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

abacus property group

'It's all about the property'

HY17 Results Presentation

HY17 financial summary


14 Martin Place, Sydney NSW


710 Collins Street, Melbourne VIC


World Trade Centre, Melbourne VIC

Statutory profit
$191.7 million
Up 2.5x

Underlying profit
$69.5 million
Up 21.7%

Net tangible asset
$2.94 per security
Up 10.5%

Underlying EPS
12.2 cps

Underlying DPS
8.75 cps

Payout ratio
71.5%

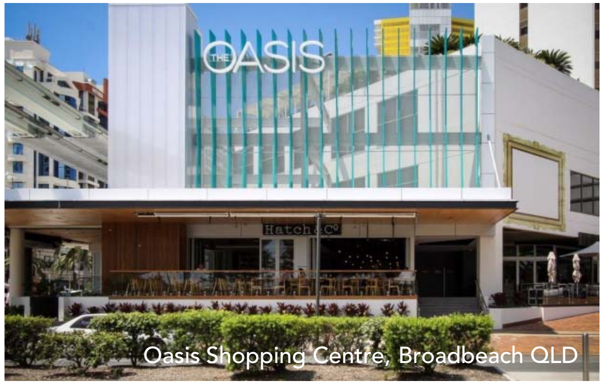
Total assets
$2.4 billion

Group gearing
22.7%

Interest cover ratio
6.2x

HY17 highlights


Spice apartments, Brisbane QLD



Oasis Shopping Centre, Broadbeach QLD


201 Pacific Highway, Sydney NSW

We have remained committed to our core plus value add strategy

We continued to be active during the period

- Acquired 2 commercial assets totalling $90 million in value
- Sold or exchanged contracts to sell 4 commercial assets of over $150 million
- Added 4 self-storage assets valued at $22 million to the portfolio
- Realised over $80 million of cash from residential development projects

The company provides a diversified platform embedded with strong investment opportunities that will continue to deliver strong returns through cycles

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

Our financial results over the last 5 years continue to illustrate our ability to deliver sustained growth in underlying profit

- 6.2% Underlying earning per security CAGR[1] HY13

We are very proud of our results and remain convinced our core plus value add investment style, that focuses on property fundamentals, is the right strategy as we enter the next cycle

1. CAGR: Compound Annual Growth Rate

Financial results and capital management

Spice residential development, Brisbane QLD

Diversified business delivers results

Key financial metrics	Dec 16	Dec 15	
Consolidated Group[1] AIFRS statutory profit	$191.7m	$75.5m	2.5x
Abacus AIFRS statutory profit	$161.4m	$70.9m	2.3x
Underlying profit[2]	$69.5m	$57.1m	22%
Underlying earnings per security	12.2c	10.3c	19%
Distributions per security[3]	8.75c	8.5c	3%
Cashflow from operations	$64.6m	$40.6m	
Interest cover ratio[4]	6.2x	4.3x	
Weighted average securities on issue	568m	554m	

1. The Group consists of the merged Abacus Property Group, Abacus Hospitality Fund, Abacus Wodonga Land Fund and ADIF II
2. Calculated in accordance with the AICD/Finsia principles for reporting Underlying Profit
3. Includes distributions declared post period end (12 January 2017 and 12 January 2016)
4. Calculated as underlying EBITDA divided by interest expense and includes impairments on inventory

Underlying Profit $69.5 million

Strong results across the commercial property and self-storage sectors offset a slight reduction in development revenue on the prior corresponding period (pcp)

Drivers of underlying profit in HY17:

- $6 million of increased commercial and self-storage rental income on pcp
- $10 million gain from The Prince residential development project
- $11 million of gains from the sale of commercial properties

12% increase ($3.1 million) in net rental income across the commercial portfolio as a result of recent acquisitions and improvement in occupancy at Bacchus Marsh and 14 Martin Place

17% increase ($3.1 million) in self-storage income from:

- Strong RevPAM gains across the established portfolio
- Contributions from facilities in lease up mode

10.5% growth in net tangible assets per security

Abacus has a strong balance sheet

Balance sheet gearing reduced to 22.7% on the back of realisations across our investment portfolio and residential developments

- Remains well below targeted limits of up to 35%

NTA per security grew by 10.5% to $2.94 driven by cap rate compression and stronger earnings performances from a number of investment properties

Increased liquidity of $150 million provides for $240 million of acquisition capacity

