

HALF-YEAR FINANCIAL REPORT

31 December 2010

Directory**Responsible Entity:**

Abacus Storage Funds Management Limited
ABN 41 109 324 824
Level 34, Australia Square
264-278 George Street
SYDNEY NSW 2000
Tel: (02) 9253 8600
Fax: (02) 9253 8616
Website: www.abacusproperty.com.au

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

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

Company Secretary:

Ellis Varejes

Custodian:

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

Auditor:

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

Compliance Plan Auditor:

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

Share Registry:

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

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It is recommended that this Half-Year Financial Report be read in conjunction with the Annual Financial Report of Abacus Storage Fund 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

31 December 2010

The Directors of Abacus Storage Funds Management Limited ("ASFML"), the responsible entity of the Abacus Storage Property Trust ("ASPT" or the "Trust") and Abacus Storage Operations Limited ("ASOL" or the "Company") collectively known as the Abacus Storage Fund ("ASF" or the "Fund") submit their report together with the financial reports for ASF and ASPT for the half-year ended 31 December 2010 with the independent review report thereon.

The consolidated financial reports of ASF for the half-year ended 31 December 2010 comprise the consolidated financial reports of ASOL and its controlled entities and ASPT and its controlled entities.

DIRECTORS

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

John Thame	Chairman (Non-executive)
Frank Wolf	Managing Director
David Bastian	Non-executive Director
Dennis Bluth	Non-executive Director (retired 12 November 2010)
Malcolm Irving	Non-executive Director
Len Lloyd	Executive Director (retired 12 November 2010)

PRINCIPAL ACTIVITIES

The principal activity of the Fund and Trust during the period ended 31 December 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.

DIRECTORS' REPORT**31 December 2010****REVIEW AND RESULTS OF OPERATIONS**

The Fund reported a net profit attributable to unitholders of \$14.4 million for the half-year ended 31 December 2010 (December 2009: \$7.3 million). This profit has been calculated in accordance with Australian Accounting Standards and includes a fair value gain on investments of \$12.7m (December 2009: \$3.3m gain) and fair value gain on derivatives of \$0.8m (December 2009: \$1.6m gain).

	Dec 2010	June 2010
Total Assets (\$ '000)	332,501	325,500
Gearing (%) *	53.89%	56.20%
Net Assets (\$ '000)	113,417	103,653
Net Tangible Assets (\$ '000)	113,417	103,653
Net Asset Value per security (\$)	1.30	1.19
Securities on issue ('000)	87,224	87,172
Weighted average securities on issue ('000)	87,202	85,386

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

SIGNIFICANT EVENTS AFTER BALANCE DATE

On 13 January 2011 parts of Brisbane, Queensland were flooded. One of the Fund's self- storage facilities at Rocklea was impacted. The store has ceased trading, pending rectification work on the building. The cost of this work is still to be determined.

On 4 February 2011 a cyclone struck northern Queensland. The Fund has five self-storage facilities in Townsville. Minor damage was sustained, the financial impact of which was deemed to be immaterial.

On 22 February 2011 there was a major earthquake in Christchurch, New Zealand. One of the Fund's self-storage facilities at Ferrymead suffered damage but the extent of the damage has not been determined. The store has ceased trading, pending rectification work on the building. The cost of this work is still to be determined.

It is the Fund's policy to hold insurance for its investment property which covers damage, destruction or loss of income from certain events including natural disasters. At this stage it is not possible to determine the extent of any damage or the amount of any potential insurance claim.

AUDITORS INDEPENDENCE DECLARATION

We have obtained an independence declaration from our auditor, Ernst & Young, and such declaration is shown on page 5.

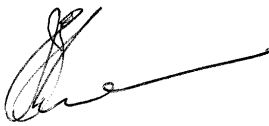
DIRECTORS' REPORT

31 December 2010

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, 3 March 2011

Auditor's Independence Declaration to the Directors of Abacus Storage Operations Limited and Abacus Storage Funds Management Limited, the Responsible Entity of Abacus Storage Property Trust

In relation to our review of the financial report of the stapled securities Abacus Storage Operations Limited and Abacus Storage Property Trust, collectively known as Abacus Storage Fund for the half-year ended 31 December 2010, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A handwritten signature in black ink, appearing to read 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink, appearing to read 'K. Zdrilic'.

