

FY16 Annual Results Appendices



Appendix A

Segment balance sheet

Abacus balance sheet	Property	Storage	Funds	Property Ventures	Corporate	June 2016	June 2015
	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)
Investment properties	813.8	570.3				1,384.1	1,189.7
Inventory				64.8		64.8	107.9
Property, plant and equipment	0.6	4.1				4.7	7.0
Loans and interest	15.0		145.6	370.3		530.9	394.9
Other investments and financial assets	22.5		0.4	26.8		49.7	43.6
Equity accounted investments	142.2			37.7		179.9	137.3
Cash and cash equivalents					36.3	36.3	28.2
Other assets					19.4	19.4	15.2
Goodwill and intangibles					32.5	32.5	33.3
Total assets	994.1	574.4	146.0	499.6	88.2	2,302.3	1,957.1
Interest bearing liabilities						631.3	388.9
Other liabilities						118.5	128.8
Total liabilities						749.8	517.7
Net assets						1,552.5	1,439.4

Appendix B

Segment earnings (underlying profit)

	Property	Storage	Funds	Property Ventures	FY16 Total	FY15 Total
Rental and Storage income	70.0	61.3			131.3	130.1
Finance income ¹				46.3	46.3	26.2
Funds management income			12.5		12.5	10.3
Share of profit from equity accounted investments ²	13.3 ³		0.4	5.7 ⁴	19.4	31.2
Sale of inventory ⁴	0.3			2.6	2.9	39.0
Net change in fair value of investments derecognised ⁴	6.9			9.1	16.0	30.7
Interest income					0.5	0.6
Total Underlying Revenue	90.5	61.3	12.9	63.7	228.9	268.1
Expenses	(14.5)	(23.1)			(37.6)	(38.1)
Cost of inventory sales ⁴	(2.8)			(2.3)	(5.1)	(34.5)
Net loss on sale of property, plant & equipment / impairment charges	(0.1)				(0.1)	(4.9)
Segment result before corporate overheads⁵	73.1	38.2	12.9	61.4	186.1	190.6
Corporate and other costs ⁶	(10.0)	(5.6)	(2.2)	(4.4)	(22.2)	(22.8)
Underlying EBITDA	63.1	32.6	10.7	57.0	163.9	167.8
Finance costs ⁶					(31.3)	(30.9)
Depreciation, amortisation and impairment expense	(1.5)	(0.3)			(1.8)	(2.6)
Tax expense					(6.8)	(5.2)
Non-controlling interests					0.0	(0.8)
Underlying Profit	61.6	32.3	10.7	57.0	124.0	128.3
Change in fair value of investments	48.9	36.7	0.0	0.0	85.6	30.2
Change in fair value of derivatives					(8.3)	(10.9)
Impairment of land development				(40.6)	(40.6)	
Tax benefit on significant items					9.0	
Statutory Profit	110.5	69.0	10.7	16.4	169.7	147.6

1. Fee and interest on loans

2. Distributions from joint ventures

3. Excludes fair value gain of \$11.6 million

4. Transactional activities

5. Excludes depreciation

6. Associated holding costs are allocated to transactional activities

Appendix C

Net tangible asset reconciliation

	30 June 2016	30 June 2015
Consolidated Group net assets	1,559.3	1,438.1
<i>Less</i>		
Total external non-controlling interest	(43.3)	(31.0)
Total stapled security holders' interest in equity	1,516.0	1,407.1
<i>Less</i>		
Intangible assets and goodwill	(32.5)	(33.3)
Deferred tax assets/liabilities (net)	(3.5)	3.9
Total net tangible assets	1,480.0	1,377.7
Securities on issue	556.6	553.2
Net tangible assets per security	2.66	2.49

