

ASX RELEASE

18 MAY 2023

UPDATE ON PROPOSED DE-STAPLING TO CREATE ABACUS STORAGE KING (ASK) - A \$3.0BN¹ ASX LISTED SELF STORAGE REIT

- Ahead of the proposed de-stapling, Abacus has commissioned independent valuations for all of its investment properties, both the Self Storage and the Commercial portfolio²
- Lodgement of a Transaction Booklet is planned for June 2023, with ASK listing expected in August 2023
- John O'Sullivan proposed as the Chair of ASK alongside Stephanie Lai, Karen Robbins and Mark Bloom as Non-Executive Directors
- Abacus Managing Director Steven Sewell to be a Director of Abacus Group and Abacus Storage King
- Following the completion of all phases of the launch of ASK it is expected to have a free float of more than 40% of securities on issue

Abacus Property Group (ASX:ABP) ('Abacus') provides an update in relation to its proposed de-stapling. The intention is to create a new Australian Securities Exchange (ASX) listed Self Storage REIT to be known as Abacus Storage King (ASX:ASK). Abacus will remain listed on the ASX under a new ticker code, and be known as Abacus Group (ASX:ABG) ('Abacus Group').

Subject to the conditions set out below, ASK is to be established by de-stapling Abacus' existing Self Storage assets from its Commercial business.³ ASK will be an externally managed REIT with a majority independent Board of Directors. Managed by Abacus Group, ASK will be a fully integrated owner, operator and manager of a Self Storage operating platform with a substantial portfolio of trading stores, future stores, and other Self Storage focused investments across the major markets of Australia and New Zealand.

30 April 2023 portfolio valuations preliminary unaudited update

Preliminary unaudited independent valuations across Abacus' properties have resulted in a \$65.7 million net increase in the Self Storage portfolio to \$2,619 million and a \$117.1 million net decrease in the Commercial portfolio to \$2,392 million.⁴

¹ Gross asset value as at 30 April 2023 (i.e. includes Storage King, other Self Storage investments and cash).

² Excluding non-core assets.

³ Abacus Storage Operations Limited (ACN 112 457 075) and Abacus Storage Property Trust (ARSN 111 629 559) are intended to be de-stapled from Abacus Group and stapled together to form ASK.

⁴ The independent investment property valuations are current as of 30 April 2023 and subject to finalisation and audit, and therefore may change.

Key metrics:

Total Self Storage portfolio:

- o Valuation increased by net \$65.7 million or 2.6% during the four-month period to 30 April 2023, with cap rates largely unchanged relative to 31 December 2022
- o Resulting Self Storage portfolio at 30 April 2023 is valued at \$2.6 billion with the number of stores and future locations expanded to 131, comprising 110 trading stores and 21 future stores
- o The weighted average cap rate of 5.54% on the portfolio has no expansion as of 30 April 2023 following a 9 basis point expansion as of 31 December 2022 – an affirmation reflective of the ongoing direct market activity experienced in Abacus' key Self Storage markets

Total Commercial portfolio (Office and Retail investments):

- o Valuation decreased by 5.0% or net \$117.1 million during the four-month period to 30 April 2023, with a 19 basis point increase in the weighted average cap rate
- o Commercial portfolio is now valued at \$2.4 billion comprising 18 Office properties, 4 Retail properties and 2 Other properties

Abacus Group's Managing Director, Steven Sewell commented "These independent valuations provide investors with a comprehensive update ahead of the proposed de-stapling. Pleasingly we have seen positive momentum continue in our \$2.6 billion Self Storage portfolio, most notably in the valuer's assumption of rents which have risen 3.2% so far this calendar year. The Self Storage portfolio has delivered a year-on-year double-digit annualised rental increase demonstrating portfolio resilience sourced from our diverse customer segments. The increase in valuations of the Self Storage portfolio is estimated to result in the Gross Assets of ASK totalling in excess of \$3.0 billion as of 30 April 2023.

The Commercial property revaluations reflect the current market conditions for Office assets. Whilst the valuations show an average increase in cap rates of 19 basis points our Commercial portfolio is continuing to experience high levels of tenant leasing enquiries validating the occupier trend towards a flight to quality and the demand for Abacus' well located, high quality properties."

A summary of Abacus' portfolio valuation by sector as at 30 April 2023 is tabled below:

SECTOR	# OF ASSETS	APR-23 BOOK VALUE (\$M)	VALUATION MOVEMENT (\$M)	APR-23 CAP RATE (%)	CAP RATE MOVEMENT (%)
Self Storage	131	2,619	65.7	5.54%	-
Commercial	24	2,392	(117.1)	5.62%	+0.19%



Update to intended timing for proposed de-stapling

Subject to the conditions set out below, Abacus intends to provide securityholders with a Transaction Booklet⁵ that sets out more detail on the proposed de-stapling and ASK's proposed equity raising ahead of an Extraordinary General Meeting (EGM) to vote on the proposal⁶.

