

abacus property
group

ABP Investor Day

June 2016

- Introduction – Dr Frank Wolf
- Property Ventures: Residential land approvals – Mr John L'Estrange
- Property Ventures: Residential developments – Mr Cameron Laird
- Investment Portfolio: Retail properties – Mr Gerard McSpadden
- Investment Portfolio: Office and Industrial properties – Mr Peter Strain
- Investment Portfolio: Storage properties – Mr Phil Peterson

Summary introduction

Abacus Property Group ("Abacus") commenced in 1996 as a property syndicator

The business has evolved through changing market cycles

We no longer provide investment vehicles to the retail sector but now invest either as principle or partner with sophisticated domestic and global capital

We continue to look for asset, project and fund opportunities that satisfy our return hurdles at this stage in the cycle



Capital partnering programme

Strong track record of successfully partnering with global private equity investors such as Heitman, Kirsh Group, AM alpha GmbH, KKR, Goldman and CDL with circa A\$1.2Bn invested since Global Financial Crisis with these partners

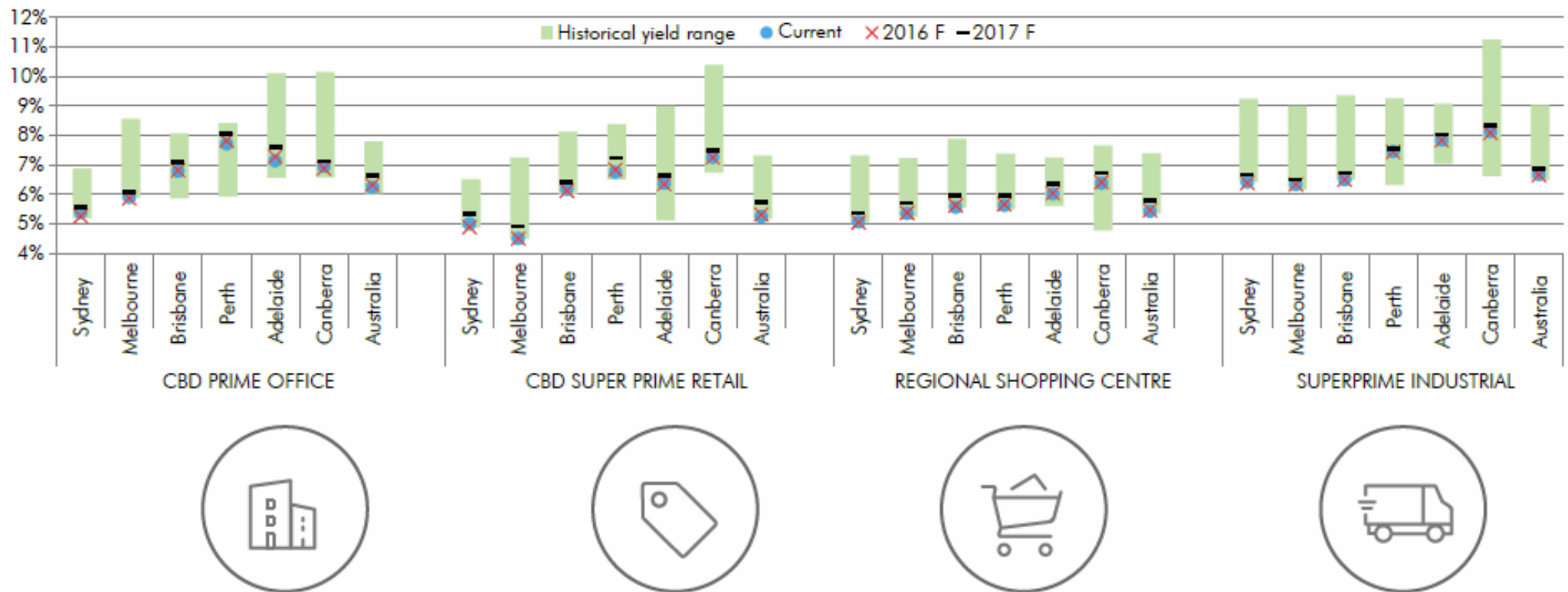
Capital partnering since 2010	Sector	Asset Price, A\$	Asset Level IRR	Investor
Birkenhead Point, Drummoyne VIC	Retail	174,000,000	24%	Kirsh Group
350 George Street, Sydney NSW	Office / Retail	27,000,000		W Property
4 & 14 Martin Place, Sydney NSW	Office / Retail	153,500,000		Kirsh Group
32 Walker Street, North Sydney NSW	Office	35,600,000		Heitman
484 St Kilda Road, St Kilda VIC	Office	68,000,000	25%	Heitman
309 George Street, Sydney NSW	Office / Retail	68,750,000	17%	AM alpha
180 Queen Street, Brisbane QLD	Office / Retail	29,500,000		Heitman
35 Boundary Street, Brisbane QLD	Office	40,250,000		Heitman
Wharf 10, Sydney NSW	Office	31,800,000	27%	Heitman
World Trade Centre, Melbourne VIC	Office/Retail	120,400,000		KKR
201 Pacific Highway, St Leonards NSW	Office/Retail	115,000,000		Goldman Sachs
Oasis Shopping Centre, Gold Coast QLD	Retail	103,500,000		KKR
Merivale development, South Brisbane QLD	Residential Development	275,000,000 ¹		City Dev. Ltd
Total		1,242,300,000		

1. Represents the total estimated sales revenue from the development

Real estate fundamentals are universal

Metrics such as cash on cash yield, rates per sqm and replacement cost act as rules of thumb and should not be ignored because of the weight of capital

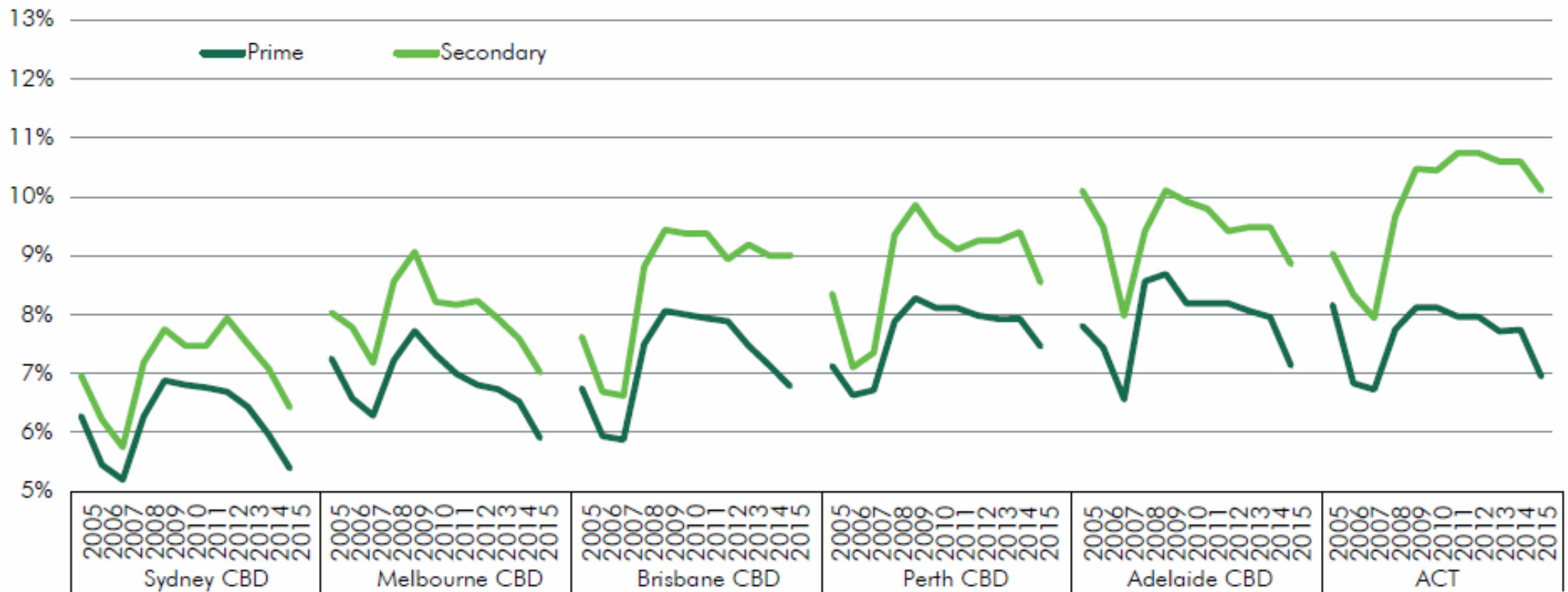
Historical yield ranges, current and forecast values



Real estate fundamentals are universal

Submarkets are overlooked when they are considered not institutional enough. This provides opportunity where there is strong tenant demand or solid demographics

Australia Office Yield Spread 2005-2015



Source: CBRE Research – December 2015

Office opportunities

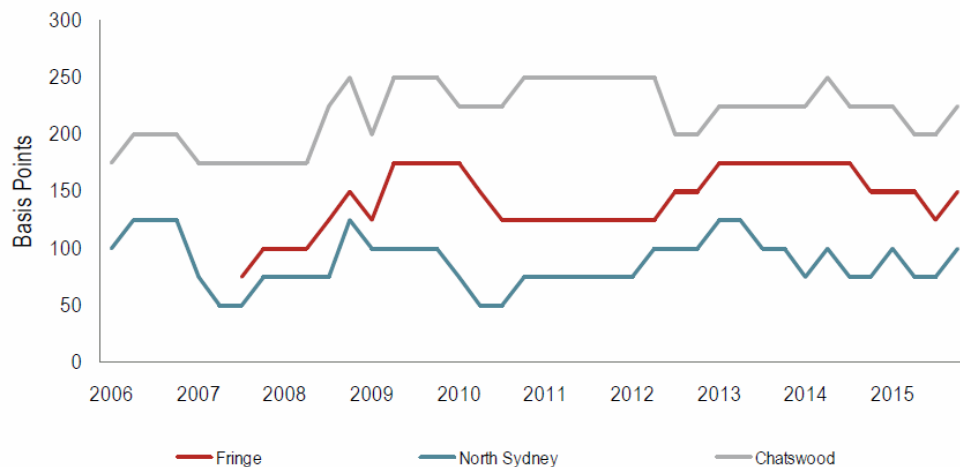
Yield gap between CBD and non-CBD office markets remains wide

- Suburban office markets enjoy a significant rental affordability advantage over nearby office markets
- Suburban office markets offer prospect of strong rental growth
- Liquidity starting to focus on non-CBD office markets

Countercyclical investment opportunities in the resource state of Western Australia

Spreads remain wider than 2007

Sydney CBD & non CBD office markets yield spreads (tighter end), 2006 to 2015



Both charts sourced from JLL Research: Q4 2015

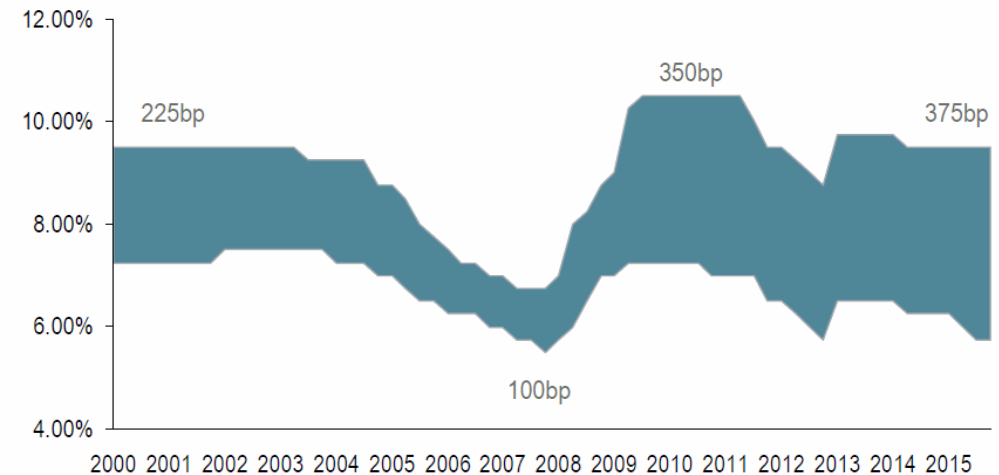
B Grade office assets in Brisbane CBD

- Brisbane recovery possibility may have been understated
- Forecast new supply is low
- Yield spreads between prime and secondary remain wide

Ongoing opportunity to identify office assets which have value add attributes

Prime / secondary yield spread is very wide

Brisbane CBD equivalent yield spread, 2000 to 2015



Top performing regional centres, prime centres and neighbourhood centres to continue to do well

Abacus is focused on convenience based retail which is less vulnerable to macro forces

Retailers still have a need to have presence in physical stores but in core locations

- Flagship stores in CBDs have become 'anchor' tenancies for large international brands pushing significant rental growth
- Flagship stores are happy to pay higher rent as the location is viewed as part store/part advertising marketing

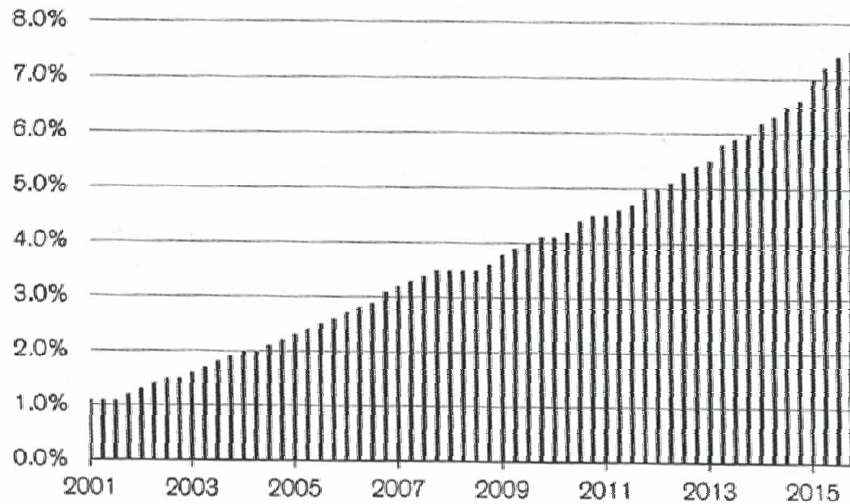
Australia's internet shopping still in infancy compared other countries, especially China:

- Research shows that what China was doing several years ago, today's consumers across the globe are just catching up. Almost one in five Chinese consumers shop online daily, compared to 7.1% globally and under 5% in Australia
- Many transactions are now coming from online devices – in China, 65% shop via the mobile phone at least monthly, globally that's 28% and 46% have never shopped via the mobile phone. Around 10% of Australian consumers have shopped via the mobile phone
- Eliminating the middle man – more and more of the world's largest companies are solely online based – Uber, Airbnb, Alibaba, Facebook, Netflix and Google

Retail opportunities

Market share of online sales in the USA

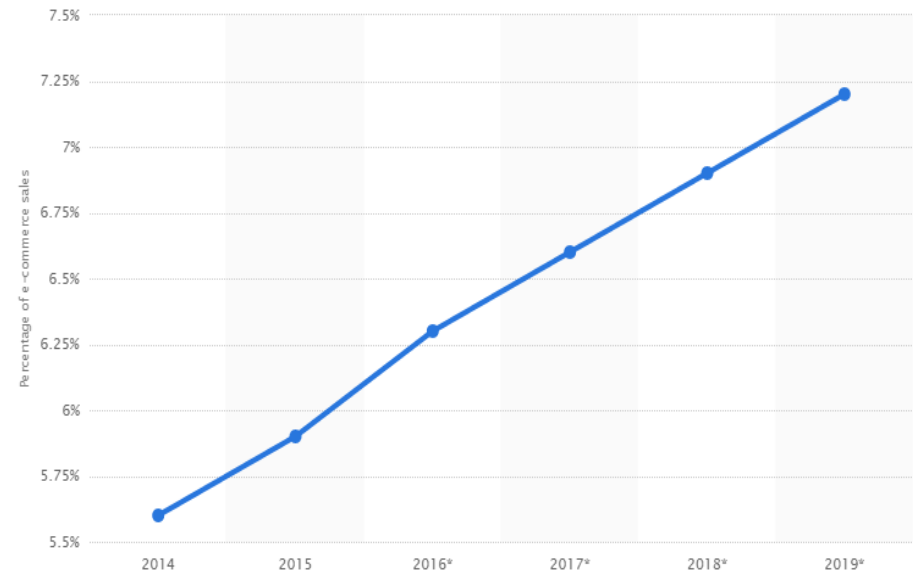
Share of purchases made via online platforms or other electronic networks as a percentage of overall consumption, quarterly, since 31/3/2001.



Source: Bloomberg, US Census Bureau, Credit Suisse

E-commerce share of total retail sales in Australia from 2014 to 2019

This statistic shows retail e-commerce sales as a percent of total retail sales in Australia from 2014 to 2015, and a forecast until 2018. In 2015, e-commerce sales accounted for 5.9 percent of all retail sales in Australia, this figure is expected to reach 7.2 percent in 2018.



Is industrial the new retail?

- Many local online purchases are still fulfilled from stores but specialist online warehouses are starting to be developed with recent growth having the most benefit for third party logistics platforms
- Major supermarket chains are now using 'dark supermarkets'. Basically, a supermarket in a warehouse inaccessible to consumers where the staff fulfils online orders

We believe an opportunity exists to invest in larger neighbourhood and sub-regional retail assets to take advantage of:

Assets which provide re-positioning possibilities

- Assets with inherent or strong potential main trade areas – convenience based centres
- Centres with strong food anchors that have lacked sufficient capital expenditure following the GFC
- Privately owned centres that have been poorly managed

Availability of product

Spread between interest rates and cap rates that has widened

Spread between prime and neighbourhood which remains wide

Will spreads compress back to 2007 levels?

