

'It's all about the property'
FY17 Results Presentation

FY17 financial summary

14 Martin Place, Sydney NSW



Statutory profit

\$285.1 million

Up 53%

Underlying profit

\$186.8 million

Up 51%

Net tangible asset

\$3.02 per security

Up 13.5%

710 Collins Street, Melbourne VIC



Underlying EPS

32.7 cps

Up 46%

Underlying DPS

17.5 cps

Up 3%

Payout ratio

53.5%



201 Pacific Highway, Sydney NSW

Total assets

\$2.4 billion

Group gearing

20.5%

Interest cover ratio

7.4x



Record underlying profit of \$186.8 million, up 51% from FY16

- All aspects of the business contributed to this result

Strong transactional activity during the period across our investment portfolio

- Acquired 7 commercial properties totalling over \$205 million in value during the period to date
- Added 4 self-storage assets valued at \$22 million to the portfolio
- Sold 4 commercial properties for over \$160 million

Expanding our third party capital program

- Expanding relationships with global capital partners
- Strong performance fee income turbo charging investment returns

Residential developments platform delivers multiple projects as anticipated

- Realised over \$170 million of cash from residential development projects
- Completed three residential developments during the year
- Sold one multi-site residential project following approval

Financial results and capital management



Diversified business delivers record results

Key financial metrics

	Jun 17	Jun 16
Consolidated Group¹ AIFRS statutory profit	\$285.1m	\$185.9m
Abacus AIFRS statutory profit	\$257.9m	\$169.7m
Underlying profit²	\$186.8m	\$124.0m
Underlying earnings per security	32.7c	22.4c
Distributions per security ³	17.5c	17.0c
Cashflow from operations	\$168.5m	\$85.7m
Interest cover ratio ⁴	7.4x	4.2x
Weighted average securities on issue	571m	555m

1. The Group consists of the merged Abacus Property Group, Abacus Hospitality Fund, Abacus Wodonga Land Fund and ADIF II
2. Calculated in accordance with the AICD/Finsia principles for reporting Underlying Profit
3. Includes distributions declared post period end (3 July 2017 and 1 July 2016)
4. Calculated as underlying EBITDA divided by interest expense and includes impairments on inventory

Underlying earnings per security growth of 46% to 32.7cps

- 17.5 cps distribution covered by recurring earnings

Increased underlying results from the commercial and self-storage sectors while solid results from residential developments maintained revenue on the prior corresponding period (pcp)

Highlights of underlying profit result in FY17:

- \$10 million of additional net rental income across the commercial and self-storage portfolios
- \$13 million of additional fee income
- \$50 million of gains from the sale of commercial properties
- \$30 million of profits from residential development projects

Recent acquisitions and improvement in rental returns at 14 Martin Place, Ashfield Mall and Bacchus Marsh delivered an 8% increase (\$4.7 million) in net rental income across the commercial portfolio

14% increase (\$5.5 million) in self-storage EBITDA

- Continuing to deliver gains across RevPAM, occupancy and net lettable area

13.5% growth in net tangible assets per security

Abacus has a strong balance sheet

Balance sheet gearing reduced to 20.5% on the back of realisations across our investment portfolio and residential developments

- Remains well below targeted limit of up to 35%

NTA per security grew by 13.5% to \$3.02 driven by strong earnings performances across the entire business and portfolio cap rate compression

- 8.6% contribution from increased retained earnings
- 4.9% contribution from fair value movements

Increased liquidity of \$295 million provides for \$500 million+ of acquisition capacity

Balance sheet metrics	Jun 17	Jun 16
NTA per security	\$3.02	\$2.66
NTA per security less August distribution ¹	\$2.93	\$2.59
Abacus total assets	\$2,386m	\$2,322m
Net tangible assets ²	\$1,737m	\$1,480m
Total debt facilities	\$873m	\$873m
Total debt drawn	\$514m	\$629m
Average cost of drawn debt	5.2%	5.4%
Abacus gearing ratio ³	20.5%	25.8%
Covenant gearing ratio ⁴	23.9%	29.5%
Debt term to maturity	3.4 yrs	3.5 yrs
% hedged of drawn debt	49%	53%
Weighted average hedge maturity	2.5 yrs	2.7 yrs

