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8 December 2020

Abacus business update and launch of a fully underwritten¹ \$402 million equity raising for growth capital

- Abacus Property Group (“Abacus”) (ASX: ABP) has executed on its stated strategy to become a strong asset backed, annuity style, investment house and has delivered a pleasing Q1 FY21 trading performance across its portfolio
- \$926 million of capital has been deployed into acquisitions in the key sectors of Office and Self Storage post FY19 including \$205 million in FY21 to date
 - \$155 million deployed into Self Storage acquisitions
 - \$50 million deployed into Office acquisitions
- In addition, Abacus has a current identified acquisition pipeline (“Pipeline”) comprising approximately \$160 million of assets under active consideration of which approximately \$130 million is in advanced negotiations with due diligence well progressed
 - 100% ownership of Storage King is expected to increase the velocity of acquisitions and provide a significant competitive advantage
- Abacus is undertaking a fully underwritten¹ 1-for-4.8 accelerated non-renounceable pro rata entitlement offer to raise approximately \$402 million (“Entitlement Offer”) in order to repay debt and increase acquisition capacity² for continued growth over the medium term
- Pro forma expected gearing of 17.5% and acquisition capacity² of \$911 million post completion of the Entitlement Offer
- Expected HY21 Funds from Operations (“FFO”) of 8.9 - 9.1 cents per security and expected FY21 interim distribution of 8.5 cents per security (to which new securities issued under the Entitlement Offer will be entitled)

Business update and outlook

Trading conditions in our Self Storage portfolio have proved resilient. Our multi-pronged growth strategy including acquisition, development, expansion and optimisation has delivered strong Q1 FY21 results, with occupancy³ of 89.7% and revenue per available square metre³ (“RevPAM”) of \$251, while rent collection remains high at 99%.

¹ Refer to the summary under the heading “Underwriting” on slide 31 of the Investor Presentation for further information

² Borrowing capacity until Abacus reaches its target maximum gearing limit of 35%

³ Established Portfolio – 57 facilities traded since FY18 on a constant foreign exchange basis (adjusted for material expansions where relevant)



In the Office portfolio, acquisitions and active asset management have supported resilient Q1 FY21 trading. During the first quarter over 28,000 sqm of leasing space⁴ was completed with positive spreads, driving an improved lease expiry profile. Office portfolio occupancy⁵ is 91.4% while rent collection was 91%.

Post completion of the Entitlement Offer, Abacus expects FFO for HY21 to be 8.9 - 9.1 cents per security (\$59 - \$61 million) and expects the interim distribution to be 8.5 cents per security.

Second half FY21 FFO is expected to be higher than the first half, benefitting from recent acquisitions, anticipated continued improvement in underlying trading conditions across the portfolio, ongoing tailwinds in the Self Storage sector and continued deployment of capital for acquisition opportunities. FY21 full year distribution is expected to reflect a payout ratio broadly in line with the target range of 85 - 95% of FFO⁶.

Self Storage portfolio – substantial growth

Abacus has made significant progress in growing its portfolio in the key sectors of Office and Self Storage, with \$926 million of capital deployed post FY19 including \$205 million in FY21 to date. Both sectors continue to present opportunities for growth.

Since FY19 Abacus has deployed \$413 million of capital into Self Storage. To date in FY21, \$155 million has been deployed including acquisition of the remaining 75% interest in our operating platform, Storage King, and the exchange of contracts or settlement on \$97.5 million of Self Storage properties.

Abacus has a current identified acquisition Pipeline under active consideration comprising \$160 million of assets, of which approximately \$130 million is a high quality portfolio of metropolitan assets located in Significant Urban Areas⁷ in advanced negotiations with due diligence well progressed. Should the Pipeline proceed, it is expected to complete in Q3 FY21 and if successfully completed, Abacus' Self Storage portfolio will comprise \$1,521 million of assets.

Abacus continues to originate a strong pipeline of opportunities through the Storage King platform, with 100% ownership of Storage King expected to increase the velocity of acquisitions and provide a significant competitive advantage in acquiring scale. Since the acquisition of the initial 25% interest in Storage King in FY18, Abacus has sourced 70% of new acquisitions via the Storage King relationship/platform with 20% on market and 80% off market.

A robust development pipeline with 55,250 sqm identified to be delivered over the medium term is expected to enhance portfolio quality and increase income growth, with the expected development spend of approximately \$80 million targeting a return on invested capital of 8.0%⁸.

Equity Raising Overview

In order to repay debt and provide further acquisition capacity for continued growth over the medium term, Abacus is undertaking a fully underwritten⁹ 1-for-4.8 accelerated non-renounceable pro rata entitlement offer to raise approximately \$402 million.

Under the Entitlement Offer, eligible securityholders are invited to subscribe for one new Abacus stapled security ("New Securities") for every 4.8 existing Abacus stapled securities held as at 7:00pm (AEDT) on Thursday, 10 December 2020 ("Record Date").

