
ANNUAL FINANCIAL REPORT**30 June 2010****Directory****Responsible Entity:**

Abacus Storage Funds Management Limited
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SYDNEY NSW 2000
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Website: www.abacusproperty.com.au

**Directors of Responsible Entity and
Abacus Storage Operations Limited**

John Thame, Chairman
Frank Wolf, Managing Director
David Bastian
Dennis Bluth
Malcolm Irving
Len Lloyd

Company Secretary:

Ellis Varejes

Custodian:

Perpetual Trustee Company Limited
Level 12 Angel Place
123 Pitt Street
SYDNEY NSW 2000

Auditor:

Ernst & Young
Ernst & Young Centre
680 George Street
SYDNEY NSW 2000

Compliance Plan Auditor:

Ernst & Young
Ernst & Young Centre
680 George Street
SYDNEY NSW 2000

Share Registry:

Registries Limited
Level 7, 207 Kent Street
Sydney, NSW 2000
Tel: (02) 9290 9600
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It is recommended that this Annual Financial Report be read in conjunction with the Annual Financial Report of Abacus Storage Property Trust for the year ended 30 June 2010. It is also recommended that the report be considered together with any public announcements made by the Abacus Storage Fund in accordance with its continuous disclosure obligations arising under the Corporations Act 2001.

DIRECTORS' REPORT**30 JUNE 2010**

The Directors present their report of the Fund together with the consolidated financial report and the auditor's report thereon.

Abacus Storage Operations Limited ("ASOL" or the "Company") has been identified as the parent entity of the group referred to as the Abacus Storage Fund ("ASF" or the "Fund"). The consolidated financial reports of ASF comprise the consolidated financial reports of ASOL and its controlled entities and Abacus Storage Property Trust and its controlled entities ("ASPT") for the year ended 2010.

DIRECTORS

The Directors of ASF 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
David Bastian	Non-executive Director
Dennis Bluth	Non-executive Director
Malcolm Irving	Non-executive Director
Len Lloyd	Executive Director

PRINCIPAL ACTIVITIES

The principal activity of the Fund and Trust during the period ended 30 June 2010 was the ownership and operation of self-storage facilities in Australia and New Zealand.

FUND STRUCTURE

The Fund represents the consolidation of ASOL and its subsidiaries and ASPT and its subsidiaries. Units in ASPT and shares in ASOL have been stapled together so that neither can be dealt without the other. An ASF security consists of one unit in ASPT and one share in ASOL. A transfer, issue or reorganisation of a unit or share in any of the component parts is accompanied by a transfer, issue or reorganisation of a unit or share in the other component parts.

ASOL is a company incorporated and domiciled in Australia. ASPT is an Australian registered managed investment scheme. Abacus Storage Funds Management Limited ("ASFML"), the Responsible Entity of ASPT, is incorporated and domiciled in Australia and is a wholly owned subsidiary of Abacus Group Holdings Limited ("AGHL") which is the parent of the Abacus Property Group ("Abacus" or "APG").

The registered office and principal place of business of AGHL and ASFML is located at Level 34, Australia Square, 264-278 George Street, Sydney, NSW 2000.

REVIEW OF OPERATIONS

The Fund incurred a net profit attributable to unitholders of \$10.8 million for the year ended 30 June 2010 (2009: \$8.2 million loss). This profit has been calculated in accordance with Australian Accounting Standards and includes a fair value gain on investments of \$3.6m (2009: \$3.9m loss) and fair value gain on derivatives of \$1.9m (2009: \$8.8m loss).

DIRECTORS' REPORT**30 JUNE 2010****REVIEW AND RESULTS OF OPERATIONS (continued)**

	2010	2009
Total Assets (\$ '000)	325,724	321,844
Gearing (%) *	56.16%	54.50%
Net Assets (\$ '000)	103,653	100,628
Net Tangible Assets (\$ '000)	103,653	94,050
Net Asset Value per security (\$)	1.19	1.17
Securities on issue ('000)	87,172	81,944
Weighted average securities on issue ('000)	85,386	78,691

* Abacus working capital loan is excluded in calculating net debt gearing ratios.

INDIRECT COST RATIO

The Indirect Cost Ratio (ICR) is the ratio of the Fund's management costs over the Fund's average net assets attributed for the year, expressed as a percentage. Management costs including management fees, custody fees and other expenses or reimbursements deducted in relation to the Fund, but do not include transactional or operational costs.

The ICR for the Fund for the year ended 30 June 2010 was 1.30% (2009: 1.30%) .

REVIEW OF FINANCIAL CONDITION

At 30 June 2010, existing bank loan facilities totalled approximately \$126.7 million in Australian dollar denominated loans, of which \$122.6 million was drawn, and NZ\$76.1 million (A\$61.9 million) in New Zealand dollar denominated loans, which facilities are fully drawn. The Fund manages interest rate exposure on debt facilities through the use of fixed rate loans and interest rate swap contracts. At 30 June 2010, approximately \$154.4 million or 83.7% of total debt facilities were covered by either a fixed rate loan or interest rate swap arrangements at an average effective interest rate (including bank margin) of 7.4% with an average term to maturity of 0.8 years.

In July 2009 the Fund acquired the remaining 14.32% of U-Stow-It Holdings Limited.

The Fund's net debt gearing ratio (calculated as total interest bearing liabilities less cash assets divided by total assets) excluding the Abacus working capital was 56.16% at 30 June 2010 compared to 54.4% at 30 June 2009.

DIRECTORS' REPORT**30 JUNE 2010****DISTRIBUTIONS**

The Fund distributions in respect of the year ended 30 June 2010 were \$7.5 million (June 2009: \$6.7 million), which is equivalent to 8.75 cents per stapled security (June 2009: 8.50 cents) which included a fully franked dividend of 2.1875 cents. This distribution includes 2.1875 cents (\$1.9 million) that was paid on 6 August 2010. Further details on the distributions are set out in note 7 of the financial statements.

STAPLED SECURITIES ON ISSUE

During the year 5.23 million stapled securities were issued and at 30 June 2010 there were 87.17 million stapled securities on issue (2009: 81.94 million). The number of units issued during the year are disclosed in note 16.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Net assets and total equity increased from \$100.6 million to \$103.7 million reflecting favourable fair value movements in the Fund's swap book and property revaluations during the year ended 30 June 2010.

On 31 July 2009, ASF acquired the remaining 14.32% of the issued shares in U Stow It Holdings Limited ("USI") for a total consideration of \$6.0 million.

SIGNIFICANT EVENTS AFTER BALANCE DATE

On 13 August 2010 the Fund re-financed \$188.6m of bank loans into a new \$190.0m, 3 year club facility with three Australian banks, which expires in 2013.

On 10 August 2010 the Fund sold a commercial property in Hume for \$3.4m.

On 4 September 2010, a natural disaster affected the New Zealand south island. The Fund has two self-storage facilities in the Christchurch area. As at the date of this financial report, the financial impact was deemed to be immaterial.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

In the opinion of the Directors, disclosure of any further information on future developments and results than is already disclosed in this report or the financial statements would be unreasonably prejudicial to the interests of the Fund.

DIRECTORS' REPORT**30 JUNE 2010****INFORMATION ON DIRECTORS AND OFFICERS**

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

John Thame AIBF, FCPA

Chairman

Mr Thame has over 30 years' experience in the retail financial services industry in senior management positions. His 26-year career with Advance Bank included 10 years as Managing Director until the Bank's merger with St George Bank Limited in 1997. Mr Thame was Chairman (2004 to 2008) and a director (1997 to 2008) of St George Bank Limited and St George Life Limited. He is also a director of Reckon Limited and The Village Building Co Limited (Group).

Frank Wolf PhD, BA Hons

Managing Director

Dr Wolf has over 20 years' experience in the property and financial services industries, including involvement in retail, commercial, industrial and hospitality-related assets in Australia, New Zealand and the United States. Dr Wolf has been instrumental in over \$2 billion worth of property related transactions, corporate acquisitions and divestments and has financed specialist property-based assets in retirement and hospitality sectors. Dr Wolf is the Chairman of FSP Group Pty Limited and a Director of Kingston Capital Limited (financial planning groups). He is also a director of HGL Limited, a diversified publicly listed investment company.

David Bastian CPA

Non-executive Director

Mr Bastian is a Non-Executive Director and has almost 40 years' experience in the financial services industry. He was the Managing Director of the Group until September 2006, Managing Director of the Canberra Building Society for 20 years and an Executive Director of Godfrey Pembroke Financial Services Pty Limited for 7 years.

Malcolm Irving AM FCPA, SF Fin, BCom, Hon DLitt

Non-executive Director

Mr Irving is a Non-Executive Director and has many years' experience in company management, including 12 years as Managing Director of CIBC Australia Limited. He was Chairman of Keycorp Limited (2001 to 2007) and Caltex Australia Limited and a director of Thales Australia Limited (2000 to 2010) and Telstra Corporation Limited. He is also a director of O'Connell Street Associates Pty Ltd.

Dennis Bluth LLM, LLB, BA, FAPI

Non-executive Director

Mr Bluth is a Non-Executive Director and has practised as a solicitor for over 25 years, principally in the area of property law. Mr Bluth is a partner of HWL Ebsworth, Lawyers and is a member of a number of Law Society and Law Council Committees. He is also a member of the Australian Valuation & Professional Standards Board and part-time Judicial Member of the Administrative Decisions Tribunal, Retail Leases Division.

Len Lloyd FAPI, WDA

Director

Mr Lloyd is a licensed Real Estate Agent and a registered Real Estate Valuer. He has 40 years experience in the development, management and funding of commercial, retail and residential property. Mr Lloyd joined the Abacus Group in October 2000 and now holds the position of Managing Director of Abacus Property Services Pty Limited responsible for property administration and development opportunities in the Abacus portfolio. In previous positions Mr Lloyd held responsibility for the property portfolios of the Advance Bank and St George Bank and provided valuation and lending advice while with the Commonwealth Development Bank for 21 years.