Neighbourhood centres yield spread, 2003 to 2015

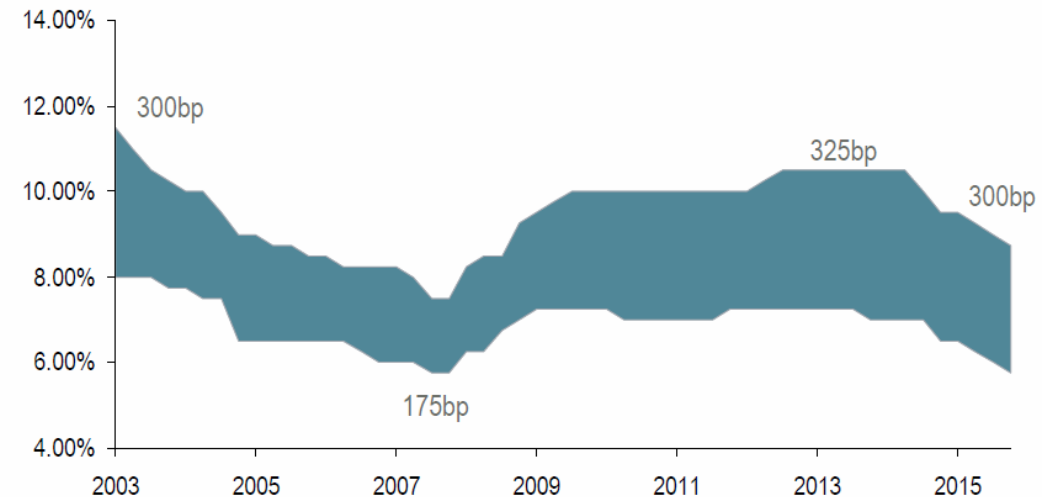


Chart sourced from JLL Research

The market has not yet demonstrated value, however, we can now see opportunities emerge

We will not be swayed from property fundamentals which have served us well over many market cycles

The contraction by the banks and the impact of APRA has already brought about change which is likely to be heightened in markets over the next year!

Furthermore, while interest rates are low, bank margins are increasing!

However, the 'lower for longer' hype cannot be ignored although this can change quickly through exogenous events

In the NY Real Estate News, Sam Zell recently summed up my concerns well:

"I think when you talk about interest rates being close to zero for a long period of time, I'm very concerned about the fact that we have desensitized our business community to the cost of capital."

"And we know that the cost of capital ain't free," he said. "Every time you defer facing up to the cost of capital, it's going to catch up to you. That I think is the biggest concern."

"We have distorted markets. Maybe we have bubbles." Then, on second thought, he said, "I don't even know what a bubble is, so I wouldn't want to be the definer of it. But I think that we have too much intervention and not enough market movement in interest rates – and in other assets."

Property ventures – Residential land approvals John L'Estrange



Residential pipeline – site approvals

Our business involves lending to property developers and property investors

The business strategy has been to take positions in real estate where we can obtain mortgage security, earn a coupon and share in the upside via a percentage of profits on sale

Typically we lend on :

- Residential unit projects
- Land subdivisions
- Rezoning of land

We have focused mainly on the Sydney market where the fundamentals have remained sound with demand exceeding supply

Going forward we see good opportunities as Banks are tightening their lending practices

We are currently seeing increased deal flow but are not ready to deploy incremental capital until our near term project realisations are effected

Project name	Invested capital	Units / Lots	Timeline
Campsie, NSW	\$35.2m	453	FY16/17
Camellia, NSW	\$144m ¹	3250	FY17
Belmore, NSW	\$11.7m	260	FY17/18
Werrington, NSW	\$15.5m	391	FY17/18
Riverlands, NSW	\$144m ¹	450	FY17/18
Settler's Estate, NSW	\$10.2m	152	FY18
Lane Cove, NSW	\$7.4m	700+	FY18/19
Marsden Park, NSW	\$25.0m	1,500	FY18/19
Parramatta: George St, NSW	\$8.8m	125+	FY18/19
Parramatta: Aird St, NSW	\$6.7m	100+	FY18/19
Grand Ave, Camellia, NSW	\$17.0m	-	

1. Camellia and Riverlands Projects are cross collateralised

Project sites are located at 548-568 and 570-580 Canterbury Rd, Campsie NSW

- Two adjacent sites located in the inner west region of Sydney, 13km from the Sydney CBD

548- 568 is 8,351m² and is planned for 353 units

- DA approved for 270 units with a s.96 amendment for a further 83 units
- Awaiting final letter on s.96 which we anticipate shortly

570-580 is a smaller site planned for 105 units

- DA approved for 86 units with a s.96 amendment for a further 19 units

548-568 has been recently marketed for sale with expression of interests received in line with our anticipated sale price

- Anticipate exchange in July 2016

570-580 is anticipated to be sold once s.96 is finalised

Key metrics

Dec 15

Invested capital	\$35.2m
548-568 units	353
570-580 units	105
ABP profit share	50%
Offers (gross per units site)	\$140,000 - 160,000
Anticipated exchange of contracts	H117



Camellia project

Project site is located at 181 James Ruse Drive Camellia, Parramatta NSW

- 6.8 hectares located 23km west of Sydney CBD
- State Government has recently announced that the light rail will travel past our site at Camellia and includes Westmead, Parramatta, Homebush and Strathfield

Remediation plan approved following issue of EPA license

Master Plan provides for c.3,250 apartments and 15,000m² of retail/commercial

Council placed master plan on exhibition in January 2016 for 28 days

Final approval has been delayed due to council amalgamations in NSW. The plan is now in the hands of the Council administrator

- The planning proposal will then be sent to the NSW Department of Planning for gazettal

Genuine interest in the site from domestic and international parties

1. *Camellia and Riverlands Projects are cross collateralised*

Key metrics

Dec 15

Invested capital (RCL ¹)	\$144.0m
Units	3,250
Retail	15,000m ²
ABP profit share	50%
Estimated unit sales price	\$100,000+
Anticipated approval date	FY17



Artist impression of possible residential development Camellia, NSW

Project site is located at 677-681 Canterbury Rd, Belmore NSW

The site is located 800m from Belmore station

Site was acquire with an existing DA lodged for 211 units

- Final purchase price (capped at \$24m) will depend upon the ultimate height of the building approved by council

A planning proposal has been lodged for buildings up to 8 levels

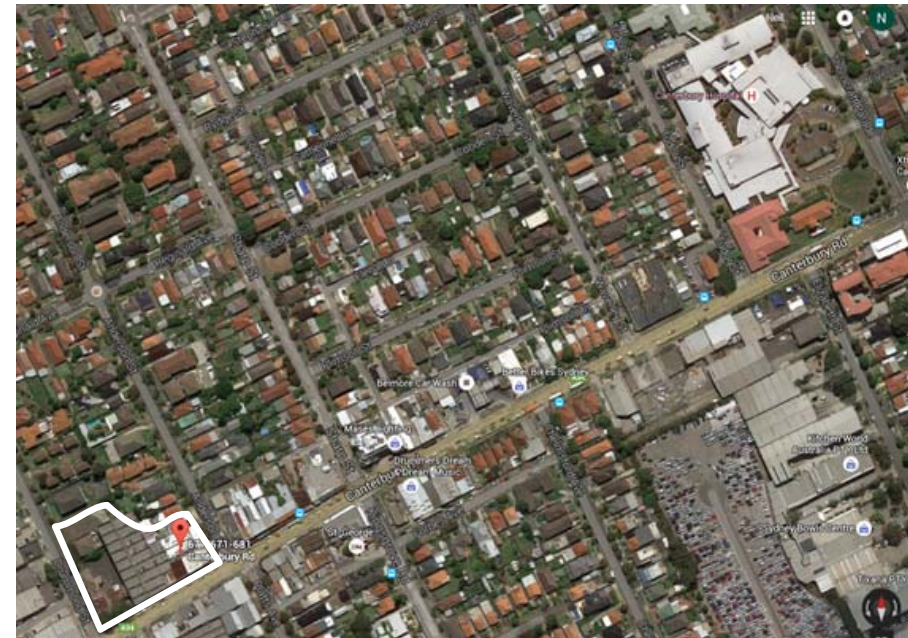
An approval for circa 260 units is anticipated

Gazettal is not expected for another 12 months due to council amalgamations

Key metrics

Dec 15

Invested capital (RCL)	\$11.7m
Units	260+
Retail	-
ABP profit share	50%
Estimated unit sales price	\$140,000 - \$175,000
Anticipated approval date	FY18



Werrington project – French Road

Project site is located midway between Penrith and St Marys in Sydney's Western Suburbs NSW

- 22.0 ha land subdivision site in the greater Sydney metropolitan area
- Planning for c.391 housing lots across 4 stages

The land is bounded by the western rail line to the north , University of Western Sydney to the east and the Great Western Highway to the south

Stage 1: Consists of 108 lots of land have been completed and separate titles will soon be issued

- All blocks sold with settlements anticipated upon title issue in early FY17
- Stages 2: 30 lots pre sold

Stages 3 and 4 will deliver c.253 lots

- Gateway approval has been received and gazettal will arrive within the next few months
- Stages 3 and 4 will sell once gazettal received

Key metrics

Dec 15

Invested capital	\$15.5m
Lots	391
Stages 1 and 2 sold out	138
ABP profit share	25%
Land sales price	c.\$270,000
Cost to prepare lot	c.\$100,000
Anticipated settlement dates	FY17



Riverlands project

The Riverlands site is located at Milperra, NSW a 35 minute drive to the Sydney CBD

- 82ha site consists of land suitable for a multi stage residential sub-division
- The site is located fronting the Georges River, adjacent to the M5 motorway and within an existing residential precinct

Working with council for a first stage sub-division on 15 hectares which could accommodate up to 248 larger blocks which will be further subdivided into 450 smaller blocks upon approval

- We are anticipating further lots being approved as part of stage two once further studies are complete on the remaining land
- Prices for housing lots have continued to grow over the past few years in this precinct

Currently with NSW government for gazettal

- DA can be progressed once gazettal has been received

Abacus will look to commence this project with its joint venture partner

- Will commence a staged land subdivision utilising senior debt finance

Key metrics

Dec 15

Invested capital (RCL ¹)	\$144.0m
Units/lots Stage 1 (15ha)	450
ABP profit share	50%
Estimated lot sales price	\$400,000 - \$500,000+
Estimated cost to prepare lot	\$120,000
Anticipated approval date	H117



1. Camellia and Riverlands Projects are cross collateralised

Settlers Estate project – Rance Road

Project site is located midway between Penrith and St Marys in Sydney's Western Suburbs NSW

- 4.7ha land subdivision site in the greater Sydney metropolitan area
- Planning for c.152 small housing lots averaging c210m²

The land is located 200m from Werrington station

We are anticipating approval for the 152 lots via the Land and Environment Court in August 2016

Once approved the individual lots will be developed and sold

Key metrics

Dec 15

Invested capital	\$10.2m
Lots	152
ABP profit share	50%
Estimated land sales price	c.\$330,000
Cost to prepare lot	c.\$100,000
Anticipated settlement dates	FY18



Lane Cove project

Project site is located at 1 Sirius road Lane Cove, Sydney NSW

- 4.0 ha site 5km north of Sydney CBD

Located in an up market location in one of Sydney's more affluent suburbs on the edge of a small isolated industrial precinct and adjoins land recently rezoned to high density residential

- The site is waterfront to Lane Cove River which flows into Sydney Harbour

A 2.0 to 1 FSR is considered achievable under a rezoning for residential and would produce almost 80,000m² of GFA for predominantly residential

Conceptual design completed for potentially 700 residential units depending on council acceptance

- A planning proposal has been submitted to Council and has been forwarded to the NSW Department of Planning for consideration

Due to council amalgamations we are not expecting that the proposal will progress until a new council election has occurred in 2018

Key metrics

Dec 15

Invested capital	\$7.4m
Units	700+
Retail	-
ABP profit share	50%
Estimated unit sales price	-
Anticipated approval date	FY18/19



Marsden Park project

Project site is located in Marsden Park NSW in Sydney's Western Suburbs

- The site is 10 ha. and located in the emerging North West growth corridor

The site is zoned R3 allowing medium density

- Up to 1,500 apartments can be accommodated on the site

The loan was originated in March 2016

Borrower strategy is to create 10 super lots and to sell individually once gazetted

Abacus receives a coupon and an exit fee upon repayment

- \$5m of staged repayments occur over the next 6 months

The site is located on a future rail route and adjacent to the future town centre

Key metrics

Dec 15

Invested capital	\$25.0m
Units	1,500
Retail	-
ABP profit share	Exit fee upon repayment
Estimated unit sales price	N/A
Anticipated approval date	FY18/19

Future Parramatta rezoning opportunities

107 George Street, Parramatta NSW



- Planning: Seeking rezoning to residential
- Anticipate 125+ units
- 50/50 Joint venture with local developer
- Anticipated timeline of FY18
- Long term redevelopment opportunity

55 Aird Street, Parramatta NSW



- Planning: Seeking rezoning to residential
- Anticipate 100+ units
- 50/50 Joint venture with local developer
- Anticipated timeline of FY18
- Long term redevelopment opportunity

Grand Avenue, Camellia NSW



- 3.2ha residential rezoning opportunity near Parramatta, Sydney NSW
- Located in the regeneration area of Camellia
- Acquired at ~\$445pm² which should generate c\$5,000pm² upon rezoning
- The Camellia precinct will require extensive infrastructure work to be completed as part of the regeneration of the precinct
- Hence this is a long range opportunity and the rezone could take between over 5 years to achieve

Property ventures – Residential developments Cameron Laird



Residential development exposure



Abacus has development exposure in Sydney, Melbourne, Brisbane and Canberra.

Our developments are in desirable locations and incorporate quality architectural designs.

All of our projects have Town Planning approvals in place.

The committed projects are now 93% sold and all of our projects have met the requirements for senior banking, except Erskineville which only needs 6 more sales.

Our construction is contracted on a design build basis with limited scope for variation of cost.

The projects have started construction or programmed to start construction over the next month.

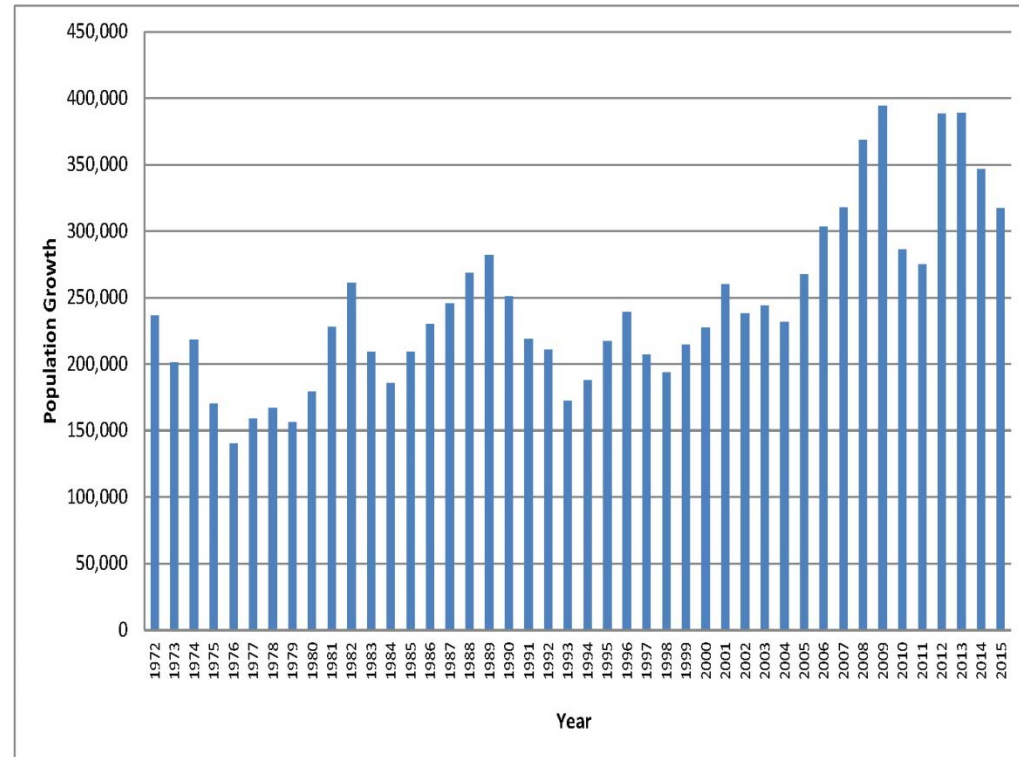
Australia: Population Growth

In recent years, Australia has had one of the highest population growth rates in the western world (1.5% annually).

Over the last decade, Australia's population growth rate was more than twice the average of Organisation for Economic Co-operation and Development (OECD) member countries.

Australia's population growth has traditionally averaged around 240,000 persons per annum (see Chart). Since around 2006, however, Australia's population growth has increased substantially to above 300,000 persons per annum.

