



Abacus Trust
Responsible Entity
Abacus Funds Management Limited
ABN 66 007 415 590

Abacus Group Holdings Limited
ABN 31 080 604 619

20 August 2003

ABACUS PROPERTY GROUP (ABP) Results Announcement

Abacus Property Group is pleased to announce an after tax profit of \$33.8 million for the year ended 30 June 2003. This exceeds the forecast in our prospectus dated 15 October 2002 by \$4.8 million.

The full year distribution per stapled security of 10.5 cents reflects a 7.7% increase on the 9.75 cents paid during the year ended 30 June 2002. This distribution was paid in full by the Abacus Trust and provided a dividend yield of 8.6% on the security price at year end. The Group now has retained earnings of \$9.78 million.

	Year ended 30 June 2003	Year ended 30 June 2002
Total equity (\$'000)	290,581	165,824
Total assets (\$'000)	414,195	337,882
Total revenue (\$'000) – NOTE 1	140,745	31,633
Net profit after tax (\$'000)	33,808	14,039
Gearing (%)	26.2	48.8
Number of stapled securities on issue	270,420	164,867
Net tangible assets per stapled security (\$) – NOTE 2	0.95	1.01
Basic earnings per stapled security (cents) – NOTE 3	13.9	9.67
Earnings per stapled security including realised capital profits transferred from asset revaluation reserve (cents)	14.74	9.67
Distribution per stapled security (cents)	10.5	9.75
Stapled security price (\$) – NOTE 4	1.22	1.05

NOTE 1: INCLUDES PROPERTY SALES DURING THE YEAR ENDED 30 JUNE 2003 OF \$99 MILLION (NIL IN 2002).

NOTE 2: REDUCTION IN NTA REFLECTS THE ACQUISITION OF ABACUS FUNDS MANAGEMENT LIMITED IN OCTOBER 2002.

NOTE 3: BASED ON WEIGHTED AVERAGE OF SECURITIES OVER THE PERIOD, WHICH INCLUDED THE COMPLETION OF TWO CAPITAL RAISINGS. DOES NOT INCLUDE REALISED CAPITAL PROFITS OF \$2.04 MILLION TRANSFERRED FROM THE ASSET REVALUATION RESERVE.

NOTE 4: THE CLOSING PRICE OF APG SECURITIES WAS \$1.22 AS AT 30 JUNE 2003; THE ISSUE PRICE OF APG SECURITIES UNDER THE PROSPECTUS OPEN AT 30 JUNE 2002 WAS \$1.05.

RESULTS ANNOUNCEMENT

Managing Director, Mr David Bastian, said the result reflected a year of exceptional growth in which the Group:

- ❑ Raised additional equity of \$69 million.
- ❑ Acquired Abacus Funds Management Limited and Abacus Property Services Pty Limited in October 2002, increasing the diversification of the Group's income streams by adding funds management, transactional fee income, property and project management to its principal activities.
- ❑ Listed on the Australian Stock Exchange on 14 November 2002.
- ❑ Reduced gearing from 48.8% to 26.2% through the issue of equity and sale of properties as the Group took advantage of the strengthening market to reposition its portfolio.
- ❑ Launched the Abacus Diversified Income Fund in June 2003 with initial assets of approximately \$60 million.
- ❑ Increased distributions by 7.7%.
- ❑ Increased total assets under management to in excess of \$550 million.
- ❑ Increased retained earnings from (\$162,000) to \$9,785,000. Of this amount, \$2,215,000 is retained in the Abacus Trust while the balance of \$7,570,000 is retained by Abacus Group Holdings Limited.

"Most areas of the business performed ahead of expectations during the year and the Group is well-positioned to continue to deliver sound returns from its diversified investment portfolio" Mr Bastian said.

For those investors who held securities for the full year, the total return has been 26.2% compared with 12.15% for the S&P/ASX 200 Property Trusts Index.

