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 2010

Results for announcement to the market
(corresponding period half year ended 31 December 2009)

	Six months to 31 December 2010		Six months to 31 December 2009		% change
Total income	$140.90	m	$71.48	m	97
Underlying profit [1]	$46.31	m	$30.80	m	50
Pre-tax profit / (loss)	$9.30	m	$21.26	m	(56)
Net profit / (loss) attributable to securityholders	$10.20	m	$21.35	m	(52)
Basic earnings per stapled security	2.77	cps	6.96	cps*	(60)
Basic underlying earnings per stapled security	12.56	cps	10.04	cps*	25

(1) 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. Adjustments have been adjusted for the fair value of investments held at balance date, fair value of debt forgiveness and provisioning pursuant to the restructuring of Abacus Hospitality Fund and Abacus Diversified Income Fund II.

Distributions	
Interim distribution This distribution was declared on 10 January 2011 and is being paid on 25 February 2011	8.25 cents per stapled security
Record date for determining entitlement to the distributions	20 January 2011

	31 December 2010	30 June 2010
Net tangible assets per security	$2.83	$2.91*

* On 29 November 2010, APG completed a consolidation of the Group's securities and as a result, the number of securities on issue has reduced by an approximate ratio of 5 : 1. In accordance with AASB 133 – Earnings Per Share, the comparatives for December 2009 and June 2010 have been retrospectively adjusted on the basis of the 5 : 1 consolidation.

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 2010.

Details of individual and total distribution payments		Amt per stapled security	Total
Final June 2010 distribution	paid 11 August 2010	8.25 cents*	$29.8 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.

* The distribution per stapled security has been retrospectively adjusted on the basis of the 5 : 1 consolidation that was completed on 29 November 2010.

The Group has neither gained or lost control of any entities during the period:

Details of associates and joint venture entities

	Ownership Interest		**Share of net profit/(loss)**	
	31-Dec-10	**30-Jun-10**	**31-Dec-10**	**30-Jun-10**
	%	**%**	**$'000**	**$'000**
Abacus Aspley Village Trust	33	33	(9,637)	520
Abacus Colemans Road Trust	50	50	736	426
Abacus Miller Street Trust	30	30	(442)	799
Abacus Storage Fund	15	15	1,714	466
Abacus Wodonga Land Fund	15	15	(1,211)	(110)
Fordtrans Pty Ltd	50	50	1,860	5,663
Hampton Residential Retirement Trust	50	50	1,038	98
Pakenham Valley Unit Trust	50	50	(58)	(116)
Other investments	50	50	(1,026)	(1,283)
			(7,026)	**6,463**

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.

Abacus Property Group

ABN 31 080 604 619

abacus property group

Financial Report

For the half-year ended 31 December 2010

HALF-YEAR FINANCIAL REPORT

31 December 2010

Directory

Abacus Group Holdings Limited
ABN: 31 080 604 619

Abacus Group Projects Limited
ABN: 11 104 066 104

Abacus Funds Management Limited
ABN: 66 007 415 590

Registered Office
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 and Abacus Group Holdings Limited:
John Thame, Chairman
Frank Wolf, Managing Director
William Bartlett
David Bastian
Malcolm Irving

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 St
SYDNEY NSW 2000
Tel: (02) 9290 9600
Fax: (02) 9279 0664

CONTENTS

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 2010 and Abacus Property Group's 30 June 2010 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 2010

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 Group for the half-year ended 31 December 2010 comprise 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 AND SECRETARY

The Directors of AGHL, Abacus Funds Management Limited ("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 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 (retired 12 November 2010)
Malcolm Irving	Non-executive Director
Len Lloyd	Executive Director (retired 12 November 2010)

PRINCIPAL ACTIVITIES

The Group operates predominantly in Australia and its principal activities during the course of the half-year ended 31 December 2010 included:

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

GROUP STRUCTURE

The Group is comprised of AGHL, AT, AGPL and 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 AND RESULTS OF OPERATIONS

The Group earned a net profit attributable to members of $10.2 million for the half-year ended 31 December 2010 (December 2009: $21.3 million). This profit has been calculated in accordance with Australian Accounting Standards and includes certain significant items that need adjustment to enable securtyholders to obtain an understanding of the Group's underlying profit of $46.3 million (December 2009: $30.8 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.

DIRECTORS' REPORT

31 December 2010

REVIEW AND RESULTS OF OPERATIONS (continued)

	31 Dec 2010 $'000	31 Dec 2009 $'000
Statutory net profit / (loss) attributable to securityholders	**10,204**	**21,346**
Certain significant items:		
Net loss in fair value of investment properties held at balance date	11,498	11,890
Net loss/(gain) in fair value of investments held at balance date	5,964	(1,006)
Net loss/(gain) in fair value of derivatives	(5,819)	(6,175)
Net loss/(gain) in fair value of investment properties included in equity accounted profits from associates and joint ventures	8,460	(158)
Debt forgiveness and provisioning pursuant to the restructuring of Abacus Hospitality Fund (2010) and ADIFII (2009)	16,000	4,900
Underlying profit	**46,307**	**30,797**

	2010	2009
Basic underlying earnings per security (cents)	12.56	10.04
Basic earnings per security (cents)	2.77	6.96

In accordance with AASB 133 – Earnings Per Share, the comparatives for December 2009 have been retrospectively adjusted on the basis of the 5 : 1 consolidation that was completed on 29 November 2010.

