



MACQUARIE
ACN 002 574 923

Macquarie Private Wealth

Snapshot

Abacus Property Group

Business Description

Abacus Property Group (ABP) is a stapled security, which combines two companies; Abacus Group Holdings Limited and Abacus Group Projects Limited, and two trusts; Abacus Trust and Abacus Income Trust, having listed on the ASX at \$1.10 per unit in November 2002. The business is principally a property investment and funds management group with interests in property finance, joint ventures and development.

Strategy Analysis

ABP is a fundamental property investor, acquiring properties on balance sheet for active asset management and later recycling into funds management vehicles providing both high margin transaction fees and replacement annuity style fee revenue. ABP has a strategy to target balance sheet exposure of 70% direct property assets and 30% from funds management and property ventures. The Group's strategy implementation is flexible to the point of being opportunistically responsive but remains limited by capital availability to the secondary quality property market. Abacus Property Group reported NPAT down 32% to \$17.35m for the year ended 30 June 2011. The reduction was largely due to the restructuring of its investments in a number of its unlisted retail funds and other investments during the period. Revenues from ordinary activities were \$201.01m, up 55% from last year. Diluted EPS was 4.66 cents compared to 7.65 cents last year. Net operating cash flow was \$122.49m compared to \$64.61m last year. The final dividend declared was 8.25 cents, taking the full year dividend to 16.5 cents compared with 3.15 cents last year. The announced strategic review of funds management will determine if the Group's 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 its unlisted retail funds.

27 January 2012

Recommendation

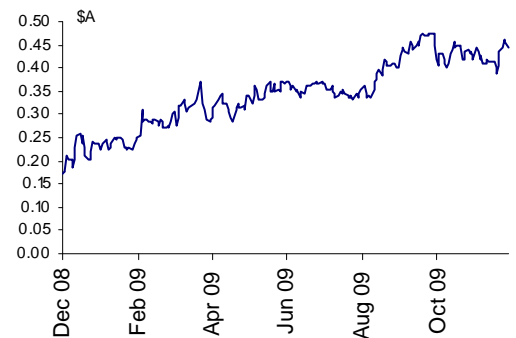
Recommendation: Underperform
Relative to: Small Ind (ex Fins)

Investment Fundamentals

ASX code: ABP
Stock price: \$1.82
Market cap: \$704m

Y/E 30/06/2012	2012e	2013e	2014e	2015e
Reported e \$m	69.3	74.0	71.9	74.6
Adjusted e \$m	69.3	74.0	71.9	74.6
EPS adjusted ¢	17.7	18.2	17.0	17.0
EPS growth %	-8.5	2.7	-6.6	-0.1
PE x	10.3	10.0	10.7	10.7
PE relative x	0.8	0.8	0.9	1.0
DPS ¢	16.5	16.5	16.5	16.5
Yield %	9.1	9.1	9.1	9.1
Franking %	0.0	0.0	0.0	0.0

Share Price



Source: ASX and Company accounts

Segment Performance

	Annual Shareholders' Return (%)
Property Portfolio	(%)
Others	45.2
Ashfield Mall, Ashfield, NSW	12.1
Westpac House, Adelaide SA	7.5
Allara	6.1
U-Stow-It Storage facilities	5.9
4 Ray Road, Epping, NSW	5.6
Lennons Plaza, 66 Queen St., QLD	4.7
Liverpool Plaza, Liverpool, NSW	4.6
Homemaker City, Moorabbin, NSW	3.5
Townsville Storage facilities	2.6
169 Varsity Parade, Varsity Lakes, QLD	2.5
Total	100.3
Property Types	
Other	100.0
Total	100.0

Company contact details:

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