Australian Population Growth Trend

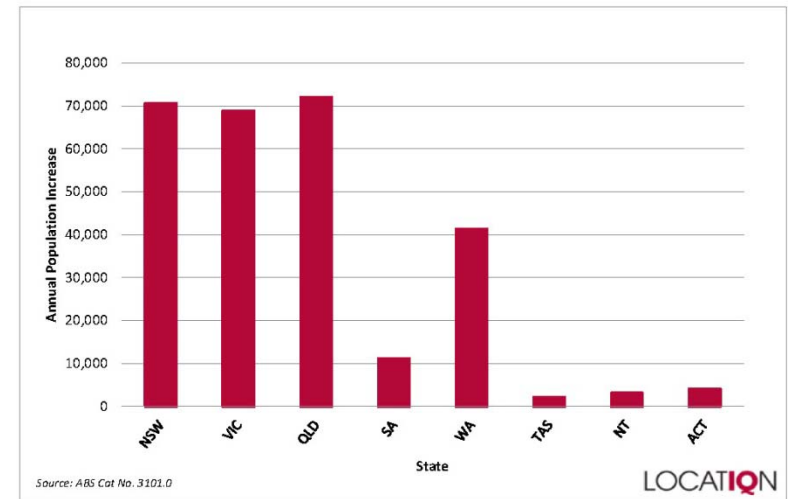


State: Population Growth

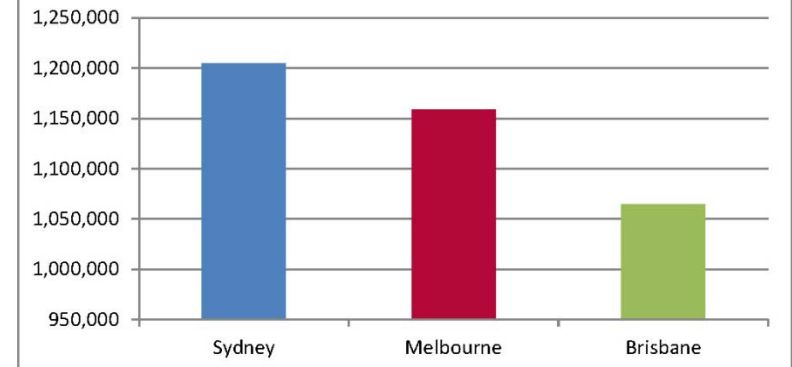
The eastern seaboard, comprising Queensland, New South Wales and Victoria, accounts for the majority of growth within Australia, with each growing at between 65,000 - 75,000 persons over the past 20 years.

NSW and Victoria now fastest growing states at over 1.4% annually with focus of growth in capital cities of Sydney and Melbourne. Queensland growth currently well below long term trend.

Population Growth By State, 1996-2015



Population Growth 2016 - 2031



Source: LocationIQ

Local Demand Drivers



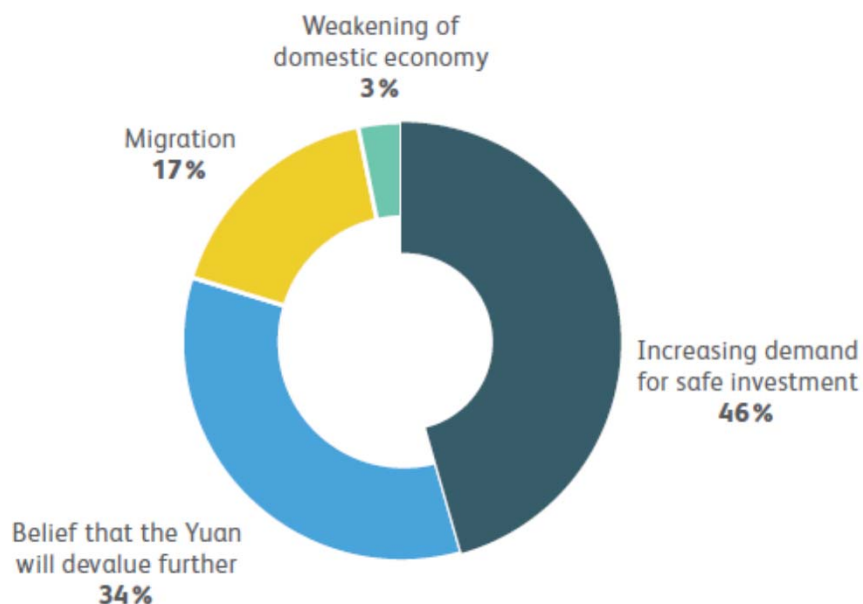
	SYDNEY	BRISBANE	MELBOURNE
Gross State Product	The New South Wales Gross State Product was recorded at \$506,918 million in the year to June 2015; 2.4% greater than the prior year.	The Queensland Gross State Product was recorded at \$300,270 million in the year to June 2015; 0.5% greater than the prior year.	The Victorian Gross State Product was recorded at \$355,580 million in the year to June 2015; 2.5% greater than the prior year.
Unemployment	Unemployment as at March 2016 stood at 4.8% for Greater Sydney (SA4), trending 10 bps higher than the 4.7% recorded in March 2015.	Unemployment as at March 2016 stood at 5.7% for Greater Brisbane (SA4), trending 100 bps lower than the 6.7% recorded in March 2015.	Unemployment as at March 2016 stood at 5.6% for Greater Melbourne (SA4), trending 70 bps lower than the 6.3% recorded in March 2015.
Population growth	The estimated population of Greater Sydney in 2015 was 4.9 million persons. Greater Sydney experienced 1.7% population growth in the year to June 2015.	The estimated population of Greater Brisbane in 2015 was 2.3 million persons. Greater Brisbane experienced 1.6% population growth in the year to June 2015.	The estimated population of Greater Melbourne in 2015 was 4.5 million persons. Greater Melbourne experienced 2.1% population growth in the year to June 2015.

source: Knight Frank 2016-05

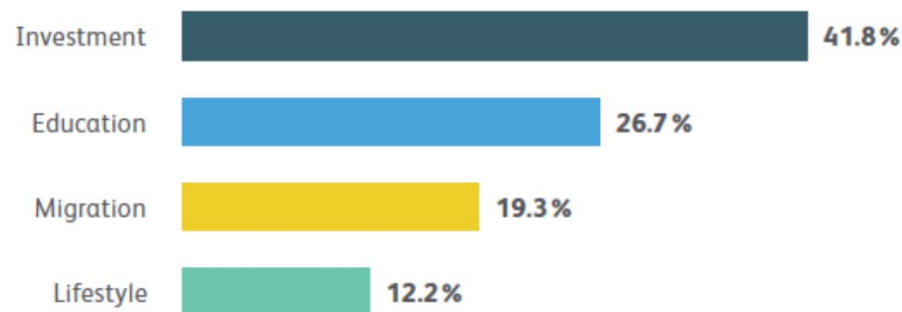
Offshore Demand Drivers

Risk mitigation is the number one reason Chinese investors are looking outside of China.

Offshore demand is directed to countries exhibiting stable governments, robust economies, top class educational institutions and favourable residency programs.



Major motivators



Residential development projects



Current completion programme

The Prince, Kingston, Canberra ACT

Apartments: 152

Settlements: August 2016

Spice, 25 Bouquet Street, South Brisbane QLD

Apartments : 277

Settlements: Sept/Oct 2016

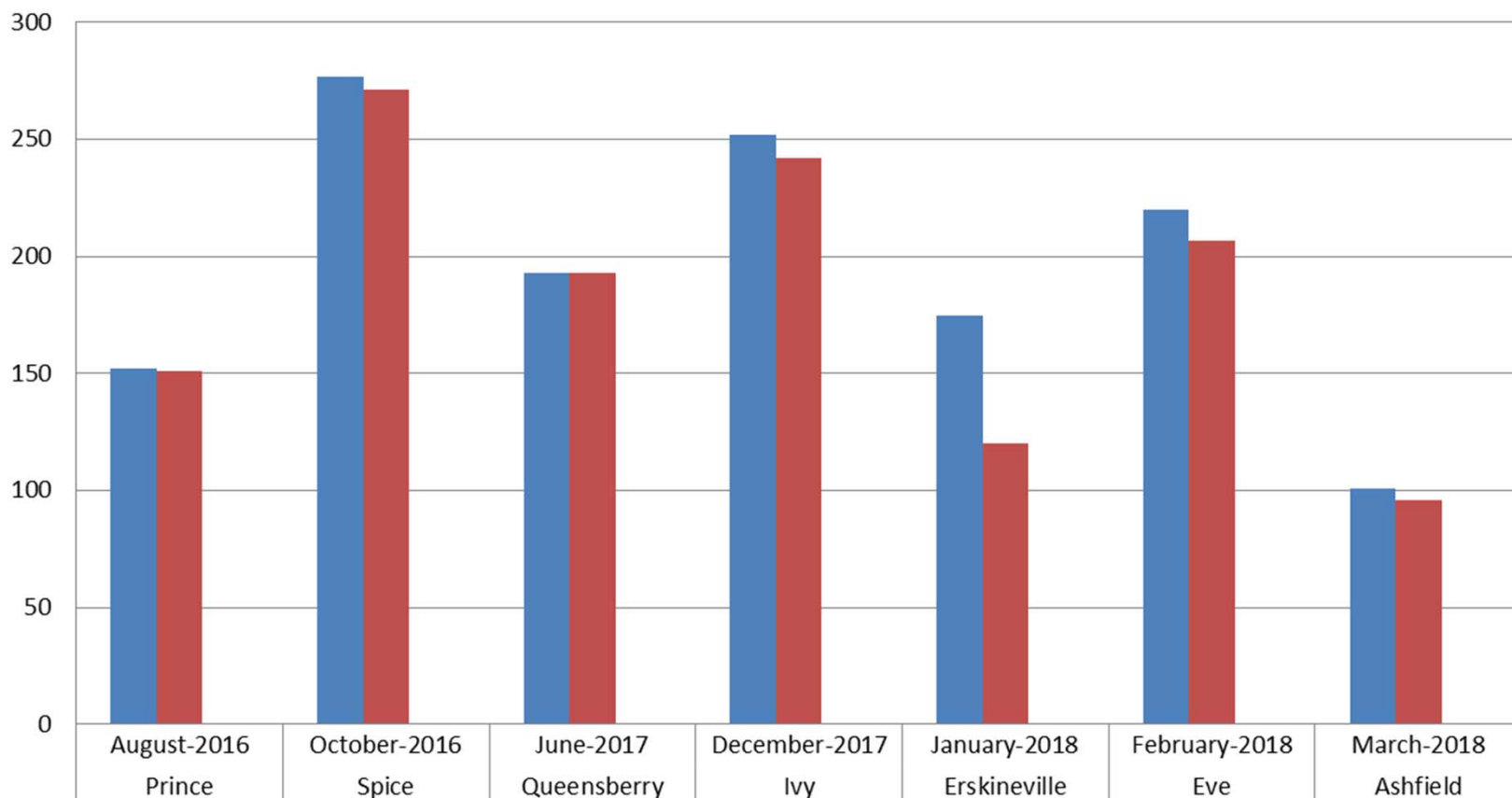
139 Queensberry Street, Melbourne VIC

Apartments : 193

Settlements: June 2017

Project name	Invested capital	Units or Lots/Sold	Timeline
Quay Street, QLD	\$8.8m	78/74	FY16
The Prince, ACT	\$3.0m	153/151	FY17
Bouquet Street, QLD	\$33.7m	274/271	FY17
Queensberry Street, VIC	\$12.6m	193/193	FY17/18
Ashfield Central, NSW	\$8.4m	101/96	FY17/18
1A Erskineville, NSW	\$19.7m	176/120	FY18
Merivale, QLD	\$23.3m	472/449	FY18
Hawthorn, VIC	\$2.8m	28/0	FY18/19
Liverpool Plaza, NSW			
Virginia Park, VIC			
Mina Parade, QLD			

Project settlement chart



Sum of Units	152	277	193	252	175	220	101
Sum of Sales	151	271	193	242	120	207	96
Sum of FIRB % of sales	0.0%	19.6%	46.6%	42.1%	26.7%	58.9%	17.7%

Settlement Process



Overview

In recent months, there has been increasing discussion on when the Australian residential market will peak. The underlying market fundamentals remain solid, but it is prudent to understand the impact future market changes may have on settlement risk and what steps can be taken to mitigate this risk.

Our residential development projects have less than 20% of offshore buyers.

Leading up to settlement, our customer care team will engage with the parties and start the process of:

- Communication with agents and purchasers:
 - Development progress update
 - Information package on the settlement process
 - Financing solutions and options
 - Valuations
- Quality of Product
 - Inspection
- Presentation of pre-settlement
- Assistance with the finance process

111 Quay Street, Brisbane, QLD

Background

- This is a JV project with local developer, Kilcor Properties.
- Quay Street is located in Inner City Brisbane and close proximity to the city centre, Caxton Street and Milton Street
- The project consists of 78 residential 1&2 bedroom apartments in a 12 storey building above a 3 level carpark
- The site settled on 14 February 2014

Status

- 63 of the 78 apartments have settled
- 11 are under contract and not yet due to settle
- 4 units remain available for sale
- Hutchinson Builders completed construction in December 2015



THE PRINCE, Kingston, Canberra ACT



Background

- This project is a 50/50 JV with local developer, Crafted Group.
- This residential development is located in the affluent mixed use Kingston Foreshore precinct, overlooking Lake Burley Griffin.
- The project consists of 152 residential apartments over 6 storeys in four buildings.

Status

- 151 apartments have been sold to local owner occupiers or investors
- The Development Application was approved in February 2015.
- Construction commenced by Chase Builders in April 2015 and completion is due ahead of schedule in August 2016.



SPICE, 25 Bouquet Street, Brisbane QLD



Background

- This is a Loan Agreement to Kilcor Properties.
- The site was settled in December 2013.
- The project consists of 274 residential units in two 15 storey towers above a 4 level carpark plus 4 commercial retail tenancies.
- The Management rights will be sold

Status

- CBRE and Ironfish have sold 271 of the 274 units.
- Hutchinson Builders commenced construction in December 2014 with completion anticipated in September 2016.



THE EMINENCE, 139 Queensberry St, Melbourne VIC



Background

- This is a JV between Abacus (50%), Lechte (25%) and Crema (25%).
- The site settled in June 2014.
- The project is in close proximity to the CBD, Melbourne University, Royal Melbourne Hospital and the restaurants of Lygon Street.
- The site measures 1,480sqm and development approval for 193 apartments over 15 stories and 2 retail tenancies on the ground floor.

Status

- The wholesale launch started in February 2014 and the retail launch in July 2014. All apartments have been presold.
- Our JV partner Crema are the builders.
- Construction commenced in September 2015 and is due to be complete in June 2017.



22-28 Merivale Street, Brisbane QLD

Background

- This is a JV project with developers CDL, from Singapore and local QLD developer Kilcor Properties.
- The project site is located in South Brisbane which is 750m from the CBD, a short walk from South Bank, Brisbane's cultural precinct, and West End's retail.
- The development consists of 472 residential units in 2 stages in 2 high rise 26 storey towers set atop a 10 level parking structure, plus 2 retail tenancies on the ground floor.
- The Management rights will be sold.



Status

- The site settled in May 2015, DA approval was obtained in June 2015
- 449 units have been sold to date comprising of 242 units in Ivy and 207 units in Eve to a strong mix of local owner occupier and investors and overseas investors
- Hutchinson Builders started with construction in Oct 2015 with anticipated completion of Ivy in Dec 2017 and Eve in Feb 2018



1A Coulson Street, Erskineville, NSW

Background

- This project is a 50/50 JV with local developer, The Linear Group
- The property is located approximately 5km South-West from the Sydney CBD
- The proposal is to develop an existing industrial site to accommodate approximately 175 residential apartments

Status

- The Development Application has been approved and a Section 96 is being submitted on the 1st June 2016
- Sydney Water has approved our application to divert the stormwater culvert
- Sales commenced in October 2015 and 120 apartments have been sold to owner occupiers, local and foreign investors
- Richard Crookes Construction have been appointed to undertake the early works package, demolition started Mid-May and the main construction package is being finalised.
- Completion is expected in early 2018.



Ashfield Central, Ashfield NSW

Background

- This is a 100% developed and owned Abacus project.
- The Ashfield Mall is located on Liverpool Road approximately 150m from the Ashfield Station and 12km West of the Sydney CBD.
- Located in Ashfield, one of Sydney's most sought after locations adjacent to Ashfield Mall and across from the train station.
- Ashfield Central is in close proximity to vibrant laneway food options, transport, prestigious schools and shopping
- Planning approval was obtained to build 101 residential apartments across two buildings



Status

- Town Planning approval was achieved in Sept 2014.
- The marketing and sales of this development commenced in November 2015 with 96 apartments sold to date.
- Ceerose have been appointed to undertake the construction of the 101 apartments commencing in June 2016.



Macquarie and Moore Streets, Liverpool Plaza, Liverpool NSW

Background:

Site combines two small properties Abacus owns adjoining our existing retail asset Liverpool Plaza. Development options have been assessed following recent LEP changes and the site is being promoted as a mixed use development site

Development Status

Town Planning:

1. Rezoning - 100 metre mixed-use planning application accepted by council
2. Planning Application now lodged with NSW Government (Gateway) for approval
3. Development Application – Anticipate lodgement Q4 2016

Development Plan

Residential:	Residential Tower 134 residential apartments 80 – 100 serviced apartments
Car parking:	207 new car bays , with 130 on the plaza and balance under residential tower
Com/Retail:	3,000sqm of commercial and retail space including a 100-120 place childcare centre above retail.



Virginia Park, Bentleigh East, VIC

Background

- This project is a 50/50 Joint Venture with the Gillon Group.
- Virginia Park is a business park located in Bentleigh East in Melbourne's south east approx. 18km from Melbourne CBD.
- The site measures 12.34ha and has an NLA of 58,560sqm of industrial and office buildings and 1,500 car parks. The GAT site added 4.0ha to the site area
- Tenants within the buildings include major Australian groups
- The facilities include a gym, swim centre, childcare centre and café.



Status

- A new Master Plan design has begun on the future of the site into a retail, office and residential development
- An extensive community and stakeholder engagement process has commenced with the goal of finalising a preferred masterplan for the site and submitting a formal amendment request early 2017



95 and 117 Mina Parade Alderley, QLD

Background

- This asset has been 100% owned Abacus property since 2007
- The asset has delivered strong rental income while a development plan was finalised and tenants were moved onto leases with demolition clauses
- The site is 4.6ha and comprises of office/warehouse buildings
- All leases at 117 Mina Parade, which takes up 75% site coverage, have demo clauses
- 95 Mina Parade is leased to Boeing, who have 18 months to go of the first 5 year term with a 5 year option.



Status

- The proposed development is for circa 350 products made up of 51 townhouses, 290 apartments, plus 10 attached and detached houses.
- We have completed the Community Consultation and will be lodging a Development Application in the second half of the year



95 and 117 Mina Parade Alderley, QLD

- Alderley is an established inner city residential suburb of Brisbane located approximately six kilometres north of the CBD
- This property is located between 2 railway stations and is close to retail amenities, schools and sporting facilities.