⁴ Includes non-Abacus share for jointly held assets

⁵ Excludes development affected assets

⁶ Subject to timing of acquisition settlements

⁷ As defined by the Australian Bureau of Statistics

⁸ Post stabilisation

⁹ Refer to the summary under the heading "Underwriting" on slide 31 of the Investor Presentation for further information



All securities offered under the Entitlement Offer will be issued at a fixed price of \$2.90 per New Security, which represents a:

- 6.5% discount to the last close price of \$3.10 on Monday, 7 December 2020;
- 7.7% discount to the 5-day VWAP¹⁰ of \$3.14 on Monday, 7 December 2020;
- 5.4% discount to the TERP¹¹ of \$3.07

Approximately 138.7 million new Abacus securities will be issued under the Entitlement Offer. Each New Security issued under the Entitlement Offer will rank equally with existing Abacus securities on issue, including entitlement to Abacus' interim distribution for the period ending 31 December expected to be 8.5 cents per security. Abacus will, upon issue of the New Securities under the Entitlement Offer, seek quotation of the New Securities on the ASX.

Eligible institutional securityholders will be invited to participate in the accelerated institutional component of the Entitlement Offer ("Institutional Entitlement Offer"), which is being conducted today, Tuesday, 8 December 2020.

The retail component of the Entitlement Offer ("Retail Entitlement Offer") will be open to eligible retail securityholders with a registered address in Australia or New Zealand from Monday, 14 December 2020 to Wednesday, 23 December 2020. An offer booklet in respect of the Retail Entitlement Offer is expected to be mailed to eligible retail securityholders on Monday, 14 December 2020.

The Entitlement Offer is non-renounceable and entitlements will not be tradeable or otherwise transferrable.

Abacus' largest securityholder, Calculator Australia, is supportive of the Entitlement Offer and intends to take up its full entitlement¹². In addition, Calculator Australia has provided a commitment to sub-underwrite approximately \$49 million across the retail tranche of the Entitlement Offer¹³.

Financial impact

Post completion of the Entitlement Offer, pro forma gearing¹⁴ is expected to be 17.5%, which provides Abacus with \$911 million of acquisition capacity¹⁵. If the Pipeline acquisitions are successfully completed and following completion of the Entitlement Offer, pro forma gearing will increase to 21.5%.

On completion of the Entitlement Offer, the pro forma NTA¹⁶ per security is expected to be \$3.15.

The increase in acquisition capacity is expected to allow Abacus to execute on future growth initiatives including developments and acquisitions.

Abacus' Managing Director, Steven Sewell, said, "It has been immensely pleasing for Abacus to successfully deliver on its stated strategy. Since FY19, \$926 million of capital has been deployed into acquisitions in the key areas of Office and Self Storage. This Entitlement Offer is expected to allow Abacus to extend its strong track record of long term value enhancing investments by providing an additional \$911 million of acquisition capacity, ensuring Abacus will be in a strong position to continue to take advantage of the significant number of opportunities in these key sectors."

¹⁰ Volume Weighted Average Price

¹¹ The theoretical ex-rights price ("TERP") is the theoretical price at which Abacus securities should trade at immediately after the ex-date for the Entitlement Offer. The TERP is a theoretical calculation only and the actual price at which Abacus securities trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not equal the TERP. TERP is calculated by reference to Abacus' last closing price of \$3.10 on 7 December 2020

¹² Refer to slide 39 of the Investor Presentation for information on the possible effects of Calculator Australia's participation in the Entitlement Offer on its holding

¹³ Any shortfall securities not taken-up by eligible retail securityholders will be allocated on a pro rata basis to eligible institutional investors who commit to sub-underwrite the retail tranche of the Entitlement Offer. Any subsequent shortfall will then be allocated to Calculator Australia as sub-underwriter of 'last resort'

¹⁴ Bank debt less cash divided by total assets less cash

¹⁵ Borrowing capacity until Abacus reaches its target maximum gearing limit of 35%

¹⁶ Net assets excluding external non-controlling interests and intangible assets. Includes right-of-use property assets and lease liabilities of \$2.3 million



Offer timetable

An indicative timetable of key dates in relation to the Entitlement Offer is set out below. All dates and times are references to Sydney, Australia.

Event	Date (Sydney time)
Trading halt and announcement of the Entitlement Offer	Tuesday, 8 December 2020
Institutional Entitlement Offer opens and closes	Tuesday, 8 December 2020
Trading resumes on an 'ex-entitlement' basis	Wednesday, 9 December 2020
Record Date for the Entitlement Offer	Thursday, 10 December 2020
Retail Entitlement Offer Booklet despatched and Retail Entitlement Offer opens	Monday, 14 December 2020
Early Retail Entitlement Offer acceptance due date	Thursday, 17 December 2020
Settlement of Institutional Entitlement Offer and early Retail Entitlement Offer	Friday, 18 December 2020
Allotment of New Securities issued under the Institutional Entitlement Offer and early Retail Entitlement Offer	Monday, 21 December 2020
New Securities allotted under Institutional Entitlement Offer and early Retail Entitlement Offer commence trading	Tuesday, 22 December 2020
Retail Entitlement Offer closes for final applications	Wednesday, 23 December 2020
Announcement of results of Retail Entitlement Offer	Tuesday, 29 December 2020
Final settlement of Retail Entitlement Offer	Wednesday, 30 December 2020
Allotment of remaining New Securities issued under the Retail Entitlement Offer	Thursday, 31 December 2020
New Securities allotted under Retail Entitlement Offer commence trading	Monday, 4 January 2021
Despatch of holding statements of New Securities issued under the Retail Entitlement Offer	Monday, 4 January 2021