Balance sheet metrics	Dec 16	Jun 16
NTA per security	$2.94	$2.66
NTA per security less February distribution[1]	$2.85	$2.59
Abacus total assets	$2,423m	$2,302m
Net tangible assets[2]	$1,683m	$1,480m
Total debt facilities	$873m	$873m
Total debt drawn	$571m	$629m
Average cost of drawn debt	5.3%	5.4%
Abacus gearing ratio[3]	22.7%	25.8%
Covenant gearing ratio[4]	25.7%	29.5%
Debt term to maturity	3.5 yrs	4.0 yrs
% hedged of drawn debt	59%	53%
% hedged of total debt facilities	38%	38%
Weighted average hedge maturity	2.7 yrs	2.7 yrs

1. 8.75c distribution in February 2017 and 8.5c in August 2016 respectively
2. Excludes external non–controlling interests of $44.6 million (HY16: $42.9 million)
3. Bank debt minus cash divided by total assets minus cash. If joint venture and fund assets and debt are consolidated proportionately based on Abacus' equity interest, look through gearing is 26.8%
4. Covenant gearing calculated as Total Liabilities (net of cash) divided by Total Tangible Assets (net of cash)

Investment portfolio overview

World Trade Centre, Melbourne VIC

It's all about the property
Investment portfolio of $1.7 billion

Key portfolio metrics	Dec 16	Jun 16
Investment portfolio value[1] ($m)	1,688	1,568
Commercial portfolio[1] ($m)	1,074	994
Self-storage portfolio ($m)	614	574
WACR[1,4] (%)	7.31	7.48
No. of commercial assets[1]	34	32
Net lettable area (NLA) (m^2)[2,3]	308,709	302,888
Occupancy[2,3] (% by area)	90.4	91.2
WALE[2,3] (yrs by income)	4.1	4.3
Like for like rental growth[2,3] (%)	2.2	2.7

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

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

- Acquired 4 assets for the self-storage portfolio
- Added investments in 2 office assets in Brisbane CBD for $90 million
- Sale of 2 assets during the year for c.$100 million

Investment portfolio delivered 4.8% or $76.9 million revaluation gains in HY17

Commercial portfolio delivered a 79% increase in underlying EBITDA to $50.0 million in HY17 driven by sales and recent acquisitions improving net rental income

Occupancy slightly reduced to 90.4% following the sale of higher occupancy assets and the acquisition of lower occupancy assets with strong value add characteristics

Occupancy continues to be limited by a number of commercial assets effected by redevelopment/refurbishment projects

Commercial portfolio like for like rental growth of 2.2% reduced following periods of stronger growth on the back of post development leasing successes

It's all about the property
Office and Industrial portfolio

$29m
Office: portfolio value uplift[5]

$551m
Office portfolio value

7.0%
Office portfolio WACR[1,3]

3.8 yrs
Office portfolio WALE[1,4]

88.6%
Office: portfolio occupancy[1]

(0.1)%
Office: rental growth[1,2]


33 Queen Street and 199 George Street, Brisbane QLD

$25m
Industrial portfolio asset value uplift

$149m
Industrial portfolio value

8.2%
Industrial portfolio WACR[1,3]

3.2 yrs
Industrial portfolio WALE[1,4]

92.1%
Industrial portfolio occupancy[1]

2.0%
Industrial: rental growth[1,2]


169 Australis Drive, Derrimut VIC

1. Excludes development assets
2. Like for like rent growth
3. Weighted Average Cap Rate
4. Weighted Average Lease Expiry
5. Includes fair value gains on equity accounted investments

It's all about the property
324 Queen Street - Brisbane QLD

Abacus acquired a 50% interest in 324 Queen Street, Brisbane in December 2016 for $66 million on an initial yield of circa 7.1%

- Investec acquired the remaining 50% as tenants in common

A strong commercial asset located in a premier position in the Brisbane CBD's Golden Triangle

- Located at the junction of Queen and Creek streets, the property has a commanding street presence and a strong retail component

c.20,000m^2 of net lettable area provided over two level basement carpark, ground level retail, three level podium and a main tower of 22 levels

- 98 secure basement parking spaces
- c.80% occupied with a lease expiry profile of 3.2 years

The property offers an outstanding core plus opportunity within the office sector in the current market

