abacus property group

Dr Frank Wolf, Managing Director

Introduction to Abacus Property Group

abacus property group

- The business commenced in 1996, and today is:
  - ASX listed with a $0.9bn market capitalisation
  - Approaching $3bn in assets under management/control
  - A member of the S&P/ASX 200 index

- We are a core plus property investor and manager, striving to provide our investors with access to real estate assets that:
  - Provide regular and reliable income; and
  - Offer strong prospects for capital growth through active management.

Introduction to Abacus Property Group

Principal Investments	Is the core business of Abacus with assets purchased on balance sheet offering capital growth potential. Value is extracted over time with the gains realised through sale or syndication and then reinvested in replenishing the pipeline or growing the funds management business
Funds Management	Currently offer clients a selective mix of open-ended, core income funds and special opportunity, value add investment funds
Joint Ventures	Provides a pipeline of secondary investment opportunities for the principal property portfolio and the funds management business
Property Finance	Provides exposure to increased deal flow with transactions chosen through a selective process. This is achieved through co-investing or lending to projects

Introduction to Abacus Property Group

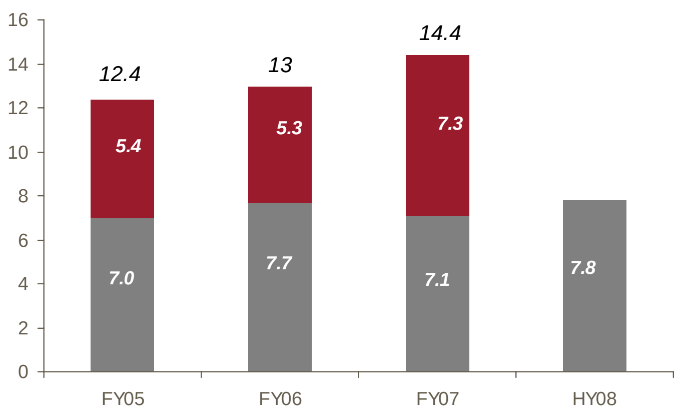
- Abacus is a diversified property business, comprising:

Business	Assets	EBIT split
Property Investments	AUD $978m	52%
Funds management	AUD $252m	34%
Finance	AUD $125m	9%
Projects & Investments	AUD $75m	5%

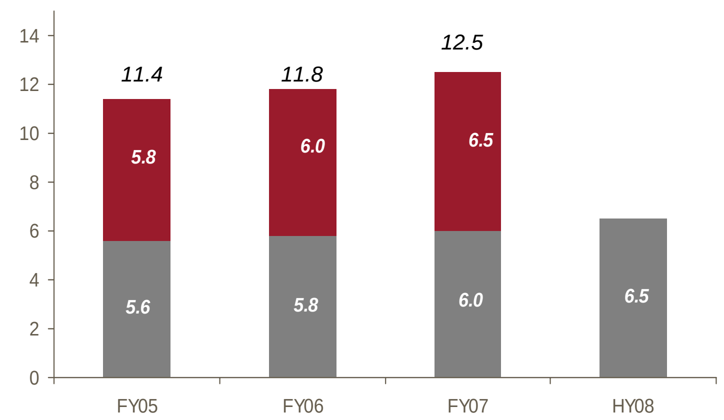
- 67% of our revenue is recurring
- 33% of our revenue is transactionally derived

Introduction to Abacus Property Group

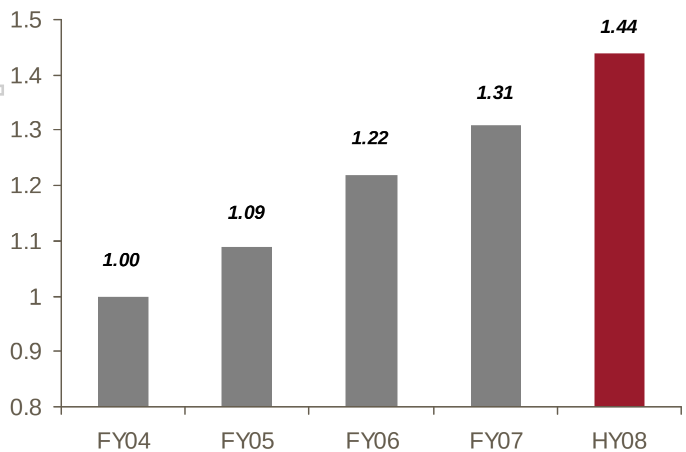
Earnings per security



Distribution per security

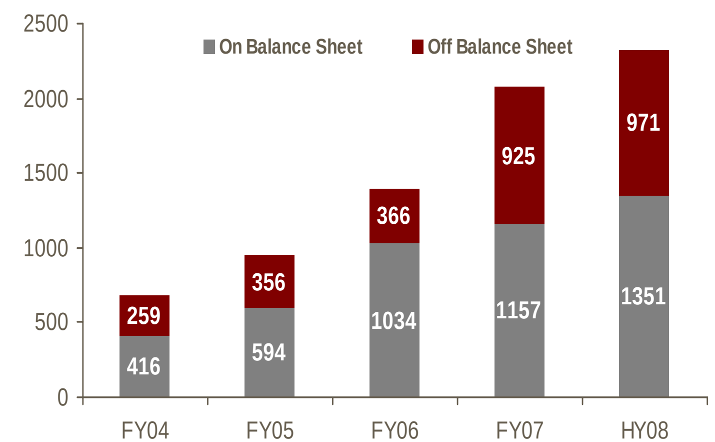


NTA per security



$GAUM

Assets under management



Investment Philosophy

- Abacus is first and foremost a property investor. We buy property that offers fundamental real estate value, when such property has not been efficiently priced by the market. Typically inefficiency arises when there is:
  - A distressed vendor
  - A vendor with timing imperatives that drive outcomes
  - A poor tenancy profile and a mismatch of risk and reward by buyers and sellers
  - Vendors failing to assess the future asset potential
- We invest with business partners in addition to our retail client base
- Other investors include institutions and high net worth clients

Investment Fundamentals

- We own as principal c$800m of investment properties and are approaching $3 billion of assets under our control
- Contract rent and annuity income underpins the majority of our earnings
- The portfolio's weighted average cap rate is 7.5%
- Our portfolio provides unrecognised embedded value, that we seek to extract and crystallise through active management
- Robust business model
  - Interest, fees and profits from our other businesses supplement the earnings from our principal property investment activities
  - Strong balance sheet – low gearing, +$1.6bn total assets

Investment Fundamentals

- Our focus is on the Australian property markets
- Current market pricing of ABP reflects:
  - An annualised trading yield of circa 10% compared to Australian LPT sector at 7.3%
  - NTA of $1.44
- Business fundamentals remain sound
  - Principal property book comprises assets offering strong growth prospects through active management
  - WAV cap rate of principal property book at 7.5% is not aggressive
  - $340m of assets on balance sheet underpins future FUM growth
  - Gearing at conservative level of 32.5%, with WAV facility term of 3 years
  - Joint ventures are measured, low risk approach to exploiting development opportunities

Agenda

Date	Time	Session	Presenter
8th May 2008 **Sydney**	9.00 – 9.20am	Welcome, agenda and Abacus Overview	Dr Frank Wolf
	9.20am – 10.30am	Case Study 1: Ashfield Mall/Liverpool Case Study 2: Westpac House/Varsity Lakes/CSIRO/Stafford Case Study: Virginia Park/Aspley	Len Lloyd Peter Strain Simon Larcombe
	10.30am – 10.45am	**Break**	
	10.45am – 11.45pm	Funds Management Overview 1. Hospitality Fund 2. Storage Fund	Tom Hardwick Paul Lonergan Phil Peterson
	11.45am – 12.15pm	Projects & JV Update	Cameron Laird
	12.15pm – 12.30pm	Q&A & Thanks	Vivienne Bower
	12.30pm – 1.30pm	Buffet Lunch	

Questions

Ashfield Mall & Liverpool Projects

Len Lloyd, Managing Director, Property Services

Overview of property

- Ashfield Mall is a sub-regional shopping centre located 10 kilometres south-east of the Sydney CBD
- The fully enclosed four level building has four anchor tenants and over 80 specialty shops with 650 undercover car spaces and more than 400 rooftop spaces

Ashfield Mall and Liverpool Road properties

Acquisition rationale – Ashfield Mall

- Ashfield Mall was an attractive acquisition for Abacus:
  - There were significant opportunities to redevelop the existing centre
  - Purchase price was substantially less than replacement cost
- Abacus sought to crystallise value from this property by:
  - Carrying out a major refurbishment to increase rental income
  - Increase rental growth through the expansion of specialty stores
  - Purchasing additional sites on Liverpool Road to improve the frontage and access to the mall

Progress to date

- Ashfield Mall has withstood competition from Westfield Burwood, (demolition and rebuild) and the new Rhodes shopping centre. To date we have successfully:
  - Negotiated a payment from Target to exit the centre and we received a premium from Woolworths to replace Target
  - Renewed specialty leases and provided space for Coles expansion
  - Constructed speed ramp to roof top from new entry on Norton St
  - Spent circa $18 million to upgrade the centre including new lifts and Travelators, internal refurbishment and a new 4,000 m^2 tenancy for Woolworths

	Acquisition September 97	**Today April 08**
Value	$64.2 million	$122* million
Site Area	21,890 m^2	21,890 m^2
GLA	26,069 m^2	26,069 m^2
Cap rate	10%	6.25%
MAT	$102 million	$132 million
Major tenants	K Mart, Coles, Franklins, Target	Woolworths, Coles, Kmart, Franklins

*In addition 244-256 Liverpool Road are valued at a total of $6.9 million. Land area 1,520m^2

Future plans for Ashfield Mall

- Seek approval for the development of residential apartment buildings above the existing car park podium, accommodating 125 residential apartments, including;
  - Demolish the four shop buildings located on Liverpool Road (No's 224-256) and seek approval for the development of a new five storey building providing:
    - A new pedestrian entry from the Liverpool Road into the shopping centre, providing a direct link from the railway station into Ashfield Mall
    - Approximately 3,500 m^2 of additional retail and commercial space at ground and first floor
    - 24 serviced apartments over three levels
    - Up to 246 additional car parking spaces for residents and visitors, and the additional retail space, increasing the total amount of on site parking to 1234
    - Provision of a 40 place community childcare centre

PLANS

VIEW OF PROPOSED NEW BUILDING ON LIVERPOOL ROAD

PLANS

VIEW OF PROPOSED MALL ENTRY FROM LIVERPOOL ROAD

PLANS

VIEW FROM SOUTH

PLANS

VIEW FROM SOUTH WEST

Overview of property – Liverpool Plaza

- Liverpool Plaza is a neighbourhood shopping centre occupying a prime location on the Macquarie pedestrian mall in the Liverpool CBD, approximately 34 kilometres south-west of the Sydney CBD
- The fully enclosed centre comprises ground floor retail, mezzanine level offices and an open rooftop car park
- Abacus also acquired two additional sites alongside Liverpool Plaza at 77 Moore Street and 197 Macquarie Street

