

Appendix 4D

Abacus Property Group

(comprising Abacus Group Holdings Limited and its controlled entities, Abacus Trust and its controlled entities, Abacus Income Trust and its controlled entities and Abacus Group Projects Limited and its controlled entities)

The Appendix 4D should be read in conjunction with the interim financial report and the most recent annual financial report.

ABN: 31 080 604 619

Interim Financial Report

For the half year ended 31 December 2008

Results for announcement to the market

(corresponding period half year ended 31 December 2007)

	Six months to 31 December 2008	Six months to 31 December 2007	% change
Total income ¹	\$55.34 m	\$90.21 m	(39)
Pre-tax profit / (loss) ²	\$(54.92) m	\$66.99m	(182)
Net profit / (loss) attributable to securityholders	\$(51.69) m	\$67.66 m	(176)
Normalised net profit attributable to securityholders ³	\$35.64 m	\$48.17 m	(26)
Basic earnings per stapled security	(8.10) cps	10.94 cps	(174)
Basic normalised earnings per stapled security ³	5.59 cps	7.77 cps	(28)
Securities on issue	650.7 m	618.5 m	5

- (1) Total income is defined as a total revenue plus realised gains on sale of investments plus unrealised revaluation gains on properties and investments.
- (2) The Group reported a loss of \$51.7m for the half-year ended 31 December 2008. This was principally caused by adverse fair value movements 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 3% fall in official interest rates in the half-year ended 31 December 2008 was unprecedented. It resulted in a fair value adjustment in the accounts from an asset of \$11.3m at 30 June 2008 to a liability of \$60.8m at 31 December 2008, a decrement for the half year of \$72.1m which was taken to profit and loss.
- (3) Normalised earnings is net profit adjusted for AIFRS fair value adjustments, including property revaluations, revaluations of derivatives and other financial instruments and share-based payments.

Distributions

Interim distribution	1.75 cents
This distribution was declared on 7 January 2009 and is expected to be paid on 16 March 2009	per stapled security
Record date for determining entitlement to the distributions	19 January 2009

	31 December 2008	30 June 2008
Net tangible assets per security	\$1.24	\$1.37

Refer to the attached announcement for a detailed discussion of the performance of the Abacus Property Group's results and the above figures for the half year ended 31 December 2008.

Details of entities over which control has been lost during the period:

- a. September 2008 – Abacus Fern Bay Fund
- b. December 2008 – Abacus Storage Solutions Pty Ltd (U-Stow-It Holdings Limited group)

Details of individual and total distribution payments		Amt per stapled security	Total
Final June 2008 distribution	paid 7 August 2008	3.5 cents	\$22.6 m
Interim September 2008 distribution	paid 6 November 2008	3.5 cents	\$22.7 m

The distributions were paid in full by Abacus Trust and Abacus Income Trust which do not pay tax, hence there were no franking credits attached.

Details of associates and joint venture entities

	Ownership Interest		Share of net profit/(loss)	
	31-Dec-08 %	31-Dec-07 %	31-Dec-08 \$'000	31-Dec-07 \$'000
Abacus Diversified Income Fund II	11	-	(13,619)	-
Abacus Hospitality Fund	9	-	(2,267)	-
Abacus Miller Street Trust	30	-	(1,244)	-
Abacus Storage Fund	8	-	2,037	-
Fordtrans Pty Ltd	50	50	7,028	623
Pakenham Valley Unit Trust	50	50	2,416	1,869
Stanright Limited	40	40	3,903	-
Other investments	50	50	(393)	853
			(2,139)	3,345

The above equity accounted net profits and losses are predominantly due to fair value movements in the respective entities in which the Group has co-invested.

Distribution Reinvestment Plan (DRP)

The Abacus Property Group DRP allows securityholders to reinvest their distributions into APG securities at a discount to the market price. Information on the terms of the DRP is available from our website www.abacusproperty.com.au.

Securityholders wishing to participate in the DRP may lodge their election notice at any time. The record date for determining entitlements to each distribution is also the record date for participation in the DRP for that distribution.

HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2008

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:

Computershare Investor Services Pty Ltd
Level 3, 60 Carrington Street
SYDNEY NSW 2000
Tel: (02) 1800 635 323 Toll free
Fax: (02) 8234 5050

Contents

Page

Directors' Report

2

Auditor's Independence Declaration

4

Consolidated Income and Distribution Statements

5

Consolidated Balance Sheet

7

Consolidated Statement of Changes in Equity

9

Consolidated Cash Flow Statement

10

Notes to the Financial Statements

11

Directors' Declaration

20

Independent Review Report

21

It is recommended that this Half-Year Financial Report should be read in conjunction with the Half-Year Financial Report of Abacus Trust, Abacus Group Projects Limited and Abacus Income Trust as at 31 December 2008 and Abacus Property Group's 30 June 2008 Annual Financial Report. 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**31 December 2008**

The Directors present their report together with the consolidated financial reports 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 half-year ended 31 December 2008 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 half-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 half-year ended 31 December 2008 included:

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

REVIEW AND RESULTS OF OPERATIONS

The Group reported a loss of \$51.7m for the half-year ended 31 December 2008. This was principally caused by adverse fair value movements 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 3% fall in official interest rates in the half-year ended 31 December 2008 was unprecedented. It resulted in a fair value adjustment in the accounts from an asset of \$11.3m at 30 June 2008 to a liability of \$60.8m at 31 December 2008, a decrement for the half year of \$72.1m which was taken to profit and loss.

The Group earned a net "normalised" profit attributable to members (excluding net fair value revaluations attributable to investments properties, investments, derivatives and employee entitlements) of \$35.6 million (December 2007: \$48.1 million).

The Group paid distributions to security holders of \$22.8 million (3.5 cents per security) during the half-year ended 31 December 2008. In addition, a distribution of \$11.4 million (1.75 cents per security) was declared on 7 January 2009 and is expected to be paid on 16 March 2009. No provision for the distribution has been recognised in the balance sheet at 31 December 2008 as the distribution had not been declared by the end of the half-year.

DIRECTORS' REPORT

31 December 2008

SIGNIFICANT EVENTS AFTER BALANCE DATE

On 20 January 2009 the Group completed a \$24.4 million private placement to the Kirsh Group and announced a \$187 million rights issue (one for one at 25 cents per stapled security) that the Kirsh Group will sub-underwrite.

Other than as disclosed already in this report, there has been no matter or circumstance that has arisen since the end of the half-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.

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.

AUDITOR'S INDEPENDENCE DECLARATION

We have obtained an independence declaration from our auditor, Ernst & Young, and such declaration is set out on page 4.

Signed in accordance with a resolution of the directors.
Abacus Group Holdings Limited (ABN 31 080 604 619)



John Thame
Chairman
Sydney, 26 February 2009



Frank Wolf
Managing Director

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

In relation to our review of the half year financial report of Abacus Group Holdings Limited for the half year ended 31 December 2008, 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

26 February 2009

CONSOLIDATED INCOME STATEMENT
HALF-YEAR ENDED 31 DECEMBER 2008

		31 Dec 2008	31 Dec 2007
	Notes	\$'000	\$'000
REVENUE			
Rental income		44,633	32,455
Finance income	4(a)	6,467	7,106
Funds management income	4(b)	17,944	25,245
Share of (losses) / profit from equity accounted investments	9	(2,139)	3,345
Income from distributions		1,072	501
Net realised gains on investments	4(c)	2,120	9,226
Net unrealised gains / (losses) on investments	4(d)	(14,756)	12,331
Total Revenue and Other Income		55,341	90,209
Property expenses & outgoings		(6,429)	(4,506)
Depreciation and amortisation expense		(549)	(1,148)
Net unrealised (loss) / gain on derivatives		(72,075)	7,689
Finance costs	5	(25,185)	(14,943)
Administrative expenses		(6,029)	(10,311)
PROFIT / (LOSS) BEFORE TAX		(54,926)	66,990
Income tax benefit		2,894	1,112
NET PROFIT / (LOSS)		(52,032)	68,102
PROFIT / (LOSS) ATTRIBUTABLE TO:			
Equity holders of the parent entity		10,715	(2,840)
Equity holders of other stapled entities (minority interest):			
Abacus Trust		(62,305)	44,183
Abacus Group Projects Limited		(3,778)	265
Abacus Income Trust		3,681	26,054
Stapled security holders		(51,687)	67,662
Net profit attributable to external minority interests		(345)	440
NET PROFIT / (LOSS)		(52,032)	68,102
Basic earnings / (loss) per stapled security (cents)	11	(8.10)	10.94
Diluted earnings / (loss) per stapled security (cents)	11	(8.10)	10.76
Basic earnings / (loss) per AGHL share (cents)		0.17	(0.42)
Diluted earnings / (loss) per AGHL share (cents)		0.17	(0.41)
Basic earnings per stapled security ex fair value adjustments*	11	5.59	7.77
Diluted earnings per stapled security ex fair value adjustments*	11	5.59	7.64

