

abacus property
group

Abacus Property Group Entitlement Offer Presentation



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The Offer will be made to:

- eligible institutional securityholders of Abacus (**Institutional Entitlement Offer**); and
- eligible retail securityholders of Abacus (**Retail Entitlement Offer**).

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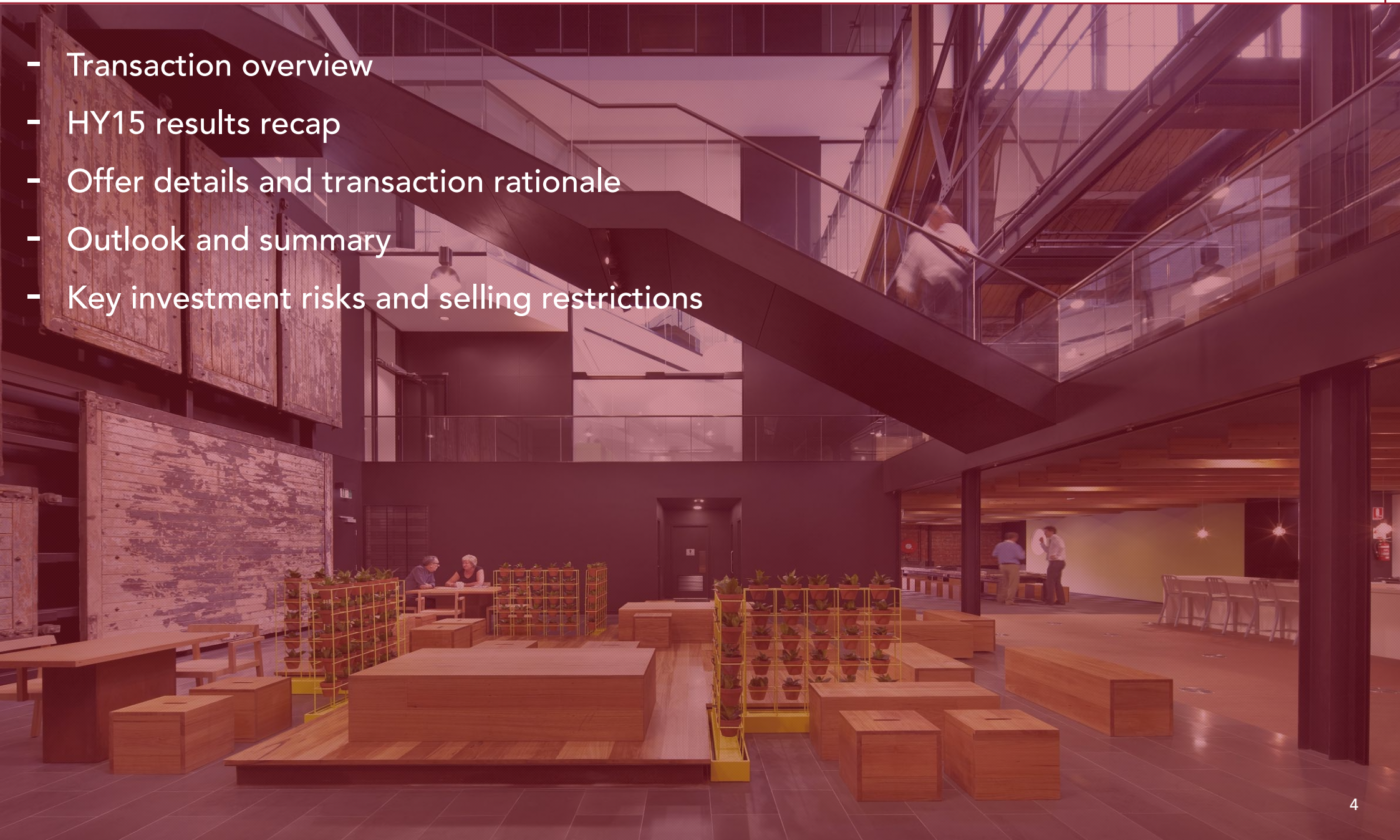
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Agenda

- Transaction overview
- HY15 results recap
- Offer details and transaction rationale
- Outlook and summary
- Key investment risks and selling restrictions





Transaction overview

Abacus is undertaking a partially underwritten 1 for 12 Accelerated Non-Renounceable Entitlement Offer (Entitlement Offer) to raise up to approximately \$121 million

