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Abacus Property Group

Business update & equity raising

24 July 2019

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Executive summary

Executive summary

Fully underwritten $250 million institutional placement to pursue in excess of $710 million of value-accretive identified opportunities in line with its strategic priorities and key sector focus

Trading update[1]	— Abacus is well advanced in its strategy to transition to a more constant annuity style, strong asset backed business — Preliminary unaudited FY19 Underlying Profit[2] of 24.0 cents per security, Funds From Operations (FFO) of 22.2 cents per security and net property rental income of $114 million (growth of 8% on FY18) — FY19 distribution of 18.5 cents per security (growth of 2.8% on FY18) — Investment portfolio revaluation uplift of c.$70 million (to approx. $2.3 billion) over FY19 drove an increase in unaudited Net Tangible Assets (NTA) per security to $3.33 with gearing[3] at 24%

Identified opportunities	— Abacus is pursuing several value-accretive identified opportunities[4]
	    — Australian Unity Office Fund (AOF) – Abacus (50% of a consortium) submitted a non-binding indicative best and final proposal to acquire remaining units in AOF for a cash consideration of $3.04 per unit via a trust scheme of arrangement. The consortium currently holds 19.9% of AOF units – Abacus incremental capital commitment of c.$308 million[5]
	    — Self Storage – FY20 acquisition and development pipeline of up to $118 million
	    — Church Street, Richmond VIC – Asset development in joint venture with Salta Properties – Abacus incremental capital commitment of c.$68 million
	    — Sydney CBD Office asset[6] – In due diligence – Abacus capital commitment c.$220 million
	— Identified opportunities expected to be partly funded using the proceeds from the Placement, existing and new debt facilities and proceeds from the continued disposal of non-core assets in line with strategy

1. All FY19 (including pro forma) figures are preliminary, unaudited and may change.
2. Calculated in accordance with the AICD/Finsia principles for reporting underlying profit.
3. Bank debt less cash divided by total assets less cash.
4. There is no certainty that the AOF or the Sydney CBD Office asset transaction will complete.
5. In the absence of a superior offer. Abacus share. Assumes an implied enterprise value of $690 million (offer price of $3.04 per security), AOF net debt as disclosed at December 2018. Abacus expect to utilise up to 50% off-balance sheet debt in the entity acquiring the units in AOF.
6. Abacus would hold a minority interest.

Executive summary (continued)

Equity raising	— Abacus is undertaking a fully underwritten $250 million institutional placement (“Placement”) at a fixed issue price of $3.95 per new security — Abacus will also undertake a non-underwritten Security Purchase Plan (“SPP”) to eligible Abacus securityholders in Australia and New Zealand to raise up to $25 million[1] — Placement structure intended to facilitate the introduction of new Abacus securityholders with increased liquidity, free float market capitalisation and S&P/ASX 200 index weighting
Financial impact[2]	— Abacus provides preliminary guidance for FY20 distribution per security growth of 2% - 3% on the declared FY19 distribution including the impact of the Placement — The payout ratio for FY20 is expected to increase to be between 85% and 95% of FFO, with the higher payout ratio expected to be supported by the increased contribution from more constant annuity style earnings[3] — On completion of the Placement, the pro forma unaudited NTA is expected to increase to $3.39 per security — On completion of the Placement, pro forma gearing[4] is expected to reduce to 15% prior to funding the identified opportunities — Assuming all the identified opportunities are undertaken, pro forma gearing is expected to be c.27% - well below its target maximum gearing limit of 35%

1. Abacus may (at its absolute discretion) determine a higher amount to be raised or decide to scale-back applications under the SPP.
2. All FY19 (including pro forma) figures are preliminary, unaudited and may change.
3. Group level results continue to be impacted by execution of the stated strategy toward a more annuity style business. Therefore, FY20 is expected to be impacted by timing and quantum of deployment of capital within key focus sectors of Office and Self Storage, as well as divestment of non-core assets.
4. Bank debt less cash divided by total assets less cash.

Business update

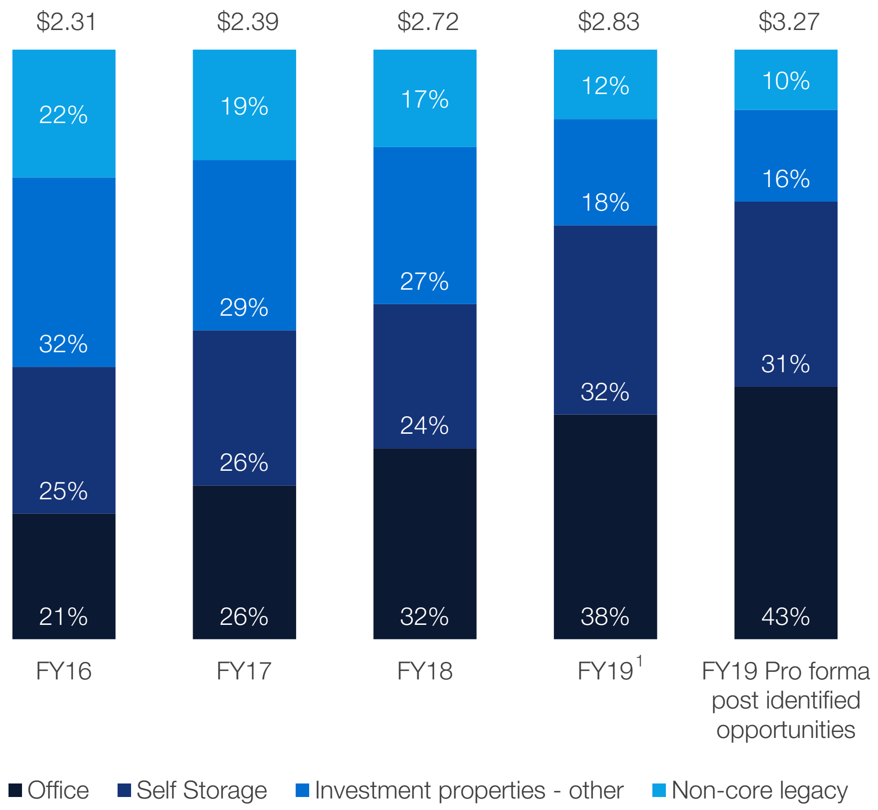
Abacus PROPERTY

Abacus Property Group

Abacus is well advanced on its strategy to transition to a more constant annuity style, strong asset backed business model

