Appendix 4D

Abacus Property Group

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

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

ABN: 31 080 604 619

Interim Financial Report

For the half year ended 31 December 2012

Results for announcement to the market

(corresponding period half year ended 31 December 2011)

Total revenues and other income	up	29%	to	$170.5m
Net profit after income tax expense attributable to stapled security holders	up	9.79 times	to	$23.7m
Underlying profit [1]	up	7%	to	$42.4m

(1) The underlying profit reflects the statutory profit / (loss) as adjusted in order to present a figure which reflects the Directors' assessment of the result for the ongoing business activities of the Group, in accordance with the AICD / Finsia principles for reporting underlying profit. Adjustments have been adjusted for the fair value of investments held at balance date.

	31 December 2012 $'000	31 December 2011 $'000
Consolidated statutory net profit after tax attributable to members of the Group	**23,688**	**2,420**
less: consolidated profits/(losses) relating to Abacus Hospitality Fund, Abacus Storage Fund (2011 only) Abacus Diversified Income Fund II and Abacus Miller Street Holding Trust (includes the fund's share in the net loss in fair value of derivatives of $1.1 million (2011: $14.4 million))	(7,797)	(11,044)
Net profit attributable to ABP securityholders	**31,485**	**13,464**
Certain significant items:		
Net change in fair value of investment properties held at balance date	4,421	3,825
Net (gain) / loss in fair value of investments and financial instruments held at balance date	(3,517)	760
Net loss in fair value of derivatives	4,969	20,697
Net change in fair value of property, plant and equipment, inventory and investment properties included in equity accounted investments	5,067	1,059
Underlying profit attributable to ABP securityholders	**42,425**	**39,805**

Basic earnings per security (cents)	5.35	0.63
Basic underlying earnings per security (cents)	9.59	10.35
Distribution per security (cents - including proposed distribution)	8.25	8.25
Weighted average securities on issue (million)	442.5	384.7

Distributions	per stapled security
December 2012 half	8.25 cents
This distribution was declared on 10 January 2013 and will be paid on or about 27 February 2013	
Record date for determining entitlement to the distributions	29 January 2013

Refer to the attached announcement for a detailed discussion of the Abacus Property Group's results and the above figures for the half year ended 31 December 2012.

Details of individual and total distribution payments		per stapled security	Total
Final June 2012 distribution	paid 15 August 2012	8.25 cents	$35.9 m

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

	31 December 2012	30 June 2012
Net tangible assets per security (2)	$2.30	$2.34

(2) Net tangible assets per security excludes the external non-controlling interest.

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

Details of associates and joint venture entities

	Ownership Interest		**Share of net profit/(loss)**	
	31 December 2012	**30 June 2012**	**31 December 2012**	**30 June 2012**
	%	**%**	**$'000**	**$'000**
Abacus Aspley Village Trust	33	33	(2,983)	515
Australian Aggregation Head Trust	25	25	1,313	281
Abacus Colemans Road Trust	50	50	317	151
Abacus Wodonga Land Fund	15	15	-	-
Fordtrans Pty Ltd (Virginia Park)	50	50	2,461	4,543
Hampton Residential Retirement Trust	50	50	(158)	(138)
Jigsaw Trust	50	50	108	2,069
Other investments	25 - 50	25 - 50	185	(42)
			1,243	**7,379**

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

Distribution Reinvestment Plan (DRP)

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

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

Abacus Property Group
ABN 31 080 604 619

Financial Report

For the half-year ended 31 December 2012

HALF-YEAR FINANCIAL REPORT

31 December 2012

Directory

Abacus Group Holdings Limited
ABN: 31 080 604 619

Abacus Group Projects Limited
ABN: 11 104 066 104

Abacus Storage Operations Limited
ABN: 37 112 457 075

Abacus Funds Management Limited
ABN: 66 007 415 590

Abacus Storage Funds Management Limited
ABN: 41 109 324 834

Registered Office
Level 34, Australia Square
264-278 George Street
SYDNEY NSW 2000
Tel: (02) 9253 8600
Fax: (02) 9253 8616
Website: www.abacusproperty.com.au

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

Directors of Responsible Entities and Abacus Group Holdings Limited:
John Thame, Chairman
Frank Wolf, Managing Director
William Bartlett
Malcolm Irving
Myra Salkinder

Company Secretary:
Ellis Varejes

Auditor (Financial and Compliance Plan):
Ernst & Young
Ernst & Young Centre
680 George Street
SYDNEY NSW 2000

Share Registry:
Boardroom Pty Ltd
Level 7, 207 Kent St
SYDNEY NSW 2000
Tel: 1300 737 760
Fax: 1300 653 459

CONTENTS

It is recommended that this Half-Year Financial Report should be read in conjunction with the Half-Year Financial Report of Abacus Trust, Abacus Group Projects Limited, Abacus Income Trust, Abacus Storage Property Trust and Abacus Storage Operations Limited as at 31 December 2012 and Abacus Property Group's 30 June 2012 Annual Financial Report. It is also recommended that the report be considered together with any public announcements made by the Abacus Property Group in accordance with its continuous disclosure obligations arising under the Corporations Act 2001.

DIRECTORS' REPORT

31 December 2012

The Directors present their report for the period ended 31 December 2012.

DIRECTORS

The Directors of Abacus Group Holdings Limited ("AGHL"), Abacus Funds Management Limited ("AFML") - the Responsible Entity of Abacus Trust ("AT") and Abacus Income Trust ("AIT"), Abacus Group Projects Limited ("AGPL"), Abacus Storage Funds Management Limited ("ASFML") – the Responsible Entity of Abacus Storage Property Trust ("ASPT") and Abacus Storage Operations Limited ("ASPT") in office during the half-year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

John Thame	Chairman (Non-executive)
Frank Wolf	Managing Director
William Bartlett	Non-executive Director
David Bastian	Non-executive Director (retired 14 November 2012)
Malcolm Irving	Non-executive Director
Myra Salkinder	Non-executive Director

PRINCIPAL ACTIVITIES

The Abacus Property Group operates predominantly in Australia and its principal activities during the course of the half-year ended 31 December 2012 included:

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

ABP GROUP STRUCTURE (Listed entities)

The ABP Group is comprised of AGHL, AT, AGPL, AIT, ASPT and ASOL. Shares in AGHL, AGPL and ASOL and units in AT, AIT and ASPT have been stapled together so that none can be dealt with without the others and are traded together on the Australian Securities Exchange as ABP. An ABP security consists of one share in AGHL, one unit in AT, one share in AGPL, one unit in AIT, one share in ASOL and one unit in ASPT. A transfer, issue or reorganisation of a share or unit in any of the component parts requires while they continue to be stapled, a corresponding transfer, by a transfer, issue or reorganisation of a share or unit in each of the other component parts.

AGHL, AGPL and ASOL are companies that are incorporated and domiciled in Australia. AT, AIT and ASPT are Australian registered managed investment schemes. AFML is the Responsible Entity of AT and AIT and ASFML is the Responsible Entity of ASPT. Both AFML and ASFML are incorporated and domiciled in Australia and are wholly-owned subsidiaries of AGHL.

ABACUS PROPERTY GROUP CONSOLIDATION

The application of AASB10 results in the consolidation of Abacus Hospitality Fund, Abacus Diversified Income Fund II and Abacus Miller Street Holding Trust by the APG group. This is due to the combination of ABP's role as responsible entity, variable returns arising from its collective equity and loan investments in these funds and certain guarantees.

AGHL has been identified as the parent entity of the group referred to as the Abacus Property Group ("APG" or "the Group"). The consolidated financial reports of the Group for the period ended 31 December 2012 comprise the consolidated financial reports of AGHL and its controlled entities, AT and its controlled entities, AGPL and its controlled entities, AIT and its controlled entities, ASOL and its controlled entities, ASPT and its controlled entities, Abacus Hospitality Fund and its controlled entities, Abacus Diversified Income Fund II and its controlled entities, and Abacus Miller Street Holding Trust and its controlled entity.

DIRECTORS' REPORT

31 December 2012

REVIEW AND RESULTS OF OPERATIONS

The Group earned a net profit of $23.7 million for the half-year ended 31 December 2012 (December 2011: $2.4 million). This profit has been calculated in accordance with Australian Accounting Standards and includes certain significant items that need adjustment to enable securityholders to obtain an understanding of the ABP Group's underlying profit of $42.4 million (December 2011: $39.8 million).

The underlying profit reflects the statutory profit / loss as adjusted in order to present a figure which reflects the Directors' assessment of the result for the ongoing business activities of the ABP Group, in accordance with the AICD / Finsia principles for reporting Underlying Profit. The consolidated profits / (losses which belong to the securityholders of Abacus Hospitality Fund, Abacus Diversified Income Fund II, Abacus Storage Fund (2011 only) and Abacus Miller Street Holdings Trust are excluded as these profits cannot and do not form part of the distributable income of the ABP Group The calculation of underlying profit excludes items such as unrealised fair value gains / losses on investment properties, unrealised provision gains / losses, adjustments arising from the effect of revaluing assets / liabilities carried at fair value (such as derivatives, financial instruments and investments), the consolidated profits / (losses) of managed funds which do not form part of the assessable or distributable profits of the ABP Group and other adjustments in the determination of underlying profit including transactions that occur infrequently and those that are outside the scope of the ABP Group's core ongoing business activities. Underlying profit is the basis on which distributions are determined.

