

'It's all about the property'

Abacus Property Group 2016 Annual General Meeting

2016 financial summary

14 Martin Place, Sydney NSW



Statutory profit

\$186 million

Up 39%

Underlying profit

\$124 million

Down 3%

Net tangible asset

\$2.66 per security

Up 6.8%

710 Collins Street, Melbourne VIC



Underlying earnings

22.4 cps

Recurring earnings

18.0 cps

Distributions

17.0 cps

World Trade Centre, Melbourne VIC



Total securityholder
return

12 months to 30/6/16

13.7%

Return on equity

12 months to 30/6/16

13.7%

EPS compound
annual growth rate
since FY13

6.0% p.a.

Strength and opportunity



Abacus has a strong balance sheet

Balance sheet remains conservative and gearing remains low at 25.8%

- Below targeted limits of up to 35%

Interest cover ratio of 4.2x

We maintain high levels of liquidity so we can take positions in assets when opportunities present themselves

This combined with our Third Party Capital partnerships provides flexibility to take advantage of market opportunities

Reaffirmation of investment strategy



We are a long term investor in real estate assets

We look for mispriced assets that represent fundamental value

We add value through active management



We see value in a diversified business that is invested across targeted sectors

- Commercial real estate: Office, Retail, Industrial
- Self-storage facilities
- Residential development projects



A diversified platform provides resilience to earnings and cashflow

- Ability to re-weight as markets transition through the cycle

Our core plus strategy is integral across all our investment decisions within the sectors we operate

Shifting to more recurring style earnings

Capital has been deployed to provide an appropriate rate of return throughout the cycle

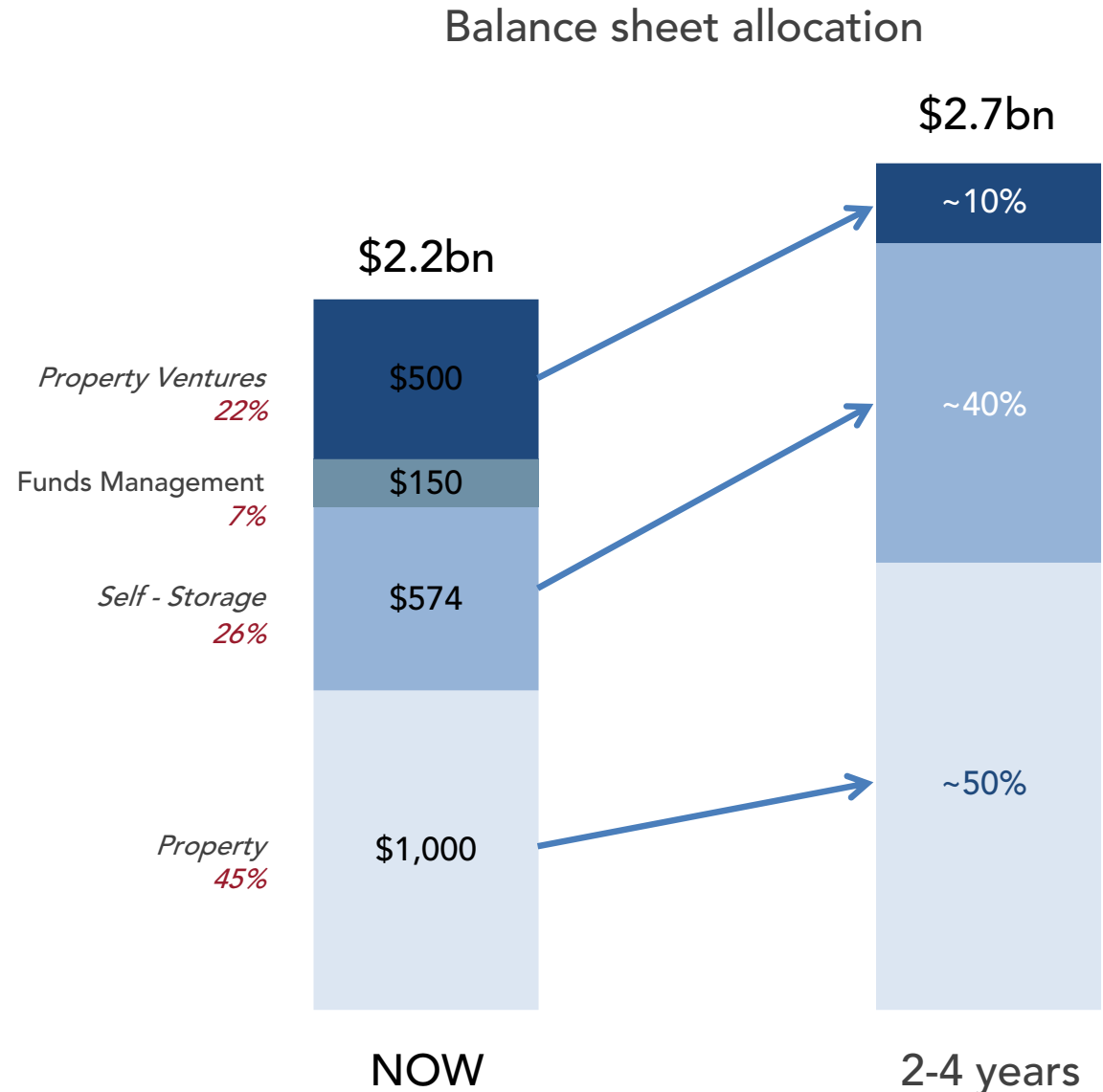
Targeted transition of balance sheet allocation over the next 2 to 4 years