Ellis Varejes BCom, LLB

Company Secretary

Mr Varejes has been the Company Secretary since September 2006. He has over 25 years' experience as a corporate lawyer in private practice.

DIRECTORS' REPORT**30 JUNE 2010****Directors' Benefits**

Since the end of the previous financial year, no director has received or become entitled to receive a benefit, other than any benefit disclosed in the financial statements as compensation or the fixed salary of key management personnel of the Fund or a related entity by reason of a contract made by the Fund or a related body corporate with the director or a with a firm of which he is a member, or with an entity in which he has a substantial financial interest.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Fund's environmental responsibilities, such as waste removal and water treatment, have been managed in compliance with all applicable regulations and license requirements and in accordance with industry standards. No breaches of requirements or any environmental issues have been discovered and brought to the Board's attention. There have been no known significant breaches of any environmental requirements applicable to the Fund.

Indemnification and Insurance of Directors and Officers

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

AUDITORS INDEPENDENCE DECLARATION

We have obtained an independence declaration from our auditor, Ernst & Young, and such declaration is shown on page 7.

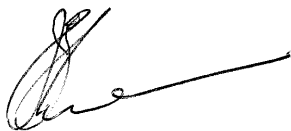
NON-AUDIT SERVICES

No non-audit services were provided by the Fund's auditor, Ernst & Young.

ROUNDING

The amounts contained in this report and in the financial report have been rounded under the option to the Scheme under ASIC Class Order 98/0100. The Scheme is an entity to which the Class Order applies, and in accordance with the Class Order, amounts in the Directors Report and the financial report have been rounded to the nearest thousand dollars (where rounding is appropriate).

Signed in accordance with a resolution of the directors.



John Thame
Chairman

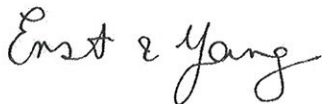


Frank Wolf
Managing Director

Sydney, 16 September 2010

Auditor's Independence Declaration to the Directors of Abacus Storage Operations Limited

In relation to our audit of the financial report of Abacus Storage Operations Limited for the financial year ended 30 June 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.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script that appears to read 'K. Zdrilic'.

K. Zdrilic
Partner
16 September 2010

ABACUS STORAGE FUND

CONSOLIDATED INCOME STATEMENT

YEAR ENDED 30 JUNE 2010

		CONSOLIDATED	
	Notes	2010 \$'000	2009 \$'000
REVENUE			
Rental income		35,498	28,742
Finance income		54	76
Merchandising income		2,974	2,661
Total Revenue and Other Income		38,526	31,479
Operating expenses		(6,915)	(5,866)
Management and supervision fees		(5,090)	(4,158)
Responsible entity fees		(1,372)	(1,196)
License and retainer fees		(1,432)	(1,128)
Depreciation expense		(332)	(366)
Net change in fair value of investments held at balance date		3,628	(3,939)
Net change in fair value of derivatives		1,936	(8,752)
Finance costs	5	(15,488)	(12,530)
Other expenses		(422)	(656)
PROFIT/(LOSS) BEFORE TAX		13,039	(7,112)
Income tax benefit / (expense)	6	(2,219)	(1,120)
PROFIT/(LOSS) AFTER TAX		10,820	(8,232)
less: net (profit) / loss attributable to non-controlling interests			
ASPT		(7,576)	10,870
External		-	(420)
NET PROFIT / (LOSS) ATTRIBUTABLE TO MEMBERS OF ASOL		3,244	2,218
Net profit / (loss) attributable to securityholders of the Fund analysed by amounts attributable to:			
ASOL equityholders		3,244	2,218
ASPT unitholders		7,576	(10,870)
External		-	420
NET PROFIT / (LOSS) AFTER TAX ATTRIBUTABLE TO MEMBERS OF THE FUND		10,820	(8,232)

ABACUS STORAGE FUND

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 30 JUNE 2010

	Notes	CONSOLIDATED	
		2010 \$'000	2009 \$'000
NET PROFIT / (LOSS) AFTER TAX		10,820	(8,232)
OTHER COMPREHENSIVE INCOME			
Foreign exchange translation adjustments, net of tax		84	294
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR		10,904	(7,938)
Total comprehensive income/ (loss) attributable to members of the Fund:			
Equity holders of the parent entity		3,166	2,198
Equity holders of other stapled entities			
Non-controlling interest Abacus Storage Property Trust		7,738	(10,556)
Stapled security holders		10,904	(8,358)
Net profit attributable to external non-controlling interests		-	420
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR		10,904	(7,938)

ABACUS STORAGE FUND**CONSOLIDATED STATEMENT OF DISTRIBUTION**

YEAR ENDED 30 JUNE 2010

		CONSOLIDATED	
		2010	2009
	Notes	\$'000	\$'000
STATEMENT OF DISTRIBUTION			
Net profit/(loss) attributable to stapled security holders		10,820	(8,232)
Transfer from / (to) retained earnings		(3,316)	14,955
Distributions paid and payable	7	7,504	6,723
Distribution per stapled security (cents)		8.75	8.50
Weighted average number of securities ('000)		85,386	78,691

ABACUS STORAGE FUND

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2010

		CONSOLIDATED	
			Restated*
	Notes	2010 \$'000	2009 \$'000
CURRENT ASSETS			
Cash and cash equivalents	8	3,414	3,014
Trade and other receivables	9	778	793
Income tax receivable		316	-
Investment property held for sale	11	3,300	2,400
Prepayments and other assets		1,199	1,602
TOTAL CURRENT ASSETS		9,007	7,809
NON-CURRENT ASSETS			
Investment properties	11	315,764	311,863
Property, plant and equipment	12	830	956
Deferred tax assets	6c	123	987
Goodwill	10	-	229
TOTAL NON-CURRENT ASSETS		316,717	314,035
TOTAL ASSETS		325,724	321,844
CURRENT LIABILITIES			
Trade and other payables	13	3,723	4,281
Interest-bearing loans and borrowings	14	134,512	8,895
Derivatives at fair value		824	-
Income tax payable		-	242
Distribution payable	7b	1,907	1,793
TOTAL CURRENT LIABILITIES		140,966	15,211
NON-CURRENT LIABILITIES			
Interest bearing loans and borrowings	14	77,684	201,030
Derivatives at fair value		1,319	4,097
Deferred tax liabilities	6c	2,102	878
TOTAL NON-CURRENT LIABILITIES		81,105	206,005
TOTAL LIABILITIES		222,071	221,216
NET ASSETS		103,653	100,628
TOTAL EQUITY		103,653	100,628

* ASF has finalised the acquisition accounting of U-Stow-It Holdings Limited causing a restatement of consolidated goodwill and consolidated deferred tax liabilities. These changes did not impact the opening statement of financial position of the comparative period.

ABACUS STORAGE FUND

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2010

		CONSOLIDATED	
		2010	2009
	Notes	\$'000	\$'000
EQUITY			
Contributed equity	16	82,860	77,187
Reserves		(1,989)	(2,073)
Retained earnings / (accumulated losses)		22,782	19,466
Total stapled security holders' interest in equity		103,653	94,580
Total external non-controlling interest		-	6,048
TOTAL EQUITY		103,653	100,628
		CONSOLIDATED	
		2010	2009
		\$'000	\$'000
Total equity attributable to members of ASOL:			
Contributed equity		8,244	8,136
Foreign currency translation reserve		244	322
Retained earnings / (accumulated losses)		840	(494)
Total equity attributable to members of ASOL		9,328	7,964
Total equity attributable to unitholders of ASPT:			
Contributed equity		74,616	69,051
Foreign currency translation reserve		(2,233)	(2,395)
Retained earnings		21,942	19,960
Total equity attributable to unitholders of ASPT		94,325	86,616
Equity attributable to external non-controlling interest:			
Contributed equity		-	5,628
Retained earnings		-	420
Equity attributable to external non-controlling interest		-	6,048
TOTAL EQUITY		103,653	100,628

ABACUS STORAGE FUND

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 30 JUNE 2010

	Attributable to the stapled security holder		External	
	Foreign		Non-	
	Issued	currency	Retained	Total
	capital	translation	earnings	Equity
CONSOLIDATED	\$'000	\$'000	\$'000	\$'000
At 1 July 2009	77,187	(2,073)	19,466	100,628
Other comprehensive income	-	84	-	84
Net profit for the year	-	-	10,820	10,820
Total comprehensive income for the period	-	84	10,820	10,904
Securities issued	6,058	-	-	6,058
Distribution reinvestment plan	90	-	-	90
Issue costs	(151)	-	-	(151)
Distribution to security holders	-	-	(7,504)	(7,504)
Acquisition of non controlling interest	(324)	-	-	(6,372)
At 30 June 2010	82,860	(1,989)	22,782	103,653

	Attributable to the stapled security holder		External	
	Foreign		Non-	
	Issued	currency	Retained	Total
	capital	translation	earnings	Equity
CONSOLIDATED	\$'000	\$'000	\$'000	\$'000
At 1 July 2008	71,581	(2,367)	34,924	104,138
Other comprehensive income	-	294	-	294
Net loss for the year	-	-	(8,652)	(8,232)
Total comprehensive income / expense for the period	-	294	(8,652)	(7,938)
Securities issued	5,772	-	-	5,772
Distribution reinvestment plan	32	-	-	32
Issue costs	(198)	-	-	(198)
Distribution to security holders	-	-	(6,806)	(6,806)
Acquisition of interest in Abacus Storage Solutions Limited	-	-	-	5,628
At 30 June 2009	77,187	(2,073)	19,466	100,628

ABACUS STORAGE FUND

CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 30 JUNE 2010

		CONSOLIDATED	
		2010	2009
	Notes	\$'000	\$'000
CASHFLOWS FROM OPERATING ACTIVITIES			
Income receipts		38,407	31,256
Interest received		54	76
Borrowing costs paid		(14,505)	(11,928)
Operating payments		(16,828)	(12,434)
NET CASH FLOWS FROM OPERATING ACTIVITIES	8	7,128	6,970
CASHFLOWS FROM INVESTING ACTIVITIES			
Purchase of U-Stow-It Holdings Limited	17	(6,048)	(39,587)
Purchase of self storage properties		-	(44,983)
Proceeds on sale of investment property		2,400	-
Payment for capital expenditure		(2,757)	(2,095)
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		(6,405)	(86,665)
CASHFLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of stapled securities		6,058	5,772
Payments of issue costs		(151)	(198)
Proceeds from borrowings		11,714	81,481
Repayment of borrowings		(10,648)	-
Distributions paid		(7,300)	(6,575)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		(327)	80,480
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		396	785
Net foreign exchange differences		4	17
Cash and cash equivalents at beginning of year		3,014	2,212
CASH AND CASH EQUIVALENTS AT END OF YEAR	8	3,414	3,014

NOTES TO THE FINANCIAL STATEMENTS**30 June 2010****1. CORPORATE INFORMATION**

ASF is comprised of ASOL and its subsidiaries and ASPT and its subsidiaries

Shares in ASOL and units in ASPT have been stapled together so that neither can be dealt without the other. An ASF security consists of one share in ASOL and one unit in ASPT. A transfer, issue or reorganisation of a unit or share in either of the component parts is accompanied by a transfer, issue or reorganisation of a unit or share in the other component parts.

