.

A fluctuation of 15% in the price of the equity securities would impact the net profit after income tax expense of the Group, with all other variables held constant, by an increase/(decrease) of \$3.7 million (2008: \$2.6 million).

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### 20. FINANCIAL INSTRUMENTS (CONTINUED)

#### (vi) Fair values

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

CONSOLIDATED	CARRYING	FAIR	CARRYING	FAIR
	AMOUNT	VALUE	AMOUNT	VALUE
	2009	2009	2008	2008
	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>				
Cash and cash equivalents	9,124	9,124	46,777	46,777
Loans and Receivables (current)	122,050	122,050	182,433	182,433
Loans and Receivables (non-current)	321,592	321,592	245,426	245,426
Derivatives	-	-	11,272	11,272
Investment in securities - listed	6,187	6,187	18,831	18,831
Investment in securities - unlisted	17,452	17,452	17,217	17,217
<b>Total financial assets</b>	<b>476,405</b>	<b>476,405</b>	<b>521,956</b>	<b>521,956</b>
<b>Financial Liabilities</b>				
Trade and other payables	22,948	22,948	67,973	67,973
Interest bearing loans and borrowings	391,384	391,384	646,895	646,895
Derivatives	37,035	37,035	-	-
<b>Total financial liabilities</b>	<b>451,367</b>	<b>451,367</b>	<b>714,868</b>	<b>714,868</b>
<b>Net financial assets / (liabilities)</b>	<b>25,038</b>	<b>25,038</b>	<b>(192,912)</b>	<b>(192,912)</b>
PARENT	CARRYING	FAIR	CARRYING	FAIR
	AMOUNT	VALUE	AMOUNT	VALUE
	2009	2009	2008	2008
	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>				
Cash and cash equivalents	275		2,340	2,340
Loans and Receivables (current)	10,851	10,851	21,912	21,912
Loans and Receivables (non-current)	31,483	31,483	-	-
Derivatives	-	-	134	134
Investment in securities - listed	6,082	6,082	14,651	14,651
<b>Total financial assets</b>	<b>48,691</b>	<b>48,691</b>	<b>39,037</b>	<b>39,037</b>
<b>Financial Liabilities</b>				
Trade and other payables	137,025	137,025	78,897	78,897
Interest bearing loans and borrowings	3,238	3,238	65,683	65,683
Derivatives	313	313	-	-
<b>Total financial liabilities</b>	<b>140,576</b>	<b>140,576</b>	<b>144,580</b>	<b>144,580</b>
<b>Net financial assets / (liabilities)</b>	<b>(91,885)</b>	<b>(91,885)</b>	<b>(105,543)</b>	<b>(105,543)</b>

### 21. CONTRIBUTED EQUITY

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
<b>(a) Issued stapled securities</b>				
Stapled securities	1,009,577	793,999	47,064	33,116
- securities financed by APG under the ESLP	(22,080)	(22,497)	-	-
<b>Total contributed equity</b>	<b>987,497</b>	<b>771,502</b>	<b>47,064</b>	<b>33,116</b>
	CONSOLIDATED		PARENT	
	STAPLED SECURITIES	STAPLED SECURITIES	STAPLED SECURITIES	STAPLED SECURITIES
	NUMBER	VALUE	NUMBER	VALUE
	'000	\$'000	'000	\$'000
<b>(b) Movement in stapled securities on issue</b>				
<b>At 1 July 2008</b>	645,604	771,502	645,604	33,116
- treasury units	-	417	-	25
- equity raising	845,858	211,463	845,858	13,509
- distribution reinvestment plan	18,160	8,996	18,160	414
- less transaction costs	-	(4,881)	-	-
<b>Securities on issue at 30 June 2009</b>	<b>1,509,622</b>	<b>987,497</b>	<b>1,509,622</b>	<b>47,064</b>

### 22. CAPITAL MANAGEMENT

The Group seeks to manage its capital requirements through a mix of debt and equity funding. It also ensures that Group entities comply with capital and distribution requirements of their constitutions and/or trust deeds, the capital requirements of relevant regulatory authorities and continue to operate as going concerns. The Group also protects its equity in assets by taking out insurance.

The Group 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, the Group continuously reviews its capital structure to ensure sufficient funds and financing facilities, on a cost effective basis are available to implement the Group's strategy that adequate financing facilities are maintained and distributions to members are made within the stated distribution guidance (i.e. paid out of normalised profits).

The Group actively manages its capital via the following strategies: issuing new stapled securities, activating its distribution reinvestment plan (presently active at 2.5% discount to VWAP but not underwritten), electing to have the dividend reinvestment plan underwritten, adjusting the amount of distributions paid to members, activating a security buyback program, divesting assets, active management of the Group's fixed rate swaps, directly purchasing assets in managed funds or (where practical) recalibrating the timing of transactions and capital expenditure so as to avoid a concentration of net cash outflows.