Investment portfolio – Retail Gerard McSpadden

Asset summary



Site :	2.2 hectares	
Market Valuation :	\$167,500,000 (@ 30 December 2015)	
Capitalisation Rate :	6.25%	
Car parks :	1,070 (4.3 : 100sqm)	
GLA :	24,653.64 sqm	7.6% Occ Cost (30 April 2016)
MAT:	\$186 million	
Majors :	15,180.60 sqm	MAT : \$125.7m (\$117.9m) +7% on prior year
Mini Majors :	1,470.64 sqm	
Specialties :	7,630.60 sqm	
Specialty growth(Prior Year):	Gross Rent :	\$1,182 /sqm (\$766/sqm)
	Sales :	\$8,297/sqm (\$5,335/sqm)
Vacancies :	551.20 sqm or 2.2%	

Major Retailer	Lease Expiry
<u>Woolworths*</u>	June 2026
4,000 sqm	
<u>Coles</u>	Nov 2026
3,265 sqm	
<u>Kmart**</u>	June 2028
7281 sqm	
<u>Aldi</u>	Aug 2025
1,442.20 sqm	
Note: * Woolworths exceeding sales threshold	
** Kmart exceeding sales threshold	

Demographic profile

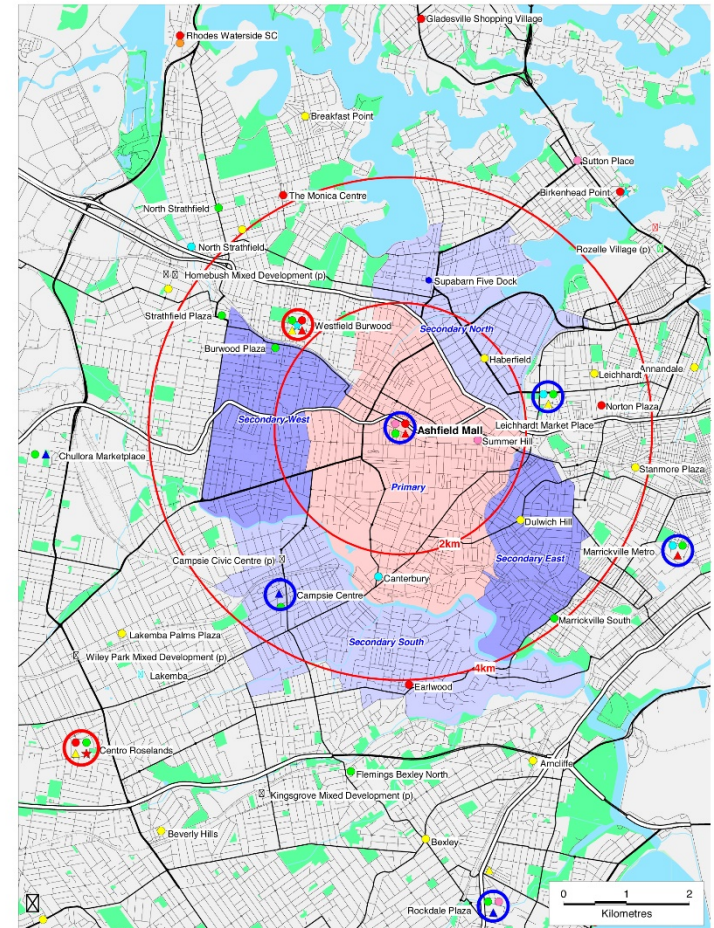


Customer:

- Average age 38 years old, 3% above Sydney average
- Living as a couple with children
- A range of nationalities represented including Chinese, Italian and Indian
- Higher than average income levels – household income 3% above Sydney average
- Works fulltime in a professional or managerial role
- 29.5% have a bachelor degree or higher – this is 9.5% above Sydney market

Trade Area:

- TTA – 513,710
- PTA – 57,170
- MTA – 159,450



- Regional SC
- Sub-regional SC
- Coles
- ★ Myer
- ★ David Jones
- ▲ Big W
- ▲ Target
- ▲ Kmart
- Woolworths
- Franks
- Aldi
- Supabarn
- Supermarket

* Halo objects indicate proposed stores



Strategic Outcomes :

- Position Ashfield Mall as a quality food and convenience offer for the Inner West
 - Centre **ambience upgrade** to positively reposition customer perception, eg Forecourt / signage
 - Refresh the **Leasing Strategy** to continue improving the overall **retail offer within the centre**, particularly food and services
 - Strengthen the **Fresh Food** offer, to better support c\$110m in Supermarket sales
 - Improve the **café and restaurant** offer to align with the new professional demography
 - Maximise **retail spend** for the asset through engagement with the new/increased residential

Ashfield Mall – development projects



Development Application approval:

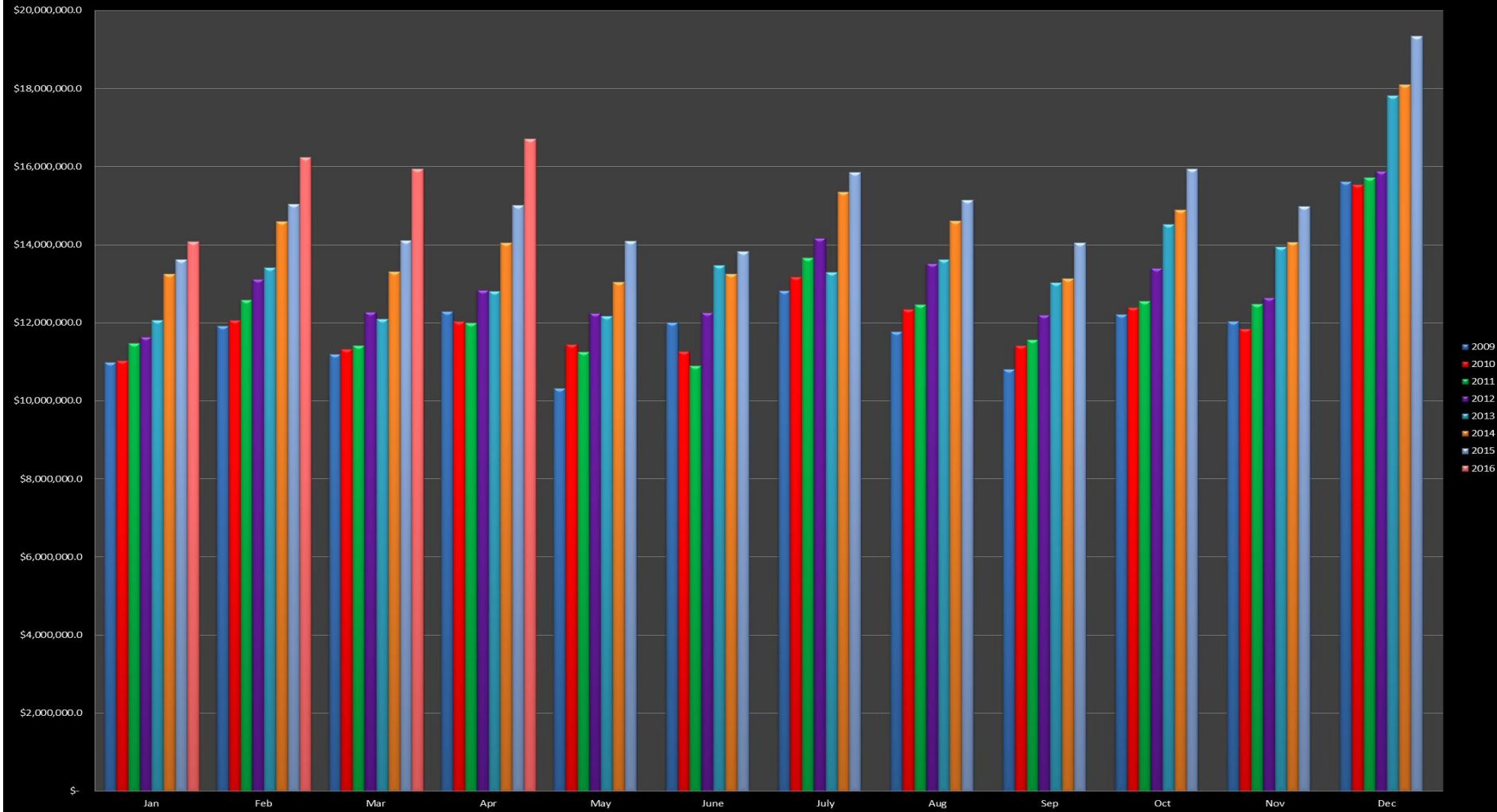
- Residential building
 - 101 apartments
 - 3 retail food premises
- Additional Retail
 - Increased L2 retail GLA
 - Asian food precinct
 - New entry L3/L4
- Childcare / Gym
 - 120 place childcare centre
 - 700 sqm 24 hour gym
- Forecourt
 - New alfresco dining
 - Contemporary finishes
 - New pylon signage



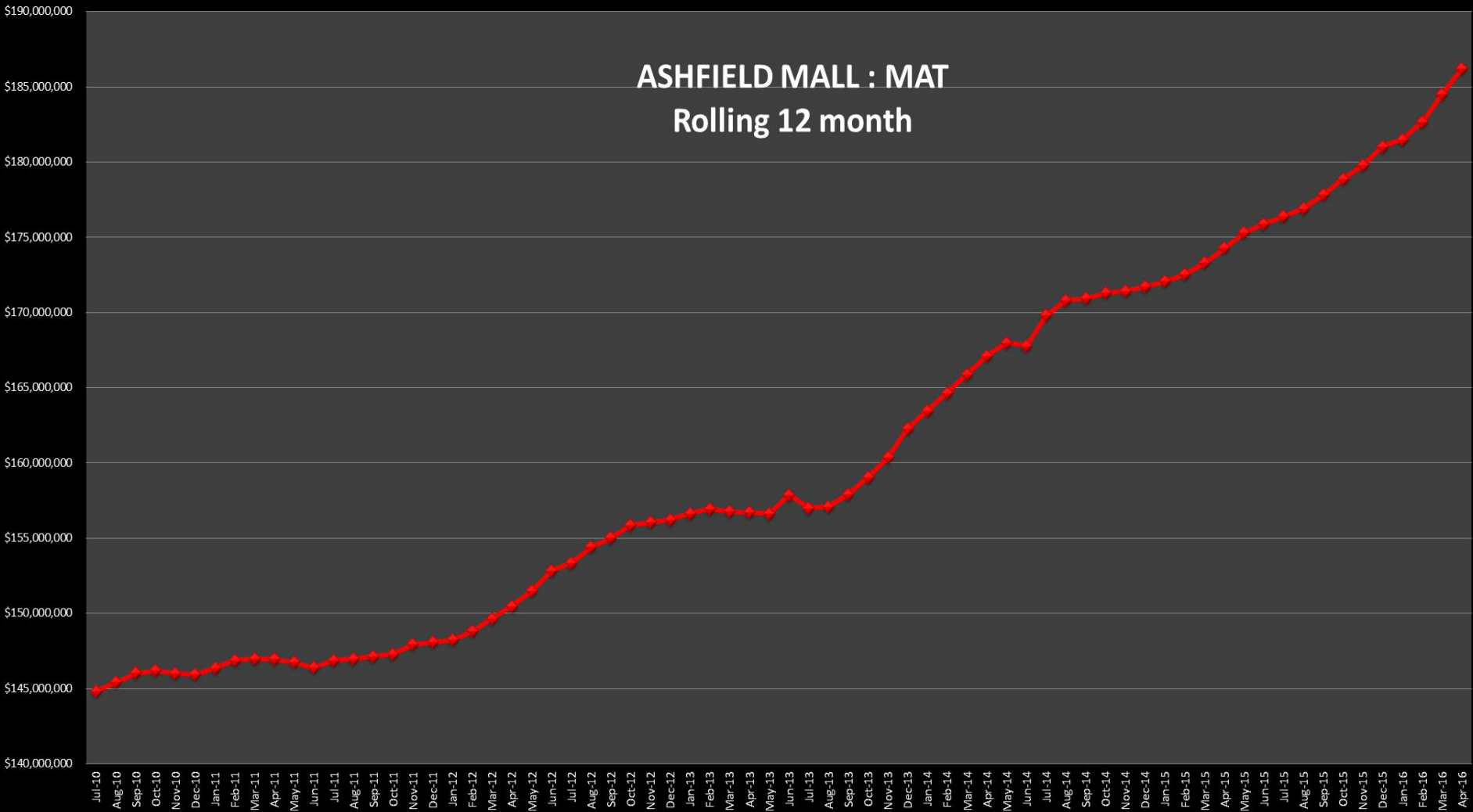
Ashfield Mall – Sales growth



ASHFIELD MALL : Monthly Sales
2009 - 2016



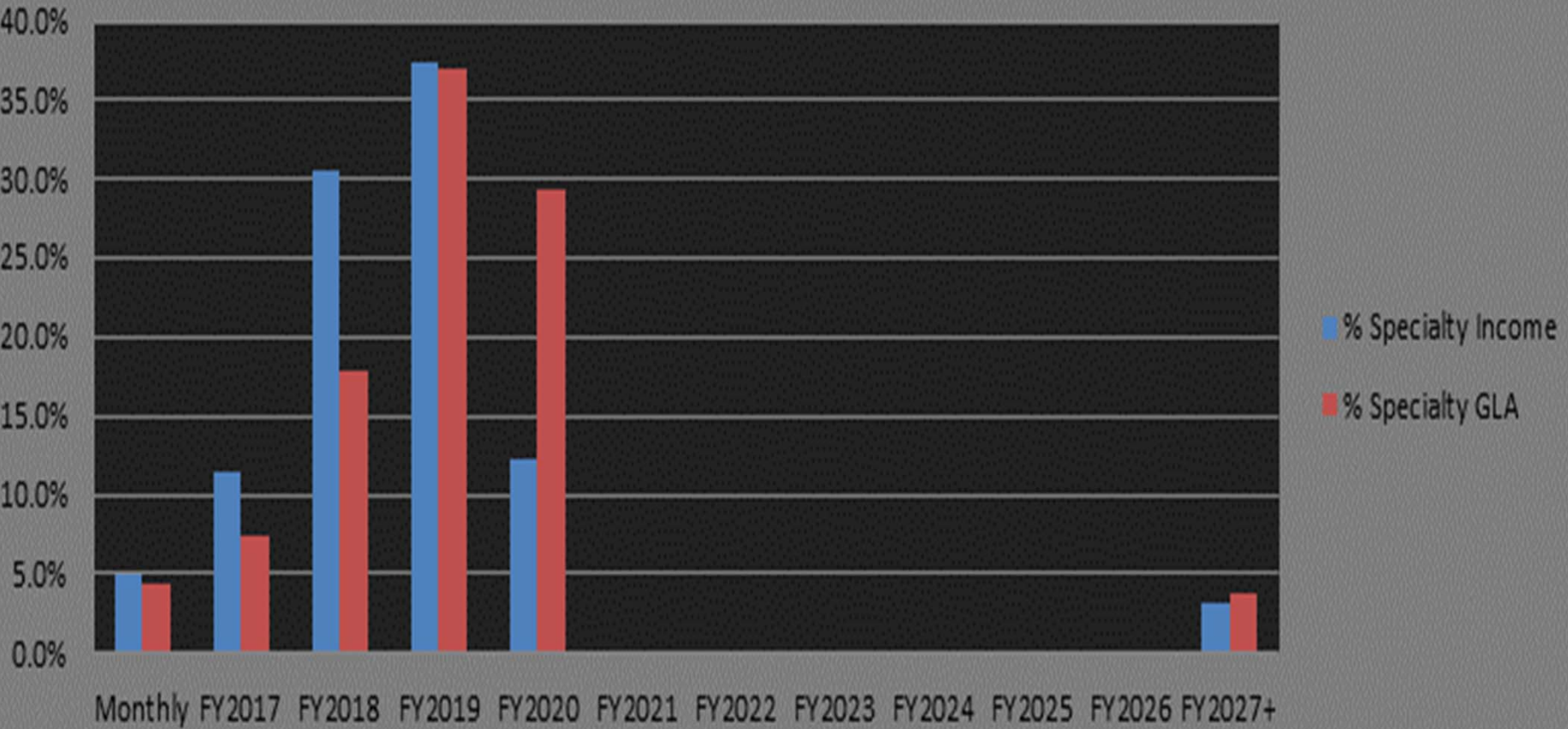
Ashfield Mall – Sales growth



Lease expiry profile



Ashfield Mall - Specialty & Mini Major Lease Expiry Analysis



Asset summary **LIVERPOOL** PLAZA



Site : 8,904 sqm

Market Valuation : \$41,500,000 (@ 30 December 2015)

Cap Rate : 7.5%

Car parks : 215 (3.5 : 100sqm)

GLA : 6,071.20 sqm 17.4% Occ Cost (@ 30 April 2016)

Majors : 1,500.00 sqm

Specialties : 4,116.20 sqm Gross Rent \$900/sqm & Sales \$3,657/sqm

Vacancies : 455.0 sqm or 7.5%

Major Retailer	Lease Expiry
Aldi 1,500 sqm	Oct 2025

Demographic profile LIVERPOOL PLAZA

abacus property group

Customer:

