ASX release



Not for release or distribution in the United States

9 December 2020

Early Retail Offer Letter

Please find attached a letter sent to Eligible Retail Securityholders today with information on how to participate in the recently announced Entitlement Offer, particularly, instructions on how to access the Retail Offer Booklet and personalised Entitlement and Acceptance Form via the Registry's online portal www.investorserve.com.au from Monday 14th December 2020 when the Retail Entitlement Offer opens.

END

INVESTOR & MEDIA ENQUIRIES

Cynthia Rouse Head of Investor Relations (+61) 2 9253 8600 abacusproperty.com.au

Authorised for release by Rob Baulderstone, Company Secretary

LvI 34 Australia Square 264-278 George St Sydney NSW 2000 +612 9253 8600 abacusproperty.com.au 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: ABP

ASX release



Not for release or distribution in the United States

9 December 2020

Dear Securityholder

ABACUS \$402 MILLION PRO RATA ACCELERATED NON-RENOUNCEABLE ENTITLEMENT OFFER

On Tuesday, 8 December 2020, Abacus Property Group ("**Abacus**") (ASX:ABP) announced a fully underwritten¹ accelerated non-renounceable pro-rata entitlement offer of new fully paid stapled securities in Abacus ("**New Securities**") to raise approximately A\$402 million (the "**Entitlement Offer**").

The Entitlement Offer and use of proceeds

Having executed on its strategy and deployed \$926 million of capital into acquisitions in the key sectors of Office and Self Storage post FY19 (including \$205 million in FY21 to date), Abacus is now a strong asset backed, annuity style investment house.

Abacus' current identified acquisition pipeline under active consideration comprises \$160 million of assets in the Self Storage sector. Approximately \$130 million of this pipeline is in regard to a high quality portfolio of metropolitan assets located in Top 3 Significant Urban Areas², which is in advanced negotiations with due diligence well progressed and, should the transaction proceed, is expected to complete in Q3 FY21. Abacus continues to originate a strong pipeline of opportunities through the Storage King platform, with 100%

Authorised for release by Rob Baulderstone, Company Secretary

LvI 34 Australia Square 264-278 George St Sydney NSW 2000 +612 9253 8600 abacusproperty.com.au 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: ABP

¹ Refer to summary under the heading "Underwriting" on slide 30 of the Investor Presentation released to the ASX by Abacus on 8 December 2020 for further information.

² As defined by the Australian Bureau of Statistics.



ownership of Storage King expected to increase the velocity of acquisitions and provide a significant competitive advantage in acquiring scale.

In order to repay debt and increase acquisition capacity³ for continued growth over the medium term, Abacus is undertaking the Entitlement Offer. Post completion of the Entitlement Offer, pro forma gearing⁴ is expected to be 17.5%, which provides Abacus with \$911 million of acquisition capacity before reaching its target maximum gearing limit of 35%. If the pipeline acquisitions are successfully completed, pro forma gearing will increase to 21.5% following completion of the Entitlement Offer. The increase in acquisition capacity is expected to allow Abacus to execute on future growth initiatives including developments and acquisitions.

<u>This letter is not an offer document</u> but rather an advance notice of some key terms and conditions of the Entitlement Offer. Further information is set out below in relation to the eligibility of securityholders and the additional information that is being provided to Eligible Retail Securityholders (described below) in connection with the retail component of the Entitlement Offer.

If you are an Eligible Retail Securityholder (described below), you will be able to subscribe for 1 New Securities for every 4.8 existing fully paid Abacus stapled securities (**"Abacus Securities**") you hold as at 7.00pm (Sydney time) on Wednesday, 10 December 2020 (**"Record Date**") (**"Entitlement**"). The offer price is \$2.90 per New Security (**"Issue Price**"). Fractional entitlements will be rounded up to the nearest whole number of New Securities.

Each New Security issued under the Entitlement Offer will rank equally with Abacus Securities on issue, including entitlement to Abacus' interim distribution for the period ending 31 December 2020 expected to be 8.50 cents per security. Abacus will, upon issue of the New Securities under the Entitlement Offer, seek quotation of the New Securities on the ASX.

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 as at the Record Date from Monday, 14 December 2020 to 5.00 pm (Sydney time) on Wednesday, 23 December 2020.

An offer booklet in respect of the Retail Entitlement Offer ("**Retail Offer Booklet**") is expected to be provided to eligible retail securityholders on Monday, 14 December 2020 by mail, or for those holders with an email address, by email with a link to a copy of the Retail Offer Booklet and the personalised entitlement and acceptance form.

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

Abacus is not issuing a prospectus or product disclosure statement for the Offer, but rather has issued or will issue an ASX announcement ("**Announcement**"), investor presentation ("**Investor Presentation**"), Retail Offer Booklet and "cleansing notice" in accordance with sections 708AA and 1012DAA of the *Corporations Act 2001* (Cth) (as modified by ASIC (Non-Traditional Rights Issues) Instrument 2016/84 and other relief) (together, the "**Disclosure Documents**"). The Announcement and Investor Presentation were lodged with the ASX on 8 December 2020 and the Retail Offer Booklet will be lodged with the ASX on 14 December 2020. The terms of the Entitlement Offer are detailed in the Announcement and Investor Presentation, which are included in the Retail Offer Booklet.