The financial report of the Fund for the year ended 30 June 2010 was authorised for issue in accordance with a resolution of the directors on 16 September 2010.

The nature of the operations and principal activities of the ASF are described in the Directors' Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**(a) Basis of Preparation**

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards. The financial report has also been prepared on a historical cost basis, except for investment properties and derivative financial instruments which have been measured at fair value.

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 Fund under ASIC Class Order 98/100. The Fund is an entity to which the class order applies.

Net asset deficiency/Net current liability

At 30 June 2010, ASF has a net current asset deficiency of \$132.0m (2009: deficiency of \$7.4m). This is due to \$133.8m of the Fund's bank debt and a \$0.8m derivative being classified as current. Excluding these, the Fund has positive net current assets of \$3.4m.

On 13 August 2010 the Fund re-financed \$188.6m of bank loans into a new \$190.0m, 3 year club facility with three Australian banks, which expires in 2013.

(b) Statement of Compliance

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS), as issued by the IASB.

NOTES TO THE FINANCIAL STATEMENTS**30 June 2010****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(c) New accounting standards and interpretations***(i) Changes in accounting policy and disclosures.*

The accounting policies adopted are consistent with those of the previous financial year and the Fund has adopted the new and amended Australian Accounting Standards and AASB Interpretations as of 1 January 2009.

When the adoption of the Standard or Interpretation is deemed to have an impact on the financial statements or performance of the Fund, its impact is described below:

AASB 127 Consolidated and Separate Financial Statements (revised 2008)

AASB 127 (revised 2008) requires that a change in the ownership interest of a subsidiary (without a change in control) is to be accounted for as a transaction with owners in their capacity as owners. Therefore such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss in the statement of comprehensive income. Furthermore the revised Standard changes the accounting for losses incurred by a partially owned subsidiary as well as the loss of control of a subsidiary. The changes in AASB 3 (revised 2008) and AASB 127 (revised 2008) will affect future acquisitions, changes in, and loss of control of, subsidiaries and transactions with non-controlling interests.

AASB 7 Financial Instruments: Disclosures

The amended Standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to all financial instruments recognised and measured at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class. In addition, a reconciliation between the beginning and ending balance for level 3 fair value measurements is now required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in note 15 (v). The liquidity risk disclosures are not significantly impacted by the amendments and are presented in note 15 (ii).

AASB 101 Presentation of Financial Statements

The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity and included in the new statement of comprehensive income. The statement of comprehensive income presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Fund has elected to present two linked statements.

The change in accounting policies above were applied prospectively and had no material impact on earnings per security.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2010
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Accounting Standards and Interpretations issued but not yet effective.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Fund for the annual reporting period ended 30 June 2010. These are outlined in the table below.

Reference	Summary	Application date of standard*	Impact on Fund financial report	Application date for Fund*
AASB 2009-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project	The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting except for the following: The amendment to AASB 117 removes the specific guidance on classifying land as a lease so that only the general guidance remains. Assessing land leases based on the general criteria may result in more land leases being classified as finance leases and if so, the type of asset which is to be recorded (intangible vs property, plant & equipment) needs to be determined. The amendment to AASB 101 stipulates that the terms of a liability that could result, at anytime, in its settlement by the issuance of equity instruments at the option of the counterparty do not affect its classification. The amendment to AASB 107 explicitly states that only expenditure that results in a recognised asset can be classified as a cash flow from investing activities. The amendment to AASB 118 provides additional guidance to determine whether an entity is acting as a principal or as an agent. The features indicating an entity is acting as a principal are whether the entity: - has primary responsibility for providing the goods or service; - has inventory risk - has discretion in establishing prices - bears the credit risk The amendment to AASB 136 clarifies that the largest unit permitted for allocating goodwill acquired in a business combination is the operating segment, as defined in IFRS 8 before aggregation for reporting purposes. <i>(continued over page)</i>	1 January 2013	The Fund will be required to review and revise presentation, recognition or measurement where required for the Accounting Standards noted, particularly, AASB 117 - Leases and AASB 107, - Cash Flow.	1 July 2010

NOTES TO THE FINANCIAL STATEMENTS
30 June 2010
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reference	Summary	Application date of standard*	Impact on Fund financial report	Application date for Fund*
	The main change to AASB139 clarifies that a prepayment option is considered closely related to the host contract when the exercise price of a prepayment option reimburses the lender up to the approximate present value of lost interest for the remaining term of the host contract. The other changes clarify the scope exemption for business combination contracts and provide clarification in relation to accounting for cash flow hedges.			
AASB 9 Financial Instruments	AASB 9 includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement). These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes from AASB 139 are described below: (a) Financial assets are classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. This replaces the numerous categories of financial assets in AASB 139, each of which had its own classification criteria. (b) AASB 9 allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. (c) Financial assets can be deregistered and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. <i>(continued over page)</i>	1 January 2013	The Fund will review the classification of its financial assets in line with the standard, such as secured and related party loans and options.	1 July 2013

NOTES TO THE FINANCIAL STATEMENTS
30 June 2010
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reference	Summary	Application date of standard*	Impact on Fund financial report	Application date for Fund*
AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9	The revised Standards introduces a number of changes to the accounting for financial assets, the most significant of which includes: - two categories for financial assets being amortised cost or fair value - removal of the requirement to separate embedded derivatives in financial assets - strict requirements to determine which financial assets can be classified as amortised cost or fair value, Financial assets can only be classified as amortised cost if (a) the contractual cash flows from the instrument represent principal and interest and (b) the entity's purpose for holding the instrument is to collect the contractual cash flows. - an option for investments in equity instruments which are not held for trading to recognise fair value changes through other comprehensive income with no impairment testing and no recycling through profit or loss on derecognition. - reclassifications between amortised cost and fair value no longer permitted unless the entity's business model for holding the asset changes. - changes to the accounting and additional disclosures for equity instruments classified as fair value through other comprehensive income.	1 January 2013	The Fund will be required to assess if the current classification of its financial assets is in line with the revised standard, such as secured and related party loans and options.	1 July 2013
AASB 124 Related Party Disclosures	The revised AASB 124 simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition, including: (a) the definition now identifies a subsidiary and an associate with the same investor as related parties of each other; (b) entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other; and (c) the definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other. <i>(continued over page)</i>	1 January 2011	The revision will not have a significant impact on the Fund's financial statements. The Fund will review the definitions to clarify the disclosure requirements.	1 July 2011

NOTES TO THE FINANCIAL STATEMENTS
30 June 2010
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reference	Summary	Application date of standard*	Impact on Fund financial report	Application date for Fund*
	A partial exemption is also provided from the disclosure requirements for government-related entities. Entities that are related by virtue of being controlled by the same government can provide reduced related party disclosures.			
AASB 2010-3	Limits the scope of the measurement choices of non-controlling interest at proportionate share of net assets in the event of liquidation. Other components of NCI are measured at fair value. Requires an entity (in a business combination) to account for the replacement of the acquiree's share-based payment transactions (whether obliged or voluntarily), i.e., split between consideration and post combination expenses. Clarifies that contingent consideration from a business combination that occurred before the effective date of AASB3 Revised is not restated.	1 July 2010	The revision will not have a significant impact on the Fund's financial statements. The Fund will review the revision to clarify the disclosure requirements.	1 July 2010
AASB 2010-4	Emphasises the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of risks associated with financial instruments. Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. Provides guidance to illustrate how to apply disclosure principles in AASB 134 for significant events and transactions.	1 January 2011	The revision will not have a significant impact on the Fund's financial statements. The Fund will review the revision to clarify the disclosure requirements.	1 July 2011
AASB 2009-12	The amendment makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations. The amendment to AASB 124 clarifies and simplifies the definition of a related party.	1 January 2011	The revision will not have a significant impact on the Fund's financial statements. The Fund will review the revision to clarify the disclosure requirements.	1 July 2011

NOTES TO THE FINANCIAL STATEMENTS**30 June 2010****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(d) Basis of consolidation**

The consolidated financial statements comprise the financial statements of ASOL and its subsidiaries and ASPT and its subsidiaries.

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

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

The acquisition of subsidiaries is accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition.

Non-controlling interests not held by the Fund are allocated their share of net profit after tax in the income statement and are presented within equity in the consolidated balance sheet, separately from parent, shareholders' equity.

A change in ownership interest of a subsidiary (without a change in control) is to be accounted for as a transaction with owners in their capacity as owners. The difference between the consideration paid and proportionate increase in the parents interest in the carrying values of the subsidiary's net assets is recorded in equity.