PROGRESS ON NON-CORE DISPOSALS

Balance sheet allocation by sector (total assets $ billion)



1. All FY19 (including pro forma) figures are preliminary, unaudited and may change.

STRATEGIC EVOLUTION & PRIORITIES

- Enshrine and focus market position to be high conviction investor and manager of:
  - Office – CBD and select fringe markets
  - Self Storage
- Limited exposure to retail and industrial
- Active and measured exit of non-core legacy exposure in residential and land
- Formation of strategic partnerships with capital and development/management groups: ISPT, Wing Tai, Heitman, Salta Properties and Charter Hall Group (Charter Hall)
- Business platform and governance refresh including retirement and addition of two non-executive directors, and appointment of Ms Myra Salkinder as Chair (effective 1 September 2019)

FY19 – delivering in line with strategic priorities

Abacus continues to successfully execute on its stated strategy to pursue long term value enhancing investments and realise non-core assets

Pursue long term value enhancing investments	Office	▪ **Australian Unity Office Fund (AOF)** – entered due diligence on acquisition of AOF with its portfolio of 9 office assets with potential for enhancement and re-development over time. Intended to be held in a 50/50 joint venture with Charter Hall ▪ **2 King Street, Fortitude Valley QLD** – $170 million 50/50 co-ownership with Heitman LLC ▪ **Church Street, Richmond VIC** – asset development with estimated end value[1] of c.$230 million in 50/50 joint venture with Salta Properties
	Self Storage	▪ **Acquisitions** – Acquired minority interest in operating platform Storage King (August 2018) as well as c.$180 million of acquisitions settled in FY19 ▪ **Contracted** – terms agreed on an additional $63 million of acquisitions
Realise non-core assets		▪ **Residential** – Refinanced, sold, terms agreed on c.$150 million of residential investments[2] ▪ **Retail** – Sold Liverpool Plaza at around book value for $46 million and Bacchus Marsh Village Shopping Centre for $62 million

Preliminary unaudited FY19 Underlying Profit[3] of 24.0 cents per security, FFO of 22.2 cents per security and net property rental income of $114 million (growth of 8% on FY18)

FY19 declared distribution of 18.5 cents per security (growth of 2.8% on FY18)

All FY19 (including pro forma) figures are preliminary, unaudited and may change.
1. Based off a capitalisation rate of 5.5%.
2. Includes the sale of active residential projects and the development loan book.
3. Calculated in accordance with the AICD/Finsia principles for reporting underlying profit.

Balance sheet allocation – transition continuing

JUNE 2019[1]

$2.8 billion of Total Assets[2]

Core $2.3 billion		Non-core $333 million	
Office	$1,078m	Residential Developments	$333m
Self Storage	$908m		
Super Convenience and Other Retail	$238m		
Industrial	$99m		

JUNE 2018

$2.7 billion of Total Assets[3]

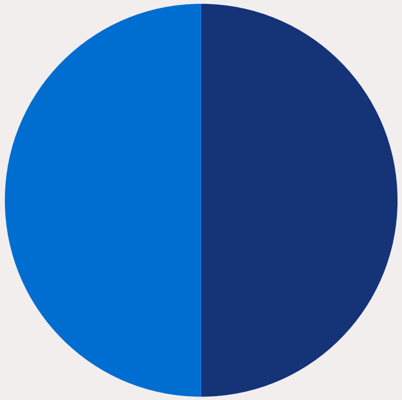
Core $2.1 billion		Non-core $449 million	
Office	$879m	Residential Developments	$449m
Self Storage	$666m		
Super Convenience and Other Retail	$425m		
Industrial	$160m		

1. All FY19 (including pro forma) figures are preliminary, unaudited and may change.
2. As at 30 June 2019 includes $171 million of investments in other assets not pictured above
3. As at 30 June 2018 includes $138 million of investments in other assets not pictured above

Self Storage – acquisitions and pipeline

STRONG GROWTH MOMENTUM

FY19 acquisitions – c.$180 million settled including Storage King platform acquisition



FY20 pipeline – $118 million

- **Contracted** – terms agreed on an additional $63 million of acquisitions
- **Under consideration** – additional $34 million currently under consideration
- **New store development** – expected $21 million spend during FY20

ACQUISITION CAP RATES 6.75% – 7.25%

ASSET	LOCATION
Adamstown	Newcastle, NSW
Craigieburn	Melbourne, VIC
Crestmead	Brisbane, QLD
Fyshwick	Canberra, ACT
Lidcombe[1]	Sydney, NSW
Midland	Perth, WA
Mitchell	Canberra, ACT
Southport	Gold Coast, QLD

1. Development site

Identified opportunities

Identified opportunities

Abacus is pursuing a number of value-accretive identified opportunities in excess of $710 million in line with its strategic priorities into Office and Self Storage key sectors[1]

1 Australian Unity Office Fund

- Abacus and Charter Hall have submitted a non-binding indicative best and final proposal to acquire all units in AOF they do not already own for a cash consideration of $3.04 per unit via trust scheme of arrangement (implying an enterprise value of $690m)
- Abacus and Charter Hall have been provided due diligence on AOF's portfolio on 17 July 2019
- Abacus and Charter Hall acquired 19.9% of units on issue for c.$96 million on 3 June 2019
- Abacus incremental capital commitment of c.$308 million[2]

2 Self Storage

- FY20 Self Storage acquisition and development pipeline of up to $118 million
  - **Contracted** – terms agreed on an additional $63 million of acquisitions
  - **Under consideration** – additional $34 million currently under consideration
  - **New store developments** – expected $21 million spend during FY20
- Active participant in Self Storage aggregation in Australia and New Zealand
  - Access to existing and potential conversions to Storage King branded facilities
  - Contracted agreement to acquire the balance of Storage King platform

3 Church Street, Richmond VIC

- Salta Properties development joint venture providing avenue for future pipeline
- As announced at HY19 results, Abacus has acquired a development site in a 50:50 partnership with Salta Properties to develop an A-Grade Office complex in the innovative and creative Richmond-Cremorne precinct with an estimated end value of c.$230 million
- Heads of agreement over c.40% of space
- Abacus incremental capital commitment of $68 million

4 Sydney CBD Office

- Abacus in due diligence on an off-market acquisition of a minority interest in a Sydney CBD Office asset
- Abacus capital commitment of c.$220 million
- Income-producing asset with repositioning potential
- Target IRR of >9%

1. There is no certainty that the AOF or the Sydney CBD office transaction will complete.
2. Abacus share. Assumes an implied enterprise value of $690 million (offer price of $3.04), AOF net debt as disclosed at Dec-18. Abacus expect to utilise up to 50% off-balance sheet debt in the entity acquiring the units in AOF.