The unaudited reconciliation between statutory profit and underlying profit is as follows:

	31 Dec 2012	31 Dec 2011
	$'000	**$'000**
Consolidated statutory net profit after tax attributable to members of the Group	**23,688**	**2,420**
less: consolidated profits/(losses) relating to Abacus Hospitality Fund, Abacus Storage Fund (2011 only) Abacus Diversified Income Fund II and Abacus Miller Street Holding Trust (includes the fund's share of the net loss in fair value of derivatives of $1.1 million (2011: $14.4 million))	**(7,797)**	(11,044)
Net profit attributable to ABP securityholders	**31,485**	**13,464**
Certain significant items:		
Net loss in fair value of investment properties held at balance date	4,421	3,825
Net change in fair value of investments and financial instruments held at balance date	(3,517)	760
Net loss in fair value of derivatives	4,969	20,697
Net change in fair value of property, plant and equipment, inventory and investment properties included in equity accounted investments	5,067	1,059
Underlying profit attributable to ABP securityholders	**42,425**	**39,805**

	31 Dec 2012	31 Dec 2011
Basic earnings per security (cents)	5.35	0.63
Basic underlying earnings per security (cents)	9.59	10.35
Distribution per security (cents - including proposed distribution)	8.25	8.25

The increase in the Group's statutory and underlying performance reflects the completion of transactions including the sale of the Lewisham joint venture residential development and a reduction in the fair value loss on derivatives (interest rate swaps) due to the reduced downward movement in market interest rates.

As at 31 December 2012, the Group had an interest in the following properties:

	$'000	No. of properties
ABP Group (listed entities)* including 46 self storage properties	1,067,607	82
Abacus Hospitality Fund^	142,110	4
Abacus Diversified Income Fund II^	168,360	21
Abacus Miller Street Holding Trust^	60,000	1

*Owned by ABP securityholders
^Consolidated

DIRECTORS' REPORT
31 December 2012

DISTRIBUTIONS

An interim distribution of 8.25 cents per ABP stapled security was declared on 10 January 2013 which will be paid on 27 February 2013. Distributions are paid on a semi-annual basis.

SIGNIFICANT EVENTS AFTER BALANCE DATE

Other than as disclosed already in this report and to the knowledge of directors, there has been no matter or circumstance that has arisen since the end of the half-year that has significantly affected, or may affect, the Group's operations in future financial periods, the results of those operations or the Group's state of affairs in future financial periods.

ROUNDING

The amounts contained in this report and in the half-year financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the group under ASIC Class Order 98/100. The group is an entity to which the Class Order applies.

AUDITOR'S INDEPENDENCE DECLARATION

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

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

John Thame	Frank Wolf
Chairman	Managing Director
Sydney, 26 February 2013	

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

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

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

In relation to our review of the financial report of Abacus Group Holdings Limited for the half-year ended 31 December 2012, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

K. Zdrilic
Partner
26 February 2013

CONSOLIDATED INCOME STATEMENT
HALF-YEAR ENDED 31 DECEMBER 2012

	Notes	31 Dec 2012 $'000	31 Dec 2011 $'000
REVENUE			
Rental income		48,118	52,727
Storage income		22,297	22,520
Hotel income		26,414	28,291
Finance income	4(a)	9,278	19,805
Funds management income	4(b)	3,729	3,543
Sale of inventory		50,966	-
Total Revenue		**160,802**	**126,886**
Net change in fair value of investment properties derecognised		1,567	1,323
Net change in fair value of investments and financial instruments derecognised		2,903	(82)
Net change in fair value of investments held at balance date		4,027	(76)
Share of profit / (loss) from equity accounted investments	10(b)	1,243	4,307
Other		-	63
Total Revenue and Other Income		**170,542**	**132,421**
Property expenses and outgoings		(7,184)	(8,288)
Storage expenses		(7,758)	(7,982)
Hotel expenses		(19,462)	(20,668)
Depreciation, amortisation and impairment expense		(3,466)	(4,167)
Cost of inventory sales	5(a)	(43,848)	-
Net change in fair value of derivatives		(6,116)	(35,077)
Net change in fair value of investment properties and property, plant & equipment held at balance date		(11,467)	(5,655)
Finance costs	5(b)	(30,699)	(36,524)
Administrative and other expenses		(12,628)	(12,224)
PROFIT BEFORE TAX		**27,914**	**1,836**
Income tax expense		(3,136)	(2,058)
NET PROFIT / (LOSS) AFTER TAX		**24,778**	**(222)**
PROFIT ATTRIBUTABLE TO:			
Equity holders of the parent entity (AGHL)		7,379	4,713
Equity holders of other stapled entities			
AT members		2,531	79
AGPL members		1,906	(2,240)
AIT members		6,613	(132)
ASPT members*		(7,067)	-
ASOL members*		12,326	-
Stapled security holders		**23,688**	**2,420**
Net profit / (loss) attributable to external non-controlling interests		1,090	(2,642)
NET PROFIT / (LOSS)		**24,778**	**(222)**
Basic and diluted earnings per stapled security (cents)	13	5.35	0.63

* ASPT and ASOL merged with the Group on 6 March 2012

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
HALF-YEAR ENDED 31 DECEMBER 2012

	31 Dec 12 $'000	31 Dec 11 $'000
NET PROFIT / (LOSS) AFTER TAX	24,778	(222)
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to the income statement		
Revaluation of assets, net of tax	(3,309)	1,497
Items that may be reclassified subsequently to the income statement		
Foreign exchange translation adjustments, net of tax	643	(1,060)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**22,112**	**215**
Total comprehensive income attributable to:		
Members of the APG Group	23,684	1,940
External non-controlling interests	(1,572)	(1,725)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**22,112**	**215**
by amounts attributable to:		
AGHL members	7,379	4,233
AT members	2,531	79
AGPL members	1,984	(2,240)
AIT members	6,613	(132)
ASPT members*	(7,175)	-
ASOL members*	12,352	-
TO MEMBERS OF THE GROUP	**23,684**	**1,940**

* ASPT and ASOL merged with the Group on 6 March 2012

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
HALF-YEAR ENDED 31 DECEMBER 2012

	Notes	31 Dec 2012 $'000	30 Jun 2012 $'000
CURRENT ASSETS			
Cash and cash equivalents		48,544	54,129
Trade and other receivables		18,926	11,918
Investment properties held for sale	7	106,560	190,821
Inventory		517	26,479
Property loans	9(a)	27,085	19,098
Other financial assets	9(b)	8,188	8,053
Other		2,974	3,004
TOTAL CURRENT ASSETS		**212,794**	**313,502**
NON-CURRENT ASSETS			
Trade and other receivables		-	6,212
Investment properties	7	1,189,407	1,181,203
Inventory		117,117	100,974
Property loans	9(c)	147,076	154,758
Other financial assets	9(d)	34,690	24,489
Property, plant and equipment	8	148,180	154,065
Equity accounted investments	10	120,965	121,833
Deferred tax assets		14,361	16,320
Intangible assets and goodwill		33,261	33,461
TOTAL NON-CURRENT ASSETS		**1,805,057**	**1,793,315**
TOTAL ASSETS		**2,017,851**	**2,106,817**
CURRENT LIABILITIES			
Trade and other payables		31,044	30,426
Interest-bearing loans and borrowings	11	89,774	29,950
Derivatives at fair value		850	-
Income tax payable		277	636
Other financial liabilities		11,000	-
Other		2,767	4,516
TOTAL CURRENT LIABILITIES		**135,712**	**65,528**
NON-CURRENT LIABILITIES			
Trade and other payables		21,690	12,725
Interest-bearing loans and borrowings	11	629,158	772,260
Derivatives at fair value		68,414	79,752
Deferred tax liabilities		10,336	10,183
Other financial liabilities		45,250	56,250
Other		2,227	2,227
TOTAL NON-CURRENT LIABILITIES		**777,075**	**933,397**
TOTAL LIABILITIES		**912,787**	**998,925**
NET ASSETS		**1,105,064**	**1,107,892**
TOTAL EQUITY		**1,105,064**	**1,107,892**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
HALF-YEAR ENDED 31 DECEMBER 2012

	Notes	31 Dec 2012 $'000	30 Jun 2012 $'000
Equity attributable to members of AGHL:			
Contributed equity		159,668	157,386
Reserves		5,755	6,050
Accumulated losses		(40,299)	(47,337)
Total equity attributable to members of AGHL:		**125,124**	**116,099**
Equity attributable to unitholders of AT:			
Contributed equity		794,222	783,358
Accumulated losses		(163,428)	(137,593)
Total equity attributable to unitholders of AT:		**630,794**	**645,765**
Equity attributable to members of AGPL:			
Contributed equity		20,734	20,415
Reserves		-	(78)
Accumulated losses		(15,623)	(17,529)
Total equity attributable to members of AGPL:		**5,111**	**2,808**
Equity attributable to unitholders of AIT:			
Contributed equity		173,960	170,620
Accumulated losses		(816)	(566)
Total equity attributable to unitholders of AIT:		**173,144**	**170,054**
Equity attributable to members of ASPT:			
Contributed equity		89,049	87,461
Reserves		(2,135)	(2,322)
Retained earnings		1,316	8,790
Total equity attributable to members of ASPT:		**88,230**	**93,929**
Equity attributable to members of ASOL:			
Contributed equity		13,090	12,754
Reserves		39	13
Retained earnings		27,827	15,501
Total equity attributable to members of ASOL:		**40,956**	**28,268**
Equity attributable to external non-controlling interest:			
Contributed equity		61,562	67,295
Reserves		2,763	5,424
Accumulated losses		(22,620)	(21,750)
Total equity attributable to external non-controlling interest:		**41,705**	**50,969**
TOTAL EQUITY		**1,105,064**	**1,107,892**
Contributed equity	12	1,250,723	1,231,994
Reserves		3,659	3,663
Accumulated losses		(191,023)	(178,734)
Total stapled security holders' interest in equity		1,063,359	1,056,923
Total external non-controlling interest		41,705	50,969
TOTAL EQUITY		**1,105,064**	**1,107,892**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
HALF-YEAR ENDED 31 DECEMBER 2012