Yours faithfully,



David J Bastian
Managing Director

Appendix 4E - Preliminary final report

For the year ended 30 June 2003

Previous corresponding period the year ended 30 June 2002

Abacus Property Group comprising Abacus Group Holdings Limited (ABN 31 080 604 619) and Abacus Trust (ARSN 096 572 128) managed by Abacus Funds Management Limited (ABN 66 007 415 590)

Results for Announcement to the Market

			\$'000
Revenues from ordinary activities	up 345%	to	140,745
Profit from ordinary activities after tax attributable to members	up 140%	to	33,808
Net profit for the period attributable to members	up 140%	to	33,808

Final and interim distributions

Distributions were paid in full from the Abacus Trust which does not pay tax, hence there were no franking credits attached.

	cents per security
Final distribution June 2003 quarter	2.625
Interim distribution March 2003 quarter	2.625
Second interim distribution December 2002 quarter ¹	1.330
First interim distribution December 2002 quarter ¹	1.295
Interim distribution September 2002 quarter	2.625
TOTAL	10.500

1. The December quarter distribution was split because of the capital raising and listing during this period.

The record date for determining entitlements to the final distribution was 30 June 2003.

Explanation

Key factors underpinning the increase in revenue and profit were the:

- acquisition of Abacus Funds Management Limited (and its subsidiary Abacus Property Services Pty Limited) in October 2002 adding income from funds, property and project management
- contribution of rental income from properties acquired in late 2002
- sale of investment properties; and
- sale of retail strata, leasehold interest in the carpark and initial commercial strata of 109 Pitt Street, Sydney.

ABACUS PROPERTY GROUP

Appendix 4E - Preliminary final report

For the year ended 30 June 2003

Combined Statement of Financial Performance

	Notes	AGGREGATED	
		Jun-03 \$'000	Jun-02 \$'000
REVENUES FROM ORDINARY ACTIVITIES			
Property rental income		30,038	27,954
Property sales		98,864	-
Financing			
Interest income		6,984	3,162
Fees		458	-
Property and Funds Management			
External property management fees		128	
External funds management fees		734	
External consulting and other fees		2,589	
Other income – bank interest		950	
Total Revenues from Ordinary Activities		140,745	31,633
Income from Neutral Bay joint venture (equity-accounted)		781	1
<i>Less Expenses</i>			
Depreciation and amortisation expenses	1	(1,660)	(21)
Carrying amount of properties disposed (before borrowing and administration expenses)		(79,888)	-
Borrowing costs expense		(10,737)	(10,790)
Salaries and employee benefits expense	2	(3,207)	-
Bad and doubtful debts		(271)	(962)
Other expenses from ordinary activities		(8,678)	(5,822)
Profit from ordinary activities before income tax expense		37,085	14,039
Company income tax expense		(3,277)	-
Net profit attributable to APG security-holders		33,808	14,039
Increase in asset revaluation reserve		9,317	5,145
Total revenues, expenses, and valuation adjustments attributable to APG security-holders and recognised directly in equity		9,317	5,145
Total changes in equity other than those resulting from transactions with stapled security-holders as owners		43,125	19,184
Payment of distribution		25,900	14,181
Basic and diluted earnings per stapled security (cents)		13.90	9.67

Notes to Combined Statement of Financial Performance

1. Depreciation and amortisation expenses

	\$'000
Amortisation of intangibles	1,594
Depreciation of AFM plant & equipment	41
Amortisation of other non-current assets	25
Total	1,660

2. Salaries and employee benefits expense reflect the staffing costs of Abacus Funds Management Limited, acquired on 1 October 2002.

