

abacus property
group

2014

Annual General Meeting

- Abacus Property Group overview
- Delivering on Strategy
 - 2014 activity and returns
 - FY14 results brief
- Investment portfolio overview
- Property ventures overview
- Outlook



ABACUS PROPERTY GROUP

Established 1996 – Listed on ASX in 2002
\$1.47 Billion Market Capitalisation
60+ Professionals

\$1.9 Billion of Total Assets

\$1.3 Billion - Investment portfolio



\$309 Million - Property ventures



Note: As at 30 June 2014

* Includes 50% ownership in Birkenhead Point Shopping Centre that exchanged for sale in October 2014

Group investment strategy

Abacus Investment & Asset Management Core Competency

Active
Asset Management
Expertise

Disciplined Investment
Process

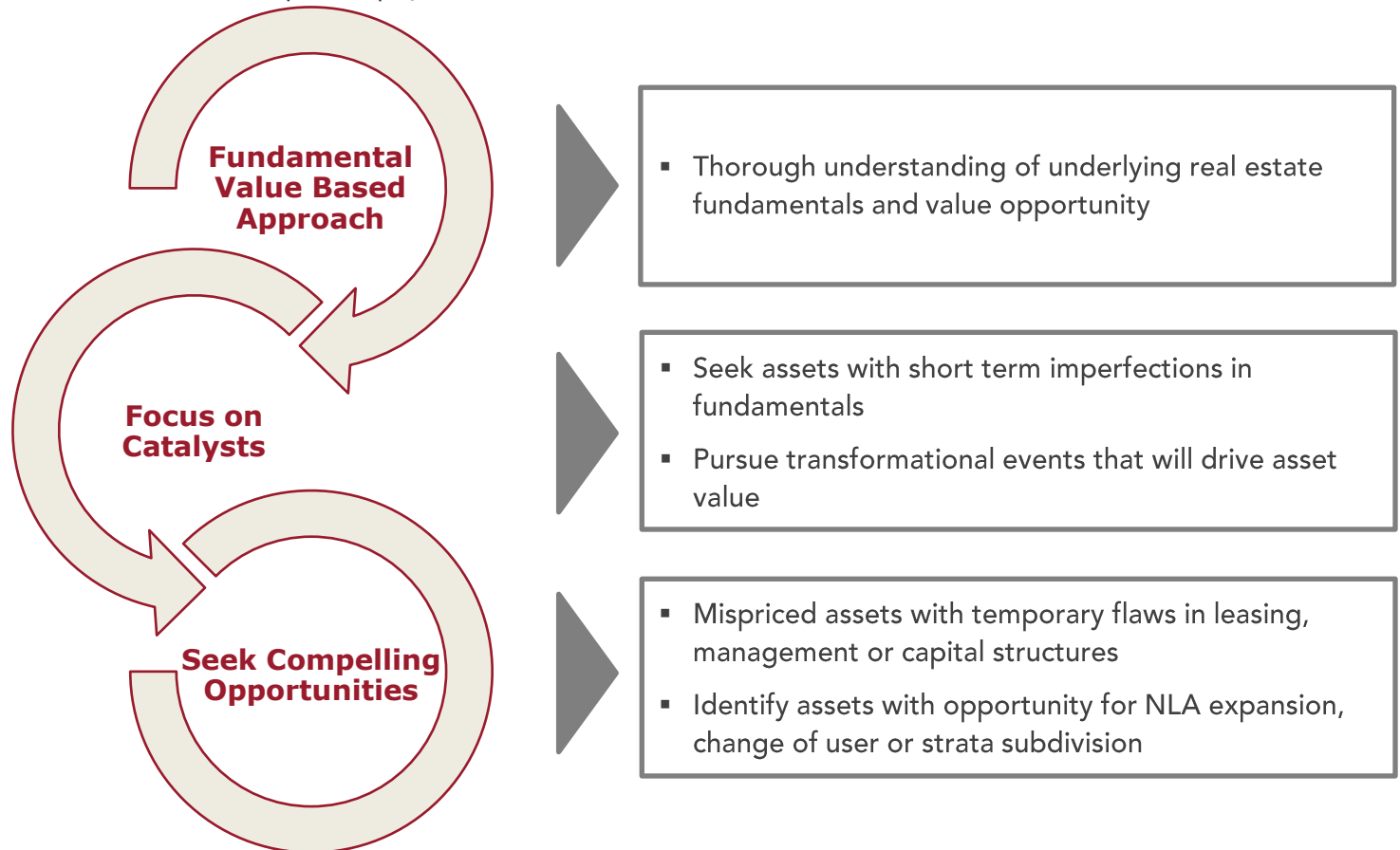
Strong Risk
Culture/Systems

Focus on asset and
transaction fundamentals

Proven Track Record

Abacus is a private equity style property investor that uses a variety of equity and/or debt instruments to best match capital to property opportunities