	Attributable to the stapled security holder					External	
CONSOLIDATED	**Issued capital $'000**	**Asset revaluation reserve $'000**	**Foreign currency translation $'000**	**Employee equity benefits $'000**	**Retained earnings $'000**	**Non-controlling interest $'000**	**Total Equity $'000**
At 1 July 2012	1,231,994	612	(2,397)	5,448	(178,734)	50,969	1,107,892
Other comprehensive income	-	(331)	327	-	-	(2,662)	(2,666)
Net income / (expense) for the period	-	-	-	-	23,688	1,090	24,778
Total comprehensive income for the period	-	(331)	327	-	23,688	(1,572)	22,112
Return of capital (Jigsaw)	-	-	-	-	-	(5,733)	(5,733)
Distribution reinvestment plan	18,729	-	-	-	-	-	18,729
Distribution to security holders	-	-	-	-	(35,977)	(1,959)	(37,936)
At 31 December 2012	**1,250,723**	**281**	**(2,070)**	**5,448**	**(191,023)**	**41,705**	**1,105,064**
	-			-	-	-	-

	Attributable to the stapled security holder					External	
CONSOLIDATED	**Issued capital $'000**	**Asset revaluation reserve $'000**	**Foreign currency translation $'000**	**Employee equity benefits $'000**	**Retained earnings $'000**	**Non-controlling interest $'000**	**Total Equity $'000**
At 1 July 2011	1,139,824	1,021	(4,142)	5,448	(148,411)	146,670	1,140,410
Other comprehensive income	-	153	(633)	-	-	917	437
Net income/(expense) for the period	-	-	-	-	2,420	(2,642)	(222)
Total comprehensive income for the period	-	153	(633)	-	2,420	(1,725)	215
Distribution reinvestment plan	17,159	-	-	-	-	-	17,159
Issue costs	(123)	-	-	-	-	-	(123)
Acquisition of non-controlling interest	-	-	-	-	-	(1,754)	(1,754)
Distribution to security holders	-	-	-	-	(31,217)	(5,537)	(36,754)
At 31 December 2011	**1,156,860**	**1,174**	**(4,775)**	**5,448**	**(177,208)**	**137,654**	**1,119,153**

CONSOLIDATED STATEMENT OF CASH FLOW
HALF-YEAR ENDED 31 DECEMBER 2012

	31 Dec 2012 $'000	31 Dec 2011 $'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Income receipts	185,803	126,540
Interest received	2,752	1,222
Distributions received	130	608
Income tax paid	(1,388)	(830)
Finance costs paid	(25,475)	(27,459)
Operating payments	(54,836)	(55,961)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**106,986**	**44,120**
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for investments and funds advanced	(47,364)	(63,715)
Proceeds from sale and settlement of investments and funds repaid	17,168	18,583
Purchase of property, plant and equipment	(1,042)	(654)
Proceeds from sale of property, plant and equipment	-	12,137
Purchase of investment properties	(16,438)	(15,341)
Disposal of investment properties	62,947	22,527
Payment for other investments	(3,449)	(1,474)
NET CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES	**11,822**	**(27,937)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Return of capital (Jigsaw)	(5,733)	-
Payment of issue / finance costs	(392)	(2,363)
Repayment of borrowings	(129,755)	(4,114)
Proceeds from borrowings	32,429	15,305
Distributions paid	(21,026)	(21,373)
NET CASH FLOWS USED IN FINANCING ACTIVITIES	**(124,477)**	**(12,545)**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(5,669)	3,638
Net foreign exchange differences	84	(181)
Cash and cash equivalents at beginning of period	54,129	63,045
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**48,544**	**66,502**

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2012

1. CORPORATE INFORMATION

Abacus Property Group ("APG" or the "Group") is comprised of Abacus Group Holdings Limited ("AGHL") (the nominated parent entity), Abacus Trust ("AT"), Abacus Group Projects Limited ("AGPL"), Abacus Income Trust ("AIT") Abacus Storage Property Trust ("ASPT") and Abacus Storage Operations Limited ("ASOL"). Shares in AGHL, AGPL and ASOL and units in AT, AIT and ASPT have been stapled together so that neither can be dealt with without the other. The securities trade as one security on the Australian Stock Exchange (the "ASX") under the code ABP.

The financial report of the Group for the half-year ended 31 December 2012 was authorised for issue in accordance with a resolution of the directors on 26 February 2013.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The half-year financial report should be read in conjunction with the Annual Financial Report of Abacus Property Group for the year ended 30 June 2012. It is also recommended that the half-year financial report be considered together with any public announcements made by the Abacus Property Group during the half-year ended 31 December 2012 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of Preparation

The half-year general purpose 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 in notes 2(b), the same accounting policies have been applied as in the last annual financial report.

The half-year financial report has been prepared on a historical cost basis, except for investment properties and derivative financial instruments which have been measured at fair value, interest in joint ventures and associates which are accounted for using the equity method, and certain investments and financial assets 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 Group under ASIC Class Order 98/100. The Group is an entity to which the Class Order applies.

(b) Changes in accounting policy and disclosures

The following amending Standards have been adopted from 1 July 2012. Adoption of these Standards did not have any effect on the financial position, performance or accounting policies of the Group:

AASB 2010-8 Deferred Tax on Investment Properties: The amendment addresses the determination of deferred tax on investment property measured at fair value and introduces a rebuttable presumption that deferred tax on the basis that the carrying amount will be recoverable through sale rather than use. This amendment will have no impact on the Group as the majority of investment properties are held within the Group's Trusts and where the investment property is held within a company, the Group already had a policy to assess recoverability and record deferred tax where appropriate based on the assessment per property.

AASB2011-9 Presentation of Other Comprehensive Income: This standard requires entities to group items presented in other comprehensive income on the basis of whether they might be reclassified subsequently to profit or loss and those that will not.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of AGHL and its subsidiaries, AT and its subsidiaries, AGPL and its subsidiaries, AIT and its subsidiaries, ASPT and its subsidiaries and ASOL and its subsidiaries collectively referred to as the Group.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Basis of consolidation (continued)

The adoption of AASB10 has led to the consolidation of Abacus Hospitality Fund, Abacus Diversified Income Fund II and Abacus Miller Street Holding Trust. This is due to the combination of the Group's role as responsible entity and its exposure to variable returns arising from its collective equity and loan investments in these funds and certain guarantees.

Non-controlling interests represent those equity interests in Abacus Hospitality Fund, Abacus Miller Street Holding Trust, Abacus Jigsaw Trust and Abacus Independent Retail Property Trust that are not held by the Group and are presented separately in the income statement and within equity in the consolidated statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2012

3. SEGMENT INFORMATION

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

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

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

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

(d) Storage: the segment is responsible for the investment in and ownership of self-storage facilities.

Segment result includes transactions between operating segments which are then eliminated.

AASB10 – in application of the standard the Group has consolidated the Abacus Hospitality Fund, Abacus Diversified Income Fund II and the Abacus Miller Street Holding Trust. The performances of these entities which are operated as externally managed investment schemes are considered to be non-core segments and are reviewed separately to that of the performance of the Group's core business segments.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2012

3. SEGMENT INFORMATION (continued)

Half - year ended 31 Dec 2012	Core Segments: Property $'000	Core Segments: Funds Management $'000	Core Segments: Property Ventures $'000	Core Segments: Storage $'000	Core Segments: Total Core Segments $'000	Non Core Segments: AHF $'000	Non Core Segments: ADIFII $'000	Non Core Segments: AMSHT $'000	Unallocated/ Eliminations $'000	Consolidated $'000
Revenue										
Rental income	35,929	-	-	-	**35,929**	312	8,944	2,933	-	**48,118**
Storage income	-	-	-	22,297	**22,297**	-	-	-	-	**22,297**
Hotel income	726	-	-	-	**726**	25,688	-	-	-	**26,414**
Finance income	662	-	8,467	-	**9,129**	-	-	-	(661)	**8,468**
Funds management income	-	8,957	-	-	**8,957**	-	-	-	(5,228)	**3,729**
Sale of inventory	3,116	-	47,850	-	**50,966**	-	-	-	-	**50,966**
Net change in fair value of investment properties derecognised	1,312	-	-	-	**1,312**	(209)	464	-	-	**1,567**
Net change in fair value of investments and financial instruments derecognised	1,349	1,603	52	(101)	**2,903**	-	-	-	-	**2,903**
Net change in fair value of investments held at balance date	(7)	-	3,587	(63)	**3,517**	244	266	-	-	**4,027**
Share of profit from equity accounted investments ^	(1,223)	238	1,627	-	**642**	-	-	-	601	**1,243**
Other unallocated revenue					**652**	139	10	9		**810**
Total consolidated revenue	**41,864**	**10,798**	**61,583**	**22,133**	**137,030**	**26,174**	**9,684**	**2,942**	**(5,288)**	**170,542**
Property expenses and outgoings	(6,637)	-	-	-	**(6,637)**	(102)	(722)	(120)	397	**(7,184)**
Storage expenses	-	-	-	(7,758)	**(7,758)**	-	-	-	-	**(7,758)**
Hotel expenses	(865)	-	-	-	**(865)**	(18,597)	-	-	-	**(19,462)**
Depreciation, amortisation and impairment expense	(1,063)	-	-	(126)	**(1,189)**	(2,022)	(222)	(33)	-	**(3,466)**
Cost of inventory sales	(2,223)	-	(41,625)	-	**(43,848)**	-	-	-	-	**(43,848)**
Administrative and other expenses	(4,406)	(1,192)	(1,958)	(2,447)	**(10,003)**	(811)	(248)	(178)	(1,388)	**(12,628)**
Segment result	**26,670**	**9,606**	**18,000**	**11,802**	**66,730**	**4,642**	**8,492**	**2,611**	**(6,279)**	**76,196**