As at 31 December 2010, the Group had a $866.5 million direct interest in 66 properties.

DISTRIBUTIONS

An interim distribution of 8.25 cents per stapled security was declared on 10 January 2011 which will be paid on 25 February 2011. Distributions are paid on a semi-annual basis.

SIGNIFICANT EVENTS AFTER BALANCE 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 period that has 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 half-year 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, 17 February 2011

Frank Wolf
Managing Director

Ernst & Young Centre
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
www.ey.com/au

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

In relation to our review of the financial report of Abacus Group Holdings Limited for the half-year ended 31 December 2010, 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

Ernst & Young

K. Zdrilic
Partner
17 February 2011

Liability limited by a scheme approved
under Professional Standards Legislation

CONSOLIDATED INCOME STATEMENT
HALF-YEAR ENDED 31 DECEMBER 2010

	Notes	31 Dec 2010 $'000	31 Dec 2009 $'000
REVENUE			
Rental income		35,917	35,464
Finance income	4(a)	10,660	10,845
Funds management income	4(b)	11,609	11,460
Sale of inventory		78,000	-
Net change in fair value of investment properties derecognised		(120)	1,044
Net change in fair value of financial instruments derecognised		2,364	756
Net change in fair value of derivatives		5,819	6,175
Share of (losses) / profit from equity accounted investments	9(b)	(7,026)	4,270
Income from distributions		712	761
Other		2,966	709
Total Revenue and Other Income		**140,901**	**71,484**
Property expenses & outgoings		(6,010)	(5,933)
Depreciation, amortisation and impairment expense		(840)	(1,081)
Cost of inventory sales		(63,094)	-
Net change in fair value of investment properties held at balance date	7	(11,498)	(11,890)
Net change in fair value of investments held at balance date	5(a)	(5,964)	1,006
Finance costs	5(b)	(16,438)	(16,399)
Impairment charges - related parties	9(a)	(16,000)	(4,900)
Administrative and other expenses		(11,753)	(11,024)
PROFIT BEFORE TAX		**9,304**	**21,263**
Income tax benefit		1,233	196
NET PROFIT AFTER TAX		**10,537**	**21,459**
less: net (profit) / loss attributable to non-controlling interests			
AT members		4,688	(21,126)
AGPL members		4,999	1,587
AIT members		(5,186)	(5,593)
External		(333)	(113)
NET PROFIT / (LOSS) ATTRIBUTABLE TO MEMBERS OF AGHL		**14,705**	**(3,786)**
Net profit / (loss) attributable to members of the Group analysed by amounts attributable to:			
AGHL members		14,705	(3,786)
AT members		(4,688)	21,126
AGPL members		(4,999)	(1,587)
AIT members		5,186	5,593
NET PROFIT / (LOSS) AFTER TAX ATTRIBUTABLE TO MEMBERS OF THE GROUP		**10,204**	**21,346**
Basic and diluted earnings / (loss) per stapled security (cents)	12	2.77	6.96
Basic and diluted earnings / (loss) per parent share (cents)		0.58	1.76

In accordance with AASB 133 – Earnings Per Share, the comparatives for December 2009 have been retrospectively adjusted on the basis of the 5 : 1 consolidation that was completed on 29 November 2010.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
HALF-YEAR ENDED 31 DECEMBER 2010

	31 Dec 2010 $'000	31 Dec 2009 $'000
NET PROFIT / (LOSS) AFTER TAX	10,537	21,459
OTHER COMPREHENSIVE INCOME		
Revaluation of assets, net of tax	166	948
Foreign exchange translation adjustments, net of tax	75	140
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	**10,778**	**22,547**
Total comprehensive income / (loss) attributable to:		
Members of the APG Group	10,445	22,434
External non-controlling interest	333	113
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	**10,778**	**22,547**

	31 Dec 2010 $'000	31 Dec 2009 $'000
Total comprehensive income / (loss) attributable to members of the Group analysed by amounts attributable to:		
AGHL members	14,941	(2,968)
AT members	(4,688)	21,126
AGPL members	(4,994)	(1,317)
AIT members	5,186	5,593
TOTAL COMPREHENSIVE INCOME / (LOSS) AFTER TAX ATTRIBUTABLE TO MEMBERS OF THE GROUP	**10,445**	**22,434**

CONSOLIDATED STATEMENT OF DISTRIBUTION
HALF-YEAR ENDED 31 DECEMBER 2010

	Notes	31 Dec 2010 $'000	31 Dec 2009 $'000
STATEMENT OF DISTRIBUTION			
Net profit/(loss) attributable to stapled security holders		10,204	21,346
Transfer from / (to) retained earnings		19,638	(10,024)
Distributions paid and payable	6	29,842	11,322
Distribution per stapled security (cents per security)	6	8.25	3.75
Weighted average number of securities ('000)		**368,686**	**306,772**

The distributions per stapled security paid on 11 August 2010 and 7 August 2009 have been retrospectively adjusted on the basis of the 5 : 1 consolidation that was completed on 29 November 2010.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
HALF-YEAR ENDED 31 DECEMBER 2010