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### 22. CAPITAL MANAGEMENT (CONTINUED)

A summary of the Group's key banking covenants are set out below:

COVENANT	MEASURE	KEY DETAILS
NATURE OF FACILITIES	Secured, non recourse <sup>1</sup>	The Group has no unsecured facilities
ICR	1.5	Net rental income / Interest expense (including fixed rate swaps)
LVR <sup>2</sup>	55% to 67.5%	Drawn Loan / Bank accepted valuations
GROUP ICR <sup>3,4</sup>	2.0	Group EBITDA (excluding fair value P&L) / Total Interest Expense (including fixed rate swaps)
TOTAL GEARING <sup>3,4</sup>	45%	(Total Liabilities + Guarantees) / Total Tangible Assets
GEARING RATIO ON A LOOK THROUGH BASIS <sup>4</sup>	60%	Total gearing plus gearing from proportional consolidation of equity accounted investments

1 - There are no market cap covenants

2 - LVR stepped down from 70.0% to 67.5% under the terms of the Working Capital Facility

3 - Condition of the \$550m CLUB facility

4 - Condition of the \$150m Working Capital Facility component of the \$550m CLUB facility

### 23. DISPOSAL OF SUBSIDIARY

On 29 December 2008, the Group disposed of 100% of the voting shares of Abacus Storage Solutions Pty Ltd (ASSPL) for a total consideration of \$26.6 million. ASSPL was a company based in Australia that operated self-storage facilities in Townsville and Brisbane as well as a single self-storage facility in Hamilton, New Zealand.

	2009 \$'000
Total cash inflow on disposal of subsidiary is as follows:	
Net cash transferred on disposal	(1,186)
Cash consideration received	26,610
Net consolidated cash inflow	25,424

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### 24. RELATED PARTY DISCLOSURES

#### (a) Subsidiaries

The consolidated financial statements include the financial statements of the following entities:

ENTITY	EQUITY INTEREST		CARRYING VALUE	
	2009 %	2008 %	2009 \$'000	2008 \$'000
<b>Abacus Group Holdings Limited and its subsidiaries</b>				
Abacus AAVT Pty Ltd	100	100	-	-
Abacus Airways NZ Trust	100	100	4,750	4,750
Abacus Bankstown Property Trust	100	100	-	-
Abacus Finance Pty Limited	100	100	-	-
Abacus Funds Management Limited	100	100	8,448	5,868
Abacus Hobart Growth Trust	-	79	-	3,173
Abacus HP Trust	100	100	-	-
Abacus Jigsaw Investment Pty Ltd	100	-	90	-
Abacus London Trust	100	100	-	-
Abacus Mortgage Fund	100	-	17,500	-
Abacus Mount Druitt Trust	100	100	908	-
Abacus Musswellbrook Pty Ltd	100	100	-	-
Abacus Nominee Services Pty Limited	100	100	-	-
Abacus Nominees (No 5) Pty Limited	100	100	-	-
Abacus Nominees (No 7) Pty Limited	100	100	-	-
Abacus Nominees (No 9) Pty Limited	100	100	-	-
Abacus Note Facilities Pty Ltd	100	-	-	-
Abacus Pitt Street Property Trust	100	100	21,321	21,321
Abacus Property Income Fund	100	100	37,725	37,725
Abacus Property Services Pty Ltd	100	100	10	10
Abacus Property Pty Ltd	100	100	-	-
Abacus SP Note Facility Pty Ltd	100	-	-	-
Abacus Storage Funds Management Limited	100	100	929	929
Abacus Unitel Pty Ltd	100	100	-	-
Abacus Unitel Trust	100	-	11,867	-
Amiga Pty Limited	100	100	-	-
Childcare Trust 2	100	100	-	-
<b>Abacus Group Projects Limited and its subsidiaries</b>				
Abacus Allara Street Trust	50	50	500	500
Abacus Jigsaw Holdings Pty Limited	50	50	-	-
Abacus Northshore Trust 1	50	-	-	-
Abacus Northshore Trust 2	50	-	-	-
Abacus Repository Trust	50	-	-	-
Abacus Sanctuary Holdings Pty Limited	50	50	-	-
Abacus Ventures Trust	51	51	9,162	9,162
Abacus Villages Trust	-	50	-	50
Abacus Villages Limited	-	50	-	50