^ includes fair value loss of $5.1 million

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2012

3. SEGMENT INFORMATION (continued)

	Core Segments					Non Core Segments				
	Property	Funds Management	Property Ventures	Storage	Total Core Segments	AHF	ADIFII	AMSHT	Unallocated/ Eliminations	Consolidated
Half - year ended 31 Dec 2012	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Net change in fair value of investments and financial instruments held at balance date					**(4,421)**	(1,738)	(2,422)	(2,886)	-	**(11,467)**
Net change in fair value of derivatives					**(4,969)**	(1,338)	(109)	300	-	**(6,116)**
Finance costs					**(21,551)**	(6,843)	(6,000)	(2,066)	5,761	**(30,699)**
Profit / (loss) before tax					**35,789**	**(5,277)**	**(39)**	**(2,041)**	**(518)**	**27,914**
Income tax benefit / (expense)					**(2,778)**	(410)	52	-	-	**(3,136)**
Net profit / (loss) for the period					**33,011**	**(5,687)**	**13**	**(2,041)**	**(518)**	**24,778**
less non-controlling interest					**(1,526)**	(991)	-	1,427	-	**(1,090)**
Net profit / (loss) for the period attributable to members of the Group					**31,485**	**(6,678)**	**13**	**(614)**	**(518)**	**23,688**

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NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2012

3. SEGMENT INFORMATION (continued)

	Core Segments				Non Core Segments						
	Property	Funds Management	Property Ventures	Total Core Segments	AHF	ASF*	ADIFII	AMSHT	Total	Unallocated/ Eliminations	Consolidated
Half - year ended 31 Dec 2011	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Revenue											
Rental income	40,059	-	-	**40,059**	664	-	9,092	2,912	**52,727**	-	**52,727**
Storage income	1,388	-	-	**1,388**	-	21,132	-	-	**22,520**	-	**22,520**
Hotel income	1,698	-	-	**1,698**	26,593	-	-	-	**28,291**	-	**28,291**
Finance income	662	-	18,583	**19,245**	-	-	-	-	**19,245**	(661)	**18,584**
Funds mangement income	-	11,933	-	**11,933**	-	-	-	-	**11,933**	(8,390)	**3,543**
Net change in fair value of investment properties derecognised	1,323	-	-	**1,323**	-	-	-	-	**1,323**	-	**1,323**
Net change in fair value of investments and financial instruments derecognised	-	560	-	**560**	-	-	-	-	**560**	(642)	**(82)**
Share of profit from equity accounted investments^	2,168	1,420	479	**4,067**	-	-	-	-	**4,067**	240	**4,307**
Other revenue	63	723	-	**786**	-	-	-	-	**786**	(723)	**63**
Other unallocated revenue										1,221	**1,221**
Total consolidated revenue	**47,361**	**14,636**	**19,062**	**81,059**	**27,257**	**21,132**	**9,092**	**2,912**	**141,452**	**(8,955)**	**132,497**
Property expenses and outgoings	(7,534)	-	-	**(7,534)**	(171)	13	(681)	(286)	**(8,659)**	371	**(8,288)**
Storage expenses	(556)	-	-	**(556)**	-	(7,426)	-	-	**(7,982)**	-	**(7,982)**
Hotel expenses	(1,813)	-	-	**(1,813)**	(18,855)	-	-	-	**(20,668)**	-	**(20,668)**
Depreciation, amortisation and impairment expense #	(1,807)	-	-	**(1,807)**	(1,997)	(103)	(168)	(92)	**(4,167)**	-	**(4,167)**
Administrative and other expenses	(3,238)	(4,564)	(1,957)	**(9,759)**	(877)	(923)	(180)	(187)	**(11,926)**	619	**(11,307)**
Unallocated expenses										(917)	**(917)**
Segment result	**32,413**	**10,072**	**17,105**	**59,590**	**5,357**	**12,693**	**8,063**	**2,347**	**88,050**	**(8,882)**	**79,168**

^includes fair value loss of $365k

#includes loss on property, plant and equipment remeasured at fair value of $694k

* ASF merged with the Group in March 2012

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2012

3. SEGMENT INFORMATION (continued)

	Core Segments				Non Core Segments						
	Property	Funds Management	Property Ventures	Total Core Segments	AHF	ASF	ADIFII	AMSHT	Total	Unallocated/ Eliminations	Consolidated
Half - year ended 31 Dec 2011	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Net change in fair value of investments and financial instruments held at balance date				**(4,585)**	1,247	(1,923)	(646)	176	**(5,731)**	-	**(5,731)**
Net change in fair value of derivatives				**(20,697)**	(6,465)	(4,157)	(3,017)	(741)	**(35,077)**	-	**(35,077)**
Finance costs				**(19,252)**	(6,841)	(8,810)	(6,485)	(2,193)	**(43,581)**	7,057	**(36,524)**
Profit / (loss) before tax				**15,056**	**(6,702)**	**(2,197)**	**(2,085)**	**(411)**	**3,661**	**(1,825)**	**1,836**
Income tax benefit / (expense)				**(778)**	(223)	(890)	(167)	-	**(2,058)**	-	**(2,058)**
Net profit / (loss) for the period				**14,278**	**(6,925)**	**(3,087)**	**(2,252)**	**(411)**	**1,603**	**(1,825)**	**(222)**
less non-controlling interest				**(814)**	1,546	1,650	-	260	**2,642**	-	**2,642**
Net profit for the period attributable to members of the Group				**13,464**	**(5,379)**	**(1,437)**	**(2,252)**	**(151)**	**4,245**	**(1,825)**	**2,420**

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2012

3. SEGMENT INFORMATION (continued)

	Core Segments						Non Core Segments				
Half-year ended 31 Dec 2012	Property $'000	Funds Management $'000	Property Ventures $'000	Storage $'000	Total Core Segments $'000	Unallocated $'000	AHF $'000	ADIFII $'000	AMSHT $'000	Eliminations $'000	Consolidated $'000
Current assets											
Cash and cash equivalents	-	-	-	-	**-**	32,247	13,686	1,553	1,058	-	**48,544**
Trade and other receivables	-	-	-	-	**-**	12,337	3,801	2,607	182	-	**18,927**
Investment properties held for sale	46,560	-	-	-	**46,560**	-	-	-	60,000	-	**106,560**
Inventory	53	-	-	-	**53**	-	464	-	-	-	**517**
Property loans	-	-	27,085	-	**27,085**	-	-	-	-	-	**27,085**
Other financial assets	-	-	38	-	**38**	-	-	8,150	-	-	**8,188**
Other	-	-	-	-	**-**	2,063	870	40	-	-	**2,973**
Total current assets	**46,613**	**-**	**27,123**	**-**	**73,736**	**46,647**	**18,821**	**12,350**	**61,240**	**-**	**212,794**
Non-current assets											
Investment properties	659,096	-	-	361,951	**1,021,047**	-	-	168,360	-	-	**1,189,407**
Inventory	-	-	117,117	-	**117,117**	-	-	-	-	-	**117,117**
Property loans	19,697	154,692	114,890	-	**289,279**	-	-	-	-	(142,203)	**147,076**
Other financial assets	-	48,000	34,871	-	**82,871**	-	-	-	-	(48,181)	**34,690**
Property, plant and equipment	4,333	-	-	1,737	**6,070**	-	142,110	-	-	-	**148,180**
Equity accounted investments	119,429	-	8,131	-	**127,560**	-	-	-	-	(6,595)	**120,965**
Deferred tax assets	-	-	-	-	**-**	10,756	3,528	77	-	-	**14,361**
Intangible assets and goodwill	800	-	-	-	**800**	32,461	-	-	-	-	**33,261**
Total non-current assets	**803,355**	**202,692**	**275,009**	**363,688**	**1,644,744**	**43,217**	**145,638**	**168,437**	**-**	**(196,979)**	**1,805,057**
Total assets	**849,968**	**202,692**	**302,132**	**363,688**	**1,718,480**	**89,864**	**164,459**	**180,787**	**61,240**	**(196,979)**	**2,017,851**

