

ANNOUNCEMENT

Abacus refinances \$692 million of debt facilities

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Abacus Property Group is pleased to announce that the Group has proactively capitalised on the strength of both its property portfolio and its banking relationships to successfully improve the duration, terms and costs of its banking facilities. The Group considers its recent capital management activities to be particularly prudent in the current economic climate.

The Group has finalised terms with its lenders for the refinancing of existing debt facilities totalling:

- \$604 million of facilities for Abacus; and
- \$88 million of facilities for its managed funds.

Overall, these refinancings have delivered improved debt maturities, a reduced cost of funds and better debt covenants. Abacus has also taken advantage of recent pronounced falls in \$A interest rates to increase its fixed rate hedging cover from 58% to 89% so as to further reduce Abacus' overall cost of bank funding.

The net impact of these refinancing and hedging initiatives are summarised below:

ABP Capital Management	Jun-11	Dec-11	Net Benefits
Total ABP debt facilities	\$608m	\$618m	
Weighted average term	2.1 yrs	2.9 yrs	Longer maturity dates
% hedged	58%	89%	
Weighted average cost of debt	7.83%	7.25%	58bps savings pa.
Weighted average cost of debt - fully drawn	7.39%	6.87%	52bps savings pa.
Facilities expiring in FY 12	\$13m	\$13m	No material refinancings
Facilities expiring in FY 13	\$70m	\$34m	No material refinancings
Facilities expiring in FY 14	\$480m	\$100m	
Facilities expiring in FY 15	\$44m	\$270m	
Facilities expiring in FY 16	-	\$200m	

Abacus Property Group

The existing \$400 million syndicated bank debt facility that was to mature in August 2013 has been replaced with a new tranching \$200m three year and \$200m four year facility with new maturity dates of December 2014 and December 2015, respectively. This materially extends the term of this core banking facility from the previous 2012/13 refinancing requirements. The weighted average cost of the facility (line fees and margin) is 207.5bps; this represents a saving of 17.5bps pa. The total gearing covenant remains unchanged at 50%.

Abacus has also increased its working capital bank debt facility limit with ANZ to \$100 million (up from \$80 million previously).

Abacus' \$70m bilateral facility, which had a December 2012 maturity, has been renewed with ANZ to September 2014. The LVR covenant of this facility has been increased from 50% to 55% and its cost reduced.

Finally, Abacus has also amended the terms of its ANZ funded Metcash portfolio facility by reducing both the available facility by \$10m and its term by 2.25 years. These amendments have provided Abacus with a \$34 million facility with a March 2013 maturity date. These amendments better suit the planned sell down of this portfolio as well as creating line fee and margin savings.

All covenants have been appropriately amended to cater for any unintended consequences that will arise from the application of AASB10.

The average saving (margin and line fees) across these four facilities is 26bps pa. The weighted average term of these new facilities is three years with the extended term of the syndicated facility more than compensating for the reduction in term of the Metcash portfolio facility.

Managed Funds

ADIF II has renewed its existing \$54 million ANZ facility, which had an August 2012 maturity, to September 2014. This materially increases the weighted average term of ADIF II across all of its banking facilities.

Further, the \$34 million Miller Street debt facility with ANZ has also been renewed to September 2013 reflecting an increase in term of 1.25 years. The covenant package has not changed in any other material respect.

Both facilities were refinanced with a combined savings in margin and line fees in excess of 40bps pa.

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