Liverpool Plaza

Acquisition rationale – Liverpool Plaza

- Liverpool Plaza was acquired in August 2004:
  - The presentation of the property was poor
  - The tenant profile presented challenges
  - Abacus recognised the value of the large frontage to Macquarie Mall and that the site had strong redevelopment potential
- Abacus sought to crystallise value from this property by:
  - Carrying out refurbishment to improve the presentation
  - Expanding the property to take advantage of its under-utilised FSR and enhance its appeal as a convenience centre
  - Purchasing additional sites (77 Moore Street and 197 Macquarie Street) to provide site consolidation for future development

Progress to date

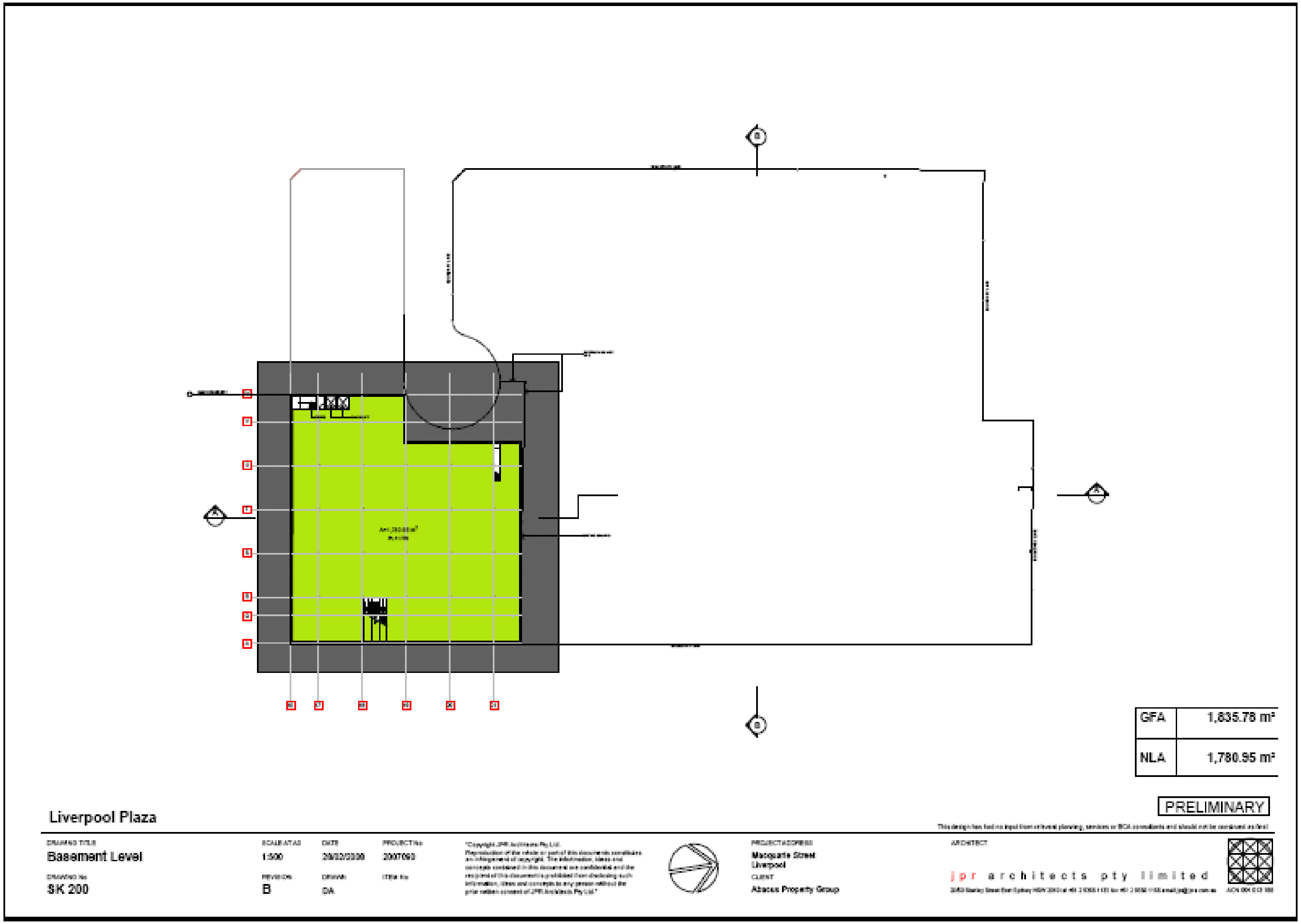
- Abacus has actively sought new tenants for the centre and relocated some existing tenants to maximise the return from a services dominated tenancy mix. Current tenants include: NIB, HCF, IMB, Westpac, NAB, ANZ, St George, Western City Credit Union and Wizard Finance
- Completed a general refurbishment to improve presentation to Macquarie Mall and amenities
- Terminated the lease on the upper level of 77 Moore St (long term lease would have prevented re-development)
- Appointed architects to prepare Development Application plans for 197 Macquarie Street and 77 Moore Street
  - Redevelopment of the corner property 197 Macquarie and 77 Moore St will considerably enhance the opportunity to add significant value by way of ground floor retail, upper level supermarket and additional car parking (controlled)

Progress to date – Liverpool Plaza & additional sites

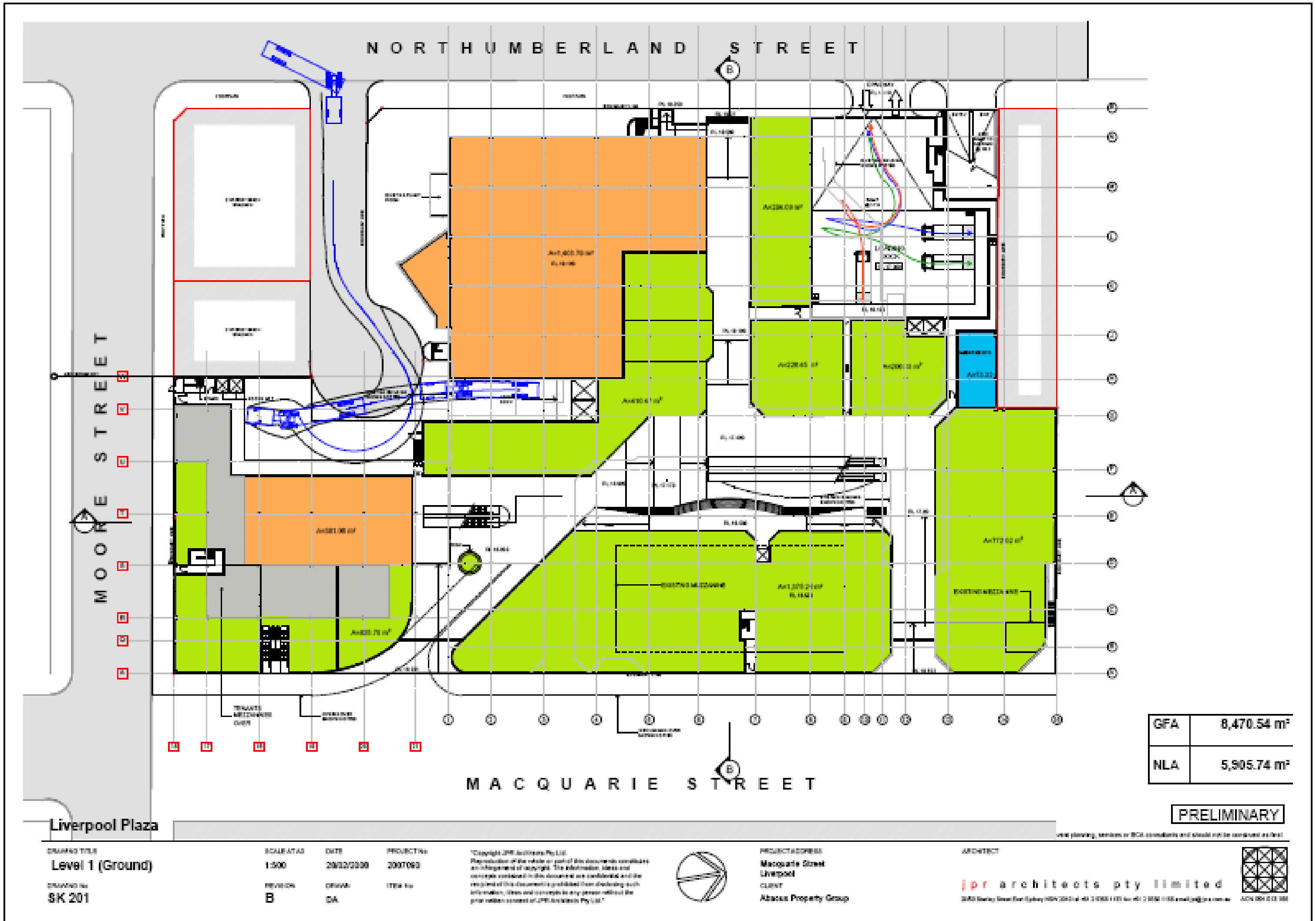
	Acquisition May 04	Today April 08
Value	\$29.8 million	\$42 million
Land Area	8,900 m^2	8,900 m^2
Cap rate	8.6%	7.25%
Occupancy	100%	100%
GLA	6,053 m^2	6,284 m^2
Major tenants	Franklins, 40 specialties, 5 kiosks	Franklins, ANZ, St George

	Acquisition August 04	Acquisition August 04
	77 Moore Street	**197 Macquarie Street**
Value at acquisition	\$2.15 million	\$5.15 million
Current book value	\$2.33 million	\$5.5 million
Land Area	577 m^2	1,404 sq m