The Abacus investment philosophy centres on the real estate asset fundamentals within a broader market overlay



Delivering on Strategy



Since our last AGM its been an active year for the Group



SOLD \$100 million
Portfolio of 10 industrial properties

- World Trade Centre, Melbourne
- 70% interest
- JV with KKR
- Price - \$120.4m
- \$/sqm - \$3,446
- Passing yield – 9.3%
- Expected equity IRR – 15%



- 6 Storage assets acquired during 2014
- \$40 million
- GLA 25,000 sqm



2013 **2014**

December 2013

June 2014

July 2014

August 2014

September 2014

October 2014



- Part sale of Jack Road development site
- \$34 million

- Westpac House, Adelaide
- Remaining 50% for 100% ownership
- Price - \$74.0m
- \$/sqm - \$4,698
- Passing yield – 8.3%
- Consolidation of a strong market asset



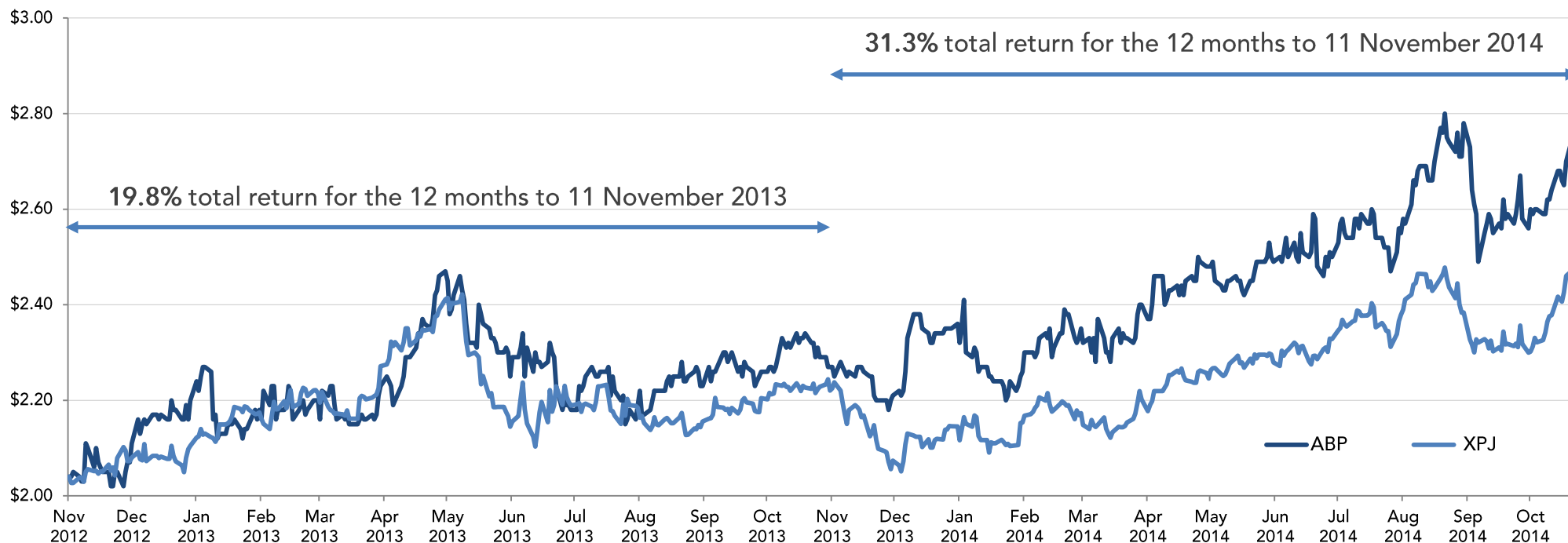
Total securityholder returns increasing

Abacus has delivered a strong performance against the benchmark

- We backed up a strong return in 2013 of 19.8% with an impressive return of 31.3% in 2014
- This continues our outperformance of the benchmark index, the S&P/ASX 200 A-REIT Accumulation Index (XPJAI), over the last 12 and 24 months of over 76% and 56% respectively

This was driven in part by strong price appreciation on the back of a reliable and consistent distribution and market recognition of our consistent strategy, delivered results and future balance sheet potential

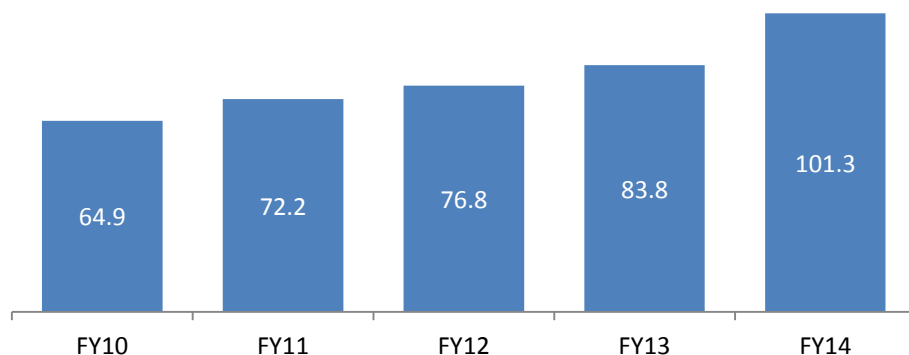
Abacus 24 month price chart vs S&P/ASX 200 A-REIT Index to 11 November 2014