### 24. RELATED PARTY DISCLOSURES (CONTINUED)

#### (a) Subsidiaries (continued)

ENTITY	EQUITY INTEREST		CARRYING VALUE	
	2009 %	2008 %	2009 \$'000	2008 \$'000
<b>Abacus Trust and its subsidiaries:</b>				
Abacus 1769 Hume Highway Trust	100	100	14,803	18,537
Abacus Alderley Trust	100	100	19,587	20,980
Abacus Alexandria Trust	100	-	1,600	-
Abacus Ashfield Mall Property Trust	100	100	57,908	57,908
Abacus Campbell Property Trust	100	100	15,044	15,044
Abacus Epping Park Property Trust	100	100	29,547	29,547
Abacus Greenacre Trust	100	100	13,396	13,898
Abacus Hurstville Trust	100	100	14,314	18,712
Abacus Industrial Property Trust	100	100	8,902	8,902
Abacus Lisarow Trust	100	100	8,204	10,314
Abacus Liverpool Plaza Trust	100	100	34,249	34,249
Abacus Macquarie Street Trust	100	100	3,154	5,456
Abacus Moorabbin Trust	100	100	31,295	38,727
Abacus Moore Street Trust	100	100	1,319	2,450
Abacus Mortgage Fund	-	100	-	17,250
Abacus National Boulevard Trust	100	100	16,091	21,259
Abacus North Sydney Car park Trust	100	-	1,463	-
Abacus Port Macquarie Trust	100	100	10,077	16,009
Abacus Premier Parking Trust	100	100	7,010	8,873
Abacus Shopping Centre Trust	100	100	-	-
Abacus Smeaton Grange Trust	100	100	5,803	10,004
Abacus SP Fund	100	100	-	-
Abacus St Johns Road Trust	100	100	4,316	6,341
Abacus Varsity Lakes Trust	100	100	15,021	24,055
Abacus Virginia Trust	100	100	58,365	16,115
Abacus Westpac House Trust	100	100	44,419	56,832
<b>Abacus Income Trust and its subsidiaries:</b>				
Abacus Campbellfield Trust	100	100	8,816	8,816
Abacus Chermside Trust	100	100	-	4,794
Abacus Eagle Farm Trust	100	100	5,082	5,082
Abacus Independent Retail Property Trust	75	75	25,964	-
Abacus Lennons Plaza Trust	100	100	32,679	32,679
Abacus Mertz Apartments	100	100	6,859	6,859
Abacus Retail Property Trust	100	100	-	-
Abacus Stafford Trust	100	100	5,097	5,097
Abacus Tamworth Retail Trust	100	100	11,951	11,951
Abacus Wollongong Property Trust	100	75	6,160	5,995

#### (b) Ultimate parent

AGHL has been designated as the parent entity of the Group.

#### (c) Key Management Personnel

Details of key management personnel are disclosed in Note 25.

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### 24. RELATED PARTY DISCLOSURES (CONTINUED)

#### (d) Transactions with related parties

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
<b>Transactions with related parties other than associates and joint ventures</b>				
<b>Revenues</b>				
Distributions received / receivable from controlled entities	-	-	30,000	-
Asset management fees received / receivable	5,218	7,325	-	-
Property management fees received / receivable	1,044	816	-	-
Other transactions				
Current tax payable assumed from wholly-owned tax consolidation parties	-	-	(7,203)	(6,040)
Capital tax losses assumed from wholly-owned tax consolidation parties	-	-	6,639	6,991
Loan advanced from controlled entities	-	-	122,699	151,090
Loan repayments to controlled entities	-	-	(66,400)	(140,017)
Loan received from entities within the Group	-	-	68,574	118,612
Loan repayments from entities within the Group	-	-	(120,769)	(120,912)
<b>Transactions with associates and joint ventures</b>				
<b>Revenues</b>				
Management fees received / receivables from joint ventures	641	216	-	-
Distributions received / receivable from associates	-	366	-	-
Distributions received / receivable from joint ventures	7,322	6,984	-	-
Interest revenue from associates	17	461	-	-
Interest revenue from joint ventures	1,559	263	949	263
<b>Other transactions</b>				
Loan advanced to associates	(498)	(1,173)	-	-
Loan advanced from associates	562	-	-	-
Loan repayments from associates	-	-	-	-
Loan repayments to associates	(9,956)	-	-	-
Loan advanced to joint ventures	(14,299)	(13,131)	(13,949)	(2,938)
Loan repayments from joint ventures	9,260	44,468	372	7,725
Loan advanced from joint ventures	-	42,250	-	-
Loan repayments to joint ventures	(47,104)	(534)	(4,854)	(534)
Interest expense on loan from joint ventures	-	679	-	679
Purchase of unlisted securities	(19,336)	-	-	-
Sale of units in subsidiary	8,245	-	-	-

Terms and conditions of transactions

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 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. An impairment of \$11 million was recognised by the Group during the year as part of the restructuring of ADIFII.

Guarantees provided to Joint Venture project related parties are disclosed in Note 26.

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

A director, Mr Dennis Bluth, is a partner in the legal firm HWL Ebsworth and during the year a total amount of \$0.2 million (2008: \$0.2 million) was paid to the firm for legal services relating to corporate issues, lease documentation and sales contracts.

### 25. KEY MANAGEMENT PERSONNEL

#### (a) Compensation for Key Management Personnel

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
	\$	\$	\$	\$
Short-term employee benefits	4,208,148	5,038,242	-	-
Post-employment benefits	592,483	553,858	-	-
Security-based payments	1,289,742	836,540	-	-
<b>Total</b>	<b>6,090,373</b>	<b>6,428,640</b>	-	-

#### (b) Option holdings of Key Management Personnel (consolidated)

##### Executive Performance Award Plan ("EPAP")

30 JUNE 2009	BALANCE AT BEGINNING OF YEAR 1-JUL-08	GRANTED AS REMUNERATION	OPTIONS EXERCISED	CANCELLATION ON TERMINATION OF THE PLAN	BALANCE AT END OF YEAR 30-JUN-09	VESTED AND EXERCISABLE AT THE END OF THE YEAR
<b>Directors</b>						
F Wolf	3,747,130	-	-	(3,747,130)	-	-
L Lloyd	1,168,915	-	-	(1,168,915)	-	-
<b>Executives</b>						
R de Aboitiz	721,154	-	-	(721,154)	-	-
T Hardwick	1,168,915	-	-	(1,168,915)	-	-
J L'Estrange	1,168,915	-	-	(1,168,915)	-	-
P Strain	1,019,661	-	-	(1,019,661)	-	-
E Varejes	1,168,915	-	-	(1,168,915)	-	-
<b>Total</b>	<b>10,163,605</b>	-	-	<b>10,163,605</b>	-	-