1 Australian Unity Office Fund

TRANSACTION OVERVIEW

- On 4 June 2019, Abacus and Charter Hall Group (ASX:CHC) (collectively "Consortium") announced the acquisition of a 19.9% interest in AOF and a non-binding, indicative proposal to acquire all the units in AOF that the Consortium did not already own for $2.95 cash per unit (6% premium to NTA post Jun-19 revaluations) by way of trust scheme of arrangement
- On 3 July 2019, the Consortium provided its best and final price of $3.04[1] per unit
- Offer price and envisaged funding structure reflects a further capital commitment of c.$308 million[2] for Abacus
- On 17 July 2019, the Consortium was granted due diligence on AOF for a period of 4 weeks on a non-exclusive basis

KEY TRANSACTION BENEFITS

- Transaction on strategy - consistent with our strategic evolution and sector focus
- AOF provides access to a portfolio of scale, diversified by geography, tenants and lease expiry profile complementary to Abacus' existing office portfolio. Assets provide scope for enhancement and re-development over time
- Attractive implied entry cap rate of 6.2%[3] at the offer price of $3.04
- Abacus owns an asset adjacent to 468 St Kilda Rd, Melbourne, offering potential for synergies
- Income returns underpinned by leases to investment grade tenants, with approximately 47% of the portfolio leased to Telstra, the NSW Government and Boeing Defence Australia[4]
- Partnership with Charter Hall provides complementary skill set with active asset management capability
- The potential for income growth, with the majority of leases containing fixed rental reviews
- Weighted Average Lease Expiry (WALE) of 3.8 years and 95% occupancy[4]

1. In the absence of a superior proposal
2. Abacus share. Assumes an implied enterprise value of $690 million (offer price of $3.04), AOF net debt as disclosed at Dec-18. Abacus expect to utilise up to 50% off-balance sheet debt in the entity acquiring the units in AOF
3. Adjusted for stamp duty concession
4. Source: AOF disclosure as at Dec-18

2 Self Storage – FY20 new store developments

ACCRETIVE DEVELOPMENT PIPELINE

– Expected $21 million FY20 development spend

- 35,000 square metres of identified net lettable area to be developed throughout strategic metropolitan markets
- Potential for an additional 15,000 square metres of net lettable area from expansions (at varying stages of the development process)
- Anticipated return on invested capital of 9%+ p.a.

IDENTIFIED DEVELOPMENT PIPELINE

LOCATION	NET LETTABLE AREA	COMPLETION
Brookvale (Sydney, NSW)	6,500m²	FY20
Macquarie Park (Sydney, NSW)	3,500m²	FY20
Stafford (Brisbane, QLD)	6,000m²	FY20
Robina (Gold Coast, QLD)	6,500m²	FY21
Sydney Olympic Park (Sydney, NSW)	8,000m²	FY21+
Woonona (Wollongong, NSW)	4,500m²	FY21+
Total	35,000m²	

Image: Storage King Brookvale, NSW

3 Church Street, Richmond VIC - Salta Properties

PRODUCT CREATION

- Salta Properties
  - one of Australia's largest privately owned companies
  - significant track record of development in Melbourne
- Salta Properties and Abacus 50/50 development joint venture focused on product creation
- Purchased land to develop an A-Grade commercial complex in the innovative and creative Richmond-Cremorne VIC (Church Street) precinct
- Land acquisition price: $51m[1]
- Estimated cost to complete of c.$140 million with Abacus share of c.$68 million
- Estimated end value of c.$230 million[2]
- Construction anticipated to commence in FY20
- Completion anticipated in mid CY21
- Target equity IRR of >15%

1. Excluding costs. Abacus share is 50%
2. Based of an assumed capitalisation rate of 5.5%

Image above depicts the location of the site
Image below is an artist's impression of the Church Street, Richmond VIC development

Placement details & timetable

Equity raising

Offer structure and price	— Fully underwritten Institutional Placement to raise $250 million[1] — Non-underwritten SPP to provide eligible securityholders[2] with the opportunity to acquire up to $15,000 of new securities — The offer price per new security has been set at $3.95 ("**Issue Price**"), which represents a: • 7.5% discount to last closing price of $4.27 per security on 23 July 2019 • 6.0% discount to the 5-day VWAP of $4.20 per security on 23 July 2019 • 4.8% FY20 DPS yield[3] — The Placement represents 10.9% of total Abacus securities currently on issue — Placement intended to facilitate the introduction of new Abacus securityholders with increased liquidity – increased free float market capitalisation and S&P/ASX 200 index weighting
Use of proceeds	— Proceeds will initially be used to repay debt and provide balance sheet flexibility to pursue a number of potential value-accretive identified opportunities in excess of $710 million in FY20 in line with its strategic priorities — Australian Unity Office Fund — Self Storage acquisition and development pipeline — Church Street development joint venture with Salta Properties — Sydney CBD Office acquisition of a minority interest
Ranking	— New securities will rank pari passu with existing securities from allotment and will not be entitled to the distribution for the six months ending 30 June 2019
Security Purchase Plan	— Eligible securityholders on the register at 7pm (Australian Eastern Standard Time) on 23 July 2019 in Australia and New Zealand will be invited to subscribe for up to $15,000 of new securities at the same price as securities issued under the Placement, free of any brokerage or transaction costs — The SPP[4] is expected to raise up to $25 million and will not be underwritten

1. Abacus has entered into an underwriting agreement with the Joint Lead Managers on customary terms (including termination events).
2. With registered addresses in Australia or New Zealand on the register at 7pm (AEST) on 23 July 2019.
3. Based on the mid point of FY20 DPS guidance of 18.9 – 19.1 representing 2 – 3% growth on the declared FY19 distribution.
4. Abacus may (at its absolute discretion) determine a higher amount to be raised or decide to scale-back applications under the SPP.