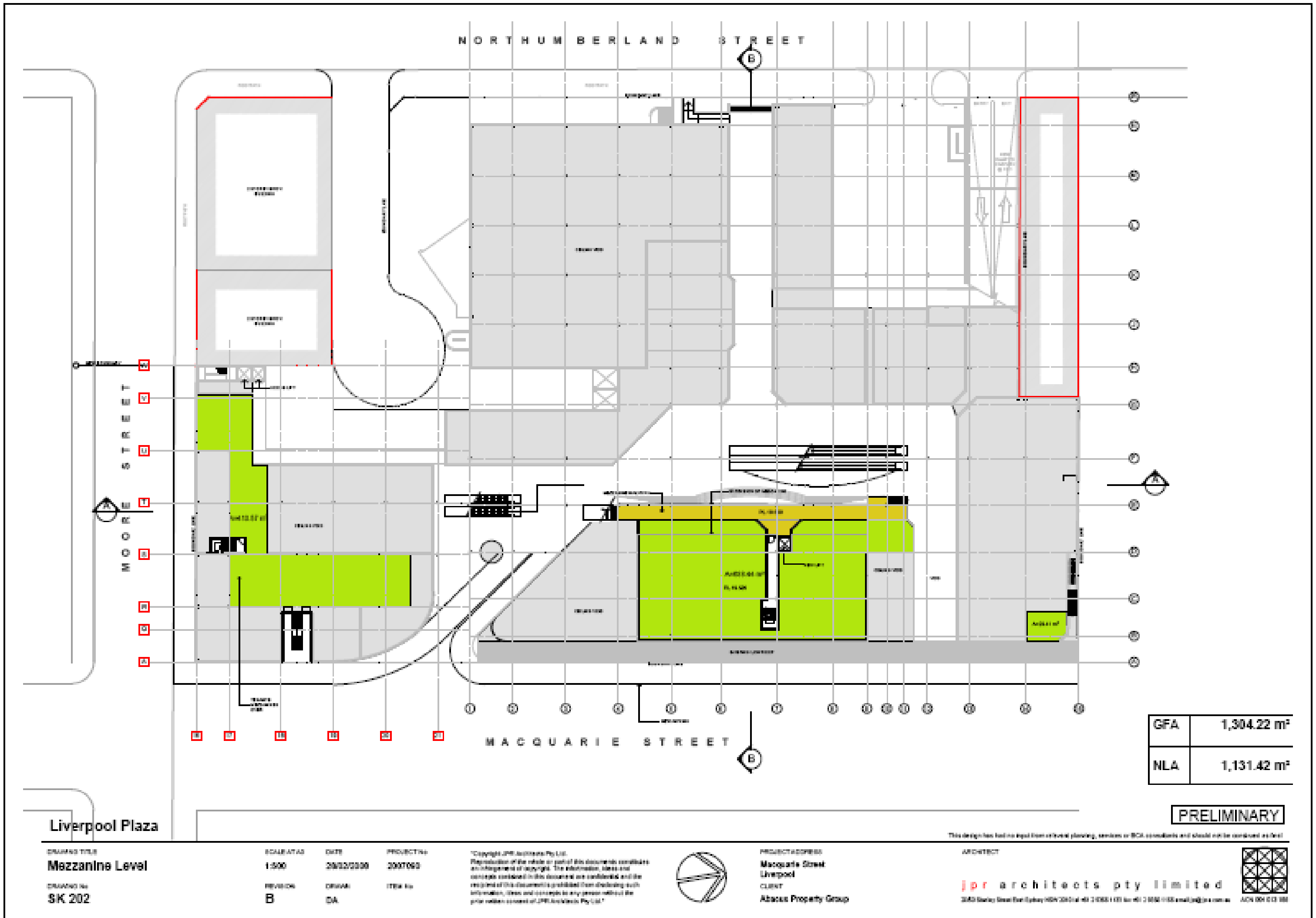
Basement Level



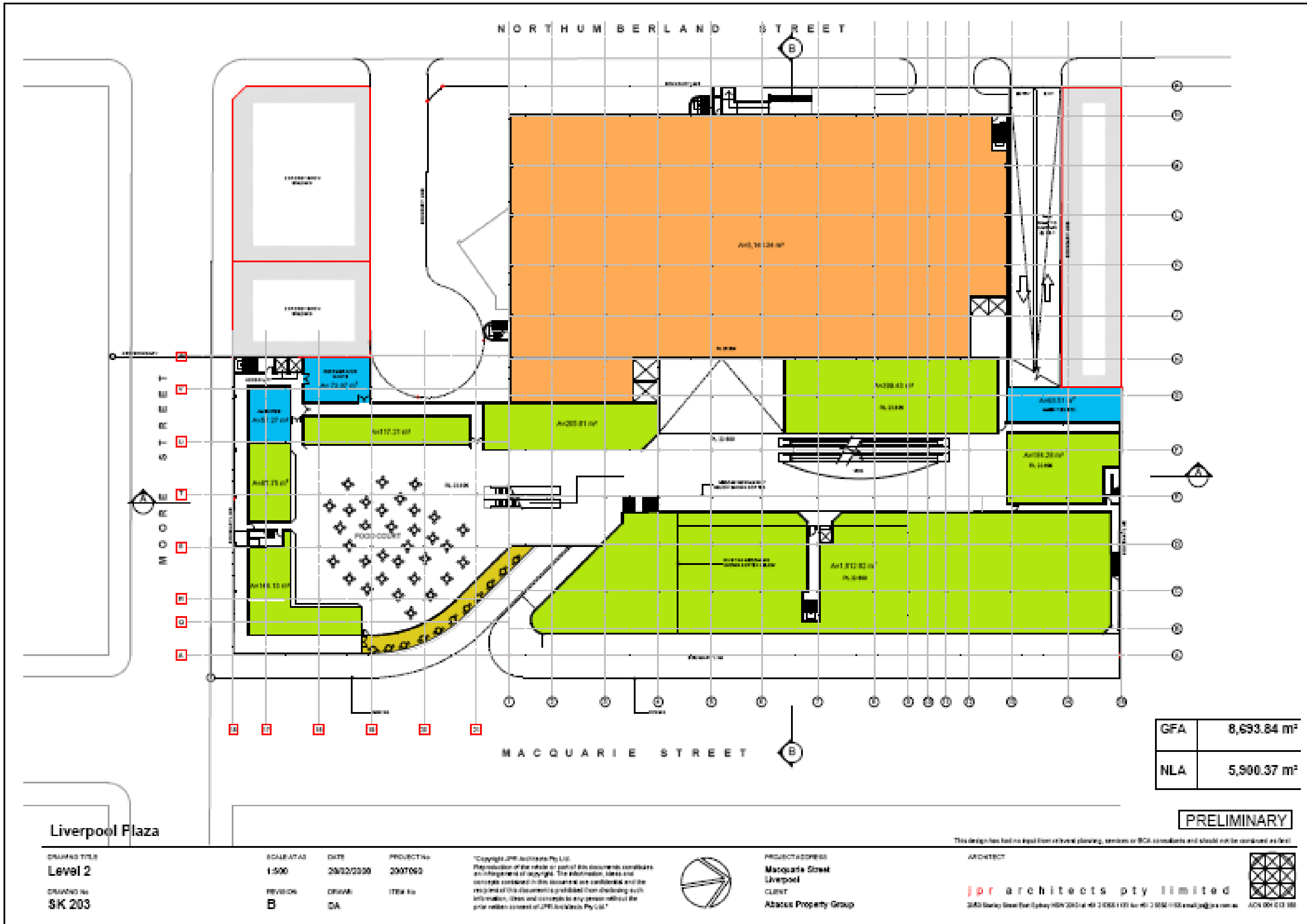
Level 1 (Ground)



