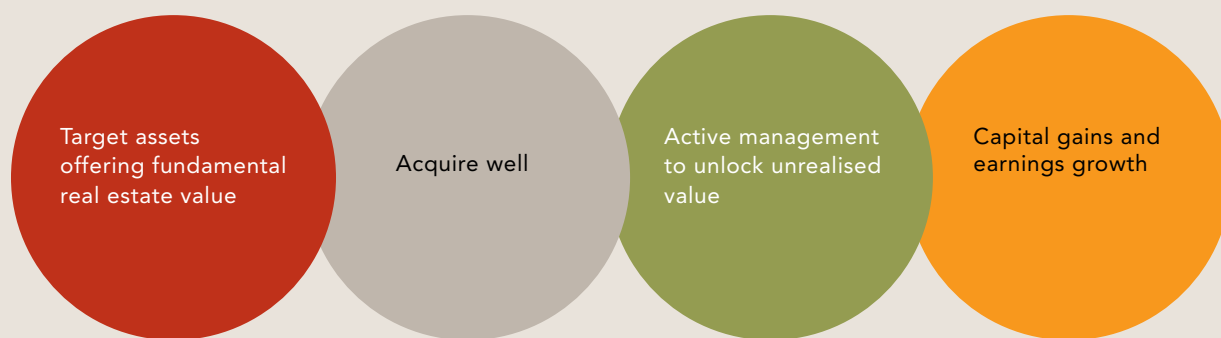




Abacus Property Group is a listed specialised property investor with over \$2.4 billion property assets under management.

Abacus specialises in investing in property-based assets and actively managing those assets to enhance income and capital growth. Our four integrated property businesses and strategic focus on fundamental property investment criteria provide opportunities to create value throughout the business cycle.

Abacus builds investor value



Diversified business model

Abacus has developed four integrated property businesses based on our core expertise in acquiring and managing property assets. Synergies across the business contribute to the overall success of the Group. Our activities include:

- an investment portfolio of commercial, retail and industrial properties across Australia;
- a funds management business, syndicating property-based investment opportunities for retail and professional clients of our financial planning network;
- a property financing business; and
- joint venture partnerships and projects with a number of property investment and development groups.

2008 in review

By maintaining our focus on disciplined property investment, Abacus has delivered a strong performance in challenging market conditions and is looking to capitalise on opportunities that arise in the property market in the year ahead.

Our proven business model continues to generate a reliable distribution stream from a mix of recurrent earnings and transactional income while building capital value through selective acquisition and strategic management of assets.

Financial Highlights

- Normalised net profit up 15% to \$92 million
- Normalised earnings per security up 2% to 14.7 cents
- Distributions per security up 8% to 13.5 cents
- Total assets up 30% to \$1.65 billion
- Net tangible assets per security up 4% to \$1.37



John Thame **Chairman**

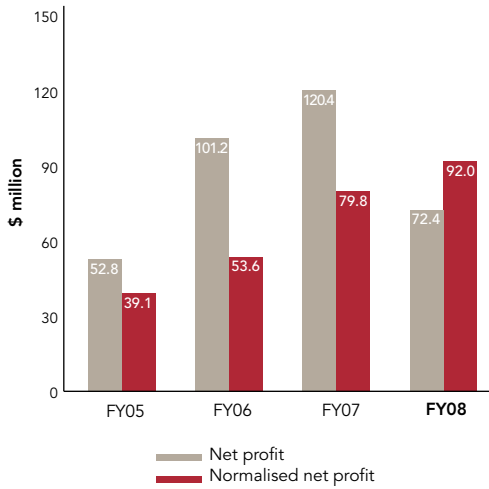


Frank Wolf **Managing Director**

results summary

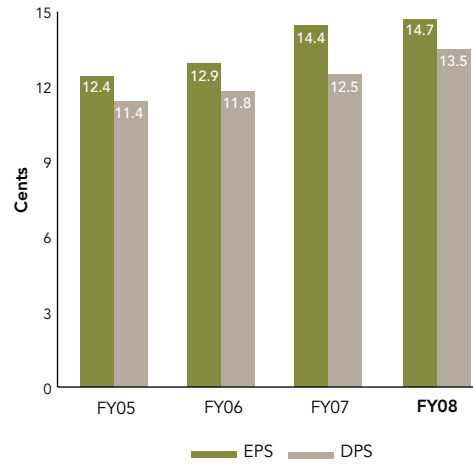
Net profit / normalised net profit over 4 years

