



**Abacus Trust**  
Responsible Entity  
Abacus Funds Management Limited  
ABN 66 007 415 590

**Abacus Group Holdings Limited**  
ABN 31 080 604 619

7 November 2003

Company Announcements Office  
Australian Stock Exchange

**ABACUS PROPERTY GROUP (ABP)  
Chairman's AGM address and distribution announcement**

Attached is a copy of the Chairman's address to be given today to Abacus Property Group security-holders at the Annual General Meeting of Abacus Group Holdings Limited.

The Chairman will announce an increase in the Abacus Property Group distribution for the quarter ending 31 December 2003 of 5.6%, from 2.65 to 2.8 cents per security.

We advise that the record date for determining entitlement to the Abacus Property Group distribution for the quarter ending 31 December 2003 is 5.00 pm on 31 December 2003. Payment of the distribution will be on or about 12 February 2004.

Abacus Property Group stapled securities will be quoted ex-distribution on 23 December 2003.

Yours faithfully,

A handwritten signature in black ink, appearing to read "David J Bastian", with a small number "2" written below it.

**David J Bastian**  
Managing Director

## **Chairman's Address**

### **Abacus Group Holdings Limited Annual General Meeting**

Ladies and gentlemen,

Welcome to the Annual General Meeting of Abacus Group Holdings Limited.

As you know, Abacus Group Holdings Limited and the Abacus Trust together form the Abacus Property Group. My remarks here today will relate to the Group as a whole since, in effect, Abacus Group Holdings and the Trust operate as a single entity.

I will recap the Group's highlights for the year ended 30 June 2003 and touch on the outlook for the year ahead. Following my address, there will be an opportunity for questions before we proceed with the formal business of the meeting.

2003 was a very positive year for the Abacus Property Group. Among many achievements, two stand out:

- The acquisition of the manager; and
- The Group's listing on the Australian Stock Exchange.

The acquisition of Abacus Funds Management and its real estate subsidiary, Abacus Property Services, during October 2002 extended the scope of the Group's income streams to include funds management and asset management and also increased the range of property-based transactions we are able to participate in. Clearly, this is in accordance with our strategy of developing an integrated property group with diversified income streams.

Listing on the Australian Stock Exchange has provided our investors with access to liquidity and introduced institutional investors to our registry.

Other highlights of the Group's performance during 2003 were:

- Profit increased to \$33.8 million - \$4.8 million or 16% above the forecast provided in the October 2002 prospectus.
- Earnings per security increased to 13.9 cents - 18% above forecast.
- The distribution of 10.5 cents per security represented a 7.7% increase on the prior year.
- Net tangible assets per security increased to 95 cents per security - compared to the forecast 90.3 cents.
- Retained earnings increased to \$9.78 million - more than three times the forecast \$2.9 million. Of this amount, over \$2.8 million is Trust reserves while the remaining \$7.0 million is retained by the Company.
- Gearing reduced from 48.8% to 26.2% at balance date, and has been reduced further since then.
- Total assets increased from \$338 million to \$414 million, and total assets under management grew to in excess of \$550 million.

While these achievements were truly satisfying, our challenge now is to build on our performance in 2003 to pave the way for further growth in income and capital during the years ahead.

The Group is in a strong position to achieve this, having taken advantage of the strong property market over the past year to reposition the Trust's property portfolio, selling non-core assets and those with limited prospects of further growth.

Despite the sale of assets during the year, the Group's investment property portfolio continues to provide the core income for the Group.

Thanks to the commitment of the asset management team led by Peter Strain, over 15,000 square metres of office space has been leased or re-leased over the last 12 months at Epping Office Park, Navision House and 431 Glebe Point Road, achieving a combined occupancy rate of over 98% for the office assets of the Trust's portfolio.

As foreshadowed in our annual report, the maintenance of 100% occupancy across our industrial properties at Rydalmere and Villawood was temporarily disrupted at the end of September 2003 when a tenant occupying some 7,200 square metres at Villawood went into receivership. We have since taken the opportunity to refurbish this vacant area prior to the implementation of a formal leasing program.