Mezzanine Level

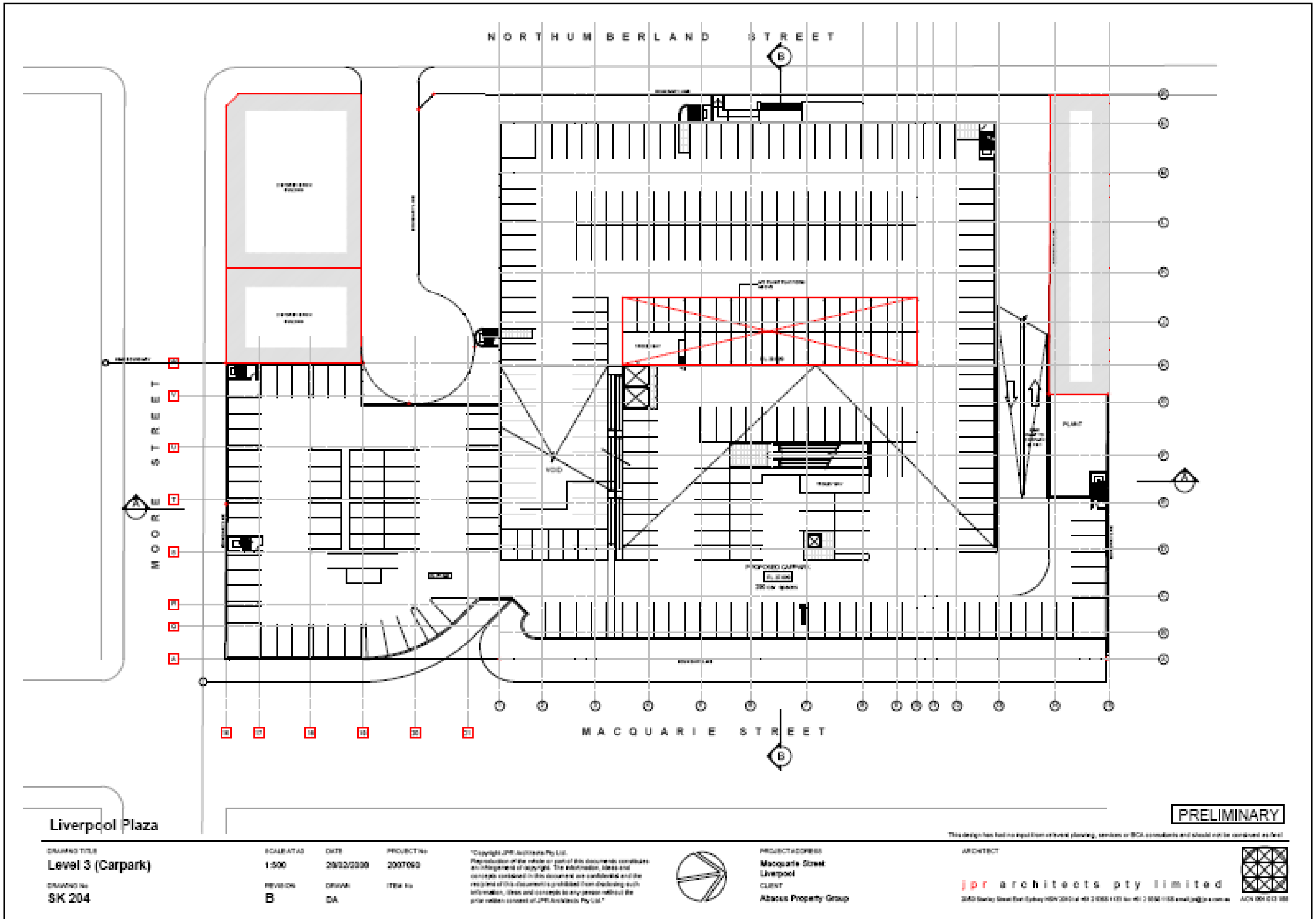


Level 2

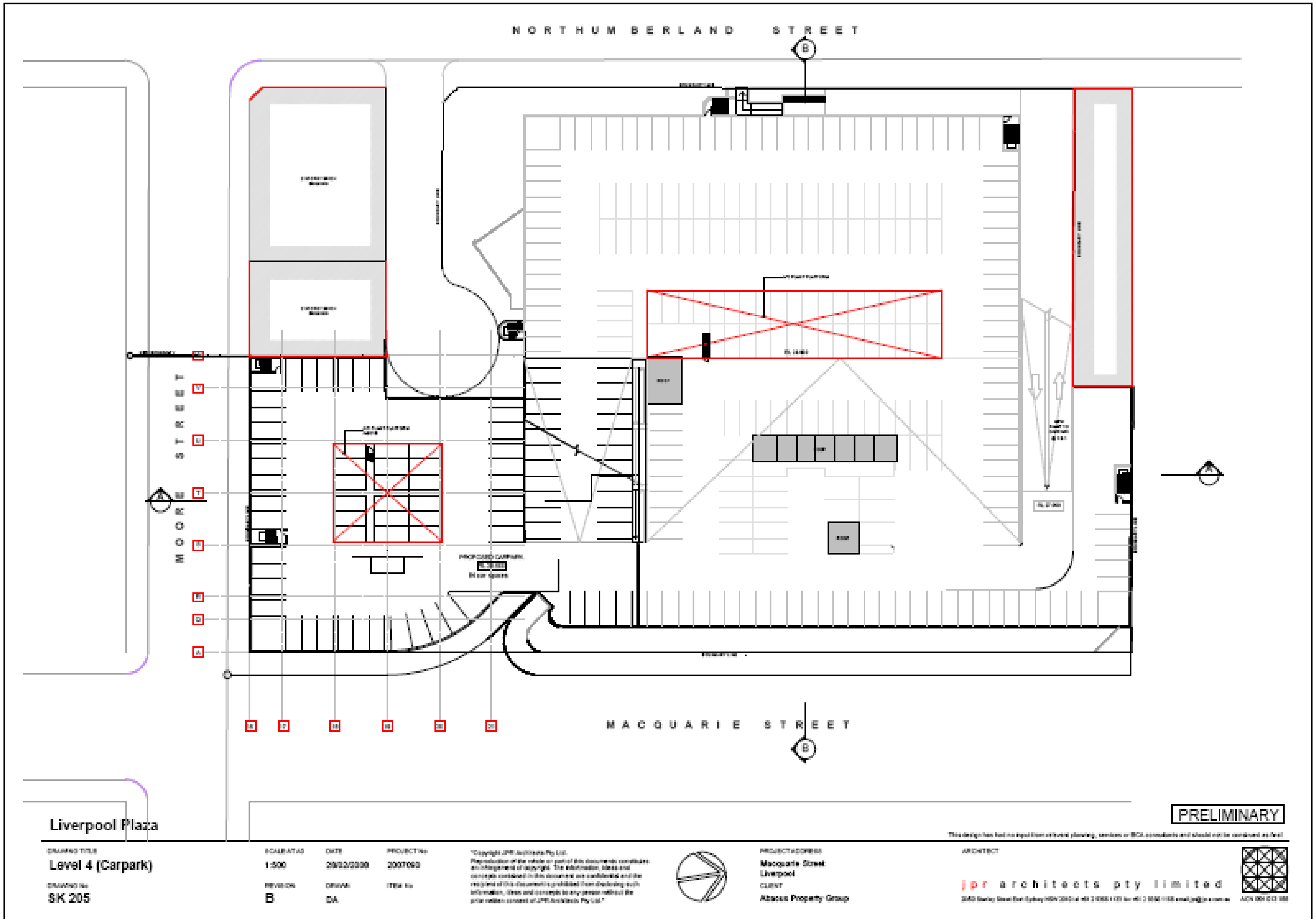


NORTHUMBERLAND STREET
MOORE STREET
MACQUARIE STREET
FOOD COURT
GFA 8,693.84 m²
NLA 5,900.37 m²
PRELIMINARY
Liverpool Plaza
DRAWING TITLE
Level 2
DRAWING No
SK 203
SCALE AT A3
1:500
REVISION
B
DATE
28/02/2008
DRAWN
DA
PROJECT No
2007093
PROJECT ADDRESS
Macquarie Street
Liverpool
CLIENT
Abacus Property Group
jpr architects pty limited

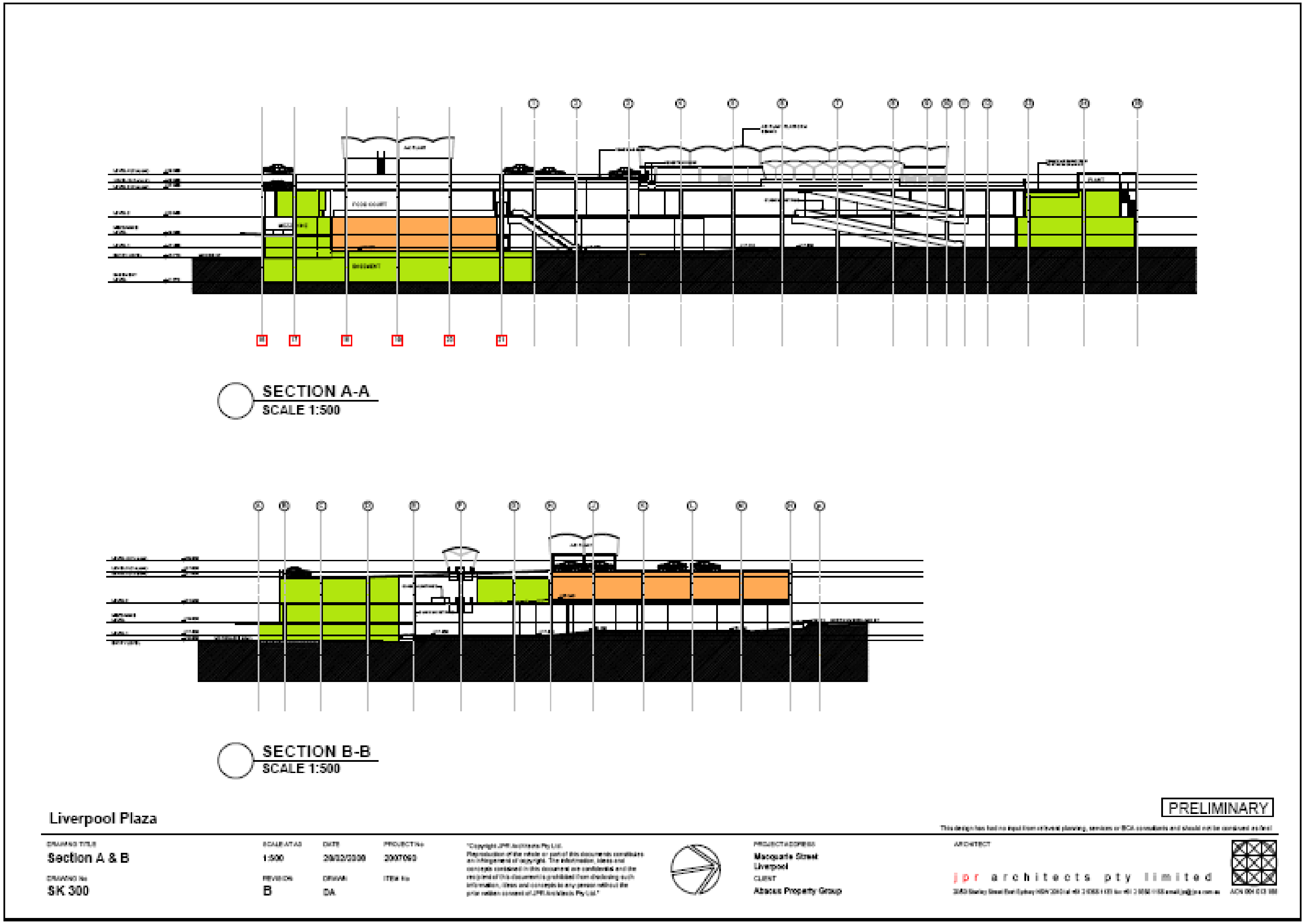
Level 3 (Carpark)



Level 4 (Carpark)



Section A & B



SECTION A-A
SCALE 1:500
SECTION B-B
SCALE 1:500
Liverpool Plaza
PRELIMINARY
Section A & B
1:500
SK 300
B
DA
Macquarie Street
Liverpool
Abacus Property Group
jpr architects pty limited

Questions

Westpac House, CSIRO Campbell, Varsity Lakes and Stafford Overview

Peter Strain, Director - Property

Adelaide – Westpac House

- Westpac House (formerly known as Santos House) at 91 King William Street is a premium grade commercial building completed in 1989
- It is located in Central Adelaide and comprises a 30 level office tower and two small office buildings
- The property at 81 King William Street is a three level building and is 100% leased to Fitness First
- Both properties are owned jointly with Orchard Funds Management

Acquisition rationale

- Quality premium commercial building in Adelaide. Replacement cost circa $200M versus purchase price of $102M
- Short term lease expiry profile with Santos occupying over 50% of office tower (low rise and high rise) at a below market rental
- Purchased at circa $3,300 in NLA improved
- Rentals in Adelaide lagged rate movements to the rest of the commercial market in Australia
- Opportunity to remix lease expiry profile and to increase rental rates

Progress to date

- With Santos vacated, re-leased signage to Westpac with a significant value uplift and ongoing leasing at higher rental rates
- Occupancy will be (at October 2008) 85% with remaining vacancy in high rise (2,338m^2), 1.5 mid rise (1,644.9m^2) and the older stand alone Delmont Building (827m^2).

91 King William Street	Acquisition October 2004	April 2008
Value	$102 million	$128 million (June 2007 Valuation)
Site Area	4,287m^2	4,287m^2
GLA	31,678.3m^2	31,678.3 m^2
Net rental	$8.2 million	$10.3 million (June 2007 Valuation)
Occupancy	97%	85% (Oct 2008)
Lease duration	3.48 years	7.51 years
Cap rate	8%	7%
Major tenants	Santos, PWC, Kelly & Co, Ernst & Young	Minister for Infrastructure, PWC, Westpac, Kelly & Co, Servcorp

Lease Expiry Profile

91 King William Street		
Company	*Tenancy %*	*Expiry*
Minister For Infrastructure	32%	December 2012
Westpac	7%	June 2016
Servcorp	3%	January 2016
Pricewaterhouse Coopers	7%	February 2015
Kelly & Co	7%	July 2018
Other	36%	

81 King William Street		
Fitness First	100%	May 2025

Varisty Lakes

- Varsity Lakes is an emerging commercial

  commercial precinct on the Gold Coast

  old Coast

  st

  ity Parade – AAPT (Excelior) Building and

  Building and 1 Bellvue Drive – RP1

  ing

  e to the Robina Town Centre which houses

  s the regional shopping centre and access

  centre and access to the motorway is

  y

  clude both Primary and High Schools and

Varisty Lakes

AAPT Building – 169 Varsity Parade

This site has excellent frontage onto Lake Orr to the south and frontage onto an ecological wetlands to the east. This is a prime site in the precinct. It is only a short walk to a thriving retail precinct.