Key metrics, sources and uses

SOURCES AND USES

Sources	$m
Placement proceeds	$250
Total	$250

Uses	$m
Funding of a number of value-accretive identified opportunities	$245
Equity raising costs	$5
Total	$250

KEY METRICS

Issue Price under the Placement	$3.95
Discount to last close	7.5%
Discount to 5-day VWAP	6.0%
FY20 DPS yield at Issue Price	4.8%[1]
Pro forma balance sheet gearing[2] post Placement	15%

1. Based on the mid point of FY20 DPS guidance of 18.9 – 19.1 representing 2 – 3% growth on the declared FY19 distribution.
2. Bank debt less cash divided by total assets less cash.

Indicative timetable

KEY DATES[1]	
Record date for SPP	Tuesday, 23 July 2019
Trading halt and announcement of the Placement	Wednesday, 24 July 2019
Placement bookbuild	Wednesday, 24 July 2019
Announcement of the completion of the Placement	Thursday, 25 July 2019
Trading halt lifted	Thursday, 25 July 2019
Settlement of new securities issued under the Placement	Monday, 29 July 2019
Allotment and normal trading of new securities issued under the Placement	Tuesday, 30 July 2019
Expected SPP offer opening date and despatch of booklet	Monday, 5 August 2019
FY19 results market presentation date	Friday, 16 August 2019
Expected SPP offer closing date	Friday, 23 August 2019
SPP allotment date	Friday, 30 August 2019
SPP holding statements despatched and trading of new securities under the SPP	Monday, 2 September 2019

1. The timetable is indicative only and subject to change. All times represent Australian Eastern Standard Time. Abacus reserves the right to amend any or all of these events, dates and times subject to the Corporations Act 2001 (Cth), ASX Listing Rules and other applicable laws. The commencement of quotation and trading of Abacus' new securities is subject to confirmation from ASX.

Summary

Summary

- Abacus is well advanced on its evolution and expects continued delivery of its transition towards a more annuity style, strong asset backed business model
- Identified opportunities in excess of $710 million in FY20 in the key sectors of Office and Self Storage
- Post completion of Placement, proforma expected gearing[1] of 15% pre funding of identified opportunities (c.27% post)
- FY19 declared distribution of 18.5 cents per security
- Preliminary unaudited FY19 Underlying Profit[2] of 24.0 cents per security and FFO of 22.2 cents per security
- Abacus provides preliminary guidance for FY20 distribution per security growth of 2% - 3% on the declared FY19 distribution including the impact of the Placement
- The payout ratio for FY20 is expected to increase to 85% to 95% of FFO, with the higher payout ratio expected to be supported by the increased contribution from more constant annuity style earnings[3]

1. Bank debt less cash divided by total assets less cash
2. Calculated in accordance with the AICD/Finsia principles for reporting underlying profit.
3. Group level results continue to be impacted by execution of the stated strategy toward a more annuity style business. Therefore, FY20 is expected to be impacted by timing and quantum of deployment of capital within key focus sectors of Office and Self Storage, as well as divestment of non-core assets.

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Preliminary unaudited FY19 results overview

Preliminary unaudited FY19 key financial metrics

KEY FINANCIAL METRICS[1]	FY19	FY18
Underlying Profit	$139m	$183m
FFO[2]	$129m	$170m
Net property rental income	$114m	$106m
Underlying earnings per security	24.0c	31.7c
FFO per security	22.2c	29.4c
Distributions per security	18.5c	18.0c
NTA per security	$3.33	$3.18
Gearing[3]	24%	23.3%

Result highlights in FY19[1]:

- Underlying profit of $139 million
- FFO[2] of $129 million
- $114 million of net property rental income including:
  - $67 million from Commercial portfolio
  - $47 million from Self Storage portfolio
- FY19 distribution per security up 2.8% to 18.5 cents

NTA per security grew by 5% to $3.33 during FY19, re-deployment of capital into core sectors, property income growth and cap rate compression

1. All FY19 (including pro forma) figures are preliminary, unaudited and may change.
2. Calculated as per the Property Council of Australia's guidelines.
3. Bank debt less cash divided by total assets less cash.

Valuation[1]

INVESTMENT PORTFOLIO	FY19 Valuation $m	FY18 Valuation $m	FY19 Weighted average cap rate	FY18 Weighted average cap rate
Office	$1,078	$879	5.7%	6.2%
Self Storage	$908	$666	6.9%	7.5%
Retail	$238	$425	5.8%	5.8%
Industrial & Other	$99	$160	7.1%	8.3%
Total Abacus investment portfolio	$2,323	$2,130	6.3%	6.6%

Valuation uplift across the investment portfolio

The revaluation process for Abacus resulted in a net increase in investment property values for FY19 of approximately 3.5% or $70 million

- $51 million across the Self Storage portfolio
- $19 million across the Commercial investment properties

Reductions in sector totals driven by

- Retail – sale of non-core and 50% interests in Lutwyche and Ashfield
- Industrial – sale of minor non-core assets

1. All FY19 (including pro forma) figures preliminary, unaudited and may change.

Preliminary unaudited pro forma Balance Sheet

$m	Jun-19 (unaudited)	Placement[1]	Jun-19 pro forma post Placement
Cash	89.0		89.0
Investment properties	2,062.5		2,062.5
Equity accounted investments	168.1		168.1
Intangibles	32.4		32.4
Other assets	475.8		475.8
Total assets	**2,827.8**		**2,827.8**
Borrowings	725.6	(245.0)	480.6
Other liabilities	118.3		118.3
Total liabilities	**843.9**	**(245.0)**	**598.9**
Net assets	**1,983.9**	**245.0**	**2,228.9**
Securities on issue	580.6	63.3	643.9
NTA per security[2]	**3.33**		**3.39**
Gearing[3]	**24%**		**15%[4]**

All FY19 (including pro forma) figures are preliminary, unaudited and may change.
1. Net proceeds from the underwritten placement only and excludes any amounts raised under the non-underwritten SPP.
2. Net assets excluding external non–controlling interests and goodwill
3. Bank debt less cash divided by total assets less cash
4. Drawdown on existing debt.