Shows continued steady growth of normalised net profit



EPS/DPS

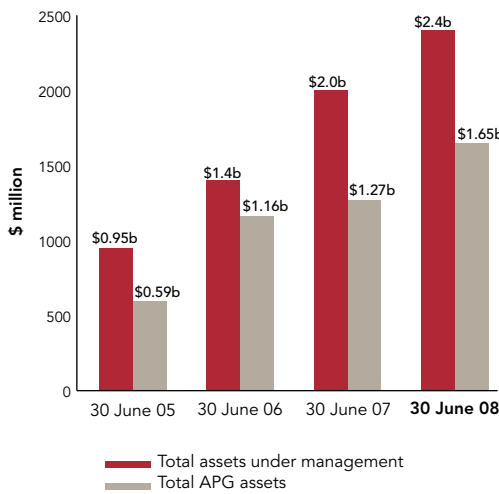
Shows EPS consistently exceeds DPS as both steadily increase



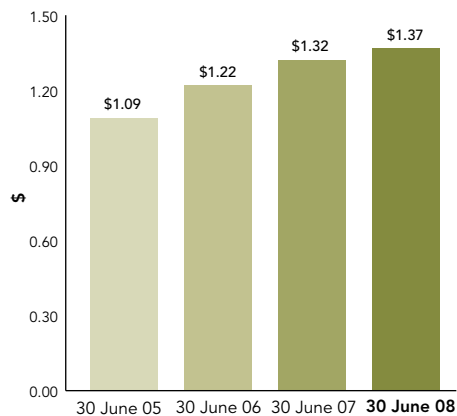
Business growth

Expansion across all areas of the business increased total assets under Abacus management by 20% to \$2.4 billion. Over \$725 million of property transactions were completed during the year across the Group and our funds. Acquisitions of \$610 million expanded our interests in the specialised property sectors of hospitality, storage and seniors accommodation, as well as building the Group's principal property portfolio. Total assets of the Group increased 30% to \$1.65 billion, while net tangible assets per security rose 4% to \$1.37.

Asset growth



NTA per security growth



Business Highlights

- \$725 million of property transactions completed
- Assets under management grew 20% to \$2.4 billion
- New club \$550 million debt facility negotiated
- Inclusion in S&P/ASX200 Index
- Three new investment funds launched
- Four investment funds realised

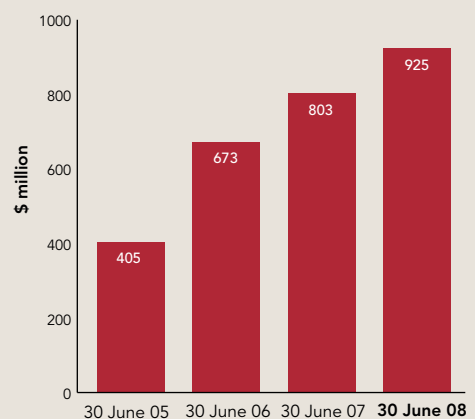
Financial position

During the year, total equity rose by 15% to \$925 million, principally through a \$100 million institutional placement completed in July 2007. Borrowings also grew to fund asset acquisitions, with gearing at 37.5% at year end. We are working on a number of initiatives to reduce gearing to within the range of 30-35%.

In February 2008, we entered into a new \$550 million club debt facility with ANZ, CBA and St George Bank, providing certainty and flexibility for the Group's funding requirements.

At 30 June 2008, total bank debt was \$579 million with a weighted average loan term of 2.7 years. Over 75% of total bank debt facilities were subject to fixed rate arrangements through the use of interest rate swap contracts. The average interest rate (including bank margin) across the entire debt book was 7.69% pa. The interest cover ratio was 3.3 times.

Total securityholder equity

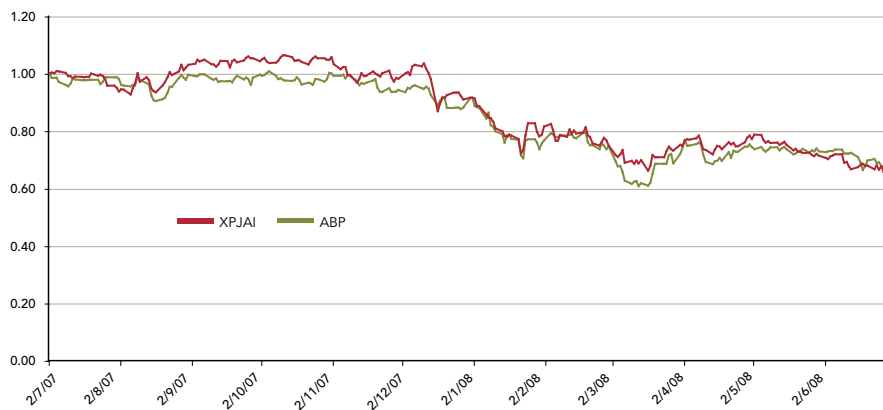


results summary

Security price performance

Upheaval in the global credit and equity markets has caused dramatic price falls across all sectors, particularly the financial services and property sectors. While Abacus outperformed the Index for the period to 30 June 2008, we still experienced a significant decline in security price as a consequence of the market sell-off of A-REIT securities.