RP1 Building – 1 Bellvue Drive

This site is elevated and has good views over Robina and over to Burleigh Heads.

Acquisition rationale

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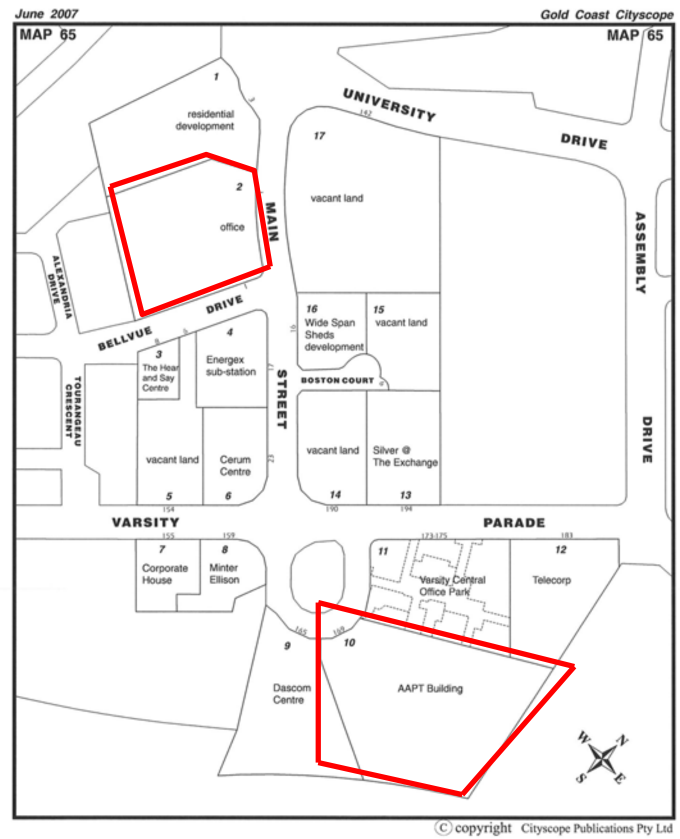
- Both properties were significantly underdeveloped and the properties were under-rented
- Each site had development flexibility for commercial and residential use
- The area has a developing high street which is a draw card for commercial office users and residents



Varisty Lakes – 169 Varsity Parade

Acquisition September 2007	
Value	$12 million
Site Area	13,000m^2
GLA	3,148 m^2
Net rental	$617,825
Occupancy	100 %
Lease duration	2.5 years
Cap rate	7.5 %
Major tenants	Excelior (formerly AAPT)

Varisty Lakes – 1 Bellvue Drive

Acquisition September 2007	
Value	$11 million
Site Area	8.670m^2
GLA	3,597 m^2
Net rental	$777,399
Occupancy	78.5 %
Lease duration	4 years
Cap rate	8 %
Major tenants	Billabong – GSM, Golden Orb Technologies

CSIRO Campbell

- The property is an office/conference centre complex situated approximately 2km north east of Canberra CBD
- The complex contains a 5 level office building & attached single level conference centre constructed in 1970 together with an adjacent 2 level administration building constructed in 1983. In addition there is a steel framed carport parking on-grade for approx. 350 vehicles
- The site is held under a Crown Lease which commenced on 21st June 2002 for a term of 90 years
- CSIRO currently occupy the whole site under a 10 year Lease expiring 30 June 2012. A 10 year option to renew is available

Acquisition rationale

- 4.102 ha site which lends itself to redevelopment to business park, residential or combination of both. Well located to existing residential areas, with a school also adjoining the site
- The net lettable area of improvements being 7,215m^2
- The Lessee maintains the property in good condition internally & externally
- Abacus are in early planning stages to review the best redevelopment option in the event that the existing lessee does not renew on expiry. The site provides a very good opportunity to construct or refurbish and extend for a variety of uses, with a greater density of use

Progress to date

- CSIRO have indicated a leaning toward centralisation of the Canberra (& environs) facilities on CSIRO owned sites
- Assuming CSIRO will not exercise the available option to renew the lease, investigations are currently under way for possible redevelopment of the site in 2012

	Acquisition June 2002	**Today April 08**
Value	$12M	$20M
Site Area	4.102 ha	4.102 ha
GLA	$7,215^2$	$7,215^2$
Net rental	$1.23M	$1.426M
Lease duration	10 years	4.1 years

Stafford

- The property is well located approximately 7km from the CBD in a tightly held industrial hub in the northern suburbs of Brisbane
- The property is leased to John Wiley & Sons Australia Ltd (a multi national book publisher)

31-33 Windorah Street, Stafford

Stafford


Stafford
33 Windorah St, Stafford QLD 4053, Australia
Bunnings
Stafford City
Regional
Centre
Image © 2008 DigitalGlobe
© 2008 MapData Sciences Pty Ltd, PSMA
Google
Pointer 27°24'37.59" S 153°00'39.00" E elev 24 m
Streaming |||||||||| 100%
Eye alt 1.05 km

Acquisition rationale

- Abacus acquired this property with an initial yield of 8% and a site coverage of only 26%
- The property is located in a growing precinct in Brisbane close to a major Bunnings centre

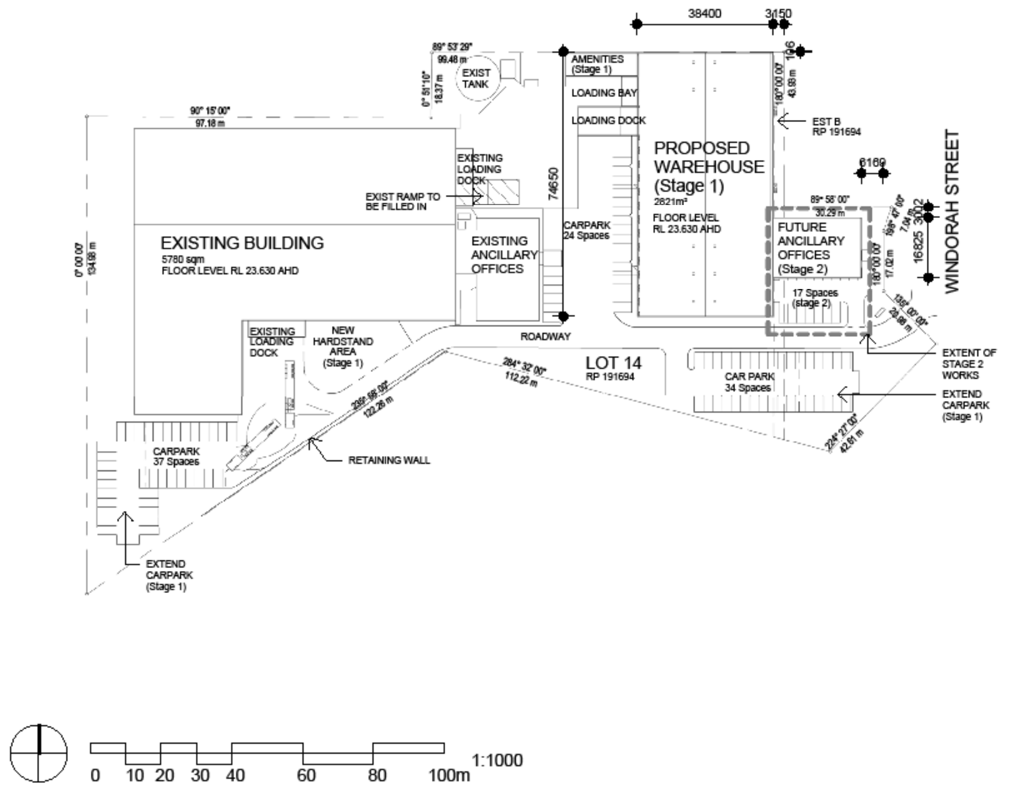
Progress to date

- Negotiated with the tenant to build a second building on the site
- Development Approval for the new building is currently underway with approval expected in June 2008 (new building will be separate to existing building)
- The project is out to tender and we expect to appoint a builder immediately after Development Approval
- In addition to the DA for the building, we are also seeking approval to build an extra 650 m^2 of office space alongside the proposed building to meet future existing or new tenancy requirements (providing flexibility to accommodate two tenants)
- New lease agreed for 10 years on completion of building with a significant market rental uplift

	Acquisition November 2003	**Today April 08**
Value	\$4.8 million	\$6.5 million (June 2007 valuation)
Site Area	21,600 m^2	21,600 m^2
GLA	6,350 m^2	9,563 m^2
Net rental	\$387,863	\$1,021,010 – on completion of new building
Lease duration	6 years	10 years (+ 10 year option)
Yield	8.75 %	7.5 %

Stafford

REV	DATE	AMENDMENT	BY
1	07-01-2008	PRELIMINARY	WJD
2	15-01-2008	DA	WJD
3	16-01-2008	Amend Parking	WJD
5	21-02-2008	recess loading docks	WJD



DEVELOPMENT DETAILS

RPD	Lot 14 on RP 191694
Area	21558 m²
Local Authority	Brisbane City
Area Classification	General industry

YEILD

Existing GFA	6350m²
Additional GFA	
Stage 1	2898m²
Stage 2	650m²
PROPOSED GFA	
Stage 1	9248m²
Stage 2	9898m²

