



# Birkenhead Point Shopping Centre and Marina Investor Tour

19th November 2010

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Abacus Group Holdings Limited ACN: 080 604 619

Abacus Group Projects Limited ACN: 104 066 104

Abacus Storage Funds Management Limited ACN: 109 324 834 AFSL No. 227357

Abacus Funds Management Limited ACN: 007 415 590 AFSL No. 227819

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- Abacus is a private equity investor in commercial real estate markets
- We are a core plus, active manager
- The challenging real estate markets does present an environment for opportunities
- Evidence suggests assets are being encouraged to market
- Abacus' strong capital position and third party capital potential illustrates significant acquisition capacity
  - Low gearing of 22%
  - Surplus facility of over \$250 million
  - Available liquidity in excess of \$125 million
- Abacus' core plus business model and appetite for appropriately risk adjusted opportunities suggests it is perfectly positioned to take advantage of current market dislocations and generate significant securityholder returns
  - Birkenhead Point Shopping Centre and Marina

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# Birkenhead Point Shopping Centre



*To create Australia's premium outlet centre coupled with a convenience based shopping offer*



# Birkenhead Point Shopping Centre



# Birkenhead Point Shopping Centre



- Abacus settled its 50% interest in November 2010 for \$87 million
  - \$22.5 million 3 yr interest-free vendor finance
- New strategic alliance with Kirsh Group as acquirer of remaining 50% of property
- Abacus considered a partner for the acquisition and invited Kirsh following their positive interest in asset
- Property consists of substantially refurbished mixed-use shopping centre including traditional retail and factory outlet tenancies and a 187 berth marina
  - \$50 million spent over last couple few years to rejuvenate centre
  - 155m frontage to Sydney harbour
  - 5km from Sydney CBD in affluent area
  - 183 tenancies anchored by an expanded 2,850m<sup>2</sup> new format Coles supermarket

## Key metrics

|                              |                       |
|------------------------------|-----------------------|
| Acquisition price (50%)      | \$87m                 |
| Valuation (50%)              | \$87m                 |
| Yield on cash invested (Yr1) | 11.0%                 |
| Effective yield (Yr1)        | 8.0%                  |
| NLA                          | 31,820 m <sup>2</sup> |
| Cap rate                     | 8.0%                  |
| Occupancy                    | 82%                   |
| WALE (yrs)                   | 4.9                   |

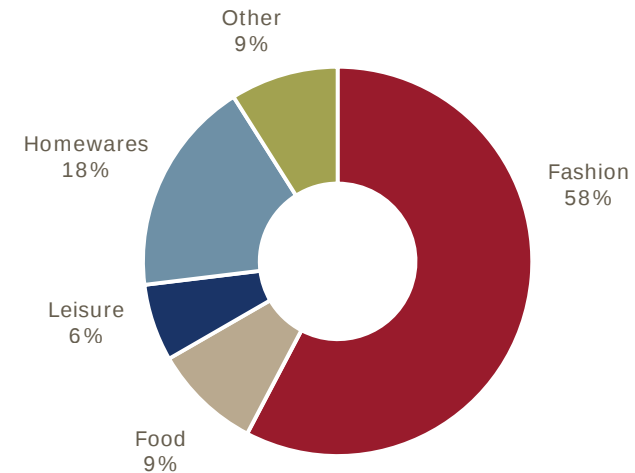
# Birkenhead Point Shopping Centre



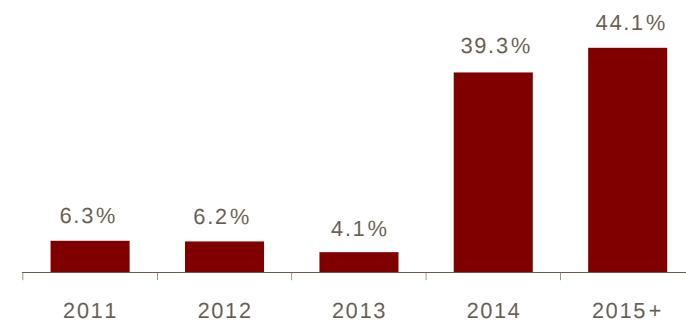
## Tenancies

- Tenant offering includes food, fashion, homewares, leisure and general services
- Key Tenants include:
  - High end fashion: Hugo Boss, Oroton, Allannah Hill, Tommy Hilfiger, Polo Ralph Lauren, Calvin Klein and Trelise Cooper
  - Street fashion: Witchery, Charlie Brown, Oxford, French Connection and Bennetton
  - Food: Coles Supermarket, Fresh food providers and a number of restaurants and cafes
  - Homewares: David Jones, Spotlight, Crabtree and Evelyn, Bed Bath n Table, Adairs and Sheridan
  - Leisure: Kathmandu, New Balance, Insport, City Beach and Rip Curl