Substantial progress has been made regarding the implementation steps required to effect the proposal. It is currently intended that resolutions to approve the proposal will be put to Abacus securityholders at an EGM to be held in July 2023. Subject to the securityholder vote at the EGM, and the satisfaction of regulatory and any required third party approvals, ASK is expected to be listed on ASX in August 2023.

Update to intended de-stapling structure and governance

Abacus intends that ASK will have a majority independent board and independent Chair. Abacus is pleased to announce the proposed appointment of John O'Sullivan as the Chair of ASK. During John's corporate career, he was a Partner at Freehill Hollingdale & Page (now Herbert Smith Freehills), General Counsel of Commonwealth Bank of Australia and Executive Chairman of Investment Banking and Capital Markets at Credit Suisse. He previously held Directorships at AMP Limited and WestConnex and is currently a Non-Executive Director of The Lottery Corporation and Non-Executive Chairman of Serendipity Capital.

Abacus is also pleased to announce that Stephanie Lai and Karen Robbins are proposed to be appointed as Independent Non-Executive Directors of ASK. Stephanie brings a wealth of experience from her executive career as a Chartered Accountant and former M&A Partner of Deloitte and KPMG, along with her current Directorships at HCW Funds Management Limited (the responsible entity of HealthCo Healthcare & Wellness REIT) and Future Generation Investment Company. Karen has over 25 years' of experience across the legal and finance industries, having worked as a solicitor with UK Magic Circle Law firm, Linklaters, as well as in the structured finance business of Commonwealth Bank of Australia. Most recently she spent over 10 years running M&A and operations for the ASX-listed Challenger Group's balance sheet business, along with her current Directorship at Cricket New South Wales.

It is also proposed that Steven Sewell will be an Executive Director of ASK while remaining Managing Director of Abacus Group, and existing Abacus Non-Executive Director Mark Bloom will be on the ASK Board as a nominee of Calculator Australia⁷ and, subject to completion of the proposal, he would step down from the Abacus Group Board.

ASK will be externally managed by Abacus Group and as such it is considered appropriate that Abacus Group holds a stake in ASK on completion of the proposal – currently intended to be up to 19.9% of ASK securities on completion of the proposal. Abacus Group expects to acquire its interest in those ASK securities by exchanging a proportion of the balance of intercompany loans for equity in ASK and through the transfer of certain Self Storage assets to ASK which will result in all of the Self Storage assets being owned by ASK.

⁵ This will incorporate notices of meeting, an explanatory memorandum, prospectus and product disclosure statement.

⁶ Securityholders should consider the Transaction Booklet provided to them or otherwise made available to them before making a decision to vote in favour of the proposal or to apply for new ASK securities to be issued by ASK as part of a proposed equity raising. Any investor who is eligible to participate and who wants to acquire additional ASK securities will need to complete the application form that will be included in or accompany the Transaction Booklet made available to Abacus securityholders (which will also be released on ASX). The Transaction Booklet will include details on how to access the target market determination for additional ASK securities.

⁷ Calculator Australia Pty Ltd as trustee for Calculator Australia Trust.

Separately Calculator Australia, Abacus' largest Securityholder, has confirmed it currently intends to hold securities in ASK on completion of the proposal such that its total interest in ASK (including its indirect interest through the new Abacus Group) would be under 50%. The free float of the ASK register is expected to be more than 40% of securities on issue, after allowing for Calculator Australia's and Abacus Group's ownership interests.

As previously announced, as part of the proposal Abacus intends to set appropriate gearing levels to position both vehicles to deliver on their respective growth opportunities. It is intended that the ASK equity raising would be in the form of a pro rata issue to existing Abacus Securityholders, and would be an investment in the new ASK vehicle at the time of the de-stapling.

Abacus expects the gearing of both vehicles at the completion of the de-stapling to be approximately 25% to 30%.

Inclusive of the impact of the preliminary independent valuation update Abacus confirms that the pro forma NTA⁸ of ASK is expected to be approximately \$2.1 billion.⁹ As a result of the de-stapling the new Abacus Group pro forma NTA¹⁰ is expected to be approximately \$2.0 billion.¹¹

Pro forma net assets prior to and post de-stapling¹²

\$ BILLIONS	ABACUS PROPERTY GROUP (PRO FORMA DEC 22) ¹³	ABACUS GROUP (PRO FORMA POST DE-STAPLING) ¹⁴	ABACUS STORAGE KING (PRO FORMA POST DE-STAPLING) ¹¹
Investment properties	4.7	2.1 ¹⁵	2.6 ¹²
ASK securityholding	-	0.3	-
Other assets	1.0	0.4	0.4
Debt	(1.9)	(0.7)	(0.8)
Other liabilities	(0.3)	(0.1)	(0.1)
Net assets	3.5	2.0	2.1

⁸ Net tangible assets adjusted for pro forma 31 December 2022, post balance date adjustments and assumes an equity raising of approximately \$330 million to \$350 million.