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2012

3. SEGMENT INFORMATION (continued)

	Core Segments						Non Core Segments				
Half-year ended 31 Dec 2012	**Property $'000**	**Funds Management $'000**	**Property Ventures $'000**	**Storage $'000**	**Total Core Segments $'000**	**Unallocated $'000**	**AHF $'000**	**ADIFII $'000**	**AMSHT $'000**	**Eliminations $'000**	**Consolidated $'000**
Current liabilities											
Trade and other payables	6,027	1,838	5,380	5,228	**18,473**	-	9,262	2,503	806	-	**31,044**
Interest-bearing loans and borrowings	-	-	-	-	**-**	21,054	-	34,735	33,985	-	**89,774**
Derivatives at fair value	-	-	-	-	**-**	267	-	583	-	-	**850**
Income tax payable	-	-	-	-	**-**	277	-	-	-	-	**277**
Other financial liabilties	-	-	-	-	**-**	-	-	-	-	11,000	**11,000**
Other	472	105	210	262	**1,049**	-	567	1,151	-	-	**2,767**
Total current liabilities	**6,499**	**1,943**	**5,590**	**5,490**	**19,522**	**21,598**	**9,829**	**38,972**	**34,791**	**11,000**	**135,712**
Non-current liabilities											
Trade and other payables	2,244	-	19,446	-	**21,690**	-	-	-	-	-	**21,690**
Interest-bearing loans and borrowings	-	-	-	-	**-**	504,376	161,370	131,093	19,697	(187,378)	**629,158**
Derivatives at fair value	-	-	-	-	**-**	43,883	15,548	7,441	1,542	-	**68,414**
Deferred tax liabilities	-	-	-	-	**-**	5,543	202	4,591	-	-	**10,336**
Other financial liabilities	-	10,000	-	-	**10,000**	-	-	-	-	35,250	**45,250**
Other	543	121	241	301	**1,206**	-	1,021	-	-	-	**2,227**
Total non-current liabilities	**2,787**	**10,121**	**19,687**	**301**	**32,896**	**553,802**	**178,141**	**143,125**	**21,239**	**(152,128)**	**777,075**
Total liabilities	**9,286**	**12,064**	**25,277**	**5,791**	**52,418**	**575,400**	**187,970**	**182,097**	**56,030**	**(141,128)**	**912,787**
Net assets	**840,682**	**190,628**	**276,855**	**357,897**	**1,666,062**	**(485,536)**	**(23,511)**	**(1,310)**	**5,210**	**(55,851)**	**1,105,064**

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2012

3. SEGMENT INFORMATION (continued)

	Core Segments						Non Core Segments				
	Property	Funds Management	Property Ventures	Storage	Total Core Segments	Unallocated	AHF	ADIFII	AMSHT	Eliminations	Consolidated
Year ended 30 June 2012	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Current assets											
Cash and cash equivalents	-	-	-	-	**-**	43,115	9,990	226	798	-	**54,129**
Trade and other receivables	-	-	-	-	**-**	7,959	3,237	1,058	(336)	-	**11,918**
Investment properties held for sale	106,951	-	-	-	**106,951**	-	13,250	7,820	62,800	-	**190,821**
Inventory	26,045	-	-	-	**26,045**	-	434	-	-	-	**26,479**
Property loans	-	-	19,098	-	**19,098**	-	-	-	-	-	**19,098**
Other financial assets	-	-	169	-	**169**	-	-	7,884	-	-	**8,053**
Other	-	-	-	-	**-**	2,267	415	219	103	-	**3,004**
Total current assets	**132,996**	**-**	**19,267**	**-**	**152,263**	**53,341**	**27,326**	**17,207**	**63,365**	**-**	**313,502**
Non-current assets											
Investment properties	671,992	-	-	338,766	**1,010,758**	-	-	170,445	-	-	**1,181,203**
Inventory	25,310	-	75,664	-	**100,974**	-	-	-	-	-	**100,974**
Property loans	19,035	148,669	121,298	-	**289,002**	-	-	-	-	(134,244)	**154,758**
Other financial assets	-	48,000	24,671	-	**72,671**	-	-	-	-	(48,182)	**24,489**
Property, plant and equipment	4,889	-	-	720	**5,609**	-	148,456	-	-	-	**154,065**
Equity accounted investments	111,340	9,784	8,034	-	**129,158**	-	-	-	-	(7,325)	**121,833**
Deferred tax assets	-	-	-	-	**-**	12,569	3,734	17	-	-	**16,320**
Intangible assets and goodwill	1,000	-	-	-	**1,000**	32,461	-	-	-	-	**33,461**
Trade and other receivables	-	-	6,212	-	**6,212**	-	-	-	-	-	**6,212**
Total non-current assets	**833,566**	**206,453**	**235,879**	**339,486**	**1,615,384**	**45,030**	**152,190**	**170,462**	**-**	**(189,751)**	**1,793,315**
Total assets	**966,562**	**206,453**	**255,146**	**339,486**	**1,767,647**	**98,371**	**179,516**	**187,669**	**63,365**	**(189,751)**	**2,106,817**

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2012

3. SEGMENT INFORMATION (continued)

	Core Segments						Non Core Segments				
	Property	Funds Management	Property Ventures	Storage	Total Core Segments	Unallocated	AHF	ADIFII	AMSHT	Eliminations	Consolidated
Year ended 30 June 2012	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Current liabilities											
Trade and other payables	7,372	3,324	4,432	4,881	**20,009**	-	6,895	2,694	828	-	**30,426**
Interest-bearing loans and borrowings	-	-	-	-	**-**	29,950	-	-	-	-	**29,950**
Income tax payable	-	-	-	-	**-**	604	-	32	-	-	**636**
Other	1,353	398	530	530	**2,811**	-	566	1,139	-	-	**4,516**
Total current liabilities	**8,725**	**3,722**	**4,962**	**5,411**	**22,820**	**30,554**	**7,461**	**3,865**	**828**	**-**	**65,528**
Non-current liabilities											
Trade and other payables	2,600	-	10,125	-	**12,725**	-	-	-	-	-	**12,725**
Interest-bearing loans and borrowings	-	-	-	-	**-**	560,330	166,969	170,190	53,016	(178,245)	**772,260**
Derivatives at fair value	-	-	-	-	**-**	53,286	16,709	7,914	1,843	-	**79,752**
Deferred tax liabilities	-	-	-	-	**-**	5,229	229	4,725	-	-	**10,183**
Other financial liabilities	-	10,000	-	-	**10,000**	-	-	-	-	46,250	**56,250**
Other	544	181	242	242	**1,209**	-	1,018	-	-		**2,227**
Total non-current liabilities	**3,144**	**10,181**	**10,367**	**242**	**23,934**	**618,845**	**184,925**	**182,829**	**54,859**	**(131,995)**	**933,397**
Total liabilities	**11,869**	**13,903**	**15,329**	**5,653**	**46,754**	**649,399**	**192,386**	**186,694**	**55,687**	**(131,995)**	**998,925**
Net assets	**954,693**	**192,550**	**239,817**	**333,833**	**1,720,893**	**(551,028)**	**(12,870)**	**975**	**7,678**	**(57,756)**	**1,107,892**

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2012

4. REVENUE

	31 Dec 2012 $'000	31 Dec 2011 $'000
(a) Finance income		
Interest and fee income on secured loans	8,467	7,583
Sale of profit share rights	-	11,000
Bank interest	811	1,222
Total finance income	**9,278**	**19,805**
(b) Funds Management Income		
Asset / property management fees	1,924	1,863
Interest on loans to funds management entities	1,805	1,680
Total funds management income	**3,729**	**3,543**

5. EXPENSES

	31 Dec 2012 $'000	31 Dec 2011 $'000
(a) Cost of inventory sales		
Acquisition and holdings costs	31,472	-
Additional development costs*	12,376	-
Total cost of inventory sales	**43,848**	**-**

* Co-owner contribution to the Lewisham residential development.

	31 Dec 2012 $'000	31 Dec 2011 $'000
(b) Finance costs		
Interest on loans	28,402	34,231
Amortisation of finance costs	2,297	2,293
Total finance costs	**30,699**	**36,524**

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2012

6. DISTRIBUTIONS PAID AND PROPOSED

ABP Group	31 Dec 2012 $'000	31 Dec 2011 $'000
(a) Distributions paid during the period		
June 2012 half: 8.25 cents per stapled security (2011: 8.25 cents)	**35,886**	**31,217**
(b) Distributions proposed and not recognised as a liability*		
December 2012 half: 8.25 cents per stapled security (2011: 8.25 cents)	**36,702**	**31,907**

Distributions were paid from Abacus Trust, Abacus Income Trust and Abacus Storage Property Trust (which do not pay income tax provided they distribute all their taxable income) hence, there were no franking credits attached.

*The interim distribution of 8.25 cents per stapled security was declared on 10 January 2013. The distribution being paid on or about 27 February 2013 will be approximately $36.7 million. No provision for the distribution has been recognised in the balance sheet at 31 December 2012 as the distribution had not been declared by the end of the half-year.