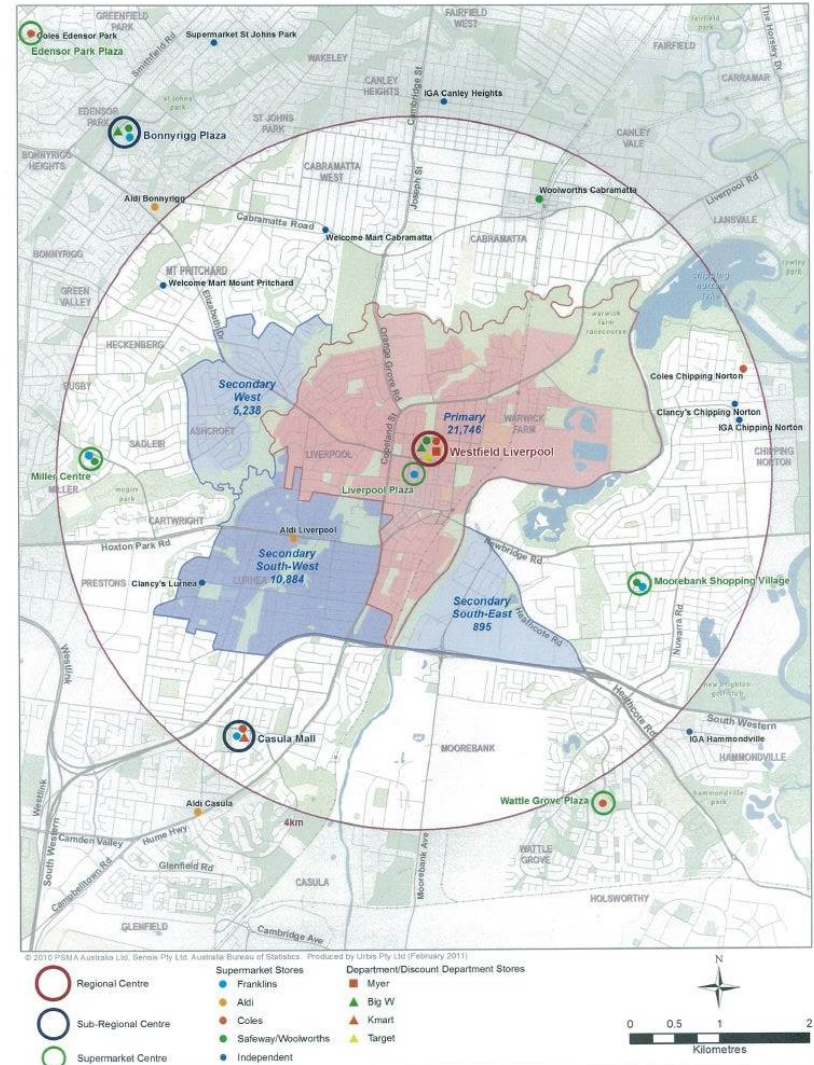
- Largely multicultural customer base
- 46.2% of customers in TTA were born overseas
- Median age – 33 years reflecting large proportion of families
- Key occupations include:
 - Clerical & Administrative worker 17.5%
 - Technicians & Trade Workers +15.7%
 - Professionals +15.4%
 - Laborers 10.5%
 - Machinery operators and drivers 10.5%

Customer Spending:

- Food and liquor represents the largest expenditure market at \$1.3billion annual representing 46.6% of total retail spending in trade area

Trade Area:

- TTA – 227,420 including 52,450 in PTA.



Strategic Outcomes :

- Deliver an interesting CBD retail offer including **dining and fast food** in addition to a full convenience **supermarket and fresh food** offer
- Capitalise on Council's **Macquarie Street Mall refurbishment program** (\$10m) to attract higher quality tenants to the centre, with particular focus on Café and dining precinct
- Continue to engage with Council and State Government on the **rezoning on Moore / Macquarie St properties**, to deliver a mixed use planning approval
- Maximise retail spend for the plaza through engagement with the growing CBD businesses, universities and hospital / healthcare precinct

Asset summary



Site :	43,969 sqm	
Market Valuation :	\$54,000,000 (@ 30 December 2015)	
Cap Rate :	6.75%	
Car parks :	679 (4.5 : 100sqm)	
GLA :	15,035.97sqm	6.9% Occ Cost (@ 30 April 2016)
Majors :	5,739.14 sqm	
Mini Majors :	1,761.38 sqm	
Specialties :	4,845.95 sqm	Gross Rent \$346/sqm & Sales \$1,783 / sqm**
Vacancies :	2,689.50 sqm or 17.89% (following refurbishment programme)	

<u>Major Retailer</u>	<u>Lease Expiry</u>
<u>Coles*</u> 3,542.30 sqm	Nov 2018
<u>Target*</u> 913 sqm (as per the new Lease)	Nov 2019
<u>Aldi*</u> 1,518.40 sqm (as per the new Lease)	Nov 2025

Note: * Coles new Lease is in final documentation stages. 15 year term from March 2016; Base Rent \$1,805,400 pa (\$408 psm pa);

* Target Renewal and Variation of Lease is in final stages; A 5 years option is included in VOL;

* Aldi has completed premises expansion (226.6 sqm upsize)

** not annualised - majority of trading specialties have been open for < 6 months

Deals being negotiated on all existing vacancies

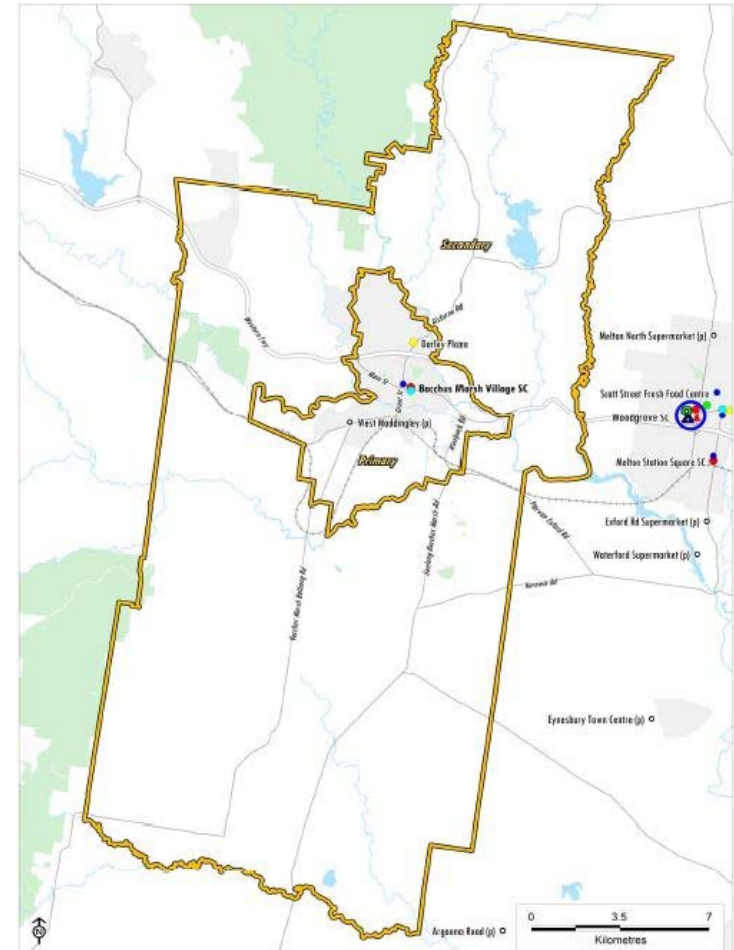
Demographic profile

Customer:

- MTA is younger than VIC non-metro average with average age of 37 vs benchmark of 40.1 years.
- Much lower than average proportion of residents aged 60 years and above.
- Higher than average proportion of traditional families comprising couples with dependent children.

Trade Area:

- MTA – 18,770 with current growth rate of 2.2%.
- F/cast population : +2.1% - 2.4% between 2021-2026



Map 2.1: Bacchus Marsh Village SC

Trade Area & Competition



- * Hollow symbols indicate proposed stores

Asset strategy



Strategic Outcomes :

- Continue to reposition The Village as ‘**The convenience shopping destination**’ for all residents of Bacchus and the Primary Trade Area
- Finalise the expansion and full refurbishment of the **Coles Supermarket** premises
- Deliver the Project Leasing Strategy, ensuring all key retail categories are represented :
 - fresh food offer, fashion and general merchandise, fast food and casual dining (café and restaurant), medical and general services (including further allied / medical services, phone, internet, fitness, beauty and health services)
- Deliver the **Coles Express Service Station** project, increasing customer visitations

The Village
Bacchus Marsh Shopping Centre

Development projects



Development Update

- Lessor works completed September 2015;
- Specialty leasing continues ;
- Delays in Coles fitout works due to Coles internal issues.
- The Coles works now under construction and to be completed by the end of 2016.
- New pad site - Coles Express is due to open 21 July with 240k net rental.



Asset summary



Site :	21,160sqm	
Market Valuation :	\$120,000,000 (@ 30 December 2015)	
Cap Rate :	7.5%	
Car parks :	1,245 (5.6 : 100sqm)	
GLA :	22,337.80sqm	12.2% Occ Cost (@ 30 April 2016)
Majors :	3,560.50 sqm	
Mini Majors :	1,639.60 sqm	
Specialties :	11,968.0 0sqm	Gross Rent \$942/sqm & Sales \$6,035/sqm
Vacancies* :	4,947.30sqm or 22.3%	

<u>Major Retailer</u>	<u>Lease Expiry</u>
Woolworths	Nov 2018
3,560.50 sqm	

Note: * Suite 2.22 Allianz (2,100sqm and \$425/sqm) and Shop 1.50 Choice Homewares (575sqm and \$452/sqm) LOO & LAF signed, and Leasing documentation being finalised
Vacancy rate will significantly improve with the execution of both Allianz and Choice Homewares Leases

Demographic profile

Customer:

- Two distinct markets – locals vs tourists
- Local market – key market segments:
 - Aged 60+ -
 - Aged 20-29
 - Aged 30-39
- Average age 40.3, higher than both QLD and Australian averages

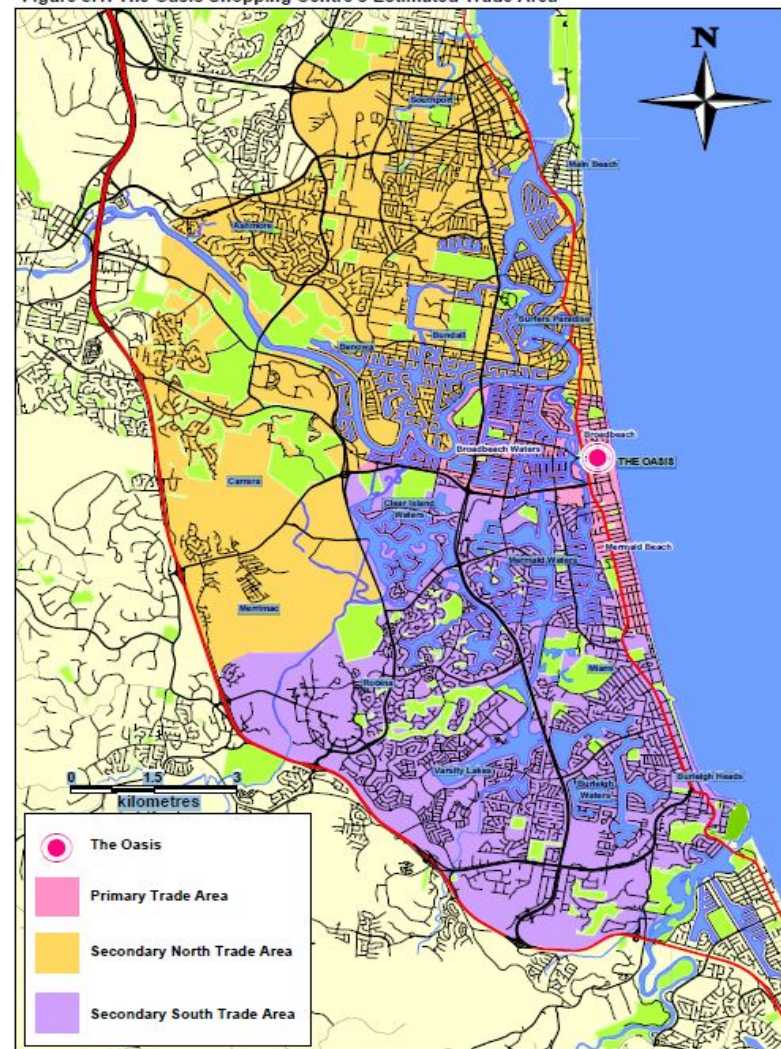
Customer Spending:

- MTA generates \$1.3billion in retail expenditure forecast to grow at a rate of 4.2% pa until 2026
- Tourist Market spends \$4.9 billion in the GC regional annually.
- Per capita retail expenditure in MTA is +6.4% greater than QLD average

Trade Area:

- MTA – 103,480 forecast to grow at 1.2% pa until 2026
- Tourist Market – 11 million visitors to the GC annually

Figure 3.1: The Oasis Shopping Centre's Estimated Trade Area



Strategic Outcomes :

- To create a shopping precinct with three distinct offers :
 - Oasis Retail : providing a Ground Floor **food and convenience** offer and a Level 1 eclectic retail offer
 - Oasis Dining : a contemporary mix of **quality national and local operators** servicing all cuisines
 - Oasis Commercial : quality office space , delivered with it's **own identity**
- Deliver a **positive shift** in longstanding poor customer perception of Oasis through project delivery, quality management and targeted marketing initiatives and campaigns
- Achieve additional asset value through the potential **removal of the monorail**
- Work closely with GC City Council to identify further opportunities for Broadbeach Mall

Development projects

THE OASIS
on Broadbeach



Development Updates:

Project 1

- New NW building façade completed December 2015
- New tenants moved in: CBA, Hatch & Co and Loose Moose
- Pedestrian Brigade demolition completed April 2016

Project 11

- New Allianz tenancy 2,100 sqm leased on level 2
- Handover in May 2016

Project 3A

- New restaurant precinct (5 new F&B tenancies)
- New awning and entry statement to be completed early 2017



Development projects

- New NW centre façade & New tenants

THE OASIS
on Broadbeach



Development projects

- Project 3A, New restaurant precinct

THE OASIS
on Broadbeach



Asset summary

Site :	21,946sqm	
Market Valuation :	\$65,000,000 (@ 31 October 2015)	
Cap Rate :	7.25%	
Car parks :	812 (4.3 : 100sqm)	
GLA :	18,891.10sqm	9.1% Occupancy Costs (@ 30 April 2016)
Majors :	5,326.00 sqm	
Mini Majors :	718.00 sqm	
Specialties :	9,454.50sqm	Gross Rent \$621 /sqm & Sales \$5,678 /sqm
Vacancies :	3,392.60sqm or 17.95%	

<u>Major Retailer</u>	<u>Lease Expiry</u>
<u>Coles</u> 3,888.00 sqm	Mar 2030
<u>Aldi</u> 1,438.00 sqm (as per the new Lease)	Oct 2018

Demographic profile

Customer:

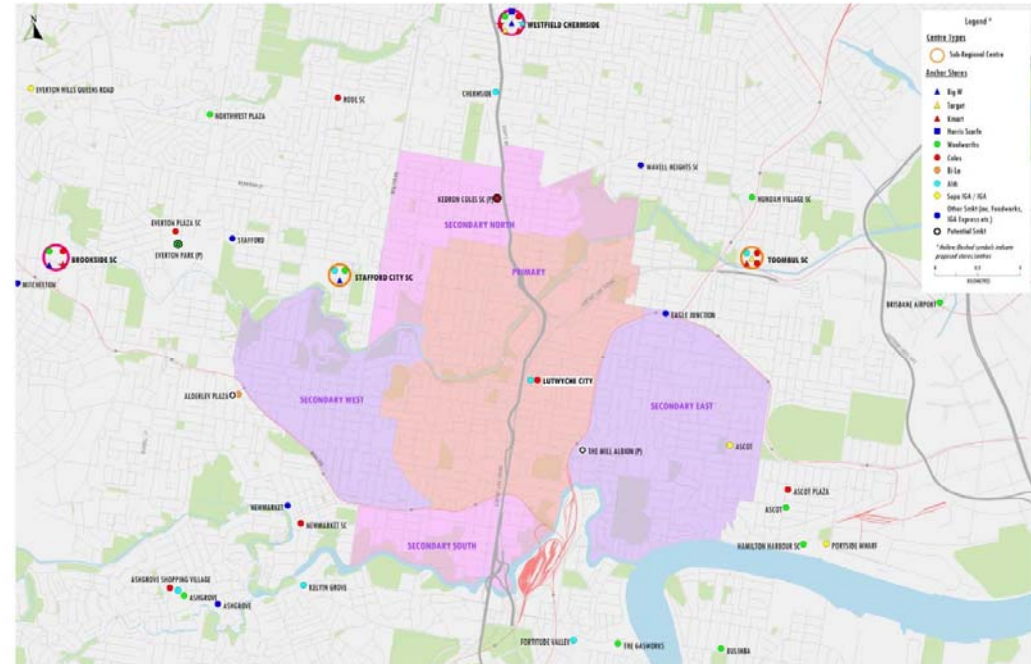
- 46.9% of households in MTA are traditional families
- Average age 35.7 years in MTA. Secondary East TA slightly older at 37.7 years.
- Higher than average proportion of 20-39 year olds
- Lower than average proportion of children
- Lower than average proportion of residents aged 60+

Customer Spending:

- Spend per capita in all key retail categories is above Brisbane average
- Spend per capita in Food Catering, Retail Services and Apparel categories is exceptionally high against Brisbane average:
 - Food Catering +30%
 - Retail Services +35.1%
 - Apparel +31.4%

Trade Area:

- MTA – 57,360 growing at 1.4% pa. (between 2006-2011)



Map 2.1: Lutwyche City SC
Trade area and competition

Strategic Outcomes :

- To reposition the centre to dominate it's Primary Trade Area for the convenience shop
- Identify and deliver management, marketing and operational improvements to the centre, enhancing customer experience, traffic flow and sales performance
- Development planning to identify and maximise all value-add opportunities:
 - Potential for additional **supermarket** and improved **food / convenience** offer
 - Expanded commercial space
 - Centre **ambience upgrade** to positively reposition customer perception
 - Improve the **café and restaurant** offer to align with the expanded office space
 - Introduce paid parking to improve available parking and remove commuters