30 JUNE 2008	BALANCE AT BEGINNING OF YEAR 1-JUL-07	GRANTED AS REMUNERATION	OPTIONS EXERCISED	NET CHANGE OTHER	BALANCE AT END OF YEAR 30-JUN-08	VESTED AND EXERCISABLE AT THE END OF THE YEAR
<b>Directors</b>						
F Wolf	1,343,284	2,403,846	-	-	3,747,130	-
L Lloyd	447,761	721,154	-	-	1,168,915	-
<b>Executives</b>						
R de Aboitiz	-	721,154	-	-	721,154	-
T Hardwick	447,761	721,154	-	-	1,168,915	-
J L'Estrange	447,761	721,154	-	-	1,168,915	-
P Strain	298,507	721,154	-	-	1,019,661	-
E Varejes	447,761	721,154	-	-	1,168,915	-
<b>Total</b>	<b>3,432,835</b>	<b>6,730,770</b>	-	-	<b>10,163,605</b>	-



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### 25. KEY MANAGEMENT PERSONNEL (CONTINUED)

#### (b) Option holdings of Key Management Personnel (consolidated) (continued)

##### Executive Security Loan Plan ("ESLP")

30 JUNE 2009	BALANCE AT BEGINNING OF YEAR 1-JUL-08	GRANTED AS REMUNERATION	OPTIONS EXERCISED	CANCELLATION ON TERMINATION OF THE PLAN	BALANCE AT END OF YEAR 30-JUN-09	VESTED AND EXERCISABLE AT THE END OF THE YEAR
<b>Directors</b>						
F Wolf	2,881,728	-	-	(2,881,728)	-	-
L Lloyd	785,925	-	-	(785,925)	-	-
<b>Executives</b>						
R de Aboitiz	654,938	-	-	(654,938)	-	-
J L'Estrange	1,309,875	-	-	(1,309,875)	-	-
P Strain	654,938	-	-	(654,938)	-	-
E Varejes	1,309,875	-	-	(1,309,875)	-	-
<b>Total</b>	<b>7,597,279</b>	<b>-</b>	<b>-</b>	<b>(7,597,279)</b>	<b>-</b>	<b>-</b>

30 JUNE 2008	BALANCE AT BEGINNING OF YEAR 1-JUL-07	GRANTED AS REMUNERATION	OPTIONS EXERCISED	NET CHANGE OTHER	BALANCE AT END OF YEAR 30-JUN-08	VESTED AND EXERCISABLE AT THE END OF THE YEAR
<b>Directors</b>						
F Wolf	2,881,728	-	-	-	2,881,728	2,881,728
L Lloyd	785,925	-	-	-	785,925	785,925
<b>Executives</b>						
R de Aboitiz	654,938	-	-	-	654,938	654,938
J L'Estrange	1,309,875	-	-	-	1,309,875	1,309,875
P Strain	654,938	-	-	-	654,938	654,938
E Varejes	1,309,875	-	-	-	1,309,875	1,309,875
<b>Total</b>	<b>7,597,279</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,597,279</b>	<b>7,597,279</b>

### 25. KEY MANAGEMENT PERSONNEL (CONTINUED)

#### (c) Security holdings of Key Management Personnel

##### Securities held in Abacus Property Group (number)

30 JUNE 09	BALANCE 1 JULY 08	DISPOSED VIA ESLP	NET PURCHASES	BALANCE 30 JUNE 09
<b>Directors</b>				
J Thame	55,378	-	145,378	200,756
F Wolf	9,718,341	(2,881,725)	7,236,610	14,073,226
W Bartlett	8,000	-	8,000	16,000
D Bastian	4,503,497	-	496,503	5,000,000
D Bluth	20,000	-	266,953	286,953
M Irving	35,387	-	45,264	80,651
L Lloyd	795,925	(785,925)	45,925	55,925
<b>Executives</b>				
R de Aboitiz	695,535	(654,938)	342,640	383,237
T Hardwick	1,710,526	(1,700,000)	89,474	100,000
J L'Estrange	1,309,875	(1,309,875)	-	-
P Strain	654,938	(654,938)	100,000	100,000
E Varejes	1,309,875	(1,309,875)	309,875	309,875
<b>Total</b>	<b>20,817,277</b>	<b>(9,297,276)</b>	<b>9,086,622</b>	<b>20,606,623</b>

30 JUNE 08	BALANCE 1 JULY 07	ACQUIRED VIA ESLP	NET PURCHASES	BALANCE 30 JUNE 08
<b>Directors</b>				
J Thame	50,000	-	5,378	55,378
F Wolf	9,710,274	-	8,067	9,718,341
W Bartlett	-	-	8,000	8,000
D Bastian	4,486,352	-	17,145	4,503,497
D Bluth	-	-	20,000	20,000
M Irving	30,014	-	5,373	35,387
L Lloyd	785,925	-	10,000	795,925
<b>Executives</b>				
R de Aboitiz	654,938	-	40,597	695,535
T Hardwick	1,750,000	-	(39,474)	1,710,526
J L'Estrange	1,309,875	-	-	1,309,875
P Strain	654,938	-	-	654,938
E Varejes	1,309,875	-	-	1,309,875
<b>Total</b>	<b>20,742,191</b>	<b>-</b>	<b>75,086</b>	<b>20,817,277</b>

All equity transactions with key management personnel other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

#### (d) Loans to Key Management Personnel

There were no loans to individuals that exceeded \$100,000 at any time in 2009 or in the prior year.

