

ASX ANNOUNCEMENT

2016 AGM - Chairman's Address

Ladies and gentlemen, welcome to our 2016 Annual General Meeting. My name is John Thame and I will chair today's meeting.

We have recently released our 2016 Annual Financial Report and our 2016 Securityholder Review. You may also have seen our results presentation in August. These provide a comprehensive summary and analysis of our performance over the 2016 financial year. I commend to you our operating and financial review that forms part of the directors' report in our annual financial report. This review provides a detailed overview of our businesses. If you want copies of these documents, they are available here.

Frank will go into more detail about our results for the year and provide an update during his presentation but I would like to touch briefly on our results from the last year.

We were delighted to present another good result for Abacus Property Group, with contributions from all of Abacus' business sectors showing the diversification benefits of our multi-business model. Our self storage and property ventures businesses, in particular, had strong results.

Sustainability, or ESG reporting, has become more and more an integral element to corporate reporting. We are very proud of our sustainability protocol and strategies. Our report shows the environmental footprint from the Group's operations, and management and key performance indicators over time, to help us manage and reduce our consumption of natural resources. We encourage you to read this report.

We are constantly improving and expanding our progress across our sustainability activities and we are pleased to report that we recently took another step forward on our sustainability reporting journey. We have committed to deliver a more comprehensive sustainability report which will align the Group with globally accepted frameworks. As part of this commitment we have set a target to deliver our FY17 sustainability report prepared in accordance with the Global Reporting Initiative (GRI) G4 requirements. The GRI report is one of the globally recognised reporting frameworks and will bring the Group in line with its peers domestically and overseas. This process is now well underway.

I turn now to the remuneration report which is set out at pages 17 to 30 of our 2016 Annual Report. The remuneration report explains the Board's policy in relation to the nature and amount of remuneration paid to directors and executives and the link between remuneration and performance conditions.

The Board has reviewed the Group's remuneration policy and principles for directors and executives. We considered the views of the proxy advisers and in response addressed a number of matters:

- we introduced a greater degree of disclosure around the Managing Director's performance;
- we changed the split of fixed and variable remuneration and introduced caps on current and deferred variable remuneration;
- we reduced the number of Board discretions relating to executive remuneration and provided more fulsome disclosure around those discretions;
- we provided disclosure of the underlying profit gateway for current variable remuneration;

- we disclosed the distribution level below which deferred variable remuneration may be clawed back; and
- we improved the transparency and simplified the way we report our remuneration.

We are pleased with the responses that we have received from investors and proxy advisors, which have generally been supportive of our latest remuneration report.

To conclude, Abacus has delivered another pleasing result, which continues a trend of strong results. As I mentioned previously, the benefits of our multi-business model have been validated with strong contributions from our self-storage and property ventures businesses offset reductions in income from our commercial portfolio (resulting from recent asset sales). We have successfully invested across our self-storage and residential development platform, selectively adding strong assets in sectors offering the best risk-adjusted returns at this time in the cycle.

Frank is going to spend more time discussing our strategic focus in FY17, but we are committed to re-allocating balance sheet capital into our core businesses to grow our recurring earnings through investments into the commercial portfolio and self-storage facilities. Importantly, this growth in recurring earnings will ensure the Group is well placed to grow distributions to securityholders in the future.

As a result, we are pleased to announce an increase in our FY17 forecast distribution to 17.5 cents per security, barring any unforeseen circumstances, an increase of 2.9% on the distribution securityholders received over the FY16 year. Going forward, Abacus will seek to target an annual distribution growth of between 2-3% p.a.

I would specifically like to mention that we have a very strong and experienced team at Abacus. They continue to do an excellent job and we have every confidence that they will continue to deliver long term securityholder returns. My board colleagues and I thank them for their commitment and engagement during the past year.

Finally, we and the other members of our Board would like to thank you, our investors, for your continued support.

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About Abacus

Abacus Property Group is a diversified property group that specialises in investing in core plus property opportunities across Australia's commercial property markets. Abacus was established in 1996 and listed on the ASX in November 2002. Abacus has achieved a successful track record of acquiring property based assets and actively managing those assets to enhance income and capital growth. Abacus has a market capitalisation of over \$1.6bn.