Appendix A: Australian Unity Office Fund

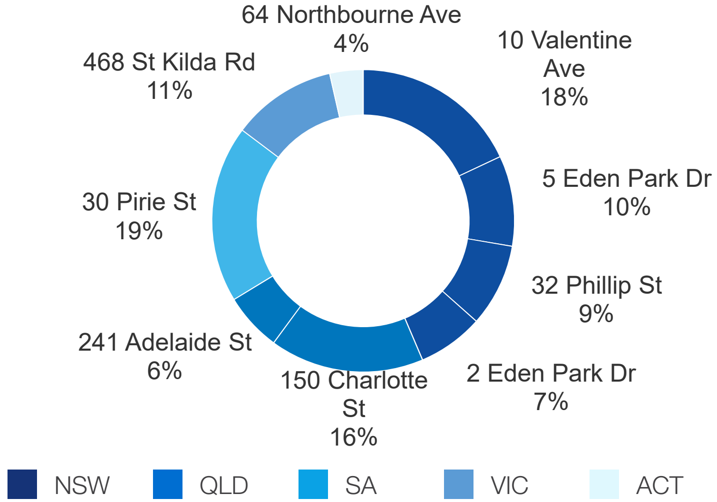
AOF portfolio

The AOF acquisition offers access to an attractive portfolio of 9 geographically diversified office assets leased to high-quality tenants with limited near-term lease expiries

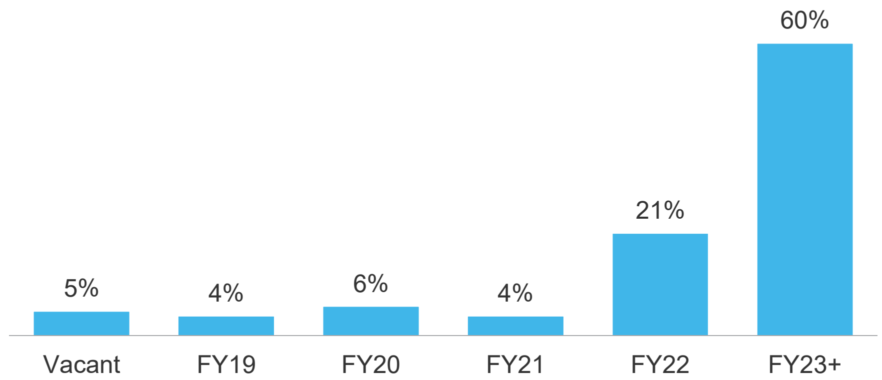
Key portfolio metrics as at 31 December 2018

Number of properties	9
Occupancy[1]	95.1%
Portfolio value	$641.0m
NTA per security	$2.67
Weighted average capitalisation rate	6.52%
WALE[2]	3.8 years
Net lettable area	107,604

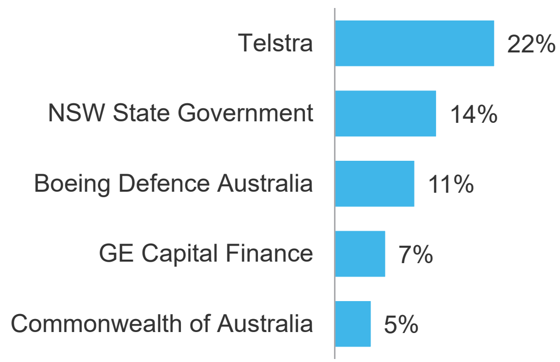
Geographic diversification[3]



Lease expiry profile[1]



Top 5 tenants[4]



Source: AOF company disclosures as at Dec-18.

Notes: 1. By Net lettable area. 2. By gross property income, excludes The Brisbane Club at 241 Adelaide Street, Brisbane (44 years remaining lease term). 3. By book value. 4. By gross property income.

AOF portfolio (cont'd) as at 31 December 2018

	Property	State	Book value	Cap rate	NLA (sqm)	Book value psqm	WALE (years)	Occupancy (by NLA)
Single or dominant tenant assets	30 Pirie St, Adelaide	SA	$121.5m	7.50%	24,781	$4,903	4.2	93.8%
	10 Valentine Ave, Parramatta	NSW	$115.5m	6.25%	15,995	$7,221	3.3	100.0%
	150 Charlotte St, Brisbane	QLD	$105.8m	6.00%	11,011	$9,604	4.2	100.0%
	5 Eden Park Dr, North Ryde	NSW	$62.1m	6.25%	11,029	$5,629	5.5	92.8%
	32 Phillip St, Parramatta	NSW	$56.8m	6.25%	6,759	$8,396	4.5	100.0%
Multi tenant assets	468 St Kilda Rd, Melbourne	VIC	$71.7m	5.50%	11,180	$6,417	3.4	100.0%
	2 Eden Park Dr, North Ryde	NSW	$45.0m	6.50%	10,345	$4,350	2.2	95.9%
	241 Adelaide St, Brisbane	QLD	$39.8m	7.75%	10,075	$3,954	2.7	86.7%
	64 Northbourne Ave, Canberra	ACT	$22.8m	7.75%	6,429	$3,551	3.4	81.9%
Total / weighted average			$641.0m	6.52%	107,604	$5,957	3.8	95.1%

Source: AOF company disclosures as at Dec-18. AOF announced revaluations of $23 million which are not contained in the above table.

Key risks

Key risks

A number of risks and uncertainties, which are both specific to Abacus and of a more general nature, may affect Abacus' business, financial condition and operational results and the value of the Abacus Securities.

This section identifies the key risks associated with an investment in Abacus Securities. The risks set out below are not listed in order of importance and do not constitute an exhaustive list of all risks involved with an investment in Abacus Securities.

You should carefully consider the risks described in this section, the other information in this presentation and the announcement to which it is attached and other publicly available information on Abacus (such as that available on the websites of Abacus and ASX). You should also consider your personal circumstances (including the possibility that you may lose all or a portion of your investment) and consult your financial or other professional adviser before making an investment decision.