	Notes	31 Dec 2010 $'000	30 Jun 2010 $'000
CURRENT ASSETS			
Cash and cash equivalents		35,590	21,792
Trade and other receivables		22,484	8,842
Property, plant and equipment held for sale		19,742	20,901
Inventory		479	60,176
Investment properties held for sale	7	52,403	91,327
Property loans	8(a)	66,006	87,011
Other financial assets		1,386	2,189
Other		2,347	1,949
TOTAL CURRENT ASSETS		**200,437**	**294,187**
NON-CURRENT ASSETS			
Property, plant and equipment		9,694	9,249
Inventory		70,311	30,891
Investment properties	7	713,827	617,735
Property loans	8(b)	263,869	325,199
Other financial assets	8(c)	89,031	47,057
Equity accounted investments	9	122,583	127,710
Deferred tax assets		14,257	13,186
Intangible assets and goodwill		35,173	35,173
Other		-	4,914
TOTAL NON-CURRENT ASSETS		**1,318,745**	**1,211,114**
TOTAL ASSETS		**1,519,182**	**1,505,301**
CURRENT LIABILITIES			
Trade and other payables		13,597	13,001
Interest-bearing loans and borrowings	10	13,450	240,565
Derivatives at fair value		152	-
Other		2,403	2,834
TOTAL CURRENT LIABILITIES		**29,602**	**256,400**
NON-CURRENT LIABILITIES			
Trade and other payables		13,641	4,065
Interest-bearing loans and borrowings	10	354,638	109,136
Derivatives at fair value		18,798	30,320
Deferred tax liabilities		-	284
Other		3,862	2,227
TOTAL NON-CURRENT LIABILITIES		**390,939**	**146,032**
TOTAL LIABILITIES		**420,541**	**402,432**
NET ASSETS		**1,098,641**	**1,102,869**
TOTAL EQUITY		**1,098,641**	**1,102,869**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
HALF-YEAR ENDED 31 DECEMBER 2010

	Notes	31 Dec 2010 $'000	30 Jun 2010 $'000
Equity attributable to members of AGHL:			
Contributed equity		52,753	51,963
Reserves		2,134	1,900
Retained earnings		27,891	13,186
Total equity attributable to members of AGHL:		**82,778**	**67,049**
Equity attributable to unitholders of AT:			
Contributed equity		848,398	837,064
Retained earnings / (accumulated losses)		(69,787)	(58,057)
Total equity attributable to unitholders of AT:		**778,611**	**779,007**
Equity attributable to members of AGPL:			
Contributed equity		9,587	9,459
Reserves		(78)	(85)
Retained earnings / (accumulated losses)		(16,739)	(11,740)
Total equity attributable to members of AGPL:		**(7,230)**	**(2,366)**
Equity attributable to unitholders of AIT:			
Contributed equity		214,908	212,031
Retained earnings		15,735	33,349
Total equity attributable to unitholders of AIT:		**230,643**	**245,380**
Equity attributable to external non-controlling interest:			
Contributed equity		13,144	13,437
Retained earnings		695	362
Total equity attributable to external non-controlling interest:		**13,839**	**13,799**
TOTAL EQUITY		**1,098,641**	**1,102,869**
		-	
EQUITY			
Contributed equity	11	1,125,646	1,110,517
Reserves		2,056	1,815
Retained earnings		(42,900)	(23,262)
Total stapled security holders' interest in equity		1,084,802	1,089,070
Total external non-controlling interest		13,839	13,799
TOTAL EQUITY		**1,098,641**	**1,102,869**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

HALF-YEAR ENDED 31 DECEMBER 2010

	Attributable to the stapled security holder					External	Total
CONSOLIDATED	**Issued capital $'000**	**Asset revaluation reserve $'000**	**Foreign currency translation $'000**	**Employee equity benefits $'000**	**Retained earnings $'000**	**Non-controlling interest $'000**	**Total Equity $'000**
At 1 July 2010	1,110,517	342	(3,975)	5,448	(23,262)	13,799	1,102,869
Other comprehensive income	-	166	75	-	-	-	241
Net profit for the period	-	-	-	-	10,204	333	10,537
Total comprehensive income for the period	-	166	75	-	10,204	333	10,778
Distribution reinvestment plan	15,149	-	-	-	-	-	15,149
Issue costs	(20)	-	-	-	-	-	(20)
Distribution to security holders	-	-	-	-	(29,842)	(293)	(30,135)
At 31 December 2010	**1,125,646**	**508**	**(3,900)**	**5,448**	**(42,900)**	**13,839**	**1,098,641**

	Attributable to the stapled security holder					External	Total
CONSOLIDATED	**Issued capital $'000**	**Asset revaluation reserve $'000**	**Foreign currency translation $'000**	**Employee equity benefits $'000**	**Retained earnings $'000**	**Non-controlling interest $'000**	**Total Equity $'000**
At 1 July 2009	987,497	1,048	(4,028)	5,448	(14,647)	14,409	989,727
Other comprehensive income	-	948	140	-	-	-	1,088
Net profit for the period	-	-	-	-	21,346	113	21,459
Total comprehensive income for the period	-	948	140	-	21,346	113	22,547
Distribution reinvestment plan	4,670	-	-	-	-	-	4,670
Securities issued	91,372	-	-	-	-	-	91,372
Treasury securities	4,720	-	-	-	-	-	4,720
Issue costs	(2,055)	-	-	-	-	-	(2,055)
Distribution to security holders	-	-	-	-	(11,559)	-	(11,559)
At 31 December 2009	**1,086,204**	**1,996**	**(3,888)**	**5,448**	**(4,860)**	**14,522**	**1,099,422**