(e) Foreign currency translation*Functional and presentation currency*

Both the functional and presentation currency of the Fund are in Australian dollars. Each entity in the Fund determines its own functional currency and items are included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign operation. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss. On disposal of a foreign operation, the cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss. Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(e) Foreign currency translation (continued)**

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

At reporting date the assets and liabilities of these entities are translated into the presentation currency of the Fund at the rate of exchange prevailing at balance date and the financial performance is translated at the average exchange rate prevailing during the reporting period. The exchange differences arising on translation are taken directly to the foreign currency translation reserve in equity.

(f) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Rental income

Rental income from investment properties is accounted for on a straight-line basis over the lease term. Contingent rental income is recognised as income in the periods in which it is earned. Lease incentives granted are recognised as an integral part of the total rental income.

Rendering of services

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

Finance Income

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

Net change in fair value of investments derecognised during the year

The sale of investment properties is recognised on settlement when the significant risks and rewards of the ownership of the properties have been transferred to the buyer. Risks and rewards are generally considered to have passed to the buyer at the time of settlement of the sale.

Net change in fair value of investments held at balance date

Change in net market value of investments is recognised as revenue or expense in determining the net profit for the period. Refer note 2(n) for detailed commentary on investment properties.

(g) Expenses

Expenses including rates, taxes and other outgoings, are brought to account on an accrual basis and any related payables are carried at cost.

NOTES TO THE FINANCIAL STATEMENTS**30 June 2010****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(h) Finance costs**

Finance costs are recognised as an expense when incurred unless they relate to a qualifying asset or to upfront establishment and arrangement costs, which are deferred and amortised as an expense over the life of the facility or five years whichever is shorter. A qualifying asset is an asset that generally takes more than 12 months to get ready for its intended use or sale. In these circumstances, the financing costs are capitalised into the cost of the asset. Where funds are borrowed by the Fund for the acquisition or construction of a qualifying asset, the amount of the finance costs capitalised are those incurred in relation to the borrowing.

(i) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.

For the purposes of the Consolidated Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

(j) Trade and other receivables

Trade receivables, which generally have 30-day terms, are recognised at amortised cost, which in the case of the Fund, is the original invoice amount less an allowance for any uncollectible amounts.

Collectability of trade receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that collection of the full amount is no longer probable. Bad debts are written off when identified.

(k) Derivative financial instruments and hedging

The Fund uses derivative financial instruments such as interest rate swaps to hedge its risks associated with interest rate. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss for the year.

The fair values of interest rate swaps are determined by reference to market values for similar instruments.

NOTES TO THE FINANCIAL STATEMENTS**30 June 2010****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(l) Investments and other financial assets (continued)***Recognition and derecognition*

Purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised on the trade date i.e. the date that the Fund commits to purchase the assets. Financial assets are derecognised when the right to receive cash flows from the financial assets have expired or been transferred.

Financial assets at fair value through profit or loss

For investments where there is no quoted market or unit price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

After initial recognition, investments, which are classified as held for trading, are measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term with the intention of making a profit. Gains or losses on investments held for trading are recognised in the income statement.

Loans and receivables

Loans and receivables including loan notes and loans to key management personnel are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Subsidiaries

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

(m) Property, plant and equipment

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

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

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

Buildings – 40 years

Plant and equipment – over 5 to 15 years

Revaluations of land and buildings

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

NOTES TO THE FINANCIAL STATEMENTS**30 June 2010****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(m) Property, plant and equipment (continued)**

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

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amounts of the assets and depreciation based on the assets' original costs.

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

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

Disposal

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

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

(n) Investment properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing parts of an existing investment property at the time that the cost is incurred if the recognition criteria are met, and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of development with a view to sale.

For a transfer from investment property to inventories, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. For a transfer from inventories to investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in profit or loss. When the Fund completes the construction or development of a "self-constructed investment property", any difference between the fair value of the property at that date and its previous carrying amount is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(n) Investment properties (continued)**

Land and buildings are considered to have the function of an investment and are therefore regarded as a composite asset, the overall value of which is influenced by many factors, the most prominent being income yield, rather than diminution in value of the building content due to the passing of time. Accordingly, the buildings and all components thereof, including integral plant and equipment, are not depreciated.

The directors obtain independent valuations on investment properties annually to ensure that the carrying amount does not differ materially from the assets' fair value. The cycle of this review is staggered such that the investment properties are independently revalued in either the June or the December reporting cycles. In determining fair value, the capitalisation of net income method and the discounting of future cashflows to their present value have been used.

Lease incentives provided by the Fund to lessees, and rental guarantees which may be received by the Fund from third parties (arising from the acquisition of investment properties) are included in the measurement of fair value of investment property and are treated as separate assets. Such assets are amortised over the respective periods to which the lease incentives and rental guarantees apply, either using a straight-line basis, or a basis, which is more representative of the pattern of benefits.

Under AASB 140, investment properties, including any plant and equipment, are not subject to depreciation. However, depreciation allowances in respect of certain buildings, plant and equipment are currently available to investors for taxation purposes.

Gains and losses arising from changes in the fair value of investment properties are included in the income statement in the year in which they arise. Any gains or losses on the sale of investment properties are recognised in the income statement in the year of sale.

(o) Trade and other payables

Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Fund prior to the end of the financial year that are unpaid and arise when the Fund becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(p) Distributions and dividends

All distributions to ASF stapled security holders were paid by ASPT.

The Fund generally distributes its distributable assessable income to its unitholders. Such distributions are determined by reference to the taxable income of the Fund. Distributable income may include capital gains arising from the disposal of investments and tax-deferred income. Unrealised gains and losses on investments that are recognised as income are usually retained and are generally not assessable or distributable until realised. Capital losses are not distributed to unitholders but are retained to be offset against any future realised capital gains.

A liability for dividend or distribution is recognised in the Balance Sheet if the dividend or distribution has been declared, determined or publicly recommended prior to balance date.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(q) Leases**

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Fund as a lessor

Leases in which the Fund retains substantially all the risks and benefits of ownership of the lease assets are classified as operating leases. Initial direct cost incurred in negotiating an operating lease and added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as rental income.

(r) Goodwill

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

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

- Represents the lowest level within the Fund at which the goodwill is monitored for internal management purposes; and
- Is not larger than a segment based on either the Fund's primary or the Fund's secondary reporting format determined in accordance with AASB 8 Segment Reporting.

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

Impairment losses recognised for goodwill are not subsequently reversed.

(s) Contributed equity

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

NOTES TO THE FINANCIAL STATEMENTS**30 June 2010****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(t) Interest-bearing loans and borrowings**

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of transaction costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid in the establishment of loan facilities that are yield related are included as part of the carrying amount of loans and borrowings.

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

Borrowing Costs

Borrowing costs are recognised as an expense when incurred unless they relate to a qualifying asset or to upfront borrowing establishment and arrangement costs, which are deferred and amortised as an expense over the life of the facility or five years whichever is shorter. A qualifying asset is an asset that generally takes more than 12 months to get ready for its intended use or sale. In these circumstances, the financing costs are capitalised into the cost of the asset. Where funds are borrowed by the Fund for the acquisition or construction of a qualifying asset, the amount of the borrowing costs capitalised are those incurred in relation to the borrowing.

(u) Taxation

The Fund comprises taxable and non-taxable entities. A liability for current and deferred tax and tax expense is only recognised in respect of taxable entities that are subject to income tax and potential capital gains tax as detailed below.

Trust income tax

Under current Australian income tax legislation, the Trust is not liable to Australian income tax provided security holders are presently entitled to the taxable income of the Trust and the Trust generally distributes its taxable income.

Company income tax

ASOL and its Australian resident wholly-owned subsidiaries have formed a Tax Consolidation Group.

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(u) Taxation (continued)***Deferred tax assets and liabilities*

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

- when the deferred tax income asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination
- when the deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(u) Taxation (continued)***New Zealand*

Fund operating in New Zealand (NZ) is treated as a company for NZ income tax purposes and is taxed at the corporate tax rate of 30%. NZ income tax paid by the Fund can be claimed as foreign tax credits to offset against foreign income and distributable to security holders. NZ tax losses are carried forward provided the continuity test of ownership is satisfied. Interest expense from Fund is fully deductible subject to thin capitalisation considerations. Property revaluation gains or losses are to be excluded from taxable income, with no deferred tax implications as capital gains are not taxed in NZ.

Companies in the Fund are companies incorporated in Australia. Abacus Storage (NZ) Operations Limited (ASNZOL) and Abacus Storage Solutions Limited (ASSNZL) are wholly owned subsidiaries of ASOL and are registered in NZ as overseas companies. Income derived by ASNZOL and ASSNZL is exempt from tax in Australia where the income has been taxed in NZ. This income is regarded as non-assessable non-exempt income. As such, income tax is calculated on the company's NZ taxable income and taxed at the NZ corporate tax rate of 30%.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(w) Recoverable amount of assets

At each reporting date, the Fund assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Fund makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

(x) Non-current assets held for sale

Before classification as held for sale the measurement of the assets is updated. Upon classification as held for sale, assets are recognised at the lower of carrying amount and fair value less costs to sell. Non-current assets held for sale relate to investment property and are carried at fair value

Gains and losses from revaluations on initial classification and subsequent re-measurement are recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS**30 June 2010****3. FINANCIAL RISK MANAGEMENT**

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

The Fund's financial risk management focuses on mitigating the unpredictability of the financial markets and its impact on the financial performance of the Fund. The Board reviews and agrees policies for managing each of these risks, which are summarised below.

The main purpose of the financial instruments used by the Fund is to raise finance for the Fund's operations. The Fund has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The Fund also enters into derivative transactions principally interest rate swaps. The purpose is to manage the interest rate exposure arising from the Fund's operations and its sources of finance.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in notes 2 and 4 to the financial statements.

(a) Credit Risk

Credit risk is the risk of financial loss to the Fund if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Fund's receivables from customers and interest bearing liabilities.