1. 8.75c distribution in August 2017 and 8.5c in August 2016 respectively

2. Excludes external non-controlling interests of \$48.5 million (FY16: \$43.3 million)

3. Bank debt minus cash divided by total assets minus cash. If joint venture and fund assets and debt are consolidated proportionately based on Abacus' equity interest, look through gearing is 25.1%

4. Covenant gearing calculated as Total Liabilities (net of cash) divided by Total Tangible Assets (net of cash)



Investment portfolio overview

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Investment portfolio of \$1.8 billion

Key portfolio metrics

	Jun 17	Jun 16
Investment portfolio value ¹ (\$m)	1,831	1,714
Commercial portfolio ¹ (\$m)	1,202	1,140
Self-storage portfolio (\$m)	629	574
Investment portfolio WACR ^{1,4} (%)	7.08	7.48
No. of commercial assets ¹	34	32
Net lettable area (NLA) (m ²) ^{2,3}	226,811	254,048
Occupancy ^{2,3} (% by area)	90.5	91.2
WALE ^{2,3} (yrs by income)	4.1	4.3
Like for like rental growth ^{2,3} (%)	2.7	2.7

Investment portfolio remixing continues with increases across the self-storage, office and retail portfolios

Investment portfolio delivered 5.0% or \$74.8 million revaluation gains in FY17

Commercial portfolio delivered a 2.0x increase in underlying EBITDA to \$133.7 million in FY17 from \$68.2 million in FY16 driven by both increased rental income from existing and new assets and asset sales

Occupancy slightly reduced to 90.5% following the sale of higher occupancy assets and the acquisition of lower occupancy assets with strong value add characteristics

Occupancy continues to be impacted by a number of redevelopment/refurbishment projects

Commercial portfolio like for like rental growth of 2.7%

1. Includes assets acquired under our third party capital platform, inventory and PP&E
2. Excludes self-storage assets
3. Excludes development assets
4. Weighted Average Cap Rate

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Building long term returns – Third Party Capital

\$1.3 billion current AUM (\$495m Abacus share)

- We pride ourselves with investing alongside our partners

Continuing to add partnerships

- Red Cross building mandate for private investors
- GAW opportunity fund and 2 industrial acquisitions
- 324 Queen Street, Brisbane transaction with Investec

Delivering stronger returns from performance fee revenue

- Sale of third Heitman asset, 35 Boundary St in Brisbane delivered an asset level IRR of 14.7%
- Sale of KKR JV asset, World Trade Centre in Melbourne delivered an asset level IRR of 33.1%

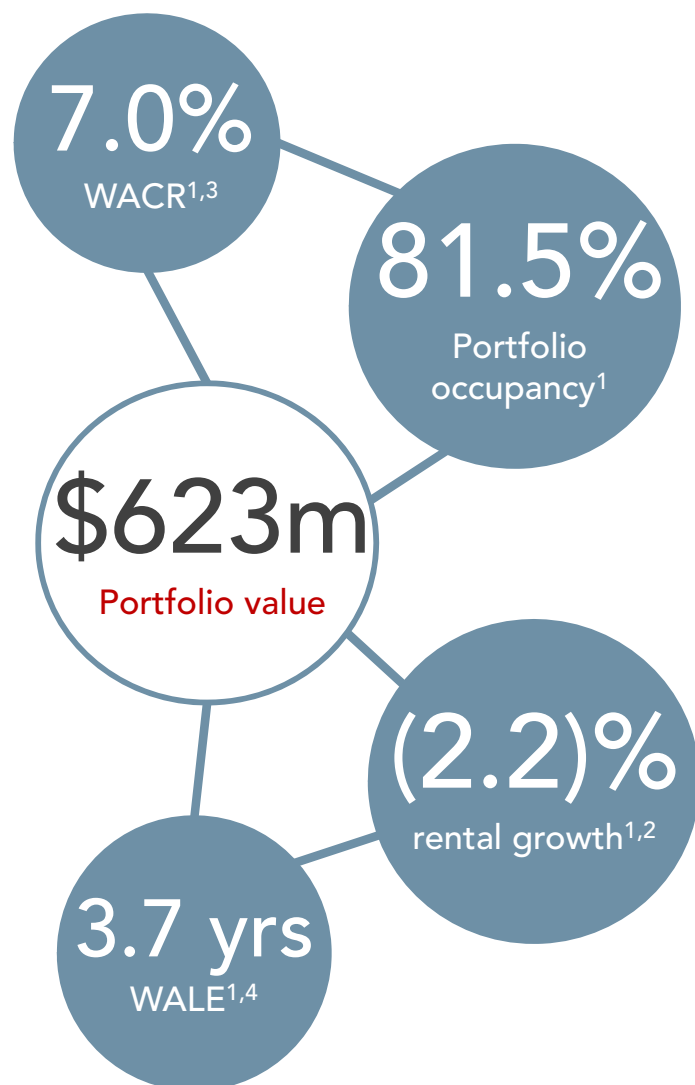
Continuing to discuss opportunities to work with major global investors focused on the syndication of development finance projects