⁹ Unaudited and subject to final confirmation.

¹⁰ Net tangible assets adjusted for pro forma 31 December 2022 and post balance date adjustments.

¹¹ Unaudited and subject to final confirmation.

¹² Pro forma figures are estimates only and dependent on finalisation of various workstreams associated with the proposed de-stapling and equity raising.

¹³ Abacus balance sheet as at 31 December 2022 adjusted for 30 April 2023 independent investment property valuations.

¹⁴ Pro forma figures include the impact of the proposed de-stapling, assumes an ASK equity raising of approximately \$330 million to \$350 million and the new Abacus Group obtaining up to a 19.9% interest in ASK securities by exchanging a proportion of the balance of intercompany loans for equity in ASK and through the transfer of certain Self Storage assets to ASK which will result in all of the Self Storage assets being owned by ASK.

¹⁵ Contemporaneous with the proposal, ASK will purchase four Self Storage centres from Abacus Group, totalling approximately \$82 million.

General

A decision to proceed with the proposal and the timing of ASK's listing remains subject to market conditions, the approval of the Abacus Board, an Independent Expert opinion that the de-stapling is fair and reasonable to Abacus securityholders, a securityholder vote at the EGM, and the receipt of regulatory and any required third party approvals.

Abacus has appointed Barrenjoey Advisory Pty Limited and Morgan Stanley Australia Limited as financial advisors and King & Wood Mallesons as its legal advisor on the transaction.

Abacus outlook

Abacus reaffirms FY23 distribution guidance of at least 18.4 cents per security. Guidance is predicated on no material deterioration in current business conditions.

END

Investor & Media Enquiries

Cynthia Rouse
General Manager Investor Relations and Corporate Communications
+61 2 9253 8600

Authorised for release by Belinda Cleminson, Company Secretary ASX:ABP



Important Notice

Forward-looking statements

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 proposal or the equity raising 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, many of which are beyond the control of Abacus¹⁶ and its related bodies corporate and affiliates and each of its securityholders, directors, officers, employees, partners, agents and advisers (Beneficiaries), and 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 to the maximum extent permitted by law 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 and the Ukraine conflict.

No representation, warranty or assurance (express or implied) is given or made by any person (including Abacus and its Beneficiaries) as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns, statements or tax treatment in relation to future matters contained in this announcement.

Financial information

This announcement contains pro forma financial information showing certain adjustments including the impact of the de-stapling and an ASK equity raising. The pro forma financial information has not been audited or reviewed by Abacus' auditors. The pro forma financial information provided in this announcement is for illustrative purposes only and is not represented as being indicative of Abacus' (nor anyone else's) views on the future financial condition and/or performance Abacus Group or ASK. The pro forma financial information has not been prepared in accordance with, and does not purport to comply with Article 11 of Regulation S-X under the U.S. Securities Act and was not prepared with a view towards compliance with either the U.S. Securities and Exchange Commission or the American Institute of Certified Public Accountants' published guidelines for the preparation and presentation of pro forma financial information.

Valuations

This announcement contains information regarding independent valuations of certain properties by independent valuers as at 30 April 2023. Valuations are an opinion of the market value payable by a willing buyer and acceptable by a willing seller at a point in time, not a guarantee of current or future market value. By necessity, valuations require the valuer to make subjective judgements that, even if logical and appropriate, may differ from those made by a purchaser or another valuer. The independent valuations are subject to a number of assumptions and conditions. Property values can change substantially, even over short periods of time, and an independent valuer's opinion of value could differ significantly if the date of valuation were to change. A high degree of volatility in the real estate market may lead to fluctuations in values over a short period of time.

Not an offer

This announcement is not a prospectus, product disclosure statement or other offering document under Australian law or under any other law. No action has been or will be taken to register, qualify or otherwise permit a public offering of any new securities in any jurisdiction outside Australia and New Zealand. This announcement is for information purposes only and does not constitute or form part of an offer,

¹⁶ The references to "Abacus" in this Important Notice also include references to the remaining Abacus Group and ASK with the necessary contextual amendments.

invitation, solicitation, advice or recommendation with respect to the issue, purchase or sale of any new securities in Abacus Group or ASK.

This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States as those terms are defined under the U.S. Securities Act of 1933, as amended (the 'U.S. Securities Act'). The ASK stapled securities have not been, and will not be, registered under the U.S. Securities Act or under the securities laws of any state or 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 applicable securities laws of any state or other jurisdiction of the United States.

General

No guarantee is given by Abacus or its Beneficiaries that any transaction will proceed or reach completion. The timeframes included in this announcement are indicative only and subject to change in the absolute discretion of Abacus.

This announcement does not constitute or provide financial advice or financial product advice and has been prepared without taking into account any person's particular objectives, financial situations or needs. Any investor should seek independent advice from their professional adviser before making any investment decision.