K. Zdrilic
Partner
3 March 2011

ABACUS STORAGE FUND

CONSOLIDATED INCOME STATEMENT

HALF- YEAR ENDED 31 DECEMBER 2010

		ASF	ASPT	ASF	ASPT
		Consolidated	Consolidated	Consolidated	Consolidated
		31 Dec 2010	31 Dec 2010	31 Dec 2009	31 Dec 2009
	Notes	\$'000	\$'000	\$'000	\$'000
REVENUE					
Rental income		18,272	9,135	17,269	9,009
Finance income		56	1,392	27	1,185
Merchandising income		1,694	-	1,656	-
Gain on disposal of investment property		84	-	-	-
Net change in fair value of investments held at balance date	5	12,693	7,160	3,321	1,466
Net change in fair value of financial instruments held at balance date		289	289	1,632	1,632
Net change in fair value of financial instruments derecognised		469	469	-	-
Total Revenue and Other Income		33,557	18,445	23,905	13,292
Operating expenses		(3,573)	(339)	(3,388)	(320)
Management and supervision fees		(2,647)	-	(2,490)	-
Responsible entity fees		(691)	(565)	(688)	(550)
License and retainer fees		(735)	-	(691)	-
Depreciation expense		(135)	-	(157)	-
Finance costs	3	(8,722)	(8,552)	(7,778)	(7,398)
Other expenses		(280)	(252)	(354)	(278)
PROFIT BEFORE TAX		16,774	8,737	8,359	4,746
Income tax expense		(2,412)	-	(1,100)	-
PROFIT AFTER TAX		14,362	8,737	7,259	4,746
less: net profit attributable to non-controlling interests					
ASPT unitholders		(8,737)	-	(4,746)	-
NET PROFIT ATTRIBUTABLE TO MEMBERS OF ASOL		5,625	8,737	2,513	4,746
Net profit attributable to securityholders of the Fund analysed by amounts attributable to:					
ASOL equityholders		5,625	-	2,513	-
ASPT unitholders		8,737	-	4,746	-
NET PROFIT AFTER TAX ATTRIBUTABLE TO MEMBERS OF THE FUND		14,362	8,737	7,259	4,746

ABACUS STORAGE FUND

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

HALF- YEAR ENDED 31 DECEMBER 2010

	ASF	ASPT	ASF	ASPT
	Consolidated	Consolidated	Consolidated	Consolidated
	31 Dec 2010	31 Dec 2010	31 Dec 2009	31 Dec 2009
Notes	\$'000	\$'000	\$'000	\$'000
NET PROFIT AFTER TAX	14,362	8,737	7,259	4,746
OTHER COMPREHENSIVE INCOME				
Foreign exchange translation adjustments, net of tax	(838)	(849)	45	108
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	13,524	7,888	7,304	4,854
Total comprehensive income attributable to members of the Fund:				
Equity holders of the parent entity	5,636	-	2,450	-
Equity holders of other stapled entities:				
Non-controlling interest Abacus Storage Property Trust	7,888	7,888	4,854	4,854
Stapled security holders	13,524	7,888	7,304	4,854
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	13,524	7,888	7,304	4,854

ABACUS STORAGE FUND

CONSOLIDATED STATEMENT OF DISTRIBUTION

HALF- YEAR ENDED 31 DECEMBER 2010

		ASF	ASPT	ASF	ASPT
		Consolidated	Consolidated	Consolidated	Consolidated
		31 Dec 2010	31 Dec 2010	31 Dec 2009	31 Dec 2009
	Notes	\$'000	\$'000	\$'000	\$'000
STATEMENT OF DISTRIBUTION					
Net profit attributable to stapled security holders		14,362	8,737	7,259	4,746
Transfer from / (to) retained earnings		(10,547)	(4,922)	(3,471)	(1,055)
Distributions paid and payable	4	3,815	3,815	3,788	3,691
Distribution per stapled security (cents)		4.38	4.38	4.38	4.38
Weighted average number of securities ('000)		87,202	87,202	83,584	83,584