Current capital partnering assets	Sector	Amount ¹
4 & 14 Martin Place, Sydney NSW	Office/Retail	\$153.5m
32 Walker Street, North Sydney NSW	Office	\$35.6m
180 Queen Street, Brisbane QLD	Office/Retail	\$29.5m
35 Boundary Street, Brisbane QLD	Office	\$40.25m
Oasis, Gold Coast QLD	Retail	\$103.5m
201 Pacific Highway, St Leonards NSW	Office/Retail	\$115.0m
Lutwyche City, Brisbane QLD	Retail	\$65.0m
Merivale, South Brisbane QLD	Residential development	\$275.0m
324 Queen Street, Brisbane QLD	Office	\$132.0m
182–198 Maidstone Street, Altona VIC	Industrial	\$30.0m
2-34 Davidson Street, Chullora NSW	Industrial	\$35.0m
Red Cross Building, Sydney NSW	Office	\$112.9m
Total		\$

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

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Office portfolio – vacancy provides upside



33 Queen Street, Brisbane QLD

- Occupancy currently 62%
- Expansive ground floor space now leased to F&B provider
- Office refurbishment program ongoing as space comes up
- Leasing progressing well with spec fitout space
- 1,000m² or 16.6% of space currently under negotiation



201 Pacific Highway, Sydney NSW

- Occupancy currently 74%
- Good leasing progress to date
- HOA out for 1,200m² or 7.3% of space
- Remaining 2 floors of vacancy, 2,900m², have multiple parties shortlisted
- NAB renewal for 1,250m² @ \$570pm² for 3 years

1. Excludes development assets

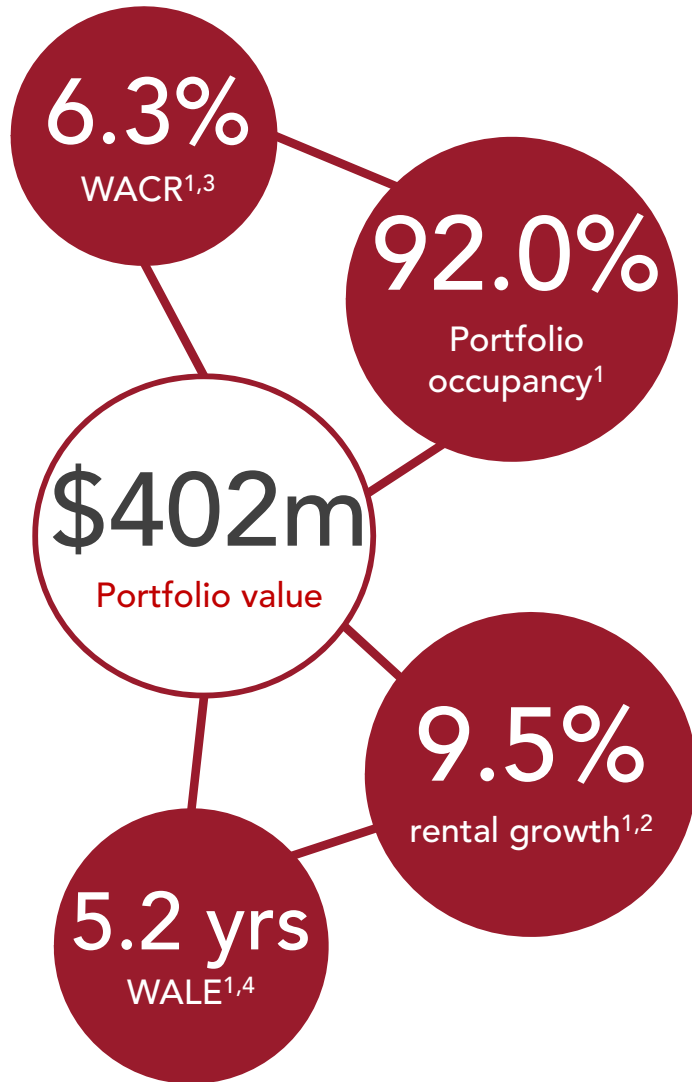
2. Like for like rent growth - Excluding movement in occupancy, rental growth would be 4.1%

