
ASX ANNOUNCEMENT

Abacus Property Group 2013 Full Year Results

Results highlights

- The Group's consolidated AIFRS statutory profit is \$61.1 million up from \$8.5 million in FY12
- Abacus underlying profit¹ \$83.8 million, up 9.1%
- Abacus underlying earnings per security 18.8 cents, down 2%
- Abacus FY13 distribution of 16.5 cents per security in line with FY12
- Abacus cashflow from operations² of \$105.7 million up 32.8% to 23.7 cents per security
- Net tangible assets of \$2.32 per security up 1% from 31 December 2012
- Gearing of 28.4%
- \$74 million of asset sales
- Sales proceeds reinvested to help fund \$84 million of new core plus acquisitions
- Commercial portfolio occupancy of 92.8%
- Commercial portfolio rent growth³ of 3.4%
- Retail portfolio continues to deliver strong results
- Activating organic expansion program across Storage portfolio to drive growth

Abacus Managing Director, Dr Frank Wolf commented "I am happy that we have delivered a strong result for the 2013 financial year. It was pleasing to see consistent growth to our underlying profit and cashflow from operations illustrating the strength of our diversified business. These metrics remain the key focus and are the ones that best illustrate the health of our business".

1 Underlying profit and earnings per security are a non-AIFRS measure that the Group uses to assess performance and distribution levels. They are calculated in accordance with the AICD/Finsia principles.

2 Cashflow from operations of Abacus excludes cost of inventory sales of \$47.9 million.

3 Like for like properties excluding those assets classified as development

Capital management

The Abacus balance sheet continues to be strong with gearing remaining low at 28.4%, well within our target gearing limit of 35%. At 30 June 2013, Abacus had \$108 million of available liquidity that provided capacity for use for up to \$160 million of accretive acquisitions. Following the settlement of Bacchus Marsh Village Shopping Centre (July 2013), Abacus' acquisition capacity reduced to circa \$125 million. Abacus has no significant debt expiries until late 2014 and an average debt term to maturity of over 2 years.

Mr Rob Boulderstone, Abacus Chief Financial Officer, noted "We continue to improve and reweight the balance sheet with a focus on disciplined capital management strategies. We anticipate Abacus' weighted average interest rate will remain relatively stable as current capacity is utilised and anticipate it should be no greater than 6.5% over the next year."

Segment review

Property

- 94 investment properties valued at \$1.26 billion
- Revaluation gains of \$7.5 million or 0.7% across the portfolio
- Partnering with third party capital has facilitated property acquisition
- During the year Abacus acquired an interest in a number of properties including:
 - 33 Queen Street, Brisbane QLD (100% direct ownership),
 - Browns Road, Clayton VIC (100% direct ownership),
 - 35 Boundary Street, Brisbane QLD (25% indirect ownership),
 - Wharf 10, Sydney NSW (25% indirect ownership); and
 - 180 Queen Street, Brisbane QLD (25% indirect ownership)

The acquisition of Bacchus Marsh Village Shopping Centre, Victoria for \$31.6 million was completed in July 2013. Abacus sold five properties during the year, including Lennon's Plaza in the Brisbane CBD, for \$74.0 million.

Commercial portfolio

- \$63.8 million EBITDA contribution for the year
- 47 commercial properties valued at \$888 million
- Portfolio capitalisation rate⁴: 8.45%
- Occupancy⁴: 92.8%
- Like for like rental growth of 3.4%⁴
- Weighted average lease expiry (WALE) profile of 4.0 years⁴.

Abacus' commercial portfolio metrics have largely remained consistent with the previous year, that is, the metrics remain robust despite a weakening economic environment. The slight decrease in occupancy and WALE was largely due to the impact of sales and acquisitions during the year. The portfolio offers embedded long term capital and earnings growth that Abacus is focused on delivering through the property cycle.

⁴ Excluding development assets

The portfolio is diversified across asset classes that are well located, largely along the eastern seaboard in major metropolitan areas. While some geographic areas are challenging, we nevertheless believe the geographic diversification provides a level of security and stability to the portfolio's property income and cashflows.

Abacus is focused on maintaining revenue and cashflows to support securityholder distributions while conscious of the market's leasing requirements and competitive offerings.

Storage portfolio

- \$23.9 million EBITDA contribution for the year
- 47 storage facilities valued at \$373 million
- Portfolio capitalisation rate: 9.2%
- Occupancy: 83.5%
- Rental gross rent: \$237 per m²

A consistent trading performance across the storage portfolio has continued to deliver resilient underlying cashflows despite the subdued economic environment and a competitive storage market. The Australian market has experienced increased competition leading to discounting by market participants. As a result the portfolio experienced a slight decrease over the year in average gross rental to \$237 from \$238 per m². Despite this fall in rate, the portfolio continued to deliver positive revenue growth of 0.5% pa from the Australian portfolio and 4.5% pa from the New Zealand portfolio largely from an overall improvement in occupancy.

While focused on improving occupancy and rental growth, Abacus also sees the delivery of expansion opportunities in the current portfolio where strong demand allows for low cost expansion as a core focus to driving portfolio returns. Abacus currently has a number of store expansions and new store developments underway to continue to grow the storage platform.

Property Ventures

- \$26.6 million EBITDA contribution for the year
- \$313 million invested across 21 projects

The Property Ventures division generated a strong EBITDA result, an increase of 5% in the previous year's result following transactional profits in the year. A site at Lewisham, which was part of the RCL portfolio, was sold in August 2012 for \$48.5 million. The sale contributed \$6.3 million to the division's result. Our residential development projects at Rosebery (Sydney, NSW) and Bay Street (Brighton, VIC) made significant progress during the year. Rosebery was completed in May 2013 with Abacus generating a profit of over \$5 million. Our Bay Street project is progressing well and is currently ahead of schedule. Settlement is anticipated by the end of the current calendar year. Abacus initiated a number of new projects during the year.

Funds Management

The funds management business generated a contribution of \$16.6 million for the year providing a return of 7.8% on total funds invested across the platform. This contribution before fair value adjustments was slightly below the FY12 contribution of \$18 million, which is consistent with a reduction of fee and interest income by virtue of the merger of the Storage Fund in FY12 and a reduction in assets under management. Abacus continues to manage its unlisted funds seeking to optimise the returns for unitholders.

Outlook

Abacus has delivered a pleasing result that illustrates the strength of the Abacus business, with a strong underlying profit and cashflow from operations. We have a clear focus on activities that will support and generate cashflow particularly in the weaker short term environment.

We believe the Abacus portfolio is well placed to cope with the current challenging conditions and we have created a strong diversified asset base with a clear strategy for major assets and projects.

We are long term property investors seeking to develop, deliver and acquire new opportunities to drive long term securityholder returns. Over the twelve months to 30 June 2013, Abacus achieved a 19.4% total securityholder return.

Further information

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

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