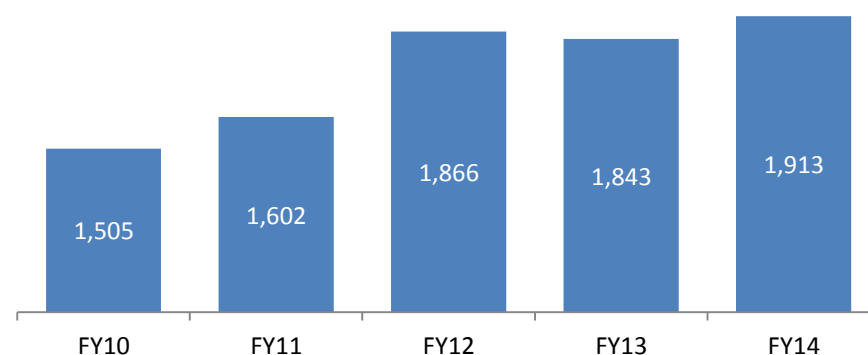
Source IRESS

Financial performance improving

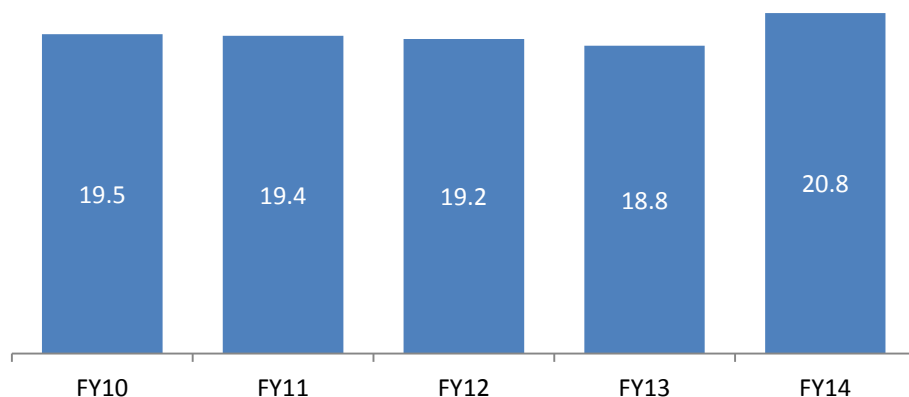
Underlying profit (\$m)



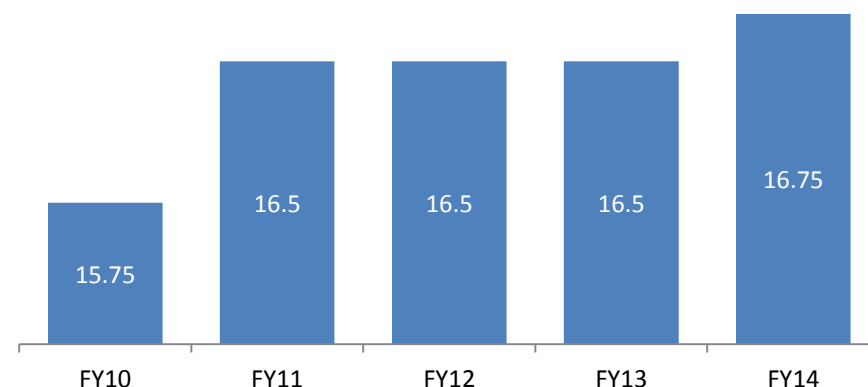
Abacus total assets (\$m)



Earnings per security (¢)



Distribution per security (¢)



Strong FY14 performance across all business units

Key financial metrics

	Jun 14	Jun 13	
Consolidated Group ¹ – total income	\$424.7m	\$305.9m	
Consolidated Group ¹ – AIFRS statutory profit	\$108.3m	\$61.1m	+77%
Abacus total income	\$351.5m	\$243.2m	
AIFRS (Abacus) statutory profit	\$111.6m	\$68.4m	+63%
Underlying profit ²	\$101.3m	\$83.8m	+21%
Underlying earnings per security	20.8c	18.8c	+11%
Cashflow from operations	\$90.3m	\$105.7m	
Cashflow from operations per security	18.6c	23.7c	
Distributions per security ³	16.75c	16.50c	+1.5%
Interest cover ratio ⁴	4.8x	3.3x	
Weighted average securities on issue	486m	446m	