PARKING CALCULATIONS

STAGE 1 (1 TENANCY/9248 m²)
2 +93 95
STAGE 2 (2 TENANCIES/9898 m²)
4+99 103

TOTAL PVD.	
STAGE 1	95
STAGE 2	112

Drawing Schedule

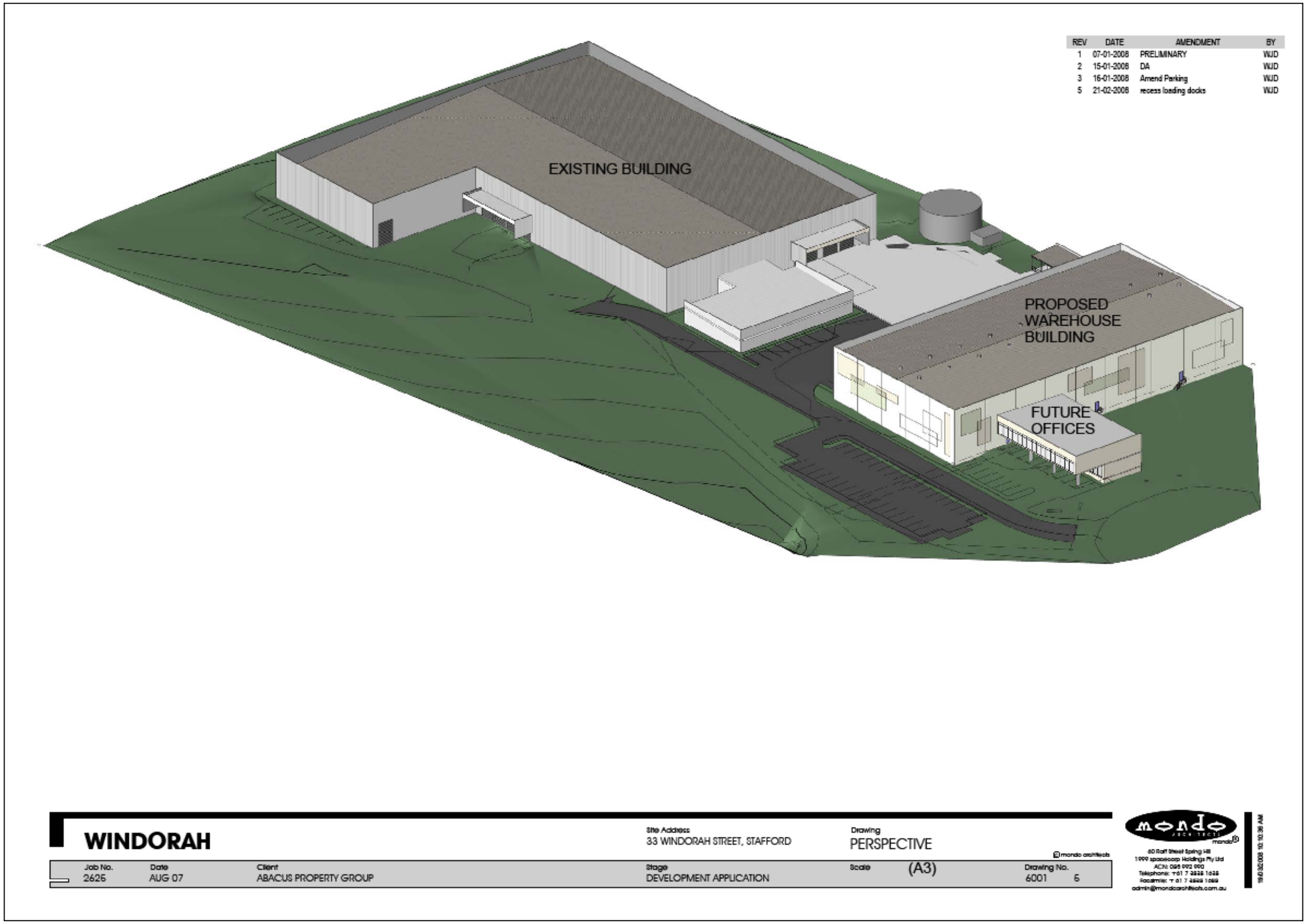
Dwg. No.	Title	Rev.
0001	SITE PLAN	5
1001	FLOOR PLANS	5
1002	LANDSCAPE PLAN	4
1003	AMENITIES	3
1004	EXTERNAL WORKS PLAN	5
2001	ELEVATIONS	5
2002	ELEVATIONS	3
3001	SECTIONS	3

WINDORAH

Site Address: 33 WINDORAH STREET, STAFFORD
Drawing: SITE PLAN

Job No.	Date	Client	Stage	Scale	Drawing No.
2626	AUG 07	ABACUS PROPERTY GROUP	DEVELOPMENT APPLICATION	1 : 1000 (A3)	0001 5

Stafford



REV DATE AMENDMENT BY
1 07-01-2008 PRELIMINARY WJD
2 15-01-2008 DA WJD
3 16-01-2008 Amend Parking WJD
5 21-02-2008 recess loading docks WJD
EXISTING BUILDING
PROPOSED WAREHOUSE BUILDING
FUTURE OFFICES
WINDORAH
Site Address
33 WINDORAH STREET, STAFFORD
Drawing
PERSPECTIVE
Job No.
2626
Date
AUG 07
Client
ABACUS PROPERTY GROUP
Stage
DEVELOPMENT APPLICATION
Scale
(A3)
Drawing No.
6001 5

Questions

Aspley Village Shopping Centre Redevelopment & Virginia Park Investment Analysis

Simon Larcombe, Associate Director

Aspley Village Shopping Centre Redevelopment

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- Located 12km north of the Brisbane CBD
- Existing shopping centre comprised a run down Bi-Lo supermarket, 10 speciality shops, 2 freestanding child care centres and a medical centre

Acquisition rationale

Purchased February 2006	$15.75 million
Site Area	19,500 m^2
GLA	3,700 m^2 (19% site coverage)
Acquisition yield	6.2%
Major tenant	Bi-Lo

- Abacus identified the site as a redevelopment opportunity within a flexible zoning scheme which allowed for 0.75 times site area to be developed as a shopping centre
- This allowed a total GLA of 14,500 m^2 to be developed

Progress to date

- Received DA approval January 2007 to develop a new 10,850m^2 shopping centre and negotiated for:
  - Bi-Lo to close down and the vacant possession of all specialty retail tenancies
  - Continuation of existing medical and childcare centre tenancies throughout the development of the new centre
  - A new lease for a 3,200 m^2 Coles supermarket as an anchor tenant on a 20 year lease

Artist Impression

Progress to date

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- DA for 10,850 m^2 shopping centre increased the GLA of the existing centre by 300%
- Adco construction awarded construction contract for $28 million in April 2007 with construction commencing July 2007
- Construction is on track and due for completion early December 2008
- Leasing is progressing well with 45% of specialty income secured
- Leasing terms agreed on the mini-major “Zone Fresh”
- Leasing terms agreed on level one being a 2,800m^2 medical centre

Progress to date

- Allianz has purchased two-thirds of the centre for $41.65 million
- This values the centre at $62.5 million
- Abacus will retain one-third of the units in the trust
- Abacus will remain as RE of the trust
- Return on Equity estimated at 25%

Virginia Park

- Virginia Park is a 12.28 hectare business park, located approximately 13 kilometres south-east of the Melbourne CBD
- Property has a gross leasable area of 56,700m^2 with a mix of industrial and office buildings as well as supporting facilities including a gym, swim centre, child care centre, café and recreational facilities
- Abacus purchased a 50% interest in this property for $37.5m in June 2006 from the Gillon Group

Virginia Park

Virginia Park, 232-262 East Boundary Road, Bentleigh East, Victoria

Acquisition rationale

- Strategic landholding in an excellent location
- Potential to improve through refurbishment
- Property offered potential to increase lettable area by approximately 7,600 m^2 on excess car parking lots
- Property was under-rented

Progress to date

- Major leasing deals and refurbishment have been completed including:
  - 7 year lease to Xtralis for 4,800m^2
  - 7 year lease to PCI for 5,800m^2
  - Officeworks extended their tenancy to June 2010
- Commenced negotiations with Minister of Planning's office to improve zoning to a priority development zone to enable higher density commercial development
- Net passing income increased from $5m to $8 million
- Revalued property to $102.5 million March 2008
- Thus $27.5m valuation uplift in two years

Property details

- A total of 26 tenants comprising:
  - 28,500 m^2 Office
  - 22,000 m^2 Office/warehouse
  - 5,600 m^2 Retail

	Acquisition April 06	Today March 08
50% interest	$37.5 million	$51.25 million
Site Area	122,800 m^2	122,800 m^2
GLA	56,100 m^2	56,700 m^2
Net rental	$5 million	$8 million
Occupancy	85%	96%
Weighted Lease duration	2.45 years	2.58 years
Yield	8%	7.75%
Major tenants	Volante, Officeworks, Union Stream	Vision Stream, PCI, Officeworks, Xtralis

Questions

Funds Management Update

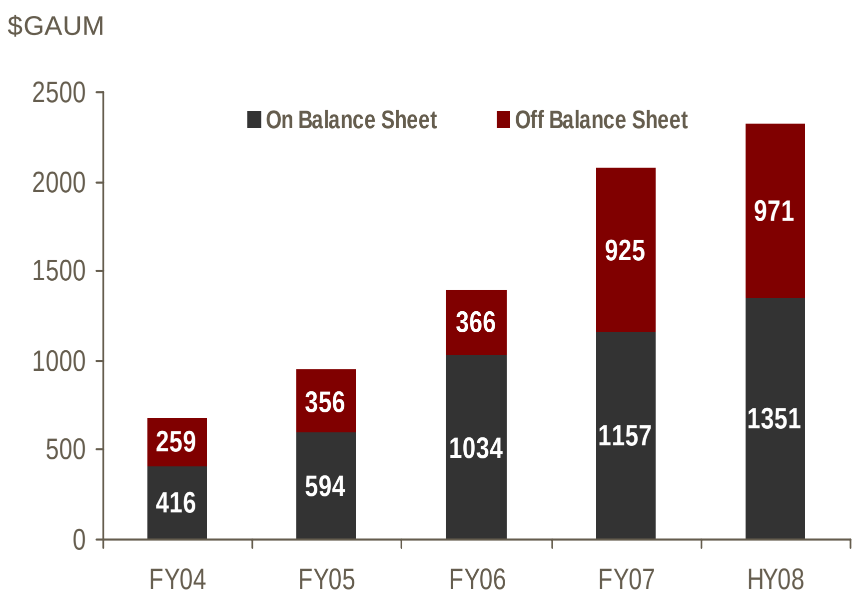
Tom Hardwick, Director – Funds Management

Agenda

- Funds Management Overview
- Current Fund Platform
- Fund Performance
- New Fund Pipeline

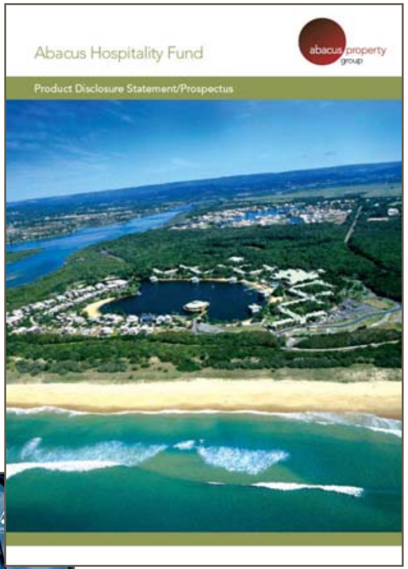
Funds Management Overview

- We offer our investors a mix of:
  - larger, income oriented funds, and
  - one off, special opportunity funds
- We currently have $1050m external FUM
- We have raised over $500m for 30 management investment schemes over the past 11 years – very experienced property fund manager
- We are primarily a retail fund manager, but we are starting to develop institutional investment partnerships
- We have grown FUM at c30%pa over past 5 years



Funds Management Overview

- We see our funds management platform as an alternative source of capital for Abacus to leverage its property investment expertise
- We either:
  - acquire assets from the market that provide attractive real estate fundamentals, which are better suited to funds than our balance sheet (eg self storage fund); or
  - syndicate existing Abacus assets once Abacus has de-risked the asset and the asset profile suits fund investors, provided the asset offers further capital growth
- We utilise our balance sheet to capitalise our funds ahead of their launch, and then use fund inflows to repay the Abacus working capital facility so as to replenish Abacus' balance sheet for future acquisitions



Current Fund Platform

Income Funds	Hospitality	ADIFII	Storage
Number of properties	8	22	32
Gross asset value	$343m	$213m	$216m
Bank Debt	$182m	$92m	$116m
Abacus Working Capital Facility	$98m	$109m	$4m
Unitholder Equity	$38m	$15m	$76m
Fund Yield	8%	8.5%	8.25%

Data as at 31 December 2007. Since this time, Abacus has converted some of its working capital facility into 2.8m securities in AHF, 1.8m securities in ADIFII and acquired 4.9m units in ASF.