Appendix D

Abacus cashflow analysis¹

	\$'000
CASHFLOWS FROM OPERATING ACTIVITIES	
Income receipts	208,423
Interest received	459
Distributions received	432
Income tax paid	(7,990)
Borrowing costs paid	(29,247)
Operating payments	(88,766)
Payment for land acquisition	(1,779)
NET CASHFLOWS FROM OPERATING ACTIVITIES²	81,532
CASHFLOWS FROM INVESTING ACTIVITIES	
Payments for investments and funds advanced	(186,867)
Proceeds from sale / settlement of investments and funds repaid	75,313
Purchase and disposal of property, plant and equipment	2,485
Purchase of investment properties	(156,342)
Disposal of investment properties	46,085
Payment for other investments	(1,162)
NET CASHFLOWS USED IN INVESTING ACTIVITIES	(220,488)
CASHFLOWS FROM FINANCING ACTIVITIES	
Proceeds from issue of stapled securities and return of capital	7,264
Payment of finance and issue costs	(4,157)
Repayment of borrowings	(6,902)
Proceeds from borrowings	237,023
Distributions paid	(86,242)
NET CASHFLOWS FROM FINANCING ACTIVITIES	146,986
NET INCREASE IN CASH AND CASH EQUIVALENTS	8,030
Net foreign exchange differences	79
Cash and cash equivalents at beginning of period	28,175
CASH AND CASH EQUIVALENTS AT END OF PERIOD	36,284

1. 30 June 2016 cashflow statement for ABP excluding the consolidation of funds under AASB10

2. Cashflow from operations of \$85.7 million deducts sale of transactional inventory (\$1.4m) and adds back the purchase of non-current inventory and development costs \$5.6m

Appendix E

Debt facilities

Capital management metrics	June 2016	June 2015
Total debt facilities	\$873m	\$770m
Total debt drawn	\$629m	\$388m
Term to maturity	3.5 yrs	4.3 yrs
% hedged	53%	88%
Weighted average hedge maturity	2.7 yrs	2.9 yrs
Average cost of debt – drawn	5.4%	6.1%
Group gearing ¹	25.8%	18.2%
Look through gearing ²	30.3%	22.6%
Covenant gearing	29.5%	22.8%
Covenant gearing limit	50.0%	50.0%
Interest Coverage Ratio	4.2x	5.1x
Interest Coverage Ratio covenant	2.0x	2.0x

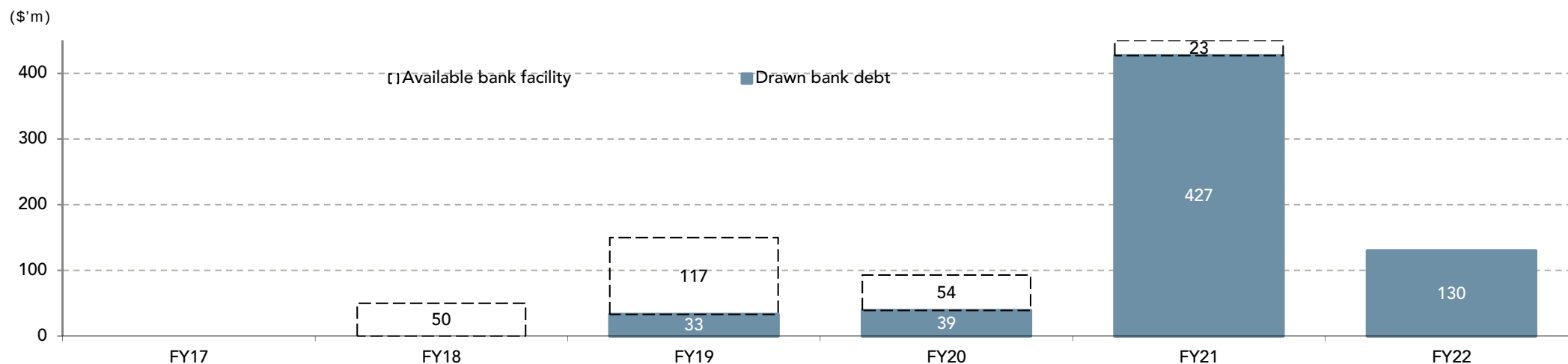
1. Abacus max target group gearing of up to 35%

2. Includes joint venture and fund assets and debt consolidated proportionately with Abacus' equity interest

Appendix F

Debt maturity profiles

Debt maturity profile as at 30 June 2016



Fixed hedging maturity profile as at 30 June 2016



Appendix G

Portfolio revaluations

Revaluation process for Abacus resulted in a net increase in the investment properties values for FY16 of approximately 5.7% or \$74.0 million

- \$37.3 million across the wholly owned commercial properties
- \$36.7 million across the storage portfolio
- Revaluation of assets owned across our third party capital platform resulted in a net increase of \$11.6 million

Average cap rate across the Abacus commercial portfolio has decreased to 7.18%

Market transactions illustrative of a tightening cap rate environment across all commercial sectors.