FY08 Total Return: ABP v XPJAI



Outlook

While it is not Abacus practice to provide specific guidance for profits in the year ahead, our robust business model places the Group in the best possible position to manage challenging market conditions and continue to deliver returns to our securityholders.



The Board. From left to right: John Thame, Len Lloyd, David Bastian, Frank Wolf, Bill Bartlett and Malcolm Irving. **Absent:** Dennis Bluth

Income and distribution statement extract

	2008 \$ million	2007 \$ million	Change
Total revenue (includes AIFRS adjustments)	138.4	181.8	↓ 24%
Net profit after tax (includes AIFRS adjustments)	72.4	120.4	↓ 40%
Minority interests	(1.0)	(1.6)	
AIFRS adjustments	19.6	(39.0)	
Normalised profit	92.0	79.8	↑ 15%
Normalised earnings per security	14.7 cents	14.4 cents	↑ 2%
Distributions per security	13.5 cents	12.5 cents	↑ 8%

Normalised profit and earnings exclude AIFRS 'fair value' adjustments (namely revaluations of property, derivatives and other financial instruments as well as share-based payments).

Balance sheet extract

	30 June 2008 \$ million	30 June 2008 \$ million	Change
Property assets ¹	1,089.7	834.5	↑ 31%
Funds management	243.9	133.1	↑ 83%
Property finance	144.7	120.5	↑ 20%
Projects and investments	77.3	70.2	↑ 10%
Cash and other assets	91.6	111.1	↓ 18%
Total assets	1,647.2	1269.4	↑ 30%
Interest bearing liabilities	(644.6)	(393.7)	↑ 64%
Other liabilities	(77.6)	(72.5)	↑ 7%
Net assets / Total equity	925.0	803.2	↑ 15%
NTA per security	\$1.37	\$1.32	↑ 4%
Gearing	37.5%	30.0%	↑ 8%

¹ Independent valuation of each investment property is conducted annually, either in December or June each year. 63% of properties were valued as at June 2008.

A full copy of the Group's 2008 financial statements is available from our website.

business overview

The Abacus business model has been built on our core competence of successful real estate investment. We seek property assets that offer compelling real estate fundamentals that we can acquire well. Over time, we seek to enhance the value of our assets through active management.

We partner with various sources of capital to grow our asset base, including our securityholders for principal investments, our financial planning network and their clients for our funds management investments and professional property investors and developers for our joint venture and property finance businesses.

This partnership of our real estate investment expertise with investor capital has contributed to another successful year in 2008.

Property investment

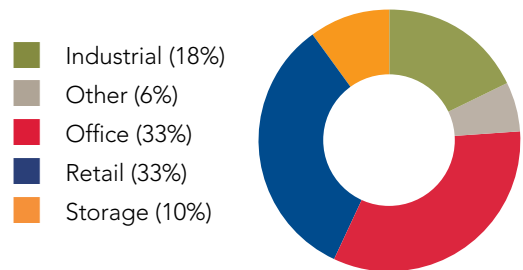
Abacus seeks assets that offer fundamental real estate value that we can acquire well, receive an attractive rental yield and then enhance returns through active management. Active management may include refurbishment, restructuring tenancies, cost containment, income optimisation, expansion of lettable area, redevelopment or conversion to an alternative use.

During the year, Abacus completed over \$725 million of property transactions, including \$610 million of acquisitions for the principal property book, funds management initiatives and joint venture investments, and disposals of \$115 million.

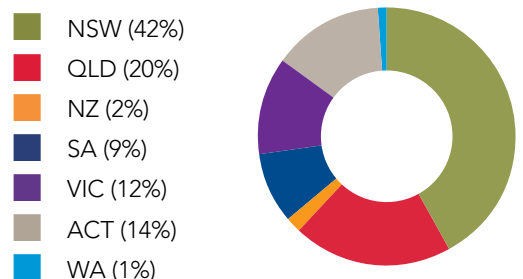
At year end, Abacus owned a diversified portfolio of direct property assets, primarily in the Australian retail, office and industrial sectors, with a combined value of over \$932 million. Rental income from the property portfolio is the major contributor to the Group's earnings and increased 18% in 2008.