*Based on net profit excluding AIFRS fair value adjustments (namely property revaluations, revaluations of derivatives and other financial instruments, and share based payments)

CONSOLIDATED DISTRIBUTION STATEMENT

HALF-YEAR ENDED 31 DECEMBER 2008

		31 Dec 2008	31 Dec 2007
	Notes	\$'000	\$'000
STATEMENT OF DISTRIBUTION			
Net profit/(loss) attributable to stapled security holders		(51,687)	67,662
Transfer from / (to) retained earnings		74,364	(26,966)
Distributions paid and payable	6	22,677	40,696
Distribution per stapled security (cents per security)	6	3.50	6.50
Weighted average number of securities ('000)		637,812	618,493

CONSOLIDATED BALANCE SHEET

HALF-YEAR ENDED 31 DECEMBER 2008

		31 Dec 2008	30 Jun 2008
	Notes	\$'000	\$'000
CURRENT ASSETS			
Cash and cash equivalents		8,450	46,777
Trade and other receivables		12,536	26,154
Property loans and other financial assets	8	143,233	157,278
Other		13,895	15,602
TOTAL CURRENT ASSETS		178,114	245,811
NON-CURRENT ASSETS			
Property, plant and equipment		35,856	31,839
Investment properties	7	843,897	928,591
Property loans & other financial assets	8	270,990	281,474
Equity accounted investments		116,688	104,093
Deferred tax assets		12,833	1,177
Intangible assets and goodwill		38,196	41,139
Other		1,713	1,797
TOTAL NON-CURRENT ASSETS		1,320,173	1,390,110
TOTAL ASSETS		1,498,287	1,635,921
CURRENT LIABILITIES			
Trade and other payables		21,363	67,973
Interest-bearing loans and borrowings		44,185	63,704
Other		1,984	2,102
TOTAL CURRENT LIABILITIES		67,532	133,779
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings		510,251	580,874
Derivatives at fair value		60,827	(11,272)
Deferred tax liabilities		4,195	2,614
Other		1,612	4,927
TOTAL NON-CURRENT LIABILITIES		576,885	577,143
TOTAL LIABILITIES		644,417	710,922
NET ASSETS		853,870	924,999
TOTAL EQUITY		853,870	924,999

ABACUS PROPERTY GROUP

CONSOLIDATED BALANCE SHEET CONTINUED

HALF-YEAR ENDED 31 DECEMBER 2008

	31 Dec 2008	30 Jun 2008	
	\$'000	\$'000	
Equity attributable to members of AGHL:			
Contributed equity	31,939	31,761	
Reserves	5,478	830	
Retained earnings	14,472	3,671	
Total equity attributable to members of AGHL:	51,889	36,262	
Equity attributable to unitholders of AT:			
Contributed equity	599,367	595,512	
Retained earnings	(111)	86,326	
Total equity attributable to unitholders of AT:	599,256	681,838	
Equity attributable to members of AGPL:			
Contributed equity	7,528	7,259	
Reserves	(127)	(483)	
Retained earnings	(4,036)	619	
Total equity attributable to members of AGPL:	3,365	7,395	
Equity attributable to unitholders of AIT:			
Contributed equity	138,021	136,970	
Retained earnings	49,686	44,226	
Total equity attributable to unitholders of AIT:	187,707	181,196	
Equity attributable to external minority interest:			
Contributed equity	8,938	2,544	
Retained earnings	2,715	15,764	
Total equity attributable to external minority interest:	11,653	18,308	
TOTAL EQUITY	853,870	924,999	
EQUITY			
Contributed equity	10	776,855	771,502
Reserves		5,351	347
Retained earnings		60,011	134,842
Total stapled securityholders' interest in equity		842,217	906,691
Total external minority interest		11,653	18,308
TOTAL EQUITY		853,870	924,999