AHF	31 Dec 2012 $'000	31 Dec 2011 $'000
(a) Distributions paid during the period		
June 2012 quarter: 1.125 cents per security (2011: 1.125cents)	552	552
September 2012 quarter: 1.125 cents per security (2011: 1.125 cents)	556	550
	1,108	**1,102**
(b) Distributions proposed and recognised as a liability		
December 2012 quarter: 1.125 cents per stapled security (2011: 1.125 cents)	**552**	**551**

ADIFII	31 Dec 2012 $'000	31 Dec 2011 $'000
(a) Interim distriubtions paid during the period		
September 2012: rate as per unit class		
Class A units 0.75 cents per unit (2011: 0.75 cents)	79	80
Class B units 2.3585 cents per unit (2011: 2.331 cents)	595	590
Class C units 1.7689 cents per unit (2011: 1.748 cents)	472	375
	1,146	**1,045**
(b) Distributions proposed and recognised as a liability		
Interim distribution payable for the December 2012 quarter: rate as per unit class		
Class A units 0.75 cents per unit (2011: 0.75 cents)	80	80
Class B units 2.3585 cents per unit (2011: 2.331 cents)	597	590
Class C units 1.7689 cents per unit (2011: 1.748 cents)	474	434
	1,151	**1,104**

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2012

6. DISTRIBUTIONS PAID AND PROPOSED (continued)

AMSHT	31 Dec 2012 $'000	31 Dec 2011 $'000
(a) Distributions paid during the period		
September 2012 quarter: 1.125 cents per security (2011: 1.125 cents)	**214**	**214**
(b) Distributions proposed and recognised as a liability		
December 2012 quarter: 1.125 cents per stapled security (2011: 1.125 cents)	**214**	**214**

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2012

7. INVESTMENT PROPERTIES

	31 Dec 2012 $'000	30 Jun 2012 $'000
Investment properties held for sale		
Retail	21,160	23,801
Commercial	77,000	144,550
Industrial	8,400	9,220
Other	-	13,250
Total investment properties held for sale	**106,560**	**190,821**

	31 Dec 2012 $'000	30 Jun 2012 $'000
Investment properties		
Retail	302,558	296,507
Commercial	304,090	310,395
Industrial	198,060	198,740
Storage	360,752	357,761
Other	23,947	17,800
Total investment properties	**1,189,407**	**1,181,203**
Total investment properties including held for sale	**1,295,967**	**1,372,024**

The current investment properties represent 7 properties which are either subject to a sales contract or an active sales campaign and are expected to be sold by 31 December 2013.

Reconciliation

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

	31 Dec 2012 $'000	30 Jun 2012 $'000
Carrying amount at beginning of the financial year	1,181,203	1,338,130
Additions and capital expenditure	18,577	34,985
Fair value adjustments for properties held at balance date	(5,250)	(2,263)
Disposals	(5,995)	(61,636)
Effect of movements in foreign exchange	872	368
Properties transferred to held for sale	-	(158,621)
Transfers	-	30,240
Carrying amount at end of the financial year	**1,189,407**	**1,181,203**

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.

Investment properties are independently valued on a staggered basis every two years unless the underlying financing requires a more frequent independent valuation cycle. The key underlying assumptions, on a portfolio basis, contained within the independent and director valuations above are as follows:

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2012

7. INVESTMENT PROPERTIES (continued)

Abacus Property Group*

- A weighted average capitalisation rate for each category is as follows;
  - Group – 8.73% (30 June 2012: 8.69%)
  - Retail – 8.17% (30 June 2012: 8.18%)
  - Commercial – 8.48 % (30 June 2012: 8.38%)
  - Industrial – 9.84% (30 June 2012: 9.78%)
  - Storage – 9.18% (30 June 2012: 9.18%)
  - Other – 7.31% (30 June 2012: 8.75%)
- The current occupancy rate for the portfolio excluding development and self-storage assets is 93.2% (30 June 2012: 94.3%). The current occupancy rate for self-storage assets is 87.7% (30 June 2012: 82.1%)
- A weighted average rent review for the 12 months to 31 December 2013 of 2.4% (30 June 2012: 3.7%).

During the period ended 31 December 2012, 16% of the number of properties in the portfolio was subject to external valuations, the remaining 84% was subject to internal valuation.

Abacus Diversified Income Fund II

- A weighted average capitalisation rate for each category is as follows;
  - Commercial – 9.74% (30 June 2012: 9.34%)
  - Industrial – 8.96% (30 June 2012: 8.86%)
- The current occupancy rate for the portfolio is 97% (30 June 2012: 97%)
- A weighted average rent review for the 12 months to 31 December 2013 of 3.85% (30 June 2012: 4.08%)

During the period 31 December 2012, 38% of the number of properties in the portfolio was subject to external valuations, the remaining 62% was subject to internal valuation.

Abacus Miller Street Holding Trust

- A capitalisation rate of 9.00% (30 June 2012: 8.75%)
- The current occupancy rate of the property is 99% (30 June 2012: 98%).
- A weighted average rent review for the 12 months to 31 December 2013 of 4.0% (30 June 2012: 4.0%)

The property was internally valued as at 31 December 2012.

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 2012 have regard to market sales evidence in adopting a market valuation for each property including the key assumptions outlined.

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

* Excludes Abacus Hospitality Fund, Abacus Diversified Income Fund II and Abacus Miller Street Holding Trust

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2012

8. PROPERTY, PLANT AND EQUIPMENT

	31 Dec 2012 $'000	30 Jun 2012 $'000
Land and buildings		
At 1 July, net of accumulated depreciation	138,412	144,999
Additions	720	205
Disposals	-	(13,663)
Revaluations	(5,047)	7,452
Effect of movements in foreign exchange	350	444
Depreciation charge for the period	(764)	(1,025)
At 31 December, net of accumulated depreciation	**133,671**	**138,412**
Cost or fair value	146,676	150,653
Accumulated depreciation	(13,005)	(12,241)
Net carrying amount at end of period	**133,671**	**138,412**
Plant and equipment		
At 1 July, net of accumulated depreciation	15,653	18,239
Additions	320	1,371
Disposals	-	(298)
Effect of movements in foreign exchange	11	47
Depreciation charge for the period	(1,475)	(3,706)
At 31 December, net of accumulated depreciation	**14,509**	**15,653**
Cost or fair value	37,066	36,689
Accumulated depreciation	(22,557)	(21,036)
Net carrying amount at end of period	**14,509**	**15,653**
Total	**148,180**	**154,065**

	31 Dec 2012 $'000	30 Jun 2012 $'000
Property, plant and equipment		
Hotel properties(1)	146,310	152,155
Storage properties	1,737	1,823
Office equipment / furniture and fittings	133	87
Total property, plant and equipment	**148,180**	**154,065**

The property, plant and equipment are carried at the directors' determination of fair value and are based on independent valuations. The determination of fair value includes reference to the original acquisition cost together with capital expenditure since acquisition and either the latest full independent valuation, 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.

The independent and directors' 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 2012 have regard to market sales evidence in adopting a market valuation for each property including the key assumptions outlined.

(1) Includes pub properties but excludes the value of licences that are accounted for separately as intangibles.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2012

8. PROPERTY, PLANT AND EQUIPMENT (continued)

The key underlying assumptions, on a portfolio basis, contained within the independent and directors' valuations above for the Hotel properties are as follows:

- A weighted average capitalisation rate for the hotel properties is 9.48% (30 June 2012: 9.33%)
- The current weighted average occupancy rate for the hotel properties is 75% (30 June 2012: 72%)

The independent and directors; 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 2012 have regards to market sales evidence in adopting a market valuation for each property including the key assumptions outlined.

9. PROPERTY LOANS AND OTHER FINANCIAL ASSETS

	31 Dec 2012 $'000	30 Jun 2012 $'000
(a) Current property loans		
Secured loans - amortised cost (i)	25,068	17,713
Interest receivable on secured loans - amortised cost	2,017	1,385
	27,085	**19,098**
(b) Current other financial assets		
Investments in securities - listed - fair value	38	168
Other financial assets - fair value (ii)	8,150	7,885
	8,188	**8,053**
(c) Non-current property loans		
Secured loans - amortised cost (i)	130,175	137,938
Interest receivable on secured loans - amortised cost	16,901	16,820
	147,076	**154,758**
(d) Non-current other financial assets		
Investments in securities - unlisted - fair value	4,423	4,489
Other financial assets - amortised cost	6,627	-
Other financial assets - fair value (ii)	23,640	20,000
	34,690	**24,489**

(i) Mortgages are secured by real property assets. The current facilities are scheduled to mature and are expected to be realised on or before 31 December 2013 and the non-current facilities will mature between 1 January 2014 and 24 December 2018. An amount of $30.7 million (30 June 2012: $33.1 million) is a loan to Abacus Wodonga Land Fund, a related party.

(ii) Abacus enters into loans and receivables with associated options that provide for a variety of outcomes including repayment of principal and interest, satisfaction through obtaining interests in equity or property or combinations thereof. At the end of the period, the maximum exposure to credit risk in relation to these instruments was $31.8 million (30 June 2012: $27.9 million).