Transition to be funded from realisations across our funds management and residential project platforms as they complete

Anticipate circa \$125 million of capital realisations from residential projects in FY17

Our capital allocation strategy is designed to grow recurring earnings which will support growth in distributions

- This will provide more predictability in our earnings mix



Upgrade to FY17 DPS and distribution strategy

We focus on delivering a stable distribution supported by recurring earnings which securityholders can rely on

Improving levels of recurring earnings over recent years, and our targeted asset allocation strategy, places the Group in a strong position to deliver increasing distributions to securityholders

Abacus is targeting distributions of **17.5** cents per security in FY17 barring unforeseen circumstances

- Increase of **2.9%** on FY16

Going forward, Abacus will seek to target an annual distribution growth of between **2-3%pa**

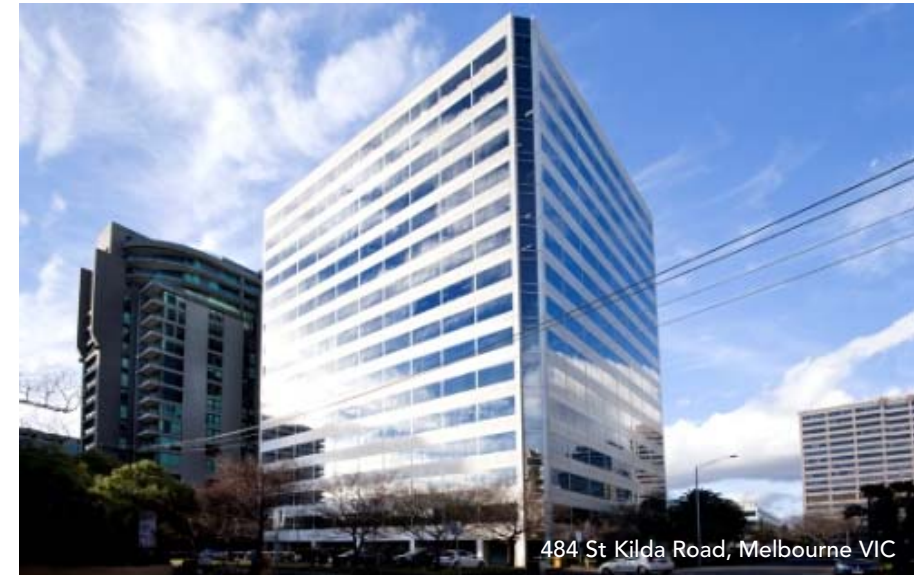
Growth in distributions will be underpinned by contracted and organic growth from an increasing investment in self storage facilities and investment properties

Its all about the Property

Building long term returns - Office

484 St Kilda Road, Melbourne VIC

- Acquired for \$68 million in joint venture with Heitman LLC
- Outstanding core plus opportunity within the office sector at that time in the market
- High quality building - one of the best office assets in its precinct
- Asset level equity IRR of 25%



710 Collins Street, Melbourne VIC

- Acquired in late 2014 for \$76.5 million
- Iconic, boutique office building located in Melbourne's docklands
- Strong security to income with high quality tenants and long WALE
- Future development opportunities via an extension of the buildings office tower and a potential re-development of the goods shed into a retail venue



Its all about the Property

Building long term returns – Self-storage

Rouse Hill facility, Sydney NSW

- 2.1ha site with c.6,827m² industrial/commercial GFA acquired for \$8.5 million (\$1,200psm)
- Split into two tenancy areas providing opportunity to immediately convert one tenancy to self-storage while retaining income on remaining tenancy
- Conversion will deliver over 3,000m² upon completion
- Facility is trading strongly with occupancy at 90%+ providing support for rental rates at current portfolio averages