ABACUS PROPERTY GROUP

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

HALF-YEAR ENDED 31 DECEMBER 2008

	Attributable to the stapled security holder					External	
	Issued capital	Asset revaluation reserve	Foreign currency translation	Employee equity benefits	Retained earnings	Minority interest	Total Equity
CONSOLIDATED	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2008	771,502	-	(3,559)	3,906	134,842	18,308	924,999
Revaluation of land & buildings	-	3,387	-	-	-	-	3,387
Foreign currency translation	-	-	1,117	-	-	-	1,117
Total income and expense for the period							
- cognised directly in equity	-	3,387	1,117	-	-	-	4,504
Net loss for the period	-	-	-	-	(52,032)	344	(51,688)
Total loss for the period	-	3,387	1,117	-	(52,032)	344	(47,184)
Distribution reinvestment plan	5,353	-	-	-	-	-	5,353
Units issued	-	-	-	-	-	8,461	8,461
Acquisition of interest in Abacus Wollongong Trust	-	-	-	-	-	(126)	(126)
Sale of interest U-Stow-It Holdings	-	-	-	-	-	(15,334)	(15,334)
Distribution to unitholders	-	-	-	-	(22,799)	-	(22,799)
Share based payments	-	-	-	500	-	-	500
At 31 December 2008	776,855	3,387	(2,442)	4,406	60,011	11,653	853,870

	Attributable to the stapled security holder					External	
	Issued capital	Asset revaluation reserve	Foreign currency translation	Employee equity benefits	Retained earnings	Minority interest	Total Equity
CONSOLIDATED	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2007	648,440	-	(165)	2,868	148,365	3,697	803,205
Tax taken directly to equity	-	-	93	-	-	-	93
Foreign currency translation	-	-	(576)	-	-	-	(576)
Total income and expense for the period							
- cognised directly in equity	-	-	(483)	-	-	-	(483)
Net profit for the period	-	-	-	-	67,662	440	68,102
Total income for the period	-	-	(483)	-	67,662	440	67,619
Equity raisings	105,532	-	-	-	-	-	105,532
Distribution reinvestment plan	12,355	-	-	-	-	-	12,355
Disposal of interests in Matson Resort	-	-	-	-	-	(699)	(699)
Minority interest on acquisition of -Stow-It Holdings	-	-	-	-	-	14,857	14,857
Distribution to unitholders	-	-	-	-	(40,696)	-	(40,696)
Share based payments	-	-	-	529	-	-	529
At 31 December 2007	766,327	-	(648)	3,397	175,331	18,295	962,702

CONSOLIDATED CASH FLOW STATEMENT

HALF-YEAR ENDED 31 DECEMBER 2008

	31 Dec 2008	31 Dec 2007
	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Income receipts	82,184	68,564
Interest received	8,929	8,575
Distributions received	2,741	-
Income tax paid	(79)	(7,163)
Borrowing costs paid	(26,348)	(13,024)
Operating payments	(27,202)	(22,422)
NET CASH FLOWS FROM OPERATING ACTIVITIES	40,225	34,530
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for investments and funds advanced	(77,184)	(329,460)
Proceeds from sale and settlement of investments and funds repaid	58,346	255,403
Purchase of property, plant and equipment	(202)	(24,366)
Disposal of property, plant and equipment	-	4,586
Purchase of a controlled entity	-	(22,702)
Disposal of controlled entities	(1,186)	59,501
Purchase of investment properties	(48,837)	(193,876)
Disposal of investment properties	43,118	44,174
Payment for other investments	(3,420)	(4,516)
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES	(29,365)	(211,256)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of stapled securities	-	105,422
Repayment of borrowings	(80,965)	(302,669)
Proceeds from borrowings	71,432	411,123
Distributions paid	(40,010)	(26,396)
NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES	(49,543)	187,480
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(38,683)	10,754
Net foreign exchange differences	356	239
Cash and cash equivalents at beginning of period	46,777	19,068
CASH AND CASH EQUIVALENTS AT END OF PERIOD	8,450	30,061

NOTES TO THE FINANCIAL STATEMENTS**31 DECEMBER 2008****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 have been stapled together so that neither can be dealt with without the other. The securities trade as one security on the Australian Stock Exchange (the "ASX") under the code ABP.