- Excellent location
- Purchased on a low capital rate per sqm reflecting vacancy compared to neighbouring property transactions
- Vacancy provides upside potential
- Long term potential to explore a retail conversion of the podium

Key metrics

Rate per square metre at acquisition	$6,645
Cap rate	7.5%
NLA (sqm)	19,864m^2
WALE (yrs by income)	3.2 yrs
Occupancy (% by area)	80%
Average rent psqm	$612

It’s all about the property
Delivering on strategy

Westpac House, Adelaide SA

- Acquired 50% for $51 million in October 2004
- High quality building, considered one of the best office assets in it’s precinct - underwent strong tenant repositioning
- Had recently renewed Westpac 3,300m^2 lease and signage rights
- Sold 50% interest for $88.5 million delivering $9.5 million profit in HY17


Westpac House, Adelaide SA

31-49 Browns Road, Clayton VIC

- Acquired in May 2013 for $19.55 million on a sale and lease back to PMP Limited on a 10 year, triple net lease at a 9.6% initial yield
- Asset provided 60,000m^2 of land with 30,000m^2 of improvements at an exceptional price of $325psm of land
- Asset provided a strong income with robust annual increases and a long term future potential residential development
- Sold for $51.5 million with settlement due in April 2017


31-49 Browns Road, Clayton Melbourne VIC

It's all about the property
Retail portfolio

$4m
Portfolio value uplift[5]

$374m
Portfolio value

6.6%
Portfolio WACR[1,3]

89.4%
Portfolio occupancy[1]

4.7 yrs
Portfolio WALE[1,4]

4.5%
Rental growth[1,2]

1. Excludes development assets
2. Like for like rent growth
3. Weighted Average Cap Rate
4. Weighted Average Lease Expiry
5. Includes fair value gains on equity accounted investments

Strong leasing results continue to drive strong like for like rental growth up 4.5% for the period

- Driven by strong leasing across Ashfield Mall and Oasis Shopping Centre (particularly following completion of development works)

Leasing successes have led to an improvement in portfolio occupancy to 89.4% from 85.7% in June 2016

Portfolio valuation uplifts were modest over the period reflecting minimal cap rate compression for the period

Portfolio characteristics reflect assets with strong value add opportunities through redevelopment and tenant remixing

It's all about the property
Retail portfolio updates

Retail portfolio development pipeline robust with multiple projects

Ashfield Mall has completed its new alfresco dining redevelopment at the forecourt including new centre signage to Liverpool Road

- Completed redevelopment delivered a 14.5% yield on cost
- Stage two of redevelopment plans to provide additional retail NLA of 2,500m^2 and childcare/gym development due in 2018 following final DA approval

Oasis Shopping Centre continues to make progress on its redevelopment plans with the progress on two projects during the period

- New restaurant precinct and mall upgrade DA has been approved and will provide 5 upgraded F&B tenancies and new awnings and entry statement onto the Broadbeach Mall
- Anticipate completion by FY17 providing c.10.5% yield on cost
- The removal of the Monorail has been approved and should provide the potential to free up c.4,000m^2 on additional NLA

Lutwyche City Shopping Centre moves forward with its redevelopment plans to introduce a third major tenancy and take advantage of site area for additional NLA

Ashfield Mall new forecourt, Sydney NSW

Artist's impression of restaurant precinct, Oasis Shopping Centre, Broadbeach QLD


It's all about the property
Self-storage: buy and hold strategy

Self-storage portfolio: $613 million

19.5% increase in underlying EBITDA to $19.0 million in HY17 driven by strong trading and recent acquisitions

- 17% increase in self-storage rental income

Portfolio delivered c.$12.4 million of valuation gains driven by an improvement in revenue and a small decrease in average cap rate to 7.9% from 8.0%

Established portfolio's metrics improved over the 6 months to:

- 88.7% occupancy up 1.3%
- $262m^2 rental rate up 0.9%
- $232m^2 RevPAM[4] up 2.2% (4.4% annualised)

12,000m^2 or 4.1% increase in portfolio NLA during HY17

Optimised RevPAM through balance between occupancy and rental yield levers

Key metrics	AUS	NZ	Dec 16	Jun 16
Portfolio value ($m)	489.5	123.9	613.4	574.4
No. of self-storage assets	54	12	66	62
WACR	7.9%	8.2%	7.9%	8.0%
NLA[1] (m^2)	241,000	61,000	302,000	290,000
Land (m^2)	399,000	105,000	504,000	480,000
Occupancy[2]	88.5%	89.5%	88.7%	87.4%
Average rental rate[2], $psm	$260	NZ$279	$262	$260[3]
RevPAM[4] (per available sqm)[2]	$230	NZ$250	$232	$227[3]