ABACUS STORAGE FUND

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2010

		ASF	ASPT	ASF	ASPT
		Consolidated	Consolidated	Consolidated	Consolidated
		31 Dec 2010	31 Dec 2010	30 Jun 2010	30 Jun 2010
	Notes	\$'000	\$'000	\$'000	\$'000
CURRENT ASSETS					
Cash and cash equivalents		4,157	1,484	3,414	1,180
Trade and other receivables		696	4,856	778	4,362
Income tax receivable		-	-	316	-
Investment property held for sale	5	-	-	3,300	-
Prepayments and other assets		587	-	975	636
TOTAL CURRENT ASSETS		5,440	6,340	8,783	6,178
NON-CURRENT ASSETS					
Investment properties	5	325,313	266,126	315,764	262,133
Property, plant and equipment	5	865	-	830	-
Derivatives at fair value		703	703	-	-
Deferred tax assets		180	-	123	-
Loan - Abacus Storage Operations Limited		-	38,079	-	38,079
TOTAL NON-CURRENT ASSETS		327,061	304,908	316,717	300,212
TOTAL ASSETS		332,501	311,248	325,500	306,390
CURRENT LIABILITIES					
Trade and other payables		4,470	2,368	3,723	9,836
Interest-bearing loans and borrowings	6	448	448	134,288	120,496
Derivatives at fair value		-	-	824	823
Income tax payable		345	-	-	-
Distribution payable	4	1,908	1,908	1,907	1,907
TOTAL CURRENT LIABILITIES		7,171	4,724	140,742	133,062
NON-CURRENT LIABILITIES					
Interest bearing loans and borrowings	6	207,833	207,833	77,684	77,684
Other Payables		242	242	-	-
Derivatives at fair value		-	-	1,319	1,319
Deferred tax liabilities		3,838	-	2,102	-
TOTAL NON-CURRENT LIABILITIES		211,913	208,075	81,105	79,003
TOTAL LIABILITIES		219,084	212,799	221,847	212,065
NET ASSETS		113,417	98,449	103,653	94,325
TOTAL EQUITY		113,417	98,449	103,653	94,325

ABACUS STORAGE FUND

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2010

		ASF	ASPT	ASF	ASPT
		Consolidated	Consolidated	Consolidated	Consolidated
		31 Dec 2010	31 Dec 2010	30 Jun 2010	30 Jun 2010
	Notes	\$'000	\$'000	\$'000	\$'000
EQUITY					
Contributed equity	7	82,915	74,667	82,860	74,616
Foreign currency translation reserve		(2,827)	(3,082)	(1,989)	(2,233)
Retained earnings		33,329	26,864	22,782	21,942
TOTAL EQUITY		113,417	98,449	103,653	94,325
		ASF	ASPT	ASF	ASPT
		Consolidated	Consolidated	Consolidated	Consolidated
		31 Dec 2010	31 Dec 2010	30 Jun 2010	30 Jun 2010
		\$'000	\$'000	\$'000	\$'000
Total equity attributable to members of ASOL:					
Contributed equity		8,248	-	8,244	-
Foreign currency translation reserve		255	-	244	-
Retained earnings		6,465	-	840	-
Total equity attributable to members of ASOL		14,968	-	9,328	-
Total equity attributable to unitholders of ASPT:					
Contributed equity		74,667	74,667	74,616	74,616
Foreign currency translation reserve		(3,082)	(3,082)	(2,233)	(2,233)
Retained earnings		26,864	26,864	21,942	21,942
Total equity attributable to unitholders of ASPT		98,449	98,449	94,325	94,325
TOTAL EQUITY		113,417	98,449	103,653	94,325

ABACUS STORAGE FUND

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

HALF- YEAR ENDED 31 DECEMBER 2010

Consolidated ASF 2010	Attributable to the stapled security holder			
		Foreign currency translation reserve	Retained earnings	Total Equity
CONSOLIDATED	Issued capital \$'000	\$'000	\$'000	\$'000
At 1 July 2010	82,860	(1,989)	22,782	103,653
Other comprehensive income	-	(838)	-	(838)
Net profit for the period	-	-	14,362	14,362
Total comprehensive income for the period	-	(838)	14,362	13,524
Distribution reinvestment plan	61	-	-	61
Issue costs	(6)	-	-	(6)
Distribution to security holders	-	-	(3,815)	(3,815)
At 31 December 2010	82,915	(2,827)	33,329	113,417