The financial report of the Group for the half-year ended 31 December 2008 was authorised for issue in accordance with a resolution of the directors on 26 February 2009.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the Annual Financial Report of Abacus Property Group for the year ended 30 June 2008. It is also recommended that the half-year financial report be considered together with any public announcements made by the Abacus Property Group during the half-year ended 31 December 2008 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

The same accounting policies have been adopted in this report as in the report for the year ended 30 June 2008.

Basis of preparation

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, AASB 134 "Interim Financial Reporting" and other mandatory professional requirements.

The half-year financial report has been prepared on a historical cost basis, except for investment properties, property, plant and equipment and derivative financial instruments that have been measured at fair value, interest in joint ventures and associates 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008

3. SEGMENT INFORMATION

The Group predominately operates in Australia. The Group's segment reporting format is business segments as its risks and rates of return can be readily identified with the type of business and services provided.

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

The Group's primary business segments are Property, Funds Management, Property Finance and Joint Ventures and Developments. The Property division comprises the principal 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 responsible for the Group's investments in joint venture activities and in securities of other listed and unlisted property trusts.

	Property	Funds Management	Property Finance	Joint Ventures/ Developments	Total
Half-year ended 31 Dec 2008	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue					
Revenue from external customers	45,295	17,944	5,062	1,072	69,373
Realised gains	103	3,338	-	(1,321)	2,120
Equity accounted investments	5,784	(10,273)	-	2,350	(2,139)
Net fair value gains / (losses)	(17,112)	-	-	2,356	(14,756)
Unallocated revenue	-	-	-	-	744
Total consolidated revenue	34,070	11,009	5,062	4,457	55,342
Segment result (EBIT)	24,305	9,004	4,442	3,839	41,590
Unallocated revenue					744
Finance costs / loss on derivatives					(97,260)
Profit/(loss) before tax and minority interest					(54,926)
Income tax benefit					2,894
Net profit / (loss) for the period					(52,032)
Half-year ended 31 Dec 2007					
Revenue					
Revenue from external customers	32,456	15,878	6,187	501	55,022
Realised gains on investments	9,226	9,367	-	-	18,593
Equity accounted investments	-	-	-	3,345	3,345
Net fair value gains / (losses)	13,549	-	-	(1,218)	12,331
Unallocated revenue	-	-	-	-	918
Total consolidated revenue	55,231	25,245	6,187	2,628	90,209
Segment result (EBIT)	45,279	21,222	5,009	1,816	73,326
Unallocated revenue					918
Finance costs / gain on derivatives					(7,254)
Profit/(loss) before tax and minority interest					66,990
Income tax benefit					1,112
Net profit for the period					68,102

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008

4. REVENUE

	31 Dec 2008 \$'000	31 Dec 2007 \$'000
(a) Finance income		
Interest and fee income on secured loans	8,895	11,188
Provision for doubtful debts	(3,172)	(5,000)
Bank interest	744	918
Total finance income	6,467	7,106
(b) Funds Management Income		
Asset management fees	3,472	3,294
Property management fees	523	400
Consulting and other income	6,382	4,252
Interest on loans to funds management entities	7,567	7,932
Sale of units in Matson Hotel *	-	9,367
Total funds management income	17,944	25,245
* Sale was to a fund managed by AFML		
(c) Net realised gains / (losses) on disposal of:		
Investment properties	-	7,742
Abacus Storage Solutions Trust - self storage property portfolio*	3,338	-
1-5 Lake Dingley, Melbourne*	-	1,484
Other	(1,218)	-
Total net realised gains on investments	2,120	9,226
* Sale was to fund managed by AFML		
(d) Unrealised gains / (losses) on investments		
Change in fair value of investment properties	(17,112)	13,643
Change in fair value of property securities	2,356	(1,312)
Total unrealised gains / (losses) on investments	(14,756)	12,331

5. EXPENSES

	31 Dec 2008 \$'000	31 Dec 2007 \$'000
Finance costs		
Interest on loans	24,281	14,357
Amortisation of finance costs	904	586
Total finance costs	25,185	14,943