CONSOLIDATED STATEMENT OF CASH FLOW
HALF-YEAR ENDED 31 DECEMBER 2010

	31 Dec 2010 $'000	31 Dec 2009 $'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Income receipts	128,247	63,431
Interest received	537	251
Distributions received	1,283	2,516
Income tax paid	(211)	134
Finance costs paid	(14,002)	(15,018)
Operating payments	(18,012)	(21,557)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**97,842**	**29,757**
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for investments and funds advanced	(60,092)	(91,797)
Proceeds from sale and settlement of investments and funds repaid	17,779	33,775
Purchase of property, plant and equipment	(560)	(104)
Purchase of investment properties	(81,658)	(62,505)
Disposal of investment properties	14,959	55,283
Payment for other investments	(546)	(1,101)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	**(110,118)**	**(66,449)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of stapled securities	-	96,092
Payment of issue costs	-	(2,226)
Repayment of borrowings	(112,903)	(153,208)
Proceeds from borrowings	154,054	113,476
Distributions paid (net of reinvestment plan)	(15,082)	(6,890)
NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES	**26,069**	**47,244**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	13,793	10,552
Net foreign exchange differences	5	17
Cash and cash equivalents at beginning of period	21,792	9,124
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**35,590**	**19,693**

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

1. CORPORATE INFORMATION

Abacus Property Group ("APG" or the "Group") is comprised of Abacus Group Holdings Limited ("AGHL") (the nominated parent entity), 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 2010 was authorised for issue in accordance with a resolution of the directors on 17 February 2011.

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 annual 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 2010. 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 2010 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of Preparation

The half-year financial report has been prepared in accordance with the requirements of the Corporations Act 2001, AASB 134 "Interim Financial Reporting" and other mandatory professional requirements. Except as otherwise disclosed, the same accounting policies have been applied as in the last annual financial report.

The half-year financial report has been prepared on a historical cost basis, except for investment properties, investments in listed and unlisted securities, other financial assets designated as fair value through the profit and loss and derivative financial instruments which 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 fair value. The carrying values of recognised assets and liabilities that are covered by interest rate swap arrangements, are adjusted to record changes in the fair values attributable to the risks that are being covered by derivative financial instruments.

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

(b) Changes in accounting policy

From 1 July 2010, the Group has adopted the following Standards and Interpretations mandatory for annual periods beginning on or after 1 July 2010. Adoption of these standards and interpretations did not have any effect on the financial position or performance of the Group.

AASB 2009 - 5 Amendments to Australian Accounting Standards arising from the annual improvements project

The amendments are to AASB 117, AASB 101, AASB 107, AASB 118, AASB 136 and AASB 139 and had no major impact on the application or wording of the Group's accounting policies.

AASB 2010 – 3 Amendments to Australian Accounting Standards arising from the annual improvements project

The amendment is to AASB 3 and had no major impact of the Group's accounting policies.

The Group has not elected to early adopt any new standards or amendments.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010

3. SEGMENT INFORMATION

The Group predominately operates in Australia. Following are the Group's operating segments, which are regularly reviewed by the Chief Operating Decision Maker to make decisions about resources allocation and to assess performance:

(a) Property: the segment is responsible for the investment in and ownership of commercial, retail and industrial properties. This segment also includes the equity accounting of material co-investments in property trusts not engaged in development and construction projects;

(b) Funds Management: the segment includes development, origination and fund management revenues and expenses in addition to discharging the Group's responsible entity obligations; and

(c) Property Ventures: provides mezzanine mortgage lending and related property financing solutions and is also responsible for the Group's investment in joint venture and associates' development and construction projects, which includes revenue from debt and equity investments in joint ventures and associates. This segment also is responsible for the Group's investment in property securities.

Segment revenue, segment expenses and segment result do not include transactions between operating segments.

Half - year ended 31 Dec 2010	Property $'000	Funds Management $'000	Property Ventures $'000	Total $'000
Revenue				
Revenue from external customers	114,722	12,082	9,558	136,362
Equity accounted investments	1,921	(1,394)	(7,553)	(7,026)
Net change in fair value of investments and financial instruments derecognised	652	-	1,592	2,244
Other revenue	2,966	-	-	2,966
Other unallocated revenue	-	-	-	536
Total consolidated revenue	**120,261**	**10,688**	**3,597**	**135,082**
Direct costs	(69,944)	(16,000)	-	(85,944)
Allocated costs	(5,049)	(4,062)	(2,106)	(11,217)
Unallocated expenses	-	-	-	(536)
Segment result before fair value adjustments	**45,268**	**(9,374)**	**1,491**	**37,385**
Net change in fair value of investments and financial instruments held at balance date	(11,498)	(311)	(5,653)	(17,462)
Net change in fair value of derivatives	-	-	-	5,819
Segment result after fair value adjustments	**33,770**	**(9,685)**	**(4,162)**	**25,742**
Finance costs				(16,438)
Profit before tax and non-controlling interest				9,304
Income tax benefit				1,233
Net profit for the period				**10,537**
less non-controlling interest				(333)
Net profit for the period attributable to members of the Group				**10,204**