Oakleigh South property, Melbourne VIC

- 6,782m² site with 3,576m² warehouse acquired for \$3.5 million (\$965psm)
- Good clearance in warehouse allows fit out of new mezzanine floor plus surplus land to be used for external/drop down units
- Provides NLA c4,500m² plus front office tenancy 500m² on Clarinda Road



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Building long term returns - Retail



Birkenhead Point Shopping Centre and Marina, Sydney NSW

Birkenhead Point Shopping Centre and Marina, Sydney NSW

- Acquired in 2010 for \$174 million in joint venture with the Kirsh Group
- Partially refurbished, it presented strong redevelopment potential
- Abacus developed asset into Australia's premium outlet centre combined with quality convenience based shopping offer to satisfy a strong and growing trade area
- Asset level equity IRR of 24%



Lutwyche City Shopping Centre, Brisbane QLD

Lutwyche City Shopping Centre, Brisbane QLD

- Acquired in mid 2015 for \$65.0 million or \$3,440psm in joint venture
- Large format four-level enclosed neighbourhood shopping centre
- Dominant convenience centre servicing local residents
- Strong repositioning opportunities - currently undergoing refurbishment and redevelopment projects in line to dominate its primary trade area for the convenience shopper

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Building long term returns - Industrial

Browns Road, Clayton Melbourne VIC

- Acquired for \$19.6 million in May 2013
- 10 year, triple net, sale and lease back to PMP Limited
- Strong income and cashflow asset while the site, in established residential location, suggested a residential rezoning may be highest and best use
- Anticipated asset level equity IRR of 35%



Virginia Park, East Bentleigh, Melbourne VIC

- Acquired 50% interest in 2006 for \$37.5 million in joint venture
- 12.3ha office/industrial park with 58,500m² of NLA in Melbourne's south east
- Acquired the adjacent GAT site in 2011 taking the site to over 16 ha
- A new Master Plan proposal has commenced to rezone site to accommodate existing office and develop a retail shopping centre, residential accommodation, a new secondary school and age care



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Building long term returns – Third Party Capital

Since partnering with sophisticated third party capital investors we have transacted over \$1.6 billion of acquisitions

We have become a capital partner of choice with major global groups

We have recently partnered with GAW Capital to invest in opportunistic logistics assets

Acquired two assets in FY17 for \$65 million

- Altona, VIC for \$30 million
- Chullora, NSW for \$35 million

We also recently joint ventured with Investec to acquire 324 Queens Street, Brisbane for \$132 million

Capital partnering since 2010	Sector	Price ¹ , A\$
Birkenhead Point, Drummoyne NSW	Retail	174,000,000
350 George Street, Sydney NSW	Office/Retail	27,000,000
4 & 14 Martin Place, Sydney NSW	Office/Retail	153,500,000
32 Walker Street, North Sydney NSW	Office	35,600,000
484 St Kilda Road, St Kilda VIC	Office	68,000,000
309 George Street, Sydney NSW	Office/Retail	68,750,000
180 Queen Street, Brisbane QLD	Office/Retail	29,500,000
35 Boundary Street, Brisbane QLD	Office	40,250,000
Wharf 10, Sydney NSW	Office	31,800,000
World Trade Centre, Melbourne VIC	Office/Retail	120,400,000
Oasis, Gold Coast QLD	Retail	103,500,000
201 Pacific Highway, St Leonards NSW	Office/Retail	115,000,000
Lutwyche City, Brisbane QLD	Retail	65,000,000
Merivale, South Brisbane QLD	Residential development	275,000,000
324 Queens Street, Brisbane QLD	Office	132,000,000
182–198 Maidstone Street, Altona VIC	Industrial	30,000,000
2-34 Davidson Street, Chullora NSW	Industrial	35,000,000
Red Cross Building, Sydney NSW	Office	112,900,000
Total		1,617,200,000

1. Represents the acquisition price for commercial properties or the total estimated sales revenue from residential developments

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Building long term returns – Third Party Capital

Abacus has had a long history of partnering with other investors

Many relationships have been forged over more than two decades and have lasted the distance

These relationships provide outstanding opportunities for deal origination which matched with our management platform provides strong returns for our securityholders



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Operational updates - Residential

Campsie: Site one sold in September 2016 for \$49.5 million - c. \$140,000 a unit

Site two: Approved for 83 units with a further 19 units possible due for exchange under same pricing in late Nov16

Settlements in early 2017 will repay Abacus' \$42.1million loan and Abacus is entitled to a 50% share of any profits