- The institutional component of the Entitlement Offer (Institutional Entitlement Offer) is underwritten and is expected to raise approximately \$98 million
- The retail component of the Entitlement Offer (Retail Entitlement Offer) is not underwritten and may raise up to approximately \$23 million

New securities will be offered at a fixed price of \$2.82 per security and will rank equally with existing securities (including for distributions)

- New securities we expect to offer an attractive annualised DPS yield of 6.0% compared against an average sector yield of 4.6%¹

Offer price reflects a discount of:

- 4.7% to the theoretical ex-rights price (TERP) of \$2.96²
- 5.8% to the 5 day volume weighted average price (VWAP) of Abacus securities on 13 March 2015

Proceeds of the offer will be immediately used to repay debt following the settlement of Oasis Shopping Centre. The raising will provide growth capital for accretive acquisitions of core plus property, capital commitments to existing and new development projects and third party capital initiatives

The Kirsh Group has committed to take up its pro-rata of the Institutional Entitlement Offer

- Kirsh ownership holding of 49.12% may reduce marginally depending upon the extent of take up under the Retail Entitlement Offer

1. Target FY15 final distribution of 8.5c for the six months to 30 June 2015 annualised to 17.0c divided by the offer price and compared against the sector average yield as at 13 March 2015

2. The Theoretical Ex-Rights Price (TERP) is the theoretical price at which Abacus securities should trade after the ex-date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Abacus securities trade immediately after the ex-date for the Entitlement Offer depends on many factors and may not be equal to TERP.

HY15 financial results recap¹

1. The information contained in this section 'HY15 financial results recap' was released to the market as part of Abacus' HY15 half year results presentation on 18 February 2015



HY15 snapshot

All parts of the business continue to deliver strong performance

- Statutory profit increased 57% to \$74.8 million
- Underlying earnings increased 50% to \$69.1 million
- Underlying earnings per security increased 37% to 13.4 cents
- 100% of HY15 distributions per security covered by Abacus' recurring earnings¹
- \$63.5 million cashflow from operations

Strong transactional sales drive outperformance

- Recent sales of Birkenhead Point, 484 St Kilda Road and Jack Rd residential development

Balance sheet strength shows sustained NTA growth to \$2.42 per security as at 31 December 2014

- \$2.33 per security following payment of distributions to securityholders on 27 February 2015

Balance sheet gearing maintained at 23.4% at balance date

Over \$300 million of acquisitions in the last few months have replenished the investment portfolio and its recurring earnings

Additional \$88 million of new capital invested across the Group's development platform in past 6 months aims to provide longevity of returns

1. Recurring earnings are sourced from rent, interest income, fees and profits from recurring inventory sales e.g. Airlie Beach sales



Strong performance across all business units

Key financial metrics

	Dec 14	Dec 13	
Consolidated Group¹ – AIFRS statutory profit	\$62.2m	\$47.3m	+31%
AIFRS (Abacus) statutory profit	\$74.8m	\$47.6m	+57%
Underlying profit²	\$69.1m	\$46.0m	+50%
Underlying earnings per security	13.4¢	9.8¢	+37%
Cashflow from operations	\$63.5m	\$46.7m	
Cashflow from operations per security	12.4¢	10.0¢	
Distributions per security ³	8.50¢	8.25¢	3.0%
Interest cover ratio ⁴	5.1x	4.2x	
Weighted average securities on issue	514m	467m	

1. The Consolidated Group consists of the stapled Abacus Property Group, Abacus Hospitality Fund, Abacus Wodonga Land Fund and ADIF II (Dec 2013 includes Abacus Miller Street Fund)
2. Underlying Profit is calculated in accordance with the AICD/Finsia principles for reporting Underlying Profit
3. Includes distributions declared post period end (12 January 2015 and 13 January 2014)
4. Calculated as underlying EBITDA divided by interest expense calculated in accordance with the same AICD/Finsia principles for reporting Underlying Profit

Underlying profit up 50% to \$69.1 million

Underlying earnings per security up 37% to 13.4 cents

Strong underlying profit outperformance has been helped in particular by:

- \$24 million of gains from investment properties and equity accounted investments
- \$6 million gain from development projects
- Increased finance income from new development projects