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008

6. DISTRIBUTIONS PAID AND PROPOSED

	31 Dec 2008	31 Dec 2007
	\$'000	\$'000
(a) Distributions paid during the period		
Final distribution for financial year 30 June 2008:		
3.50 cents per security (2007: 3.25 cents)	22,637	18,419
Interim distribution paid during the period:		
September 2008: 3.50 cents per security (2007: 3.25 cents)	22,677	20,229
	45,314	38,648
(b) Distributions proposed and not recognised as a liability*		
Interim distribution:		
1.75 cents per security (2007: nil)	11,387	-
(c) Distributions proposed and recognised as a liability		
Interim distribution:		
Nil (2007: 3.25 cents per security)	-	20,467

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 interim distribution of 1.75 cents per stapled security was declared on 7 January 2009. The distribution is expected to be paid on 16 March 2009 for approximately \$11.4 million. No provision for the distribution has been recognised in the balance sheet at 31 December 2008 as the distribution had not been declared by the end of the half-year.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008

7. INVESTMENT PROPERTIES

	31 Dec 2008	30 Jun 2008
	\$'000	\$'000
Retail	279,969	279,090
Commercial	365,086	350,444
Industrial	159,693	163,085
Storage	3,807	94,559
Other	35,342	41,413
Total investment properties	843,897	928,591

Reconciliation

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

	31 Dec 2008	30 Jun 2008
	\$'000	\$'000
Carrying amount at beginning of the financial period	928,591	669,361
Additions and capital expenditure	46,533	293,432
Acquisition through business combinations	-	54,846
Fair value adjustments	(17,112)	(15,806)
Disposals	(114,115)	(73,242)
Carrying amount at end of the financial period	843,897	928,591

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008

8. PROPERTY LOANS AND OTHER FINANCIAL ASSETS

	31 Dec 2008	30 Jun 2008
	\$'000	\$'000
(a) Current		
Secured loans - amortised at cost (i)	101,800	95,203
Interim funding to related funds - amortised cost (ii)	29,201	52,719
Interest receivable on secured loans - amortised cost	23,330	16,093
Interest receivable on interim funding to related funds	74	1,263
Provision for doubtful debts	(11,172)	(8,000)
	143,233	157,278
(b) Non - current		
Secured loans - amortised at cost (i)	75,810	52,969
Interim funding to related funds - amortised cost (ii)	167,637	183,593
Interest receivable on secured loans - amortised cost	4,802	7,212
Interest receivable on interim funding to related funds	1,606	1,652
Investment in property securities - (fair value)	21,135	36,048
	270,990	281,474

- i) Mortgages are secured by real property assets. The current facilities are scheduled to mature on or before 31 December 2009 and the non-current facilities will mature between 1 January 2010 and 30 June 2014.
- 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 amount shown is net of a provision of \$11.8 million which was raised in the half-year ended 31 December 2008. The loans are typically unsecured and the rates of interest equal the rate of the respective fund's distribution.

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Ownership Interest		Share of net profit/(loss)	
	31-Dec-08	31-Dec-07	31-Dec-08	31-Dec-07
	%	%	\$'000	\$'000
Abacus Diversified Income Fund II	11	-	(13,619)	-
Abacus Hospitality Fund	9	-	(2,267)	-
Abacus Miller Street Trust	30	-	(1,244)	-
Abacus Storage Fund	8	-	2,037	-
Fordtrans Pty Ltd	50	50	7,028	623
Pakenham Valley Unit Trust	50	50	2,416	1,869
Stanright Limited	40	40	3,903	-
Other investments	50	50	(393)	853
			(2,139)	3,345

The above equity accounted net profits and losses are predominantly due to fair value movements in the respective entities in which the Group has co-invested.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008

10. CONTRIBUTED EQUITY

	31 Dec 2008 \$'000	30 Jun 2008 \$'000
(a) Issued stapled securities		
Stapled securities	799,352	793,999
- securities financed by APG under the ESLP	(22,497)	(22,497)
Total contributed equity	776,855	771,502

(b) Movement in stapled securities on issue

	Stapled securities	
	Number '000	Value \$'000
At 30 June 2008	645,604	771,502
- distribution reinvestment plan	5,056	5,353
Securities on issue at 31 December 2008	650,660	776,855

11. EARNINGS PER STAPLED SECURITY

	31-Dec-08 \$'000	31-Dec-07 \$'000
Basic earnings / (loss) per stapled security (cents)	(8.10)	10.94
Diluted earnings / (loss) per stapled security (cents)	(8.10)	10.76
Basic earning per stapled security ex fair value adjustments (cents)	5.59	7.77
Diluted earning per stapled security ex fair value adjustments (cents)	5.59	7.64

Reconciliation of earnings used in calculating earnings per stapled security

Basic and diluted earnings per stapled security

Net profit / (loss)	(51,687)	67,662
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Basic and diluted earnings per stapled security ex fair value adjustments

Net profit / (loss)	(51,687)	67,662
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Net unrealised (gains) / losses on investments	14,756	(12,331)
Net unrealised (gains) / losses on derivatives	72,075	(7,689)
Share based payments	499	529
Normalised profit	35,643	48,171

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008

12. 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 regularly 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.