ABACUS PROPERTY GROUP**Appendix 4E - Preliminary final report**

For the year ended 30 June 2003

Combined Statement of Financial Position

	Notes	AGGREGATED	
		Jun-03 \$'000	Jun-02 \$'000
CURRENT ASSETS			
Cash assets	1	29,166	2,716
Receivables	2	17,810	6,385
Investment properties		18,506	-
Loans		31,137	14,415
Other		1,035	1,388
Total Current Assets		97,654	24,904
NON - CURRENT ASSETS			
Property, plant and equipment		177	-
Investment properties	3	243,388	300,854
Investments accounted for using the equity method		4,504	1,501
Other financial assets	4	34,114	10,611
Deferred tax assets		172	-
Intangible assets	5	34,169	-
Other		17	12
Total Non-Current Assets		316,541	312,978
TOTAL ASSETS		414,195	337,882
CURRENT LIABILITIES			
Payables		4,274	3,136
Interest-bearing liabilities	6	40,975	49,625
Current tax liabilities		3,223	-
Provisions	7	7,314	4,143
Total Current Liabilities		55,786	56,904
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	6	67,500	115,155
Provision for non-current employee entitlements		328	-
Total Non-Current Liabilities		67,828	115,155
TOTAL LIABILITIES		123,614	172,059
NET ASSETS		290,581	165,823
EQUITY			
Contributed equity	8	266,334	160,840
Asset revaluation reserve		14,462	5,145
Retained earnings/(accumulated losses)	9	9,785	(162)
Total Equity		290,581	165,823

ABACUS PROPERTY GROUP**Appendix 4E - Preliminary final report**

For the year ended 30 June 2003

Notes to Combined Statement of Financial Position

1. Refer to Combined Statement of Cash Flows on page 5.

2. Receivables

	\$'000
Contracts exchanged on 109 Pitt Street but not settled	10,296
Other debtors	7,514
Total	17,810

3. Investment properties

Primary movements	\$'000
Sale of: CUB Office building, Brisbane	14,250
60 Albert Road, Melbourne	32,320
109 Pitt Street retail strata and carpark leasehold	27,980
Purchase of:	
4-8 Jacobs Street Bankstown	5,147
Plant & equipment	4,980
Refurbishment costs of 109 Pitt Street, Sydney	7,872

4. Other financial assets

	\$'000
Non-current loans (less \$1.5 million general provision for doubtful debts)	27,289
Unlisted property securities	6,825
Total	34,114

5. Intangible assets

	\$'000
Goodwill on acquisition of Abacus Funds Management Limited	35,763
Accumulated amortisation	(1,594)
Total	34,169

6. Interest-bearing liabilities

Swap maturity dates	\$'000
Current	19,375
Maturing FY 2004	16,250
Maturing FY 2007	21,000
Maturing FY 2008	28,850
Maturing FY 2010	23,000
Total	108,475

Note: the Statement of Financial Position is based on loan maturity dates rather than swap maturities.

Debt repayment funded by the capital raisings and property sales has reduced gearing from 48.8% to 26.2%.

7. Provisions

	\$'000
Provision for distribution	7,099
Employee entitlements (current)	215
Total	7,314

8. Contributed Equity

Securities issued	\$'000
Equity at 30 June 2002	160,840
Equity raising via prospectus	68,972
Purchase of 101 Pirie Street	8,310
Acquisition of Abacus Funds Management Limited	31,500
Distribution reinvestment plan	292
Less transaction costs	(3,580)
Total Contributed Equity	266,334

9. Refer to table on Retained Earnings at page 6.

ABACUS PROPERTY GROUP

*Appendix 4E - Preliminary final report
for the year ended 30 June 2003*

Combined Statement of Cash Flows

		AGGREGATED	
	Notes	June 03 \$'000	June 02 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Income receipts	1	48,683	22,920
Interest received		951	517
GST received/(paid)		1,526	(761)
Income tax expense paid		(954)	-
Audit fees		(70)	(26)
Responsible entity's fee paid		(283)	(1,001)
Custodian's fee paid		(63)	(31)
Borrowing costs		(10,574)	(10,749)
Merger and listing costs		(628)	-
Operating payments		(6,904)	(627)
Net cash flows from/(used in) operating activities		31,684	10,242
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for loans and securities		(65,344)	(35,315)
Proceeds from loan investments		22,720	-
Purchase of controlled entities	2	(4,308)	-
Purchase of investment properties	3	(16,500)	(46,043)
Disposal of investment properties	4	77,290	-
Net cash flows from/(used in) operating activities		13,858	(81,358)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of stapled securities	5	68,972	26,474
Payment of equity-raising and establishment fees		(3,798)	(2,742)
Repayments of borrowings		(61,481)	(37,724)
Proceeds from borrowings		-	92,693
Distributions paid		(22,785)	(13,297)
Net cash flows from/(used in) financing activities		(19,092)	65,404
NET INCREASE/(DECREASE) IN CASH HELD			
Add opening cash brought forward		26,450	(5,712)
Closing cash brought forward		2,716	8,428
		29,166	2,716