3. Weighted Average Cap Rate

4. Weighted Average Lease Expiry

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Retail portfolio – development driving growth



Bacchus Marsh, Bacchus VIC

- Refurbishment program completed in FY16
- Occupancy improved to 88% in FY17
- 7.5 year lease expiry profile
- 36% like for like rental growth driven by new format expanded majors and strong specialty leasing
- Sale of Coles Express pad site for \$2m profit and a 74% return on cost



Oasis, Broadbeach QLD

- Redevelopment program ongoing throughout FY17/18
- Occupancy improved to 89% in FY17
- 3.9 year lease expiry profile
- Restaurant precinct project completed
- Monorail dismantled providing unobstructed views and potential additional NLA
- Focus on implementing leasing strategy

1. Excludes development assets

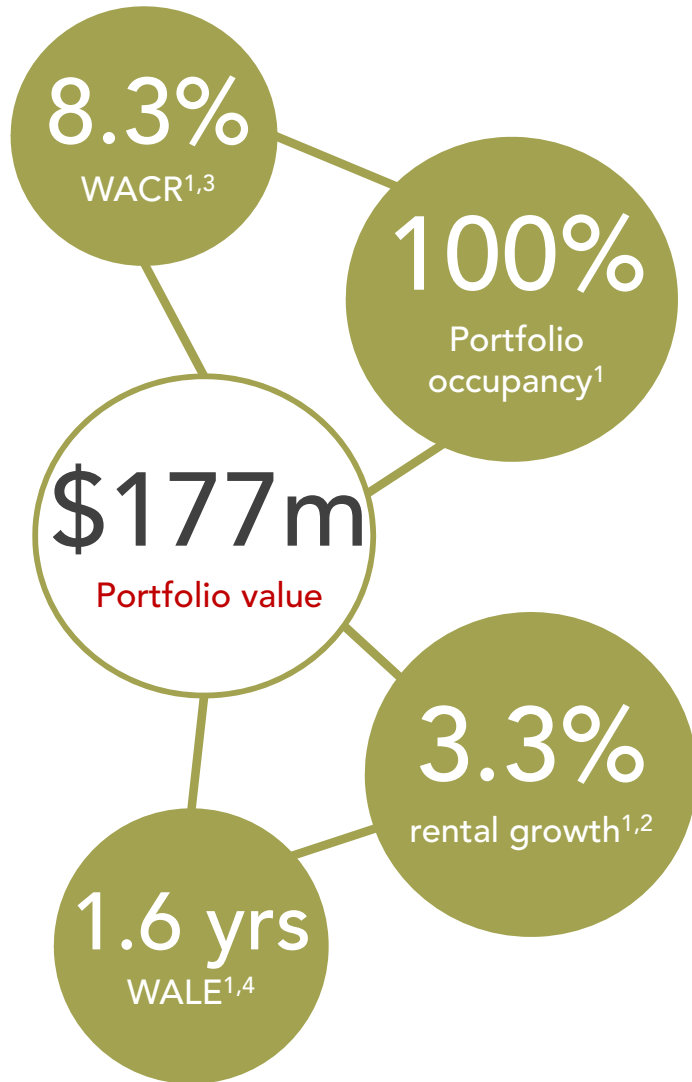
2. Like for like rent growth - Excluding movement in occupancy, rental growth would be 6.0%

3. Weighted Average Cap Rate

4. Weighted Average Lease Expiry

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Industrial portfolio – low WALE provides opportunity



169 Australis Drive, Derrimut VIC

- Occupancy currently 100%
- All tenancies expire in FY18
- Rent growth of 50% experienced on re-leasing
- 23% recently re-leased for further 3 years at \$75pm²
- Upcoming vacancy presents opportunity