## Tenant diversification



## Lease expiry



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# Key success factors

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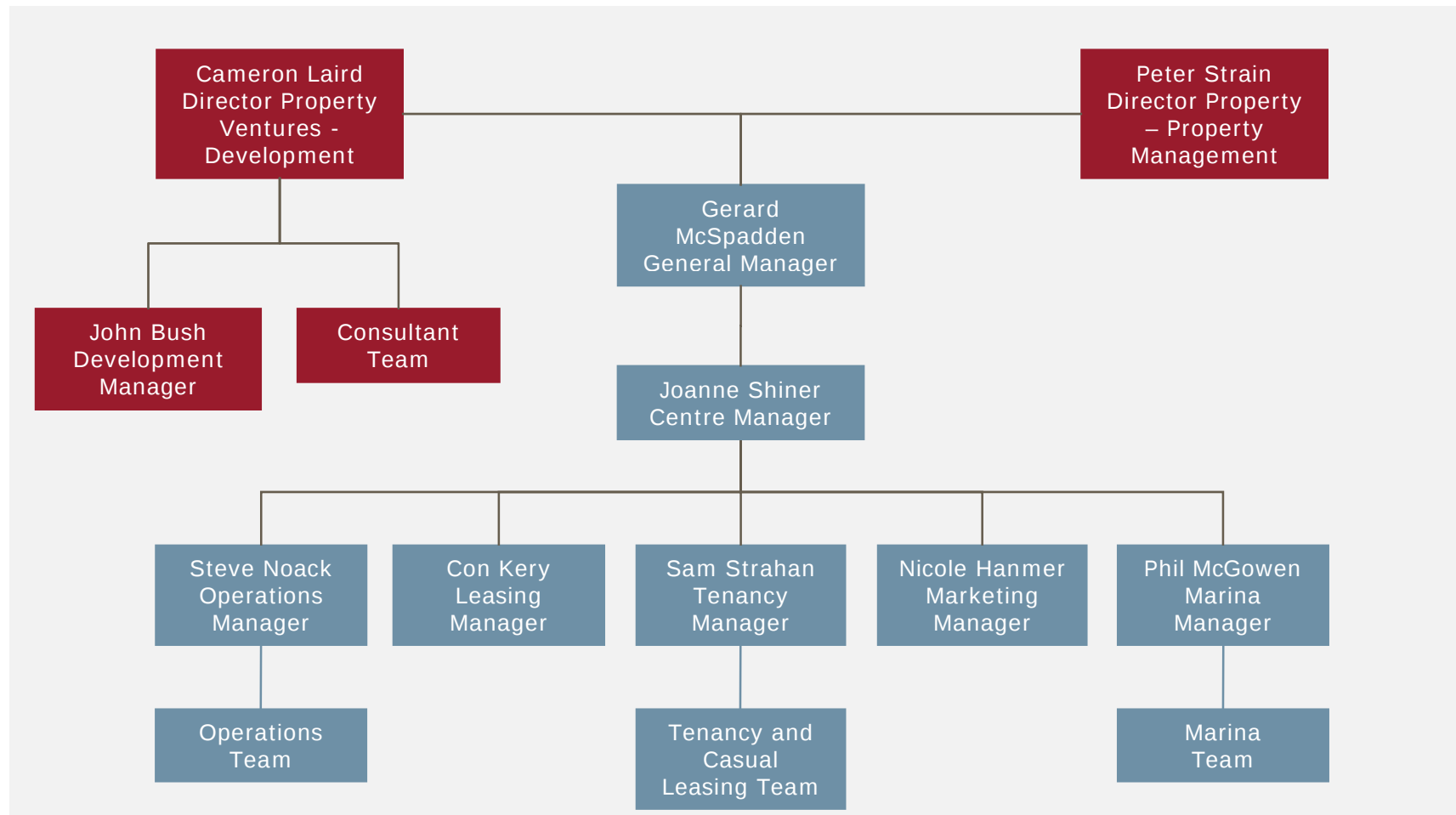
- Strong representation of branded fashion retailers
- Full convenience retail offer with contemporary fresh food offer
- Quality food catering offer
- Improved functional layout and connectivity with the harbour
- Convenient car parking
- Experienced and competent management team
- Expansion and redevelopment of Marina