Diversification of principal property portfolio

Sector diversity



Geographic diversity



Occupancy: **94%**

Weighted average lease expiry
by income: **5.49 years**

Weighted average lease expiry
by area: **4.74 years**

Redevelopment and repositioning of Aspley Village

Abacus is undertaking a complete redevelopment of Aspley Village Shopping Centre to optimise utilisation of its large 19,430 square metre site and increase lettable area to 12,230 square metres to provide for a full line Coles Supermarket and 28 specialty shops plus medical and childcare centres. Construction commenced in September 2007 and is scheduled for completion in December 2008. In March, Abacus sold a two-thirds interest in the property to Allianz Australia Limited for \$42 million.



Greenacre site consolidation

Through a series of transactions, Abacus has acquired adjacent properties with a total area of 35,386 square metres and significant frontage to the Hume Highway in Greenacre, 17 kilometres south-west of the Sydney CBD. Currently comprising car showrooms, offices, warehouses and storage facilities, the properties are fully leased and provide a 8.5% rental yield while Abacus explores the strategic options for the large site.



Acquisition of 51 Allara Street, Canberra

Abacus acquired this high quality office building in the Canberra CBD for \$53.6 million in January 2008. The well-located property provides net lettable area of 11,760 square metres fully leased to Ernst & Young, the Australian Taxation Office and the Murray Darling Basin Commission as well as 168 parking spaces in the four level basement. The property offers potential for rental growth.



funds management

Our funds management business continues to be an important source of earnings for the Group, contributing \$38 million to the 2008 profit result.

We have built a funds management platform with over \$950 million of assets under management, comprising a mix of large core funds in specific property sectors, supplemented by our special opportunity funds.

2008 saw the suite of core funds increase to three with the launch of the Abacus Diversified Income Fund II in July 2007. This fund holds a diversified portfolio of investment properties and other property-based assets with a focus on commercial investment properties valued at less than \$25 million.

The Abacus Hospitality Fund, which owns and operates a portfolio of hotel properties, grew strongly during the year with the acquisition of four hotels for \$152 million, bringing total fund assets to \$340 million.

The Abacus Storage Fund performed strongly with a 24% increase in store profit underpinning a 12% increase in the fund's net asset value per security.

Two new special opportunity funds were also launched during the year: the Abacus Fern Bay Fund owns and operates a relocatable homes park on a 26 hectare coastal site close to Newcastle in NSW, while the Abacus Jigsaw Trust holds a 50% interest in a corporate childcare business.

Four funds were realised during the year, including the Abacus Mariners Cove Equity Trust, Abacus Crows Nest Property Trust, Abacus Retirement Living Trust and the Abacus Portfolio Service, which was one of the very first investments offered by Abacus. Abacus earned a total \$6.4 million in performance fees from these transactions while investors received attractive investment returns.

More information on Abacus funds is provided in the 2008 Fund Review, available through the website.

Abacus Hospitality Fund

Abacus Hospitality Fund owns a portfolio of hotel properties located in Australia and New Zealand. Specialist hotel management groups such as Accor, Rydges and Swissôtel, undertake the day-to-day management of the hotels.

Since its initial launch in November 2006, the Fund has expanded its portfolio to eight hotels: five located in Queensland and one in each of Sydney, Canberra and Christchurch. During the year, the refurbishment of the Novotel Twin Waters Resort was largely completed, with \$9 million spent on room refurbishment and upgrading the restaurant and bar areas.

Fund size	\$340 million
Portfolio	8 hotels
FY09 yield	8.0%
FY08 Tax-deferral	100%
Distributions	Quarterly



Novotel Twin Waters Resort

Core Income Funds	Abacus Hospitality Fund \$340 million	Abacus Storage Fund \$226 million	ADIFII \$219 million
	Miller Street Fund \$73 million	Wodonga Fund \$71 million	Fern Bay Fund \$20 million
Special Opportunity Funds	Jigsaw Trust \$9 million	Hobart Fund \$6 million	

Abacus Storage Fund

Abacus Storage Fund has grown to become one of the largest participants in the Australasian self-storage industry with a portfolio of 30 facilities and total assets of \$226 million.

