

Abacus Diversified Income Fund II Fund Update November 2016

Investors holding units in this Fund benefit from an underwritten distribution yield over the term of their investment and an underwritten return of capital at the end of the Fund term.

Investor returns and liquidity for Class A unitholders

On 4 October 2016 Abacus Property Group acquired the remaining Class A units held by parties other than Abacus Property Group at \$1.00 per unit in accordance with their agreed maturity date.

Investor returns and liquidity for Class B and Class C unitholders

Investors holding Class B (\$1.00 par value) and Class C (\$0.75 par value) units benefit from an underwritten distribution yield and an underwritten return of their capital. Both unit classes are entitled to a distribution yield of 10.2% pa from 1 July 2016 and a return of capital at the end of the Fund life.

Fund termination

At 30 June 2016 the Fund owned six properties. One of these was sold on 26 August 2016. The remaining five properties are being targeted for sale by 30 June 2017, by which time the fund will be wound up. Net proceeds from asset sales will be applied first to repay bank debt and any surplus sale proceeds will be applied to the return of unitholder capital.

Property and Borrowings Update

During the year ended 30 June 2016 seven property assets were sold and the Fund realised a gain of \$1.3m. The net proceeds from sale were used to repay debt obligations. At 30 June 2016 the Fund had drawn debt of \$50.2m secured against property assets valued at \$137.5m (loan to value ratio of 36.5%). The bank facility expires in June 2017. The net assets of the Fund at 30 June 2016 were:

\$000	As at 30 June 2016
Property assets	137,500
Other assets	1,861
Bank debt	(50,220)
Abacus working capital facility	(38,346)
Other liabilities	(4,223)
Net assets	46,572

Net asset value per unit

The adjusted net asset value per unit (Classes A, B and C) at 30 June 2016 was \$0.75 on the basis that the Abacus working capital facility (AWCF) is notionally converted to equity. While the adjusted net asset value per unit is currently less than the weighted average capital contributed per unit by unitholders, the capital value of all units in the Fund is underwritten by Abacus Property Group.