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ASX ANNOUNCEMENT

Abacus Property Group Full Year Results 2008

Abacus Property Group (Abacus) today announced a 15% increase in normalised net profit after tax to \$92 million for the year ended 30 June 2008, underpinned by positive contributions from all business units. The operating results for the year included:

- Normalised* net profit after tax increased 15% to \$92.0 million;
- Normalised* earnings per security of 14.7 cents were greater than distributions per security of 13.5 cents;
- Statutory profit after tax was \$72.4 million (\$120.4 million at 30 June 2007). The difference largely reflects the diminution of property values in this financial year compared to the increase in valuations in the prior year; and
- Net tangible assets per security rose 4% from \$1.32 at 30 June 2007 to \$1.37 at 30 June 2008.

REVALUATIONS

Consistent with its valuation policy, Abacus independently valued 100% of its \$932.4 million investment property portfolio in 2008, with 63% of these properties independently valued at 30 June 2008.

The net effect of the property valuations over the course of the year has been a net devaluation of \$15.7 million compared with an increase in valuations of \$33.3 million in the previous year.

The \$29.3 million decrease in the second half represents a decrease in the property portfolio's value of 3.3% from 31 December 2007 and equates to \$0.05 per stapled security.

As at 30 June 2008, the weighted average capitalisation rate of the property portfolio was 7.75%, up from 7.42% at 30 June 2007.

ROBUST FINANCIAL POSITION

Abacus' financial position remains strong. As at 30 June 2008:

- Total equity had increased 15.2% from \$803 million to \$925 million;
- Total assets had increased 29.7% from \$1.27 billion to \$1.65 billion; and
- Interest cover ratio was 3.3x as at 30 June 2008.

* Normalised profit and earnings exclude AIFRS fair value adjustments (revaluations of property, derivatives and other financial instruments and share based payments).

Distributions per stapled security totalled 13.5 cents for the year ended 30 June 2008, up 8% from 12.5 cents for the year ended 30 June 2007. Abacus continues to pay distributions from cash earnings. Total distributions paid to securityholders were \$85.0 million up 23.4% from \$68.9 million as at 30 June 2007.

Group gearing was 37.5% at 30 June 2008 and Abacus has undrawn cash facilities for property acquisitions of approximately \$176 million.

OPERATIONAL HIGHLIGHTS

The Principal Investment portfolio performed well throughout the year with rental income increasing from \$58 million in 2007 to \$68 million in 2008. Total property assets at 30 June 2008 were \$1,089.7 million and during the year the Group acquired additional properties for \$327 million.

Earnings from our Principal Investment business were \$69.7 million, excluding fair value revaluations. The portfolio is well placed for future growth.

The Funds Management business continued to perform well, despite softer funds inflows for the year, contributing \$38.2 million to the Group's results. Three investment funds were realised during the year with investors receiving a weighted average return of 16.9% per annum and Abacus in turn earning \$6.4 million in performance fees. Gross assets under management grew to \$2.4 billion at 30 June 2008, compared to \$2.0 billion at 30 June 2007.

The Joint Ventures and Developments business continued to progress with its portfolio of investments contributing \$9.1 million to normalised profits. Investments managed within the division now total \$77.3 million, compared to \$70.1 million at 30 June 2007.

As at 30 June 2008 the Property Finance assets totalled \$144.7 million with no provisions required in the second half of 2008. Earnings from interest and fees (net of provisions) totalled \$11.6 million for the year compared to \$12.3 million to 30 June 2007.

Abacus' inclusion in the S&P/ASX 200 Index in February 2008 has continued to improve the liquidity of Abacus securities. For the year ended 30 June 2008 Abacus outperformed the A-REIT 200 property index (excluding Westfield) by approximately 14%.

OUTLOOK

Despite the challenging market conditions Abacus remains well placed to continue to grow earnings and distributions.

Abacus' balance sheet remains robust and distributions will continue to be funded from cash earnings. Abacus is in a strong position to capitalise on the current opportunities in the property market and its ability to acquire assets over the coming year will underpin future earnings growth and create opportunities across all business units.

27 August 2008

Ellis Varejes
Company Secretary
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