Underlying profit up 21% to \$101 million

Underlying earnings per security up 11% to 20.8 cents

Strong underlying profit result driven by:

- Revenue improvements across the investment portfolio due to contribution from latest acquisitions
- Completion of development projects
- Sale of investment properties and inventory including the recent sale of the industrial portfolio

Strong cashflow from operations of over \$90 million covering the Group's FY14 distributions

1. The Consolidated Group consists of the merged Abacus Property Group, Abacus Hospitality Fund, Abacus Wodonga Land Fund, Abacus Miller Street Fund and ADIF II
2. Underlying Profit is calculated in accordance with the AICD/Finsia principles for reporting Underlying Profit
3. Includes distributions declared post period end (1 July 2013 and 1 July 2014)
4. Calculated as underlying EBITDA divided by interest expense

Strong capital position

Maintained a strong capital position following disciplined capital initiatives during the period

- Raised \$96 million of equity via institutional placement and SPP
- \$113 million of new acquisitions with the sale of \$114 million of investment properties
- \$294 million of acquisition capacity
- Gearing remains low

NTA continues to show growth despite impact of sales, acquisitions and transaction costs

- NTA increase to \$2.50 per security excluding the impact of the MTM swap liability

ABP balance sheet accounts for the consolidation of managed funds

1. 8.25c and 8.5c distribution in August 2013 and August 2014 respectively
2. Excludes external non-controlling interests of \$36.8 million (FY13: \$43.8 million)
3. Weighted average base rate plus margin on drawn amount plus facility line fees
4. Available liquidity is cash plus readily drawable facility
5. 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 25.4%
6. Covenant gearing calculated as Total Liabilities (net of cash) divided by Total Tangible Assets (net of cash)

Balance sheet metrics	Jun14	Jun 13
NTA per security	\$2.38	\$2.32
NTA per security less August distribution ¹	\$2.30	\$2.23
Abacus total assets	\$1,913m	\$1,843m
Net tangible assets ²	\$1,225m	\$1,049m
Total debt facilities	\$755m	\$787m
Total debt drawn	\$500m	\$565m
Average cost of drawn debt ³	5.4%	6.1%
Available liquidity ⁴	\$178m	\$108m
Abacus gearing ratio ⁵	23.4%	28.4%
Covenant gearing ratio ⁶	28.6%	36.6%
Debt term to maturity	4.6 yrs	2.1 yrs
% hedged of drawn debt	76%	83%
% hedged of total debt facilities	50%	60%
Weighted average hedge maturity	3.2 yrs	3.6 yrs



Investment portfolio overview

Investment portfolio of \$1.32 Billion

\$1.3 Billion - Investment portfolio



Strong improvement in net rental income of over 17% on FY13 following full year impact from FY13/14 acquisitions

Commercial portfolio grew to over \$900 million of assets despite \$114 million of sales during the year

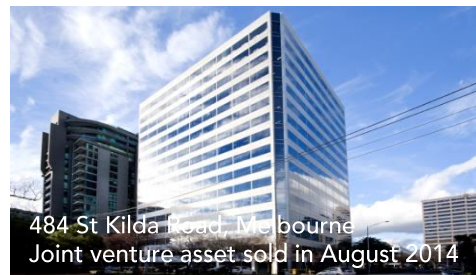
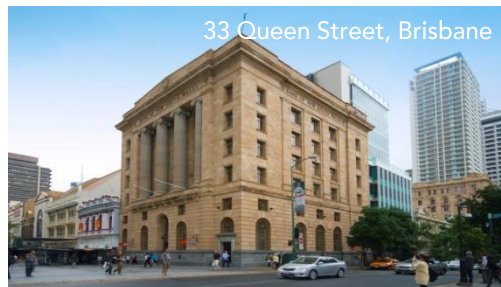
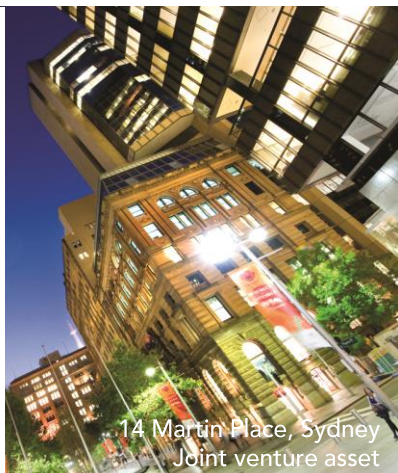
- Portfolio remains diversified across sector and state with 43 properties
- Occupancy growth to 94.6%
- Impressive like for like rental growth of 4.5% driven by strong re-leasing activity across our office and retail portfolios
- Solid WALE of 3.9 years providing stability of earnings

We continue to engage in strategic partnerships with like minded third party capital investors