Notes to Combined Statement of Cash Flows

- The increase in income receipts reflects the addition of income streams through the acquisition of Abacus Funds Management Limited and growth in income from financing activities.
- Purchase of controlled entities reflects the net cash component of acquisition of Abacus Funds Management Limited and the Abacus Pirie Street Property Trust.

3. Purchase of investment properties

Cash component of purchases	\$'000
4-8 Jacobs Street Bankstown	5,147
Plant & equipment	3,481
Refurbishment costs of 109 Pitt Street, Sydney	7,872
Total	16,500

ABACUS PROPERTY GROUP**Appendix 4E - Preliminary final report**

For the year ended 30 June 2003

4. Disposal of investment properties

Cash component of disposals	\$'000
CUB Office building, Brisbane	14,250
60 Albert Road, Melbourne	32,320
101 Pirie Street, Adelaide	14,250
109 Pitt Street retail strata and initial commercial strata	16,470
Total	77,290

5. Proceeds from issue of stapled securities

	\$'000
Prospectus dated 10 December 2001	28,272
Prospectus dated 15 October 2002	40,700
Total	68,972

Distributions

	cents per security	\$'000
Final distribution paid on 12 August 2003	2.625	7,099
Interim distribution paid 9 May 2003	2.625	7,098
Interim distribution paid 13 February 2003	1.330	3,596
Interim distribution paid on 17 December 2002	1.295	3,023
Interim distribution paid on 8 November 2002	2.625	5,084
Total	10.50	25,900

No foreign-sourced income was included in the above distributions.

Distribution Reinvestment Plan

Security-holders were given the opportunity to reinvest their distributions in the Group effective from the March 2002 quarter. The Distribution Reinvestment Plan was suspended in November 2002 prior to the Group's listing. During the period of its operation (which spanned two reporting periods), a total of \$353,621 was reinvested by security-holders who were issued a total of 355,565 stapled securities.

Retained Earnings

	\$'000
Balance at the beginning of the year	(162)
Net profit	33,808
Capital profits (realised portion of asset revaluation reserve)	2,039
Total available for appropriation	35,685
Distributions provided for or paid	25,900
Balance at end of year	9,785

ABACUS PROPERTY GROUP

Appendix 4E - Preliminary final report

For the year ended 30 June 2003

Net Tangible Assets per Stapled Security

	2003	2002
Net tangible assets per stapled security	\$0.95	\$1.01

The decrease in the net tangible assets per stapled security in the year ended 30 June 2003 reflects the goodwill component of the acquisition of Abacus Funds Management Limited by Abacus Group Holdings Limited in October 2002 less the increase in retained earnings and the increase in asset revaluation reserve.

Controlled Entities

Entity	Date Acquired	2003 Profit from ordinary activities \$'000
Abacus Funds Management Limited and Abacus Property Services Pty Limited	1 October 2002	3,657 9 months
Abacus Pirie Street Property Trust and Abacus Pirie Street Trust <i>Net Property Income</i>	1 July 2002	1,114 10 months*
Total		4,771

*The property owned by the Abacus Pirie Street Property Trust was sold on 30 April 2003 at a profit of \$1.05 million.

Associated Entities

At 30 June 2003, Abacus Property Group had interests in the following entities:

	% Ownership
The Mascot Unit Trust	50%
Abacus Private Equity Fund Neutral Bay	50%
Lismor Bondi Pty Ltd	50%
Abacus Rosebery Property Trust	50%
Hornsby Joint Venture	33%
Willoughby Development Trust	50%
The Queen Street Development Trust	50%
Cronulla Property Trust	50%

These entities are engaged in the acquisition and development of commercial and residential properties intended for resale. No profits from these entities have been taken up in the 2003 accounts (other than \$781,000 from the Abacus Private Equity Fund Neutral Bay) owing to the development nature of the projects.