2-34 Davidson Street, Chullora NSW

- Acquired 100% vacant in GAW JV
- Executed a new lease over 10,000m² warehouse space at \$125pm² for 5 yrs
- Marketing 7,900m² office space
- Office space can be split to add further warehouse space when needed
- Considering ability to add further improvements to site including possible residential uses

1. Excludes development assets

2. Like for like rent growth

3. Weighted Average Cap Rate

4. Weighted Average Lease Expiry

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Self-storage: continuing growth strategy

Self-storage portfolio: \$629 million

14.2% increase in underlying EBITDA to \$43.7 million in FY17 driven by strong trading and recent acquisitions

- 13.6% increase in self-storage revenue

Portfolio delivered c.\$27.3 million of valuation gains driven by an improvement in revenue and a decrease in average cap rate to 7.7% from 8.0%

Established portfolio's metrics improved over the 12 months to:

- 89.2% occupancy up 1.8%
- \$262m² rental rate up 1.2%
- \$234m² RevPAM⁴ up 3.1%

12,000m² or 4.1% increase in portfolio NLA during the period

High occupancy levels to dictate stronger growth in overall rental rate to drive future RevPAM growth

- Focus on adding extra NLA from organic NLA growth

- Includes commercial and industrial properties held for redevelopment
- Average over last 12 months (by area) of established facilities
- Adjusted to FY17 FX rate of NZ/AUD \$1.05 for comparison purposes
- RevPAM: Revenue per available square metre

Key metrics	AUS	NZ	Jun 17	Jun 16
Portfolio value (\$m)	501.5	128.0	629.5	574.4
No. of self-storage assets	53	12	65	62
WACR	7.7%	7.9%	7.7%	8.0%
NLA ¹ (m ²)	241,000	61,000	302,000	290,000
Land (m ²)	399,000	105,000	504,000	480,000
Occupancy ²	89.0%	89.8%	89.2%	87.4%
Average rental rate ² , \$psm	\$260	NZ\$281	\$262	\$259
RevPAM ⁴ (per available sqm) ²	\$232	NZ\$252	\$234	\$227



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Self-storage: continuing growth strategy

Portfolio consists of:

- 53 established self-storage facilities and
- 7 newly converted self-storage facilities with further expansion potential – average age 2 years
- 5 non storage assets with conversion potential of 16,000+m² of NLA
- Average length of stay approximately 40 months

Portfolio growth continues with a further 4 assets added in FY17

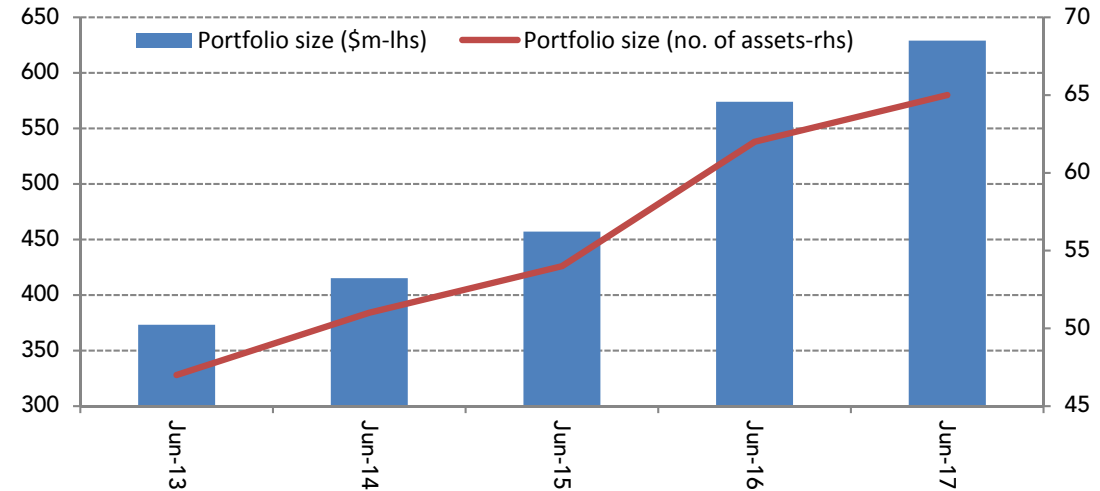
- \$12.2 million on 2 established facilities
- \$9.8 million on 2 non storage assets with conversion potential
- \$4.6 million of growth capex spent during period