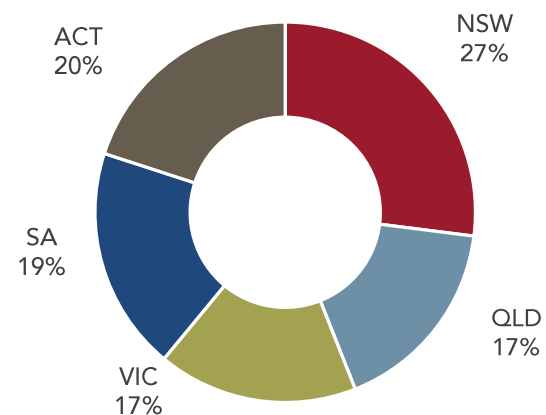
- Joint venture with KKR on the acquisition of 70% interest in WTC
- Exploring opportunities with domestic and international wholesale and private equity investors

* Includes 50% ownership in Birkenhead Point Shopping Centre that exchanged for sale in October 2014

Office: capital and physical markets not aligned



Office portfolio: \$368 million



Key office metrics

Jun 14

No. of office assets	17
NLA (sqm) ¹	64,838
WACR (%)	8.29
Occupancy ¹ (% by area)	94.4
Average rent psqm (gross)	\$484
WALE ¹ (yrs by income)	2.5
Like for like rental growth ¹ (%)	5.6

1. Excludes development assets

Case study: 484 St Kilda Road, Melbourne VIC

Abacus and Heitman acquired 484 St Kilda Road, Melbourne in November 2011 for \$68 million on an initial yield of circa 8.7%

The property provided a high quality of accommodation as one of the best office assets in its Melbourne city fringe precinct

- An A grade commercial office building comprising ground level retail, 15 upper levels of office space for a total NLA of 20,366 sqm and 224 car parking bays

The property offered an outstanding core plus opportunity within the office sector at that time in the market

- Purchased on very low capital rate per sqm
- The sub-market was experiencing tightening vacancy levels and significant tenant relocations to the precinct

The joint venture maintained a high occupancy across the property with significant tenant retention and achieved substantial improvements in rental rates across new and retained leases

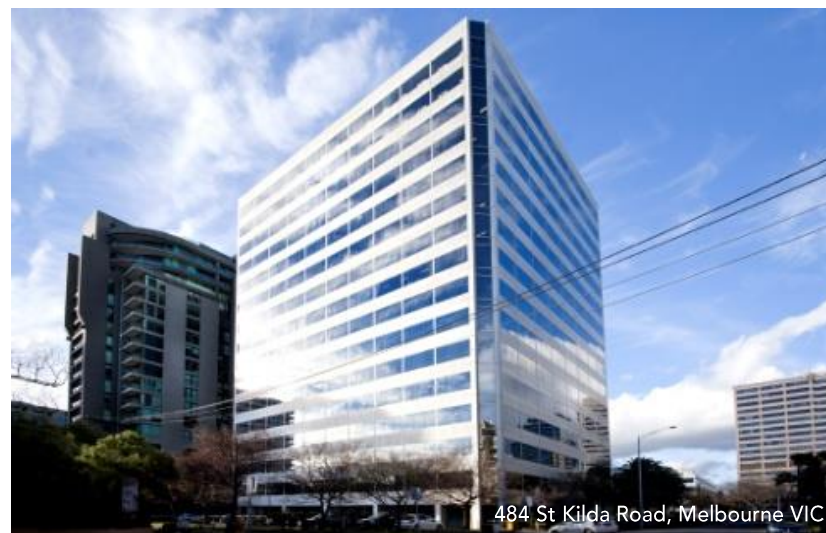
- The sub-market had attracted strong tenant covenants which became attractive to international and domestic institutions

Property was sold in August 2014 for \$94.0 million, a 38% improvement on its acquisition price

- Sale set sub-market records for capital rate per sqm

Key metrics

Acquisition Price (100%)	\$68.0m
Sale Price (100%)	\$94.0m
Cap rate at 30 June 2014 (%)	7.75
NLA (sqm)	20,366
WALE (yrs by income) at 30 June 2014	3.2
Occupancy (% by area) at 30 June 2014	98

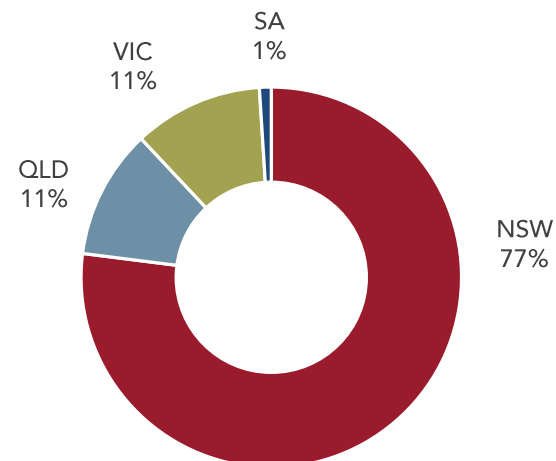


484 St Kilda Road, Melbourne VIC

Retail: portfolio performing



Retail portfolio: \$401 million*



Key retail metrics

Jun 14

No. of retail assets	11
GLA (sqm) ¹	93,954
WACR (%)	7.83
Occupancy ¹ (% by area)	93.3
Average rent psqm (mixed)	\$407
WALE ¹ (yrs by income)	4.6
Like for like rental growth ¹ (%)	4.8