Following the settlement of the sale of Central Brunswick in December 2003, Ashfield Mall will be the only retail asset in the Trust. Valued at \$89 million and with a net income of approximately \$7.4 million per annum, this sub-regional shopping centre remains the cornerstone asset of the Group. We are in ongoing discussions with Ashfield Council on potential development options for the Mall and the Group's adjacent properties.

While the income from the Trust's properties is proving to be very reliable, the funds management and other activities of the Company are expected to continue to contribute strongly to the full year results.

These other activities of the Company include the recent sale of the Group's interests in projects at Mascot and Bondi Beach, the ongoing sale of strata commercial suites at 109 Pitt Street, Sydney, and the Group's interests in the Felix residential project in Brisbane.

Considerable resources have also been allocated to the establishment of the Abacus Diversified Income Fund, known as ADIF. This is an unlisted fund with a charter of acquiring "small cap" properties, generally in the five to twenty million dollar valuation range. We believe it is still possible to find value in this "small cap" sector. As well as a portfolio of property assets, ADIF invests in secured loans and has interests in development projects, making it, in many ways, the unlisted counterpart of the Abacus Property Group.

Since the launch of ADIF in June 2003, Abacus has raised over \$35 million of equity from retail investors and total assets will exceed \$85 million by 31 December 2003. We are seeking to double the size of the Fund by 30 June 2004 subject, of course, to our ability to acquire suitable assets for this investment vehicle.

Additional projects from which the Group should benefit through capital gain, management fees, performance fees and profit participation over the medium term include:

- Conversion of the commercial property at 431 Glebe Point Road to residential apartments;
- Redevelopment and extension of the commercial, restaurant and marina complex at Mariners Cove on the Gold Coast;
- A boutique residential development in Cronulla on Sydney's southern beaches;
- The development and sale of a residential estate in Willoughby on Sydney's north shore; and
- Conversion of the commercial property owned by the Abacus Crows Nest Property Trust at 200-220 Pacific Highway to residential apartments and retail and commercial accommodation.

Going forward, the fundamentals of the Group are sound. Rental income from the investment property portfolio remains the foundation of our business. With its gearing reduced to around 20%, the Group is well-placed to make new acquisitions for the portfolio and to take up other property-based investment opportunities.

Diversification really is the key to the success of the Abacus Property Group. It provides a platform from which we can seek - and create - opportunities to drive positive growth and deliver increased earnings.

So, despite current subdued sentiment toward listed property groups in general, the strength of the Abacus Property Group's investment portfolio, its robust funds and property management businesses and the quality of its loan book and joint venture partners give me great confidence in our ability to deliver further income and capital growth for investors.

This confidence is shared by the board, which today resolved to increase the distribution for the quarter ending 31 December 2003 by 5.6% from 2.65 to 2.8 cents per security. This will be paid on or about 12 February 2004.

Corporate governance has been a topical issue in recent months. During the year, the Group undertook a review of its practices in line with the recommendations of the ASX corporate governance council. As the Abacus Trust is a registered managed investment scheme, it already had in place a detailed, documented, internally-monitored and externally-audited compliance regime. As a matter of efficiency, this system is reflected in the procedures of the Company.

In September 2002, the Group appointed two independent directors: myself and Malcolm Irving. For my part, I am very pleased to have returned to the board of Abacus and welcome the appointment of Malcolm, with his extensive experience in company management and broad financial expertise. The Group has also established an audit committee and a nomination and remuneration committee to support the work of the board.

Sound corporate governance provides a platform for optimising the Group's performance and we are committed to this objective.

Also fundamental to the performance of the Group is the skills, experience and diligence of the executive directors – David, Frank and Len – and the whole Abacus team. On behalf of the board, I thank all staff members for their efforts during the year. And on behalf of the board and staff, I thank you, our investors, for your support of the Group.

Thank-you.