The Fund manages its exposure to risk by:

- derivative counterparties and cash transactions are limited to high quality financial institutions
- policy which limits the amount of credit exposure to any one financial institution;
- regularly monitoring receivables balances on an ongoing basis;

With respect to credit risk arising from the other financial assets and liabilities of the Fund, which comprise cash and cash equivalents and certain derivative instruments, the Fund's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate and diverse amount of committed credit facilities, the ability to close out market positions and the flexibility to raise funds through the issue of new stapled securities or the distribution reinvestment plan.

The Fund's policy is to maintain an available loan facility with banks sufficient to meet expected operational expenses and to finance investment acquisitions for a period of 90 days, including the servicing of financial obligations. Current loan facilities are assessed and extended for a maximum period based on the Fund's expectations of future interest and market conditions.

NOTES TO THE FINANCIAL STATEMENTS**30 June 2010****3. FINANCIAL RISK MANAGEMENT (continued)****(b) Liquidity risk (continued)**

As at 30 June 2010, the Fund had undrawn committed facilities of \$4.2 million (2009: \$7.8 million) for future property acquisitions and cash of \$3.4 million (2009: \$3.0 million), which is adequate to cover short term funding requirements.

Further information regarding the Fund's debt profile is disclosed in Note 15.

(c) Refinancing Risk

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

The Fund is exposed to refinancing risks arising from the availability of finance as well as the interest rates and credit margins at which financing is available. The Fund manages this risk by spreading maturities of borrowings and interest rate swaps and reviewing potential transactions to understand the impact on the Fund's credit worthiness.

(d) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Fund's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign currency risk

The Fund is exposed to currency risk on its investment in foreign operations denominated in a currency other than the functional currency of Fund entities. The currencies in which these transactions primarily are denominated are in AUD and NZD.

As a result the Fund's balance sheet can be affected by movements in the A\$/NZ\$ exchange rate.

The Fund borrows loan funds in New Zealand dollars to substantially match the foreign currency property asset value exposure with a corresponding foreign currency liability and therefore expects to substantially mitigate foreign currency risk on its New Zealand denominated asset values.

Interest rate risk

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

The Fund's policy is to manage its interest cost using a mix of fixed and variable rate debt. The Fund's aim is to keep between 60% and 100% of its borrowings at fixed rates of interest. To manage this mix in a cost-efficient manner, the Fund enters into interest rate swaps, in which the Fund agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At 30 June 2010, after taking into account the effect of interest rate swaps, approximately 83.7% of the Fund's borrowings are subject to fixed rate agreements (2009: 85.4%).

NOTES TO THE FINANCIAL STATEMENTS

30 June 2010

3. FINANCIAL RISK MANAGEMENT (continued)**(d) Market Risk (continued)***Fair value interest rate risk*

As the Fund holds fixed rate debt there is a risk that the economic value of a financial instrument will fluctuate because of changes in market interest rates. The level of fixed rate debt is disclosed in note 15 and it is acknowledged that this risk is a by-product of the Fund's attempt to manage its cash flow interest rate risk.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In applying the Fund's accounting policies management continually evaluates judgments, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Fund. All judgments, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgments, estimates and assumptions. Significant judgments, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

(i) Significant accounting judgments*Operating lease commitments – Fund as lessor*

The Fund has entered into commercial leases on its investment property portfolio with tenants. The Fund has determined that it retains all the significant risks and rewards of ownership of these properties and has thus classified the leases as operating leases.

Recovery of deferred tax assets

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

Impairment of non-financial assets other than goodwill

The Fund assesses impairment of all assets at each reporting date by evaluating conditions specific to the Fund and to the particular asset that may lead to impairment. If an impairment trigger exists the recoverable amount of the asset is determined. This involves value in use calculations, which incorporate a number of key estimates and assumptions.

Fair value of derivatives

The fair value of derivatives is determined using closing quoted market prices (where there is an active market) or a suitable pricing model based on discounted cash flow analysis using assumptions supported by observable market rates. Where the derivatives are not quoted in an active market their fair value has been determined using (where available) quoted market inputs and other data relevant to assessing the value of the financial instrument, including financial guarantees granted by the Fund, estimates of the probability of exercise.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2010

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Valuation of investment properties

The Fund makes judgements in respect of the fair value of investment properties (note 2(n)). The fair value of these properties are reviewed regularly by management with reference to annual external independent property valuations and market conditions existing at reporting date, using generally accepted market practices. The assumptions underlying estimated fair values are those relating to the receipt of contractual rents, expected future market rentals, maintenance requirements, capitalisation rates discount rates that reflect current market uncertainties and current and recent property investment prices. If there is any material change in these assumptions or regional, national or international economic conditions, the fair value of investment properties may differ and may need to be re-estimated.

Impairment of goodwill

The Fund determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill is allocated.

5. FINANCE COSTS

	CONSOLIDATED	
	2010	2009
	\$'000	\$'000
Finance costs		
Amortisation of finance costs	278	219
Interest on bank loans	13,086	11,186
Interest on related party loan	2,124	1,125
Total finance costs	15,488	12,530

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2010

6. INCOME TAX

	CONSOLIDATED	
	2010	2009
	\$'000	\$'000
(a) Income tax expense		
The major components of income tax expense are:		
Income Statement		
<i>Current income tax</i>		
Current income tax charge	6,722	561
Adjustments in respect of current income tax of previous years	586	-
<i>Deferred income tax</i>		
Movement in depreciable assets tax depreciation	309	152
Relating to origination and reversal of temporary differences	(5,398)	407
Income tax expense reported in the income statement	2,219	1,120
(b) Numerical reconciliation between aggregate tax expense recognised in the income statement and tax expense calculated per the statutory income tax rate		
A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:		
(Loss) / profit before income tax expense	13,039	(7,112)
Prima facie income tax (benefit) / expense calculated at 30%	3,912	(2,134)
Less prima facie income tax or loss / (profit) of the Trust	(2,242)	3,273
Prima Facie income tax of entities subject to income tax	1,670	1,139
Adjustments in respect of current income tax of previous years	586	-
Other items (net)	(37)	(19)
Income tax expense	2,219	1,120
Income tax expense reported in the consolidated income statement	2,219	1,120

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2010

6. INCOME TAX (continued)

	CONSOLIDATED	
	2010	2009
	\$'000	\$'000
(c) Recognised deferred tax assets and liabilities		
Deferred income tax at 30 June 2010 relates to the following:		
Deferred tax liabilities		
Revaluation of investment properties to fair value	1,749	702
Other	353	176
Gross deferred income tax liabilities	2,102	878
Deferred tax assets		
Provisions	16	29
Losses available for offset against future taxable income	107	958
Gross deferred income tax assets	123	987

The Fund has tax losses (tax effected at prevailing rates) arising in Australia of \$72,221 (2009: \$3,194,662) that are available indefinitely for offset against future taxable profits of the companies in which the losses arose. A further \$285,005 of losses are available to offset against future taxable profits in New Zealand.

At 30 June 2010, there is no recognised or unrecognised deferred income tax liability for taxes that would be payable on the unremitted earnings of certain of the Fund's subsidiaries as the Fund has no liability for additional taxation should such amounts be remitted.

Unrecognised temporary differences

At 30 June 2010, there are no unrecognised temporary differences associated with the Fund's investments in subsidiaries, associate or joint venture, as the Fund has no liability for additional taxation should unremitted earnings be remitted (2009: \$nil).

Tax consolidation

ASOL and its 100% owned Australian resident subsidiaries have formed a tax consolidated group. ASOL is the head entity of the tax consolidated group. The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. Members of the tax groups during the relevant periods have entered into tax sharing arrangements in order to allocate income tax expense to the head entity of the group. In addition to the agreements provide for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At 30 June 2010, the possibility of default is remote.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2010

6. INCOME TAX (continued)

Tax effect accounting by members of the tax consolidated group

The above tax funding agreement provides for the allocation of current taxes to the head entity of the tax consolidated group in accordance with the member's accounting profit or loss for the period, while deferred taxes are allocated to members of the tax consolidated group in accordance with the principles of AASB 112 Income Taxes. Taxes, if allocated under the tax funding agreement, are recognised as an increase or decrease in the entity's inter company account with the tax consolidated group head company during the relevant period.

7. DISTRIBUTIONS PAID AND PAYABLE

	CONSOLIDATED	
	2010 \$'000	2009 \$'000
(a) Distributions and dividend paid during the year		
June 2009 quarter: 2.1875 cents per stapled security (2008: 2.0625 cents)	1,793	1,589
September 2009 quarter: 2.1875 cents per stapled security (2008: 2.0625 cents)	1,813	1,589
December 2009 quarter: 2.1875 cents per stapled security (2008: 2.0625 cents)	1,878	1,589
March 2010 quarter: 2.1875 cents per stapled security (2009: 2.1875 cents)	1,906	1,752
	7,390	6,519
(b) Distributions proposed and recognised as a liability		
June 2010 quarter: 2.1875 cents per stapled security (2009: 2.1875 cents)	1,907	1,793

(c) Franking credit balance

The Fund has \$3.0m of franking credits available for the subsequent financial year.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2010

8. CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	2010	2009
	\$'000	\$'000

Reconciliation to Cash Flow Statement

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following at 30 June 2010:

Cash at bank and in hand ⁽¹⁾	3,414	3,014
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(1) cash at bank earns interest at floating rates. The carrying amounts of cash and cash equivalents represent fair value.

Reconciliation of net profit after tax to net cash flows from operations

Net profit / (loss)	10,820	(8,232)
Adjustments for:		
Depreciation of non-current assets	332	366
Amortisation of non-current assets	278	219
Net change in fair value of derivatives	(1,936)	8,752
Net change in fair value of investments at balance date	(3,628)	3,939
Foreign exchange loss	(22)	1
Increase/(decrease) in payables	323	1,902
Decrease/(increase) in receivables and other assets	961	23
Net cash from operating activities	7,128	6,970

Disclosure of financing facilities

Refer to note 14.