1. Excludes development affected leases

* Includes 50% ownership in Birkenhead Point Shopping Centre that exchanged for sale in October 2014

Retail portfolio - updates

ASHFIELD MALL, SYDNEY NSW

Ashfield Mall, is a unique sub-regional shopping centre located in a strong demographic of Sydney's Inner West and provides the metropolitan area a fully enclosed four level building with four anchor supermarkets and over 80 specialties

Since acquisition the centre's MAT has increased by over 60% to \$168 million with anticipation it will continue to grow faster than industry averages due to the strength of trade area and improved retail leasing

Abacus has obtained development approval for

- 101 apartments and 67 service apartments plus associated car parking and 100 place child care centre
- Upgrade and expansion (approx. 6,500m² of GFA) to the existing shopping mall



BACCHUS MARSH VILLAGE SHOPPING CENTRE, BACCHUS MARSH VIC

Bacchus Marsh is a sub-regional shopping centre and the township's major shopping resource located in the strategic location in the Melbourne-Ballarat growth corridor

The property incorporates a Coles, ALDI and a Country Target as majors across a total of 15,100m² of lettable area in addition to 8,350m² of developable land

The centre is undergoing a redevelopment and refurbishment after years of neglect prior to our ownership to upgrade the centre while increasing its efficiency by utilising surplus space

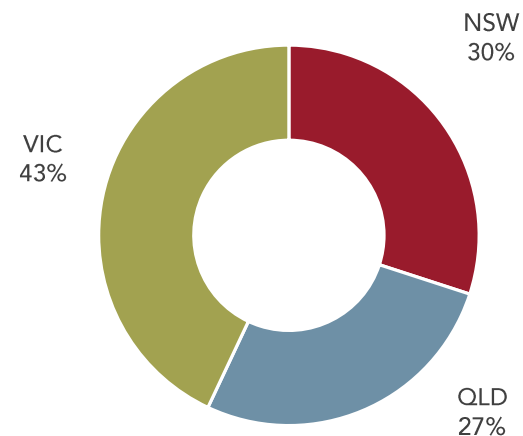
The developable parcel of land is currently being prepared for additional car parking, improving access to the centre from surrounding transport routes and the development of a new Coles express service station



Industrial: strategic site value



Industrial/Other portfolio: \$140 million



Key metrics

Jun 14

No. of industrial/other assets	15
GLA ¹ (sqm)	150,340
WACR (%)	8.83
Occupancy ¹ (% by area)	95.5
Average rent psqm (net)	\$85
WALE ¹ (yrs by income)	3.6
Like for like rental growth ¹ (%)	2.3

1. Excludes development assets

Industrial portfolio - updates

VIRGINIA PARK, BENTLEIGH EAST VIC

Abacus acquired 50% interest in Virginia Park, a mixed use industrial and business park located in East Bentleigh, Melbourne and provided significant development and re-zoning opportunities

Abacus later acquired an adjacent site to the existing property in 2011 taking the site to over 16ha and is currently in negotiations to acquire the remaining industrial area to square off the site and improve development returns

- Currently developing 23 – 3/4 bed townhouses on a 1ha site with 20 currently pre-sold for average prices of \$762,000

We have submitted a rezoning application across the entire site to accommodate existing office/warehouse and develop retail and residential

- Went on public exhibition in October 2014



BROWNS ROAD, CLAYTON VIC

Acquisition represented a sale and lease back to PMP Limited on a 10 year, triple net lease at a 9.6% yield

The property represents a strong acquisition with its location close to local railway and transport nodes and shopping and medical facilities suggesting a residential rezoning, with initial indications showing up to 325 dwellings, may be the highest and best use for the site at some time in the future.