Abacus investment portfolio by sector	Valuation 30 June 2016 \$'000	Weighted average cap rate 30 June 2016
Retail	\$375,193	6.74%
Office	\$492,316	7.33%
Industrial & Other	\$126,559	8.39%
Total commercial portfolio	\$994,068	7.18%
Storage	\$574,395	7.98%
Total investment portfolio	\$1,568,463	7.48%

Appendix H

Summary portfolio metrics

Key portfolio metrics

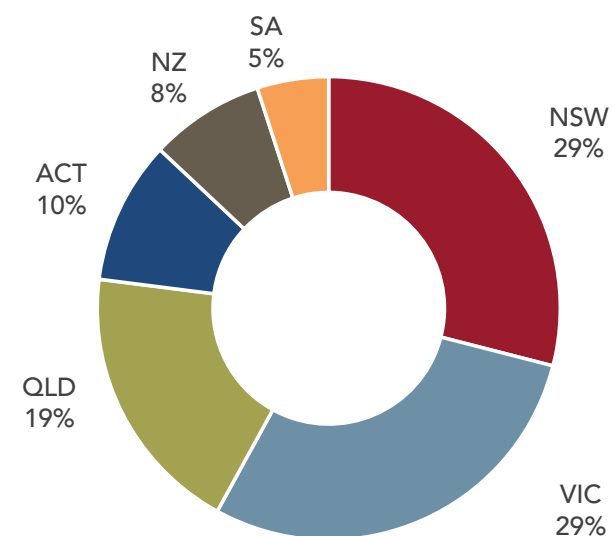
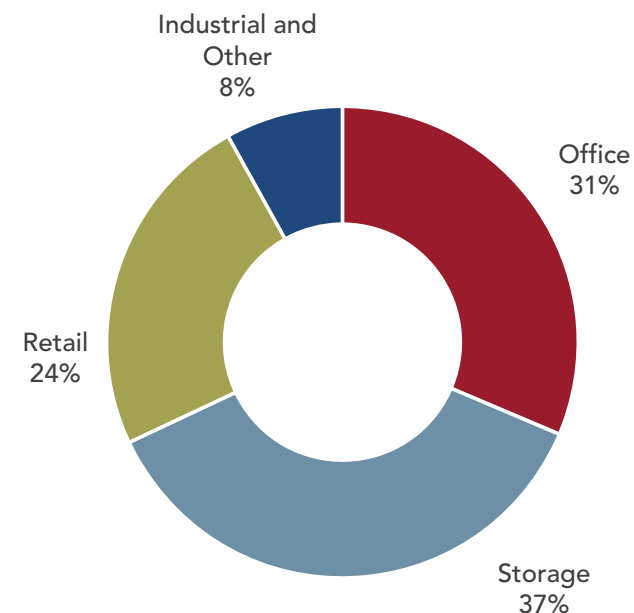
	Jun 16	Jun 15
Investment portfolio value ¹ (\$m)	1,568	1,318
Commercial portfolio ¹ (\$m)	994	861
Storage portfolio (\$m)	574	457
WACR ^{1,4} (%)	7.48	8.05
No. of commercial assets ¹	32	37
NLA (sqm) ^{2,3}	302,888	297,874
Occupancy ^{2,3} (% by area)	91.2	93.4
WALE ^{2,3} (yrs by income)	4.3	4.1
Like for like rental growth ^{2,3} (%)	2.7	2.2