Disclosure of non-cash financing activities

Non-cash financing activities include capital raised pursuant to the Fund's distribution reinvestment plan. During the year 0.078 million units were issued with a cash equivalent of \$0.090 million.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2010

9. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	2010	2009
	\$'000	\$'000
Trade debtors	778	793
Total net trade and other receivables	778	793

10. GOODWILL

	CONSOLIDATED	
	2010	2009
	\$'000	\$'000
Balance at 1 July	229	-
Acquisition through business combinations	-	229
Adjustment on finalisation of acquisition accounting	(229)	-
Balance at 30 June	-	229

The acquisition accounting of U-Stow-It Holdings Limited was finalised in the period resulting in an adjustment to goodwill after finalising the tax cost base of the acquired assets and liabilities.

Refer to Note 17 for disclosure of the business combination.

11. INVESTMENT PROPERTIES

	CONSOLIDATED	
	2010	2009
	\$'000	\$'000
(a) Investment properties held for sale		
Australia	3,300	2,400
Total investment properties held for sale	3,300	2,400
(b) Non-Current		
Australia	243,888	242,318
New Zealand (a)	71,876	69,545
Total non-current investment properties	315,764	311,863

Average market capitalisation rate	9.1%	9.1%
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The investment property held for sale represents a property which is subject to an active sales campaign. A commercial property in Hume was sold on 10 August 2010 for \$3.4m.

At 30 June 2010, 37% of the property portfolio was subject to external valuation, the remaining 63% was subject to internal valuation.

NOTES TO THE FINANCIAL STATEMENTS**30 JUNE 2010****11. INVESTMENT PROPERTIES**

Notes:

(a) Subsidiaries of the Fund wholly own these NZ assets (and the NZD financing of these NZ assets) and consequently the impact of AUD / NZD FX rate revaluations against rates at acquisition date have been measured and reported separately on a net basis in the foreign currency translation reserve. For the purposes of disclosing unrealised gains on investment properties, "Cost" has been translated at year end AUD / NZD FX rates per the RBA: \$A1 = \$NZ1.2308 (30 June 2009: RBA: \$A1 = \$NZ1.2428)

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

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

- A weighted average capitalisation rate for the portfolio of 9.1% (2009: 9.1%)
- The stabilised weighted average occupancy level, after assessing historical performance and other critical matters likely to affect occupancy performance was 91%
- Current storage fee rates

The independent and director valuations are based on common valuation methodologies including capitalisation and discounted cash flow approaches, which have regard to recent market sales evidence. Accordingly, the directors' valuations at 30 June 2010 have regards to market sales evidence in adopting a market valuation for each property including the key assumptions outlined.

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2010

11. INVESTMENT PROPERTIES (continued)

Reconciliation

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

	CONSOLIDATED	
	2010	2009
	\$'000	\$'000
Carrying amount at beginning of financial year	312,819	215,820
Additions and capital expenditure	2,757	2,095
Acquisition on new investment properties	-	44,983
Acquisition through business combinations	-	55,682
Fair value adjustments for properties held at balance date	3,628	(3,939)
Foreign exchange gains	690	578
Properties transferred to held for sale	(3,300)	(2,400)
Carrying amount at the end of financial year	316,594	312,819
Less assets of the operating companies	(830)	(956)
Carrying amount at the end of the financial year owned by the Trust	315,764	311,863

12. PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED	
	2010	2009
	\$'000	\$'000
Plant and equipment		
At 1 July, net of accumulated depreciation	956	1,012
Additions	206	188
Disposals	-	122
Depreciation charge for the year	(332)	(366)
At 30 June, net of accumulated depreciation	830	956
Cost or fair value	3,063	2,813
Accumulated depreciation	(2,233)	(1,857)
Net carrying amount at end of the financial year	830	956

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2010

13. TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	2010	2009
	\$'000	\$'000
Trade Creditors	304	832
Related party payables	451	730
Security deposits	139	368
Unearned income	1,495	1,355
Goods and services tax	479	529
Accruals and other	855	467
Total trade and other payables	3,723	4,281

14. INTEREST BEARING LOANS AND BORROWINGS

	CONSOLIDATED	
	2010	2009
	\$'000	\$'000
(a) Current		
Bank loans - A\$	78,640	-
Bank loans - A\$ value of NZ\$ denominated loan	55,208	-
Loans from related parties	664	8,895
	134,512	8,895
(b) Non-current		
Bank loans - A\$	43,918	119,013
Bank loans - A\$ value of NZ\$ denominated loan	6,651	61,262
Loans from related parties	27,115	20,755
	77,684	201,030
(c) Maturity profile of current and non-current interest bearing loans		
Due within one year	134,512	8,895
Due within two to five years	50,569	201,030
Due after five years	27,115	-
	212,196	209,925

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2010

14. INTEREST BEARING LOANS AND BORROWINGS (continued)

ASF maintains a range of interest-bearing loans and borrowings. The sources of funding are split between two counterparties to minimise credit risk and the terms of the instruments are negotiated to achieve a balance between capital availability and cost of debt.

(1) Bank loans – A\$ are provided by two major banks at floating interest rates. The loans are denominated in Australian dollars and the term to maturity varies from August 2010 to December 2011. The interest on floating rate borrowings are paid quarterly based on existing swap and yield rates quoted on the rate reset date. The bank loans are secured by a charge over the investment properties and certain property, plant and equipment as detailed in note 11 and 12. Approximately 80.86% (2009: 83.3%) of available bank debt facilities were subject to fixed rate arrangements with a weighted average term to maturity of 1.0 year (2009: 2.0 years). ASF's effective interest rate as at 30 June 2010 was 7.07% (2009: 7.03%). Subsequent to year end, the AUD loans have been re-financed. Refer to Note 23.

(2) Bank loans – NZ\$ are provided by two major banks at interest rates that include both fixed and floating arrangements. The loans are denominated in New Zealand dollars and the term to maturity varies from September 2010 to December 2011. The bank loans are secured by a charge over the investment properties and certain property, plant and equipment detailed in Note 11 and 12. The interest on floating rate borrowings is paid quarterly based on existing swap and yield rates quoted on the rate reset date. Approximately 89.2% (2009: 89.2%) of available bank debt facilities were subject to fixed rate arrangements with a weighted average term to maturity of 0.35 years (2009: 1.29 years). ASF's effective interest rate as at 30 June 2010 was 8.15% (2009: 8.45%). Subsequent to year end, the NZD loans have been re-financed. Refer to Note 23.

(3) Loans from related parties relates to a fixed rate loan provided by Abacus Property Group to assist in funding the acquisition of storage sites and provide working capital during equity capital raising from the public. The interest rate on the borrowing was 7.42% (2009: 8.25% for the first half of the year and 7.42% for the second half of the year). The loan matures in December 2018. If the Working Capital Facility is not repaid from equity subscriptions it may be converted to equity by Abacus Property Group (see Note 16).

The Working Capital Facility attracts an interest charge in addition to the quoted 7.42% interest rate. The further interest charge is equivalent to the percentage increase or decrease of the current unit issue price during the financial year applied to the balance of the Working Capital Facility. The Working Capital Facility has the same capital growth entitlements as investor equity up until it is repaid. In addition, the Working Capital Facility is subordinated to bank debt and creditors and ranks proportionally with security holders on a return of capital in the event of a deficit/ shortfall to issue price.

(d) Financing facilities available

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

	CONSOLIDATED	
	2010 \$'000	2009 \$'000
Total facilities		
Bank loans	188,605	188,008
Facilities used at reporting date		
Bank loans	184,417	180,275
Facilities unused at reporting date - Bank loans	4,188	7,733

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2010

15. FINANCIAL INSTRUMENTS

(i) Credit Risk

Credit Risk Exposures

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

	Carrying Amount CONSOLIDATED	
	2010	2009
	\$'000	\$'000
Cash and cash equivalents	3,414	3,014
Receivables	778	793
	4,192	3,807

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

	Total	Original term	Extended term	Past due term (1)	Impaired
	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2010					
Consolidated	778	648	-	130	-
less: provisioning	-	-	-	-	-
Total Consolidated	778	648	-	130	-
	Total	Original term	Extended term	Past due term (1)	Impaired
	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2009					
Consolidated	793	491	-	302	-
less: provisioning	-	-	-	-	-
Total Consolidated	793	491	-	302	-

(1) For trade receivables with past due terms all are less than one year old and are expected to be recovered.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010
15. FINANCIAL INSTRUMENTS (continued)
(ii) Liquidity Risk

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

	Carrying Amount	Contractual cash flows	1 Year or less	Over 1 Year to 5 years	Over 5 years
CONSOLIDATED					
30-Jun-10	\$'000	\$'000	\$'000	\$'000	\$'000
Liabilities					
Trade and other payables	3,723	3,723	3,723	-	-
Interest bearing loans & borrowings incl derivatives*	213,675	236,714	139,561	64,002	33,151
Total liabilities	217,398	240,437	143,284	64,002	33,151

* The principal value of the interest rate swaps was \$2.1 million

	Carrying Amount	Contractual cash flows	1 Year or less	Over 1 Year to 5 years	Over 5 years
CONSOLIDATED					
30-Jun-09	\$'000	\$'000	\$'000	\$'000	\$'000
Liabilities					
Trade and other payables	4,281	4,281	4,281	-	-
Interest bearing loans & borrowings incl derivatives	214,022	231,396	14,483	217,293	-
Total liabilities	218,303	235,677	18,764	217,293	-

* The principal value of the interest rate swaps was \$4.1 million

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2010

15. FINANCIAL INSTRUMENTS (continued)

(iii) Currency Risk

	NZD	
	2010	2009
CONSOLIDATED	\$'000	\$'000
Assets		
Cash at bank	1,095	500
Trade and other receivables	-	155
Total assets	1,095	655

	NZD	
	2010	2009
	\$'000	\$'000
Liabilities		
Trade and other payables	603	474
Interest bearing loans and borrowings	77,150	79,097
Total liabilities	77,753	79,571

The Fund borrows loan funds in New Zealand dollars to substantially match the foreign currency asset value exposure with a corresponding foreign currency liability and therefore expects to substantially mitigate the foreign currency risk on its New Zealand denominated asset values.