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### 25. KEY MANAGEMENT PERSONNEL (CONTINUED)

#### (e) Other transactions and balances with Key Management Personnel and their related parties

During the financial year, transactions occur between the Group and Key Management Personnel which are within normal employee, customer or supplier relationship on terms and conditions no more favourable to than those with which it is reasonable to expect the entity would have adopted if dealing with Key Management Personnel or director-related entity at arm's length in similar circumstances including, for example, performance of contracts of employment, the reimbursement of expenses and the payment of distributions on their stapled securities in the Group and on their investment in various Trusts managed by Abacus Funds Management Limited as Responsible Entity.

An executive, Tom Hardwick, has a 20% interest in the issued capital of Redstone (NSW) Pty Ltd which owns CCG1 Pty Limited, the operator of the childcare centres. During the year the Group lent \$0.47 million to CCG1 Pty Limited and the balance at 30 June 2009 was \$19.08 million. Interest of \$2.44 million has been charged on the loan for the year.

Amounts recognised at the reporting date in relation to other transactions with Key Management Personnel:

	2009 \$'000	2008 \$'000
<b>Assets</b>		
Current assets		
Trade and other receivables	1,040	2,127
Non-current assets		
Mortgage loans	19,081	17,722
<b>Total Assets</b>	<b>20,121</b>	<b>19,849</b>
<b>Revenue</b>	<b>3,405</b>	<b>1,183</b>

### 26. SECURITY BASED PAYMENT PLANS

#### (a) Recognised security payment expenses

The expense recognised for employee services received during the year is as follows:

	CONSOLIDATED		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Expense arising from equity-settled payment transactions	1,542	1,038	-	-

The security-based payment plans that were cancelled effective 30 June 2009 are described below.

#### (b) Types of security-based payment plans

##### Executive Performance Award Plan (EPAP)

Security options were granted to executives employed on or before the first day of the relevant financial year. Under the EPAP, the exercise price of the options was set by reference to the market price of the securities near the time of each annual grant and performance is measured by comparing the Group's Total Securityholder Return (TSR) (security price appreciation plus distributions reinvested) with a group of peer companies. The performance measurement period was three years.

The cancellation of the EPAP has resulted in the bringing forward of any remaining share based payment expenses to the current year.

The EPAP is no longer in operation.

#### Executive Security Loan Plan (ESLP)

Executives were offered limited recourse loans to acquire Group securities on market. The Executive entered into a salary sacrifice arrangement under which base remuneration approximately equal to a notional interest amount on the loan was foregone by the Executive. The interest rate for a financial year was equivalent to the Group distribution rate for that year.

The securities acquired under the Plan were purchased on market and were fully vested.

The loans will be repaid with the proceeds of securities that were acquired under the ESLP.

This plan is accounted for and valued as an option plan, with the contractual life of each option equivalent to the estimated loan life. A repayment of the loan is treated as an increase to Contributed Equity.

The ESLP is no longer in operation.

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### 26. SECURITY BASED PAYMENT PLANS (CONTINUED)

#### (c) Summary of options granted

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, security options issued during the period:

	2009 No.	2009 WAEP	2008 No.	2008 WAEP
Outstanding at the beginning of the year	23,180,139	1.87	14,598,406	1.79
Granted during the year	-	-	8,870,195	2.01
Forfeited during the year	(584,458)	1.81	(288,462)	2.01
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Cancellation of the plans	(22,595,681)	1.87		
<b>Outstanding at the end of the year</b>	<b>-</b>	<b>-</b>	<b>23,180,139</b>	<b>1.87</b>
<b>Exercisable at the end of the year</b>	<b>-</b>	<b>-</b>	<b>10,479,003</b>	<b>1.91</b>

#### (d) Option pricing model: EPAP

The fair value of the equity-settled share options granted under the EPAP is estimated as at the date of grant using a Binomial Model taking into account the terms and conditions upon which the options were granted. A Monte Carlo simulation is applied to fair value the TSR element. In accordance with the rules of the EPAP, the model simulates the Group's TSR and compares it against the peer group over the three-year period of each grant. The model takes into account the historic distributions, security price volatilities and covariances of the Group and each comparator company to produce a predicted distribution of relative share performance. This is applied to the grant to give an expected value of the TSR element.