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2012

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Note	31 Dec 2012 $'000	30 Jun 2012 $'000
Investment in associates	10(a)(i)	-	-
Investment in joint ventures	10(a)(ii)	120,965	121,833
		120,965	121,833

(a) Details of Associates and Joint Ventures

(i) Associates

	Principal Activity	31 Dec 2012 %	30 Jun 2012 %	31 Dec 2012 $'000	30 Jun 2012 $'000
Abacus Wodonga Land Fund[1]	Land subdivision	15	15	-	-
				-	-

(ii) Joint Ventures

		ownership interest		carrying value	
	Principal Activity	31 Dec 2012 %	30 Jun 2012 %	31 Dec 2012 $'000	30 Jun 2012 $'000
309 George St JV Trust	Property investment	25	25	10,154	11,478
Abacus Aspley Village Trust	Property investment	33	33	7,476	10,459
Abacus Rosebery Property Trust	Property development	50	50	1,655	1,284
Abwill 350 George St Trust	Property development	50	50	6,837	6,842
Australian Aggregation Head Trust	Property investment	25	25	27,480	14,241
Birkenhead Point Marina Pty Ltd[2]	Marina operator	50	50	47	583
Fordtrans Pty Ltd (Virginia Park)	Property investment	50	50	60,842	60,412
Hampton Residential Retirement Trust	Property development	50	50	4,361	4,519
Jigsaw Trust	Childcare operator	-	50	-	9,784
Pakenham Valley Unit Trust	Land subdivision	50	50	21	21
The Abacus Colemans Road Trust	Property development	50	50	1,489	1,672
The Mount Druitt Unit Trust	Property investment	50	50	603	538
The Tulip Unit Trust	Property development	50	50	-	-
				120,965	121,833

(1) Abacus Funds Management Limited acts as the Responsible Entity of the Fund

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

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

	31 Dec 2012 $'000	31 Dec 2011 $'000
Revenue	83,738	35,112
Expenses	(79,161)	(26,368)
Net profit / (loss)	**4,577**	**8,744**
Share of net profit / (loss)	**1,243**	**4,307**

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2012

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

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

	31 Dec 2012 $'000	30 Jun 2012 $'000
Current assets	44,729	48,492
Non-current assets	652,110	524,846
	696,839	573,338
Current liabilities	(18,286)	(18,485)
Non-current liabilities	(341,925)	(239,282)
	(360,211)	(257,767)
Net assets	**336,628**	**315,571**
Share of net assets	**120,965**	**121,833**

Material investments in joint ventures follows.

Fordtrans Pty Ltd (Virginia Park) ("VP")

The Group has a 50% interest in the ownership and voting rights of Fordtrans Pty Ltd. VP's principal place of business is in Bentleigh East, Victoria.

VP owns a sizeable Business Park providing a mixture of industrial and office buildings as well as supporting facilities including gymnasium, swim centre, child care centre, children's play centre, cafe, yoga centre and martial arts centre. The site has recently been enhanced following the purchase of a neighbouring site that offers expansion potential and residential opportunity.

The Group jointly controls the venture with the other partner under the terms of Unitholders Agreement and requires unanimous consent for all major decisions over the relevant activities.

The Group's share of income (including distributions) for the period ended 31 December 2012 was $2.46 million (31 December 2011: $2.27 million).

Summarised Financial Information

Summarised financial information in respect of VP is as follows:

	31 Dec 2012 $'000	30 Jun 2012 $'000
Cash & cash equivalents	837	1,134
Other current assets	13,355	11,233
Total current assets	**14,192**	**12,367**
Total non-current assets	**176,656**	**176,286**
Total assets	**190,848**	**188,653**
Other current liabilities	4,433	3,377
Total current liabilities	**4,433**	**3,377**
Non-current financial liabilties	64,732	64,389
Total non-current liabilities	**64,732**	**64,389**
Total liabilities	**69,165**	**67,766**
Net assets	**121,683**	**120,887**

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012

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

Fordtrans Pty Ltd (Virginia Park) (“VP”) (continued)

Summarised Statement of Comprehensive Income

	31 Dec 2012 $'000	31 Dec 2011 $'000
Revenue	6,548	5,247
Interest income	1,712	772
Interest expense	(2,246)	(1,717)
Profit before tax	**4,563**	**4,302**
Income tax expense	-	-
Total comprehensive income	**4,563**	**4,302**

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2012

11. INTEREST BEARING LOANS AND BORROWINGS

	31 Dec 2012	30 Jun 2012
	$'000	$'000
Abacus Property Group*		
Current		
Bank loans - A$	-	29,950
Other loans - A$	21,054	-
	21,054	**29,950**
Abacus Diversified Income Fund II		
Current		
Bank loans - A$	34,890	-
Less: Unamortised borrowing costs	(155)	-
	34,735	**-**
Abacus Miller Street Holding Trust		
Current		
Bank loans - A$	34,000	-
Less: Unamortised borrowing costs	(15)	-
	33,985	**-**
(a) Total current	**89,774**	**29,950**
Abacus Property Group*		
Non-current		
Bank loans - A$	447,619	484,484
Bank loans - A$ value of NZ$ denominated loan	52,138	53,038
Other loans - A$	9,286	29,354
Less: Unamortised borrowing costs	(4,667)	(6,546)
	504,376	**560,330**
Abacus Hospitality Fund		
Non-current		
Bank loans - A$	36,740	49,240
Bank loans - A$ value of NZ$ denominated loan	20,279	20,020
Loans from other parties	26,296	25,267
Less: Unamortised borrowing costs	(352)	(469)
	82,963	**94,058**
Abacus Diversified Income Fund II		
Non-current		
Bank loans - A$	41,933	84,319
Less: Unamortised borrowing costs	(114)	(427)
	41,819	**83,892**
Abacus Miller Street Holding Trust		
Non-current		
Bank loans - A$	-	34,000
Less: Unamortised borrowing costs	-	(20)
	-	**33,980**
(b) Total non-current	**629,158**	**772,260**

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2012

11. INTEREST BEARING LOANS AND BORROWINGS

	31 Dec 2012 $'000	30 Jun 2012 $'000
(c) Maturity profile of current and non-current interest bearing loans		
Due within one year	89,944	29,950
Due between one and five years	634,291	779,722
	724,235	**809,672**

* Excludes Abacus Hospitality Fund, Abacus Diversified Income Fund II and Abacus Miller Street Holding Trust

Abacus Property Group*

The Group maintains a range of interest-bearing loans and borrowings. The sources of funding are spread over a number of counterparties and the terms of the instruments are negotiated to achieve a balance between capital availability and cost of debt.

Bank loans are $A and $NZ denominated and are provided by several banks at interest rates which are set periodically on a floating basis. The loans term to maturity varies from May 2014 to April 2016. The bank loans are secured by charges over the investment properties, certain inventory and certain property, plant and equipment.

Approximately 73% (30 June 2012: 97%) of bank debt drawn was subject to fixed rate hedges with a weighted average term to maturity of 3.8 years (30 June 2012: 3 years). Hedge cover as a percentage of available facilities at 31 December 2012 is 46.0% (30 June 2012: 69.7%).

APG's weighted average interest rate as at 31 December 2012 was 6.92% (30 June 2012: 7.27%). Line fees on undrawn facilities contributed to 0.48% of the weighted average interest rate at 31 December 2012 (30 June 2012: 0.40%). APG's weighted average interest rate excluding the undrawn facilities line fees as at 31 December 2012 was 6.44% (30 June 2012: 6.87%).

* Excludes Abacus Hospitality Fund, Abacus Diversified Income Fund II and Abacus Miller Street Holding Trust

Abacus Hospitality Fund

AHF's $A and $NZ bank facility matures in June 2014. The facility is secured by a charge over AHF's hotel assets and at 31 December 2012 approximately 75.3% (30 June 2012: 62.0%) of drawn bank debt facilities were subject to current fixed rate hedges with a weighted average term to maturity of 4.6 years (30 June 2012: 5.1 years).

AHF's weighted average interest rate as at 31 December 2012 was 8.55% (30 June 2012: 8.1%). Line fees on undrawn facilities contributed to 0.33% of the weighted average interest rate at 31 December 2012 (30 June 2012: 0.18%). AHF's weighted average interest rate excluding the undrawn facilities line fees as at 31 December 2012 was 8.23% (30 June 2012: 7.9%).

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2012

11. INTEREST BEARING LOANS AND BORROWINGS (continued)

Abacus Diversified Income Fund II

ADIF II has financed its Australian investment property portfolio via two $A facilities provided by two major Australian banks which mature in September 2013 and November 2014 respectively.

The facilities are secured by charges over ADIF II's investment properties and at 31 December 2012 approximately 100% (30 June 2012: 93.1%) of drawn bank debt facilities were subject to fixed rate hedges with a weighted average term to maturity of 3.3 years (30 June 2012: 3.8 years).

ADIF II's weighted average interest rate as at 31 December 2012 was 9.00% (30 June 2012: 8.85%). Line fees on undrawn facilities contributed to 0.33% of the weighted average interest rate at 31 December 2012 (30 June 2012: 0.20%). ADIF II's weighted average interest rate excluding the undrawn facilities line fees as at 31 December 2012 was 8.67% (30 June 2012: 8.65%).

Abacus Miller Street Holding Trust

The Miller Street investment property has financed its Australian investment property portfolio via an $A facility provided by a major Australian banks which matures in September 2013.

The facility is secured against the Miller Street investment property and at 31 December 2012 approximately 97.1% (30 June 2012: 97.1%) of drawn bank debt facility was subject to fixed rate hedges with a weighted average term to maturity of 1.4 years (30 June 2012: 1.9 years).

AMSHT's weighted average interest rate as at 31 December 2012 was 8.23% (30 June 2012: 8.38%). Line fees on undrawn facilities contributed to 0.03% of the weighted average interest rate at 31 December 2012 (30 June 2012: 0.02%). AMSHT's weighted average interest rate excluding the undrawn facilities line fees as at 31 December 2012 was 8.20% (30 June 2012: 8.36%).