The following sensitivity is based on the foreign currency risk exposures in existence at the balance sheet date:

At 30 June 2010, had the Australian Dollar moved, as illustrated in the table below, with all other variables held constant, equity would have been affected as follows:

Judgements of reasonable possible movements:	Post tax profit		Equity	
	Higher/(lower)		Higher/(lower)	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Consolidated				
AUD/NZD +10%	81	(1)	-	-
AUD/NZD -10%	(99)	1	-	-

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2010

15. FINANCIAL INSTRUMENTS (continued)

(iv) Interest rate risk

The Fund's exposure to interest rate risk and the effective weighted average interest rates for each class of financial asset and financial liability are;

	Floating interest rate	Fixed interest maturing in 1 year or less	Fixed interest maturing in 1 to 5 years	Fixed interest maturing in over 5 years	Non interest bearing	Total
CONSOLIDATED 30-Jun-10	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets						
Cash & cash equivalents	3,414	-	-	-	-	3,414
Receivables	-	-	-	-	778	778
Total financial assets	3,414	-	-	-	778	4,192

Weighted average interest rate 2.74%

Financial liabilities

Interest bearing liabilities - bank	30,110	110,389	43,918	-	-	184,417
Derivatives	-	-	-	-	2,143	2,143
Related party loans	-	664	-	27,115	-	27,779
Payables	-	-	-	-	3,723	3,723
Total financial liabilities	30,110	111,053	43,918	27,115	5,866	218,062

Weighted average interest rate 6.00% 7.75% 6.98% 7.42%

	Floating interest rate	Fixed interest maturing in 1 year or less	Fixed interest maturing in 1 to 5 years	Fixed interest maturing in over 5 years	Non interest bearing	Total
CONSOLIDATED 30-Jun-09	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets						
Cash & cash equivalents	3,014	-	-	-	-	3,014
Receivables	-	-	-	-	793	793
Total financial assets	3,014	-	-	-	793	3,807

Weighted average interest rate 2.93%

Financial liabilities

Interest bearing liabilities - bank	26,390	-	153,774	-	-	180,164
Related party loans	-	8,895	20,755	-	-	29,650
Derivatives	-	-	-	-	4,097	4,097
Payables	-	-	-	-	4,281	4,281
Total financial liabilities	26,390	8,895	174,529	-	8,378	218,192

Weighted average interest rate 4.80% 7.42% 7.19%

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010
15. FINANCIAL INSTRUMENTS (continued)
(iv) Interest Rate Risk (continued)
Summarised interest rate sensitivity analysis

The table below illustrates the potential impact a change in interest rate by +/- 1% would have on the Fund's profit and equity.

	Carrying Amount Floating \$'000	AUD			
		-1%		1%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
CONSOLIDATED 30-Jun-10					
Financial assets	2,191	(22)	-	22	-
Financial liabilities	24,778	(1,236)	-	1,455	-

	Carrying Amount Floating \$'000	AUD			
		-1%		1%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
CONSOLIDATED 30-Jun-09					
Financial assets	2,612	(26)	-	26	-
Financial liabilities	21,517	(1,221)	-	1,096	-

	Carrying Amount Floating \$'000	NZD			
		-1%		1%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
CONSOLIDATED 30-Jun-10					
Financial assets	1,505	(15)	-	15	-
Financial liabilities	9,200	(45)	-	44	-

	Carrying Amount Floating \$'000	NZD			
		-1%		1%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
CONSOLIDATED 30-Jun-09					
Financial assets	500	(5)	-	5	-
Financial liabilities	11,147	(511)	-	556	-

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2010

15. FINANCIAL INSTRUMENTS (continued)

(v) Fair values

The fair value of the Fund's financial assets and liabilities are approximately equal to that of their carrying values.

As at 30 June 2010, the Fund has adopted the amendment to AASB 7 Financial Instruments: Disclosures

- (a) Level 1 Quoted prices (unadjusted) in active market for identical assets or liabilities;
- (b) Level 2 Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- (c) Level 3 Inputs for the asset or liability that are not based on observable market data.

	Level 1	Level 2	Level 3	Total
	2010	2010	2010	2010
CONSOLIDATED	\$'000	\$'000	\$'000	\$'000
Current				
Derivative liabilities	-	824	-	824
Total current	-	824	-	824
Non-current				
Derivative liabilities	-	1,319	-	1,319
Total non-current	-	1,319	-	1,319

Determination of fair value

The fair value of interest rate swaps is determined using a generally accepted pricing model on a discounted cash flow analysis using assumptions supported by observable market rates.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2010

16. CONTRIBUTED EQUITY

	CONSOLIDATED	
	2010	2009
	\$'000	\$'000
(a) Issued stapled securities		
Stapled securities	82,860	77,187
Total contributed equity	82,860	77,187

(b) Movement in stapled securities on issue

	CONSOLIDATED	
	Stapled securities	
	Number	Value
	\$'000	\$'000
At 1 July 2009	81,944	77,187
- equity raising	5,150	6,058
- distribution reinvestment plan	78	90
- less transaction costs	-	(151)
- less acquisition of non-controlling interest	-	(324)
Securities on issue at 30 June 2010	87,172	82,860

Terms and conditions of units

Each unit confers upon the unit holder an equal interest in the Fund, and is of equal value. A unit does not

- Receive income distributions;
- Attend and vote at meetings of unitholders;
- Participate in the termination and winding up of the scheme;
- The working capital loan from Abacus Property Group has the same priority as units in a return of capital on winding up. Furthermore, the working capital loan participates in any deficit on winding up in the same proportion as unit holders. The working capital loan can participate in upside, see Note 14 (3). Prior to a winding up and at any time before repayment date Abacus Property Group may require the working capital loan to be converted into units at the current issue price.
- A liquidity facility exists whereby unitholders may elect to sell their units (up to 1.25% of issued units per quarter) at 95% of the net asset value of ASF units. The facility is suspended if Abacus Property Group has a relevant interest of 19.99% of ASF.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010
16. CONTRIBUTED EQUITY (continued)
CAPITAL MANAGEMENT

ASF seeks to manage its capital requirements through a mix of debt and equity funding. It also ensures that it complies with capital and distribution requirements of its trust deed, the capital requirements of relevant regulatory authorities and continues to operate as a going concern. ASF also protects its equity in assets by taking out insurance.

ASF 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, ASF continuously reviews its capital structure to ensure sufficient funds and financing facilities, on a cost effective basis are available to implement ASF's strategy that adequate financing facilities are maintained and distributions to members are made within the stated distribution guidance.

ASF actively manages its capital via the following strategies: issuing units, adjusting the amount of distributions paid to members, activating its distribution reinvestment plan (presently active at 2% discount to the net asset value), activating a unit buyback program, divesting assets, active management of the ASF's fixed rate swaps 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 ASF's key banking covenants are set out below. It is recognised that falling property prices could place pressure on compliance with the LVR. With financial support from APG to the extent necessary, ASF anticipates managing its covenant compliance by effecting the strategies set out above.

Covenant/ Ratio	Covenant requirement- As at 30 June 2010	Covenant requirement- Post Refinancing	Key details
Nature of facilities	Secured, non recourse	Secured, non recourse	ASF has no unsecured bank facilities
Loan Valuation Ratio	65% to 72%	60% ¹	Drawn Loan / Bank accepted valuations
Interest Cover Ratio	1.5	1.5 ²	Net rental income / Interest expense paid to banks

1. The 60% LVR for the new Working Capital Facility is maintained but will step down to 55% from 1 July 2011, to 52.5% from 1 July 2012 and to 50% from 1 January 2013.

2. The ICR of 1.5 for the new Working Capital Facility is maintained but will step down to 1.55 from 1 July 2011, to 1.60 from 1 January 2012, to 1.65 from 1 July 2012 and to 1.75 from 1 January 2013.

3. The weighted average maturity of the Fund's bank facilities increased from 0.6 years to 3.0 years with the refinancing of the bank facilities. Total bank facilities have increased from \$188.6m to \$190.0m.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2010

17. BUSINESS COMBINATION

Prior period acquisition

On 29 December 2008, Abacus Storage Fund (ASF) acquired 100% of the voting shares of Abacus Storage Solutions Pty Limited (ASSPL), a company based in Australia that operates self-storage facilities in Townsville and Brisbane as well as a single self-storage facility in Hamilton New Zealand. ASSPL at the time of the acquisition owned 58% of the voting shares of U-Stow-It Holdings Limited (USI), an unlisted public company that owns and operates three self-storage businesses in Canberra, has two storage development sites in the area and also owns some ancillary commercial property. The Fund provisionally calculated the fair value of the deferred tax liability as \$6.6m, however its fair value at the acquisition date was subsequently determined to be \$0.3m. As a result the goodwill balance in the comparative period has been adjusted by \$6.3m to \$0.2m at 30 June 2009.

The fair value of the identifiable assets and liabilities of ASSPL as at the date of acquisition were:

	Recognised on acquisition	Carrying Value
	\$'000	\$'000
Cash and cash equivalents	690	690
Trade receivables	90	90
Prepayments and other assets	61	61
Investment properties	55,691	55,691
Property, plant and equipment	188	188
Deferred tax asset	25	25
Assets	56,745	56,745
Trade payables	1,588	1,588
Provisions	2	2
Bank borrowings	10,261	10,261
Income tax liability	225	225
Deferred tax liability	294	6,643
Liabilities	12,370	18,719
Fair value on identifiable net assets	44,375	
less: Outside equity interest	(17,738)	
Fair value of ASF's share	26,637	
Goodwill arising on acquisition	229	
	26,866	
represented by:		
Cash Paid	26,610	
Direct costs relating to the acquisition	256	
Total cost of the acquisition	26,866	

The acquiree contributed \$3.6 million towards the Fund's profit in the year ended 30 June 2010.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010
18. RELATED PARTY DISCLOSURES

Information required to be disclosed concerning relationships, transactions and balances with related parties of the Fund is set out in this note unless disclosed elsewhere in this financial report.