Focused on acquisition, development, expansion and optimisation

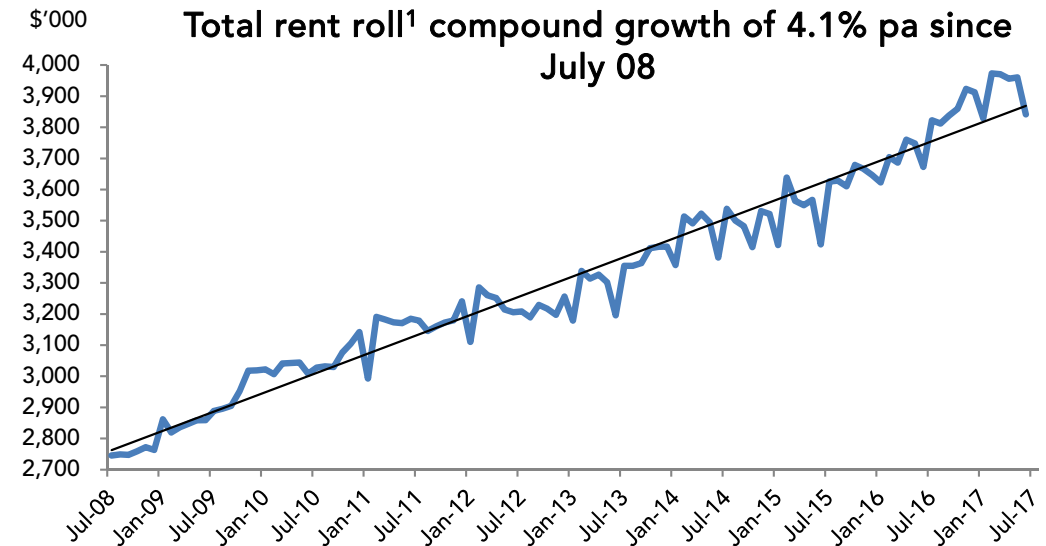
Like for like portfolio – comprises 51 established facilities

- 5.5% rent roll growth year on year driven by occupancy gains of 3.3% and rental rate growth of 2.1%