The following table lists the inputs to the models used for the year ended 30 June 2008 when the last grant of options was made:

	EPAP 2008
Distribution yield (%)	7.00
Expected volatility (%)	22.00
Risk-free interest rate (%)	5.93
Expected life of options (years)	10.00
Option Exercise Price (\$)	2.01
Weighted average share price at measurement date (\$)	1.95
Model used	Monte Carlo / Binomial

The effects of early exercise have been incorporated into the calculations by using an expected life for the option that is shorter than the contractual life based on historical exercise behaviour, which is not necessarily indicative of exercise patterns that may occur in the future.

### 27. COMMITMENTS AND CONTINGENCIES

#### Operating lease commitments – Group as lessee

The Group has entered into a commercial lease on its offices. The lease has a term of three years with an option to renew for another three years.

Future minimum rentals payable under non-cancelable operating lease as at 30 June are as follows:

	CONSOLIDATED		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Within one year	741	640	-	-
After one year but not more than five years	1,491	2,458	-	-
More than five years	-	-	-	-
	<b>2,232</b>	<b>3,098</b>	<b>-</b>	<b>-</b>

#### Operating lease commitments – Group as lessor

Future minimum rentals receivable under non-cancelable operating leases as at 30 June are as follows:

	CONSOLIDATED		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Within one year	66,748	57,446	334	1,538
After one year but not more than five years	131,601	165,937	558	6,999
More than five years	146,512	196,510	20	6,991
	<b>344,861</b>	<b>419,893</b>	<b>912</b>	<b>15,528</b>

These amounts do not include percentage rentals which may become receivable under certain leases on the basis of retail sales in excess of stipulated minimums and, in addition, do not include recovery of outgoing.

## notes to the financial statements

30 June 2009

## abacus property group

### 27. COMMITMENTS AND CONTINGENCIES (CONTINUED)

#### Capital and Other commitments

At 30 June 2009 the Group had numerous commitments and contingent liabilities which principally related to property acquisition settlements, loan facility guarantees for the Group's interest in the jointly controlled projects and funds management vehicles, commitments relating to property refurbishing costs, unused mortgage loan facilities to third parties, and certain property put option arrangements.

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

	CONSOLIDATED		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Within one year				
- gross settlement of property acquisitions	49,500	25,500	-	-
- property refurbishment costs	1,820	11,119	-	-
- net equity contributions to joint ventures	-	9,000	-	9,000
- unused portion of loan facilities to outside parties	5,544	4,500	-	-
	56,864	50,119	-	9,000
After one year but not more than five years				
- net equity contributions to joint ventures	-	-	-	-
- property refurbishment costs	-	-	-	-
- other	1,535	453	-	-
Longer than five years	-	-	-	-
	58,399	50,572	-	9,000

(1) Gross settlement of property acquisition commitments excludes bank debt or other external funding available to settle the transactions.

In accordance with Group policy, the fair value of all guarantees are estimated each period and form part of the Group's reported AIFRS results. There has been no other material change to any contingent liabilities or contingent assets.

### 28. AUDITOR'S REMUNERATION

The auditor of the Group 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	456,000	429,847	135,000	259,056
- taxation related services	-	-	-	23,351
- other assurance and compliance services	34,500	44,455	-	26,667
	490,500	474,302	135,000	309,074

### 29. EVENTS AFTER THE BALANCE SHEET DATE

Other than as disclosed in this report and to the knowledge of directors, there has been no other matter or circumstance that has arisen since the end of the financial year that has or may affect the Group's operations in future financial years, the results of those operations or the Group's state of affairs in future financial years.



## directors' declaration

30 June 2009

### DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Abacus Group Holdings Limited, we state that:

In the opinion of the directors:

- (a) the financial statements, notes and the additional disclosures included in the directors' report designated as audited, of the company and of the consolidated entity are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the company's and consolidated entity'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 Company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with sections 295A of the Corporations Act 2001 for the financial year ended 30 June 2009.

On behalf of the Board



John Thame  
Chairman  
Sydney, 27 August 2009



Frank Wolf  
Managing Director

## Independent auditor's report to the members of Abacus Group Holdings Limited

### Report on the Financial Report

We have audited the accompanying financial report of Abacus Group Holdings Limited, 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 company 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 company 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 company a written Auditor's Independence Declaration, a copy of which is attached to the directors' report. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.



### Auditor's Opinion

In our opinion:

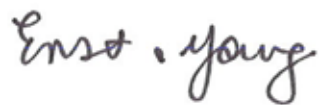
1. the financial report of Abacus Group Holdings Limited is in accordance with the *Corporations Act 2001*, including:
  - i giving a true and fair view of the financial position of Abacus Group Holdings Limited and the consolidated entity at 30 June 2009 and of their performance for the year ended on 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.

### Report on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 13 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

### Auditor's Opinion

In our opinion the Remuneration Report of Abacus Group Holdings Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.



Ernst & Young



K. Zdrilic  
Partner  
Sydney  
27 August 2009

## corporate governance report

### CORPORATE GOVERNANCE REPORT

This report sets out the Group's position relating to each of the ASX Corporate Governance Council Principles of Good Corporate Governance during the year. Additional information, including charters and policies, is available through a dedicated corporate governance information section on the Abacus website at [www.abacusproperty.com.au](http://www.abacusproperty.com.au) under 'About Abacus'.

#### PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

##### Recommendation 1.1

The Board has adopted a charter that sets out the functions and responsibilities reserved by the Board, those delegated to the Managing Director and those specific to the Chairman. The conduct of the Board is also governed by the Constitution.