1. Includes assets acquired under our third party capital platform, inventory and PP&E

2. Excludes storage assets

3. Excludes development assets

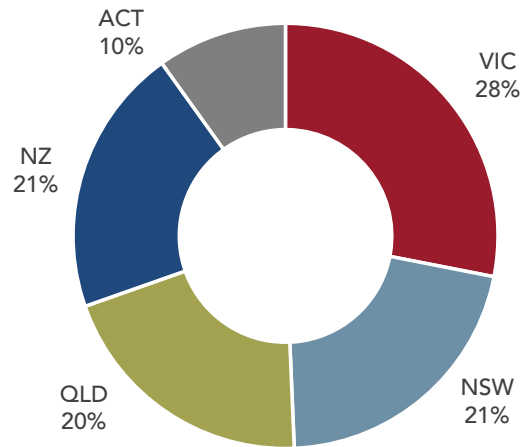
4. Weighted Average Cap Rate



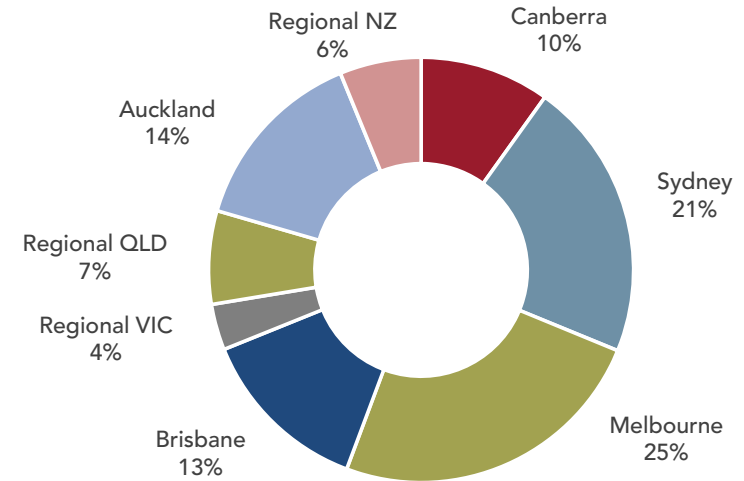
Appendix H

Summary storage portfolio metrics

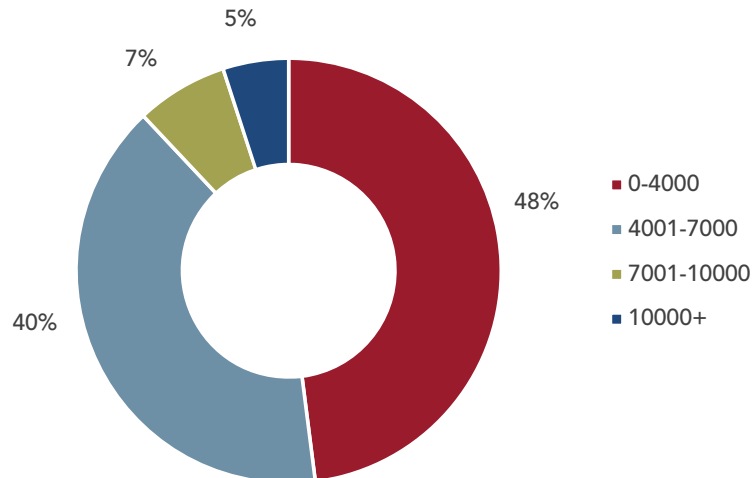
State geographic diversity by NLA



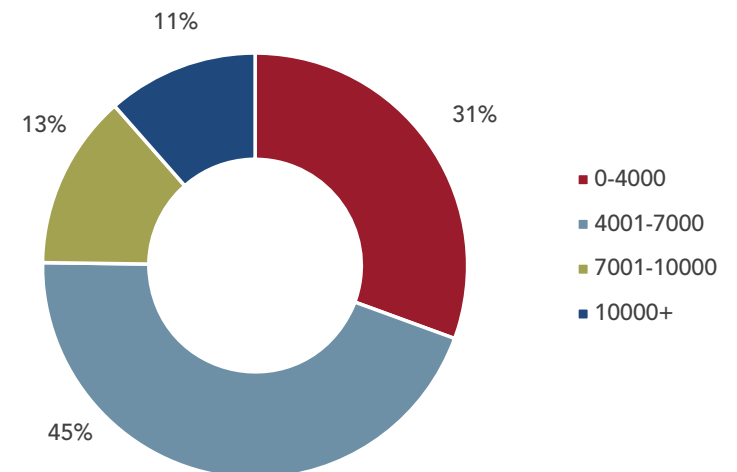
Regional geographic diversity by NLA



Asset net lettable area (m²) split by number of assets



Asset net lettable area (m²) split by value



Appendix H

Summary portfolio metrics

Portfolio metrics	Office		Retail		Industrial		Storage	
								
	Jun 16	Jun 15	Jun 16	Jun 15	Jun 16	Jun 15	Jun 16	Jun 15
Portfolio (\$m)	492	440	375	275	127	133	574	457
No. of assets	16	16	7	7	9	14	62	54
Lettable area (sqm) ¹	89,004	81,167	83,106	66,575	130,778	150,132	290,000	254,000
WACR (%)	7.33	7.71	6.74	7.35	8.39	8.65	7.98	8.62
Occupancy ¹ (% by area)	91.8	93.7	85.7	88.4	94.4	95.5	87.4 ³	86.0 ³
Average rent psqm	\$460	\$453	\$446	\$420	\$82	\$84	A\$259 ³	A\$256 ^{3,4}
WALE ¹ (yrs by income)	4.1	4.0	4.9	4.6	3.5	3.7	–	–
Rental growth ^{1,2} (%)	2.5	1.0	7.6	2.9	(7.4)	3.5	–	–
RevPAM (per available sqm)	–	–	–	–	–	–	A\$227 ³	A\$220 ^{3,4}