Net rental income maintained despite transactional activity

- Supported by an increase of over 12% in storage rental income

Strong cashflows and recurring underlying earnings continue to underpin Abacus' distributions

Transactional earnings provide expansionary capital to grow the Group's assets and sustain future profits



Investment portfolio of \$1.3 billion

Key portfolio metrics

Dec 14

Jun 14

Investment portfolio value¹ (\$m)

1,308

1,324

Commercial portfolio¹ (\$m)

865

909

Storage portfolio (\$m)

443

415

No. of commercial assets¹

42

43

NLA (sqm)²

308,430

309,132

WACR^{1,2,3} (%)

8.05

8.17

Occupancy² (% by area)

94.5

94.6

WALE² (yrs by income)

4.3

3.9

Like for like rental growth² (%)

2.5

4.5

Acquisition activity late in the period to 31 December 2014 counterbalances strong sales

- Acquisition of 710 Collins Street, Melbourne for \$76.5 million
- Acquisition of an interest in World Trade Centre, Melbourne for \$120.4 million
- Sales totalling \$165 million including 50% interest in Birkenhead Point Shopping Centre and Marina
- Post balance date joint venture acquisition of Oasis Shopping Centre for \$103.5 million

Occupancy maintained at 94.5% following strong leasing activity in the portfolio

Improvement in portfolio WALE to 4.3 years providing important stability of earnings

1. Includes Virginia Park, inventory and PP&E

2. Excludes development and storage assets

3. Weighted Average Cap Rate

Compelling acquisitions

Asset		Compelling rationale at point of acquisition	Compelling future prospects
World Trade Centre, Melbourne VIC		• 17.5% Abacus interest – leveraging our capital • JV with KKR • Price – \$120.4m for 70% JV interest • Compelling capital rate per sqm of \$3,450 • Passing yield – 9.3%	• Huge waterfront site in a promising location with compelling potential for alternate use • Yield enhancement prospects
710 Collins Street, Melbourne VIC		• Price – \$76.5m with passing yield of 6.4% • A grade boutique office • 100% occupied and has a 9.3 year WALE • Exceptional income security with 86% leased to two State Government tenants to 2024	• Long term opportunity to develop additional office space at its Collins Street end • Potential to redevelop goods shed into high quality specialty retail
Oasis Shopping Centre, Gold Coast QLD		• 40% ownership – leveraging our capital • JV with KKR • Price – \$103.5m for 100% is an attractive capital rate per sqm of \$4,817 • Passing yield – 7.9% • Outstanding location in an improving market	• Strong opportunities to improve rental income over the short term • Large scale re-tenanting and remixing opportunities • Long term redevelopment opportunities



Substantial \$371 million residential pipeline

Major JV Projects	Type ¹	Project	Status	Capital ²	Timeline	Comments
Riverlands, NSW	Develop	Up to 495 lot land subdivision	Seeking rezoning	\$133.7m	FY16	Rezoning exhibition closed, now awaiting final council approval.
Camellia, NSW	Approval	High density – Up to 2,500 units and 10,000m ² of retail	Seeking rezoning		FY16	Planning proposal has received Gateway Determination by the NSW Planning and Environment dept.
Quay Street, QLD	Develop	High density development	Under construction	\$7.7m	FY16	52 of 78 units presold at average \$400k prices. Construction commenced with completion expected in H216.
Campsie, NSW	Approval	High density development	Seeking DA approval	\$20.8m	FY16	Development approval achieved for 270 units. A further 130 units submitted for approval.
Werrington, NSW	Develop	Two stage development	Developing Stage 1	\$13.4m	FY16/17	Currently developing stage one consisting of 106 lots. majority presold at average prices of \$287k. Future stages will produce 200+ lots.
Bouquet Street, QLD	Develop	High density development	DA approved	\$18.2m	FY17	274 units development in Brisbane's west end with c.250 presales.
Queensberry, VIC	Develop	High density development	DA approved	\$11.1m	FY17	193 unit inner city development in Carlton. Sales campaign is underway. Achieved 167 pre-sales.
Settler's Estate, NSW	Approval	Up to 200 lot land subdivision	Seeking rezoning	\$9.2m	FY17/18	Recent purchase. Preparing submissions
Erskineville, NSW	Develop	High density development	Seeking DA approval	\$20.6m	FY18	DA will be sought for 172 new residential units in Erskineville, 5km SW from the Sydney CBD
Lane Cove, NSW	Approval	High density development	Seeking rezoning	\$6.4m	FY18	Planning proposal lodged for 800 units