The roles of Chairman and Managing Director are not exercised by the same individual.

The primary responsibilities of the Board and the Managing Director are set out in the Board Charter.

Senior executives reporting to the Managing Director have their roles and responsibilities defined in position descriptions and are given a letter of appointment on commencement.

The Board Charter and Constitution are available on the Abacus website.

##### Recommendation 1.2

Each year the Board, with the assistance of the Managing Director, and the Nomination and Remuneration Committee, undertakes a formal process of reviewing the performance of senior executives. The measures generally relate to the performance of Abacus and the performance of the executive individually. The Managing Director is not present at the Board or Nomination and Remuneration Committee meetings when his own remuneration and performance is being considered.

An annual review has taken place in the reporting period in accordance with the process outlined above.

### PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

#### Recommendation 2.1

The board is comprised of two executive directors and five non-executive directors. The majority of the Board (Messrs Thame, Bluth, Irving and Bartlett) are independent members. The board has determined that an independent director is one who:

- is not a substantial security holder or an officer of, or is not otherwise associated directly with, a substantial security holder of the Group;
- is not employed, or has not previously been employed in an executive capacity by the company or another group member, unless there has been a period of at least three years between ceasing such employment and serving on the board;
- has not within the last three years been a principal of a material professional adviser or a material consultant to the Group; or an employee materially associated with the service provided;
- is not a material supplier or customer of the Group, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or
- does not have a material contractual relationship with the Group other than as a director.

No non-executive director has a relationship significant enough to compromise their independence on the Board.

Given the nature of the Group's business and current stage of development, the Board considers its current composition provides the necessary skills and experience to ensure a proper understanding of, and competence to deal with, the current and emerging issues of the business to optimise the financial performance of the Group and returns to securityholders. Details of the skills, experience and expertise of each director are set out on page 14.

## corporate governance report

30 June 2009

### Directors' independent advice

Directors may seek independent professional advice with the Chairman's consent, which will not be unreasonably withheld or delayed, on any matter connected with the performance of their duties, and which advice will be at the Group's expense.

#### Recommendation 2.2

The Chairman of the Board (Mr John Thame) is an independent, non-executive director.

#### Recommendation 2.3

The roles of Chairman and Chief Executive Officer/Managing Director are not exercised by the same individual.

The division of responsibility between the Chairman and Managing Director has been agreed by the Board and is set out in the Board Charter.

#### Recommendation 2.4

The Board has established a Nomination and Remuneration committee. The Committee's charter sets its role, responsibilities and membership requirements. The members of the committee and their attendance at meetings are provided on page 16.

The Chairman of the committee is independent.

The Selection and Appointment of Non-Executive Directors policy sets out the procedures followed when considering the appointment of new directors.

The Nomination and Remuneration Committee Charter and the Selection and Appointment of Non-Executive Directors Policy are available on the website.

#### Recommendation 2.5

The Board has a documented Performance Evaluation Policy which outlines the process for evaluating the performance of the board, its committees and individual directors.

An annual review has taken place in the reporting period in accordance with the policy.

### PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

#### Recommendation 3.1

The Group's Code of Conduct promotes ethical practices and responsible decision making by directors and employees. The Code deals with confidentiality of information, protection of company assets, disclosure of potential conflicts of interest and compliance with laws and regulations.

The Code of Conduct is available on the website.

#### Recommendation 3.2

The Group Trading Policy restricts trading in Group securities by directors and employees. The policy sets out the periods in which trading in Group securities is permitted.

The Trading Policy is available on the website.

### PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

#### Recommendation 4.1, 4.2 and 4.3

The board has established an Audit Committee.

The Audit Committee comprises three independent non-executive directors and the chairman of the Committee is not the chairman of the Board. The members of the committee and their attendance at meetings are provided on page 16. Other directors that are not members of the committee, the external auditor and other senior executives attend meetings by invitation.

The Audit Committee has a formal charter which sets out its specific roles and responsibilities, and composition requirements.

The procedures for the selection and appointment of the external auditor are set out in the Audit Committee Charter.

The Audit Committee Charter is available on the website.

## corporate governance report

### PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

#### Recommendation 5.1

The Group has a policy and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements. The Managing Director is responsible for ensuring that the Group complies with its disclosure obligations.

The Continuous Disclosure and Shareholder Communications Policy is available on the website.

### PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITYHOLDERS

#### Recommendation 6.1

The Group aims to keep securityholders informed of significant developments and activities of the Group. The Group's website is updated regularly and includes annual and half-yearly reports, distribution history and all other announcements lodged with the ASX.

The Continuous Disclosure and Shareholder Communications Policy is available on the website.

In addition, the Group publishes a newsletter from time to time which updates investors and their advisers on the current activities of the Group.

#### External auditor

The external auditor attends the annual general meetings of the Group and is available to answer securityholder questions.

### PRINCIPLE 7: RECOGNISE AND MANAGE RISK

#### Recommendation 7.1 and 7.2

The Business Risk Management Policy dealing with oversight and management of material business risks is set out in the corporate governance information section on the Abacus website at [www.abacusproperty.com.au](http://www.abacusproperty.com.au).