Eligibility criteria for the Retail Entitlement Offer

The Retail Offer is only open to "Eligible Retail Securityholders", being those persons who:

- (a) are registered as a holder of Abacus Securities as at 7:00pm (Sydney time) on the Record Date;
- (b) have a registered address in Australia or New Zealand as noted on Abacus' register of securityholders or persons that Abacus has determined in its discretion are Eligible Retail Securityholders;

³ Borrowing Capacify until Abacus reaches its target maximum gearing limit of 35%.

⁴ Bank debt less cash divided by total assets less cash.



- (c) are not in the United States and are not a person (including nominees, trustees and custodians) acting for the account or benefit of a person in the United States (to the extent they are holding Abacus Securities for the account or benefit of a person in the United States);
- (d) were not invited to participate in the Institutional Entitlement Offer and were not treated as an ineligible institutional securityholder under the Institutional Entitlement Offer (other than as a nominee, trustee or custodian, in each case in respect of other underlying holdings); and
- (e) are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer without a prospectus, disclosure document or any lodgement, filing, registration or qualification.

Any underlying beneficial securityholders who are not Eligible Retail Securityholders are ineligible to apply for New Securities under the Retail Entitlement Offer and must not distribute, in whole or in part, a copy of the Disclosure Documents or submit the personalised entitlement and acceptance Form accompanying the Retail Offer Booklet ("Entitlement and Acceptance Form") or apply for New Securities on their behalf.

Macquarie Capital (Australia) Limited is acting as sole lead manager and is underwriting the Entitlement Offer ("**Underwriter**"). Abacus and the Underwriter reserve the right to reject any Entitlement and Application Form that they believe comes from a person who is not an Eligible Retail Securityholder.

Retail Offer Booklet and personalised Entitlement and Acceptance Form

Full details of the Retail Entitlement Offer will be set out in the Retail Offer Booklet, copies of which will be available on the ASX website <u>www.asx.com.au</u> and Abacus' website at <u>www.abacusproperty.com.au</u>.

On or around Monday, 14 December, Eligible Retail Securityholders will receive in the mail a copy of the Retail Offer Booklet and the personalised entitlement form, or for those holders with an email address, an email has been sent to you with a link to a copy of the Retail Offer Booklet and the personalised entitlement form.

Unfortunately due to COVID-19, regular mail services in Australia and New Zealand may be adversely affected, so to avoid any delay Eligible Securityholders are also encouraged to access the Retail Offer Booklet and a personalised entitlement form at <u>www.investorserve.com.au</u> from 11.00am on Monday 14 December 2020 to ensure that they have time to review the documents and to make an application if they wish to do so.

To view or download the Retail Offer Booklet and your personalised entitlement form:

- For registered users, go to <u>www.investorserve.com.au</u> then enter your username and password using the Registered User Access. Select My Portfolio and then Online Statements/Advices.
- For unregistered users, go to <u>www.investorserve.com.au</u> then Individual Investment Access. Your personalised Entitlement Form is available under the My Portfolio>Online Statements/Advices menu.

Eligible Retail Securityholders should read the Retail Offer Booklet carefully and in full before deciding whether to participate in the Retail Entitlement Offer.

Action required by Eligible Retail Securityholders

Entitlements will not be tradeable or otherwise transferrable and it is important that Eligible Retail Securityholders determine whether to take up or do nothing in respect of all or some of their Entitlements.

Option	Important information
Take up all or part of your Entitlements (with option to apply for	Eligible Retail Securityholders who wish to take up all or some of their Entitlements will need to pay their application monies using BPAY® or complete and return their personalised Entitlement and Acceptance Form together with the requisite



Option	Important information			
Additional New Securities)	 application monies, in each case by following the instructions set out on their personalised Entitlement and Acceptance Form. Eligible Retail Securityholders who take up their Entitlement in full may also apply for additional New Securities ("Additional New Securities") in excess of their Entitlement (to the extent other Eligible Retail Securityholders do not take up their full Entitlement). Any Application Monies received for more than your full Entitlement will be treated as applying for as many Additional New Securities as it 			
	 will pay for in full, and will be subject to scale back if Eligible Retail Securityholders apply for more Additional New Securities than available. If you wish to participate in the offer, you are encouraged to apply via BPAY in light of delays to postal services caused by the COVID-19 pandemic, as yo do not need to return the Application Form enclosed with this Booklet if you choose to pay by BPAY. There are two closing dates for the Retail Entitlement Offer and Eligible Retail Securityholders may elect to participate under either: 			
	<u>Early Retail</u> <u>Application</u> <u>Date (Option</u> <u>1)</u>	Eligible Retail Securityholders wishing to have their New Securities allotted on the same date as eligible institutional securityholders must pay their application monies via BPAY so that they are received by the Abacus security holder registry by no later than 5.00pm (Sydney time) on Thursday, 17 December 2020. The Retail Offer Booklet and your personalised Entitlement and Acceptance Form will be sent to you on Monday, 14 December 2020 and a copy of the Retail Offer Booklet will be on the ASX website at www.asx.com.au and Abacus' website at www.abacusproperty.com.au from Monday, 14 December 2020.		
	<u>Retail</u> <u>Entitlement</u> <u>Offer Closing</u> <u>Date (Option</u> <u>2)</u>	All other Eligible Retail Securityholders must ensure that their application monies (and their personalised Entitlement and Acceptance Form if they are not paying by BPAY) are received by the Abacus security holder registry by 5.00pm (Sydney time) on Wednesday, 23 December 2020.		
Do nothing (Option 3)	If you are an Eligible Retail Securityholder and you do nothing, your Entitlements respect of your existing Securities will lapse and may be acquired by Eligible Re Securityholders under the Oversubscription Facility. You should also note that, if you do not take up all or part of your Entitlement, th your proportionate interest in the Group will be diluted to the extent that New Securities are issued to other Abacus securityholders and institutional investors.			