Early concepts

Lutwyche City





Investment portfolio – Office and Industrial Peter Strain

710 Collins Street, Melbourne VIC

710 Collins Street - Melbourne VIC

Abacus acquired 710 Collins Street for \$76.5 million in December 2014

710 Collins Street is an iconic, boutique office building located in Melbourne's fastest growing commercial precinct and adjoins two large commercial mixed use developments

The building consists of a four level commercial building with access to Collins Street which provides access to the two level converted historic goods shed

Property provides strong security to income with high quality Government tenants on long leases

The A grade property was recently refurbished and provides a high quality, state of the art accommodation and services

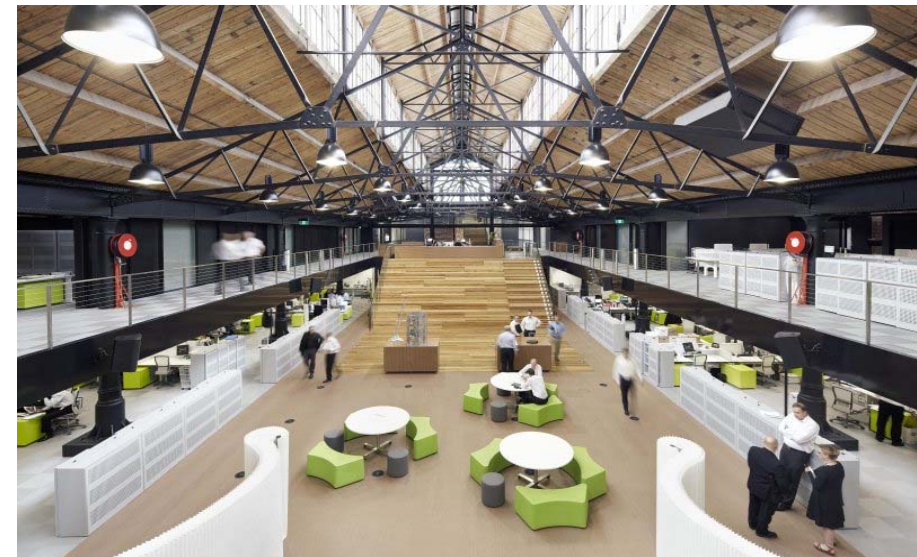
The property also provides a opportunity to explore further development opportunities via an extension of the buildings office tower or a redevelopment of retail

We have been reviewing planning changes proposed for the area and are confident our preliminary concept of a smaller scale development of circa 30-40,000m² should be considered a real possibility

Key metrics

Dec 15

Rate per square metre at acquisition	\$6,800
Cap rate	6.25%
NLA (sqm)	11,235m ²
WALE (yrs by income)	8.25 yrs
Occupancy (% by area)	100%
Average rent psqm	\$449



World Trade Centre - Melbourne VIC

Abacus acquired a 70% interest in Towers 2, 3 and 4 of the World Trade Centre, Melbourne (WTC) for \$120 million in a 25/75 joint venture with KKR in December 2014 on a 9.3% initial yield

- The vendor, Asset 1 WTC, maintained a 30% co-ownership

The property is a part of the Northbank precinct adjacent to the central business district, one of Melbourne's largest integrated waterfront mixed-use developments, which has been transformed into a vibrant commercial, retail, and residential precinct

Property was acquired on a low rate per square metre and provides opportunities for refurbishment and development, including the creation of additional NLA

The property is located in an area that is undergoing strong regeneration which should underpin rental growth and occupancy

Since acquisition, occupancy has increased to 99% from 90%

We are currently in a review process with the Victorian Police, who lease c.23,000m² with hopes of retaining them post 2020

- There are alternative options in the area for the police, but the floor plates size and layout provide good options for alternate users as was demonstrated in Tower 4 which was leased up quickly post Police vacating

Key metrics

Dec 15

Rate per square metre at acquisition	\$3,446
Cap rate	8.00%
NLA (100%) (sqm)	49,887m ²
WALE (yrs by income)	4.4 yrs
Occupancy (% by area)	99%
Average rent psqm	\$330



201 Pacific Highway - St Leonards NSW

Abacus Property Group has an exclusive dealing period in respect of 201 Pacific Highway, St Leonards at a price of \$115.0 million

- 50/50 joint venture with Goldman Sachs
- Acquisition price compares favourably when marked against recent market transactions
- Opportunity to acquire a near new, well leased office building at a relatively high cap rate (8.5% on passing and 8.9% on fully leased)
- Exploit over time the yield differential between the core CBD and suburban markets

This A grade building comprises 13,841m² of office and 2,688m² of retail and 262 car spaces

- The retail comprises 20 tenancies in the Forum plaza adjoining the railway station
- Asset presents a diversified income with 20% of the income from retail (anchored by Coles) and 10% from car parking

The plans to strata subdivide the retail has now been lodged with council

- Anticipate strong demand for strata lots upon approval

We have lease proposals out on upcoming office vacancy of two floors with HOA issued over 50% of available space

Key metrics

Dec 15

Rate per square metre at acquisition	\$6,957
Cap rate	8.50%
NLA (sqm)	16,529m ²
WALE (yrs by income)	3.0 yrs
Occupancy (% by area)	97%
Average rent psqm (office)	\$680



169 Australis Drive - Derrimut VIC

Abacus acquired 169 Australis Drive in December 2013 for \$21.0 million

Site is located in one of Melbourne's fastest growing and well regarded industrial suburbs 16km west of the Melbourne CBD

The site has good access to major transport highways and ring roads and is surrounded by a number of other high quality industrial estates

The warehouse was built in August 2013 and consists of a single story office and high bay warehouse

- Leased to three tenants on staggered lease profiles

The site represented good value and had a short WALE

- Under-renting on the existing leases presented an opportunity to mark to market the leases upon expiry

The configuration can be split into four tenancies or consolidated into one providing expansion opportunities for existing tenants

We are currently in negotiations with Hitachi for a potential lease renewal

Key metrics

Dec 15

Rate per square metre at acquisition	\$678
Cap rate	7.75%
GLA (sqm)	30,944m ²
WALE (yrs by income)	1.7 yrs
Occupancy (% by area)	100%
Average rent psqm	\$55



Westpac House - Adelaide SA

Abacus acquired a 50% interest in Westpac House in October 2004 for \$51 million

- The asset was acquired at a very low rate per m²

Westpac House at 91 King William Street is a premium grade commercial property located in central Adelaide with three street frontages

- The property comprises a 31 level office tower and two smaller adjacent office buildings

Abacus acquired Arena's 50% ownership in September 2014 for \$74 million

- 100% ownership un-complicates the asset and provides cost synergies

We are currently in discussions with the SA Government regarding an extension of the ~10,000m² beyond their expiry in 2021

- Recently renewed the lease to Westpac for a further 6 years
- Refurbishment to end of trip facilities and ground floor lobby are currently proposed

Key metrics

Dec 15

Rate per square metre at acquisition	\$3,300
Cap rate	7.75%
NLA	31,449m ²
WALE	3.1 yrs
Occupancy	86%
Average rent psqm	\$535

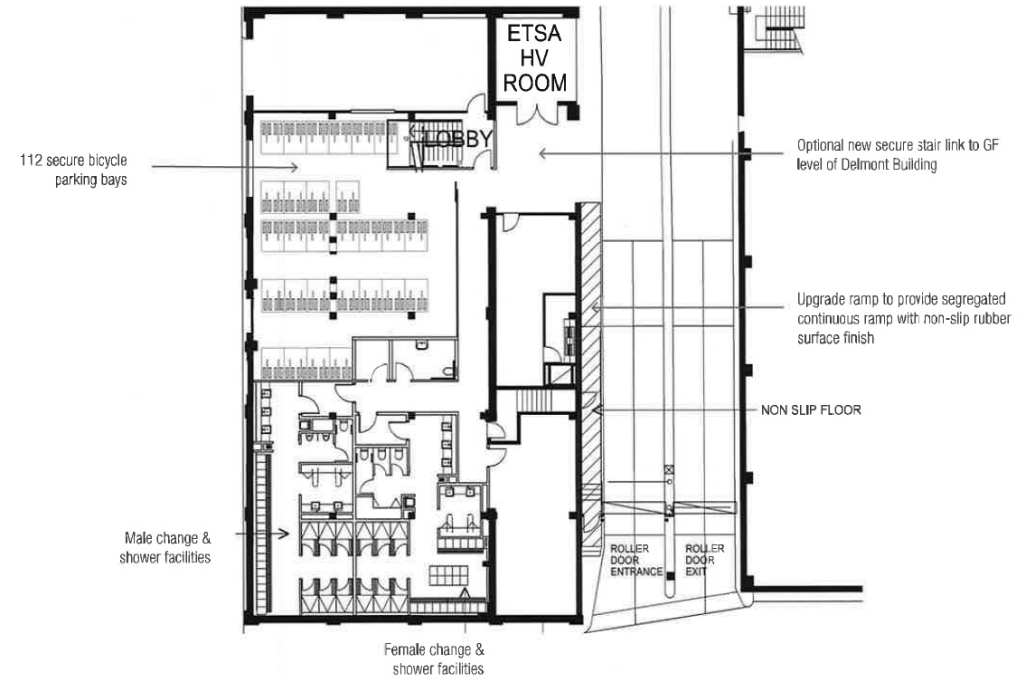


Westpac House – Planned improvements



End Of Trip Facilities

Basement Floor Plan



51 Allara Street - Canberra ACT

Abacus acquired Allara St in January 2008 for \$52.6 million

- The property was leased to three major tenants in the ATO, EY and Murray Darling Basin Commission

This eight level office block is centrally located on the intersection of Constitution Avenue and Allara Street in the Canberra CBD, which is the centre of a major government office precinct

- The property was substantially refurbished in 2000 and 2010
- The property has undergone a major refurbishment and increased the buildings NABERS rating to 5.0 Stars
- Provided 163 car parks

2011 lease signed by Government department for 10 years

- Department of Resources, Energy and Tourism have taken over 8,000 m²
- Murray Darling Basin Commission leases the remaining office space

Abacus also created a corporate childcare facility within the property of over 750m² for over 50 children, increasing the assets attractiveness to tenants

We are discussing with Murray Darling Basin Commission regarding lease expiry in 2017 renewal terms

Key metrics

Dec 15

Rate per square metre at acquisition	\$4,350
Cap rate	8.25%
NLA	12,088m ²
WALE	4.2yrs
Occupancy	100%
Average rent psqm	\$399



14 Martin Place - Sydney NSW

Abacus and the Kirsh Group acquired 14 Martin Place, Sydney in December 2010 for \$95.0 million on an initial yield of circa 8.0%

14 Martin Place is located in a prime corner position in the centre of Sydney's prestigious Martin Place financial precinct consisting of

- 8 level heritage façade commercial office building, built in circa 1892 that fronts Martin Place; and
- an interconnecting 20 Level commercial office tower fronting Pitt Street
- Total NLA of 13,138m² including 1,853m² of ground and lower ground floor retail

Precinct is currently undergoing a huge refurbishment with numerous properties subject to major redevelopments

We are at the end of a major retail refurbishment programme with new tenants/leases including MJ Bale, Joe the Juice and Long Chim Restaurant

The building is almost fully leased as a result with only a few small suites available

Key metrics

Dec 15

Rate per square metre at acquisition	\$7,232
Cap rate	6.4%
NLA (sqm)	13,136m ²
WALE (yrs by income)	2.7yrs
Occupancy (% by area)	92%
Average rent psqm	\$722



14 Martin Place: development opportunities

14 Martin Place, Sydney NSW

Works completed to date include a restoration of sections of the façade

- Protecting the heritage nature of the property while maintaining A Grade status

Finalising works remixing the retail tenancies

- Reconfigured space and tenancies to improve tenant quality and revenue sustainability

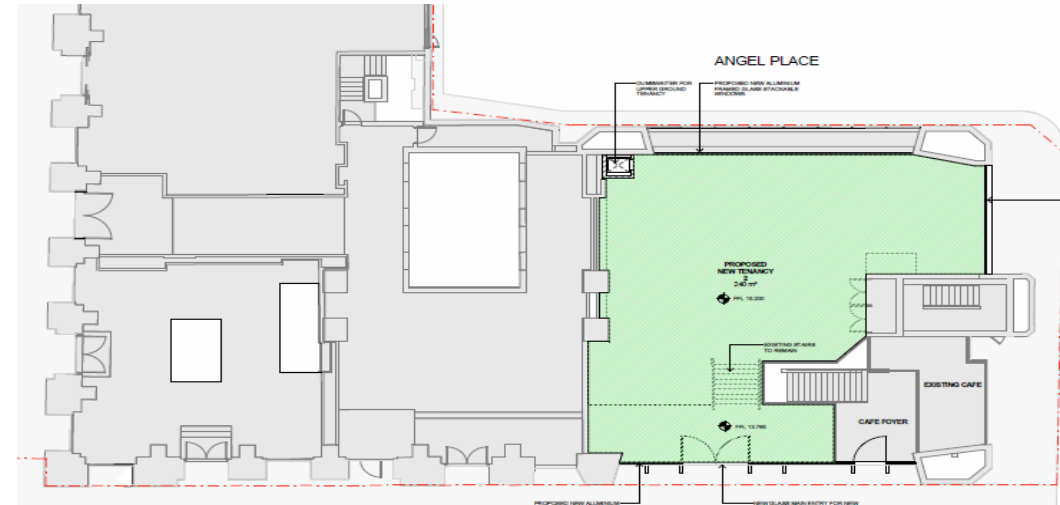
Redevelopment of 550m² lower ground floor retail space fronting Angel Place

- Lease signed with Award winning restaurant Long Chim out of Singapore with celebrity chef David Thompson
- Works completed in March 2016 with tenant DA now approval expected opening in August 2016
- WALE improves to 3.5 years

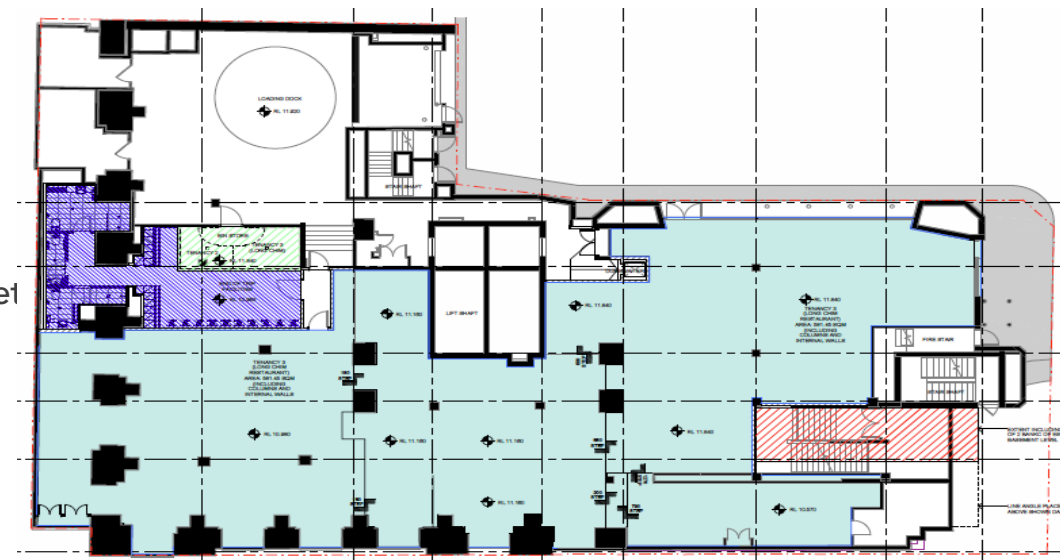
Redevelopment of 230m² retail space on ground floor facing Pitt Street heads of agreement signed with international café group, Joe the Juice, on a 10 year lease

Total development spend c.\$3.5 million targeted delivery of c.8-10% return on cost

14 Martin Place – Ground level



14 Martin Place – Lower ground level



14 Martin Place: development opportunities

Long Chim Restaurant – example of fit out



Long Chim Restaurant – example of fit out

33 Queen Street - Brisbane QLD

Abacus acquired 33 Queen Street, Brisbane in May 2013 for \$34.0 million on an initial yield of circa 9.4%

Located on the corner of Queen Street Mall and George Street, 33 Queen Street has an unrivalled location on one of the CBD's most high profile corners

The property consists of two integrated buildings – 33 Queen Street, a historic 7 level building and 199 George Street a recently constructed (2008) modern office and retail tower

Westpac Bank recently vacated on expiry

- Space presents well to large format retail which has struggled in this end of the mall, although Queens Wharf project will drive demand in this area in the near future, however we have leased to Chemist Warehouse Group for 6 years while the project progresses

Recent refurbishment strategy will repositioned the building via a staged subdivision of larger floor plates into smaller and more adaptive spaces for a mix of small operators ranging from 30-130m² in size