The Fund's storage facilities are located in Victoria, New South Wales, Queensland and New Zealand. Day-to-day management of the facilities is outsourced to Storage King, Australasia's largest self storage operator.

2008 was a very successful year for the Fund with operating earnings increasing 24% and net asset value per security backing growing 12%.

Fund size	\$226 million
Portfolio	30 facilities
FY09 yield	8.25%
FY08 Tax-deferral	94%
Distributions	Quarterly

Abacus Diversified Income Fund II

Abacus Diversified Income Fund II is an unlisted open-ended fund which provides investors with exposure to a diversified portfolio of investment properties and other property-based assets.

Commercial investment properties valued at less than \$25 million are the core focus of the Fund. The current portfolio of assets includes 22 properties diversified across sectors and locations valued at over \$183 million and also holds investments in listed and unlisted property trusts.

Fund size	\$219 million
Portfolio	22 properties plus investments in listed and unlisted property trusts
FY09 yield	8.5%
FY09 Tax-deferral	100%
Distributions	Quarterly



22-28 Edgeworth Avenue, Hornsby NSW

property finance

Abacus provides a range of property financing solutions for development projects and other property investment which generate interest and fee income for Abacus, opportunities for co-investment and a pipeline of potential transactions for other parts of our business.

Strict lending criteria apply at all times, with all loans secured by real property assets assessed against the same criteria as our principal property investments. For appropriate projects with suitable partners, Abacus may contribute equity on a preferred basis. At year end, Abacus had a portfolio of 22 loans with a total value of \$148 million.

Projects and investments

In addition to our principal investment activities, Abacus participates in a range of property projects and investments by combining our capital and property expertise with the regional or sector specific expertise of our business partners.

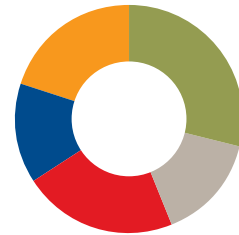
Our pipeline of joint venture projects generates ongoing earnings from fees and profit participation and also provides lending opportunities for our property finance business, assets for funds management initiatives and principal investment opportunities upon completion of development activities.

At year end, Abacus had \$77 million invested in a range of joint venture projects with an end value of approximately \$800 million, including interests in:

- seniors accommodation
- land subdivision projects
- mixed use commercial projects
- retail developments
- residential developments.

Joint venture assets

- Seniors accommodation (29%)
- Land subdivision (15%)
- Retail (22%)
- Residential (14%)
- Commercial mixed use (20%)



Seniors accommodation joint venture

Abacus Sanctuary Residences was established during the year to develop and manage luxury seniors accommodation solutions utilising the extensive experience of our partner Sanctuary Residences (Australia) Pty Limited, a specialist retirement living operator.

The joint venture acquired two properties during the year for development into luxury seniors living villages:

- a commercial property in Crows Nest, Sydney that will be converted to seniors accommodation; and
- a property in Brighton, Victoria, on which a new seniors living village will be built.

Both projects are in the planning approval phase, with construction expected to commence in 2009 for Brighton and 2010 for Crows Nest.

Colemans Road land subdivision

Abacus acquired this 36 hectare industrial site in 2007 in partnership with a Melbourne development group. The site is located 30 kilometres south-east of the Melbourne CBD in the prime South Dandenong industrial precinct. 23 hectares was sold during 2008 to Aldi, which is proposing to build a new distribution centre on the site. The remaining area will be sold down in a number of smaller lots on completion of the civil works (roads and drainage) in the coming 12-18 months.



Crows Nest property



Colemans Road property

Investment fundamentals

Experienced property team

- Stable board of directors with extensive experience across property and finance
- Skilled management team includes property valuers, project managers and specialist asset managers
- Proven track record of active management over 12 years

Disciplined approach to property investment

- Focus on fundamental real estate value
- Reliable recurring income
- Potential to enhance returns through active management

Diversified business model

- **Property investment:** \$932 million diversified property portfolio
- **Funds management:** \$1 billion funds management platform
- **Property finance:** \$148 million loan book
- **Projects and investments:** \$800 million pipeline of diversified projects

Sound financial position

- \$1.65 billion assets based predominantly in Australia, with some exposure to New Zealand
- Prudent financial management
- Gearing 37.5%
- Platform for further growth
- Normalised earnings exceed distributions





Corporate Directory

Abacus Property Group

Abacus Group Holdings Limited
ACN 080 604 619

Abacus Group Projects Limited
ACN 104 066 104

Abacus Funds Management Limited
ACN 007 415 590

Responsible Entity of
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Abacus Income Trust ARSN 104 934 287

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