Indicative timetable

KEY DATES FOR ELIGIBLE RETAIL SECURITYHOLDERS	
Announcement of the Entitlement Offer	Tuesday, 8 December 2020
Record date under the Entitlement Offer (7:00 pm Sydney time)	Thursday, 10 December 2020



Retail Offer Booklet and Entitlement and Acceptance Form available on the ASX website and through electronic communications	Monday, 14 December 2020
Despatch of Retail Offer Booklet and Entitlement and Acceptance Form	Monday, 14 December 2020
Retail Entitlement Offer opens	Monday, 14 December 2020
Early Retail Application Due Date (5:00pm AEDT)	Thursday, 17 December 2020
Settlement of New Securities under the Retail Entitlement Offer (applications submitted before the Early Retail Application Date) and Institutional Entitlement Offer	Friday, 18 December 2020
Allotment of New Securities under the Retail Entitlement Offer (applications submitted before the Early Retail Application Date) and Institutional Entitlement Offer	Monday, 21 December 2020
Normal trading of New Securities issued on Monday, 21 December 2020	Tuesday, 22 December 2020
Retail Offer Closing Date (5:00pm AEDT)	Wednesday, 23 December 2020
Final settlement of the Retail Entitlement Offer	Wednesday, 30 December 2020
Allotment of remaining New Securities under the Retail Entitlement Offer	Thursday, 31 December 2020
New Securities under the Retail Entitlement Offer commence trading on the ASX	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.

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 5:30pm (Sydney time) Monday to Friday. For other questions, you should consult your broker, solicitor, accountant, financial adviser, or other professional adviser.

Yours sincerely

Myra Salkinder Chair

END

INVESTOR & MEDIA ENQUIRIES

Cynthia Rouse Head of Investor Relations and Corporate Communications (+61) 2 9253 8600 abacusproperty.com.au



NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

Important information

This letter is not a prospectus or offering document under Australian law or under any other law. It is for information purposes only and does not constitute an offer, invitation or recommendation to subscribe for, retain or purchase any securities in Abacus in any jurisdiction. This letter does not constitute financial product advice and does not and will not form part of any contract for the acquisition of Abacus ordinary securities.

This letter does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States, or in any jurisdiction in which, or to any person to whom, such offer would be illegal. This letter may not be, directly or indirectly, released or distributed in the United States.

Neither the Entitlements nor the New Securities have been, or will be, registered under the US Securities Act of 1933, as amended ("U.S. Securities Act") or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Entitlements may not be purchased, taken up or exercised by, and the New Securities may not be offered, sold or resold, directly or indirectly, to, any person in the United States or to persons acting for the account or benefit of a person in the United States, except in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and the applicable securities laws of any state or other jurisdiction in the United States. The Entitlements and the New Securities offered and sold in the Retail Entitlement Offer will only be offered and sold outside the United States in "offshore transactions" (as defined in Rule 902(h) under the U.S. Securities Act in reliance on Regulation S under the U.S. Securities Act.

Certain statements made in this document are forward-looking statements. These forward-looking statements are not historical facts but rather are based on Abacus's current expectations, estimates and projections about the industry in which Abacus operates, and beliefs and assumptions. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors (including those described in the key risks section of the investor presentation released on ASX on 8 December 2020 (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), are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. Abacus strongly cautions securityholders and prospective securityholders not to place undue reliance on these forward-looking statements (particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the COVID-19 pandemic), which reflect the view of Abacus only as of the date of this document. The forward-looking statements made in this document relate only to events as of the date on which the statements are made. Abacus and its Beneficiaries will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this document except as required by law or by any appropriate regulatory authority. 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 its Beneficiaries).

The provision of this document is not, and should not be considered as, financial product advice. Abacus Group Holdings Limited, Abacus Group Projects Limited and Abacus Storage Operations Limited are not licensed to provide financial product advice in respect of Abacus securities. The information in this document is general information only, and does not take into account your individual objectives, taxation position, financial situation or needs. Please read the Retail Offer Booklet, and if you are unsure of your position, please seek professional advice from an adviser licenced by ASIC to give that advice.