St Lukes facility, Auckland NZ

1. Includes commercial and industrial properties held for redevelopment
2. Average over last 6 and 12 months (by area) of established facilities
3. Adjusted to HY17 FX rate of $1.0397 for comparison purposes
4. RevPAM: Revenue per available square metre

It's all about the property
Self-storage portfolio updates

Portfolio consists of:

- 53 established self-storage facilities and
- 6 newly converted self-storage facilities with further expansion potential
- 7 non storage assets with conversion potential of 20,000+m^2 of NLA
- Portfolio total customers approx. 26,000

Continued our acquisition strategy with 4 assets added to the portfolio

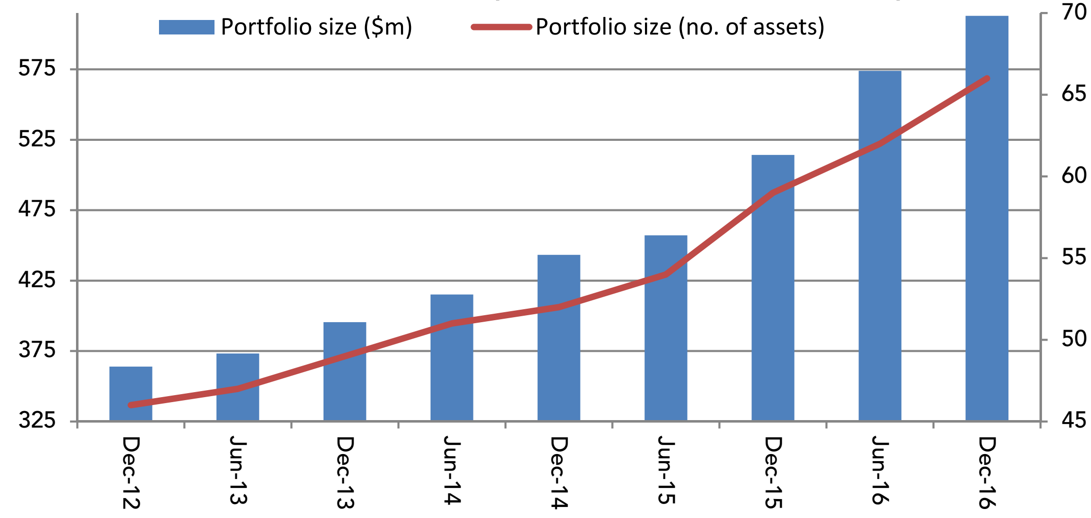
- $12.2 million on 2 established facilities
- $9.8 million on 2 non storage assets with conversion potential

Buy and hold strategy focused on acquisition, development, expansion and optimisation

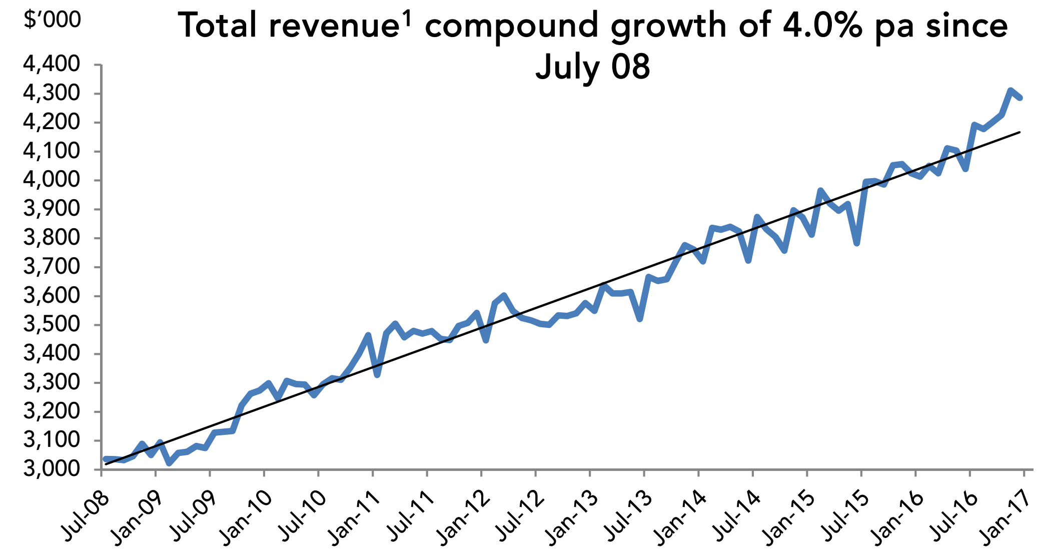
Like for like portfolio in FY16/17 – comprises 51 established facilities