Commentary on Results

Earnings per stapled security

	2003	2002
Basic earnings per stapled security (cents)	13.90	9.67

The basic earnings per stapled security does not include the realised portion of, or increments in, the asset revaluation reserve.

Returns to security-holders

The total distribution for the year was 10.5 cents per stapled security. The market price of the stapled security increased from \$1.05 at 1 July 2002 to \$1.22 at 30 June 2003. Therefore the total return to Abacus Property Group security-holders was 26.2% over the year.

Significant features of operating performance

The Abacus Property Group sold the following investment properties during the year:

- ❑ CUB Office, Brisbane in November 2002 for \$14.25 million.
- ❑ 60 Albert Road, Melbourne in March 2003 for \$32.32 million.
- ❑ 101 Pirie Street, Adelaide in April 2003 for \$14.25 million.
- ❑ the retail strata of 109 Pitt Street Sydney in September 2002 for a total amount of \$15.98 million and the leasehold interest in the carpark of the property in June 2003 for \$12 million.

The sale of the commercial strata suites in the office tower of 109 Pitt Street, currently undergoing extensive refurbishment, has commenced.

Over \$26 million in new loans were written by the Abacus Mortgage Fund with approximately \$22 million repaid, increasing total loans from \$30 million at 30 June 2002 to \$34 million at 30 June 2003 and net mortgage income from \$2.02 million to \$5.45 million. During the year, the Abacus Property Group provided interim funding of \$22.45 million to the Abacus Diversified Income Fund (a new unlisted diversified group) which will be progressively repaid from funds raised from the public.

In addition to other reported earnings, fund and property management fees of approximately \$3.1 million were payable by the Group to Abacus Funds Management and Abacus Property Services. If these entities had not been acquired during the year, these fees would have been a net expense of the Group.

Segment operating results

Property Rental Income includes the rental income from all properties held by the Abacus Property Group.

Property Sales includes proceeds from the sale of investment and development properties.

Financing includes interest income from lending activities plus income from joint ventures.

Property and Funds Management includes the fee and other income earned by Abacus Funds Management Limited and Abacus Property Services Pty Limited.

ABACUS PROPERTY GROUP**Appendix 4E - Preliminary final report**

For the year ended 30 June 2003

Business segments	Year ended 30 June 2003		Year ended 30 June 2002	
	Revenue \$'000	Profit \$'000	Revenue \$'000	Profit \$'000
Property Rental Income	30,038	19,118	27,953	21,923
Property Sales	98,863	17,525	-	-
Financing	8,223	7,103	3,163	2,134
Property and Funds Management	3,451	3,126	-	-
	140,575	46,872	31,116	24,057
Combined entity adjustments				
Interest income	951	951	517	517
Income tax		(3,277)		-
Borrowing costs		(10,738)		(10,535)
Combined entity revenue and operating profit	141,526	33,808	31,633	14,039

Trends in Performance

Profitability of the Abacus Property Group exceeded the projected profit in the prospectus dated 15 October 2002 by \$4.8 million and reflected the underlying strength of each of the core business activities.

Property Rental Income

Rental income has increased as a result of properties acquired late in the 2002 financial year balancing the loss of income resulting from sales during the year under review.

Property Sales

The Group took advantage of the strengthening market to reposition its portfolio and continued the strata sell down of the property at 109 Pitt Street Sydney. Revenue from property sales in the year ending 30 June 2004 will include sales of the commercial strata at 109 Pitt Street.

Financing

The Abacus Mortgage Fund increased its level of assets by a net \$3.9 million over the year under review and increased net income by \$3.43 million. The Abacus Property Group also funded the initial portfolio of the Abacus Diversified Income Fund prior to the issue of a prospectus/product disclosure statement in June 2003. These funds are now being progressively repaid as subscriptions are received.

Property and Funds Management

As a result of the acquisition of Abacus Funds Management Limited, additional income has been generated from funds management, property management and transactions for the nine months from 1 October 2002 to 30 June 2003.

Status of Accounts

The accounts on which this report is based are in the process of being audited.