The total assets for the period ended 31 December 2010 had not materially changed from the 30 June 2010 annual report and therefore comparatives for segment assets have not been provided.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010

3. SEGMENT INFORMATION (continued)

Half - year ended 31 Dec 2009	Property $'000	Funds Management $'000	Property Ventures $'000	Total $'000
Revenue				
Revenue from external customers	36,126	11,456	10,696	58,278
Equity accounted investments	2,746	518	1,006	4,270
Net change in fair value of investments derecognised	1,044	-	756	1,800
Other revenue			709	709
Other unallocated revenue	-	-	-	252
Total consolidated revenue	**39,916**	**11,974**	**13,167**	**65,309**
Direct costs	(7,014)	(4,900)	(965)	(12,879)
Allocated costs	(4,413)	(3,433)	(1,962)	(9,808)
Unallocated expenses	-	-	-	(251)
Segment result before fair value adjustments	**28,489**	**3,641**	**10,240**	**42,371**
Net change in fair value of investments held at balance date	(11,894)	-	1,010	(10,884)
Net change in fair value of derivatives	-	-	-	6,175
Segment result after fair value adjustments	**16,595**	**3,641**	**11,250**	**37,662**
Finance costs / loss on derivatives				(16,399)
Loss before tax and non-controlling interest				21,263
Income tax benefit				196
Net loss for the period				**21,459**
less non-controlling interest				(113)
Net profit for the period attributable to members of the Group				**21,346**

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010

4. REVENUE

	31 Dec 2010 $'000	31 Dec 2009 $'000
(a) Finance income		
Interest and fee income on secured loans	10,123	10,594
Bank interest	537	251
Total finance income	**10,660**	**10,845**
(b) Funds Management Income		
Asset management fees	2,040	2,868
Property management fees	530	434
Consulting and other income	45	557
Interest on loans to funds management entities	8,994	7,601
Total funds management income	**11,609**	**11,460**

5. EXPENSES

	31 Dec 2010 $'000	31 Dec 2009 $'000
(a) Net change in fair value of investments held at balance date		
Net change in fair value of property securities held at balance date	(36)	(1,006)
Net change in fair value of options held at balance date	6,000	-
Total net change in fair value of investments held at balance date	**5,964**	**(1,006)**
(b) Finance costs		
Interest on loans	13,966	15,594
Amortisation of finance costs	2,472	805
Total finance costs	**16,438**	**16,399**

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

6. DISTRIBUTIONS PAID AND PROPOSED

	31 Dec 2010 $'000	31 Dec 2009 $'000
(a) Distributions paid during the period		
June 2010 half: 8.25 cents per stapled security (2009 quarter: 3.75 cents)	29,842	11,322
	29,842	**11,322**
(b) Distributions proposed and not recognised as a liability*		
December 2010 half: 8.25 cents per stapled security (2009: 7.50 cents)	**30,558**	**22,843**

The distributions per stapled security have been retrospectively adjusted on the basis of the 5 : 1 consolidation that was completed on 29 November 2010.

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 8.25 cents per stapled security was declared on 10 January 2011. The distribution being paid on or about 25 February 2011 will be approximately $30.6 million. No provision for the distribution has been recognised in the balance sheet at 31 December 2010 as the distribution had not been declared by the end of the half-year.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010

7. INVESTMENT PROPERTIES

	31 Dec 2010 $'000	30 Jun 2010 $'000
Investment properties held for sale		
Retail	17,451	52,785
Industrial	26,837	38,040
Other*	8,115	502
Total investment properties held for sale	**52,403**	**91,327**

	31 Dec 2010 $'000	30 Jun 2010 $'000
Investment properties		
Retail	335,251	218,204
Commercial	264,251	262,220
Industrial	83,382	82,031
Storage	12,494	3,500
Other*	18,449	51,780
Total investment properties	**713,827**	**617,735**
Total investment properties including held for sale	**766,230**	**709,062**

* lower yielding properties awaiting development approval.

The current investment properties represent five properties which are either subject to a sales contract or an active sales campaign. All properties are expected to be sold by 31 December 2011.

Reconciliation

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

	31 Dec 2010 $'000	30 Jun 2010 $'000
Carrying amount at beginning of the financial period	709,062	752,839
Additions and capital expenditure	121,651	37,488
Fair value adjustments for properties held at balance date	(11,498)	(18,775)
Transfers	(38,242)	(1,850)
Disposals	(14,743)	(60,595)
Effect of movements in foreign exchange	-	(45)
Carrying amount at end of the financial year	**766,230**	**709,062**

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

Independent valuations of each investment property are conducted annually either in December or June of each year. The key underlying assumptions, on a portfolio basis, contained within the independent and director valuations above are as follows:

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010

7. INVESTMENT PROPERTIES (continued)

- A weighted average capitalisation rate for each category is as follows;
  - Retail – 8.08% (30 June 2010: 8.03%)
  - Commercial – 8.54% (30 June 2010: 8.48%)
  - Industrial – 9.40% (30 June 2010: 9.31%)
  - Other – 8.45% (30 June 2010: 7.92%)
- The current occupancy rate for the portfolio is 91.4% (30 June 2010: 93.2%) 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 31 December 2011 of 4.1%.