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# Management



## BIRKENHEAD POINT SHOPPING CENTRE AND MARINA



## Key focus

- Operating expenses
  - Bring operating expenses into line with industry benchmarks
- Additional income
  - Capture income opportunities from car parking, casual mall leasing
- Turnover growth
  - Through marketing, leasing and management
- Car parking
  - Improve efficiency, functionality and signage of car parking
- Marketing
  - Ensure an appropriate targeting and media strategy with an appropriate budget
  - Ensure visibility of new improved centre and breadth of premium brand offering
  - Engage appropriate media mix and focus at correct trade areas
  - Develop new centre branding and style guide
  - Develop customer relationship and incentive programs

# Leasing



- Leasing strategy to be completed to ensure the retail mission is achieved
- Total refurbishment spend of \$50 million commenced by previous owner with some areas completed prior to settlement
  - Newly refurbished vacant space in demand

## Key focus

- Leasing of existing vacant space
- Improvement of retail mix and precincting
- Drive food offering through addition of further fresh food providers including delicatessen and providores
- Addition of mini-major tenancies
- Strengthen representation of premium fashion brands

# Leasing



# Development



- Continue the repositioning of the Centre

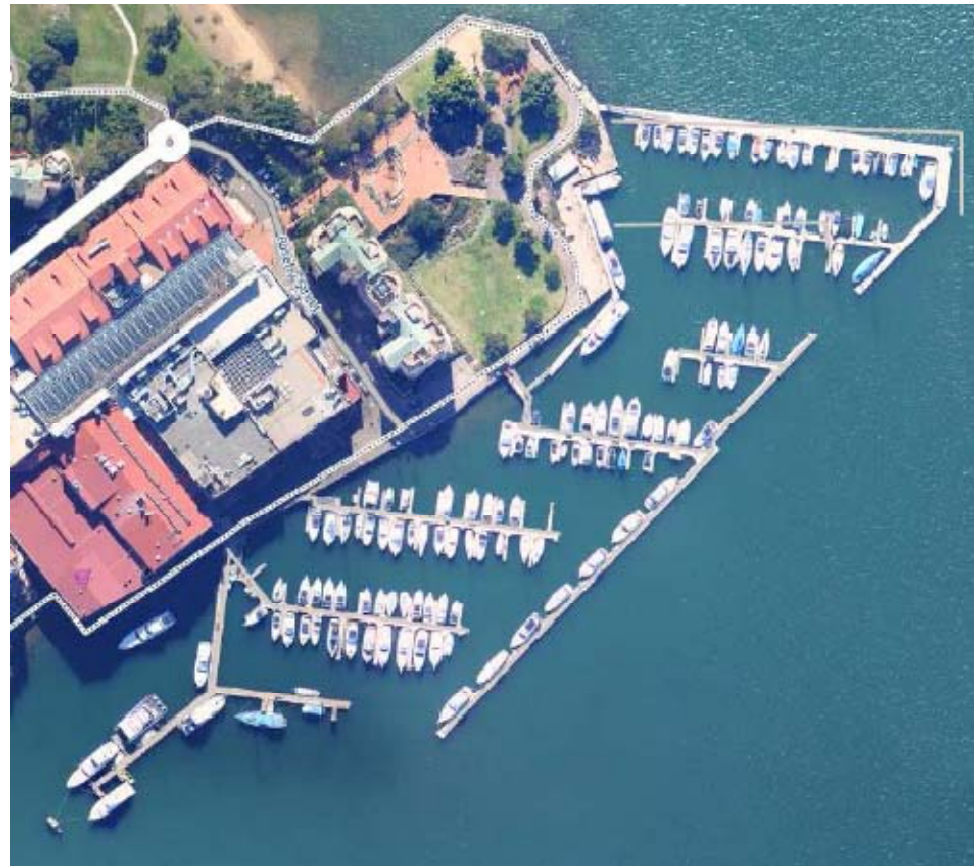
## Key focus

- Convenience retail offer
  - Coles refurbishment and expansion
  - Addition of services
  - Upmarket fresh food precinct
- Catering
  - Improvement of café, restaurant and food court offer
- Level 3
  - Addition of mini-major anchor and investigate expansion potential
- Connectivity
  - Improve the retail functional layout between levels on the eastern side of the centre
  - Improve the connectivity with the harbour