1. Type represents our long term intention for the project. Approval = Project sale to third party once plans approved, Develop = JV intends to develop the project ourselves

2. Includes equity and debt positions

Offer details and Transaction rationale





Offer details

Abacus is undertaking a partially underwritten 1 for 12 Accelerated Non-Renounceable Entitlement Offer (Entitlement Offer) to raise up to approximately \$121 million

- The Institutional Entitlement Offer is underwritten and is expected to raise approximately \$98 million
- The Retail Entitlement Offer is not underwritten and may raise up to approximately \$23 million

New securities will be issued at a fixed price of \$2.82, representing a:

- Target DPS yield of 6.0%¹
- Discount of 5.8% to the 5 day VWAP of Abacus securities on 13 March 2015

New securities will rank equally with current securities on issue and will be entitled to the target distribution of 8.5c per security for the six months to 30 June 2015

Eligible retail securityholders will be able to apply for additional securities in excess of their entitlement

Pricing metrics	Price	Discount
Closing price of ABP securities on 13 March 2015	\$2.97	5.1%
TERP ²	\$2.96	4.7%
5 Day VWAP of ABP securities to 13 March 2015	\$2.99	5.8%
10 Day VWAP of ABP securities to 13 March 2015	\$3.05	7.6%

1. Target FY15 final distribution of 8.5c for the six months to 30 June 2015 annualised to 17.0c divided by the offer price

2. The Theoretical Ex-Rights Price (TERP) is the theoretical price at which Abacus securities should trade after the ex-date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Abacus securities trade immediately after the ex-date for the Entitlement Offer depends on many factors and may not be equal to TERP.



Impact of the offer

Funds raised will be immediately used to reduce debt in the short term including debt used to settle the recently acquired Oasis Shopping Centre

This increased funding capacity will provide growth capital for anticipated acquisitions, development projects and third party capital initiatives in the short to medium term

The transaction is anticipated to be neutral to the Group's FY15 target distribution of 17.0c per security

The transaction is anticipated to be marginally decreative to Abacus' FY15 underlying earnings per security by approximately 1%. The effect of the dilution will be reduced by the time taken to deploy funds into new acquisitions

Financial impact of the raising	Dec 14 ¹	Pro-forma impact post raising ²
Target full year FY15 distribution	17.0c	17.0c
NTA following February 2015 distribution	\$2.33	\$2.37
Available liquidity ³	\$64 million	\$184 million
Acquisition capacity ⁴	\$76 million	\$306 million
Market capitalisation as at 13 March 2015	\$1.529 billion	\$1.657 billion ⁵
Abacus gearing ⁶	25.6%	19.4% ⁸
Covenant gearing ⁷	30.5%	24.3% ⁸

1. As at 31 December 2014 adjusted for the distribution paid on 27 February 2015

3. Available liquidity is cash plus readily drawable facility

5. Assumes an unchanged ABP security price

7. Covenant gearing calculated as Total Liabilities (net of cash) divided by Total Tangible Assets (net of cash)

8. Gearing will increase above these levels once funds are fully utilised in acquisitions but no more than our targeted gearing level of 35%

2. Assumes the full raising of \$119.9 million (Gross proceeds net of estimated costs) is utilised to repay debt

4. Acquisition capacity assumes a gearing of 55% across investment properties

6. Abacus gearing calculated as bank debt minus cash divided by total assets minus cash.



Transaction rationale

Abacus' ability to move quickly with available liquidity has always placed it at an advantage to its competitors

Historically, Abacus has been able to achieve acquisitions of strong core plus opportunities by moving quickly and transacting in very quick time frames

- Having appropriate levels of liquidity is an essential requirement for Abacus to maintain its competitive advantage

As at 31 December 2014, Abacus had gearing of 23.4% and available liquidity of circa \$106 million¹

Abacus recently settled the acquisition of Oasis Shopping Centre on the Gold Coast for \$103.5 million in JV with KKR which is expected to deliver a 7.9% yield

Abacus is committed to growing its third party capital business and is currently in negotiations with a number of its joint venture partners about additional third party initiatives for which seed capital would be required

In addition, Abacus has a number of committed and tendered capital requirements totalling approximately \$100 million which are expected to be earnings and cashflow accretive