Werrington: Stages 1/2: 138 land lots settled repaying \$13m Abacus loan

Stage 3 gazetted for 111 blocks – awaiting DA approval

Stage 4 awaiting gazettal for 121 land lots

The Prince: 146 residential unit development in Canberra

Settlements began in October 2016 with 124 settled to date

1 unit handed back with 3 units remaining for sale

\$3m capital investment repaid with profit share to come

Spice: 274 residential unit development in South Brisbane

Settlements began in October 2016 with 240 settled to date

12 units handed back with 4 units remaining for sale

\$32.1m capital investment repaid with profit share to come

Artist's impression of 548-568 Canterbury Rd, Campsie NSW



SPICE, Brisbane QLD



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Operational updates - Residential

Riverland, Milperra NSW

- Received NSW state government gazettal for the residential rezoning of stage one of its residential land sub-division in October 2016
- The gazettal approved the rezoning of the first stage of the residential development covering 15ha to R2 Low Density Residential
- A development application will sub-divide the land into a mix of large and small lots with a view to maximising revenue will now be progressed with council



Camellia, Parramatta NSW

- We are finalising traffic studies at the request of Council
- Studies to be submitted to the RMS and Transport for NSW for their approval
- Once approved, Parramatta Council will, if they are satisfied with the advice from the above departments, make the recommendation for the adoption of the Planning Proposal (PP) to the NSW Department of Planning and Environment and then the PP is gazetted



Strong securityholder value proposition



Residential projects are held at the lower of cost or net realisable value

The carrying value of residential projects are reviewed and impairment tested at each reporting date

Current cost base and transactional evidence suggests strong intrinsic value

Security pricing suggests residential business valued close to cost

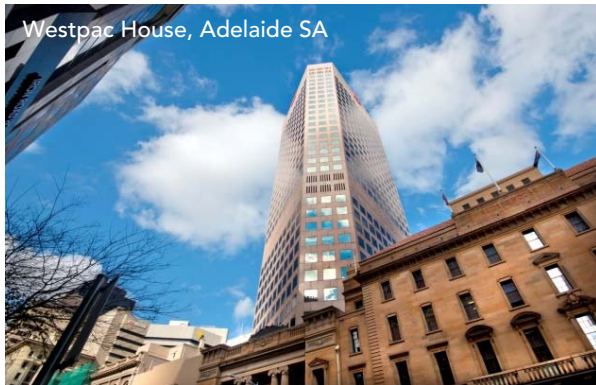


\$574 million prime self storage portfolio held at a weighted average cap rate of 8.0%

Projected FY17 distribution yield of 6.4%

Security price trading close to NTA of \$2.66 per security





Property sector remains highly priced while the market is rampant with capital

The need to deploy capital desensitises investment decisions or as Boston Fed President Eric Rosengren warned:

‘one cost of the lower for longer interest rate cycle involves the potential to encourage commercial real estate speculation’

We are long term property investors committed to grow securityholder value over time

The easiest way to ensure long term value accretion is to avoid making mistakes at the point of acquisition

Our ultimate objective has always been to create secure and profitable real estate investments that will sustain and grow over time

We are very disciplined in our investment decision making always seeking fundamental value at the point of entry

Business of the meetings



Resolution 1

To receive and consider the annual financial report, directors' report and auditor's report of Abacus Property Group and its controlled entities for the year ended 30 June 2016

Resolution 2

To adopt the Remuneration Report for the year ended 30 June 2016

Resolution 3

That John Thame, who retires in accordance with the Constitutions, be re-elected as a director of Abacus Group Holdings Limited, Abacus Group Projects Limited and Abacus Storage Operations Limited

Resolution 4

That approval be given for the Company to grant 230,260 deferred security acquisition rights (SARs) to the Managing Director, Dr Frank Wolf OAM

Resolution 5

That the issue of 5,641,569 securities on 28 July 2016 be ratified and approved by securityholders

Proxy results

Resolutions	FOR	OPEN	AGAINST
Adoption of remuneration report	466,356,726 96.4%	1,155,094 0.2%	16,338,627 3.4%
Re-election of John Thame as a Director	462,140,059 95.0%	3,358,690 0.7%	21,088,329 4.3%
Approval of SARs to Managing Director Dr Frank Wolf	463,990,532 95.9%	1,152,405 0.2%	18,789,351 3.9%
Ratification of 5,641,569 placement securities issued via institutional placement	301,909,613 98.8%	3,345,695 1.1%	452,898 0.1%

Questions



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Abacus Storage Operations Limited ACN: 112 457 075