Note: The timetable above is indicative only and may be subject to change. Abacus (with the prior consent of the Underwriter) reserves the right to amend any or all of these dates and times without notice, subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, Abacus reserves the right to extend the closing date of the Entitlement Offer, to accept late applications under the Entitlement Offer (either generally or in particular cases) and to withdraw the Entitlement Offer without prior notice. Any extension of the closing date will have a consequential effect on the issue date of New Securities.



Further Information

Further details regarding the Entitlement Offer are set out in the Investor Presentation also provided to the ASX today. The Investor Presentation contains important information including key risks and foreign selling restrictions with respect to the Entitlement Offer.

If you have any questions in relation to the Entitlement Offer, please contact the Abacus Property Group Information Line on 1300 139 440 (within Australia) or +61 2 9290 9691 (outside of Australia) between 8:30am and 5:00pm (Sydney time) Monday to Friday. For other questions, you should consult your broker, solicitor, accountant, financial adviser, or other professional adviser.

Macquarie Capital (Australia) Limited is acting as sole lead manager, bookrunner and underwriter for the Entitlement Offer. King & Wood Mallesons is acting as legal adviser to Abacus.

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INVESTOR & MEDIA ENQUIRIES

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Important Information

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This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or in any other jurisdiction in which such an offer would be illegal. Neither the entitlements nor the New Securities have been, or will be, registered under the U.S. Securities Act of 1933, as amended (the U.S. Securities Act) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the entitlements and the New Securities may not be offered or sold, directly or indirectly, in the United States, unless they have been registered under the U.S. Securities Act (which Abacus has no obligation to do or procure), or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws of any state or other jurisdiction of the United States.

Financial data

All dollar values are in Australian dollars (A\$) and financial data is presented as at 30 June 2020 unless otherwise stated.

This announcement contains certain financial information and measures that are 'non-IFRS financial information' under ASIC Regulatory Guide 230: 'Disclosing non-IFRS financial information' published by ASIC and 'non-GAAP financial



measures' within the meaning of Regulation G under the U.S. Securities Exchange Act of 1934, as amended, and are not recognised under Australian Accounting Standards ("AAS") and International Financial Reporting Standards ("IFRS"). These measures include, but are not limited to RevPAM, gearing, FFO, Return on Invested Capital and NTA. Such financial measures do not have a standardised meaning prescribed by the applicable AAS or IFRS, and therefore, may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with the applicable AAS or IFRS. Although Abacus believes these non-IFRS / non- GAAP financial measures provide useful information to users in measuring the financial performance and condition of Abacus' business, readers are cautioned not to place undue reliance on any non-IFRS / non-GAAP financial measures included in this announcement.

Investors should note that this announcement contains pro forma financial information. The pro forma financial information provided in this announcement is unaudited and subject to change. Investors should also note that the pro forma financial information is for illustrative purposes only and is not represented as being indicative of Abacus' views on Abacus, nor anyone else's, future financial condition and/or performance and does not purport to be in compliance with Article 11 of Regulation S-X under the U.S. Securities Act and was not prepared with a view towards compliance with the rules and regulations or guidelines of the U.S. Securities and Exchange Commission or the American Institute of Certified Public Accountants for the preparation and presentation of pro forma financial information.

Future performance

This announcement contains certain "forward-looking statements". The words "expect", "should", "could", "may", "predict", "outlook", "foresee", "guidance", "plan", "estimate", "anticipate", "aim", "intend", "believe", "projection", "forecast", "target", "consider" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance and the outcome of the Entitlement Offer and the use of the proceeds are also forward-looking statements, as well as statements about market and industry trends, which are based on interpretations of current market conditions. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, elements of subjective judgement and assumptions, contingencies and other factors (including those described in the key risk section of the investor presentation released on ASX on the same date as this announcement (including uncertainties associated with the ongoing impacts of COVID-19)), many of which are beyond the control of Abacus and its related bodies corporate and affiliates and each of its securityholders, directors, officers, employees, partners, agents and advisers (Beneficiaries), that may change without notice, and that may cause actual results or performance of Abacus to differ materially from those predicted or implied by any forward-looking statements. Such forward-looking statements speak only as of the date of this announcement. There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. You are cautioned not to place undue reliance on forward-looking statements and Abacus (and its Beneficiaries) assume no obligation to update such information.

Such forward-looking statements should be considered in light of these disclosures. Investors are strongly cautioned not to place undue reliance on forward looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the COVID-19 pandemic. No representation, warranty or assurance (express or implied) is given or made by any person in relation to any forward-looking statement (including by Abacus or any of its advisers).