Consolidated ASPT 2010	Attributable to the unit holder			
		Foreign currency translation reserve	Retained earnings	Total Equity
CONSOLIDATED	Issued capital \$'000	\$'000	\$'000	\$'000
At 1 July 2010	74,616	(2,233)	21,942	94,325
Other comprehensive income	-	(849)	-	(849)
Net profit for the period	-	-	8,737	8,737
Total comprehensive income / expense for the period	-	(849)	8,737	7,888
Distribution reinvestment plan	57	-	-	57
Issue costs	(6)	-	-	(6)
Distribution to unit holders	-	-	(3,815)	(3,815)
At 31 December 2010	74,667	(3,082)	26,864	98,449

ABACUS STORAGE FUND

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

HALF- YEAR ENDED 31 DECEMBER 2010

Consolidated ASF 2009	Attributable to the stapled security holder		External		
	Issued capital	Foreign currency translation reserve	Retained earnings	Non-controlling interest	Total Equity
CONSOLIDATED	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2009	77,187	(2,073)	19,466	6,048	100,628
Other comprehensive income	-	45	-	-	45
Net profit for the period	-	-	7,259	-	7,259
Total comprehensive income for the period	-	45	7,259	-	7,304
Securities issued	4,574	-	-	-	4,574
Distribution reinvestment plan	33	-	-	-	33
Issue costs	(72)	-	-	-	(72)
Distribution to security holders	-	-	(3,788)	-	(3,788)
Acquisition of non-controlling interest	-	-	-	(6,048)	(6,048)
At 31 December 2009	81,722	(2,028)	22,937	-	102,631

Consolidated ASPT 2009	Attributable to the unit holder		External		
	Issued capital	Foreign currency translation reserve	Retained earnings	Non-controlling interest	Total Equity
CONSOLIDATED	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2009	69,049	(2,395)	19,963	-	86,617
Other comprehensive income	-	108	-	-	108
Net profit for the period	-	-	4,746	-	4,746
Total comprehensive income for the period	-	108	4,746	-	4,854
Units issued	4,254	-	-	-	4,254
Distribution reinvestment plan	33	-	-	-	33
Issue costs	(72)	-	-	-	(72)
Distribution to unitholders	-	-	(3,691)	-	(3,691)
At 31 December 2009	73,264	(2,287)	21,018	-	91,995

ABACUS STORAGE FUND

CONSOLIDATED CASH FLOW STATEMENT

HALF- YEAR ENDED 31 DECEMBER 2010

	ASF	ASPT	ASF	ASPT
	Consolidated	Consolidated	Consolidated	Consolidated
	31 Dec 2010	31 Dec 2010	31 Dec 2009	31 Dec 2009
Notes	\$'000	\$'000	\$'000	\$'000
CASHFLOWS FROM OPERATING ACTIVITIES				
Income receipts	19,792	9,125	18,894	9,015
Interest received	56	1,158	27	10
Income tax paid	(79)	-	(405)	-
Borrowing costs paid	(6,667)	(6,256)	(7,648)	(7,268)
Operating payments	(8,267)	(1,046)	(7,882)	(1,096)
NET CASH FLOWS FROM OPERATING ACTIVITIES	4,835	2,981	2,986	661
CASHFLOWS FROM INVESTING ACTIVITIES				
Purchase of U-Stow-It Holdings Limited	-	-	(6,025)	-
Proceeds on sale of investment property	3,384	-	2,398	-
Payment for capital expenditure	(1,511)	(1,441)	(1,148)	(818)
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES	1,873	(1,441)	(4,775)	(818)
CASHFLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of stapled securities	-	-	4,657	4,334
Payments of issue costs	(6)	(6)	(72)	(72)
Proceeds from borrowings	184,710	184,710	3,630	-
Repayment of borrowings	(182,054)	(178,823)	(2,833)	(2,833)
Payment for establishment of loans	(2,666)	(2,666)	-	-
Payment for termination of financial instrument	(2,088)	(2,088)	-	-
Loans advanced to members of ASF	-	1,448	-	2,766
Distributions paid	(3,754)	(3,758)	(3,703)	(3,606)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES	(5,858)	(1,183)	1,679	589
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	850	357	(110)	432
Net foreign exchange differences	(107)	(53)	(3)	(10)
Cash and cash equivalents at beginning of period	3,414	1,180	3,014	92
CASH AND CASH EQUIVALENTS AT END OF PERIOD	4,157	1,484	2,901	514