Current Fund Platform

Special Opportunity Funds	GAUM ($M)	Fund Overview
Wodonga Land & Mortgage	40	Master planned community in Wodonga Victoria.
Retirement Living	39	Development fund with two approved sites
Miller Street	70	Nth Sydney office building 100% leased to NAB
Jigsaw	9	Corporate childcare
Fern Bay	20	Homes park on the coast in Hunter Region

Wholesale Funds	GAUM ($M)	Fund Overview
Aspley Village Shopping Centre	62.5	New shopping centre in Aspley, Brisbane, of which Allianz will own 67% and Abacus 33%.

Current Fund Platform

- **Abacus Diversified Income Fund II**
  - Hybrid fund with direct property, unlisted funds and LPTs
  - 22 properties, with focus on sub-$25m acquisitions
  - In process of being restructured to enhance product competitiveness
  - On Macquarie and BT wrap
- **Abacus Fern Bay Fund**
  - New special opportunity fund released late April
  - 26ha of coastal land at Stockton Beach, north of Newcastle
  - Seniors homes park with 450 tenancies and capacity to add another 145
  - Forecast 8% yield with high tax deferral - "Land banking" with income
- **Abacus Jigsaw Trust**
  - Private equity investment for sophisticated and professional investors
  - 50% interest in a portfolio of corporate childcare centres in Sydney (CBA, NAB, ING, UBS, Deutsche etc)
  - Preferred equity structure
  - Initial yield of 12%pa, paid monthly, with growth through portfolio expansion

Fund Performance

Investment Returns	Term	Annualised Return
Abacus Mariners Cove Property Trust (April, 2008)	8 years	20.1%
Abacus Hospitality Fund (Current)	1 year	11.8%
Abacus Diversified Income Fund No 1	2.5 years	14%
Abacus Storage Fund (Current)	2.5 years	18%
Abacus Crows Nest Property Trust (Feb, 2008)	7 years	14.2%
Abacus Portfolio Service, Burnie Hospital (Sept, 2007)	11 years	15.5%
Blue on Blue Pre Sales Agreement (Nov, 2007)	20-24 months	28%
Royal Domain Pre Sales Agreement (June, 2007)	24-30 months	28%

New Fund Pipeline

- Growth in FUM will be driven by:
  - Continued acquisitions in the hotel and small property funds
  - The launch of Storage Fund II and continued acquisitions in this sector
  - The release over time of assets being incubated on balance sheet, such as:

Fund Details	Abacus Small Props Fund	Abacus Retail Fund	New Zealand	Self-storage	Total
Number of properties	7	11	6	13	37
Gross asset value	$89m	$78m	$40m	$90m	$297m
Weighted Avge Cap Rate	7.2%	7.2%	8.4%	8.5%	7.7%

New Fund Pipeline

- Fund flows update
  - All fund managers have suffered a reduction in inflows since Christmas
  - Retail flows will improve when investment markets stabilise
  - Some planners will increase their allocation to unlisted/direct property given recent turbulence in LPTs
  - The unlisted property fund management sector is consolidating, and Abacus will be a beneficiary given its balance sheet, experience and long track record
  - We are broadening our sources of capital for our funds management business, by establishing new dealer group relationships and gradually building a presence in the wholesale area

Questions

Abacus Hospitality Fund

Paul Lonergan
Director – Abacus Hospitality Fund

The Hospitality sector is in good shape

Strong Sector Fundamentals

- Positive economic backdrop
- Strong demand
  - Growth in inbound demand
  - Consistent domestic demand
  - Increased airline capacity supporting domestic and international tourism
- Limited additions to supply
- Strong revenue growth opportunity
- Opportunities to buy smart

Strong Demand

- **Tourism perspective**
  - Tourism contribution to the Australian economy $85b in 2007 forecast to increase to $100b by 2016
  - Inbound 27% - $23b in 2007, forecast $35b by 2016, Domestic 73% - $62b in 2007,forecast $65b by 2016
- **Inbound Tourism – strong growth**
  - Visitor arrivals - 5.7m in 2007 to 9m by 2016.
  - Visitor nights – 29m in 2007 growing to 44m by 2016
  - Major emerging markets China and India
- **Domestic tourism - static**
  - Generates 77m Visitor Nights to Hotel and Resorts
  - Forecast to remain static over the next 5 years
- **Increasing aviation capacity**
  - Benefits both inbound and domestic

Swissotel, Sydney

Source Tourism Forecasting Committee

Supply - significant barriers to entry

- Construction of new hotels in most markets in Australia is still not viable
- The high replacement cost relative to valuations show that it is unlikely that new supply will threaten the market or expected returns.
- There are just under 82,000 hotel rooms in Australia;
  - Hotel rooms under construction in capital cities c900
  - Hotel rooms proposed in capital cities c3200
- Limited new supply over next 3-4 years

Hotel	No of Rooms	Purchase price per room	Replace cost per room
Swissotel	359	$236,769	$450,000+
Tradewinds	246	$160,570	$365,585
Townsville	98	$191,326	$260,020
Gladstone	95	$163,158	$305,263
Twin Waters	394	$171,120	$208,121

Strong earnings growth opportunity

- The supply/demand imbalance provides for strong earnings growth with increase in occupancy and average daily rates (ADR).
- The Australian 4-5 star hotel sector is already at relatively high occupancies of c80%
- Average daily rates have recorded 4 consecutive years of growth, yet are still considered low by international standards.
- Revpar – Revenue per available room

City	YTD Dec 2007 Occupancy Growth %	YTD Dec 2007 ADR Growth %	YTD Dec 2007 Revpar Growth %
Perth	4.4%	14.3%	19.0%
Canberra	5.5%	8.0%	13.9%
Sydney	4.0%	5.3%	9.5%
Sunshine Coast	1.7%	6.7%	8.5%
Melbourne	3.0%	5.1%	8.3%
Brisbane	0.1%	8.1%	8.2%
Australia	**2.0%**	**6.0%**	**8.1%**

Source: ABS

Top 10 Accommodation Owners Australia December 2007

abacus property group

Entity	Investor Type/Origin	Rooms	Properties
Tourism Asset Holdings Ltd.	Private Co./ Australia	6032	40
Mirvac Funds Management	Investment Fund/Australia	4362	22
Eureka Funds Management	Investment Fund/Australia	2726	10
Thakral Holdings Limited	Public Co./Singapore	2547	8
General Property Trust	REIT	2406	21
Schwartz Family Co.	HNWI/Australia	2231	8
Toga Group	Hotel/SA Operator/Australia	2029	14
Stamford Land Corporation	Hotel/SA Operator/Singapore	1764	7
Crown Ltd	Public Co./Australia	1651	4
Abacus Property Group	**Property Fund/Australia**	**1461**	**7**

Source: Jones Lang La Salle

Abacus Hospitality Fund Overview

- Launched in March 2007 with 3 hotels valued at $134m
- We have since acquired an additional 5 hotels for $168
- We are targeting a total return to investors of at least 10%
  - 8% initial yield (100% tax deferral)
  - NTA growth of 2%+
- Achieved 11% total return over the life of the first PDS

Property	Location	Rooms	Val'n $m
Swissotel	NSW	359	$87.7
Novotel Twin Waters	QLD	360	$68.0
Rydges Tradewinds	QLD	246	$41.0
Rydges Southbank	QLD	98	$19.3
Rydges Gladstone	QLD	95	$15.5
Chateau on the Park	NZ	193	NZ$35
Diplomat	ACT	67	$13.3
Rydges Esplanade (75%)	QLD	242	$26.8
Total		**1,660**	**$302M**

Abacus Hospitality Fund Overview

- New PDS April 2008 reflects strong first year performance
  - Issue Price: from $1.00 to $1.03
  - NAV: from $0.93 to $0.98
  - DPS: from 8.0c to 8.25c
- Risk mitigation – multi manager model, diversification of client base and asset location
- Debt Profile:
  - Current gearing is 54% on total assets.
  - $181m of total debt, with average maturity of 3.9 years.
  - 92% of the debt is subject to a fixed rate at 7.17% with 4 year swap life
  - Average interest rate on total debt is 7.23%.
- Liquidity facility: $500 000 per quarter
- Term: security holders will meet no later than June 2012 to review Fund's future direction

Asset Acquisition Strategy

We seek to acquire assets for the fund that offer:

- protection from new competition through a purchase price below replacement cost
- the opportunity to improve the business through revenue growth and/or cost reduction
- inherent underlying land value such as waterfront or prime CBD locations
- vacant possession so that we can restructure existing management arrangements or appoint new managers to improve performance.
- alternative highest and best use opportunities such as strata, residential conversion or land subdivision.