The Group actively manages its capital via the following strategems: 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 rather than directly on balance sheet or (where practical) recalibrating the timing of transactions and capital expenditure so as to avoid a concentration of net cash outflows.

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

Covenant	Measure	Key details
Nature of facilities	Secured, non recourse ¹	The Group has no unsecured facilities
Loan Valuation Ratio	55% to 70%	Drawn Loan / Bank accepted valuations
Interest Cover Ratio	1.25 - 1.75 ²	Net rental income / Interest expense (including fixed rate swaps)
Group Interest Cover Ratio	2.0 ^{3,4}	Group EBITDA (ex fair value P&L) / Total Interest Expense (including fixed rate swaps)
Total Gearing	45% ^{3, 4}	(Total Liabilities + Guarantees) / Total Tangible Assets
Gearing ratio on a look through basis	60% ⁴	Total gearing plus gearing from proportional consolidation of equity accounted investments

1 - There are no market cap covenants

2 - Majority are 1.50.

3 - Condition of the \$550m CLUB facility

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

On 20 January 2009 the Group announced the completion of a \$24.4 million private placement (97.6 million new stapled securities at a price of 25 cents) to Kirsh Group, and \$187 million one for one rights issue at 25 cents per stapled security that Kirsh Group will sub-underwrite. The Kirsh Group has committed to sub-underwrite the Rights Issue in full, but other key securityholders in the Group will be offered the opportunity to participate in sub-underwriting the offer. The Rights Issue will open in March.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008

12. CAPITAL MANAGEMENT (continued)

Future distributions will be rebased to reflect the greater number of securities on issue on completion of the capital raisings.

The capital raised will be used to reduce gearing and strengthen the balance sheet. The pro-forma Group gearing and Total gearing under the banking covenant post the capital raisings are expected to be 22.6% and 30.0% respectively.

13. COMMITMENTS AND CONTINGENCIES

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

- a) 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.
- b) 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.

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.

14. EVENTS AFTER THE BALANCE SHEET DATE

On 20 January 2009 the Group completed a \$24.4 million private placement to the Kirsh Group and announced a \$187 million rights issue (one for one at 25 cents per stapled security) that the Kirsh Group will sub-underwrite. The Kirsh Group has committed to sub-underwrite the Rights Issue in full, subject to FIRB approval, but other key securityholders in the Group will be offered the opportunity to participate in sub-underwriting the offer.

Other than as disclosed already in this report, there has been no matter or circumstance that has arisen since the end of the half-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.

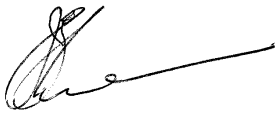
DIRECTORS' DECLARATION

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 and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including :
 - (i) giving a true and fair view of the financial position as at 31 December 2008 and the performance for the half-year ended on that date for the consolidated entity; and
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.
- (b) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board



John Thame
Chairman



Frank Wolf
Managing Director

Sydney, 26 February 2009

To the members of Abacus Group Holdings Limited

Report on the Half Year Financial Report

We have reviewed the accompanying half year financial report of Abacus Group Holdings Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half year end or from time to time during the half year.

Directors' Responsibility for the Half Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half year financial report in accordance with 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 half year 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.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Abacus Group Holdings Limited and the entities it controlled during the half year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

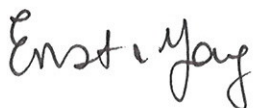
Independence

In conducting our review, we have complied with 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. The Auditor's Independence Declaration would have been expressed in the same terms if it had been given to the directors at the date this auditor's report was signed.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Abacus Group Holdings Limited is not in accordance with the Corporations Act 2001, including:

- i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half year ended on that date; and
- ii) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.



Ernst & Young



K. Zdrilic
Partner
Sydney
26 February 2009