Level 34 Australia Square
264-278 George Street
Sydney NSW 2000
T 02 9253 8600
F 02 9253 8616
www.abacusproperty.com.au

Abacus Group Holdings Limited
ACN 080 064 619
Abacus Group Projects Limited
ACN 104 066 104
Abacus Funds Management Limited
ACN 007 415 590
Abacus Property Services Pty Limited
ACN 050 739 001

ASX release

Abacus Property Group 2011 Full Year Results

Key financial highlights

Statutory results

- AIFRS statutory profit attributed to securityholders of $17.4 million, down 32% on FY10
- Cashflow from operating activities of $66.8 million, up 3% from $64.6 million in FY10
- FY11 distribution of 16.5 cents per security, up 5% on FY10
- Net tangible assets $2.76, down 5% on FY10
- Group gearing of 25.8% compared to 22.2% in FY10

Underlying results

- Underlying profit[1] $72.2 million, up 11% on FY10
- Underlying earnings per security 19.4 cents, down 1% on FY10

Abacus Property Group (Abacus) earned a statutory profit of $17.4 million for the year ended 30 June 2011. This was a reduction of 31% on the prior corresponding period in FY10 and was largely due to the restructuring of its investments in a number of its unlisted retail funds and other investments during the period. Net losses on revaluations (properties and investments) and interest rate swap valuations were $38.8 million as compared with $31.5 million in the previous year. However, Abacus' underlying profit, a measure that better reflects the total returns from the Group's business activities, was $72.2 million for the year ending 30 June 2011.

Building a better balance sheet to deliver tomorrows total returns

Abacus remained active during FY11 as we seek to increase prospective total returns from our direct investment portfolio by:

- Acquiring over $400 million of high quality growth assets at this low point in the cycle
- Divesting over $120 million of mature assets
- Investing in properties with our partners

[1] Underlying profit and earnings per security have been calculated in accordance with the AICD / Finsia principles

- Creating via the Heitman partnership a core plus platform capable of acquiring a substantial portfolio of assets

Abacus' success in partnering with high quality institutions and high net worth individuals allows us to scale our capital and core plus competencies and, more importantly, convert a greater number of high quality purchases at this point in the cycle. We continue to believe that our total return (yield and capital return) focus towards our direct investment portfolio is the best way to maximise returns over the course of the property cycle.

As a result of the Sydney based property acquisitions made during the year the quality of the existing portfolio has strengthened, accompanied by a reduction in the number of smaller assets following a methodical divestment program of mature, non-core assets. The property portfolio performed in line with expectations, with new purchases expected to contribute to net rental income growth in FY12.

Our property ventures business remains well positioned despite softer market conditions slowing the realisation of capital from a number of existing projects. We believe that a number of projects will be realised during FY12.

Abacus' funds management business has successfully refinanced bank funding across Storage, ADIF II and Hospitality funds. However, the restructure of a number of investments within our unlisted retail funds and the continued pressure the sector faces provides for an uncertain future. Consequently we are undertaking a strategic review of our unlisted retail funds management platform during FY12 to determine our direction in the light of investor sentiment in current economic circumstances.

Operational review

Investment property portfolio

- Direct property investments of $971 million
- Portfolio capitalisation rate: 8.50%
- Occupancy: 92.8%
- Annualised like for like rental growth of 3.0%
- Weighted average lease expiry profile of 4.0 years.

The investment property portfolio delivered an EBITDA contribution of $78 million. This was an increase of 22% on the prior year driven by net transactional profits generated principally from the sale of 343 George Street and an improved return from the investment portfolio.

The quality of the investment portfolio has grown during the period to include over $971 million of assets following the acquisitions of a number of larger high quality Sydney assets. Operating metrics improved during the period with an increase in occupancy to 92.8% from 91.4% at December 2010. Like for like rental growth increased to 3.0% from 2.6% over the same six month period.

Abacus is also pleased with the continued success of our third party capital strategy which continues to represent the best return on capital in the current environment. After our initial investments with the Kirsh group, our successes during FY11 culminated with the establishment of a core plus joint venture with global real estate investment manager Heitman LLC. Heitman's partnership with Abacus recognises our core plus track record, buy side expertise and total return investment approach. Third party capital partnerships are another important way for Abacus to leverage our existing capital and drive our long term total returns.