1. Excludes development assets

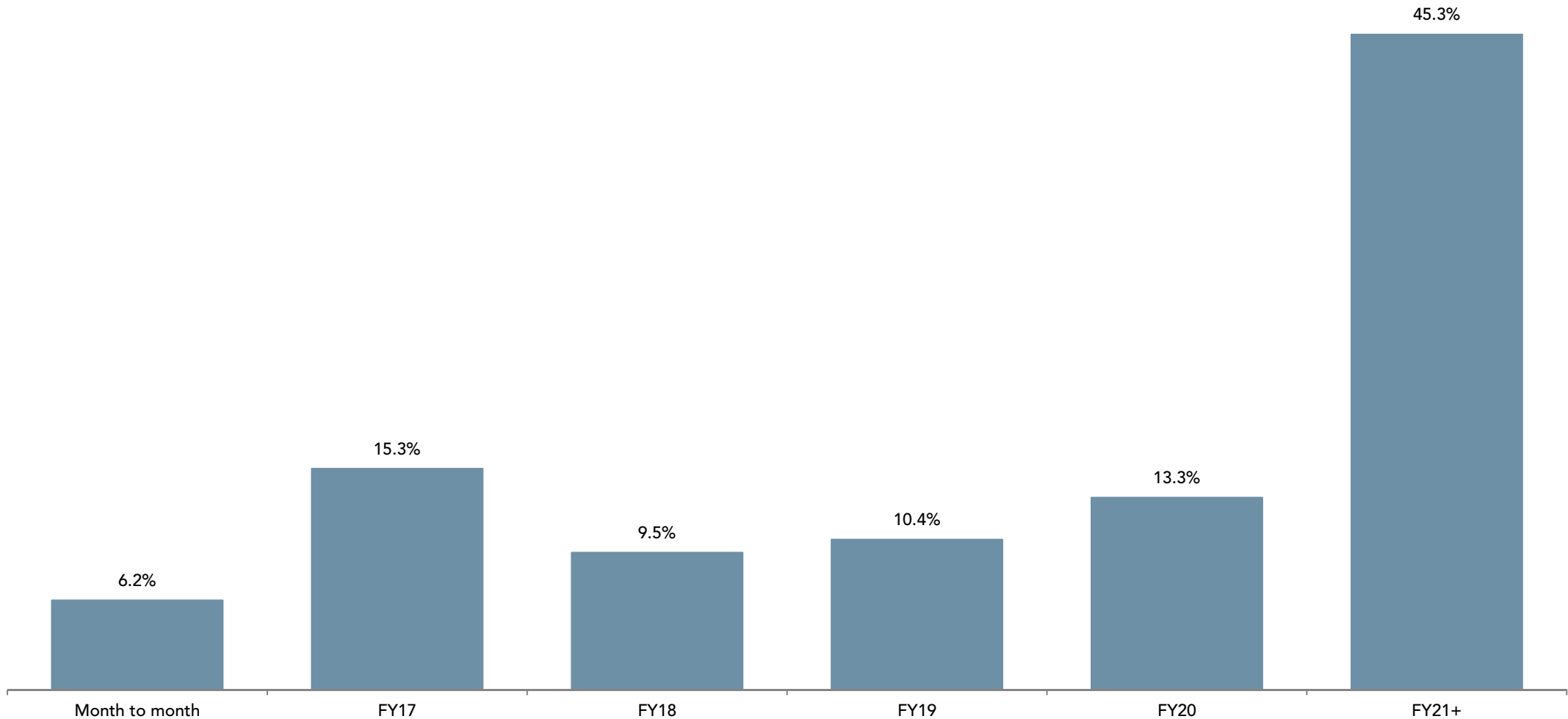
2. Like for like rent growth

3. Average over last 12 months (by area) of all stabilised assets

4. Adjusted to FY17 FX rate of \$1.0489 for comparison purposes

Appendix H

Summary portfolio metrics – lease expiry profile



Appendix I

Property ventures

Projects	Type	Equity	Loans	Total	Interest rate	Security	Returns
RCL Portfolio, NSW	JV/Loan	\$59.9m	\$90.3m	\$150.2m		1st Mortgagee	50% profit share
Campsie, NSW	Loan	-	\$42.1m	\$42.1m		1st Mortgagee	50% profit share
SPICE Apartments, QLD	Loan	-	\$37.1m	\$37.1m		2nd Mortgagee	41% profit share
Merivale St, QLD	JV	\$26.5m	-	\$26.5m		Equity	49% profit share
Marsden Park, NSW	Loan	-	\$25.6m	\$25.6m		1st Mortgagee	Exit fee upon repayment
Erskineville, NSW	JV	\$4.0m	\$20.0m	\$24.0m		Unsecured	50% profit share
French Street, Werrington, NSW	Loan	-	\$17.2m	\$17.2m		2nd Mortgagee	25% profit share
Grand Ave, Camellia, NSW	Loan	-	\$16.2m	\$16.2m		1st Mortgagee	50% profit share
Belmore, NSW	Loan	-	\$14.5m	\$14.5m		1st Mortgagee	50% profit share
The EMINENCE, VIC	JV	-	\$13.1m	\$13.1m		Unsecured	50% profit share
Tuggeranong, ACT	JV	\$0.2m	\$12.7m	\$12.9m		1st Mortgagee	50% profit share
Rance Road (Settler's Estate), NSW	Loan	-	\$14.0m	\$14.0m		1st Mortgagee	50% profit share
Bosch, Bentleigh East, VIC	Inventory	\$11.4m	-	\$11.4m		Equity	100% ownership
107 George St, NSW	Loan	-	\$8.4m	\$8.4m		1st Mortgagee	50% profit share
Lane Cove, NSW	Loan	-	\$7.8m	\$7.8m		1st Mortgagee	50% profit share
