

ASX RELEASE

16 FEBRUARY 2023

PROPOSED DE-STAPLING TO CREATE A \$3.0BN ASX LISTED SELF STORAGE REIT

Abacus Group (ASX:ABP) (Abacus) announces its intention to create a new ASX listed Self Storage REIT to be known as Abacus Storage King REIT (ASK). Subject to market conditions ASK is to be established by de-stapling Abacus' existing Self Storage assets¹ and will be an externally managed REIT with a majority independent Board of Directors. Abacus will be the manager of ASK and intends to retain a minority interest of up to 19.9% of the stapled securities in ASK.

ASK REIT: Pure play exposure to Australia's most recognised Self Storage platform²

ASK will own a portfolio³ of 127 assets including 108 trading stores with over 568,000 sqm of net lettable area and 19 developments. The gross asset value of the new REIT is expected to be more than \$3.0bn. ASK has material growth potential through its acquisition and development pipeline.

Abacus' Managing Director, Steven Sewell commented, "Abacus is proud of the growth it has achieved in its Self Storage portfolio and has been successful in managing and enhancing the Storage King platform to become Australia's most recognised Self Storage brand². Abacus has deployed over \$1.2bn into Self Storage assets over the last five years and has determined that the portfolio has reached a scale where it makes most sense to be separately listed with its own capital structure."

"The creation of ASK as a dedicated Self Storage REIT will provide securityholders with pure play exposure to the Storage King portfolio and operating platform. The Self Storage market has attractive market fundamentals supported by macroeconomic tailwinds including an imbalance in supply and demand for Self Storage space, densification of residential property, and the growth of e-commerce. ASK has an outstanding growth runway with a pipeline of future acquisitions and a 115,300 sqm development and expansion pipeline."

¹ Abacus Storage Operations Limited and Abacus Storage Property Trust are intended to be de-stapled from Abacus Group

² Brand Awareness survey from Self Storage Association Australasia's State of the Industry 2022 report

³ Portfolio metrics shown are based on Abacus' Self Storage portfolio as at 31 December 2022

Abacus Group to retain ownership of Commercial portfolio following a period of successful strategic evolution

Abacus will continue to own and manage its high quality, eastern seaboard focused \$2.6bn Commercial property portfolio which is diversified by market, asset grade, asset life cycle, customer industry and customer profile. Abacus is positioned to provide stable FFO and opportunities for growth for securityholders.

Mr Sewell said, “Following a successful period of strategic portfolio evolution, Abacus is excited to deliver the next phase of growth in its Commercial portfolio. Abacus' Commercial portfolio will provide securityholders with stable income growth supported by high occupancy and a diversified lease expiry profile. Abacus has a strong track record in transactions and development, and benefits from active asset management capabilities and strong relationships with customers.”

Process and timing

It is currently intended that resolutions to approve the de-stapling will be put to Abacus securityholders at an Extraordinary General Meeting (EGM) to be held by the third quarter of this calendar year. A de-stapling has the effect that Abacus securityholders will hold securities in ASK in proportion to their securityholding in Abacus immediately prior to the de-stapling (excluding the impact of the minority interest in ASK held by Abacus). Subject to the securityholder vote at the EGM, and the satisfaction of regulatory approvals, ASK is expected to be listed on the ASX shortly following the EGM. Explanatory and disclosure materials will be provided to Abacus securityholders in due course⁴.

As part of the de-stapling process Abacus intends to set appropriate gearing levels to position both vehicles to deliver on their respective growth opportunities. It is intended that any equity raising would be in the form of a rights issue to existing securityholders, and would be focused on the new ASK vehicle at the time of the de-stapling. Further details in relation to any equity raising will be provided to securityholders in due course.

A decision to proceed with the de-stapling of ASK is subject to market conditions, the approval of the Abacus Board, and to an Independent Expert opinion that the de-stapling is fair and reasonable to Abacus securityholders.

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.

END

Authorised for release by the Abacus Group Board.

⁴ Securityholders should consider the materials provided to them before making a decision to vote in favour of the de-stapling or to apply for new ASK securities as part of the proposed equity raising. Any application for additional ASK securities will need to be made on an application form that will be included in or accompany the materials sent to Abacus securityholders

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