- One of two bidders entered into a unconditional tender process for a Sydney CBD office tower – if successful, exchange anticipated in April and the Group from time to time lodges expressions of interests on other opportunities
- Agreements entered into for a number of new development projects in Greater Sydney and inner city Brisbane areas
- Expansionary capex pipeline to drive development works across our investment portfolio and development projects

1. Figures stated as at 31 December 2014 are before the payment of the distribution on 27 February 2015



Indicative timetable

Timetable	Date
Institutional Entitlement Offer and bookbuild open	10.00am (AEDT), Monday 16 March 2015
Institutional Entitlement Offer and bookbuild closes	12:00pm (AEDT), Tuesday 17 March 2015
Trading in Abacus Property Group securities resumes	Wednesday 18 March 2015
Record date for Entitlement Offer	Thursday 19 March 2015
Retail Entitlement Offer opens	Friday 20 March 2015
Despatch of Retail Entitlement Offer booklet	Tuesday 24 March 2015
Settlement of new securities issued under Institutional Entitlement Offer and Early Retail Entitlement Offer acceptances	Thursday 26 March 2015
Allotment and normal trading of new securities issued under Institutional Entitlement Offer and Early Retail Entitlement Offer acceptances	Friday 27 March 2015
Retail Entitlement Offer closes	Thursday 2 April 2015
Announce outcome of Retail Entitlement Offer	Thursday 9 April 2015
Allotment of new securities issued under Retail Entitlement Offer	Monday 13 April 2015
Quotation of new securities issued under Retail Entitlement Offer	Tuesday 14 April 2015

Note: All times indicative only and subject to change



Pro-forma balance sheet

Abacus Balance Sheet	As at 31 Dec 2014 ¹	Entitlement offer ²	Pro-forma post raising
Investment property portfolio	864.9		864.9
Storage portfolio	443.3		443.3
Funds management	158.0		158.0
Property ventures	371.2		371.2
Other investments	11.5		11.5
Cash	46.1		46.1
Other assets	15.0		15.0
Goodwill and intangibles	33.3		33.3
Total Assets	1,943.3		1,943.3
Interest bearing liabilities	550.2	(119.9)	430.3
Other liabilities including derivatives	126.7		126.7
Total liabilities	676.9	(119.9)	557.0
Net assets	1,266.4	119.9	1,386.3
Securityholders equity	1,266.4	119.9	1,386.3

1. As at 31 December 2014 adjusted for the distribution paid on 27 February 2015

2. Assumes the full raising of \$121 million less estimated costs of \$1.2 million

Outlook and summary





Outlook and summary

Abacus generates strong earnings and pays an attractive distribution while maintaining low gearing and a conservative payout ratio

Recently Abacus has delivered a strong HY15 result

Abacus made over \$300 million of acquisitions in the last few months and invested over \$88 million of new capital across its development pipeline

Abacus has committed a further \$100 million of capital across its investment portfolio and development pipeline in the next 12 months

Abacus has a strong track record of delivering strong equity returns from its investment assets and projects

Funds raised will:

- Immediately repay debt including debt that was used to settle the accretive acquisition of Oasis Shopping Centre
- Provide growth capital for anticipated earnings and cashflow accretive acquisitions and development projects that we currently have in the pipeline
- Provide seed capital to support the Group's third party capital initiatives

New securities are offered at a 4.7% discount to TERP and are expected to offer an attractive 6.0% yield¹

1. Target FY15 final distribution of 8.5c for the six months to 30 June 2015 annualised to 17.0c divided by the offer price

Key investment risks and selling restrictions





Key investment risks

This section discusses some of the risks associated with property-related businesses that may have an impact on the financial prospects of Abacus. Some of the key risks are outlined below. This outline is not exhaustive, and performance may be affected adversely by any of these risk and other factors.

Market price – The market price of Abacus will fluctuate due to various factors including general movements in interest rates, the Australian and international general investment markets, economic conditions, global geopolitical events and hostilities, investor perceptions and other factors that may affect Abacus' financial performance and position. The market price of ABP securities could trade on the ASX at a price below their issue price.