In 2014, Abacus in joint venture acquired the disused school site adjacent to the PMP site for \$11.2m with a view to develop circa 50 townhouses and 180 units

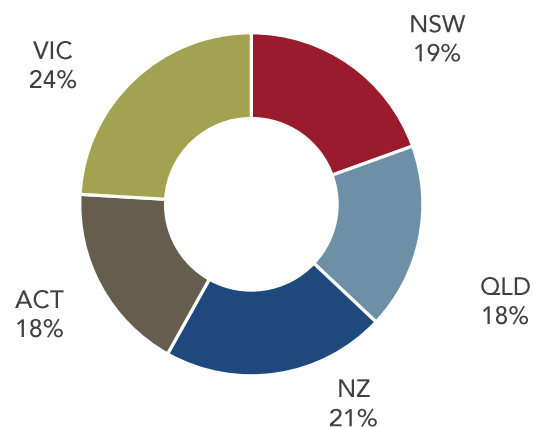
This site was subsequently sold in late 2014 for \$19.3m with deferred settlement until mid 2015



Storage portfolio now \$415 million



Key metrics	AUS	NZ	Jun 14
Portfolio value (\$m)	327.7	87.5	415.2
No. of storage assets	40 ¹	11	51
WACR	8.8%	9.0%	8.8%
NLA (m ²)	187,000	54,000	241,000
Land (m ²)	319,000	104,000	423,000
Occupancy ²	84.0%	87.9%	85.0%
Average rental rate ² \$psm	\$254	NZD256	\$250
RevPAM (per available sqm) ²	\$213	NZD225	\$213



1. Includes commercial property at Belconnen
2. Average over last 12 months (by area) of all trading facilities

Storage growth opportunities

Scope to leverage existing portfolio and grow platform

Organic growth from existing portfolio – yield and occupancy levers

- Strong in FY14 – mostly occupancy driven
- FY15 – increase occupancy further with greater yield movement possible

Acquire stores – existing/operating storage facilities

- Kingston (QLD) – \$8.625 million settled late Feb 14
- Rozelle (NSW) – \$8.250 million (leasehold) settled in Aug 14

Expand existing stores – develop additional NLA onsite

- Riccarton (NZ) – completed during FY14 – added 1,400m² of additional NLA
- Arndell Park (NSW) – FY15 – additional 900m² with further 2,400m² when appropriate
- Miami (QLD) – FY15
- Other – Greenacre (NSW) – FY15

Develop new stores – acquire existing industrial properties and convert to new storage facilities

- Improvements mostly obsolete for traditional industrial user (e.g. low clearance) – lower entry rate psqm
- St Peters (NSW) – \$4.0m settled in Nov 2013
- Rouse Hill (NSW) – \$8.5m settled Nov 2013
- Castle Hill (NSW) – existing Abacus asset (opened Jun 14)



Property ventures overview



Property ventures: exposure to residential markets

\$309 Million - Property ventures

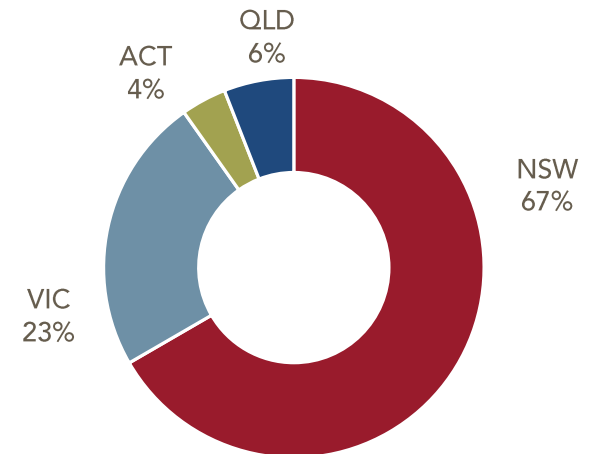


Key metrics

Jun 14

Residential exposure	90+%
Debt	\$189.3m
Equity	\$108.1m
Average annual interest rate	10%

Project geographic diversification



Property ventures updates

CAMELLIA SITE, SYDNEY NSW

Project site is located at 181 James Ruse Drive Camellia, Parramatta with prime waterfront access to Parramatta river

The NSW Planning and Environment have now determined the site should be rezoned via a gateway determination made during August 2014

The site has been on public exhibition to illustrate the planned remediation procedures and the feedback has been positive

Plans are with council who are in the process of determining final densities

There is increasing interest from developers for large apartment sites in Sydney as off the plan sales are still strong

We are targeting approval for circa 2,500 apartments and 10,000m² of retail



SPICE APARTMENTS, BRISBANE QLD

Joint venture to acquire 25 Bouquet Street, South Brisbane, on the Brisbane River with spectacular views of the CBD in December 2013 for \$8.5 million (\$31,000 a unit)

DA approved in May 2014 for two towers of 13 levels providing 274 residential units

Achieved pre-sales of 240 units at average prices of \$525,000

The council has recently updated their planning policies and increased the permissible height to 30 storeys and increased the FSR controls permitting an additional 122 units to be developed

Construction is scheduled to start in early 2015 and the JV will make a decision as to whether to proceed with the original or the expanded approval following consideration of the effect on presales and the amended DA approval