Ashfield Central, NSW	Inventory	\$7.7m	-	\$7.7m		Equity	100% ownership
23 George St, NSW	Loan	-	\$7.2m	\$7.2m		1st Mortgagee	50% profit share
55 Aird St, NSW	Loan	-	\$7.0m	\$7.0m		1st Mortgagee	50% profit share
Doonside, NSW	Loan	-	\$6.1m	\$6.1m		1st Mortgagee	50% profit share
16 small projects and investments	-	\$19.6m	\$17.3m	\$36.9m			
Total		\$129.3m	\$370.3m	\$499.6m	10%		

Appendix I

Residential pipeline – developments

Schedule of major projects due for development

- Targeted profit on cost of c.20%
- Average interest rate on ABP loans c.10%

Project name	Settlement	Units/Sold	Status	ETR ¹	Ave. Unit Price	ABP Profit share	Comments
Quay Street, QLD	FY17	78/74	Completed	~\$32m	\$436k	50%	68 Settled - Settlements ongoing
SPICE apartments, QLD	FY17	274/271	Under construction	~\$132m	\$534k	Structured with minimum 50%	Settlements begin in H117
The Prince, ACT	FY17	152/150	Under construction	~\$75m	\$550k	50%	Settlements begin in H117
EMINENCE apartments, VIC	FY18	193/193	Under construction	~\$112m	\$640k	50%	Settlements begin in H217
Erskineville, NSW	FY18	175/127	Planning: DA approved Under construction	~\$152m	\$950k	50%	Settlements begin in H218
Ashfield Central, NSW	FY18	101/100	Under construction	~\$88m	\$820k	100%	Settlements begin in H218
Merivale, QLD	FY18	IVY:252/240 EVE:220/213	Planning: DA approved Under construction	~\$242m	\$515k	49%	Settlements begin in H218
Hawthorn, VIC	FY18/19	24/0	Planning: DA submitted	~\$36m	\$1.6m	50%	Construction to commence FY17 with completion in FY18/19