(a) Subsidiaries

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

Entity	Equity interest	
	2010	2009
	%	%
Abacus Storage Operations Limited and its subsidiaries:		
Balmain Storage Pty Limited	100%	100%
Abacus Storage (Bulleen and Greensborough) Pty Limited	100%	100%
Abacus Storage NZ Operations Pty Limited	100%	100%
Abacus Storage Solutions Pty Limited	100%	100%
Abacus Storage Solutions NZ Pty Limited	100%	100%
Abacus USI C Trust	100%	100%
Abacus U Stow It A1 Trust	100%	100%
Abacus U Stow It B1 Trust	100%	100%
Abacus U Stow It A2 Trust	100%	100%
Abacus U Stow It B2 Trust	100%	100%
U Stow It Holdings Limited	100%	86%
U Stow It Pty Limited	100%	86%
Abacus Storage Property Trust and its subsidiary:		
Abacus Storage NZ Property Trust	100%	100%

(b) Responsible Entity

The Responsible Entity of ASF is Abacus Storage Funds Management Limited whose immediate and ultimate holding company is Abacus Group Holdings Limited (AGHL).

(c) Key Management Personnel

Details of key management personnel are disclosed in Note 19.

(d) Director-related entity transactions

There were no director- related entity transactions in the year ended 30 June 2010. In 2009, \$3,177 was paid to the legal firm HWL Ebsworth for legal services relating to corporate issues and lease documentation. Mr Dennis Bluth, a partner in HWL Ebsworth is a director of the Responsible Entity and ASF.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2010

18. RELATED PARTY DISCLOSURES (continued)

(e) Fees

ASFML provides management and investment accounting services to the Fund.

All costs associated with the provision of investment accounting services are paid for by the Responsible Entity, and are conducted on normal commercial terms and conditions.

The Responsible Entity receives all management fees that have been paid by the Fund during the year. In accordance with Fund's offer document and constitution, the Responsible Entity is entitled to receive a management fee of 0.825% (2009:0.825%) of the total assets of the fund under the terms of the Constitution. The actual management fee charged was 0.4125% (2009: 0.4125%). The 0.4125% fee that was charged may be recouped in future years or from a liquidity event. The fees are paid on a monthly basis. Total fees paid to the Responsible Entity during the year for management of the Fund were \$1,633,351 (2009: \$1,196,397).

As at the balance sheet date \$252,839 (2009: \$353,896) was owed to the Responsible Entity in relation to management fees.

During the period the Responsible Entity incurred no expenses on behalf of the Fund.

(f) Transactions with related parties

(i) Related parties

Transactions between the Fund and the Responsible Entity during the year are outlined in note 20(d) above.

Transactions between the Fund and other funds also managed by the Responsible Entity consisted of the sale of securities in the funds to related managed funds, purchases of securities in related managed funds, and receipt and payment of distributions on normal commercial terms and conditions.

(ii) Other related entity transactions

The amounts outstanding payable or receivable at 30 June 2010 represent the value of the securities issued or held and any amount of distribution payable or receivable.

	Carrying Amount CONSOLIDATED	
	2010	2009
	\$'000	\$'000
Transactions with related parties other than associates and joint ventures		
Expense		
Management fee	1,372	1,196
Other fees	46	1,396
Other transactions		
Loan advanced from related party	8,114	34,649
Loan repayments to related party	10,648	5,002
Interest expense on loan from related party	2,124	1,156
Purchase of properties	-	44,983
Purchase of controlled entities	5,986	39,587

NOTES TO THE FINANCIAL STATEMENTS
30 June 2010
18. RELATED PARTY DISCLOSURES (continued)
(f) Related party transactions (continued)
Terms and conditions of transactions

Sales and fees to, and purchases and fees charged from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms.

Outstanding balances at year-end are unsecured, interest free and settlement occurs in cash. No provision for doubtful debts has been recognised or bad debts incurred with respect to amounts payable or receivable from related parties during the year.

(iii) Loan from Abacus Finance Pty Limited

During the financial year, Abacus Property Group, as part of the Abacus Working Capital Facility subjected to a Facility Agreement, advanced loans to the Fund to assist in financing the acquisition of fund assets. Interest is charged at a rate of 7.42% per annum. The balance of these loans (including accrued interest) at year-end is \$27,778,653 payable (2009: \$29,680,627). Interest expense of \$2,124,125 was incurred on these loans (2009 : \$1,155,942). The loan is repayable in December 2018.

Refer to Note 14 (3) for additional terms and conditions of the loan.

(g) Investments
(i) Related party investments of the fund

The Fund has no investment in other managed funds also managed by the Responsible Entity.

(ii) Related party investments in the Scheme

Details of investments in the Fund by related funds and the Abacus Property Group are set out below:

2010	Fair value of holdings \$'000	% interest	Securities held	Securities acquired	Securities disposed	Distributions paid / payable
Fund						
Abacus Group Holdings Limited	8,297	7.9%	6.91 million	-	-	604,993
Abacus Trust	7,354	7.0%	6.13 million	1.24 million	-	488,965
Abacus Storage Funds Management Limited	925	0.9%	0.77 million	-	-	67,434
Virginia Park Investment Trust	4,328	4.1%	3.61 million	1.09 million	-	315,596
2009	Fair value of holdings \$'000	% interest	Securities held	Securities acquired	Securities disposed	Distributions paid / payable
Fund						
Abacus Diversified Income Fund II	-	0.0%	-	-	8 million	505,000
Abacus Group Holdings Limited	8,159	8.4%	6.91 million	6.91 million	-	151,248
Abacus Trust	5,513	6.0%	4.89 million	-	0.13 million	412,902
Abacus Storage Funds Management Limited	864	0.9%	0.77 million	-	-	65,507
Virginia Park Investment Trust	2,975	3.6%	2.52 million	2.52 million	-	162,290

NOTES TO THE FINANCIAL STATEMENTS**30 June 2010****19. Key Management Personnel****(a) Details of Key Management Personnel***(i) Directors*

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

(ii) Executives

E Varejes	Chief Operating Officer and Company Secretary
R de Aboitiz	Chief Financial Officer

(b) Compensation details of Key Management Personnel

No amount is paid by the Fund directly to the Directors of the Responsible Entity. Consequently, no compensation as defined in AASB 124 "Related Party Disclosures" is paid by the Trust to the Directors as

Compensation is paid to the Responsible Entity in the form of fees and is disclosed in Note 18 (e).

(c) Other Key Management Personnel

In addition to the Directors noted above, Abacus Funds Management Limited, the Responsible Entity of the Fund is considered to be Key Management Personnel with the authority for the strategic direction and management of the Fund.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2010

20. PARENT ENTITY DISCLOSURES

As at and for the year ended 30 June 2010 the parent entity of the Fund was Abacus Storage Operations Limited.

	PARENT	
	2010	2009
	\$'000	\$'000
Results of the parent entity		
Profit for the year	14,547	249
Other comprehensive income	-	-
Total comprehensive income for the year	14,547	249
Financial position of the parent entity at year end		
Current assets	25,625	18,887
Total assets	59,049	47,071
Current liabilities	1,419	2,513
Total liabilities	39,499	40,592
Net assets	19,550	6,479
Total equity of the parent entity comprising of:		
Issued capital	8,566	8,136
Reserves	-	-
Retained earnings	10,984	(1,657)
Total equity	19,550	6,479

Parent Entity Contingencies

There are no contingencies with the parent entity as at 30 June 2010 (2009: \$Nil).

Parent entity capital commitments

The parent entity has not entered into any capital commitments as at 30 June 2010 (2009: \$Nil).

NOTES TO THE FINANCIAL STATEMENTS

30 June 2010

21. COMMITMENTS AND CONTINGENCIES

	CONSOLIDATED	
	2010	2009
	\$	\$
Capital commitments		
Within one year		
- store expansion	1,153	-
	1,153	-

22. AUDITORS REMUNERATION

	CONSOLIDATED	
	2010	2009
	\$	\$
Amounts received or due and receivable by Ernst & Young Australia for:		
- an audit of the financial report of the entity and any other entity in the consolidated entity	135,000	189,362
Ernst & Young New Zealand for:		
- taxation related services	8,585	-
	143,585	189,362

23. EVENTS AFTER THE BALANCE SHEET DATE

On 13 August 2010 the Fund re-financed \$188.6m of bank loans into a new \$190.0m, 3 year club facility with three Australian banks, which expires in 2013.

On 10 August 2010 the Fund sold a commercial property in Hume for \$3.4m, which is approximately equal to its carrying value plus disposal costs.

On 4 September 2010, a natural disaster affected the New Zealand south island. The Fund has two self-storage facilities in the Christchurch area. As at the date of this financial report, the financial impact was deemed to be immaterial.

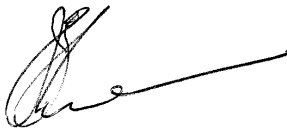
DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Abacus Storage Operations 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 Fund's financial position as at 30 June 2010 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(b); and
- (c) there are reasonable grounds to believe that the Fund 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, 16 September 2010

Independent auditor's report to the members of Abacus Storage Operations Limited

Report on the Financial Report

We have audited the accompanying financial report of Abacus Storage Operations Limited, which comprises the statement of financial position as at 30 June 2010 and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2(b), the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

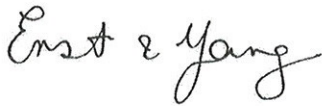
Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is attached to the directors' report.

Auditor's Opinion

In our opinion:

1. the financial report of Abacus Storage Operations Limited is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the consolidated entity's financial position at 30 June 2010 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script that appears to read 'K. Zdrilic'.

K. Zdrilic
Partner
Sydney
16 September 2010