Portfolio value compound growth of 13.9% pa since FY13

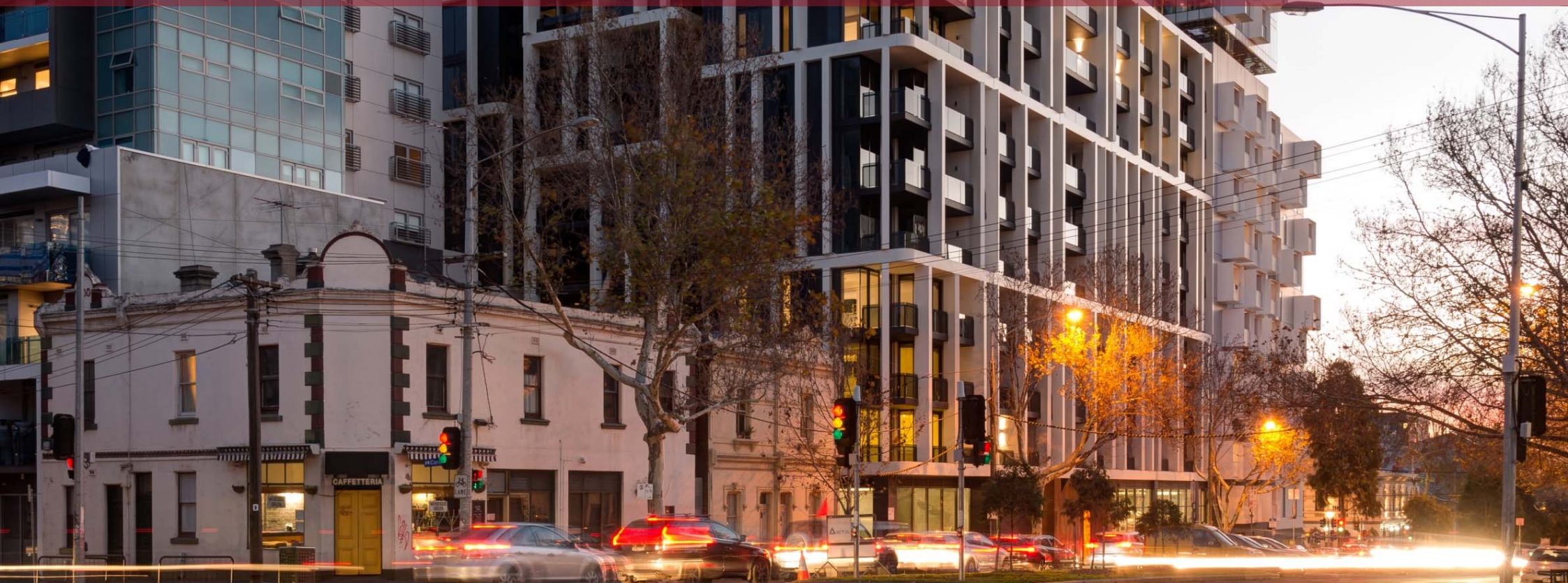


Total rent roll¹ compound growth of 4.1% pa since July 08



1. Total rent roll per month for like for like portfolio of 41 facilities held since July 2008

Developments overview



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Developments – delivering on strategy

\$55.0 million underlying EBITDA contribution

- Strong results to maintain levels of earnings following record FY16 year
- 3.5% fall due to a reduction of finance income as projects realised

Business has again delivered impressive returns with the completion of residential projects in Melbourne, Brisbane, Sydney and Canberra

- \$30 million of equity profits from developments and loans
- \$4.5 million of fee income

Reduction of \$51 million to \$448 million of assets reflects:

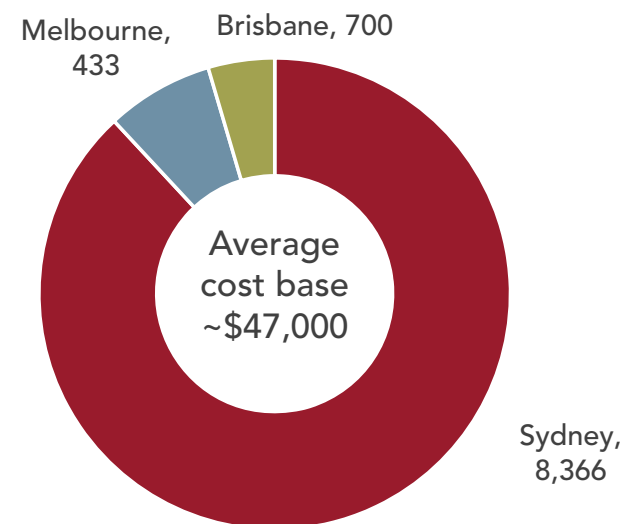
- \$135 million of capital and interest repayments offset by additional interest accruals and drawdowns on new and existing loans
- Additional drawdowns heavily weighted to existing construction projects Ashfield Central, One A and Luminary

Pipeline remains heavily focused on the Sydney residential market

- Almost 90% of units or land lots are located in this market
- Sydney residential market outlook remains positive

Key metrics	Jun 17	Jun 16
Residential exposure	95.8%	96.2%
Sydney exposure (by \$)	77%	73%
Loans	\$308.0m	\$370.3m
Equity	\$140.3m	\$129.3m
Average interest rate	9.3%	10%

Unit and land lot diversification by state and average cost base per unit/land lot (subject to planning approval)



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Residential pipeline – developments

\$118 million of invested capital across 8 residential development projects completing, under construction or planning for c1,400 units