# Development

## Marina

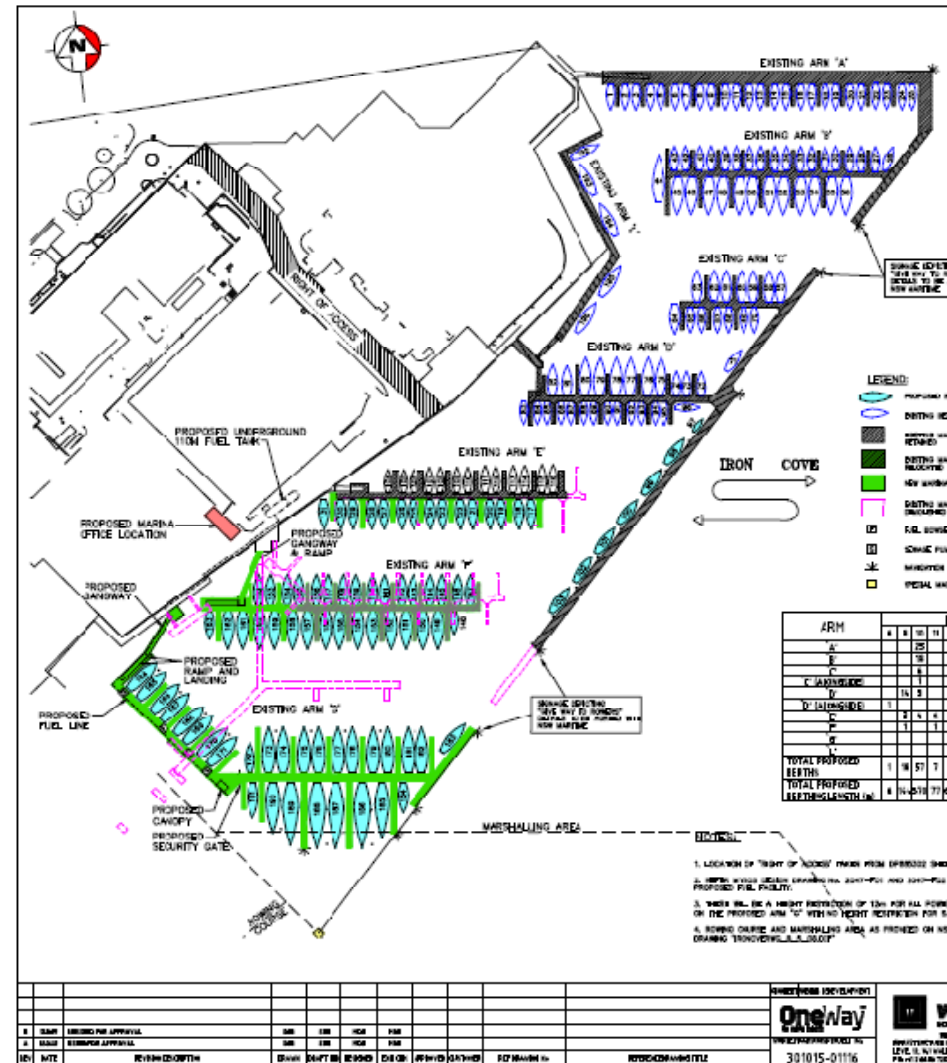
- Marina valued at \$10 million
  - Delivers a 10% yield
- Proposed redevelopment of the Marina will occur in two stages
- Stage One
  - Redevelopment and extension of southern end of the Marina
  - Construction of fuel depot and fuelling berth
- Stage Two
  - Potential expansion of northern end of Marina
  - Potential development of ferry wharf
- Potential future opportunities exist to strata berths and sell on 20 year leaseholds



# Development

## The Marina – Stage One

- Redevelopment of the southern most marina arms F and G reconfigured and extended to increase the marina berths from 187 to 195
- Increases linear meters of the marina from 2,154m to 2,433m in total length
  - Increase of over 279m
  - Provides extra capacity to cater for larger, more prestigious vessels above 20m in length
- Placement of the 110,000 litre split cell underground fuel tank
  - Development of fuelling facilities to provide much needed fuelling options for the marina
- Anticipated capex of approximately \$6m will drive revenue growth of 80-90% of EBITDA over 5 years



# Development