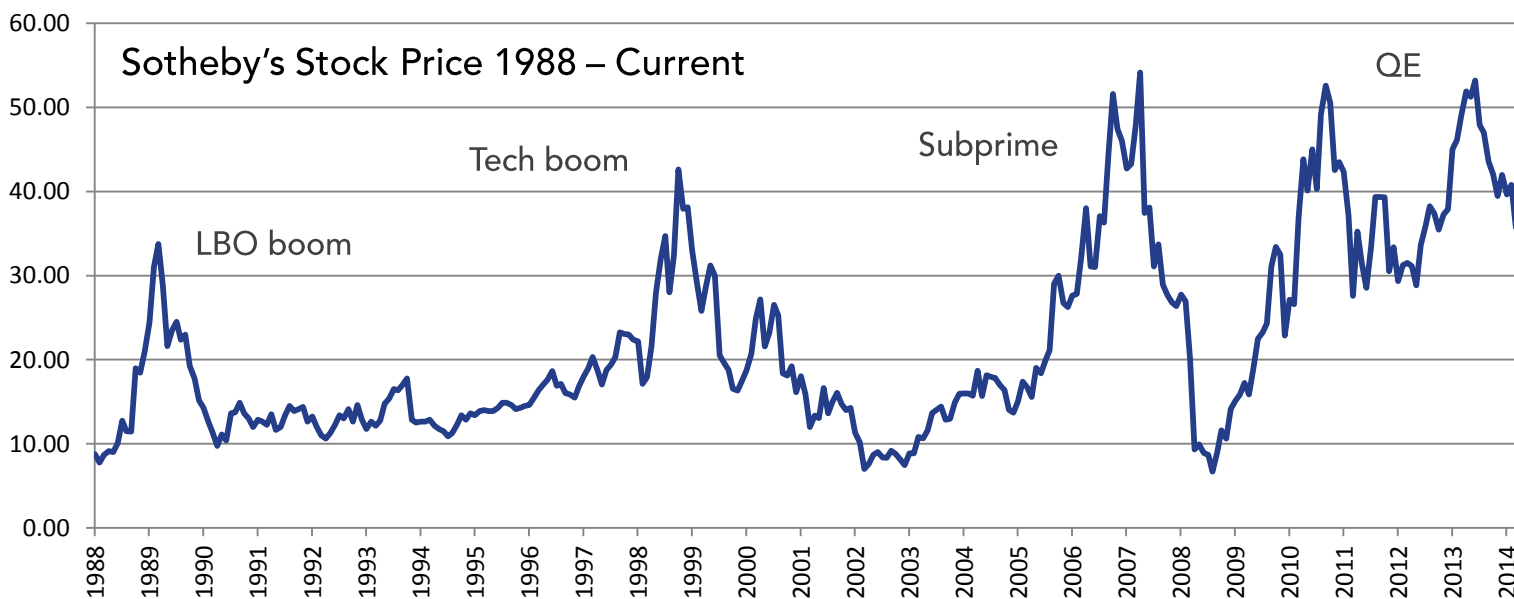


Outlook



While the demand for physical assets in Australia is high, driven by the low interest rates, the attractiveness of Australia as an investment destination and the relatively low dollar, it is a time for caution

The following chart from Airlie Funds Management illustrates the strength of the asset demand cycle



Abacus is a private equity style investor in property

We invest on our own account beside global capital partners and sophisticated high net worth families and are not prepared to invest our capital simply because we have it

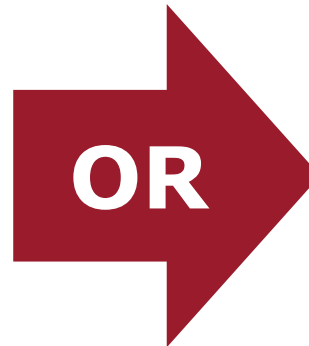
The transaction must make economic sense for long term property investors. The assets we acquire have underlying cash flows embedded within the asset but they also have genuine prospects for capital growth

This is our fundamental principle. We see real estate as an investment class to generate consistent cash returns and capital growth over time

Conclusion

The competitiveness of the market is clear

\$US142.4m



\$US58.8m



Triptych: Francis Bacon
Balloon Dog: Jeff Koons



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 2014

Resolution 2

To adopt the Remuneration Report for the year ended 30 June 2014

Resolution 3.1

That Malcolm Irving, 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 3.2

That Myra Salkinder, 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 218,260 deferred security acquisition rights (SARs) to the Managing Director, Dr Frank Wolf OAM

Proxy results

Resolutions	FOR	OPEN	AGAINST
Adoption of remuneration report	369,661,781 92.3%	288,256 0.1%	30,652,389 7.6%
Re-election of Malcolm Irving	386,047,878 95.0%	1,111,897 0.3%	19,378,863 4.7%
Re-election of Myra Salkinder	403,464,051 99.2%	1,111,897 0.3%	1,981,436 0.5%
Approval of SARs to Dr Frank Wolf	376,267,717 93.1%	1,070,251 0.3%	26,820,216 6.6%