(d) Financing facilities available

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

	31 Dec 2012 $'000	30 Jun 2012 $'000
Abacus Property Group*		
Total facilities - bank loans	786,500	789,950
Facilities used at reporting date - bank loans	(499,757)	(567,472)
Facilities unused at reporting date - bank loans	**286,743**	**222,478**
Abacus Hospitality Fund		
Total facilities - bank loans	79,000	78,646
Facilities used at reporting date - bank loans	(57,019)	(69,260)
Facilities unused at reporting date - bank loans	**21,981**	**9,386**
Abacus Diversified Income Fund		
Total facilities - bank loans	104,577	104,577
Facilities used at reporting date - bank loans	(76,823)	(84,319)
Facilities unused at reporting date - bank loans	**27,754**	**20,258**
Abacus Miller Street Holding Trust		
Total facilities - bank loans	35,000	35,000
Facilities used at reporting date - bank loans	(34,000)	(34,000)
Facilities unused at reporting date - bank loans	**1,000**	**1,000**

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2012

11. INTEREST BEARING LOANS AND BORROWINGS (continued)

(e) Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current interest bearing liabilities are:

	31 Dec 2012 $'000	30 Jun 2012 $'000
Current		
First mortgage		
Investment properties held for sale	106,560	190,821
Total current assets pledged as security	106,560	190,821
Non-current		
First mortgage		
Freehold land and buildings	4,200	5,609
Property, plant and equipment	143,847	148,456
Inventory	86,196	54,663
Investment properties	1,175,022	1,173,163
Total non-current assets pledged as security	1,409,265	1,381,891
Total assets pledged as security	**1,515,825**	**1,572,712**

(f) Defaults and breaches

During the current and prior periods, there were no defaults or breaches on any of the loans.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2012

12. CONTRIBUTED EQUITY

	31 Dec 2012 $'000	30 Jun 2012 $'000
(a) Issued stapled securities		
Stapled securities	1,290,787	1,271,794
Issue costs	(40,064)	(39,800)
Total contributed equity	1,250,723	1,231,994

(b) Movement in stapled securities on issue

	Stapled securities	
	Number '000	**Value $'000**
At 30 June 2012	434,983	1,231,994
- distribution reinvestment plan	9,888	18,954
- less transaction costs	-	(225)
Securities on issue at 31 December 2012	444,871	1,250,723

13. EARNINGS PER STAPLED SECURITY

	31 Dec 2012	31 Dec 2011
Basic and diluted earnings per stapled security (cents)	5.35	0.63
Reconciliation of earnings used in calculating earnings per stapled security		
Basic and diluted earnings per stapled security		
Net profit ($'000)	**23,688**	**2,420**
Weighted average number of shares:		
Weighted average number of stapled securities for basic earning per security ('000)	442,453	384,730

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2012

14. CAPITAL MANAGEMENT

Abacus Property Group*

The Group seeks to manage its capital requirements through a mix of debt and equity funding. It also ensures that Group entities comply with capital and distribution requirements of their constitutions and/or trust deeds, the capital requirements of relevant regulatory authorities and continue to operate as going concerns. The Group also protects its equity in assets by taking out insurance.

The Group assesses the adequacy of its capital requirements, cost of capital and gearing (i.e. debt/equity mix) as part of its broader strategic plan. In addition to tracking actual against budgeted performance, the Group reviews its capital structure to ensure sufficient funds and financing facilities (on a cost effective basis) are available to implement the Group's strategy that adequate financing facilities are maintained and distributions to members are made within the stated distribution guidance (i.e. paid out of underlying profits).

The following strategies are available to the Group to manage its capital: issuing new stapled securities, activating its distribution reinvestment plan, electing to have the distribution reinvestment plan underwritten, adjusting the amount of distributions paid to members, activating a security buyback program, divesting assets, active management of the Group's fixed rate swaps, directly purchasing assets in managed funds and joint ventures, or (where practical) recalibrating the timing of transactions and capital expenditure so as to avoid a concentration of net cash outflows.

On 10 December 2012 ABP renewed its $16.5m Metcash portfolio facility with ANZ to May 2014.

The Group manages the cash flow effect of interest rate risk by entering into interest rate swap agreements that are used to convert floating interest rate borrowings to fixed interest rates. Such interest rate swaps are entered into with the objective of hedging the risk of interest rate fluctuations in respect of underlying borrowings. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals (mainly monthly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

Interest rate swap contracts have been recorded on the Statement of Financial Position at their fair value in accordance with AASB 139 Financial Instruments: Recognition and Measurement. The AIFRS documentation, designation and effectiveness requirements cannot be met in all circumstances, as a result derivatives do not qualify for hedge accounting and are recorded at fair value through the Statement of Income.

* Excludes Abacus Hospitality Fund, Abacus Diversified Income Fund II and Abacus Miller Street Holding Trust

Covenant	Covenant Requirement	Key Details
Nature of facilities	Secured, non recourse [1]	The Group has no unsecured facilities
ICR	> 1.0 to 1.5	Net rental income / interest expense (on bank loans)
ICR Covenant for Storage Assets	≥ 1.5	Underlying EBITDA (ex fair value P&L / interest expense paid to banks for loans secured by self storage properties
Group ICR	≥ 2.0 [2]	Group EBITDA (ex fair value P&L and impairment to goodwill and intangibles) / total interest expense
Total Gearing	≤ 50% [2]	Total liabilities (net of cash) / total tangible assets (net of cash)
LVR	≤ 50% to 67.5% [3]	Drawn loan / bank accepted valuations
Gearing ratio on a look through basis	≤ 60% [4]	ABP gearing plus gearing from proportional consolidation of equity accounted investments

1. There are no market capitalisation covenants.
2. Condition of the current $400m Syndicated facility, $100m Working Capital facility and the $70m Bilateral facility.
3. The 67.5% LVR for the new Working Capital Facility will step down to 65.0% from 1 January 2014.
4. Condition of the $100m Working Capital Facility and $400m Syndicated facility.

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14. CAPITAL MANAGEMENT (continued)

Consolidated Funds

The Capital Management approach and strategies employed by the Group are also deployed for the funds ABP manages and which are consolidated in these accounts – AHF, ADIF II and AMSHT (or the Consolidated Funds).

Points unique to the capital management of these respective funds are:

- The Consolidated Funds via their responsible entities comply with capital and distribution requirements of their constitutions and/or deeds, the capital requirements of relevant regulatory authorities and continue to operate as going concerns
- There is currently no DRP for any of the Funds.

A summary of banking covenants – by fund – is set out below:

Covenant	AHF	ADIF II	AMSHT
Nature of facilities	Secured, non recourse	Secured, non recourse	Secured, non recourse
LVR Covenant	≤ 55%[1]	≤ 50% - 60%[3]	≤ 57.5%[3]
ICR Covenant	≥ 1.5[2]	> 1.5[4]	> 1.5[4]

1. Drawn loan less cash secured / bank accepted valuations
2. Underlying EBITDA (ex fair value P&L) / interest expense paid to banks
3. Drawn loan / bank accepted valuations
4. Net rental income / interest expense paid to banks

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15. OTHER FINANCIAL LIABILITIES

Abacus Property Group*

The Group has provided the following guarantees to the ADIFII:

Unit Type	Cash Distribution Yield Guarantee	Capital Return Guarantee
Class A $1.00		$1.00 per unit at 30 September 2013 if the net assets per Unit are less than $1.00 at 30 June 2013.
Class B $1.00	9% pa plus indexation (indexed in line with inflation in each year after 1 July 2011).	$1.00 per Unit at Fund termination (effective on 30 June 2016).
Class C $0.75	9% pa plus indexation (indexed in line with inflation in each year after 1 July 2011).	$0.75 per Unit at Fund termination (effective on 30 June 2016).

The Underwritten Distributions will be achieved by deferring the interest on the Working Capital Facility or by deferring any of the fees payable to the Group under the constitution of ADIFII (or a combination of these things) or in any other way the Group considers appropriate. Any interest or fee deferral or other funding support may be recovered if the actual cash distribution exceeds the cash required to meet the underwritten distribution at the expiration of the Fund term or on a winding up of the Fund.

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

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

As a result of the consolidation of ADIFII under AASB10 the underwritten capital guarantee results in ADIFII's units on issue being classified as a liability and at the end of the period the value was $56.3 million (30 June 2012: $56.3 million).

The offer document for ADIFII was closed in December 2011 and no further equity will be raised. The actual guarantee exposure (if any) will be determined at the maturity date of the guarantee in 2013 (c20% of the total guarantee exposure) and between 1 July 2016 and 30 June 2017 (c80% of the total guarantee exposure).

* Excludes Abacus Hospitality Fund, Abacus Diversified Income Fund II and Abacus Miller Street Holding Trust

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16. COMMITMENTS AND CONTINGENCIES

At 31 December 2012 ADIF II has exchanged contracts to purchase an asset at Macquarie Office Park Epping for $17.35 million.

There are no other contingent assets or liabilities at 31 December 2012.

17. EVENTS AFTER BALANCE SHEET DATE

Other than as disclosed in this report, there has been no other matter or circumstance that has arisen since the end of the half-year that has significantly affected, or may affect, the Group's operations in future financial periods, the results of those operations or the Group's state of affairs in future financial periods.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Abacus Group Holdings Limited, we state that:

In the opinion of the directors:

(a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including :

  (i) giving a true and fair view of the financial position as at 31 December 2012 and the performance for the half-year ended on that date for the consolidated entity; and

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

(b) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board

John Thame Chairman Sydney, 26 February 2013	Frank Wolf Managing Director

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To the members of Abacus Group Holdings Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Abacus Group Holdings Limited, which comprises the consolidated statement of financial position as at 31 December 2012, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the period half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* . As the auditor of Abacus Group Holdings Limited and the entities it controlled during the Half Year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

ERNST & YOUNG

Conclusion

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

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and

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

Ernst & Young

Ernst & Young

K. Zdrilic
Partner
Sydney
26 February 2013