1. ETR: Estimated Total Revenue (net of sales costs and GST)

Appendix I

Residential pipeline – approvals

Schedule of major projects awaiting sale to third parties upon rezoning approval

- Average interest rate on ABP loans c.10%

Project name	Timeline	Units	Status	Est. Unit/Lot Price ¹	ABP Profit share	Comments
Campsie, NSW	FY17	Site 1: 270+83 Site 2: 86+19	Site 1+2: DA approved. s.96 submitted for extra units	~\$140-150k	50%	Site 1: under exclusive DD Site 2: anticipate exchange in H117
Camellia, NSW	FY18	15,000m ² of retail + 3,250	Awaiting final council approval	~\$100k	50%	Local council amalgamations and requests for further information have delayed approval. We are providing further information while Council and DOP push forward with their studies to rezone the entire Camellia suburb
Belmore, NSW	FY17/18	211 + additional 49	DA lodged but looking to increase height	~\$150k	50%	Stage payment for site up to \$24m. Trying to achieve additional floors from DA height extension
Lane Cove, NSW	FY18	700+	High density – DA to be submitted in 2017 when council merger complete		50%	Planning Proposal prepared in consultation with Council
Parramatta: George St, NSW	FY18	125+	Planning: seeking rezoning to residential		50%	Apartment/Retail building in Parramatta CBD
Parramatta: Aird St, NSW	FY18	100+	Planning proposal approved rezoning to residential		50%	Apartment/Retail building in Parramatta CBD
Grand Ave, Camellia, NSW	FY19		Long term rezoning to residential		50%	Seeking rezoning inline with area regeneration

1. Estimated Unit/Lot Price based on market evidence

Appendix I

Residential pipeline – land sub-divisions

Schedule of land sub-divisions due for development

Project name	Timeline	Land lots/Sold	Status	Price per lot	Cost to prepare lot	ABP share	Comments
French Road Werrington (Stage 1), NSW	FY17	108/108	Sold Out	\$270k	\$100k	25%	Settlements currently happening. Funds will repay senior debt, accrued interest and capital
French Road Werrington (Stage 2), NSW	FY17	30/30	Sold Out	\$280k	\$100k	25%	Settlements currently happening. Funds will repay senior debt, accrued interest and capital
French Road Werrington (Stage 3), NSW	FY18	111/0	Awaiting revised DA approval	\$270k	\$100k	25%	DA submitted: rezoning of 111 small lots has been revised and approval anticipated within next 3 months
French Road Werrington (Stage 4), NSW	FY18/19	121/0	Awaiting gazettal	\$270k	\$100k	25%	DA to be submitted upon gazettal approval
Riverlands, NSW	FY18	450/0	Progressing rezoning	~\$450k+	\$120k	50%	Council have adopted the planning proposal (PP) for a residential sub-division. Rezoning has been approved by council. NSW gazettal is imminent. Development application is being worked on.
Rance Road Werrington, NSW	FY18/19	152/0	Seeking rezoning	~\$330k	\$100k	50%	Development application anticipated soon for 152 blocks averaging 220m ² .

Appendix J

Consolidated funds under management

Funds	ADIF II	AHF	AWLF
Assets	6	3	1
Assets Under Management	\$139.4m	\$140.8m	\$20.1m
WAV cap rate	7.90%	7.83%	N/A
Occupancy	84%	77%	N/A
Bank debt	\$50m	\$50m	N/A
WAV bank debt maturity	1.0 yr.	0.8 yrs	N/A
Covenant gearing ¹	40%	41%	N/A
NAV per unit ²	74c	55c	Nil

1. Secured loans as a percentage of bank approved security

2. Assumes that the Abacus Working Capital Facilities are treated as equity on a fund wind up

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