NOTES TO THE FINANCIAL STATEMENTS**31 December 2010****1. FUND INFORMATION**

The financial report of the Abacus Storage Fund (the "Fund" or "ASF") for the half-year ended 31 December 2010 is authorised for issue in accordance with a resolution of the Directors of Abacus Storage Operations Limited ("the Company") on 3 March 2011.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The half-year financial report should be read in conjunction with the Annual Financial Report of Abacus Storage Fund for the year ended 30 June 2010. It is recommended that the half-year financial report be considered together with any public announcements made by the Abacus Storage Fund during the half-year ended 31 December 2010 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of Preparation

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

For the purposes of statutory reporting the parent entity is ASOL. The consolidated balance sheet and consolidated income statement comprises the financial position and performance of ASOL and its controlled entities and ASPT and its controlled entities, collectively known as ASF.

The half-year financial report has been prepared on a historical cost basis, except for investment properties, property and derivative financial instruments which have been measured at fair value, and certain investments measured at net fair value. The carrying values of recognised assets and liabilities that are covered by interest rate swap arrangements, are adjusted to record changes in the fair values attributable to the risks that are being covered by derivative financial instruments.

The half year financial report has been prepared in accordance with ASIC Class Order 05/642 which allows issuers of stapled securities to include their financial statements and the consolidated or combined financial statements of the stapled group in adjacent columns in one financial report.

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 current asset deficiency

At 31 December 2010, ASF has a net current asset deficiency of \$1.7m (June 2010: \$132.0m). ASF has obtained a letter from Abacus Property Group ("APG") that, to the extent necessary, APG intends to provide financial support to enable ASF to pay its debts as and when they fall due.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Changes in accounting policy

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

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

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

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

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

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

3. FINANCE COSTS

	ASF Consolidated 31 Dec 2010 \$'000	ASPT Consolidated 31 Dec 2010 \$'000	ASF Consolidated 31 Dec 2009 \$'000	ASPT Consolidated 31 Dec 2009 \$'000
Finance costs				
Amortisation of finance costs	483	483	130	130
Interest on bank loans	6,913	6,743	6,512	6,132
Interest on related party loan	1,326	1,326	1,136	1,136
Total finance costs	8,722	8,552	7,778	7,398

4. DISTRIBUTIONS PAID AND PAYABLE

	ASF Consolidated 31 Dec 2010 \$'000	ASPT Consolidated 31 Dec 2010 \$'000	ASF Consolidated 31 Dec 2009 \$'000	ASPT Consolidated 31 Dec 2009 \$'000
(a) Distributions paid during the period				
June 2010 quarter: 2.1875 cents per security (2009: 2.1875 cents)	1,907	1,907	1,793	1,793
Sept 2010 quarter: 2.1875 cents per security (2009: 2.1875 cents)	1,907	1,907	1,813	1,813
(b) Distributions proposed and recognised as a liability				
Dec 2010 quarter: 2.1875 cents per security (2009: 2.1875 cents)	1,908	1,908	1,878	1,878

(c) Franking credit balance

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

NOTES TO THE FINANCIAL STATEMENTS
31 December 2010
5. INVESTMENT PROPERTIES

	ASF Consolidated 31 Dec 2010 \$'000	ASPT Consolidated 31 Dec 2010 \$'000	ASF Consolidated 30 Jun 2010 \$'000	ASPT Consolidated 30 Jun 2010 \$'000
Investment properties held for sale				
Australia	-	-	3,300	-
Total investment properties held for sale	-	-	3,300	-
Non-Current				
Australia	258,020	198,833	243,888	190,257
New Zealand (i)	67,293	67,293	71,876	71,876
Total non-current investment properties	325,313	266,126	315,764	262,133

Average market capitalisation rate	9.1%	9.1%	9.1%	9.2%
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Notes:

(i) 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 period end AUD / NZD FX rates per the RBA: \$A1 = \$NZ1.3171 (30 June 2010: RBA: \$A1 = \$NZ1.2308).