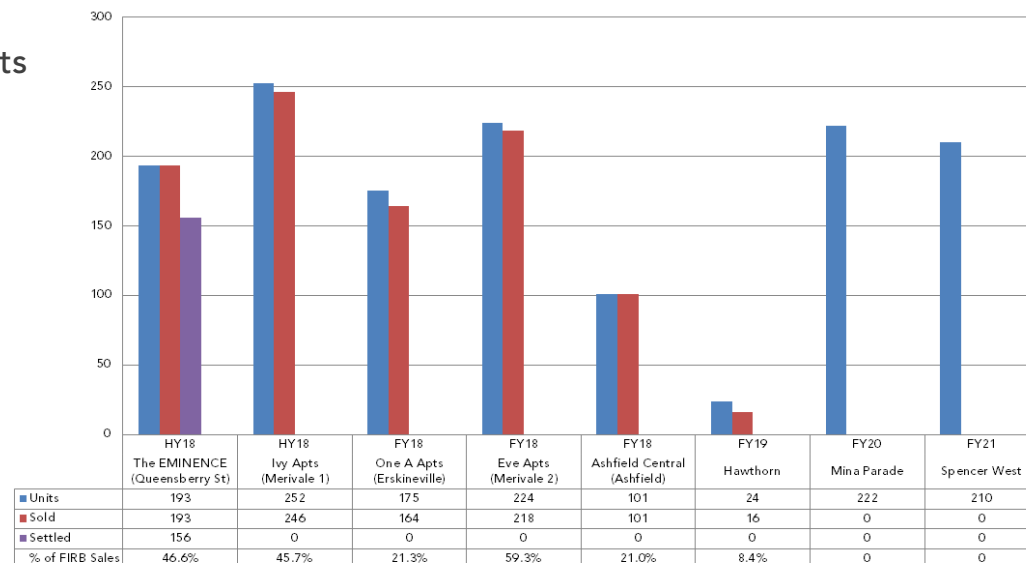
Completed and committed projects of 945 units are 98% sold down

- 1 completed project is 100% sold and 80% settled
- 4 projects under construction are 97% pre-sold

Successful FY17 with the completion of three residential projects delivering robust earnings to the Group

FY18 pipeline project updates:

- The Eminence: 80% settled earlier than scheduled. No terminations to date despite high FIRB sales percentage. Anticipating full settlement on time by September 2017
- One A Apartments: 11 sales remaining. Strong pricing of units in Sydney. Construction well advanced and anticipating completion in H218
- Ashfield Central: All units sold. Settlements due in H218
- Ivy and Eve: 12 sales remaining. Brisbane unit market is anticipating valuation pressure at low quality end of market. Affordable sales prices, location and quality of build important factors in maintaining settlement success. Ivy and Eve completion anticipated in H118 and H218



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Residential pipeline – land approvals

\$233 million of invested capital across 11 residential land projects actively progressing through the local and state government approvals process

100% exposure to the Sydney metropolitan market

- Fundamentals remain solid with demand exceeding supply

FY17 delivered full or partial project realisations following successful sales outcomes during the year

- French Street, Werrington – Settlement of 138 land lots. Stages 3 and 4 remain (251 lots)
- Campsie – 441 unit approved site sale settled delivering c.\$10m profit in excess of all accrued interest

Future projects will be expedited as quickly as practically possible:

- Camellia: Council elections due in September 2017. Awaiting response from RMS and TfNSW on traffic studies. Parramatta light rail service to stop adjacent to site
- Riverlands: Development application for 241 lots has been submitted to council. A s.96 will further subdivide site into 422 duplex lots. Considering all strategies for the site
- 55 Aird Street, Parramatta: Awaiting gazettal for 136 units prior to a sale of the council approved site



Artist's impression of 55 Aird Street, Parramatta NSW. Site has an approved planning proposal from council providing 15:1 FSR ratio that can provide up to 136 units

Summary



Artist's impression of Ashfield Central residential development, Sydney NSW

Summary – strong value proposition

Artist's impression of residential development
Hawthorn, VIC



Very proud of our record results this year

- Delivered growth in recurring earnings
- Profits achieved on sale or realisation of assets or projects during the period continues to validate our diversified core plus strategy while delivering on our high expectations

Increased FY17 DPS covered by recurring earnings despite transactional activity

- DPS payout ratio of 53.5% of underlying earnings per security
- DPS growth is stable and sustainable despite EPS fluctuations

FY18 outlook remains positive

- Diversified balance sheet well positioned with a strong pipeline to continue to outperform
- Significant liquidity available to drive investments into self-storage and investment assets
- Investment product availability will be key
- Third party relationships enhanced through track record
- Capital management initiatives will also be considered

Targeting an FY18 distribution per security of 18.0cps a 3% increase on FY17

Bacchus Marsh Village Shopping Centre, Bacchus
Marsh, VIC



Lutwyche City Shopping Centre, Brisbane, QLD



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