
ASX ANNOUNCEMENT

Abacus Property Group continues strong performance

Diversified property investor and funds manager, Abacus Property Group, today announced a record profit of \$118.8 million, up 17% from last year. The results reflect a strong performance from all business units and the continuing successful execution of our business strategy.

Abacus reported strong growth in earnings, distributions and NTA per security as well as an increase in total assets under management to approximately \$2 billion.

Over \$900 million of property transactions were completed during the year, including assets acquired for new funds, while the current pipeline of acquisition opportunities exceeds \$350 million.

With a strong balance sheet, Abacus is well-positioned to take advantage of future opportunities to maintain its growth.

STRONG OPERATING RESULTS

- Net profit after tax increased 17% from \$101.2 million to \$118.8 million.
- Normalised profit* increased 49% from \$53.6 million to \$79.8 million.
- Normalised earnings* per security increased 12% from 12.92 cents to 14.43 cents.
- NTA per security rose 7% from \$1.22 to \$1.31.

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

These results build on the strong platform established in previous years and reflect the strength of our business model.

CONTINUED GROWTH IN SECURITYHOLDER RETURNS

- Full year distribution per security increased 6% from 11.80 cents to 12.50 cents.
- Total return to securityholders over the year was 34%.
- Distributions to securityholders were fully funded from cash-based earnings.

Reliable and increasing returns to our securityholders is the Group's major focus. The steady growth in earnings, distributions and NTA per security is particularly pleasing given the increase in contributed equity over the year. Total distributions paid to securityholders were \$68.8 million.

STRONG FINANCIAL CONDITION

- Total equity increased 19% from \$673 million to \$803 million.
- Total assets increased 9% from \$1.16 billion to \$1.27 billion.
- Gearing at 30 June 2007 was 29.5% (down from 35.6%).

The strength of the Group's balance sheet was further enhanced by the recent capital raising of \$100 million and provides a strong platform for further growth across all areas of the business.

OPERATIONAL HIGHLIGHTS

The Group's two key business units grew strongly, with net property income increasing 45% to \$49 million and revenue from funds management activities increasing 89% to \$38 million.

Abacus significantly enhanced its management team with the appointment of key personnel in funds management, operations, hospitality, finance and investor relations.

During the year, the Group completed \$900 million of property transactions with:

- \$550 million of property acquisitions, primarily to seed funds management initiatives; and
- \$350 million of property disposals at an average IRR of 30%.

Assets under management grew 49% to over \$2 billion as at 30 June 2007, up from \$1.4 billion. Key points to note:

- Abacus Hospitality Fund was established with an initial portfolio of three hotels valued at \$134 million which has since grown to seven hotels with gross assets in excess of \$280 million (most notably through acquisition of the Swissôtel Sydney).
- Abacus Miller Street Fund was established after successfully re-leasing the office space at 50 Miller Street North Sydney to the NAB for ten years. The equity-raising for this special purpose fund was completed in June.

Subsequent to the year end, Abacus has also launched a new small property diversified income fund (ADIFII) with initial assets of \$190 million.

OUTLOOK

The Group's integrated property business model provides a strong pipeline of opportunities that will underpin continued earnings and distribution growth.

With a strong balance sheet, low gearing and retained earnings of over \$148 million, Abacus is ideally positioned to take advantage of future opportunities for continued growth.

- Our current pipeline of acquisition opportunities exceeds \$350 million of assets for principal investment and funds management activities.
- We have three core income funds (Storage, Hospitality and ADIFII) which we will continue to grow through further acquisition.
- A number of new fund initiatives are being explored, including wholesale and special opportunity funds.

Projects currently underway with joint venture partners have expected gross realisations of approximately \$750 million. These investments create further opportunities for other Abacus business units, including project finance and syndication of investment opportunities for our strong investor base.

Inclusion into the S&P/ASX 300 Index in March has assisted in improving the liquidity of Abacus securities. Abacus is well placed for potential inclusion into the S&P/ASX 200 Index.

30 August 2007

Ellis Varejes
Company Secretary
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Enclosures: Appendix 4E and Annual Financial Report

ABOUT ABACUS

Abacus Property Group is a listed diversified property group included in the S&P/ASX300 Index. Abacus specialises in investing in property-based assets and actively managing those assets to enhance income and capital growth.

Key elements of the Group's activities are:

- An investment portfolio of commercial, retail and industrial properties across Australia;
- a funds management business, syndicating property-based investment opportunities for retail and professional clients;
- a specialist property finance business; and
- partnerships and projects with a number of property investment and development groups.

Abacus has total assets under management of over \$2 billion and our development pipeline has an end value of approximately \$750 million. ASX market capitalisation is approximately \$1.2 billion.

Throughout its significant growth, Abacus maintains focus on our core objective of building capital value while providing a stable, growing distribution stream from recurrent earnings.