- Utilising similar strategy used with 180 Queen Street to drive higher rents

Key metrics

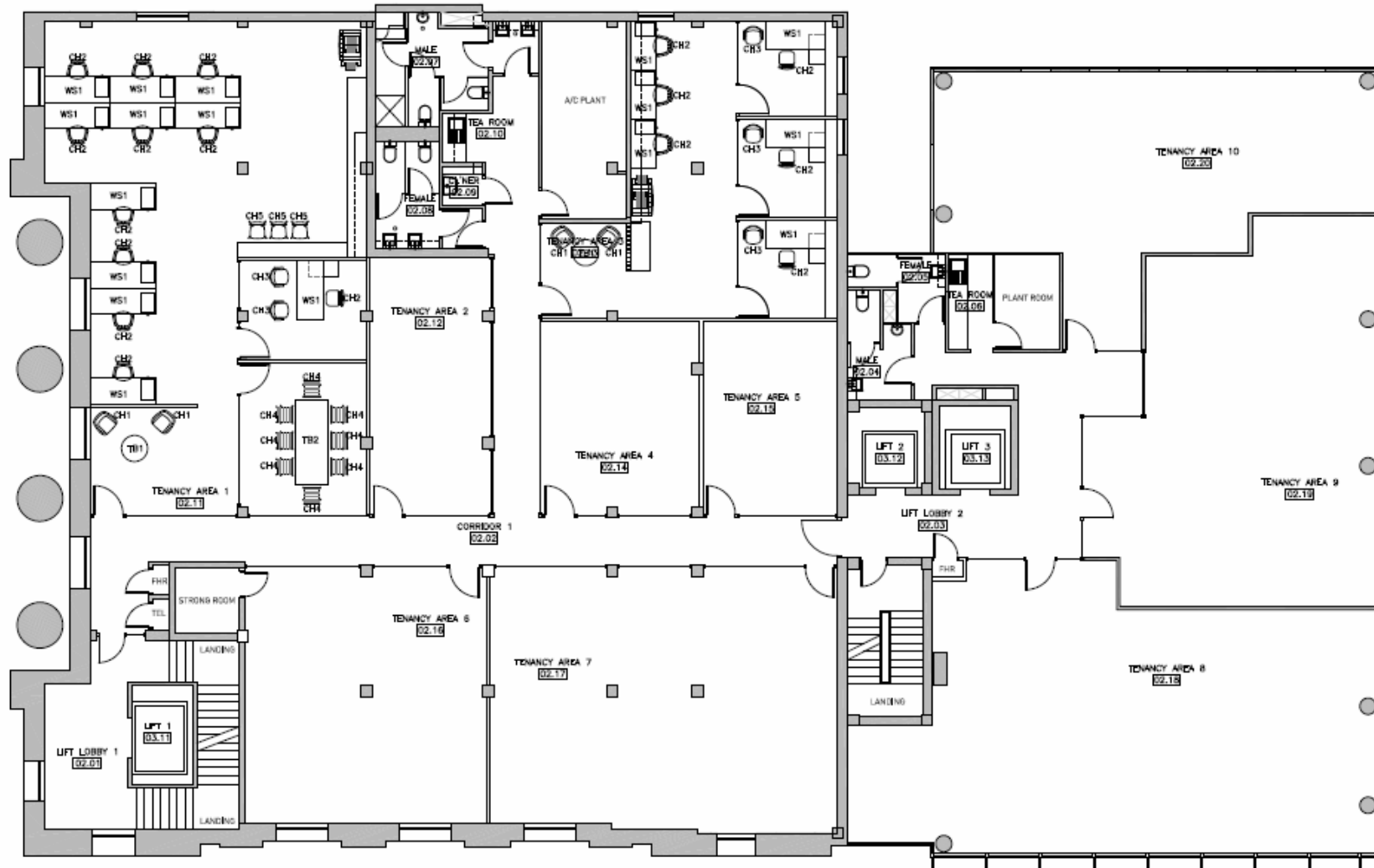
Dec 15

Rate per square metre at acquisition	\$5,600
Cap rate	8.50%
NLA (sqm)	6,035m ²
WALE (yrs by income)	2.1 yrs
Occupancy (% by area)	56%
Average rent psqm	\$615



33 Queen Street – refurbishment strategy

Example of refurbishment strategy and floor break up across adjoining floor plates of both buildings



33 Queen Street – refurbishment strategy

Pre-refurbishment



Post-refurbishment



This joint venture with Heitman was set up in 2011

The venture acquired 5 high quality assets with combined purchase prices of \$205m between June 2011 to August 2012

484 St Kilda Road, bought for \$68m in December 2011, was sold in September 2014 for \$94m

- The achieved equity IRR on the project was 24%
- Abacus IRR was 34%

Wharf 10, Pyrmont, bought for \$31.8m in August 2012, was sold in March 2015 for \$42m

- The achieved equity IRR on the project was 26%
- Abacus IRR was 40%

The remaining three assets are likely to be sold over the coming years as the joint venture concludes

Asset	Date	Acquired	Sold	IRR ¹
32 Walker Street, Sydney NSW	June 2011	\$35.6m	-	-
484 St Kilda Rd, Melbourne VIC	Nov 2011	\$68.0m	\$94.0m	34%
35 Boundary Street, Brisbane QLD	July 2012	\$40.3m	-	-
180 Queen Street, Brisbane QLD	July 2012	\$29.5m	-	-
Wharf 10, Sydney NSW	August 2012	\$31.8m	\$42.0m	40%



1. IRR is Abacus Property Group Equity IRR including all fee's

Heitman JV – Remaining assets

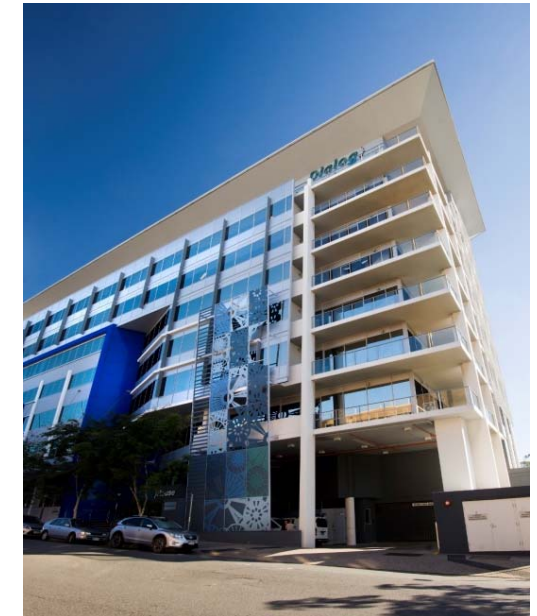
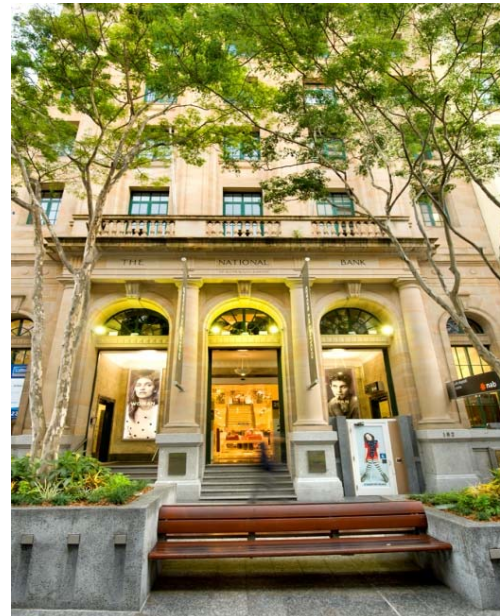
Key metrics

32 Walker Street, Sydney NSW

180 Queen Street, Brisbane QLD

35 Boundary Street, Brisbane QLD

Cap rate	7.0%	7.75%	8.0%
NLA (sqm)	6,569m ²	3,507m ²	8,121m ²
WALE (yrs by income)	3.3yrs	3.2yrs	2.9yrs
Occupancy (% by area)	100%	90%	87%
Average rent psqm	\$477	\$1,133	\$421



Investment Portfolio

Self Storage

Phil Peterson



Portfolio Update

Investment in self storage sector commenced in 2005

- Initial portfolio with 16 properties & approx. \$100m in assets
- Portfolio comprised 59 assets and \$514m @ Dec-15
 - Further 3 assets secured during H2 (2 existing stores and one industrial property for conversion) valued at approx. c\$25m.
 - H1 announced 5 assets for c\$43m (3 existing or converted stores and 2 new conversion projects)
- Facilities branded Storage King – the largest brand in Australia and New Zealand with 150 stores



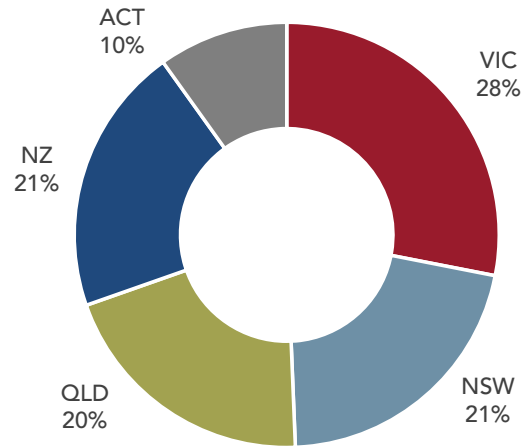
Portfolio has performed well and delivered strong cash flow

- Like for like portfolio comprises 46 properties – net property income growth @ approx. 6% p.a. on prior period
 - Long term average approx. 4% p.a.
 - Total portfolio rental yield up to \$257psm and occupancy @ 86.2% => REVPAM \$222 (FY16 YTD ave)
- Total portfolio (ex 5 new stores in let up) – Ave rental yield @ \$259psm and occupancy @ 87.0% => RevPAM @ \$225
- Active strategies to drive rental growth store by store

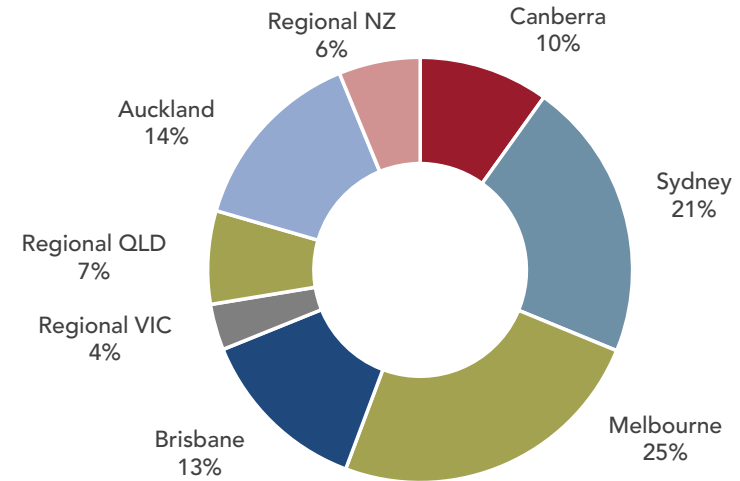


Storage portfolio overview

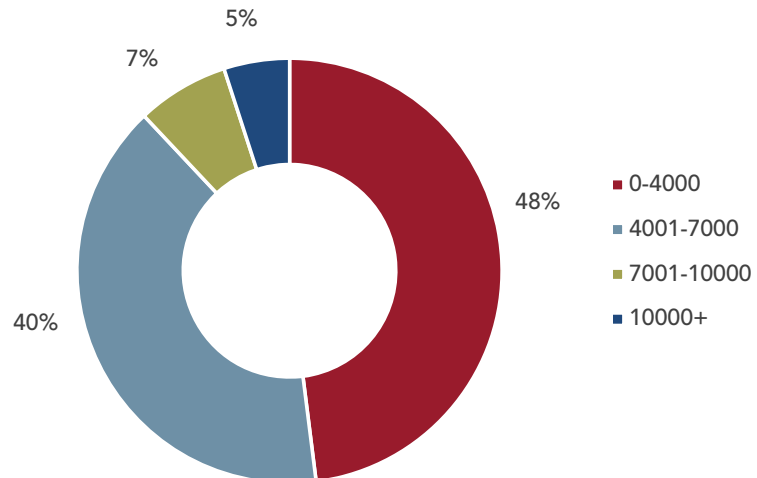
Geographic diversity by NLA



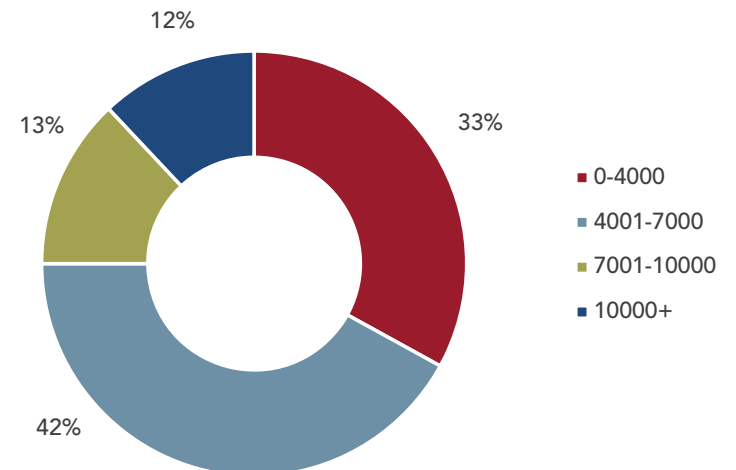
Geographic diversity by NLA



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

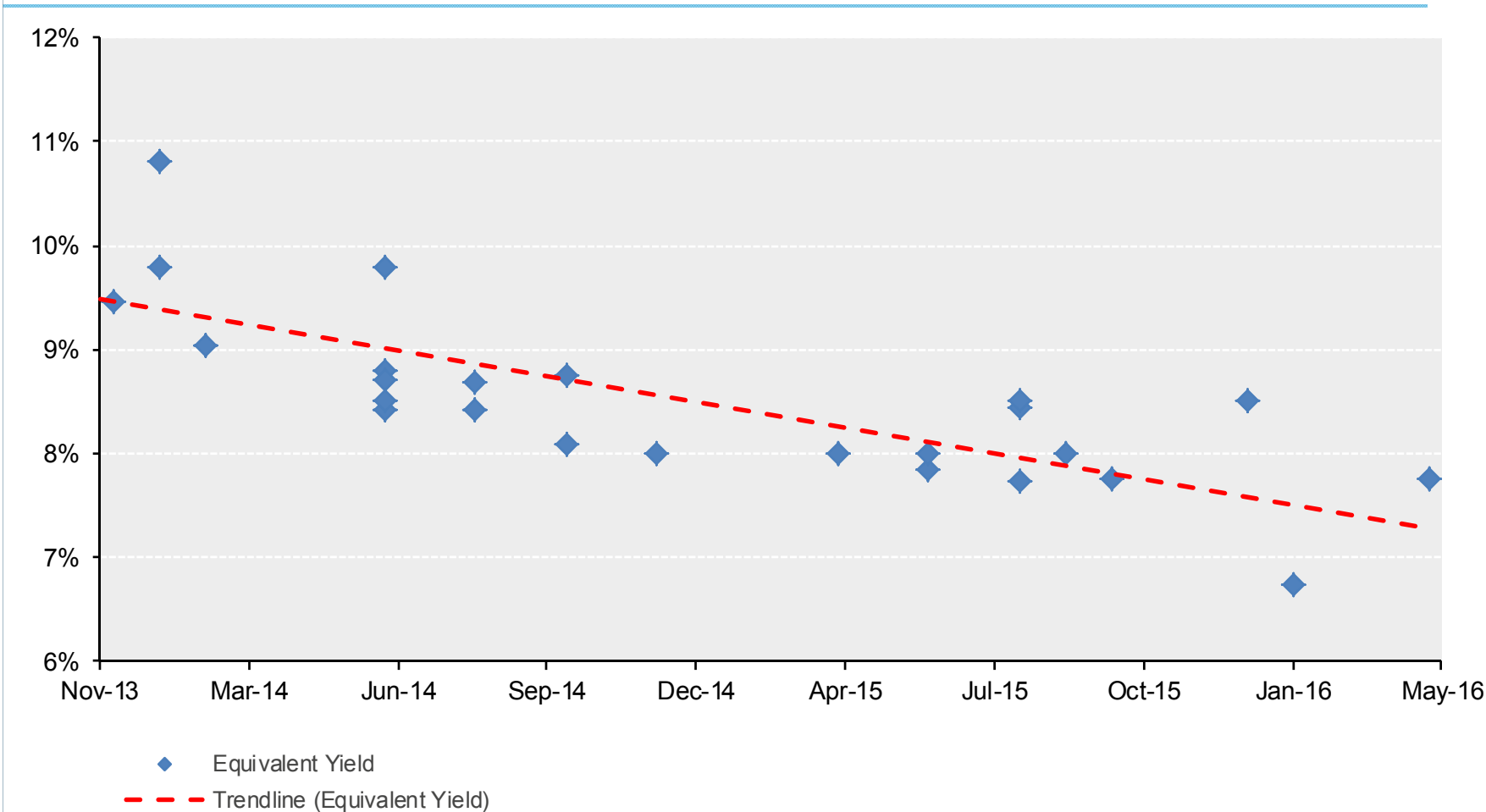


Asset net lettable area (m²) split by value



Equivalent Yields for Major Aus & NZ Transactions (Freehold)

SINCE 1 JULY 2013



Source : Urbis

Storage Portfolio overview

Portfolio will consists of:

- 52 stabilised storage assets
- 5 newly converted assets with a further 2,100m² of undeveloped but planned NLA
- 5 assets with future conversion for 21,600m² of NLA

Portfolio total customers approx. 24,000

Average stay per customer of almost 36 months

5 converted stores with completed stages, as at April 2016, are averaging 76.1% occupancy after 16 months of operation