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 31 December 2010 have regard to market sales evidence in adopting a market valuation for each property including the key assumptions outlined.

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

As at 31 December 2010, 30% of the property portfolio was subject to external valuations, the remaining 70% was subject to internal valuation.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010

8. PROPERTY LOANS AND OTHER FINANCIAL ASSETS

	31 Dec 2010 $'000	30 Jun 2010 $'000
(a) Current property loans		
Secured loans - amortised cost (i)	46,484	60,633
Interim funding to related funds - amortised cost (ii)	13,880	22,753
Interest receivable on secured loans - amortised cost	3,909	3,925
Interest receivable on interim funding to related funds	1,733	900
Provision for doubtful debts	-	(1,200)
	66,006	**87,011**
(b) Non-current property loans		
Secured loans - amortised cost (i)	124,951	147,402
Interim funding to related funds - amortised cost (ii) (iii)	119,384	157,631
Interest receivable on secured loans - amortised cost	17,096	15,015
Interest receivable on interim funding to related funds	7,438	6,151
Provision for doubtful debts	(5,000)	(1,000)
	263,869	**325,199**
(c) Non-current other financial assets		
Investments in securities - unlisted - fair value	8,140	11,666
Interim funding to related funds - fair value (iv)	48,000	-
Other financial assets - fair value (v)	32,891	35,391
	89,031	**47,057**

(i) Mortgages are secured by real property assets. The current facilities are scheduled to mature and are expected to be realised on or before 31 December 2011 and the non-current facilities will mature between 1 January 2012 and 27 April 2017.

(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 or in the case of Abacus Hospitality Fund, the higher of 8% or the distribution rate. These loans rank equally with other unsecured liabilities and unitholders in the event of winding up.

(iii) The loan to Abacus Storage Fund has the same capital growth entitlements as investor equity up until it is repaid. Recoverability of the loan of $46.3 million to ADIFII (due 30 June 2018) and the loan of $57.9 million to the Abacus Hospitality Fund (due 1 March 2016) is predicated on the recovery of property valuations to original cost and the expected interest payments received on the loans over the next six years.

(iv) The second secured facility to ADIFII is a loan with an embedded derivative (the capital guarantee provided to the ADIFII unitholders) and the entire instrument is treated as fair value through the profit and loss. Refer to note 14 for details.

(v) Abacus enters into loans and receivables with associated options that provide for a variety of outcomes including repayment of principal and interest, satisfaction through obtaining interests in equity or property or combinations thereof. At the end of the period, the maximum exposure to credit risk in relation to these instruments was $32.9 million (30 June 2010 $35.4 million).

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Note	31 Dec 2010 $'000	30 Jun 2010 $'000
Investment in associates	9(i)	20,076	23,715
Investment in joint ventures	9(ii)	102,507	103,995
		122,583	**127,710**

(a) Details of Associates and Joint Ventures

(i) Associates

	Principal Activity	31 Dec 2010 %	30 Jun 2010 %	31 Dec 2010 $'000	30 Jun 2010 $'000
Stanright Limited (1)	Property investment	-	40	-	3,275
Abacus Storage Fund (2)	Storage facility investment	16	15	18,010	16,494
Abacus Miller Street Holding Trust (3)	Property investment	30	30	1,885	2,326
Abacus Wodonga Land Fund(2)	Property development	15	15	181	1,620
				20,076	**23,715**

(ii) Joint Ventures (4)

		ownership interest		carrying value	
	Principal Activity	31 Dec 2010 %	30 Jun 2010 %	31 Dec 2010 $'000	30 Jun 2010 $'000
Abacus Aspley Village Trust	Property investment	33	33	9,970	19,068
Abacus Rosebery Property Trust	Property development	50	50	200	200
Abwill 350 George St Trust	Property development	50	-	6,712	-
Birkenhead Point Marina Pty Ltd(5)	Marina operator	50	-	73	-
Fordtrans Pty Ltd (Virginia Park)	Property investment	50	50	62,408	62,409
Hampton Residential Retirement Trust	Property development	50	50	4,728	4,116
Jigsaw Trust	Childcare operator	50	50	9,013	9,013
Pakenham Valley Unit Trust	Property development	50	50	4,526	4,806
The Abacus Colemans Road Trust	Property development	50	50	2,677	1,986
The Mount Druitt Unit Trust	Property investment	50	50	411	402
The Tulip Unit Trust	Property development	50	50	1,789	1,795
Willoughby Development Trust	Property development	50	50	-	200
				102,507	**103,995**

(1) A subsidiary of Abacus Group Holdings Limited, the London Trust, held a 40% interest in Stanright Limited, a UK company which holds a 50% interest in Grant Thornton House in the UK. This interest was sold in October 2010.

(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 Holding Trust which owns 50 Miller Street in North Sydney.

(4) The joint venture entities acquire and develop (generally to the subdivision stage) commercial and residential properties intended for resale.

(5) Operates the marina adjacent to the Birkenhead Point Shopping Centre in Drummoyne NSW.