If any of the following risks materialise, Abacus' business, financial condition and operational results are likely to suffer. In this case, the trading price of Abacus Securities may fall and you may lose all or part of your investment, and/or the distributable income of Abacus may be lower than expected or zero, with distributions being reduced or being cut to zero.

Additional risks and uncertainties of which Abacus is not aware, or that it currently considers to be immaterial, may also become important factors that adversely affect Abacus' business, financial condition and operational results.

Nothing in this presentation and the announcement to which it is attached is financial product advice and this presentation and the announcement to which it is attached have been prepared without taking into account of your investment objectives or personal circumstances.

The occurrence or consequence of many of the risks described in this section are partially or completely outside the control of Abacus, its directors and management. There can be no guarantee that Abacus will achieve its stated objectives or that any forward looking statements or forecasts contained in this presentation or the announcement to which it is attached will be realised or otherwise eventuate. All potential investors should satisfy themselves that they have a sufficient understanding of these matters, including the risks described in this section, and have regard to their own investment objectives, financial circumstances and taxation position.

Cooling off rights do not apply to the acquisition of New Abacus Securities.

Business Specific Risks

Investment Mandate

Whilst it is Abacus' policy to conduct a robust investment approval process together with formal due diligence process in relation to its acquisitions, risks remain that are inherent in such acquisitions. These risks include:

- Investments not performing in line with Abacus' forecast.
- Capital expenditure required in any of the acquisition or business opportunities being greater than expected.
- Breakdown in relationship with a joint venture partner.
- A downturn in the relevant local market conditions.

The occurrence of these risks may adversely affect Abacus' financial condition, net tangible assets and/or operational results.

There is also a risk that adverse changes in market conditions may negatively impact on growth and returns to Abacus securityholders.

Development

Abacus is involved in the development of Office and Self Storage real estate. While it is Abacus' policy to retain oversight of developments through a Project Control Group, limiting exposure to assets under development and to individual contractors, property development projects have a number of risks, including:

- Planning consents and regulatory approvals not being obtained or, if obtained, being received later than expected, or being adverse to Abacus' interests, or not being properly adhered to.
- Escalation of development costs beyond those originally expected.
- Unforeseeable project delays beyond the control of Abacus.
- Non-performance / breach of contract by a contractor or sub-contractor.

The occurrence of these risks may adversely affect Abacus' financial condition, net tangible assets and/or operational results.

Key risks

Capital Management (including macro-economic factors)

Adverse economic changes may impact on Abacus' ability to refinance its existing debt obligations which may result in Abacus being unable to maintain sufficient liquidity. In such circumstances, Abacus may not be able to execute its strategy and to also meet its debt maturity obligations which could result in Abacus' inability to operate as a going concern.

There is also a risk that an increase in interest rates (to the extent that they are not hedged) may impact on Abacus' forecasted interest costs. An increase in interest payable on Abacus' debt obligations may lead to a detrimental impact on investment performance through lower returns to securityholders and may also affect Abacus' financial condition and/or operating results.

Health, Safety and Environment

Incidents may arise (including potential terrorist threats) which cause injury to tenants, visitors to properties, employees and/or contractors. The impact of this risk on Abacus includes:

- Harm to tenants, visitors to Abacus' properties, employees and/or contractors.
- Criminal or civil proceedings against Abacus which may result in fines, penalties, compensation and/or imprisonment.
- Reputational damage arising as a result of any such proceedings.
- Resultant adverse effects on Abacus' financial condition and operational results.

People and Culture

Abacus is reliant on attracting, retaining and developing talented employees and providing an inclusive workplace. The inability to attract, retain and develop such employees together with maintaining an inclusive workplace which maintains a high performing, ethical and values based workplace (including complying with internal policies), may result in the following impacts on Abacus:

- Failure to provide an environment that enables employees to excel.
- Failure to provide a safe working environment free of harassment, bullying and discrimination.
- Limits the ability to achieve business objectives in line with Abacus' values.

Environmental and social sustainability

Abacus is exposed to a range of environmental risks which may result in additional expenditure and/or project delays. This includes operating in a manner that does not compromise the health of ecosystems and meets accepted social norms, together with consideration of climate change, energy intensity, community well-being and supply chain integrity. A failure to mitigate this risk may result in the following impacts:

- Negative impacts to communities, the environment and ecosystems in which Abacus operates.
- Limits Abacus' ability to deliver the business objectives and strategy.
- Criminal or civil proceedings which may result in fines and penalties or other liabilities
- Reputational damage arising as a result of any such proceedings.
- Resultant adverse effects on Abacus' financial condition and operational results.

Information Security

Abacus is exposed to the risk of loss of data, breach of confidentiality, regulatory breaches (in respect of privacy) and /or reputational impacts including as a result from a cyber-attack. The impact of the occurrence of this risk may include the following:

- Limits Abacus' ability to deliver the business objectives and strategy.
- Criminal or civil proceedings which may result in fines and penalties or other liabilities
- Reputational damage arising as a result of any such proceedings.
- Resultant adverse effects on Abacus' financial condition and operational results.

Realisation of Assets

Property assets are by their nature illiquid investments. This may make it difficult to alter the balance of Abacus' income sources in the short term in response to changes in economic or other conditions. If property assets are required to be disposed in order to raise liquidity, it may not be possible to dispose of assets in a timely manner or at an optimal price. This may adversely affect Abacus' financial condition and operational results, and the market value of Abacus Securities.

Acquisition risk

As described in this presentation, Abacus is undertaking the Placement in order to fund identified acquisitions of real estate investments. As is the case with acquisitions which Abacus undertakes generally (and as further described in this Key Risks section), Abacus is exposed to a number of risks in respect of these identified acquisitions, which may include:

- An inability to complete or a time delay due to the uncertain nature of the acquisitions.
- The actual net income received and/or capital expenditure incurred may deviate from Abacus' forecast.

To the extent that the identified acquisition is not able to complete, Abacus will apply funds raised under the Placement to the other acquisition and development opportunities, and otherwise to reduce its debt.

The occurrence of these risks may adversely affect Abacus' financial condition, net tangible assets and/or operational results.