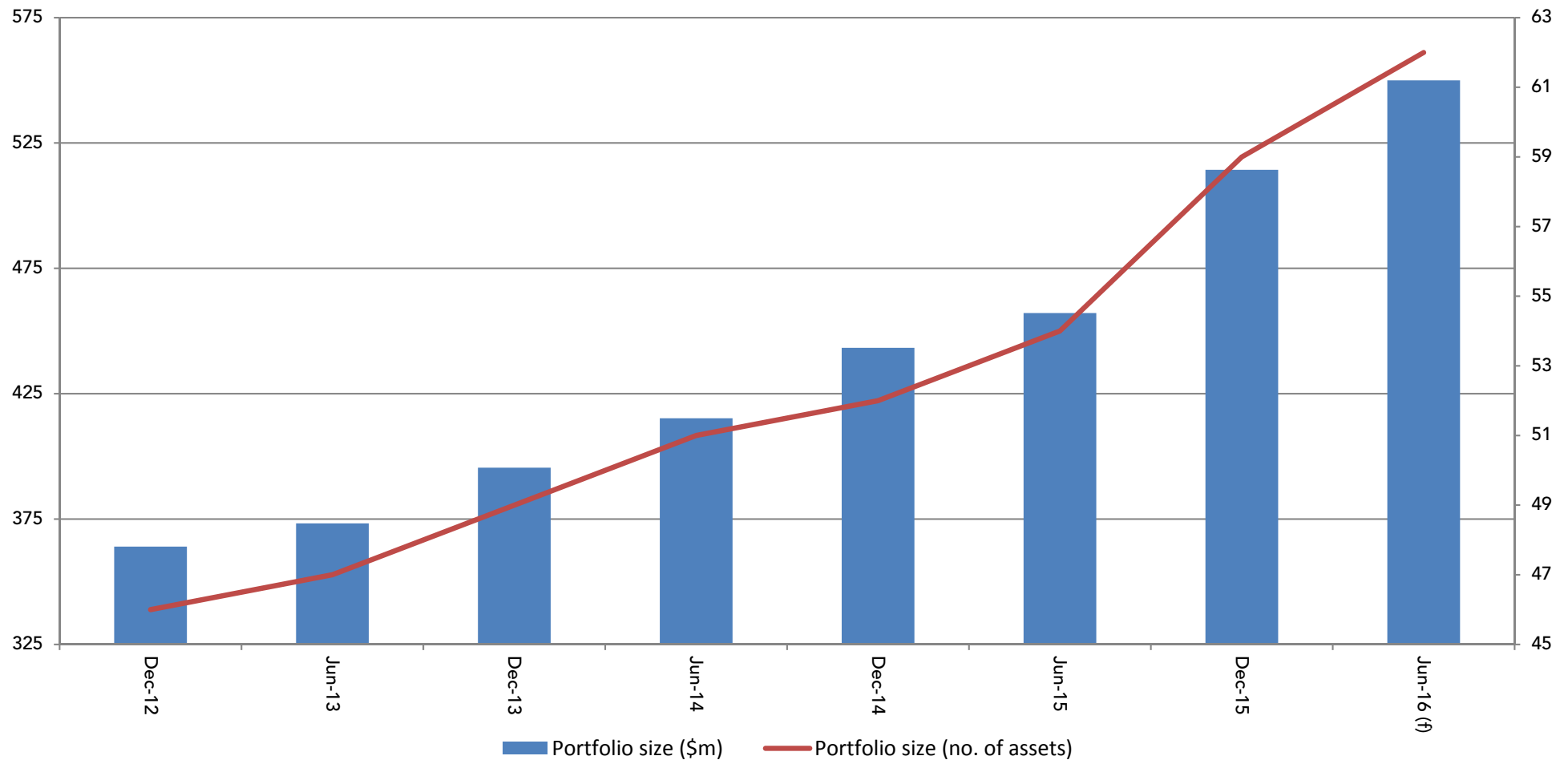
- Market rates suggest average rental rate of c.\$270psqm achievable

Current pipeline of approved and unapproved stages will deliver an additional ~26,300m² of NLA over the next two years

- Includes new and existing asset expansion projects
- Average return on cost on new and future conversions should hit c.11% inclusive of acquisition costs
- 2,600m² of existing site expansions should yield average 20% return on cost

Portfolio value compound growth of 12.5% pa

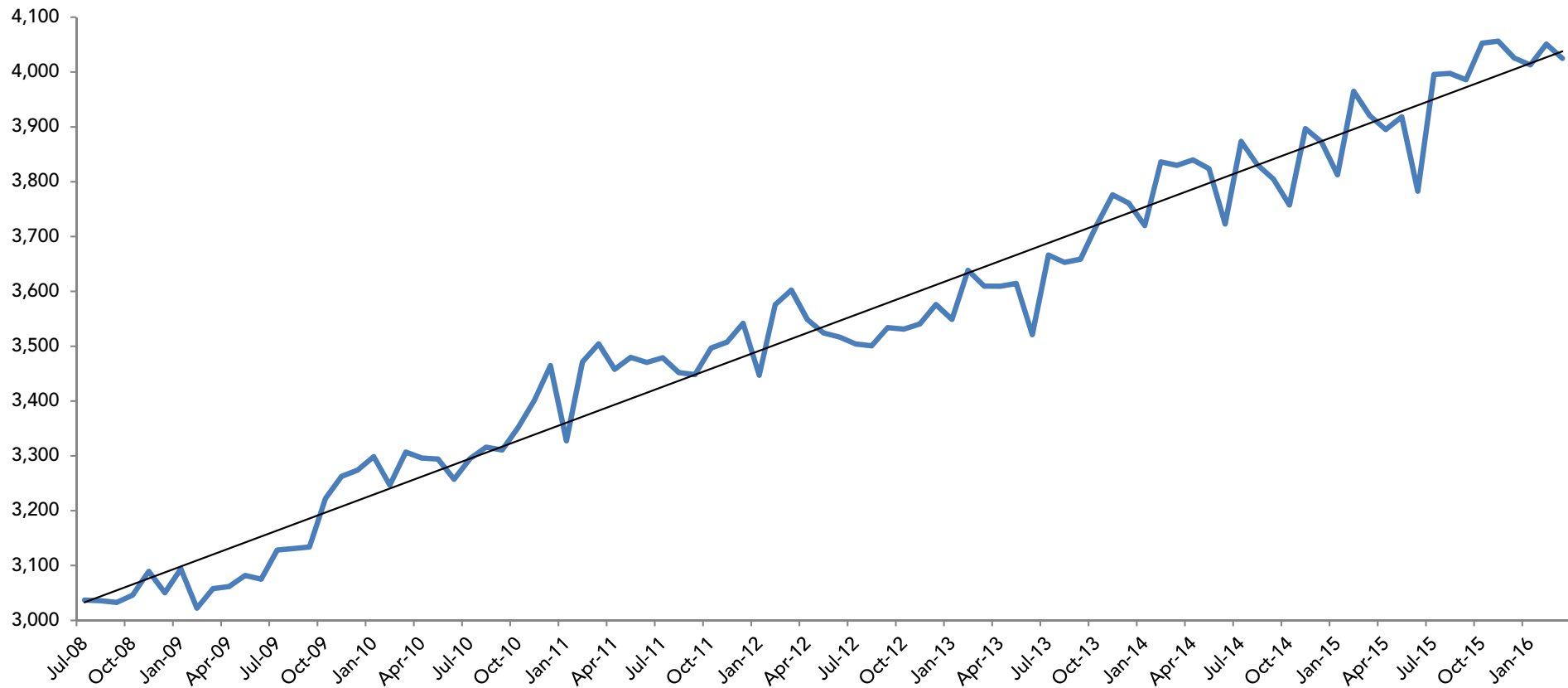
Storage portfolio: \$550 million portfolio by 30 June 2016



Total revenue compound growth of 4.0% pa

Storage portfolio: \$550 million portfolio by 30 June 2016

Total Revenue (monthly) (Life For Like stores)¹



1. Includes 41 like for like stores held since July 2008

Scope to leverage existing portfolio and grow platform

Organic growth from existing portfolio – yield, occupancy plus margin

- Optimise REVPAM through balance between occupancy and rental yield levers

Acquire stores – existing/operating storage facilities

- FY16 acquired freehold stores with focus on metro markets
- Transactions include two in Brisbane, one Melbourne and one Auckland increasing platform by approx. 24,000 NLA sqm
- Auckland acquisition at St Lukes – NZ\$11m
 - Purpose built facility with expansion potential for additional units to maximise NLA
 - Abacus portfolio now has 12 assets in NZ – with 8 high quality facilities in key Auckland market



Develop new stores

Acquire suitable land OR existing industrial properties and convert to new storage facilities

- Leverage access to industrial property opportunities with storage skills to develop and grow portfolio
- Since Jun 2014 – Abacus has added 5 stores to the platform and fitted out approx. 14,000 sqm (includes 4 stores in Sydney metro area) with further c2,100sqm to complete
- Current development pipeline includes an additional 5 stores and NLA potential approx. 21,000sqm (fully developed) – 3 to be completed during FY17 (includes 1 store in Sydney and 2 in Melbourne)



Growth opportunities – Case study

Macquarie Park, Sydney (NSW)

Property acquired from mortgagee in possession for \$5.0M with GFA of c5,000sqm (\$1,000psm)

Property backs on to 'Lachlans Line' high density residential mixed use precinct and new train station under construction

High yield catchment in Sydney with proximity to growth in high density residential, retail and Macquarie University

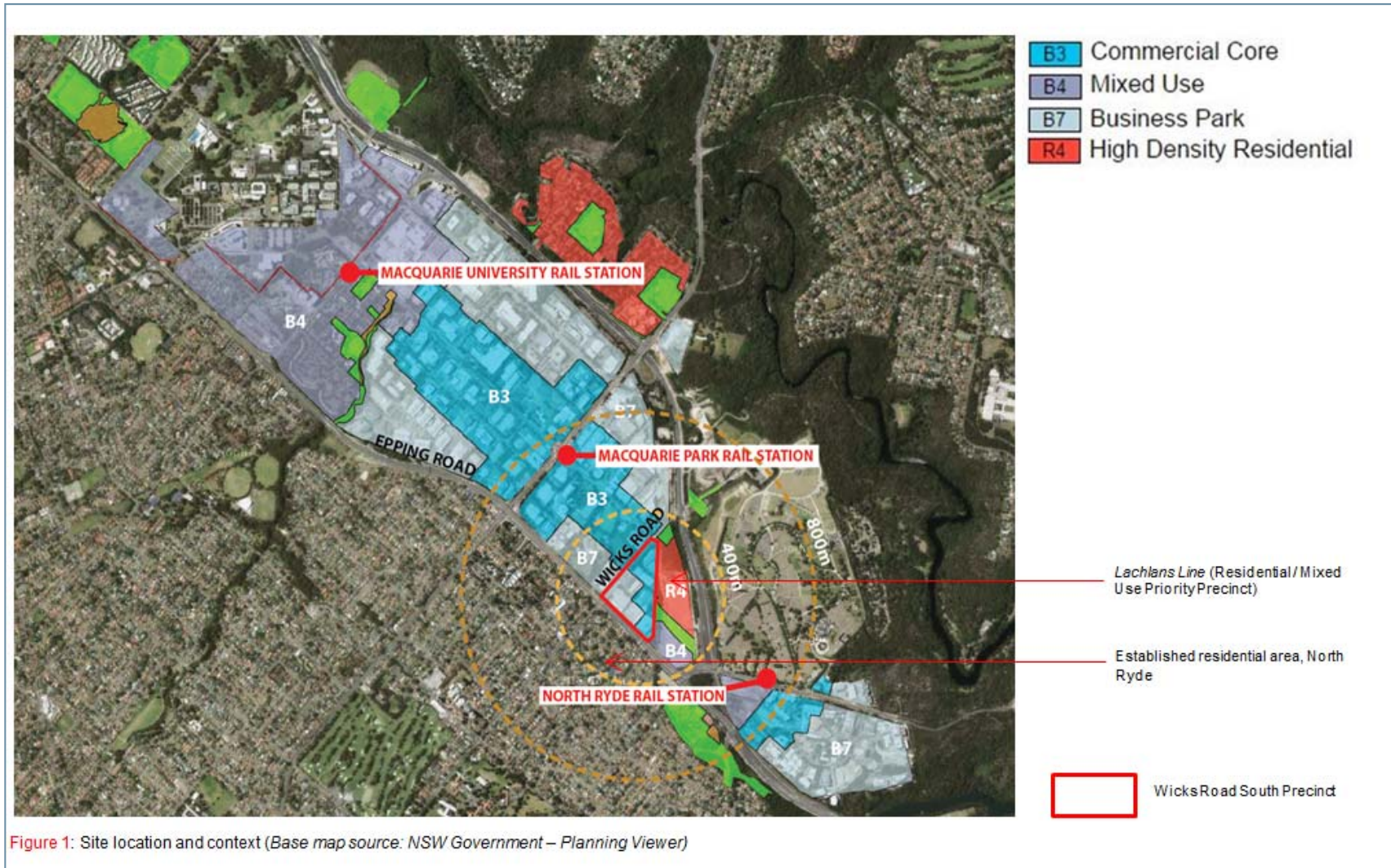
DA to convert existing improvement approved in May, which will generate approx. NLA 4,000sqm

Anticipate average rental rate to exceed portfolio average

Long term potential for rezoning to high density residential



Growth opportunities



Growth opportunities – Case study

South Oakleigh, Melbourne (VIC)

Property acquired for \$3.450 with GFA 3,576 (rate \$965psm) and site 6,782sqm.

Tenant in place short term – generating cash flow while DA approval was obtained

Good clearance in warehouse allows fit out of new mezzanine floor plus surplus land to be used for external/drop down units

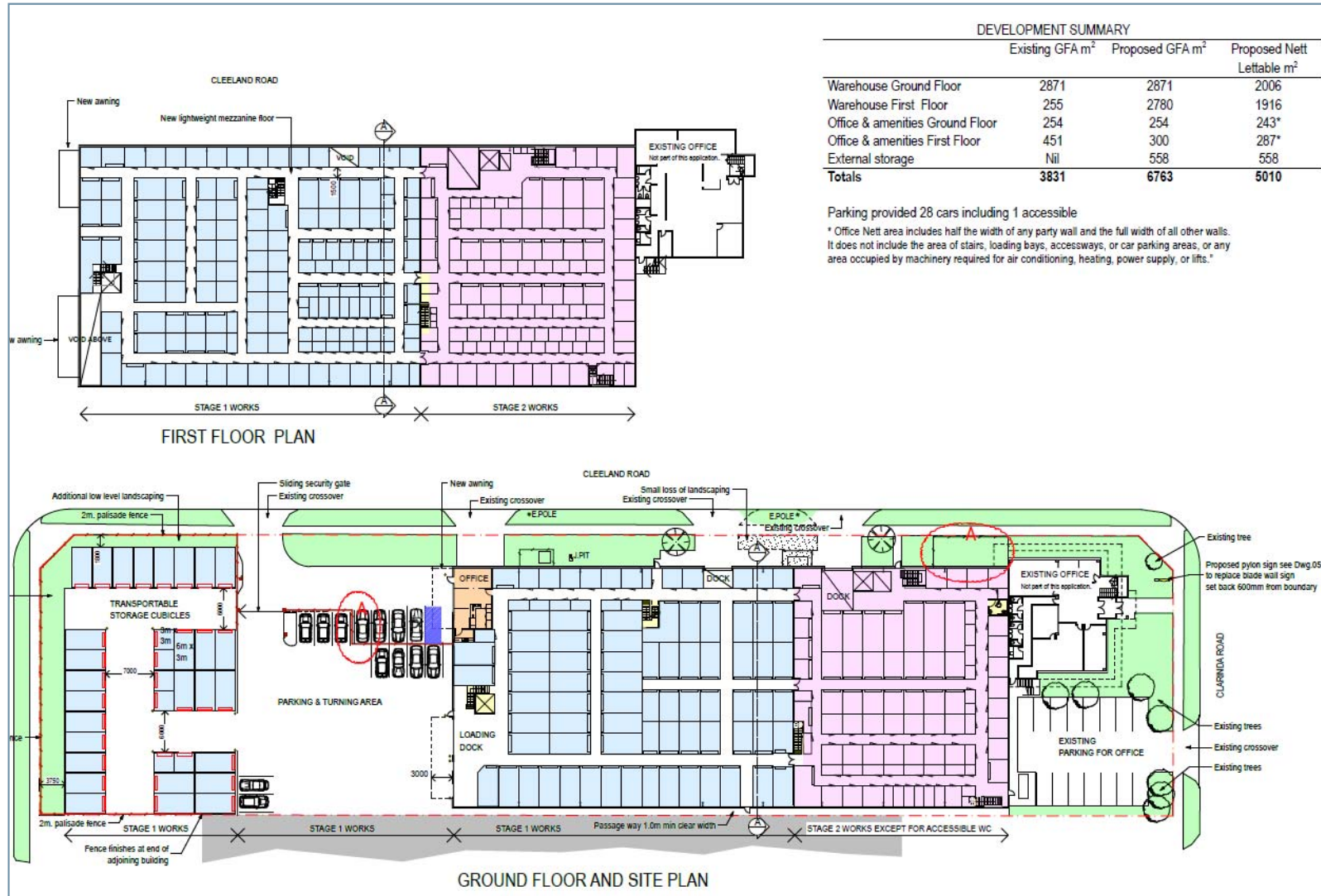
Storage property developed will generate NLA c4,500sqm plus front office tenancy 500sqm on Clarinda Road

Office tenancy to be stripped out and converted to café pending separate planning approval for change of use to be finalised

Anticipate average rental rate to exceed portfolio average



Growth opportunities



Growth opportunities – Case study

St Peters, Sydney (NSW)

Property acquired for \$3.975M with GFA of 3,300sqm (\$1,200psm)

Located on Princes Highway in Sydney with excellent exposure to passing cars

Facility in close proximity to neighbouring high density resi precincts e.g. Mascot, Wolli Creek, providing good demand driver for self storage

High yield catchment with small ave. unit size

Works completed in Feb-15 and trading commenced in Mar-15

Facility is trading strongly delivering above average portfolio rental rates with expectations to further improve once stabilised



Growth opportunities – Case study

Thornleigh, Sydney (NSW)

Property acquired for \$2.350M with GFA of 3,500sqm (\$670psm on building GFA) and site area of 4,100sqm (\$570psm on land area)

Property acquired below land value with storage development potential in northern suburb of Sydney

Development approval obtained to convert existing improvements into storage facility plus build more units on surplus land

Works for stage 1 completed in Dec-14 delivering NLA of 2,627sqm and fully developed will be take facility to approx 3,600sqm

Stage 1 has experienced strong let up since opening

Anticipate stage 2 delivery in FY17



Growth opportunities – Case study

Wodonga (VIC)

Planning approval obtained to construct purpose built facility with total storage potential of approx 3,100sqm

Stage 1 of project completed in Nov-14 with NLA of 1,700sqm and associated infrastructure

Stage 2 of project delivered 1,400sqm and completed in Oct-15

Facility trading at optimal occupancy with strong yield for the local market