(iii) Related Parties

There were no impairment losses or contingent liabilities relating to the investment in the associates and joint ventures other than the debt forgiveness and provisions on the working capital facility owed by Abacus Hospitality Fund (2010: $16 million) and ADIFII (2009: $4.9 million).

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

(b) Extract from associates and joint ventures' profit & loss statements

	31 Dec 2010 $'000	31 Dec 2009 $'000
Revenue	137,722	49,412
Expenses	(154,152)	(35,769)
Net profit / (loss)	**(16,430)**	**13,643**
Share of net profit / (loss) *	**(7,026)**	**4,270**

* includes fair value decrements of $8.5 million (December 2009: increment of $0.2 million)

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

	31 Dec 2010 $'000	30 Jun 2010 $'000
Current assets	76,537	129,247
Non-current assets	756,188	760,615
	832,725	889,862
Current liabilities	(36,225)	(217,782)
Non-current liabilities	(444,440)	(299,572)
	(480,665)	(517,354)
Net assets	**352,060**	**372,508**
Share of net assets	**122,583**	**127,710**

10. INTEREST BEARING LOANS AND BORROWINGS

	31 Dec 2010 $'000	30 Jun 2010 $'000
(a) Current		
Bank loans - A$	13,450	232,157
Other loans - A$	-	9,916
Less: Unamortised borrowing costs	-	(1,508)
	13,450	**240,565**
(b) Non-current		
Bank loans - A$	343,168	109,734
Other loans - A$	17,950	-
Less: Unamortised borrowing costs	(6,480)	(598)
	354,638	**109,136**
(c) Maturity profile of current and non-current interest bearing loans		
Due within one year	13,450	242,073
Due between one and five years	361,118	105,048
Due after five years	-	4,686
	374,568	**351,807**

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010

10. INTEREST BEARING LOANS AND BORROWINGS (continued)

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 March 2011 to June 2016. The effective fixed interest rate of borrowings which are covered by fixed rate swaps (including bank margins and fees on both drawn and undrawn amounts) was 8.41% at period end (30 June 2010 8.79%), 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, certain inventory and certain property, plant and equipment. Approximately 49.0% (30 June 2010: 51.2%) of available bank debt facilities were subject to fixed rate arrangements with a weighted average term to maturity of 5.56 years (30 June 2010: 6.00 years). APG's weighted average interest rate as at 31 December 2010 was 8.34% (30 June 2010: 8.00%). Undrawn facilities line fees contributed to 0.91% of the weighted average interest rate at 31 December 2010 (30 June 2010: 0.57%). APG's weighted average interest rate excluding the undrawn facilities line fees as at 31 December 2010 was 7.43% (30 June 2010: 7.43%).

(d) Financing facilities available

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

	31 Dec 2010	30 Jun 2010
	$'000	$'000
Total facilities - bank loans	619,907	625,892
Facilities used at reporting date - bank loans	(356,618)	(341,891)
Facilities unused at reporting date - bank loans	**263,289**	**284,001**

These facilities comprise fixed and floating rate secured facilities.

The Group's debt facilities are secured first mortgage facilities – they are collateralised by the Group's real estate assets. Full utilisation of available facilities would require additional real estate assets to collateralise draw downs. Facilities readily available at reporting date based upon (a) existing secured property assets and (b) a targeted Group Gearing ratio (Total Debt – Cash / Total Assets – Cash) of between 30% to 35% is $79.2 million. Cash on hand at reporting date is $35.6 million.

During the half year, the Group re-financed its $480m CLUB facilities with a new 3 year $400 million syndicated bank debt facility (which replaced Abacus' existing $400 million core facility maturing in February 2011) and a renewed 3 year $80 million working capital bank debt facility with ANZ (which also had a February 2011 maturity). The Club Facility was a secured, limited recourse debt agreement with ANZ (as lead arranger), CBA and St George Bank. The syndicated facility is also a secured, limited recourse debt agreement with ANZ (as lead syndicator), Westpac, CBA and a foreign bank, Scotiabank. Under both agreements, certain properties owned by AT, AIT, AGPL and AGHL form a common security pool, which is collateral for this loan facility. The refinanced facility matures in August 2013.

Please also refer to Note 13 Capital Management for more information on key banking covenants of the refinanced and renewed facilities.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010

11. CONTRIBUTED EQUITY

	31 Dec 2010 $'000	30 Jun 2010 $'000
(a) Issued stapled securities		
Stapled securities	1,125,646	1,110,517
Total contributed equity	1,125,646	1,110,517

(b) Movement in stapled securities on issue

	Stapled securities	
	Number '000	Value $'000
At 30 June 2010	1,813,552	1,110,517
- distribution reinvestment plan	38,441	15,149
- security consolidation	(1,481,592)	-
- less transaction costs	-	(20)
Securities on issue at 31 December 2010	370,401	1,125,646

On 29 November 2010 APG completed a consolidation of the Group's securities and as a result, the number of securities on issue has reduced by an approximate ratio of 5 : 1.