At 31 December 2010, 67% of the property portfolio was subject to external valuation, the remaining 33% was subject to internal valuation.

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

Independent valuations of each investment property 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% (June 2010: 9.1%)
- The stabilised weighted average occupancy level, after assessing historical performance and other critical matters likely to affect occupancy performance was 90% (June 2010: 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 31 December 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

31 December 2010

5. INVESTMENT PROPERTIES (continued)

Reconciliation

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

	ASF Consolidated 31 Dec 2010 \$'000	ASPT Consolidated 31 Dec 2010 \$'000	ASF Consolidated 30 Jun 2010 \$'000	ASPT Consolidated 30 Jun 2010 \$'000
Carrying amount at beginning of financial period	316,594	262,133	312,819	256,985
Additions and capital expenditure	1,612	1,542	2,757	2,690
Fair value adjustments for properties held at balance date	12,693	7,160	3,628	1,774
Foreign exchange (losses)/ gains	(4,721)	(4,709)	690	684
Properties transferred to held for sale	-	-	(3,300)	-
Carrying amount at the end of financial period	326,178	266,126	316,594	262,133
Less property, plant and equipment	(865)	-	(830)	-
Carrying amount at the end of the financial period	325,313	266,126	315,764	262,133

6. INTEREST BEARING LOANS AND BORROWINGS

	ASF Consolidated 31 Dec 2010 \$'000	ASPT Consolidated 31 Dec 2010 \$'000	ASF Consolidated 30 Jun 2010 \$'000	ASPT Consolidated 30 Jun 2010 \$'000
(a) Current				
Bank loans - A\$	-	-	78,640	64,849
Bank loans - A\$ value of NZ\$ denominated loan	-	-	55,208	55,208
Loans from related parties	448	448	664	663
Less: Unamortised borrowing costs	-	-	(224)	(224)
	448	448	134,288	120,496
(b) Non-current				
Bank loans - A\$	127,232	127,232	43,918	43,918
Bank loans - A\$ value of NZ\$ denominated loan	53,876	53,876	6,651	6,651
Loans from related parties	29,132	29,132	27,115	27,115
Less: Unamortised borrowing costs	(2,407)	(2,407)	-	-
	207,833	207,833	77,684	77,684
(c) Maturity profile of current and non-current interest bearing loans				
Due within one year	448	448	134,288	120,496
Due within two to five years	178,701	178,701	50,569	50,569
Due after five years	29,132	29,132	27,115	27,115
	208,281	208,281	211,972	198,180

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

6. 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 three major banks at floating interest rates. The loans are denominated in Australian dollars and matures in August 2013. 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 5. Approximately 99.9% (June 2010: 80.86%) of available bank debt facilities were subject to fixed rate arrangements with a weighted average term to maturity of 3.0 years (June 2010: 1.0 year). ASF's effective interest rate as at 31 December 2010 was 8.15% (June 2010: 7.07%).

(2) Bank loans – NZ\$ are provided by three major banks at interest rates that include both fixed and floating arrangements. The loans are denominated in New Zealand dollars and matures in August 2013. The bank loans are secured by a charge over the investment properties and certain property, plant and equipment detailed in note 5. The interest on floating rate borrowings is paid quarterly based on existing swap and yield rates quoted on the rate reset date. Approximately 21.1% (June 2010: 89.2%) of available bank debt facilities were subject to fixed rate arrangements with a weighted average term to maturity of 1.28 years (June 2010: 0.35 years). ASF's effective interest rate as at 31 December 2010 was 6.52% (June 2010: 8.15%).

(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. The interest rate on the borrowing was 7.42% (June 2010: 7.42%). 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.

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:

	ASF Consolidated 31 Dec 2010 \$'000	ASPT Consolidated 31 Dec 2010 \$'000	ASF Consolidated 30 Jun 2010 \$'000	ASPT Consolidated 30 Jun 2010 \$'000
Total facilities				
Bank loans	190,000	190,000	188,605	173,605
Facilities used at reporting date				
Bank loans	181,108	181,108	184,417	170,626
Facilities unused at reporting date - Bank loans	8,892	8,892	4,188	2,979

