

**NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES**

17 March 2022

**Abacus announces equity raising to replenish investment capacity**

Abacus Property Group (ASX:ABP) (**Abacus**) today announces it is undertaking:

- a fully underwritten \$200 million institutional placement (**Placement**); and
- a non-underwritten security purchase plan (**SPP** or **Security Purchase Plan**) to eligible securityholders in Australia and New Zealand to raise up to \$15 million<sup>1</sup>

to replenish investment capacity for continued deployment into acquisitions yet to settle and into the identified development and expansion pipeline in its Self Storage portfolio (together, the **Equity Raising**).

**Strategic Rationale**

Abacus has accelerated growth initiatives and its transformation into an asset backed, annuity style investment house with a strategic focus in the key sectors of Self Storage and Commercial real estate, as evidenced in the recently released HY22 results.

- Material portfolio transformation achieved with approximately \$3.2 billion<sup>2,3</sup> deployed since FY17 including over \$1.8 billion into Self Storage
- In calendar 2021 Abacus' established Self Storage portfolio<sup>4</sup> delivered 9.3% average rent growth. These strong growth trends have continued into 3Q22. In addition the pace of lease up at newly developed and stabilising centres in 3Q22 is above budgeted levels
- Over \$1 billion<sup>3</sup> deployed into key sectors during FY22 to date, alongside resolution of legacy residential loan positions
- HY22 result delivered FFO per security growth of 8.2% on 1H21 and 4.9% on 2H21

The Placement positions Abacus to continue its strong momentum upgrading portfolio quality via development, expansions, and acquisitions.

- Strong Self Storage income growth in HY22 has been strongly supported by macro tailwinds, with established portfolio<sup>4</sup> RevPAM growth of 11.7%

<sup>1</sup> Abacus may (at its absolute discretion) decide to scale-back applications under the SPP.

<sup>2</sup> Includes equity accounted investments and other assets.

<sup>3</sup> Includes \$401 million of acquisition: 77 Castlereagh Street, Sydney NSW, 56 Prescott Parade, Milperra NSW (Riverlands), 181 James Ruse Drive, Camellia NSW (Camellia) and \$53 million of Self Storage sites excluding transaction costs (**post balance date transactions**).

<sup>4</sup> Established portfolio: 63 mature stores open at 1 July 2020.



- Abacus has an identified development and expansion pipeline of \$266 million (cost to complete) that is expected to boost portfolio quality and future income. Development projects are expected to deliver c.90,000 sqm of NLA across 13<sup>5</sup> stores, and the expansion of 21 stores in high-demand markets will provide c.35,000 sqm of additional area
- Acquisition opportunities have the potential to further improve portfolio diversification, including outstanding Self Storage acquisition momentum with a robust pipeline of opportunities. Abacus also has a strong record of acquiring high quality, value accretive CBD Commercial assets
- Following settlement of post balance date transactions and the Placement, Abacus will have >\$320 million<sup>6</sup> of capacity to fund its acquisition and development pipeline and to take advantage of further acquisition opportunities
- The material increase in free float market capitalisation from the Placement is expected to improve Abacus' index rankings and liquidity. The Placement structure facilitates introduction of new institutional securityholders to Abacus' register

## Placement

The offer price per new stapled security has been set at \$3.38 (**Issue Price**), which represents a:

- 5.1% discount to last closing price of \$3.56 per Abacus stapled security on 17 March 2022
- 3.7% discount to the 5-day VWAP of \$3.51 per Abacus stapled security on 17 March 2022
- 5.3% FY22 DPS yield<sup>7</sup>

The Placement is fully underwritten by Barrenjoey Markets Pty Ltd and Shaw and Partners Limited.

New stapled securities issued under the Placement will rank equally with existing Abacus stapled securities.

Following settlement of post balance date transactions and the Placement, Abacus' gearing will be 30.9%. On completion of the Placement Abacus' pro forma NTA per stapled security is expected to be \$3.70.