12. EARNINGS PER STAPLED SECURITY

	31 Dec 2010 $'000	31 Dec 2009 $'000
Basic and diluted earnings / (loss) per stapled security (cents)	2.77	6.96
Reconciliation of earnings used in calculating earnings per stapled security		
Basic and diluted earnings per stapled security		
Net profit / (loss)	**10,204**	**21,346**
Weighted average number of stapled securities:		
Weighted average number of stapled securities for basic earning per security	368,686	306,772

In accordance with AASB 133 – Earnings Per Share, the comparatives for December 2009 have been retrospectively adjusted on the basis of the 5 : 1 consolidation that was completed on 29 November 2010.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010

13. 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 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 underlying 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.

On 26 August 2010 the Group re-financed its $480m CLUB facilities with a new 3 year $400 million syndicated bank debt facility (which replaced Abacus' existing $400 million core facility maturing in February 2011) and a renewed 3 year $80 million working capital bank debt facility with ANZ (which also had a February 2011 maturity).

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

Covenant	Covenant Requirement	Key details
Nature of facilities	Secured, non recourse [1]	The Group has no unsecured facilities
ICR	> 1.5	Net rental income / Interest expense (including fixed rate swaps)
Group ICR	> 2.0 [2,3]	Group EBITDA (ex fair value P&L and impairment to goodwill & intangibles) / Total Interest Expense (including fixed rate swaps)
Total Gearing	< 50% [2, 3]	Total Liabilities (net of cash) / Total Tangible Assets (net of cash)
LVR	< 50% to 65% [4]	Drawn Loan / Bank accepted valuations
Gearing ratio on a look through basis	< 60% [3]	ABP gearing plus gearing from proportional consolidation of equity accounted investments

1. There are no market cap covenants.
2. Condition of the current $400m Syndicated facility, $80m Working Capital facility and the $70m Bespoke facility.
3. Condition of the $80m Working Capital Facility.
4. The 65% LVR for the new Working Capital Facility is maintained but will step down to 62.5% from 1 July 2011 and to 60.0% from 1 July 2012.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010

14. COMMITMENTS AND CONTINGENCIES

The Group has provided the following guarantees to the Abacus Diversified Income Fund II (“ADIFII” or the “Fund”):

Unit Type	Cash Distribution Yield Guarantee	Capital Return Guarantee
Existing Units $1.00 (Class A)	8.5% pa until 30 June 2011 and based on the actual distributable cash of the Fund thereafter.	$1.00 per unit at 30 September 2013 if the net assets per Unit are less than $1.00 at 30 June 2013.
Converted Units $1.00 (Class B)	9% pa until 30 June 2011 and 9.0% pa plus indexation thereafter (indexed in line with inflation in each year after 1 July 2011).	$1.00 per Unit at Fund termination (effective on 30 June 2016).
New Units $0.75 (Class C)	9% until 30 June 2011 and 9% pa plus indexation thereafter (indexed in line with inflation in each year after 1 July 2011).	$0.75 per Unit at Fund termination (effective on 30 June 2016).

The Underwritten Distributions will be achieved by deferring the interest on the Working Capital Facility or by deferring any of the fees payable to the Group 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 at the expiration of the Fund term or on a winding up of the Fund.

The Underwritten Capital Return will apply to all ADIFII units on issue as at 1 July 2013 (Class A) or on or after 1 July 2016 (Class B and C). At the time the Group will make an offer to acquire each Class A unit for $1.00, or ensure that each holder of Class B units receives back their $1.00 initial capital and each holder of Class C units receives back their $0.75 initial capital. The Underwritten Capital returns can be satisfied at the Group’s discretion (Class A) through either a payment in cash or by the Group issuing stapled securities in APG to an equivalent value based on the 10 day volume weighted average price of APG’s stapled securities over the period ending on 30 June 2013 or prior to issuing stapled securities as applicable.

After 30 June 2016 the Group will, if required, set off all or part of the principal of the second secured Working Capital Facility loan provided to ADIFII in satisfaction of the Group’s obligations in respect of the Underwritten Capital Return in respect of the Class B and Class C units.

The fair value of these guarantees at 31 December 2010 has been determined. A liability of $4 million as at 31 December 2010 (30 June 2010: $4 million) has been recognised and is included in the non-current derivatives at fair value. The second secured loan through which the capital yield guarantees operate, is designated as fair value through profit and loss and is carried its fair value of $48 million included in note 8(b).

APG has a series of Funds for which it acts as responsible entity and Manager. Typically, APG provides working capital loans to these Funds to finance seed capital and seeks to make them self-funding through a combination of bank debt and equity. From time to time, APG provides additional funding to these Funds, via these working capital loans, which are used by the Funds for working capital purposes or asset purchases. Certain of these funds are presently in the process of refinancing current banking facilities and there may be consequential working capital loans provided to the Funds for which APG would obtain security.

Certain of the working capital loans have a right of redraw for amounts previously repaid, which at 31 December 2010, totalled $8.3 million (2010: $24 million).

The Group has contracted to buy properties located in Sydney and North Sydney which will settle in the six months ending 30 June 2011. The gross value of these projects is $113 million and this amount excludes bank debt or other external funding available to settle the transactions.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010

15. EVENTS AFTER BALANCE SHEET DATE

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 2010 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
Sydney, 17 February 2011

Frank Wolf
Managing Director

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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 consolidated statement of financial position as at 31 December 2010, the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, 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 of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 2010 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.

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Conclusion

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

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young

K. Zdrilic
Partner
Sydney
17 February 2011