NOTES TO THE FINANCIAL STATEMENTS
31 December 2010
7. CONTRIBUTED EQUITY

	ASF Consolidated 31 Dec 2010 \$'000	ASPT Consolidated 31 Dec 2010 \$'000	ASF Consolidated 30 Jun 2010 \$'000	ASPT Consolidated 30 Jun 2010 \$'000
(a) Issued stapled securities				
Stapled securities	82,915	74,667	82,860	74,616
Total contributed equity	82,915	74,667	82,860	74,616

(b) Movement in stapled securities on issue

	Consolidated ASF Stapled securities		Consolidated ASPT Issued units	
	Number \$'000	Value \$'000	Number \$'000	Value \$'000
At 30 June 2010	87,172	82,860	87,172	74,616
- distribution reinvestment plan	52	61	52	57
- less transaction costs	-	(6)	-	(6)
Securities on issue at 31 December 2010	87,224	82,915	87,224	74,667

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

8. 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.

Covenant/ Ratio	Covenant requirement	Key details
Nature of facilities	Secured, non recourse	ASF has no unsecured bank facilities
Loan Valuation Ratio	60% ¹	Drawn Loan / Bank accepted valuations
Interest Cover Ratio	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 2.6 years with the refinancing of the bank facilities. Total bank facilities have increased from \$188.6m to \$190.0m.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

9. COMMITMENTS AND CONTINGENCIES

	ASF	ASPT	ASF	ASPT
	Consolidated	Consolidated	Consolidated	Consolidated
	31 Dec 2010	31 Dec 2010	30 Jun 2010	30 Jun 2010
	\$'000	\$'000	\$'000	\$'000
Capital commitments				
Within one year				
- store expansion	1,395	-	1,153	1,153
	1,395	-	1,153	1,153

10. EVENTS AFTER THE BALANCE SHEET DATE

On 13 January 2011 parts of Brisbane, Queensland were flooded. One of the Fund's self- storage facilities at Rocklea was impacted. The store has ceased trading, pending rectification work on the building. The cost of this work is still to be determined.

On 4 February 2011 a cyclone struck northern Queensland. The Fund has five self-storage facilities in Townsville. Minor damage was sustained, the financial impact of which was deemed to be immaterial.

On 22 February 2011 there was a major earthquake in Christchurch, New Zealand. One of the Fund's self-storage facilities at Ferrymead suffered damage but the extent of the damage has not been determined. The store has ceased trading, pending rectification work on the building. The cost of this work is still to be determined.

It is the Fund's policy to hold insurance for its investment property which covers damage, destruction or loss of income from certain events including natural disasters. At this stage it is not possible to determine the extent of any damage or the amount of any potential insurance claim.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Abacus Storage Operations Limited and Abacus Storage Funds Management Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the Fund and the Trust are in accordance with the Corporations Act 2001, including
 - (i) giving a true and fair view of the Fund's and Trust's financial position as at 31 December 2010 and of their performance for the period ended on that date; and
 - (ii) complying with Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Regulations 2001* ; and
- (b) there are reasonable grounds to believe that the Fund and Trust 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, 3 March 2011

To the stapled security holders of Abacus Storage Operations Limited and Abacus Storage Property Trust

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report which has been prepared in accordance with ASIC Class Order 05/0642 and comprises:

- the consolidated statement of financial position as at 31 December 2010, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated stapled entity (the "Fund" or "Abacus Storage Fund"), comprising both Abacus Storage Operations Limited (the "company") and the entities it controlled, and Abacus Storage Property Trust (the "Trust") and the entities it controlled at the period end or from time to time during the half-year.
- the consolidated statement of financial position as at 31 December 2010, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration of Abacus Storage Property Trust and the entities it controlled at the period end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company and the directors of Abacus Storage Funds Management Limited, as Responsible Entity of the Trust, are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the financial position of the Fund and the Trust as at 31 December 2010 and their performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Fund and the Trust and the entities they controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company and the Responsible Entity a written Auditor's Independence Declaration, a copy of which is attached to the Directors' Report.

Conclusion

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

- i) giving a true and fair view of the financial position of Abacus Hospitality Fund and Abacus Hospitality Trust as at 31 December 2010 and of their performance for the half-year ended on that date; and
- ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in black ink, appearing to read 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink, appearing to read 'K. Zdrilic'.

K. Zdrilic
Partner
Sydney

3 March 2011