Key risks

Underwriting

The Placement is being underwritten on the terms, and subject to the conditions, of an underwriting agreement entered into between the Joint Lead Managers and Abacus on the date of this presentation (Underwriting Agreement).

The Underwriting Agreement contains customary terms and conditions, including representations, warranties, undertakings and indemnities given by Abacus and termination rights in favour of the Joint Lead Managers. Many of the events that give the Joint Lead Managers a right to terminate the Underwriting Agreement (each, a Termination Event) are beyond the control of Abacus. If a Termination Event occurs and the Joint Lead Managers exercise their right to terminate, there is a risk that the Placement will not be underwritten and, therefore, a risk that the proceeds of the Placement will be less than the amount sought, which will impact on Abacus' ability to pursue future growth.

The Joint Lead Managers' rights to terminate the Underwriting Agreement arise if any of the following events occur (among others):

- Abacus ceases to be admitted to the official list of ASX or its securities are suspended from trading, or cease to be quoted, on ASX (other than a trading halt in connection with the Placement).
- Approval to the official quotation of the New Abacus Securities is not given by ASX. On an unconditional basis
- There are certain delays in the timetable of the Placement without the consent of the Joint Lead Managers.
- There are financial or economic disruptions in certain key markets or hostilities commence or a major escalation occurs in certain key countries.
- There is a material adverse change in the financial position, results, conditions, operation or prospects of Abacus.
- Abacus withdraws the Placement.

In some cases (including the financial or economic disruptions referred to above), the Joint Lead Managers' ability to terminate the Underwriting Agreement will depend on whether the event has or is likely to have a materially adverse effect on the marketing or settlement of the Placement, or has given or is likely to give rise to a contravention by the Joint Lead Managers of any applicable law.

Change in value of, and income from, properties

Returns from property investments largely depend on the rental income generated from the property and the expenses incurred in its operation, including the management and maintenance of the property, as well as changes in the market value of the property. Rental income and/or the market value of properties may be adversely affected by a number of factors, including:

- The overall economic conditions, including interest rates, risk appetite, the funding environment and unemployment rate.
- Local real estate conditions, including volumes of sales, the ability to procure tenants, market rental rates, property yields and occupancy levels.
- The intensity of competition with other participants in the property industry.
- The convenience and quality of properties.
- Operating, maintenance and refurbishment expenses, as well as unforeseen capital expenditure.
- Supply of developable land, new properties and other investment properties.
- Investor demand/liquidity in investments.
- The capitalisation rates considered appropriate by independent valuers, which may change in response to market conditions.

A decrease in returns from property investments may adversely affect Abacus' financial condition and operational results, as well as the distributions paid or payable by Abacus and the market value of Abacus Securities.

Capital expenditure

Abacus may be exposed to unforeseen capital expenditure requirements which may be required to maintain the quality of its assets and/or tenants. This may adversely affect Abacus’ financial condition and operational results.

Fixed nature of costs

Abacus incurs costs associated with the ownership and management of property assets which are fixed in nature. These include maintenance costs, employee costs and taxes. The value of an asset owned (wholly or in part) by Abacus may be adversely affected if the income from the asset declines while other related expenses remain unchanged. This may adversely affect Aacus’ financial condition and operational results.

Inflation and construction costs

Higher than expected inflation rates generally, or specific to the property development industry in particular, could be expected to increase operating and development costs, and potentially reduce the value of development land. This may adversely affect Abacus’ financial condition and operational results.

Key risks

Financial Covenants

Abacus has various covenants in relation to its debt facilities, including gearing ratio requirements and other debt covenants. As of the date of this presentation, Abacus was in compliance with all covenants under its debt facilities. Factors such as falls in asset values and the inability to achieve timely asset sales at prices acceptable to Abacus, could lead to a breach in debt covenants. In these circumstances, lenders may seek to exercise enforcement rights under the finance documentation (with such rights may include requiring the loans to be repaid immediately). Such events may require Abacus to raise further equity, dispose of assets for a lower market value than could otherwise have been realised or reduce or suspend distributions to securityholders in order to repay the relevant debt facility.

Counterparty / Credit Risk

Abacus is exposed to the risk that third parties, such as tenants, developers and other contract counterparties may not be willing or able to perform their obligations owed to Abacus. The failure of third parties to discharge their agreed responsibilities may adversely affect Abacus' financial condition and operational results.

Litigation and disputes

Abacus is exposed to legal and other disputes which may arise from time to time in the ordinary course of operations. Any such dispute(s) may adversely impact Abacus' financial condition and operational results, and also may cause reputational damage.

Changes in accounting policy

There may be changes in accounting standards issued by AASB or the Corporations Act 2001 (Cth) which may have an adverse impact on Abacus.

Insurance

Abacus holds and purchases insurance, customarily carried by property owners, managers, developers and construction entities that provides a degree of protection for its assets, liabilities and people. Such policies include material damage of assets, contract works, business interruption, general and professional liability and workers compensation. There are however certain risks that are uninsurable (e.g. nuclear, chemical or biological incidents) or risks where the insurance coverage is reduced (e.g. cyclone, earthquake). Abacus also faces risk associated with the financial strength of their insurers to meet indemnity obligations when called upon which could have an adverse effect on earnings. Further, insurance may be materially detrimentally affected by economic conditions so that insurance becomes more expensive or in some cases, unavailable

Regulatory issues and changes in law

Abacus is exposed to a risk that changes in relevant laws, accounting standards, other legal, legislative and administrative regimes, and government policies (including Government fiscal, monetary and regulatory policies), may have an adverse effect on the assets, operations and, ultimately, the financial performance of Abacus. These factors may ultimately affect Abacus' financial position and performance and the market price of Abacus' stapled securities.

Taxation Issues

Future changes in Australian taxation law, or changes in interpretation or application of the law by the courts or taxation authorities in Australia, may affect taxation treatment of an investment in Abacus Securities, or the holding and disposal of those securities. Further, changes in taxation law (including land tax, goods and services taxes and stamp duty), or changes in the way taxation law is expected to be interpreted, in the various jurisdictions in which Abacus operates may impact the future taxation liabilities of Abacus and the trusts, companies and joint ventures in which it holds an interest.