- 5.2% rent roll growth over 6 months to Dec 16 driven by occupancy gains of 3.3% and rental rate growth of 1.9%

Portfolio value compound growth of 13.9% pa



Total revenue[1] compound growth of 4.0% pa since July 08



1. Total revenue per month for like for like portfolio of 41 stores held since July 2008

Property ventures overview

Artist's impression of One A residential development, Erskineville, Sydney NSW

It's all about the property
Property ventures – delivering on strategy

$24.5 million underlying EBITDA contribution

- $6 million reduction due to a lower average interest rate across the portfolio and a reduction of fee income from new investments

Reduction of $7 million to $492 million of assets reflects:

- $71 million of capital and interest repayments
- $50 million of additional interest and drawdowns
- $14 million increase in net asset value from fair value increases

Pipeline remains heavily focused on the Sydney residential market

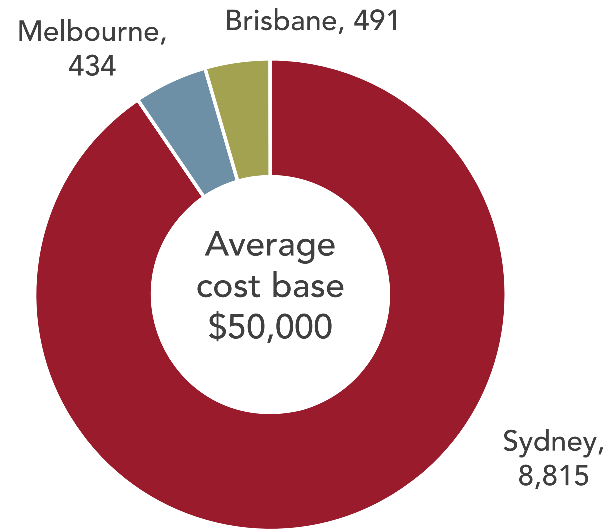
- Over 79% of capital invested in this market
- Sydney residential market outlook remains positive
- Brisbane exposure reduced to 7% following settlement of the Spice residential development

Business delivering on its targeted project realisation forecasts

- Received $71 million in capital realisations in H117 including projects Prince in Canberra and Spice in Brisbane
- On track for further realisations in H217

Key metrics	Dec 16	Jun 16
Residential exposure	96.2%	96.2%
Sydney exposure	79%	73%
Loans	$339.7m	$370.3m
Equity	$152.7m	$129.3m
Average interest rate	9%	10%

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



It's all about the property
Residential pipeline - developments

$97 million of invested capital across 8 residential development projects currently under construction or planning for c1,600 units

Completed and committed projects of 1,371 units are 96% sold down

- 2 completed projects are 99% sold and 98% settled
- 4 projects under construction are 94% pre-sold

Sites well located in Sydney, Brisbane and Melbourne

- Fundamentals remain solid across most major markets

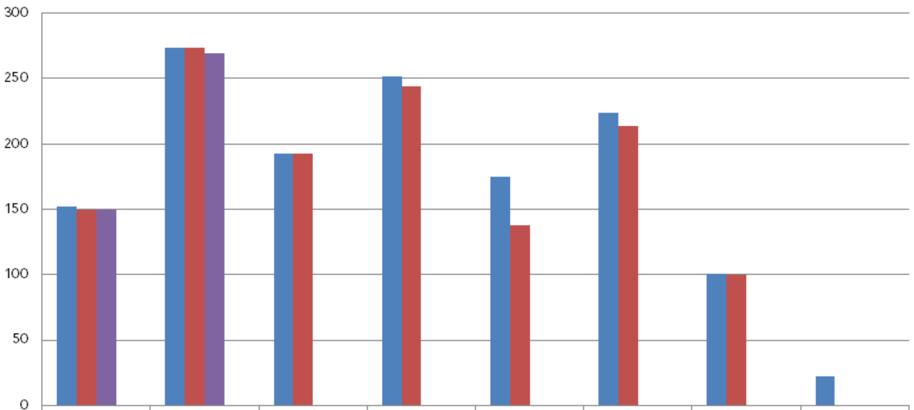
The Prince apartments have completed all settlements of sold units, with two units currently on the market