Property ventures business

The division generated $18 million in EBITDA during the period, an increase of 20% on FY10. A number of project realisations have been delayed to FY12 as a result of sluggish market conditions but we expect that these will contribute to an increase in anticipated FY12 realisations.

We have a number of initiatives that we expect to crystallise in FY12:

- Anticipated DA approval for Lewisham's high density infill residential development site in early FY12 will finalise proposed sale of approximately $40+ million
- Acquisition of 43,000m^2 neighbouring industrial site to Virginia Park will expand the current site to over 166,000m^2 and provide a small residential development opportunity
- Sale of Main Street, Pakenham site during the year once re-zoning approval received.

Abacus' Powerhouse project in Sydney's inner city suburb of Rosebery has made excellent progress during the year. The project consists of a 136 unit residential and retail conversion and redevelopment of an ornate and heritage listed 1930's art deco warehouse. Pre-sales have reached 115 units with net pre-sales covering peak level debt by 163%. Senior financing has been secured and construction began in August 2011.

Invested capital reduced slightly during the period with funds invested in 15 projects, of which 78% are in preferred debt and equity positions. The largest movement during the year was the write down of our minority investment in a global retirement developer as a result of currency movements and in recognition of the restrictive capital markets in the UK.

Funds management business

The funds management business contributed $13 million to the Group's EBITDA. This was down on the prior year due to the restructure of a number of investments within our unlisted retail funds. This result also excludes $16 million of debt forgiveness and provisioning for our Abacus Hospitality Fund incurred in the six months to 31 December 2010.

During the year Abacus completed debt refinancing for the Storage, ADIF II and Hospitality funds. With limited near term liquidity events, the funds focus is on driving investor returns.

Abacus Storage Fund represents over 40% of Abacus' $819 million asset under management and continues to outperform in the current environment. This fund continues to be rated as one of the best unlisted property funds and has delivered a total return since inception of greater than 12% pa.

Capital management

Abacus has a strong and secure balance sheet. As at 30 June 2011, Abacus had net assets of $1,093 million, with net tangible assets per security of $2.76. Abacus increased its interest bearing liabilities by 21% over the last six months to $447 million on the back of its substantial acquisitions. Abacus has only $13 million debt maturing in FY12 and enjoys an average term to maturity of 2.1 years. Our undrawn aggregate capacity (across all facilities) is over $170 million and available liquidity[1] is approximately $78 million. Group gearing at 30 June 2011 increased to 25.8% and remains comfortably within our target gearing of 35%.

Abacus' active management of its portfolio coupled with our third party capital and available liquidity will enable Abacus to take advantage of market conditions to buy well and drive future total returns.

Outlook

Abacus took advantage of FY11 market conditions to trade up its direct investment portfolio and materially increase the reach of its third party capital platform. We believe FY12 will continue to provide good buy side opportunities to enhance and grow our balance sheet with well bought, high quality assets at low points in the cycle.

The announced strategic review of funds management will determine if our long term return model is compatible with the passive investment preferences of the unlisted retail sector in addition to identifying ways to free up the group's capital invested in our unlisted retail funds.

Therefore, in FY12 we remain committed to building a balance sheet more reflective of our 70/30 private equity style investment strategy, principally ensuring 70% of balance sheet exposure to directly held core plus investments.

We are confident that our focus on building our balance sheet is the best strategy to drive long term securityholder value. There will be an interim period while this strategy is implemented where it is likely to alter the mix of recurring and transactional earnings. Distributions will continue to be sourced from underlying profits, but the eventual outcome will be increasing levels of earnings underpinned by direct rental receipts.

Further information

Further information on Abacus' full year results and an update on current operations are provided in the financial report and investor presentation.

---

25 August 2011

Ellis Varejes
Company Secretary

Neil Summerfield
Head of Investor Relations
Abacus Property Group
(02) 9253 8640

[1] Facilities able to be drawn against existing security at current valuations as at 30 June 2011.