## Security Purchase Plan

Eligible Abacus securityholders<sup>8</sup> on the register at 7pm (Australian Eastern Daylight Time) on 16 March 2022 in Australia and New Zealand will be invited to subscribe for up to \$30,000 of new stapled securities at the same price as new stapled securities issued under the Placement, free of any brokerage or transaction costs. The SPP will not be underwritten.

New stapled securities issued under the SPP will rank equally with existing Abacus stapled securities.

Further information on the SPP will be lodged with the ASX and sent to eligible unitholders on or around 24 March 2022.

## Summary and Outlook

Abacus is positioned as a strong asset backed, annuity style A-REIT focused on the ownership and management of Commercial and Self Storage real estate and operation of storage locations.

Abacus' Managing Director, Steven Sewell, said, "With replenished investment capacity and a balance sheet set with conservative gearing, the Group is positioned to deliver on our Self Storage development pipeline and take advantage of high quality growth opportunities that will enhance the Group's ability to deliver recurring income and value creation over the medium to long term."

<sup>5</sup> Includes 3 post balance date transactions.

<sup>6</sup> Based on target maximum gearing of up to 35%.

<sup>7</sup> Based on distribution guidance of at least 18.0 cents per stapled security for FY22 which reflects a payout ratio in the range of 85-95% of FFO. The FY22 guidance is predicated on business conditions continuing to normalise in the second half of FY22 and no further COVID-19 disruptions.

<sup>8</sup> Eligible securityholders are registered Abacus stapled securityholders as at 7pm (Australian Eastern Daylight Time) on 16 March 2022, who have a registered address in Australia or New Zealand, do not hold Abacus stapled securities on behalf of a person who resides outside Australia or New Zealand and are not in the United States or acting for the account or benefit of a person in the United States.



Including the impact of the Placement and based on information currently available and barring any unforeseen events, Abacus is pleased to reaffirm its distribution guidance of at least 18.0 cents per stapled security for FY22<sup>9</sup>.

## Timetable

Event	Date (Sydney time)
Announcement of the Equity Raising	Thursday, 17 March 2022
<b>Placement</b>	
Placement bookbuild	Thursday, 17 March 2022
Announcement of outcome of the Placement	Friday, 18 March 2022
Settlement of new stapled securities issued under the Placement	Tuesday, 22 March 2022
Allotment and trading of new stapled securities issued under the Placement	Wednesday, 23 March 2022
<b>SPP</b>	
Record date for SPP	Wednesday, 16 March 2022 (7:00pm)
SPP offer period	Thursday, 24 March 2022 to Thursday, 14 April 2022
SPP results date	Wednesday, 20 April 2022
Allotment of new stapled securities issued under the SPP	Tuesday, 26 April 2022

The timetable is indicative only and subject to change. All times represent Australian Eastern Daylight Time. Abacus reserves the right with the consent of the Underwriters 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 stapled securities is subject to confirmation from ASX.

## Additional information

Additional information about the Placement and SPP, including certain key risks, is contained in the investor presentation released to the ASX today.

All dollar values are in Australian dollars (A\$) and financial data is presented as at 31 December 2021 unless otherwise stated.

END

## INVESTOR & MEDIA ENQUIRIES

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<sup>9</sup> Reflects a payout ratio in the range of 85-95% of FFO. The FY22 guidance is predicated on business conditions continuing to normalise in the second half of FY22 and no further COVID-19 disruptions



#### Not for distribution or release in the United States

This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States and may not be distributed or released in the United States or any jurisdiction in which, or to any person to whom, such an offer would be unlawful. The securities to be offered and sold under the Placement and SPP, respectively, have not been and will not be registered under the U.S. Securities Act of 1933, as amended (U.S. Securities Act), or under the securities laws of any state or other jurisdiction of the United States. Accordingly, the securities may not be offered or sold, directly or indirectly, in the United States, except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act, and any other applicable securities laws. In addition, the new securities to be offered and sold under the SPP will only be offered and sold to eligible securityholders in Australia and New Zealand in "offshore transactions" (as defined in Regulation S under the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act.

#### Financial information

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 Equity Raising 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).