Asset	Acquisition Discount to replacement cost	% Increase in EBITDA Since acquisition	Unique location an Asset features
Swissotel	40%	Exp. 20%	CBD
Twin Waters	22%	18%	Oceanfront/Land
Esplanade	32%	120%	Oceanfront
Tradewinds	56%	80%	Oceanfront
Chateau	8%	13%	CBD/Land
Gladstone	47%	Exp. 10%	CBD
Townsville	14%	Exp. 80%	CBD/Land
Diplomat	27%	Lease	Land

Active Asset Management

Case Study – Novotel Twin Waters, Sunshine Coast, Queensland

- Acquisition rationale
  - An iconic waterfront property located in one of the fastest growing regions of Australia Large waterfront landholding
  - Acquired well below replacement cost
  - Low average room rate
  - Higher permitted density
- Active asset management
  - Creating expectation consistent with best practise
  - $8m refurbishment
  - 18% increase in EBITDA with incumbent operators, whilst under refurbishment
  - Achieved Rate growth and cost reduction
  - Growing the conference business
  - Actively work with the operator

Valuation (December 07)	$68m
Valuation cap rate	9.38%
Replacement cost	$88m
Rooms	360
Value per room	$188,889
Manager	Accor
Year built	1989
Land size	61.92 ha
Customer Base	Conference/ Leisure

Active Asset Management

Case Study – Swissotel, Sydney CBD, NSW

- Acquisition rationale:
  - An eight year old, five star hotel in the centre of the Sydney CBD
  - Very low capital rate per room for a five star Sydney CBD hotel
  - Acquired significantly below replacement cost
  - Low average room rate
- Active asset management
  - Creating expectation consistent with best practise
  - Changed mix of business
  - Achieved Rate growth and cost reduction
  - Potential earnings uplift could be as much as 30% over next two years
  - Actively work with the operator

Valuation (Feb 08)	$87.7m
Valuation cap rate	7.75%
Replacement Cost est.	$161m
Rooms	359
Value per room	$236,769
Manager	Swissotel
Year Built	1999
Gross floor area	24,189m2
Customer Base	Corporate, Leisure, Conference,Crew

Summary – Abacus Hospitality Fund

- The hospitality sector is in good shape
- We have bought assets well and been able to improve their performance
- We anticipate continued growth in operating returns and asset values, which will underpin future fund performance and performance fee income for Abacus
- We will continue to make selective acquisitions
- Focused on raising money into the fund to replenish the Abacus working facility

Questions

Abacus Storage Fund

Phil Peterson, Associate Director Investments

Fund Overview

Abacus' involvement in the self storage industry typifies our approach to funds management and property investment

- Attractive industry and business fundamentals plus sound property characteristics
- Fund launched Nov 05 with $101.4m assets, requiring $60m equity at 8% yield
- $68m additional acquisitions post fund-launch
- $75m equity raised in 13 months under PDS
- Strong lift in operating performance through Abacus' manage the manager approach
- Fund closed to new equity – maximising securityholder ROE through facility expansion
- Fund is now one of the largest owner operators in Australasia

Cleveland, Queensland

Attractive Industry Fundamentals

Like hospitality, the self storage sector is underpinned by sound industry dynamics

- Strong outlook for continued growth in demand as awareness of storage by consumers increases in Australia and New Zealand
- Relative undersupply to more mature markets based on available storage space per capita metrics
- Most institutional grade facilities are experiencing strong occupancy – circa 90% at mature facilities
- Land economics and let up times discourage new development – especially as competitors focus on large facilities, whereas the Fund's model targets smaller facilities (circa 5,000 sqm on average) to maximise pricing power
- These factors are supportive of continued profit growth at existing facilities, and future greenfield development at appropriate points in the cycle

Attractive Property Fundamentals

Our initial portfolio provided excellent property fundamentals:

- Purchase rate per sqm NLA that equated to industrial property (c$1,200psqm)
- Initial portfolio comprised 250,000sqm land with 125,000sqm NLA
- Undeveloped FSR provided expansion capacity
- And we are continuing to source assets that are as attractive as the original assets – recent acquisitions at 8.5% cap rates

Cranbourne, Melbourne

Attractive Business Fundamentals

The embedded self storage business was also attractive:

- Industry fundamentals are sound and new supply is limited
- High demand growth, emerging sector
- High margin business (60%+)
- Primarily fixed cost structure with low breakeven occupancy (35%)
- Large number of small tenants – bargaining power resides with owner
- Low maintenance capex requirements
- NLA expansion generates 20-30% ROCE
- Opportunity to work with Storage King, the largest licensor of self storage assets in Australia and New Zealand, and manage the manager effectively and proactively to achieve industry best performance targets

Attractive Investment Fundamentals

- By owning both the property and the business, we were able to effectively collect an industrial rent as the landowner, with a free option over the growth of the business
- We have sought to drive the business value by focusing on the following key metrics:
  - Occupancy
  - Average Rate
  - EBITDA Margin
  - NLA Expansion
- Our success has seen NAV grow by 45% in the first 19 months of the fund, and we anticipate further growth this year

Remuera, NZ

Portfolio Performance

- Comparable same store performance for 6 months to Dec-07 v Dec-06
  - 18% revenue growth
  - 28% EBITDA growth
  - Average margins up 5% to 64%
- Revenue growth driven by both occupancy (from 80 to 89%) and growth in average rental rate (up 9%)
- We have also increased NLA by approximately 5,000 sqm over the period, which will provide additional revenue growth going forward
- There is an additional 12,000sqm of potential NLA expansion in the pipeline

Fund Performance

Since inception in November 2005, the fund has delivered strong underlying returns for investors:

- The initial AIFRS NAV has increased from $0.82c at fund launch to $1.21 at Dec 07. Further revaluation gains are anticipated at June 08.
- Distributions have increased to 8.25c and will be fully funded by operating cash flow this year
- Investors have received an annualised return of 18% based on their initial $1.00 investment
- Portfolio cap rate averages 8.5%
- Gearing is 56%

Abacus now holds c19% of the equity in this fund

Continued Growth

- Abacus Storage Fund has been closed to new acquisitions – focus has been on maximising return on initial equity by driving portfolio profitability
- Abacus has been accumulating additional assets on balance sheet in preparation for potential future syndication
- We now own/control c$90m of additional assets (ex on costs) and are working on further acquisitions
- Assets being acquired are consistent with investment thesis – i.e. strong property fundamentals with embedded business option value
- When we have sufficient scale, we will look to either merge the Abacus assets in Fund No 1 or launch a second storage fund, possibly to wholesale investors
- There should be good origination profits in the launch of Fund No 2

Questions

Abacus Development JV Presentation

Cameron Laird, Director – Joint Ventures

Development JV Strategy

- Abacus enters into Joint Venture development projects to:
  - Gain exposure to the development sector
  - Achieve diverse deal flow opportunities
  - Supply product to the Funds Management business
- Target sectors
  - Currently we have broad sector coverage
  - Our forward focus includes:
    - Mixed use – retail, residential/office
    - Retail/office
    - Residential (NSW)
    - Aged care
  - Still opportunistic based

Development JV Strategy

- Geographic focus
  - Victoria currently good exposure
  - Focused on expanding presence in NSW and QLD
  - Current sub-prime pressure will help deliver opportunities
- Our objective is to achieve the following:
  - State based strategic JV partners
  - Sector specific JV partners
  - “One-off” opportunistic JV projects

Projects

Project	Project Status	Project Realisation
Colemans Rd, Dandenong Victoria	A 36ha industrial land subdivision, where Aldi has purchased the master lot equivalent to 65% of the site area, the remaining lots will be completed in 2009. Minimal future capex requirements.	2008 - 2010
Bay St, Brighton Victoria	A 5,420sqm retail development in one of Melbourne's premier retail precincts. Development approval has been obtained for a 4200sqm Safeway supermarket, 15 specialties and an office and gym facilities on the first floor.	2010 - 2011
Musselbrook, NSW	A 1200 lot subdivision in the upper-Hunter Valley NSW. The first stage is fully sold at average prices above feasibility and in the process of settlement. Civil works for stage two will commence in the next quarter. The land has been fully equity funded.	2008 - 2015
Main St, Pakenham Victoria	A future retail development on 5.1 ha of land in central Pakenham, Victoria. Abacus and its partner are in discussions with the relevant planning authorities regarding a mix of retail, bulky goods & commercial office on this site.	2010 - 2012
Pakenham Land Sub-division, Victoria	This 54ha site was sold to Delfin Lend Lease in 2007, and Abacus and its partner will continue to receive a portion of the gross sales proceeds as lots are sold in the coming years. Initial sales are likely to commence early 2009.	2009 - 2012

Projects cont.

Project	Project Status	Project Realisation
Philip St, Mornington Vic	A residential/age care dev site close proximity to the shopping precinct and beach front. The site of 3,184sm has an approval for a 4 level, 54 unit retirement village.	2010 - 2011
Pacific Highway, Crows Nest, NSW	An existing 17 level building to be converted into a 95 unit vertical retirement village. Construction to commence second half 2009.	2010 - 2011
Newlands Rd, Coburg, Vic	An industrial subdivision with a total area of 21,330sm. Council approval has been requested for an office /showroom /warehouse development.	2008 - 2009

Colemans Road, Dandenong

This is a 35.9 hectare property which was purchased for $19 million in January 2007

Progress to date

- Achieved industrial land subdivision with 11 lots
- Earth works have commenced
- Aldi is contracted to purchase 22.9 hectares for $24 million
- Second stage 10 lots (approx 70,000sm) due for completion in 2009
- Estimated return on cost is above 40%
- Abacus invested equity of $2.8 million

Pakenham, Melbourne

- The JV purchased the land (close to the current Pakenham retail precinct) in 2007 after a deferred settlement
- The land has an area of 5.2ha and was settled in August 2007 for $5 million, with a mortgage valuation of $12 million
- Pakenham (Cardinia Urban Growth Area) has the highest population growth for Victoria
- The JV has been working with Council and the State Government Growth Area Authority to have a small shop restriction (Section 173) lifted from the site to enable the development of a retail shopping centre
- The current proposal before Council has 8,300m^2 of retail, 4,100m^2 of entertainment/services, 4,500m^2 medical/health precinct, 5,000m^2 of bulky goods, and 3,000m^2 of PAD sites
- Council's consultant Macroplan have forecast that retail spending will increase by more than 2.5 times between 2006 and 2021
- Woolworths and Big W have committed their support for the site

Pakenham, Melbourne

Sanctuary Group

- The Sanctuary Group JV is a 50/50 joint venture between Abacus and Sanctuary Residences Ltd
- Sanctuary is a NZ based retirement village company with interests held by Cliff Cook and Sam Zell
- Sanctuary has an experienced management team with expertise and capabilities in:
  - Development
  - Marketing
  - Operations
  - Finance and accounting
- Our strategy is to develop (or purchase) and operate high quality retirement villages in high wealth demographic locations, targeting well funded retirees

Crows Nest

This property was purchased by the JV for $36 million in 2008. The demographics align with the strategy and the property has excellent physical configuration for conversion to retirement apartments.

- **Progress to date**
  - A DA was in place to convert the existing building into residential apartments
  - The proposal is to convert the property into a vertical retirement village with approximately 95 independent living units
  - Vacant possession cannot be achieved until mid 2009

Our Partnership Model

- Abacus couples our capital and property skills with the regional and/or industry specific expertise of our partners
- In Victoria, our partner brings geographic expertise and balance sheet support and with our transactions in retirement, hotels, storage and retail sectors we have partnered with industry specialists who provide industry sector transactional flow that Abacus may not otherwise access. This model has served us well for many years
- Abacus leverages its business and capacity to transact through its partners on a regional and industry basis
- Abacus requires our partners to contribute equity to each project, normally on a 50/50 basis and we support this equity from our balance sheet or through our fund structures

Questions

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