Returns from investment – Returns from investment in real property and other related property exposures depend largely on the amount of rental income that can be generated from the property, the expenses incurred in operations, including the management and maintenance of the property, as well as changes in the market value of the property. Factors that may adversely impact these returns include:

- the overall conditions in the national and local economy, such as changes in gross domestic product, employment trends, inflation and interest rates;
- local real estate conditions, such as the level of demand for and supply of retail, commercial and industrial space;
- the perception of prospective tenants of the attractiveness, practicality and convenience of the rental space;
- changes in tenancy laws and planning approval requirements;
- external factors including major world events such as war, terrorist attacks or catastrophic events;
- unforeseen capital expenditures;
- supply of new property and other investment assets;
- cost of property outgoings and recoverability from tenants; and
- investor demand/liquidity in investment markets.

Funding – The property investment and development sector is highly capital intensive. The ability of Abacus to raise funds (equity and debt) on acceptable terms will depend on a number of factors including capital market conditions, general economic and political conditions, Abacus' performance, and credit availability. Changes in the cost of current and future borrowings and equity raisings may impact the earnings of Abacus, asset values and impact the availability of funding for new acquisitions and projects, or increase refinancing risk as debt facilities mature.

Abacus uses debt funding provided by major banks. Any downgrade of Abacus' bank credit assessment may increase overall debt funding costs and adversely affect Abacus' access to debt funding and the terms on which that funding is offered. Abacus seeks to stagger its debt maturity profile to reduce the concentration of refinancing risks at any point in time and to obtain funding through different banks to reduce credit and counterparty risks.

The use of leverage may enhance returns and increase the number of assets that can be acquired but it may also substantially increase the risk of loss. The use of leverage may adversely affect Abacus if economic impacts such as rising interest rates, severe economic downturns or deterioration in the condition of the market occur. If an investment is unable to generate sufficient cashflow to meet the principal and interest payments on its indebtedness, the value of Abacus' equity component could be significantly reduced or even eliminated.

Abacus has various covenants in relation to its banking facilities, including interest cover and leverage ratio. Factors such as falls in asset values or rental income could lead to a breach in debt covenants. In such an event, Abacus' lenders may require their loans to be repaid immediately. Abacus' ability to renew or extend existing borrowing facilities may also be affected.

Taxation – You should be aware that future changes in Australian taxation law including changes in interpretation or application of the law by the courts or taxation authorities in Australia, may affect taxation treatment of Abacus or an investment in ABP securities, or the holding and disposal of the securities.



Key investment risks

Acquisitions - A key element of Abacus' future strategy will involve the acquisition of properties to add to its investment portfolio. Abacus regularly evaluates mergers and acquisitions, property investments and other opportunities that it believes are consistent with its strategy. While it is Abacus' policy to conduct a thorough due diligence process in relation to any such acquisition, risks remain that are inherent in such acquisitions.

Development - Abacus is involved in the development of real estate. Generally, property development projects have a number of risks including:

- The risk that planning consents and regulatory approvals are not obtained or, if obtained, are received later than expected, or are adverse to Abacus' interests, or are not properly adhered to;
- The escalation of development costs beyond those originally expected;
- Project delays;
- Anticipated sales prices or timing on sales not being achieved;
- Defaults on pre-sales contracts;
- Non-performance/breach of contract by a contractor, sub-contractor or joint venture partner; and
- Competing development projects adversely affecting the overall return achieved by Abacus developments.

A sustained downturn in property markets caused by any deterioration in the economic climate could result in reduced development profits through reduced selling prices or delays in achieving sales.

Increases in supply or falls in demand in any of the sectors of the property market in which Abacus operates or invests could influence the acquisition of sites, the timing and value of sales and carrying value of projects. The residential property market in particular may be adversely affected by declining consumer sentiment and increasing interest rates. In the short term this may affect, for example, project enquiry levels or rates of sale. In the medium-term factors such as the oversupply or undersupply of various markets may materially impact Abacus' development operations.

A number of factors affect the earnings, cashflows and valuations of Abacus' commercial property development, including construction costs, scheduled completion dates, estimated rental income and occupancy levels and the ability of tenants to meet rental and other contractual obligations.

Regulatory issues, changes in law and work, health and safety – Abacus is subject to the usual business risk such that there may be changes in laws that reduce income or increase costs. If Abacus fails to comply with necessary Work, Health and Safety legislative requirements, it could result in fines, penalties and compensation for damages as well as reputational damage.