- Achieved a $10 million equity profit on average investment of $3 million

Spice apartments (Bouquet St) have settled 98% of units with only five units still to settle

- On track to achieve c.$8 million profit share in H217 in addition to c.$14.5 million of interest over the life of the project

On track for settlements to start at The Eminence development in June 2017



	HY17 The Prince Apts	HY17 SPICE Apts (Bouquet St)	FY17/HY18 The EMINENCE (Queensberry St)	HY18 Ivy Apts (Merivale 1)	FY18 One A Apts (Erskineville)	FY18 Eve Apts (Merivale 2)	FY18 Ashfield Central (Ashfield)	FY19 Hawthorn
Units	152	274	193	252	175	224	101	22
Sold	150	274	193	244	138	214	100	0
Settled	150	269	0	0	0	0	0	0
% of FIRB Sales	0.0%	21.5%	46.6%	43.7%	18.9%	56.3%	17.0%	0


Spice, Brisbane QLD

It's all about the property
Residential pipeline – land approvals

$281 million of invested capital across 11 residential land projects actively progressing through the local and state government approvals process

100% exposure to the Sydney metropolitan market

- Fundamentals remain solid with demand exceeding supply
- The local council amalgamation process continues to delay the planning approval process

Werrington – French Street residential land sub-division stages one and two have settled delivering repayment of $13.0 million of capital and a profit of $1 million

- Stages 3 and 4 (253 lots) remain

Riverlands and Camellia site updates:

- Riverlands development application for 450 duplex lots due for submission to council in the near future following stage 1 gazettal approval
- New traffic studies have been submitted to RMS for Camellia site. Awaiting acceptance of plans to then complete planning proposal process with Council


French Street, Werrington land subdivision, Sydney NSW

Funds management overview

Westpac House, Adelaide SA 50% owned by ADIF II

It’s all about the property
Funds management update

$5.8 million underlying EBITDA contribution for the six month period

- $170 million of fund investments
- 16% increase due to NTA improvements within ADIF II and AHF following investment property revaluation increases of $19 million
- Two out of three funds should be terminated by 30 June 2017

Each fund independent despite accounting consolidation

- ADIF II: During the period an asset was sold for $34.8 million. At 31 December 2016 the fund owned five properties with a property expected to settle in March 2017. The unitholders will be repaid their equity investment as per the capital guarantee no later than 30 June 2017
- AHF: The Rydges Esplanade hotel in Cairns was sold for $40 million and this settled in December 2016. The remaining hotel, Twin Waters is currently being marketed for sale. The fund will be wound up following the sale
- Wodonga Fund: Residential land lots continue to sell well with 75 lots settled over the half year at an average price of $134,000. At the current time there are 119 lots available for sale of which 49 have been pre sold. The site has capacity for a further 162 lots residential lots as at 31 December 2016

Summary

710 Collins Street, Melbourne VIC

Summary – strong value proposition


Artist's impression of residential development Hawthorn, VIC

Bacchus Marsh Village Shopping Centre, Bacchus Marsh, VIC


Lutwyche City Shopping Centre, Brisbane, QLD

We are pleased to deliver another strong underlying profit result

- Securityholder distributions are secure and predictable
- Payout ratio of 72% of underlying profit

The business outlook remains positive with a strong balance sheet of opportunities

- The diversified nature of our multi-business model means we are well positioned at this stage in the cycle
- Strong diversified underlying profit results supports premise

Transitioning the business over the coming years to grow recurring earnings which will support growth in distributions

- Expand our investments in the self-storage sectors and our third party capital platform
- This will provide more predictability in our earnings mix

Security price trading in line with NTA of $2.94 per security

- Current cost base and transactional evidence suggests strong intrinsic value
- Security pricing suggests residential business valued close to cost despite sustained out performance from that part of the business

Projected FY17 distribution yield of 5.9%[1]

1. Calculated using 17.5c FY17 targeted distribution and ABP closing price of $2.98 as at 16th February 2017

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