Abacus Group Holdings Limited
ACN 080 604 619
Abacus Group Projects Limited
ACN 104 066 104
Abacus Funds Management Limited
ACN 007 415 590
Abacus Property Services Pty Limited
ACN 050 739 001
Abacus Storage Funds Management Limited
ACN 109 324 834
Abacus Storage Operations Limited
ACN 112 457 075

ASX ANNOUNCEMENT

Abacus announces Entitlement Offer to raise up to approximately $121 million

Abacus Property Group (Abacus) announces that it is undertaking a partially underwritten 1 for 12 Accelerated Non-Renounceable Entitlement Offer (Entitlement Offer) to raise up to approximately $121 million (circa 8.3% of current issued capital).

Highlights

- New Abacus stapled securities (New Securities) offered at $2.82 per security
- New Securities issued at a 4.7% discount to TERP[1]
- New Securities expected to offer an attractive annualised DPS yield of 6.0%[2]
- Proceeds of the Entitlement Offer will be immediately used to repay debt. The reduction in debt is a short term strategy as the funds raised will provide growth capital for the Group

Entitlement Offer

Abacus is undertaking a partially underwritten Entitlement Offer to raise up to approximately $121 million

- The institutional component of the Entitlement Offer (Institutional Entitlement Offer) will be underwritten and is expected to raise approximately $98 million
- The retail component of the Entitlement Offer (Retail Entitlement Offer) is not underwritten and may raise up to approximately $23 million

New Securities will be offered at a fixed price of $2.82 per security (Offer Price), which represents a 5.8% discount to the Abacus 5 day volume weighted average price (VWAP) to 13 March 2015 and a 4.7% discount to TERP of $2.96. Eligible securityholders are invited to subscribe for one New Security for every 12 existing Abacus stapled securities (Entitlement) held at 7.00pm (AEDT) on Thursday 19 March 2015 (Record Date). New Securities will rank equally with existing stapled securities on issue and will be eligible to participate in any distributions for the six month period to 30 June 2015.

Abacus' cornerstone investor, Kirsh Group, which holds approximately 49.12% of Abacus, has committed to take up its pro–rata share of the Institutional Entitlement Offer.

Eligible institutional securityholders will be invited to participate in the Institutional Entitlement Offer which will take place from today, 16 March 2015 to 17 March 2015. Eligible institutional securityholders can choose to take up all, part or none of their entitlement. Institutional entitlements that eligible institutional securityholders do not take up by the close of the Institutional Entitlement Offer, and institutional entitlements that would otherwise have been offered to ineligible institutional securityholders, will be sold through an institutional shortfall bookbuild at the Offer Price on 17 March 2015.

[1] The Theoretical Ex-Rights Price (TERP) is the theoretical price at which Abacus securities should trade after the ex-date for the Entitlement Offer. 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 be equal to TERP.
2 Target FY15 final distribution of 8.5c for the six months to 30 June 2015 annualised to 17.0c divided by Offer Price.

The retail entitlement offer will be open from Friday 20 March 2015 to Thursday 2 April 2015. Existing eligible retail securityholders will have the opportunity to apply for additional securities above their entitlement as part of the Retail Entitlement Offer. Further details of the Retail Entitlement Offer will be lodged with ASX on Wednesday 18 March 2015.

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

Use of Funds

The proceeds of the Entitlement Offer will be immediately applied to reduce debt following the settlement of Oasis Shopping Centre. The raising will provide growth capital for accretive acquisitions of core plus property, capital commitments to existing and new development projects and third party capital initiatives.

Abacus either alone or together with capital partners has acquired assets since June 2014 of over $300 million and has invested over $88 million across its development pipeline.

Abacus has a track record of delivering strong equity returns from the core plus assets that are taken through the Abacus journey. Recent sales of assets such as Birkenhead Point Shopping Centre and Marina, Sydney and 484 St Kilda Road, Melbourne have delivered IRRs of 24% and 34% respectively on Abacus' equity investment.

Abacus today has an extensive pipeline of core plus assets which, if Abacus is successful in acquiring, will be accretive in the immediate term and provide a platform for ongoing growth. While the market is competitive Abacus has a strong record of acquiring assets throughout the cycle and is encouraged by the depth of opportunities presented to it both on and off market.

Impact of the raising

The Entitlement Offer is anticipated to be neutral to the Group's FY15 targeted distribution of 17.0c per security.

The transaction is anticipated to be marginally decretive to Abacus' FY15 underlying earnings per security by approximately 1%. The effect of the dilution will be reduced by the time taken to deploy funds into new acquisitions.

The Group's NTA per security will increase to $2.37. Group gearing will initially reduce to around 19.4% from 23.4% as at 31 December 2014 although once the proceeds are fully invested gearing is likely to rise to 28.5%.

Summary

Recently Abacus has delivered a strong HY15 result with over $300 million of acquisitions announced in the last few months. Abacus continues to invest in and develop its development pipeline across new and existing projects. Abacus expects to commit a further $100 million of capital across its investment portfolio and development pipeline in the next 12 months.

Abacus has a strong track record of delivering strong equity returns from its investment assets and projects.

Dr Frank Wolf, Managing Director said "We are pleased to be offering this opportunity to all securityholders to benefit from the continued growth trajectory of the Group. We are also very pleased that our largest securityholder has committed to taking its pro-rata share of the Institutional Entitlement Offer. Abacus offers securityholders an attractive distribution while maintaining low gearing and a conservative payout ratio."

---

16 March 2015

Ellis Varejes
Company Secretary

Neil Summerfield
Head of Investor Relations
(+61) 2 9253 8600
www.abacusproperty.com.au