The Group's Risk Management Framework was developed in consultation with an external consultant. Under the compliance plan the responsible managers report regularly on the risks they manage and any emerging risks.

An Internal Auditor (independent of the external auditor) has been appointed who reviews business processes and undertakes formal assessments throughout the year. These assessments are provided to the Audit Committee for review.

The Audit Committee has responsibility for reviewing the Group's risk management framework.

The risk management framework is formally reviewed annually. This review is initially carried out by the Compliance and Risk Manager and then reviewed by the Audit Committee and the Board to assess any necessary changes.

#### Recommendation 7.3

The Managing Director and Chief Financial Officer confirm in writing to the Board that the financial statements present a true and fair view and that this statement is based on a sound system of risk management and internal compliance. The statement also confirms that the statement is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

## corporate governance report

30 June 2009

### PRINCIPLE 8: ENCOURAGE ENHANCED PERFORMANCE

#### Recommendation 8.1

The board has established a Nomination and Remuneration Committee.

The Nomination and Remuneration Committee is responsible for assessing the processes for evaluating the performance of the Board and key executives.

A copy of the committee charter is available on the website. The Chairman of the Nomination and Remuneration Committee is independent.

The Group's remuneration policies including security-based payment plans and the remuneration of key management personnel are discussed in the Remuneration Report.

The remuneration committee may seek input from individuals on remuneration policies but no individual is directly involved in deciding their own remuneration.

The members of the committee and their attendance at meetings are provided on page 16.

Non-executive directors are paid fees for their service and do not participate in other benefits which may be offered other than those which are statutory requirements.

## ASX additional information

### ASX ADDITIONAL INFORMATION

Abacus Property Group is made up of the Abacus Trust, Abacus Income Trust, Abacus Group Holdings Limited and Abacus Group Projects Limited. The responsible entity of the Abacus Trust and Abacus Income Trust is Abacus Funds Management Limited. Unless specified otherwise, the following information is current as at 24 August 2009.

Number of holders of ordinary fully paid stapled securities	12,314
Voting rights attached to ordinary fully paid stapled securities	one vote per stapled security
Number of holders holding less than a marketable parcel of ordinary fully paid stapled securities	391
Secretary, Abacus Funds Management Limited Secretary, Abacus Group Holdings Limited Secretary, Abacus Group Projects Limited	Ellis Varejes
Registered office Abacus Funds Management Limited Abacus Group Holdings Limited Abacus Group Projects Limited	Level 34, Australia Square 264-278 George Street Sydney NSW 2000 (02) 9253 8600
Registry	Registries Limited Level 7, 207 Kent Street Sydney NSW 2000 (02) 9290 9600
Other stock exchanges on which Abacus Property Group securities are quoted	None
Number and class of restricted securities or securities subject to voluntary escrow that are on issue	None
There is no current on-market buy-back	

### SUBSTANTIAL SECURITYHOLDER NOTIFICATIONS

Securityholders	Number of Securities
Calculator Australia Pty Limited	413,824,287

## ASX additional information

30 June 2009

## notes

### SECURITIES REGISTER

NUMBER OF SECURITIES	NUMBER OF SECURITYHOLDERS
1-1000	305
1,001-5000	1,272
5,001-10000	1,891
10,001-100000	8,050
100,001 – over	796

### TOP 20 LARGEST SECURITYHOLDINGS

SECURITYHOLDERS	NUMBER OF SECURITIES	% OF ISSUED SECURITIES
1. Calculator Australia Limited	413,824,287	27.17
2. J P Morgan Nominees Australia Limited	139,764,303	9.18
3. HSBC Custody Nominees (Australia) Limited	70,885,914	4.66
4. National Nominees Limited	70,199,989	4.61
5. RBC Dexia Investor Services Australia Nominees Pty Ltd <PIP A/C>	47,358,785	3.11
6. Investec Bank (Australia) Limited	40,390,035	2.65
7. Australian Executor Trustees Limited <No 1 Account>	32,916,193	2.16
8. Citicorp Nominees Pty Limited	23,849,685	1.57
9. RBC Dexia Investor Services Australia Nominees Pty Ltd <MLCI A/C>	22,839,971	1.50
10. RBC Dexia Investor Services Australia Nominees Pty Ltd <APN A/C>	22,245,312	1.46
11. ANZ Nominees Limited <Cash Income A/C>	15,734,287	1.03
12. Cogent Nominees Pty Limited	15,671,661	1.03
13. Kalambay Limited	11,347,509	0.75
14. ANZ Nominees Limited <Income Reinvest Plan A/C>	11,224,790	0.74
15. Avanteos Investments Limited <Avanteos Super Fund No 2 A/C>	11,149,009	0.73
16. Tricom Nominees Pty Ltd	10,869,125	0.71
17. Suncorp Custodian Services Pty Limited <AET>	8,645,292	0.57
18. Citicorp Nominees Pty Limited <CFSIL Cwlth Aust SHS 4 A/C>	8,393,490	0.55
19. Queensland Investment Corporation	8,316,916	0.55
20. RBC Dexia Investor Services Australia Nominees Pty Ltd <PIIC A/C>	6,420,492	0.42