Under current income tax legislation, Abacus' "flow-through" trusts are generally not liable for Australian income tax, including capital gains tax. Should the actions or activities of one of Abacus' "flow-through" trusts (or their controlled entities) cause the relevant trust to fall within the operative provisions of Division 6C of Part III of the Income Tax Assessment Act 1936 (Cth), the relevant trust may be taxed on its (taxable) income at a rate which is currently equivalent to the corporate income tax rate of 30%.

Abacus Property Group is NOT a managed investment trust (MIT) and payments made under discounted capital gains relate to assets that are taxable Australian real property (TARP) within the meaning of s855-15 of the Income Tax Assessment Act 1997 (Cth) except where otherwise indicated.

Abacus Trust, Abacus Income Trust, Abacus Storage Property Trust, Abacus Group Projects Limited and Abacus Storage Operations Limited expect to be classified as passive foreign investment companies (PFIC) for United States federal income tax purposes for its current taxable year and each such entities, including Abacus Funds Management Limited and Abacus Storage Funds Management Limited as the responsible entity of the Abacus Trust, Abacus Income Trust and Abacus Storage Property Trust expect this classification to continue in future taxable years. Abacus Group Holdings Limited may also be classified as a PFIC for its current taxable year and such classification may continue into future taxable years. You are urged to consult with your tax and/or other professional advisers in respect of the particular tax consequences of purchasing, owning or disposing of Abacus Securities in light of your particular situation as well as any consequences arising under the laws of any other taxing jurisdiction.

Competition

Abacus operates in a competitive industry and faces competition from other property groups. Such competition could adversely impact on Abacus' operations, which may result in a loss of potential tenants to competitors; inability to negotiate lease renewals or to avoid reduction in rents for Abacus' tenants.

Key risks

General Risks

General Economic Risks

Abacus' financial condition and operational results are influenced by a variety of general economic and business conditions in Australia and offshore, including the level of inflation, interest rates, exchange rates, unemployment rate, commodity prices, ability to access funding, oversupply and demand conditions and government, fiscal, monetary and regulatory policies. Prolonged deterioration in these conditions, including an increase in interest rates, an increase in the cost of capital or a decrease in consumer demand, could have a materially adverse impact on Abacus' financial condition and operational results.

Pricing risk

Abacus Securities may trade on the ASX at, above or below the offer price per New Abacus Security. The price of Abacus Securities can fall as well as rise. The price at which Abacus Securities trade on the ASX may be affected by a range of factors including: movements and volatility in international and local share markets; general economic conditions in Australia and offshore, including inflation, interest rates and exchange rates; recommendations by brokers; changes in government, fiscal, monetary and regulatory policies; changes to laws (particularly taxation laws); inclusion or removal from market indices; and changes in the supply and demand of REITs. Changes in the stock market rating of Abacus Securities relative to other listed securities, especially other REITs, may also affect prices at which the Abacus Securities trade.

Liquidity risk

There can be no assurance of an active trading market for Abacus Securities. Liquidity of the Abacus Securities will be dependent on the relative volume of the buyers and sellers in the market at any given time. Changes in liquidity may affect the price at which securityholders are able to sell their Abacus Securities.

Foreign jurisdictions

Foreign jurisdictions

International Offer Restrictions

This document does not constitute an offer of new stapled securities ("New Securities") of Abacus Property Group (the "Group") in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Securities may not be offered or sold, in any country outside Australia except to the extent permitted below.

Canada (British Columbia, Ontario and Quebec provinces)

This document constitutes an offering of New Securities only in the Provinces of British Columbia, Ontario and Quebec (the "Provinces") and to those persons to whom they may be lawfully distributed in the Provinces, and only by persons permitted to sell such New Securities. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of NI 45-106 – Prospectus Exemptions, of the Canadian Securities Administrators.

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this document, the merits of the New Securities or the offering of New Securities and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of New Securities or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the New Securities in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements. These resale restrictions may in some circumstances apply to resales of the New Securities outside Canada and, as a result, Canadian purchasers should seek legal advice prior to any resale of the New Securities.

The Group as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Group or its directors or officers. All or a substantial portion of the assets of the Group and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against the Group or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Group or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

Statutory rights of action for damages and rescission

Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defenses contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.

The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario. In Ontario, every purchaser of the New Securities purchased pursuant to this document (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against the Group if this document or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against the Group. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the Securities Act (Ontario) provides that, if this document contains a misrepresentation, a purchaser who purchases the New Securities during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against the Group, provided that (a) the Group will not be liable if it proves that the purchaser purchased the New Securities with knowledge of the misrepresentation; (b) in an action for damages, the Group is not liable for all or any portion of the damages that the Group proves does not represent the depreciation in value of the New Securities as a result of the misrepresentation relied upon; and (c) in no case shall the amount recoverable exceed the price at which the New Securities were offered.

Section 138 of the *Securities Act* (Ontario) provides that no action shall be commenced to enforce these rights more than (a) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action or (b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action. These rights are in addition to and not in derogation from any other right the purchaser may have.

Certain Canadian income tax considerations. Prospective purchasers of the New Securities should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of the New Securities as any discussion of taxation related matters in this document is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

Language of documents in Canada. Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Securities (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

Foreign jurisdictions

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Hong Kong

WARNING: This document has not been, and will not be, authorized by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorize this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Securities have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the New Securities has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the New Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors as defined in the SFO and any rules made under that ordinance.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (New Zealand) (the "FMC Act"). The New Securities are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Singapore

This document has not been registered as a prospectus with the Monetary Authority of Singapore ("MAS") and, accordingly, statutory liability under the Securities and Futures Act, Chapter 289 (the "SFA") in relation to the content of prospectuses does not apply, and you should consider carefully whether the investment is suitable for you. The Group is not a collective investment scheme authorised under Section 286 of the SFA or recognised by the MAS under Section 287 of the SFA and the New Securities are not allowed to be offered to the retail public.

This document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the New Securities may not be circulated or distributed, nor may the New Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except to "institutional investors" (as defined in the SFA), or otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

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Switzerland

The New Securities may not be distributed in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Securities may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the New Securities have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of New Securities will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA), and the offer of New Securities has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of New Securities.

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