Leasing terms and tenant defaults – The future financial performance of Abacus will depend, in part, on its ability to continue to lease vacant retail, office, industrial, storage and hotel space on economically favourable terms. In addition, its ability to lease new asset space in line with expected terms will impact on the financial performance of Abacus.

The ability of major tenants to meet their rental and other contractual commitments to Abacus (such as in situations of insolvency) may have an adverse impact on the income from properties, which may result in an adverse impact on the financial performance of Abacus.

Abacus seeks to manage this risk as far as practicable through active asset management including ongoing liaison with tenants, regular maintenance and refurbishment of properties to attract tenants, timely marketing programs for vacant space and due diligence on the financial strength of prospective tenants prior to entering into leases.

Change in value of properties - Abacus' policy is to undertake external revaluations of all of its investment properties on an annual basis, with approximately half revalued in June and the balance in December each year. Any change in the value of its properties will affect Abacus' gross asset value, its level of gearing (and hence, banking covenants) and its net tangible asset backing per stapled security. In addition, the change in value will be recorded in the profit and loss statement as an unrealised gain or loss and, while it does not impact on Abacus' normalised earnings or distributions, it does impact on Abacus' net profit after tax.



Key investment risks

Treasury risk – Abacus is exposed to financial market risk including in respect of interest rates, funding, liquidity and credit risk. Abacus seeks to manage its exposure to financial market risks by way of a formal treasury policy encompassing among other things interest rate, funding, liquidity and credit risk management. Risk management is undertaken over multiple timeframes with risk management activity reviewed on a regular basis by our Treasury Management Committee, a formally documented senior management committee.

The overarching treasury policy parameters for interest rate and funding risk management reflect the objective of balancing a desired level of certainty for interest expense against retaining an appropriate level of flexibility to respond to external developments within not only domestic and global financial markets but also the wider domestic and global economies. The Treasury Policy is reviewed on a regular basis by senior management and the Board. This is enhanced by utilising the in-depth market knowledge of Abacus' external independent treasury adviser.

With high levels of uncertainty not only in domestic financial markets but also in the Australasian residential and commercial property sectors and the wider global economy, Abacus has focused its interest rate risk management activity over the last financial year on the near-term, albeit within the overall interest rate risk management hedging requirements of our Treasury Policy. Funding risk management has focused on the timely renegotiation of maturing facilities and where possible seeks to increase the overall maturity profile.

Litigation and disputes - Legal and other disputes (including industrial disputes) may arise from time to time in the ordinary course of operations. Any such dispute including the costs of settling any claim and operational impacts may impact on earnings or affect the value of Abacus' assets.

Insurance – While Abacus carries property insurance, there are types of losses (such as against floods and earthquakes) that are generally not insured at full replacement cost or that are insured subject to larger deductibles or insurance may not be able to be obtained. Additionally, Abacus may face risks associated with the financial strength of its insurers to meet their indemnity obligations when called upon which could lead to an adverse effect on earnings.

Abacus seeks to mitigate this risk through the use of insurance brokers to seek to place cover with well rated insurers and ensure that this insurance risk is diversified across various insurers. The diversification of the property portfolio across geographical regions may also reduce the impact of any potential losses to Abacus.

Environmental – Abacus may from time to time be exposed to a range of environmental risks including those resulting from soil and water contamination, construction, cultural heritage and flora and fauna (e.g. native vegetation). In addition, there is a risk that property owned by or projects undertaken by Abacus from time to time may be contaminated by materials harmful to human health (such as asbestos or other hazardous materials). Also, returns may be adversely impacted by changes to sustainability and environmental requirements and potentially costs associated with carbon pricing or the introduction of new regulations referable to the property industry.

In these circumstances, Abacus may be required to undertake remedial works on contaminated sites. Additional expenses may result from changes in environmental regulations across the industry. Abacus as part of the property acquisition due diligence engages experts to advise on any potential environmental risks and factors these into the acquisition price of the property. Abacus also constantly monitors for any potential exposure in changes in environmental regulations to manage any costs and impacts associated with these risks.



International selling restrictions

This document does not constitute an offer of new stapled securities ("New Securities") of 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.

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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 (the "FMC Act").

The New Securities are not being offered to the public within New Zealand other than to existing securityholders of the Group with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the FMC Act and the Securities Act (Overseas Companies) Exemption Notice 2013.

Other than in the entitlement offer, the New Securities may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) 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 issuer is not authorised or recognised by the MAS 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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